Banrisul

FINANCIAL STATEMENTS

JUNE 2020

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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.

Table 1: Economic and Financial Indicators

Main Income Statement Accounts - R$ Million	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	1H2020/ 1H2019	2Q2020/ 1Q2020
Net Interest Income	2,560.9	2,697.3	1,299.3	1,261.6	1,393.1	1,434.7	1,351.5	-5.1%	3.0%
Provision Expenses for Expected Loan Losses	780.8	579.8	484.2	296.6	265.1	349.0	294.4	34.7%	63.3%
Financial Income	4,958.7	4,523.0	2,037.3	2,921.4	1,992.9	2,589.5	2,258.3	9.6%	-30.3%
Financial Expenses	2,397.8	1,825.7	738.0	1,659.8	599.9	1,154.8	906.7	31.3%	-55.5%
Income from Services and Fees	962.0	992.3	457.7	504.2	530.0	520.2	501.6	-3.1%	-9.2%
Adjusted Administrative Expenses (1)	1,788.0	1,884.5	867.7	920.3	963.6	945.9	933.6	-5.1%	-5.7%
Adjusted Other Expenses	342.2	325.2	167.4	174.9	172.9	259.7	195.9	5.2%	-4.3%
Adjusted Other Income	163.1	221.4	69.8	93.3	100.0	144.6	123.9	-26.4%	-25.2%
Adjusted Net Income	377.3	625.6	119.8	257.5	356.3	291.9	305.7	-39.7%	-53.5%
Net Income	377.3	655.3	119.8	257.5	397.2	291.9	335.4	-42.4%	-53.5%
Main Balance Sheet Accounts - R$ Million	**Jun 2020**	**Jun 2019**	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Sep 2019**	**Jun 2019**	**Jun 2020/ Jun 2019**	**Jun 2020/ Mar 2020**
Total Assets	86,582.8	79,465.7	86,582.8	83,270.0	81,549.6	80,637.6	79,465.7	9.0%	4.0%
Securities (2)	32,933.3	22,813.0	32,933.3	30,219.9	23,721.0	24,233.5	22,813.0	44.4%	9.0%
Total Credit Portfolio	35,965.9	34,237.2	35,965.9	36,185.8	36,182.7	34,647.1	34,237.2	5.0%	-0.6%
Provision for Expected Loan Losses	2,982.3	2,594.0	2,982.3	2,812.5	2,764.3	2,722.0	2,594.0	15.0%	6.0%
Past Due Loans > 90 Days	1,272.7	752.7	1,272.7	1,221.0	1,219.4	984.8	752.7	69.1%	4.2%
Funds Raised and Under Management	75,329.0	69,370.9	75,329.0	72,587.0	72,037.5	70,105.5	69,370.9	8.6%	3.8%
Shareholders' Equity	8,219.1	7,522.5	8,219.1	8,069.0	7,794.4	7,734.9	7,522.5	9.3%	1.9%
Prudential Conglomerate Reference Equity	6,737.2	6,478.9	6,737.2	6,546.6	6,439.0	6,740.7	6,478.9	4.0%	2.9%
Average Shareholders' Equity	8,006.7	7,400.7	8,144.1	7,931.7	7,764.6	7,628.7	7,445.7	8.2%	2.7%
Average Total Assets	84,066.2	78,446.8	84,926.4	82,409.8	81,093.6	80,051.7	78,668.2	7.2%	3.1%
Average Profitable Assets	73,495.7	69,806.4	74,770.8	72,149.3	70,971.1	70,840.7	70,671.1	5.3%	3.6%
Stock Market Information - R$ Million	**1H2020**	**1H2019**	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**	**1H2020/ 1H2019**	**2Q2020/ 1Q2020**
Interest on Own Capital / Dividends (3)	101.0	262.6	0.0	101.0	161.9	112.0	135.0	-61.6%	-100.0%
Market Capitalization	5,541.6	9,713.1	5,541.6	4,879.1	8,854.3	9,222.4	9,713.1	-42.9%	13.6%
Book Value Per Share	20.10	18.39	20.10	19.73	19.06	18.91	18.39	9.3%	1.9%
Average Price per Share (R$)	15.58	23.91	12.92	18.19	21.37	23.28	23.59	-34.8%	-29.0%
Earnings per Share (R$)	0.92	1.60	0.29	0.63	0.97	0.71	0.82	-42.3%	-53.5%
Financial Indexes	**1H2020**	**1H2019**	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**		
Adjusted ROAA (pa.) (4)	0.9%	1.6%	0.6%	1.2%	1.8%	1.5%	1.6%		
Adjusted ROAE (pa.) (5)	9.4%	16.9%	5.9%	13.0%	18.4%	15.3%	16.4%		
Adjusted Efficiency Ratio (6)	52.6%	51.4%	52.6%	52.6%	52.1%	51.1%	51.4%		
Net Interest Margin on Profitable Assets (7)	6.97%	7.73%	6.95%	6.99%	7.85%	8.10%	7.65%		
Adjusted Operating Cost	4.3%	4.8%	4.3%	4.5%	4.7%	4.7%	4.8%		
Default Rate > 90 Days (8)	3.54%	2.20%	3.54%	3.37%	3.37%	2.84%	2.20%		
Coverage Ratio 90 days (9)	234.3%	344.6%	234.3%	230.4%	226.7%	276.4%	344.6%		
Provisioning Index (10)	8.3%	7.6%	8.3%	7.8%	7.6%	7.9%	7.6%		
Basel Ratio (Prudential Conglomerate)	16.0%	15.8%	16.0%	15.1%	15.1%	16.2%	15.8%		
Structural Indicators	**Jun 2020**	**Jun 2019**	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Sep 2019**	**Jun 2019**		
Branches	514	518	514	514	518	518	518		
Service Stations	181	181	181	181	178	178	181		
Electronic Service Stations	422	433	422	422	419	427	433		
Employees	10,216	10,276	10,216	10,237	10,283	10,313	10,276		
Economic Indicators	**1H2020**	**1H2019**	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**		
Effective Selic Rate	1.75%	3.07%	0.73%	1.01%	1.24%	1.54%	1.54%		
Exchange Rate (R$/USD - end of period)	5.48	3.83	5.48	5.20	4.03	4.16	3.83		
Exchange Rate Variation (%)	35.86%	-1.10%	5.33%	28.98%	-3.21%	8.67%	-1.66%		
IGP-M (General Market Price Index)	4.39%	4.39%	2.66%	1.69%	3.09%	-0.28%	2.19%		
IPCA (Extended Consumer Price Index)	0.10%	2.23%	-0.43%	0.53%	1.77%	0.26%	0.71%		

(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 Operational Income - Other Operational 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.

COVID-19 PANDEMIC

Faced with a public health emergency and uncertainties in the global economy due to Covid-19, Banrisul has been taking actions to minimize the exposure of customers and employees to the disease, while maintaining economic activity as normal as possible.

Throughout 1H2020 Banrisul has taken several measures in relation to operational routines. Seeking out to preserve employees' health, it is worth mentioning the use of work from home solutions, especially to those in risk groups, without compromising business continuity, the health and medical assistance provided by Moinhos de Vento Hospital to help defining prevention protocols and to provide telemedicine service to employees with Covid-19 symptoms and who have tested positive for the virus, and the production of information material on office ergonomics and on system maintenance and information security to help employees working from home during this period. As for customers service, the measures include widely dissemination of self-service channels, via accessing services tutorials, maintaining branch customer service by scheduling and respecting to restrictions linked to coping with the pandemic, adopting extra hygiene measures and making available personal protective equipment to.

As to credit policies, Banrisul made available product and services to minimize the pandemic impacts which include the extension of the maturities of outstanding loans, the offering of pre-approved credit lines, solutions for the extension of the reimbursement of operations of rural funding and credit taken by farmers, and the offering of payroll credit lines to companies that pay employees via Banrisul, the increase of Banricompras credit limits, the increase of credit limits that can be used for transactions and withdrawals in digital channels, and making available additional POS equipment to be used into Vero's acquiring network, exempted from charges and monthly fee payment.

Some effects of the pandemic can already be seen in the Bank's Financial Statements, among all it is worth mentioning the impacts on credit operations to which it may be expected, at the same time, increase in credit demand and further deterioration in credit quality, requiring additional provisions. On the funding side, the search for safer portfolios should positively influence the Company's liquidity, generating an increase in fundraising; however, as the economic crisis unfolds and lasts, this timely benefit may no longer be observed, possibly resulting in higher funding costs.

The impacts of the present pandemic keep pressuring the economy, with the reflexes of the crisis and the effectiveness of the mitigation measures being thoroughly assessed in a future moment. Therefore, it is essential to permanently monitor regulatory and market changes and the evolution of the crisis resulting from the Covid-19 so that Banrisul can position itself and continue taking the necessary measures to face the crisis.

FINANCIAL HIGHLIGHTS

The summary of Banrisul's 1H2020 and 2Q2020 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.

Table 2: Key Items of the Income Statement - R$ Million

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	1H2020/ 1H2019	2Q2020/ 1Q2020
Net Interest Income	2,560.9	2,697.3	1,299.3	1,261.6	1,393.1	1,434.7	1,351.5	-5.1%	3.0%
Provision Expenses for Expected Loan Losses	780.8	579.8	484.2	296.6	265.1	349.0	294.4	34.7%	63.3%
Income from Services and Fees	962.0	992.3	457.7	504.2	530.0	520.2	501.6	-3.1%	-9.2%
Adjusted Administrative Expenses	1,788.0	1,884.5	867.7	920.3	963.6	945.9	933.6	-5.1%	-5.7%
Adjusted Operating Income	568.8	906.8	209.9	359.0	517.3	427.8	445.6	-37.3%	-41.5%
Adjusted Net Income	377.3	625.6	119.8	257.5	356.3	291.9	305.7	-39.7%	-53.5%
Net Income	377.3	655.3	119.8	257.5	397.2	291.9	335.4	-42.4%	-53.5%

Net income in 1HQ2020 reached R$377.3 million, decreasing 39.7% since 1H2019. In 2Q2020, net income reached R$119.8 million, decreasing 60.8% since 2Q2019 and 53.5% since 1Q2020. The **performance** from **1H2019 to 1H2020** reflects (i) the reduction in financial margins, (ii) the increase in provisions for expected losses associated with credit risk expenses, (iii) the decrease in bank fees, (iv) the lower administrative expenses and (v) the lower amount of income tax, the latter reflecting the lower calculation base and the change in the Social Contribution on Net Income (CSLL) rate as of March 2020, impacting both deferred and current results. The **bottom line** from **1Q2020 to 2Q2020** was majorly influenced by (i) higher provisions for expected losses associated with credit risk, (ii) the increase of financial margins, (iii) the reduction of banking fees and (iv) the decrease in administrative expenses.

Net interest income totaled R$2,560.9 million in 1H2020, 5.1% (R$136.4 million) down from 1H2019. NII totaled R$1,229.3 million in 2Q2020, increasing 3.0% (R$37.8 million) from 1Q2020. The NII decrease from 1H2019 to 1H2020 reflects the drop in the Selic rate and the decrease in the interest rates over overdraft accounts on account of the Central Bank of Brazil cap rules for the product. In the last quarter, NII expansion reflects the decrease of interest expenses at more expressive volumes than that of the decrease in interest income, in a context of lower Selic Rate.

Provisions for expected loan losses reached R$780.8 million in 1H2020, increasing 34.7% (R$201.0 million) from 1H2019 pursuant the rollover of credit portfolio by risk ratings and the increase in overdue credit operations. From 2Q2019 to 1Q2020, loan losses provisions totaled R$484.2 million, increasing 63.3% (R$187.6 million) due to the rollover of credit portfolio by risk rating, affected by the current economic environment.

Banking Fees totaled R$962.0 million in 1H2020, decreasing 3.1% (R$30.3 million) from 1H2019, particularly driven by the lower revenue stream from acquiring network fees, impacted by the lower total portfolio volume and the measures in force to support customers, minimized by the increase of current account fees. Banking fess reached R$457.7 million in 2Q2020, decreasing 9.2% (R$46.5 million) from 1Q2020, mostly due to lower MDR fees and current account fees.

Administrative expenses (personnel and other opex) totaled R$1,788.0 million in 1H2020, decreasing 5.1% (R$96.5 million) from 1H2019. Totaling R$867.7 million in 2Q2020, administrative expenses decreased 5.7% (R$52.7 million) from 1Q2020. **Personnel expenses** totaled R$985.0 million in 1H2020, an increase of 1.3% compared to 1H2019 resulting from the collective wage agreement and the number of employees who retired in connection to the incentive retirement plan offered in 1Q2019. In 2Q2020, personnel expenses totaled R$479.9 million, decreasing 5.0% from 1Q2020 (seasonality effect of vacation periods). **Other administrative expenses** totaled R$ 803.1 million in 1H2020, decreasing 12.0% from 1H2019, mostly influenced by the reduction of third party and specialized technical services expenses. In 2Q2020, other administrative expenses reached R$387.7 million, with a 6.6% decreased from 1Q2020, mostly due to the decrease in expenses with third-party services, marketing and utilities.

The reconciliation between reported and managerial net income is presented below, and considers the extraordinary events recorded in 2Q2019 and 4Q2019. ROE, ROA and efficiency ratio are calculated based on adjusted net income.

Table 3: Accounting Net Income Statement X Adjusted Net Income - R$ Million and %

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019
Adjusted Net Income	377.3	625.6	119.8	257.5	356.3	291.9	305.7
Adjustments	-	29.7	-	-	40.9	-	29.7
Restructuring plans of the Fundação Banrisul de Seguridade Social - FBSS (1)	-	49.5	-	-	-	-	49.5
Labor Lawsuits Provisions (2)	-	-	-	-	(429.0)	-	-
Civil Lawsuits Provisions (reversal) (2)	-	-	-	-	126.8	-	-
Tax Effects (3)	-	(19.8)	-	-	120.9	-	(19.8)
Deferred Tax Assets - EC 103/2019 (4)	-	-	-	-	222.2	-	-
Net Income	377.3	655.3	119.8	257.5	397.2	291.9	335.4
Adjusted ROAA	0.9%	1.6%	0.6%	1.2%	1.8%	1.5%	1.6%
Adjusted ROAE	9.4%	16.9%	5.9%	13.0%	18.4%	15.3%	16.4%
Adjusted Efficiency Ratio (5)	52.6%	51.4%	52.6%	52.6%	52.1%	51.1%	51.4%

(1) Voluntary migration process of participants from Benefit Plan I - PBI to Benefit Plan FBPREV III in 1H2019; approximately 35% of PBI participants migrated.
(2) Provisions (reversal) arising from review of parameters and to the trend of ongoing civil lawsuits.
(3) Related to FBSS Plan Restructuring, Labor Lawsuits Provisions and Reversal of Civil Lawsuits Provisions.
(4) Refers to the update of deferred tax credits and debts stock resulting from the increase in the Social Contribution Rate on Net Income (CSLL) to 20% from 15%, as per the issuance of the Constitutional Amendment EC 103 of 2019.
(5) Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Operational Income - Other Operational Expenses). Considers the last 12 months.

Annualized ROAE reached 9.4% in 1H2020, 7.1 pp. below 1H2019, reflecting particularly the reduction in net interest income and the increase in provisions for expected losses associated with credit risk expenses, in a context of falling Selic rate and increasing default rates, trend minimized by the increase in banking fees and the decrease of administrative expenses.

Adjusted efficiency ratio reached 52.6% in the twelve-month period ended June 2020, from 51.4% in the twelve-month period ended June 2019, impacted by NII compression, stability of banking fees and unfavorable evolution of other income/expenses, in greater proportion than that observed for the decrease of administrative expenses.

OPERATIONAL HIGHLIGHTS

Table 4: Asset Evolution Statement - R$ Million

	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Total Assets	86,582.8	83,270.0	81,549.6	80,637.6	79,465.7	9.0%	4.0%
Credit Operations	35,965.9	36,185.8	36,182.7	34,647.1	34,237.2	5.0%	-0.6%
Securities (1)	32,933.3	30,219.9	23,721.0	24,233.5	22,813.0	44.4%	9.0%
Funds Raised and Under Management	75,329.0	72,587.0	72,037.5	70,105.5	69,370.9	8.6%	3.8%
Shareholders' Equity	8,219.1	8,069.0	7,794.4	7,734.9	7,522.5	9.3%	1.9%

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

Total assets reached R$86,582.8 million in June 2020, growing 9.0% (R$7,177.1 million) over June 2019 and 4.0% (R$3,312.4 million) over March 2020. The main components of assets and liabilities will be addressed below.

Total **credit assets** (expanded concept) reached R$36,206.8 million in March 2020, increasing 4.5% in twelve months and flattish in the last quarter. Excluding sureties and guarantees, loan book increased 5.0% from June 2019, mostly influenced by the growth of R$1,233.9 million in non-earmarked credit to individuals and R$590.9 million in rural credit, performance that was offset by the reduction of R$182.5 million in long-term loans. Credit assets remained stable since March 2020, decreasing R$219.9 million, due to the decrease of R$395.2 million in the commercial portfolio, minimized by the increase of R$189.8 million observed in the agricultural loans.

Table 5: Statement of the Credit Portfolio - R$ Million

	Jun 2020	% Credit Portfolio	Mar 2019	Dec 2019	Sep 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Foreign Exchange	826.2	2.3%	846.6	774.6	746.6	684.2	20.8%	-2.4%
Commercial	27,306.0	75.9%	27,701.2	27,815.1	26,401.9	26,074.9	4.7%	-1.4%
Individuals	21,318.7	59.3%	21,571.6	21,731.8	20,466.4	20,084.8	6.1%	-1.2%
Payroll (1)	16,314.0	45.4%	16,082.8	16,001.1	15,537.8	14,993.4	8.8%	1.4%
Other	5,004.6	13.9%	5,488.8	5,730.7	4,928.6	5,091.4	-1.7%	-8.8%
Companies	5,987.3	16.6%	6,129.5	6,083.3	5,935.5	5,990.1	0.0%	-2.3%
Working Capital	4,207.6	11.7%	4,152.5	4,060.5	3,877.0	3,979.6	5.7%	1.3%
Other	1,779.7	4.9%	1,977.0	2,022.8	2,058.5	2,010.5	-11.5%	-10.0%
Long-term Financing	654.6	1.8%	660.5	669.2	751.1	837.1	-21.8%	-0.9%
Real Estate Financing	4,148.8	11.5%	4,135.7	4,126.9	4,096.8	4,209.3	-1.4%	0.3%
Agricultural Financing	2,902.4	8.1%	2,712.6	2,661.3	2,527.0	2,311.5	25.6%	7.0%
Other (2)	127.9	0.4%	129.3	135.5	123.6	120.2	6.5%	-1.1%
Total	**35,965.9**	**100.0%**	**36,185.8**	**36,182.7**	**34,647.1**	**34,237.2**	**5.0%**	**-0.6%**

(1) Credits linked to acquired portfolio with recourse have been added to Credit to Individuals since March 2020, with adjusted effects on previous periods.
(2) Includes leasing and public sector.

Securities, **interbank investments and cash availabilities** totaled R$37,153.0 million in June 2020, with net balance (deducted of repurchase transactions) of R$32,033.9 million, increasing 44.4% (R$10.120,35 million) from June 2019, mostly influenced by the increase of deposits and the reduction of compulsory deposits at the Central Bank of Brazil in an environment of increasing loan portfolio. From March 2020 to June 2020, these items increased 9.0% (R$2,713.3 million), mostly reflecting the increase of deposits.

Funds raised and under management, composed by deposits, bank notes, subordinated bond and third-party funds, totaled R$75,329.0 million in June 2020, increasing 8.6% (R$5,958.1 million) in twelve months, and 3.8% (R$2,742.0 million) in three months, driven by the increase in deposits.

Shareholders' equity reached R$8,219.1 million at the end of June 2020, increasing 9.3% (R$696.7 million) from June 2019 and 1.9% (R$150.1million) from March 2020. The evolution in shareholders' equity in twelve months reflects the incorporation of net income, the payment of interest on own capital and the provisioned 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 dependencies abroad. Quarter-on-quarter, the evolution of shareholders' equity reflects the incorporation of results and the exchange rate variation adjustments on the equity of subsidiaries abroad.

Banrisul paid and provisioned R$500.8 million in **taxes and contributions** in 1H2020. Taxes withheld and paid, directly levied on financial intermediation and other payments, amounted to R$454.8 million in 1H2020.

Table 6: Other Indicators - %

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019
Net Interest Margin	6.97%	7.73%	6.95%	6.99%	7.85%	8.10%	7.65%
Basel Ratio (Prudential Conglomerate)	16.0%	15.8%	16.0%	15.1%	15.1%	16.2%	15.8%
Loan Portfolio Normal Risk / Total Credit	88.0%	87.4%	88.0%	88.8%	88.7%	87.9%	87.4%
Loan Portfolio Risks 1 and 2 / Total Credit	12.0%	12.6%	12.0%	11.2%	11.3%	12.1%	12.6%
Default Rate > 90 Days	3.54%	2.20%	3.54%	3.37%	3.37%	2.84%	2.20%
Cover Ratio > 90 Days (1)	234.3%	344.6%	234.3%	230.4%	226.7%	276.4%	344.6%
Provision Ratio (2)	8.3%	7.6%	8.3%	7.8%	7.6%	7.9%	7.6%

(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 1H2019 to 1H2020 reflects the decrease in the Selic rate and the Central Bank of Brazil cap rules for interest rates over overdraft accounts on the wake of increasing profitable assets volume, especially treasury assets.

90-day default rate reached 3.54% in June 2020, increasing 1.34 pp. in twelve months and 0.17 pp. in three months. The balance of 90-day past due credit reached R$1,272.7 million in June 2020, increasing 69.1% in twelve months and 4.2% in the last quarter. 90-day past due **Coverage ratio** reached 234.3% in June 2020, vis-à-vis 344.6% in June 2019 and 230.4% in March 2020. From June 2019 to June 2020, the trend of the 90-day coverage ratio reflects the increase in past due credit transactions ahead of the increase observed in the balance of provisions for expected losses associated with credit risk. In comparison with March 2020, the trajectory of the coverage ratio reflects the increase in in the balance of provisions for expected losses associated with credit risk in a larger proportion than the increase in overdue operations.

Total provisions reached 8.3% of the outstanding credit portfolio in June 2020, 0.7 pp. above June 2019 and 0.5 pp. above March 2020. Provisions for expected losses associated with credit risk increased R$388.3 million in twelve months, due to the rolling over of risk rating levels and the increase in credit defaults. The portfolio of normal risk loans increased 0.6 pp. in relation to June2019. In the last quarter, the balance of provisions for expected losses associated with credit risk increased R$169.8 million, and the share of normal risk loan portfolio in relation to the total loan book decreased 0.8 pp.

ANALYSIS OF PERFORMANCE

Following is the analysis of the performance of Banco do Estado do Rio Grande do Sul S.A. related to the first half and second quarter of 2020.

MARKET SHARE

In March 2020, Banrisul occupied the 11th position in total assets, the 10th in equity and 9th funding (total deposits, open market funding and borrowings and onlendings) and the 6th in number of branches, according to ranking published by the Central Bank of Brazil (BNDES not included).

Banrisul's domestic market share in time deposits reached 3.0096% in June 2020 from 4.1858% in June 2019; deposits grew 9.0% year-on-year in Banrisul vis-à-vis the 51.5% expansion observed within the banking industry in the same period. As to demand deposits, Banrisul's participation in the domestic market reached 1.1876% in June 2020, decreasing 0.3186 pp. from June 2019; as for savings accounts, Banrisul's portfolio reached 1.0896% from the domestic market balance in June 2020, decreasing 0.0750 pp. from June 2019. Banrisul's share in credit in the Brazilian credit market reached 0.9923% in June 2020 from 1.0371% in June 2019.

Credit market share reached 19.4006% of the total credit granted within Rio Grande do Sul in March 2020, decreasing 0.0359 pp. in comparison to March 2019. In the State of Rio Grande do Sul, in March 2020 Banrisul's market share reached 44.3768% in time deposits, decreasing 3.0146 pp. in twelve months, while reaching 12.7741% in saving deposits in the same month, decreasing 0.3612 pp. year-on-year. Demand deposits decreased 4.1417 pp. in twelve months, reaching 24.0569% in March 2020.

Table 7: Market Share

	Brazil		Rio Grande do Sul	
	Jun 2020 (1)	Jun 2019	Mar 2020 (2)	Mar 2019
Demand Deposits	1.1876%	1.5062%	24.0569%	28.1986%
Saving Deposits	1.0896%	1.1646%	12.7741%	13.1353%
Time Deposits	3.0096%	4.1858%	44.3768%	47.3914%
Credit Operations	0.9923%	1.0371%	19.4006%	19.4365%
Number of Branches	2.6555%	2.5063%	30.7837%	30.1462%

(1) Last information disclosed.
(2) Last information available.

MARGIN ANALYSIS

FINANCIAL INTERMEDIATION PERFORMANCE

The presented margin analysis was calculated based on average balances of assets and liabilities, calculated from the closing balances of the months that compose the respective analyzed period. The following chart shows the revenue-generating assets and interest-bearing liabilities, the corresponding financial incomes on assets and financial expenses on liabilities, as well as the effective average rates practiced.

Credit operations include advances on foreign exchange contracts and leasing agreements, which are shown at the current net value of the leasing agreements. Income from credit operations more than 60 days overdue, irrespective of their risk level, will only be booked as revenues when received.

Average balances of interbank investment and funds invested or raised in the interbank market correspond to the redemption amount deducted from the income or expenses corresponding to future periods. Average balances of deposits, open-market funding, borrowings and onlendings include the fees payable till the date of closing of the Financial Statements, booked on a pro rata die basis. As for expenses related to these items, those due on deposits include contributions to the Deposit Guarantee Fund (Fundo Garantidor de Crédito - FGC).

Margins produced by interest-earning assets decreased from 1H2019 to 1H2020. Average interest-earning assets grew 5.3% and interest-bearing liabilities increased 6.8%. The absolute margin decreased 5.1% in 1H2020 and the relative annualized margin decreased 0.38 pp. when compared to 1H2019.

Interest-earning assets and interest-bearing liabilities were impacted by the foreign exchange variation, especially in credit operations linked to trade finance transactions, derivatives financial instruments, subordinated debt and foreign onlendings, as well as the reduction of the Selic. Besides the basic interest rates that index transactions in the financial sector, the assets and liabilities structure, as well as the time and interest rate conditions of transactions, are determinant factors in the formation of the margin recorded in each period.

Representing 44.8% of the total average interest-earning assets, credit assets decreased 0.4 pp. from 1H2019 to 1H2020; treasury operations amounted to 40.5% of interest-earning assets in 1H2020, increasing 4.6 pp. from 1H2019. Compulsory deposits decreased 5.1 pp comparing to the 1H2019, reaching 12.4% in 1H2020.

As to interest-bearing liabilities, the average balance of time deposits represented 63.0% of the cost-generating liabilities in 1H2020, decreasing 0.2 pp. from 1H2019. Savings deposits reached 15.2% of the total interest-bearing liabilities in 1H2020, stable from 1H2019. Among the other interest-bearing liabilities, market funding represented 6.0%, decreasing 0.7 pp. from 1H2019. Bank notes represented 5.2% of the interest-bearing liabilities, stable since 1H2019.

All together, these variations decreased spreads, which reached 3.06% in 1H2020.

Table 8: Margin Analysis - R$ Million and %

	1H2020			1H2019			2019			2018		
	Average Balance	Income Expense	Average Rate	Average Balance	Income Expense	Average Rate	Average Balance	Income Expense	Average Rate	Average Balance	Income Expense	Average Rate
Interest-Earning Assets	**73,495.7**	**4,958.7**	**6.75%**	**69,806.4**	**4,523.0**	**6.48%**	**70,212.7**	**9,105.4**	**12.97%**	**66,860.5**	**9,551.8**	**14.29%**
Loan Portfolio (1)	32,890.2	3,313.4	10.07%	31,481.0	3,398.6	10.80%	31,627.5	6,818.0	21.56%	29,395.3	6,957.8	23.67%
Securities (2)	29,748.4	510.8	1.72%	25,085.5	682.1	2.72%	25,443.9	1,422.7	5.59%	24,679.9	1,628.4	6.60%
Derivatives	675.3	938.0	138.92%	16.6	56.6	339.92%	81.7	132.1	161.60%	25.7	217.6	845.33%
Compulsories	9,092.5	165.9	1.82%	12,190.9	356.1	2.92%	12,014.8	672.9	5.60%	11,771.1	703.6	5.98%
Other	1,089.4	30.6	2.81%	1,032.4	29.7	2.88%	1,044.7	59.7	5.71%	988.5	44.4	4.49%
Non Interest-Earning Assets	**10,306.7**	**-**	**-**	**8,623.5**	**-**	**-**	**9,059.0**	**-**	**-**	**8,549.1**	**-**	**-**
Total Assets	**83,802.4**	**4,958.7**	**5.92%**	**78,429.9**	**4,523.0**	**5.77%**	**79,271.7**	**9,105.4**	**11.49%**	**75,409.7**	**9,551.8**	**12.67%**
Interest-Bearing Liabilities	**64,853.2**	**(2,397.8)**	**3.70%**	**60,730.3**	**(1,825.7)**	**3.01%**	**61,337.2**	**(3,580.4)**	**5.84%**	**58,184.3**	**(3,860.6)**	**6.64%**
Interbank Deposits	918.1	(14.5)	1.57%	183.7	(3.5)	1.90%	257.8	(10.3)	4.01%	100.0	(5.8)	5.80%
Saving Deposits	9,825.6	(163.0)	1.66%	9,239.2	(213.8)	2.31%	9,341.5	(419.9)	4.49%	8,761.0	(419.9)	4.79%
Time Deposits	40,852.9	(673.4)	1.65%	38,410.7	(1,085.7)	2.83%	38,940.9	(2,102.3)	5.40%	36,436.6	(2,117.1)	5.81%
Money Market Funding	3,875.5	(75.1)	1.94%	4,072.2	(138.5)	3.40%	3,871.0	(252.7)	6.53%	4,839.6	(305.9)	6.32%
Resources from Bank Notes (3)	3,342.2	(59.9)	1.79%	3,166.8	(95.2)	3.01%	3,295.1	(192.3)	5.84%	2,328.0	(141.7)	6.09%
Subordinated Debt	2,818.1	(1,000.5)	35.50%	2,126.7	(152.9)	7.19%	2,211.8	(315.7)	14.27%	1,984.1	(411.3)	20.73%
Domestic Borrowings and Onlendings	1,512.6	(29.4)	1.94%	1,678.5	(32.0)	1.91%	1,631.9	(68.2)	4.18%	2,019.4	(153.3)	7.59%
Foreign Borrowings and Onlendings	797.2	(361.7)	45.38%	773.7	(66.4)	8.59%	761.7	(147.8)	19.40%	806.1	(246.2)	30.54%
Financial and Development Funds	911.0	(20.3)	2.22%	1,078.9	(37.6)	3.49%	1,025.4	(71.2)	6.94%	909.6	(59.5)	6.55%
Non-Interest-Bearing Liabilities	**10,905.3**			**10,227.8**	**-**	**-**	**10,331.5**	**-**	**-**	**10,049.4**	**-**	**-**
Shareholders' Equity	**8,043.8**			**7,471.8**	**-**	**-**	**7,603.0**	**-**	**-**	**7,176.0**	**-**	**-**
Liabilities and Shareholders' Equity	**83,802.4**	**(2,397.8)**	**2.86%**	**78,429.9**	**(1,825.7)**	**2.33%**	**79,271.7**	**(3,580.4)**	**4.52%**	**75,409.7**	**(3,860.6)**	**5.12%**
Spread			**3.06%**			**3.44%**			**6.97%**			**7.55%**
Margin		**2,560.9**	**3.48%**		**2,697.3**	**3.86%**		**5,525.0**	**7.87%**		**5,691.1**	**8.51%**
Yearly Margin (4)			**6.97%**			**7.73%**			**7.87%**			**8.51%**

(1) Includes advances on foreign exchange contracts, leasing operations and other credits with credit granting characteristics.
(2) Includes interbank investments.
(3) Includes financial and real estate bank notes.
(4) The indicator for the year is obtained by multiplying the quotient of the division between net interest income and earning assets by the number of periods in the year.

VARIATIONS IN INTEREST INCOME AND EXPENSES: VOLUMES AND RATES

The variations in the volume and interest rates were calculated based on the average balances in the period and the variations in the average interest rates, exchange variation included, on interest-earning assets and interest-bearing liabilities. Variation of interest rate was calculated by variation on interest rate in the period multiplied by the average interest-earning assets or average interest-bearing liabilities in the second period. The volume change was computed as the difference between the interest amounts from the current period to the previous one.

The decrease in income (driven by the reduction of average interest rates of interest-earning assets) and the increase in expenses (driven by the growth of interest-bearing liabilities average interest rates) reduced margins by R$986.6 million. The increase in revenues produced by the variation of the average balance of interest-earning asset, in amounts more expressive than those of the increase in the expenses produced by the variation of the average balance of interest-bearing liabilities, produced an overall increase of R$850.2 million in financial margin. Altogether, financial margin decreased R$136.4 million from 1H2019 to 1H2020.

Taking into account the changes in derivative financial instruments directly linked to the subordinated debt, the analysis of the financial margin from 1H2019 to 1H2020 demonstrates that interest-earning assets posted a decrease in revenues due to variations in average interest rates, above all, even though the growth in average volume has positively affected revenues. In the same context, interest-bearing liabilities recorded a less significant decrease in expenses due to the variation in average interest rates and an increase in expenses due to variations of average volumes.

The following table presents the allocation of variations in the interest incomes and expenses by the change in average volume of interesting-earning assets and interesting-bearing liabilities and the variation of the average interest rate over these assets and liabilities: (i) 1H2020 vs 1H2019, (ii) 2019 vs 2018.

Table 9: Variations in Interest Income and Expenses: Volumes and Rates - R$ Million

	1H2020/1H2019			2019/2018		
	Increase / Decrease According to change in:			Increase / Decrease According to change in:		
	Average Volume	Interest Rate	Net Change	Average Volume	Interest Rate	Net Change
Interest-Earning Assets						
Loans, Leasing Operations and Other Receivables	148.1	(233.3)	(85.2)	506.7	(646.5)	(139.8)
Securities	111.1	(282.4)	(171.3)	49.1	(254.8)	(205.7)
Derivatives	894.8	(13.4)	881.5	194.3	(279.8)	(85.5)
Compulsories	(161.8)	(28.4)	(190.2)	14.3	(45.0)	(30.7)
Other	1.6	(0.6)	0.9	2.6	12.7	15.3
Total Interest-Earning Assets	**993.8**	**(558.1)**	**435.7**	**767.0**	**(1,213.4)**	**(446.4)**
Interest-Bearing Liabilities						
Interbank Deposits	(11.5)	0.5	(11.0)	(5.6)	1.1	(4.5)
Saving Deposits	(12.9)	63.7	50.8	(26.9)	26.9	0.0
Time Deposits	(65.2)	477.5	412.3	(140.4)	155.1	14.7
Money Market Funding	7.1	56.3	63.4	62.9	(9.7)	53.2
Resources from Bank Notes	(5.0)	40.3	35.2	(56.2)	5.6	(50.6)
Subordinated Debt	(64.7)	(782.9)	(847.6)	(43.2)	138.8	95.5
Domestic Borrowings and Onlendings	3.2	(0.6)	2.6	39.3	45.9	85.2
Foreign Borrowings and Onlendings	(2.1)	(293.2)	(295.3)	14.4	84.0	98.4
Financial and Developmente Funds	7.4	9.9	17.4	(7.9)	(3.7)	(11.6)
Total Interest-Bearing Liabilities	**(143.6)**	**(428.5)**	**(572.1)**	**(163.6)**	**443.9**	**280.3**
Margin	**850.2**	**(986.6)**	**(136.4)**	**603.4**	**(769.5)**	**(166.1)**

(1) Derivatives are used by Banrisul to mitigate the risks of exchange rate variations in foreign funding. In this sense, the variations presented must be analyzed as a whole.

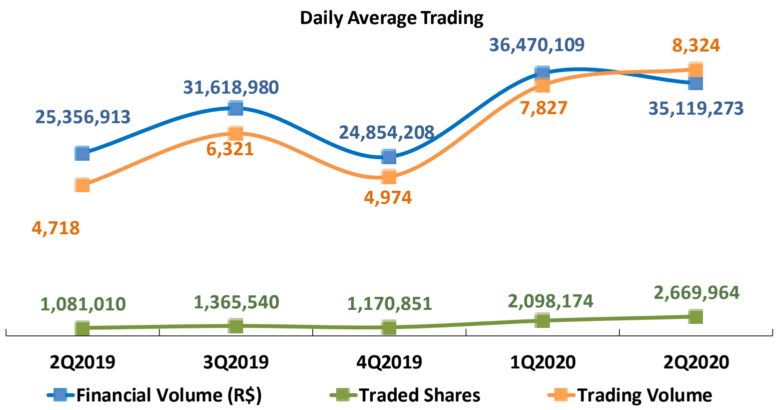
STOCK MARKET PERFORMANCE

Listed under Corporate Governance Level 1 since July 2007, and committed to the best market practices, Banrisul voluntarily adopts certain rules from other levels of Corporate Governance, strengthening and consolidating a transparent relationship with stakeholders in events, conferences and meetings in Brazil and abroad.

Banrisul's stock capital was R$5,200.0 million in June 30, 2020, represented by 408,974,477 shares (205,064,841 common shares and 203,909,636 preferred shares) in book entry form and without nominal value. The Bank's largest shareholder is the Government of the State of Rio Grande do Sul, which directly held 98.1% of common capital and 49.4% of total capital.

Banrisul is listed in eight indexes of B3 S.A. - Brasil, Bolsa, Balcão, and its PNB share (BRSR6) was among the 100 mostly traded share on the stock exchange. In 2Q2020, the average daily traded financial volume increased by 38.5% in relation to 2Q2019; in the same period, the daily average number of transactions increased 76.4%. Average financial volume decreased 3.7% and the average number of transactions increased 6.3% in the last three months.

Graph 1: Average Financial Volume, Number of Trades and Number of Shares



In June 2020, Banrisul's market value reached R$5,541.6 million, decreasing 42.9% in comparison with June 2019 and 13.6% in relation to March 2020.

The table with Banrisul's ratings according to main risk classification agencies is as follows.

Table 10: Ratings from Risk Agencies

Fitch Ratings	
Foreign Currency - Long-Term IDR	BB-
Foreign Currency - Short-Term IDR	B
Local Currency - Long-Term IDR	BB-
Local Currency - short-Term IDR	B
National Rating - Long-Term Rating	A+(bra)
National Rating - Short-Term Rating	F1(bra)
Support Rating	4
Viability Rating	bb-
Tier II Capital Subordinated Notes	B
Outlook National Rating	Negative
Outlook Foreign-Currency. Long-Term IDR	Negative
Moody's	
Outlook	Stable
Bank Deposits	Ba3/NP
NSR Bank Deposits -Dom Curr	A1.br/BR-1
Individual Credit Risk	ba3
Counterparty Risk Assessment	Ba2(cr)/NP(cr)
Subordinate	B1
Standard & Poor's	
Issuer Credit Rating Global scale	BB-
Issuer Credit Rating - National scale	brAA+
Perspective	Stable
Individual Credit Profile (SACP)	bb-

ASSET EVOLUTION

TOTAL ASSETS

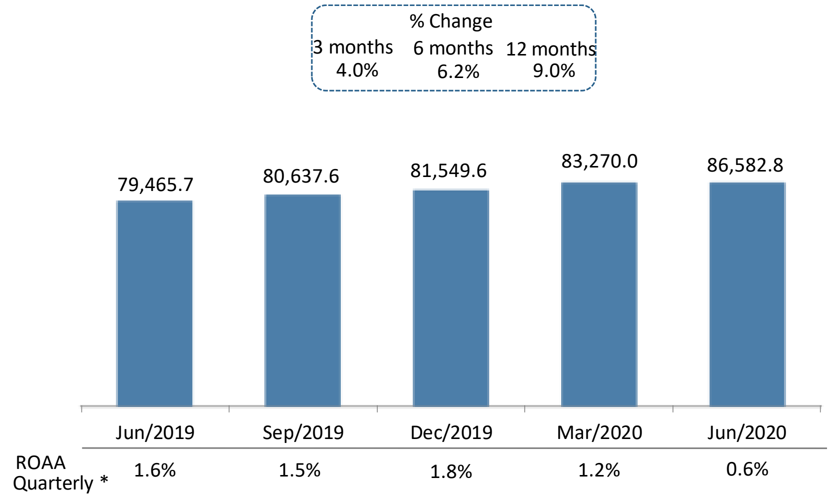
Total assets reached R$86,582.8 million in June 2020, and are divided into (i) securities added to interbank deposits and cash (42.9%); (ii) loans (41.5% of total assets); (iii) compulsory deposits placed at the Central Bank of Brazil (8.4%) and (iv) other assets (7.2%).

In the last twelve months, total assets grew 9.0% (R$7,117.1 million), mostly from the increase of R$5,538.2 million in deposits and of R$986.2 million in subordinated bond. As to asset allocation, the balance of securities, jointly with net interbank investments, increased R$10,058.2 million, and credit portfolio increased R$1,728.7 million, while compulsory deposits placed at the Central Bank of Brazil decreased R$5,211.7 million in the period.

From December 2019, assets increased 6.2% (R$5,033.2 million), especially due to the increases of R$3,078.9 million in deposits, of R$907.2 million in the subordinated debt, and of R$828.3 million in open market funding. As to asset allocation, treasury increased R$10,040.6 million, compulsory deposits decreased R$4,929.0 million and loan book was stable.

From March 2020, total assets increased by 4.0% (R$3,312.8 million), mainly due to the increase of R$2,785.2 million in deposits and of R$397.3 million in open market funding. As for the allocation, securities increased by R$3,110.6 million, while credit portfolio remained stable.

Graph 2: Total Assets - R$ Million



* Annualized and calculated based on Adjusted Net Income

SECURITIES AND DERIVATIVES

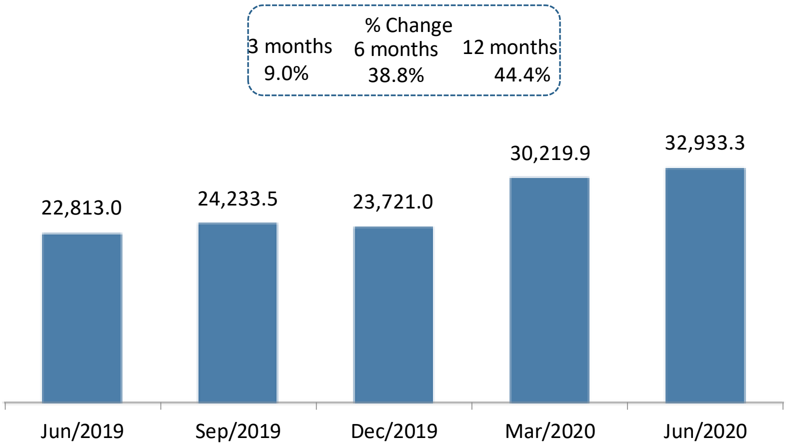
Securities, derivatives, interbank investments and cash, net of repo transactions, totaled R$32,933.3 million in June 2020, increasing 44.4% (R$10,120.3 million) from June 2019, 38.8% (R$9,212.3 million) from December 2019 and 9.0% (R$2,713.3 million) from March 2020.

The balance evolution from June 2019 to June 2020 was mainly driven by the increase in deposits and the decrease of reserve requirements at the Central Bank of Brazil, along with the increase of the credit portfolio.

Year to date, the performance reflects particularly the increase in deposits and the decrease of compulsory deposits at the Central Bank of Brazil, in a context of stable credit assets. Quarter on quarter, most of the increase was due to the increase in deposits.

The securities portfolio is distributed as follows: 53.4% (R$19,846.3 million) as "held to maturity", 23.4% (R$8,683.4 million) as interbank investments, 17.3% (R$6,431.1 million) in the trading book, 3.0% (R$1,132.1 million) as cash, 2.9% (R$1,057.5 million) as derivatives and R$2.6 million as "available for sale", totaling R$19,846.3 million. Federal government bonds account for 93.7% of treasury investments.

Graph 3: Securities and Derivatives[1] - R$ Million

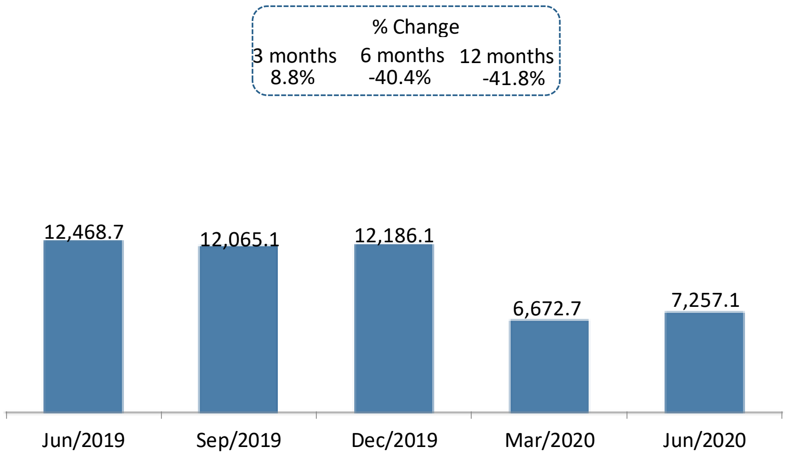


(1) Excluding repo transactions.

Compulsory Deposits placed at Central Bank of Brazil

The balance of compulsory deposits placed at Central Bank of Brazil amounted to R$7,257.1 million in June 2020, decreasing 41.8% (R$5,211.7) since June 2019, 40.4% (R$4,929.0 million) since December 2019 and increasing 8.8% (R$584.4 million) since March 2020.

Graph 4: Compulsory Deposits placed at Central Bank of Brazil - R$ Million

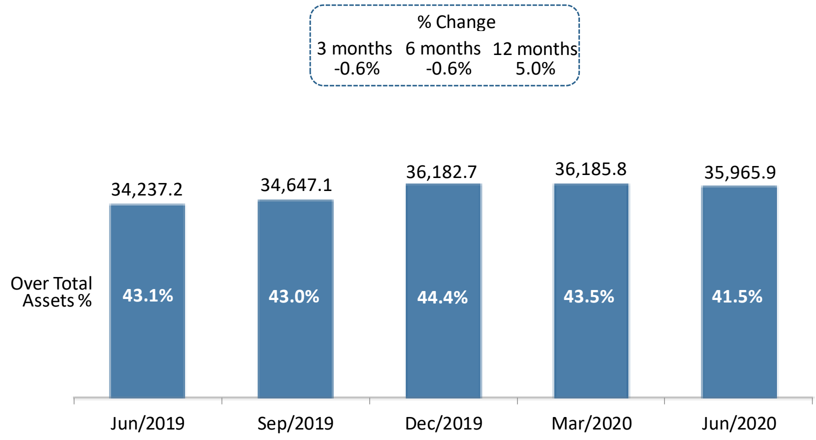


The decrease in compulsory deposits placed at Central Bank of Brazil was especially influenced by the retraction of reserve requirements over time deposits, R$5,425.8 million since June 2019 and R$5,028.5 million since December 2019, respectively, reductions mostly impacted by the decrease in the levels of compulsory deposits over time deposits effective from March 2020, as per BACEN Circular No. 3993/20. The growth of compulsory deposits from March 2020 to June 2020 was driven by the increase of R$410.9 million in compulsory deposits on time deposits, given the balance increase.

CREDIT OPERATIONS

Banrisul's credit portfolio totaled R$35,965.9 million in June 2020, increasing 5.0% (R$1,728.7 million) over June 2019. From December 2019 and March 2020, the credit portfolio was mostly flat, decreasing R$216.7 million and R$219.9 million, respectively. Expanded credit portfolio, which includes co-obligations and risks on granted guarantees, reached R$36,206.8 million in June 2020, increasing 4.5% (R$1,549.5 million) from June 2019 and flattish from December 2019 and March 2020, decreasing R$218.8 million and R$256.9 million, respectively.

Graph 5: Credit Operations - R$ Million



In the last twelve months, the increase in the credit balance was mainly driven by the growth of R$1,233.9 million in credit to individuals, especially INSS payroll loans, and of R$590.9 million in rural loans, while offset by the decrease of R$182.5 million in long-term finance.

Comparing to December 2019, the credit balance was relatively stable, mainly driven by the decrease of R$509.1 million in commercial portfolio, partially offset by the increase of R$241.1 million in rural loans and of R$51.6 million in the exchange portfolio.

In comparison with March 2020, the relative stability of the credit portfolio balance was mainly influenced by the decrease of R$395.2 million in the commercial credit, partially offset by the growth of R$189.8 million in agricultural loans.

Breakdown of Credit by Company Size

Credit to companies totaled R$9,070.9 million in June 2020, and represented 25.2% of the total loan portfolio. Of the outstanding balance of corporate credit, 53.8% is allocated into micro, small and medium size companies.

In the last twelve months, credit to large-sized companies increased 6.5% (R$256.3 million), with credit to micro, small and medium-sized companies decreasing 4.6% (R$237.2 million). In the last three months, credit to large-sized companies increased 4.6% (R$185.6 million) and credit to micro, small and medium-sized companies decreased 1.7% (R$82.8 million).

Table 11: Breakdown of Credit to Companies by Company Size - R$ Million

	Jun 2020			Mar 2020			Jun 2019			Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
	Balance	% Company Portfolio	% Total Portfolio	Balance	% Company Portfolio	% Total Portfolio	Balance	% Company Portfolio	% Total Portfolio		
Large Companies	4,192.1	46.2%	11.7%	4,006.5	44.7%	11.1%	3,935.8	43.5%	11.5%	6.5%	4.6%
Total Middle/Small/Micro	4,878.8	53.8%	13.6%	4,961.6	55.3%	13.7%	5,116.0	56.5%	14.9%	-4.6%	-1.7%
Middle Companies	3,074.3	33.9%	8.5%	3,079.3	34.3%	8.5%	3,513.1	38.8%	10.3%	-12.5%	-0.2%
Small Companies	1,344.6	14.8%	3.7%	1,424.6	15.9%	3.9%	1,203.8	13.3%	3.5%	11.7%	-5.6%
Micro-Companies	459.9	5.1%	1.3%	457.7	5.1%	1.3%	399.0	4.4%	1.2%	15.3%	0.5%
Total Companies	**9,070.9**	**100.0%**	**25.2%**	**8,968.1**	**100.0%**	**24.8%**	**9,051.8**	**100.0%**	**26.4%**	**0.2%**	**1.1%**

Criteria: average monthly revenue (Micro - up to R$30,000; Small - up to R$400,000; Mid-sized - up to R$25 million). For Large companies: average monthly revenue above R$25 million or Total Asset above R$240 million.

Breakdown of Credit by Sector

The balance of credit operations segmented by sector of activity is presented as follows:

Table 12: Breakdown of Credit by Sector - R$ Million

	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Public Sector	**104.3**	**102.7**	**107.1**	**98.0**	**96.3**	**8.4%**	**1.6%**
Public Management - Direct and Indirect	104.3	102.7	107.1	98.0	96.3	8.4%	1.6%
Private Sector	**35,861.6**	**36,083.2**	**36,075.5**	**34,549.2**	**34,141.0**	**5.0%**	**-0.6%**
Corporate	8,966.6	8,865.4	8,720.3	8,730.6	8,955.6	0.1%	1.1%
Agricultural	168.3	229.5	232.9	241.1	236.5	-28.8%	-26.7%
Food, beverage and smoke	1,241.6	1,143.5	1,142.0	1,155.6	1,163.9	6.7%	8.6%
Automotive	337.3	349.0	340.6	354.3	311.8	8.2%	-3.3%
Pulp, wood and furniture	198.2	190.1	193.9	167.5	169.7	16.8%	4.3%
Wholesale Food Business	626.9	475.5	444.7	427.2	479.4	30.8%	31.9%
Wholesale Business, except for food	512.8	472.0	448.7	438.7	432.0	18.7%	8.7%
Retail Business - Others	612.2	663.9	622.0	616.2	608.5	0.6%	-7.8%
Construction and Real Estate	824.0	826.0	816.6	827.1	988.5	-16.6%	-0.3%
Education, Health and other Social Services	1,358.5	1,382.5	1,398.6	1,319.8	1,407.9	-3.5%	-1.7%
Electronics and Computing	313.4	341.0	337.7	352.7	340.1	-7.8%	-8.1%
Financials and Insurance	474.3	448.0	449.8	534.8	490.0	-3.2%	5.9%
Machine and Equipment	215.1	209.5	203.0	216.4	236.2	-8.9%	2.7%
Metallurgy	214.2	187.2	179.5	167.6	189.3	13.2%	14.5%
Infrastructure Works	134.4	147.5	152.3	153.9	159.4	-15.7%	-8.9%
Oil and Natural Gas	368.6	381.3	374.1	351.8	352.8	4.5%	-3.3%
Chemical and Petrochemical	419.8	442.1	427.4	471.3	435.1	-3.5%	-5.1%
Private Services	199.5	203.2	202.5	198.8	198.5	0.5%	-1.8%
Textile, Confections and Leather	203.4	217.3	197.2	196.3	201.0	1.2%	-6.4%
Transportation	285.9	298.8	306.6	297.0	313.4	-8.8%	-4.3%
Others	258.1	257.6	250.0	242.6	241.4	6.9%	0.2%
Individuals	26,895.0	27,217.7	27,355.3	25,818.5	25,185.4	6.8%	-1.2%
Total	**35,965.9**	**36,185.8**	**36,182.7**	**34,647.1**	**34,237.2**	**5.0%**	**-0.6%**

Breakdown of Credit by Portfolio

The breakdown of credit by portfolio presents both earmarked and non-earmarked loan assets. The non-earmarked portfolio, leasing and public sector are freely funded from time deposits and equity and comprised 76.3% of the total credit portfolio in June 2020. Development credit lines (long-term finance), agricultural, real estate finance and foreign exchange portfolios, which have specific funding sources and are used for mandatory credit allocation, represented 23.7% of total credit balance in June 2020.

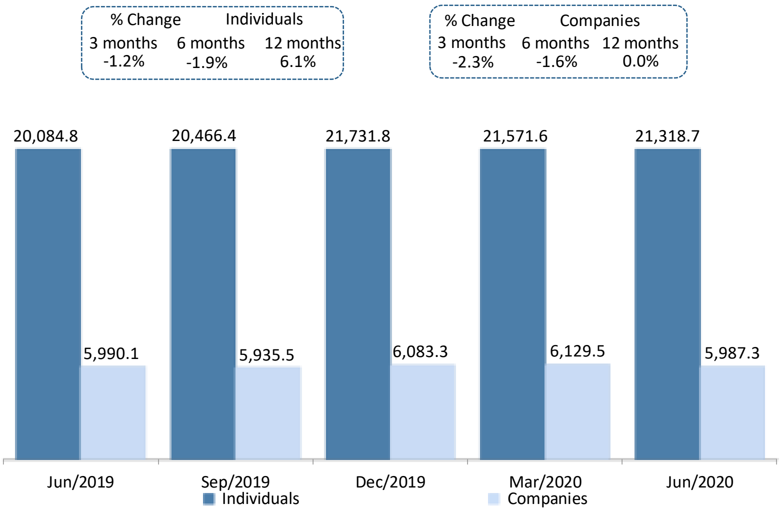
Table 13: Breakdown of Credit by Portfolio - R$ Million

	Jun 2020	Mar 2020	Dez 2019	Set 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Private Sector	**35,861.6**	**36,083.2**	**36,075.5**	**34,549.2**	**34,141.0**	**5.0%**	**-0.6%**
Foreign Exchange	826.2	846.6	774.6	746.6	684.2	20.8%	-2.4%
Non-direct	27,306.0	27,701.2	27,815.1	26,401.9	26,074.9	4.7%	-1.4%
Individuals (1)	21,318.7	21,571.6	21,731.8	20,466.4	20,084.8	6.1%	-1.2%
Companies	5,987.3	6,129.5	6,083.3	5,935.5	5,990.1	0.0%	-2.3%
Long-term Financing	654.6	660.5	669.2	751.1	837.1	-21.8%	-0.9%
Real Estate Financing	4,148.8	4,135.7	4,126.9	4,096.8	4,209.3	-1.4%	0.3%
Leasing	23.6	26.6	28.4	25.7	23.9	-1.2%	-11.4%
Agricultural Financing	2,902.4	2,712.6	2,661.3	2,527.0	2,311.5	25.6%	7.0%
Public Sector	**104.3**	**102.7**	**107.1**	**98.0**	**96.3**	**8.4%**	**1.6%**
Total of Credit-like Transactions	**35,965.9**	**36,185.8**	**36,182.7**	**34,647.1**	**34,237.2**	**5.0%**	**-0.6%**
Co-obligation, sureties and guarantees	240.8	277.9	242.9	384.4	420.1	-42.7%	-13.3%
Total	**36,206.8**	**36,463.7**	**36,425.5**	**35,031.5**	**34,657.3**	**4.5%**	**-0.7%**

(1) Credits linked to acquired portfolio with recourse have been added to Credit to Individuals since March 2020, with adjusted effects on previous periods.

Comprising 75.9% of Banrisul's total loan book, the balance of non-earmarked credit portfolio at the end of June 2020 reached R$27,306.0 million. Within the non-earmarked credit portfolio, credit to individuals corresponded to 78.1% of the balance of the non-earmarked portfolio and to 59.3% of the total loan book in June 2020. Credit to companies represented 21.9% of the balance of non-earmarked credit and 16.6% of the total stock of credit in the same month.

Graph 6: Non-earmarked Credit Portfolio Evolution - Individuals and Companies - R$ Million



Real estate finance totaled R$4,148.8 million in June 2020, decreasing 1.4% (R$60.5 million) from June 2019. Real estate finance was mostly flat from December 2019 and March 2020, increasing R$21.9 million and R$13.1 million, respectively. Real estate finance lines represented 11.5% of the Bank's total credit portfolio in June 2020, including R$19.4 million related to an operation involving the sale of credit with recourse.

Agricultural loans totaled R$2,902.4 million in June 2020, increasing 25.6% (R$590.9 million) from June 2019, 9.1% (R$241.1 million) from December 2019 and 7.0% (R$189.8 million) from March 2020. Agricultural loans represented 8.1% of the loan portfolio in June 2020.

Long-term finance totaled R$654.6 million in June 2020, with decreases of 21.8% (R$182.5 million) from June 2019, of 2.2% (R$14.6 million) from December 2019 and mostly stable, decreasing R$5.9 million from March 2020.

Foreign exchange portfolio totaled R$826.2 million in June 2020, increasing 20.8% (R$142.0 million) from June 2019 and 6.7% (R$51.6 million) from December 2019, and decreasing 2.4% (R$20.3 million) from March 2020.

Non-earmarked Credit

Composed by lower risk credit portfolios, non-earmarked credit to individuals reached R$21,318.7 million in June 2020, increasing 6.1% (R$1,233.9 million) from June 2019, decreasing 1.9% (R$413.1 million) from December 2019, and decreasing 1.2% (R$252.9 million) from March 2020. Accounting for 76.5% of the non-direct lending to individuals and for 59.7% of the total non-earmarked portfolio, the non-earmarked portfolio is manly composed by payroll loans, which totaled R$16,314.0 million in June 2020. From the total amount of payroll loans, 61.3% (R$10,004.6 million) are credit operations originated at Banrisul's network, 37.3% (R$6,075.3 million) are credit operations originated at banking correspondents and 1.4% (R$234.1 million) are credit operations acquired with recourse.

The trend on the non-earmarked credit portfolio for individuals in twelve months was manly influenced by the increase of R$1,320.7 million in payroll loans, especially INSS payroll loans, partially offset by the decrease of R$154.5 million in credit and debit cards. Comparing to December 2019, the evolution of the non-earmarked portfolio was mostly driven by the decrease of R$438.7 million in consumer loans and of R$342.4 million in credit and debit cards, partially compensated by the increase of R$312.9 million in payroll loans. From March 2020, the performance reflected the decrease of R$244.0 million in consumer loans and of R$163.3 million in credit and debit cards, partially offset by the increase of R$231.2 million in payroll loans.

Non-earmarked credit to companies reached R$5,987.3 million in June 2020, mostly flat from June 2019, decreasing 1.6% (R$96.0 million) from December 2019 and 2.3% (R$142.2 million) from March 2020, mostly driven by the decrease in debtor accounts and debt instrument discounts, partially offset by the increase in working capital lines.

Table 14: Composition of Non-Earmarked Credit - Individuals and Companies - R$ Million

	Jun 2020	Mar 2020	Dez 2019	Set 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Individuals	**21,318.7**	**21,571.6**	**21,731.8**	**20,466.4**	**20,084.8**	**6.1%**	**-1.2%**
Credit and Debit Card (1)	1,875.6	2,038.9	2,218.0	2,065.0	2,030.1	-7.6%	-8.0%
Overdraft	442.2	518.1	443.1	539.9	538.3	-17.9%	-14.7%
Payroll-deductible Loan(2)	16,314.0	16,082.8	16,001.1	15,537.8	14,993.4	8.8%	1.4%
Non Payroll-deductible Loan	1,842.4	2,086.5	2,281.2	1,558.6	1,751.2	5.2%	-11.7%
Other	844.4	845.3	788.4	765.0	771.8	9.4%	-0.1%
Companies	**5,987.3**	**6,129.5**	**6,083.3**	**5,935.5**	**5,990.1**	**0.0%**	**-2.3%**
Credit Card (1)	137.2	142.4	148.5	79.0	65.3	110.0%	-3.6%
Working Capital	4,207.6	4,152.5	4,060.5	3,877.0	3,979.6	5.7%	1.3%
Debtor Accounts	428.2	534.3	554.9	638.9	683.6	-37.4%	-19.9%
Compror/Vendor	14.0	12.6	13.7	15.0	17.9	-21.8%	11.4%
Foreign Credit	130.3	133.3	117.9	119.6	115.2	13.1%	-2.3%
Debt Instruments Discount	70.4	115.9	123.2	105.7	107.0	-34.3%	-39.3%
Other	999.6	1,038.6	1,064.6	1,100.3	1,021.4	-2.1%	-3.7%
Total	**27,306.0**	**27,701.2**	**27,815.1**	**26,401.9**	**26,074.9**	**4.7%**	**-1.4%**

(1) Of the R$2,012.8 million balance, R$344.5 million refers to revolving credit card lines.
(2) Credits linked to acquired portfolio with recourse have been added to Credit to Individuals since March 2020, with adjusted effects on previous periods.

Breakdown of Credit Disbursement

Total credit grant reached R$21,781.3 million in 1H2020, decreasing 4.6% (R$1,038.3 million) in comparison to 1H2019. In 2Q2020 the total credit grant reached R$10,450.1 million, decreasing 11.1% (R$1,310.9 million) in comparison to 2Q2019 and 7.8% (R$881.1 million) from 1Q2020.

From 1H2019 to 1H2020, from 2Q2019 to 2Q20 and from 1Q2020 to 2Q2020, the decrease in credit concessions was mainly due to the decrease in credit to individuals and companies, while partially offset by the increase in agricultural loans.

Table 15: Composition of Credit Grant Volumes by Credit Products - R$ Million

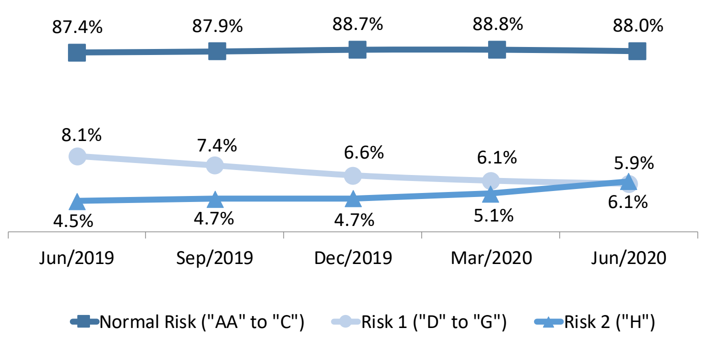
	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	1H2020/ 1H2019	2Q2020/ 1Q2020
Foreign Exchange	550.1	520.5	202.4	347.7	239.6	227.8	269.0	5.7%	-41.8%
Non-earmarked (1)	19,769.3	21,057.2	9,320.5	10,448.8	12,929.7	11,389.1	10,784.2	-6.1%	-10.8%
Individuals	13,991.7	13,963.1	6,937.8	7,054.0	9,340.4	7,832.0	7,126.1	0.2%	-1.6%
Companies	5,777.6	7,094.0	2,382.7	3,394.8	3,589.3	3,557.1	3,658.1	-18.6%	-29.8%
Leasing	1.2	1.4	-	1.2	5.5	5.2	0.2	-16.2%	-
Long-term Financing	146.6	87.7	107.4	39.1	61.7	71.5	33.3	67.1%	174.5%
Real Estate	300.3	420.7	117.0	183.3	208.2	207.9	207.6	-28.6%	-36.2%
Agricultural	1,013.9	732.3	702.8	311.1	436.4	679.3	466.8	38.5%	125.9%
Total	**21,781.3**	**22,819.7**	**10,450.1**	**11,331.2**	**13,881.0**	**12,580.8**	**11,761.0**	**-4.6%**	**-7.8%**

(1) Credit grant does not include receivables from credit and debit cards.

Breakdown of Credit by Rating

Normal credit risk operations, rated from AA to C according to the Resolution No. 2682/99 of the National Monetary Council, accounted for 88.0% of the credit portfolio in June 2020, increasing 0.6 pp. from June 2019, decreasing 0.7 pp. from December 2019 and 0.8 pp. from March 2020.

Graph 7: Credit Portfolio by Risk Levels (%)

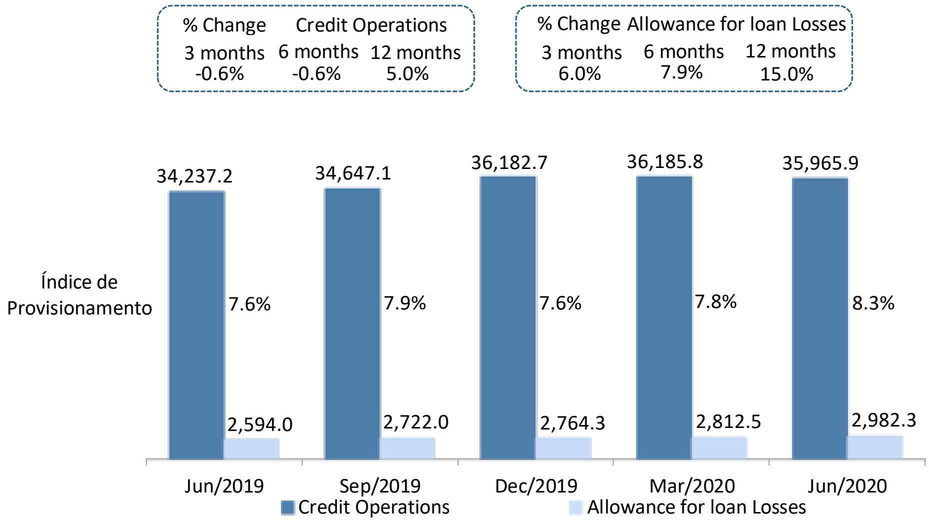


Allowance for Loan Losses

Representing 8.3% of the loan portfolio, allowance for loan losses totaled R$2,982.3 million in June 2020, increasing 0.7 pp. from June 2019 and December 2019, and 0.5 pp. from March 2020.

Allowance for loan losses increased 15.0% (R$388.3 million) from June 2019, 7.9% (R$218.0 million) from December 2019 and 6.0% (R$169.8 million) from March 2020, reflecting the increase in overdue credit operations and the rolling over of the portfolio by risk rating on account of the current economic scenario.

Graph 8: Breakdown of Allowance for Loan Losses - R$ Million



The breakdown of the allowance for loan losses in June 2020, as per Resolution No. 2682/99 of the CMN, was as follows:

(i) R$1,210.5 million for operations with installments 60 days overdue;

(ii) R$1,771.8 million for contracts due or less than 60 days overdue.

Table 16: Balance of Allowance for Loan Losses - R$ Million

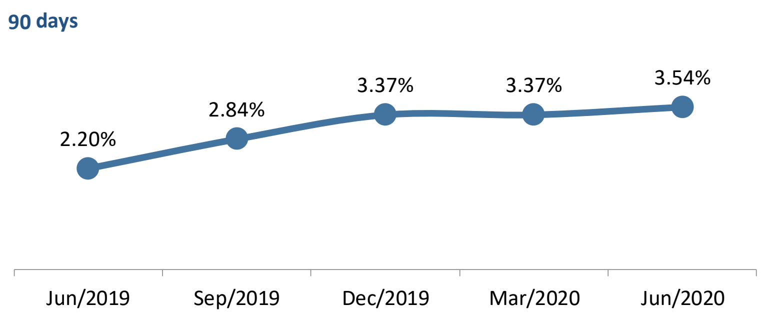
Risk Levels	Required Provision %	Portfolio	Relative Accumulated Share %	Past Due Credits	Receivable Credits	Minimum Provision		Total Provision	Provision Over Portfolio %
						Past Due	Receivables		
AA	0.0%	4,204.5	11.69%	0.0	4,204.5	0.0	0.0	0.0	0.00%
A	0.5%	18,595.5	63.39%	0.0	18,595.5	0.0	93.0	93.0	0.50%
B	1.0%	7,187.8	83.38%	0.0	7,187.8	0.0	71.9	71.9	1.00%
C	3.0%	1,670.9	88.02%	43.0	1,627.9	1.3	48.8	50.1	3.00%
D	10.0%	1,086.3	91.04%	77.1	1,009.2	7.7	100.9	108.6	10.00%
E	30.0%	465.8	92.34%	95.3	370.5	28.6	111.2	139.8	30.00%
F	50.0%	339.3	93.28%	93.1	246.1	46.6	123.1	169.6	50.00%
G	70.0%	221.7	93.90%	126.0	95.8	88.2	67.0	155.2	70.00%
H	100.0%	2,194.1	100.00%	1,038.1	1,155.9	1,038.1	1,155.9	2,194.1	100.00%
Total		**35,965.9**		**1,472.8**	**34,493.2**	**1,210.5**	**1,771.8**	**2,982.3**	**8.29%**

DEFAULT RATE

The default rate is the amount of credit operations overdue by more than 90 days in relation to the total amount of active credit operations.

NPLs above 90 days reached 3.54% of the loan book in June 2020, increasing 1.34 pp. in twelve months and 0.17 pp. from December 2019 and March 2020. 90-day plus overdue loans totaled R$1,272.7 million in June 2020, increasing 69.1% (R$520,0 million) from June 2019, 4.4% (R$53.5 million) from December 2019 and 4.2% (R$51.7 million) from March 2020.

Graph 9: Default Rate

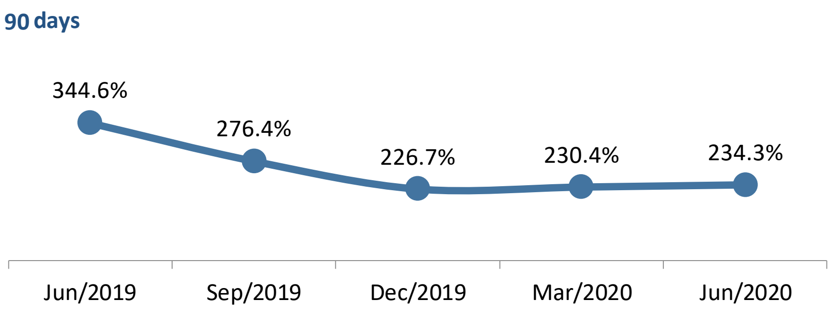


COVERAGE RATIO

The coverage ratio, the percentage between the allowance for loan losses and the balance of operations 90 days overdue over, shows the capacity to cover defaults with provisions and remains at comfortable levels.

In June 2020, coverage ratio for 90-day overdue transactions reached 234.3%, lower than in June 2019. The decrease of the coverage ratio is due to the increase of past due loans higher than the increase in the allowance for loan losses. In comparison to December 2019 and March 2020, cover ratio increased, reflecting the increase of allowance for loan losses at higher levels than the increase of past due loans.

Graph 10: Coverage Ratio



FUNDING

Consisting of deposits, bank notes and subordinated bond, funding totaled R$63,010.7 million in June 2020, an increase of 11.1% (R$6,308.7 million) from June 2019, 5.9% (R$3,509.4 million) from December 2019, and 4.5% (R$2,725.7 million) from March 2020.

The increase from June 2019, December 2019 and March 2020, was mostly influenced by the increase of deposits and subordinated debt, partially offset by the decrease in resources from bank notes.

Table 17: Funding Composition per Product- R$ Million

	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Total Deposits	56,719.0	53,933.8	53,640.1	51,974.4	51,180.7	10.8%	5.2%
Time Deposits	42,408.2	40,343.8	40,330.2	39,574.4	38,921.5	9.0%	5.1%
Demand Deposits	2,970.4	2,793.3	3,229.0	2,583.1	2,720.1	9.2%	6.3%
Saving Deposits	10,282.0	9,705.6	9,622.2	9,488.7	9,366.6	9.8%	5.9%
Interbank Deposits	1,055.4	1,089.3	457.1	327.6	171.8	514.1%	-3.1%
Other Deposits	2.9	1.8	1.7	0.6	0.7	329.3%	61.0%
Resources from Notes (1)	3,083.4	3,351.2	3,560.2	3,497.5	3,299.2	-6.5%	-8.0%
Subordinated Debt	3,208.3	3,000.0	2,301.0	2,357.1	2,222.1	44.4%	6.9%
Total Funding	**63,010.7**	**60,285.0**	**59,501.3**	**57,829.1**	**56,702.0**	**11.1%**	**4.5%**
Assets Under Management	12,318.3	12,302.0	12,536.2	12,276.3	12,668.9	-2.8%	0.1%
Total Funding and Assets Under Management	**75,329.0**	**72,587.0**	**72,037.5**	**70,105.5**	**69,370.9**	**8.6%**	**3.8%**

(1) Bank Notes and Real Estate Notes.

Total Deposits

Total deposits reached R$56,719.0 million in June 2020, increasing 10.8% (R$5,538.2 million) from June 2019, 5.7% (R$3,078.9 million) from December 2019 and 5.2% (R$2,785.2 million) from March 2020, mainly due to the increase of time deposits and savings deposits.

Time Deposits

Banrisul's main funding vehicle, time deposits totaled R$42,408.2 million in June 2020, increasing 9.0% (R$3,486.7 million) from June 2019, 5.2% (R$2,078.0 million) from December 2019, and 5.1% (R$2,064.4 million) from March 2020.

Demand Deposits

In June 2020, demand deposits reached R$2,970.4 million, increasing 9.2% (R$250.4 million) from June 2019, decreasing 8.0% (R$258.5 million) from December 2019, affected by the seasonal increase in incomes at year-end that temporarily increases the balances of checking accounts, and increasing 6.3% (R$177.2 million) from March 2020.

Saving Deposits

Savings deposits totaled R$10,282.0 million at the end of June 2020, increasing 9.8% (R$915.4 million) from June 2019, 6.9% (R$659.9 million) from December 2019, and 5.9% (R$576.4 million) from March 2020.

Resources from Notes

Bank and real estate notes reached R$3,083.4 million in June 2020, decreasing 6.5% (R$215.8 million) from June 2019, 13.4% (R$476.7 million) from December 2019, and 8.0% (R$267.8 million) from March 2020.

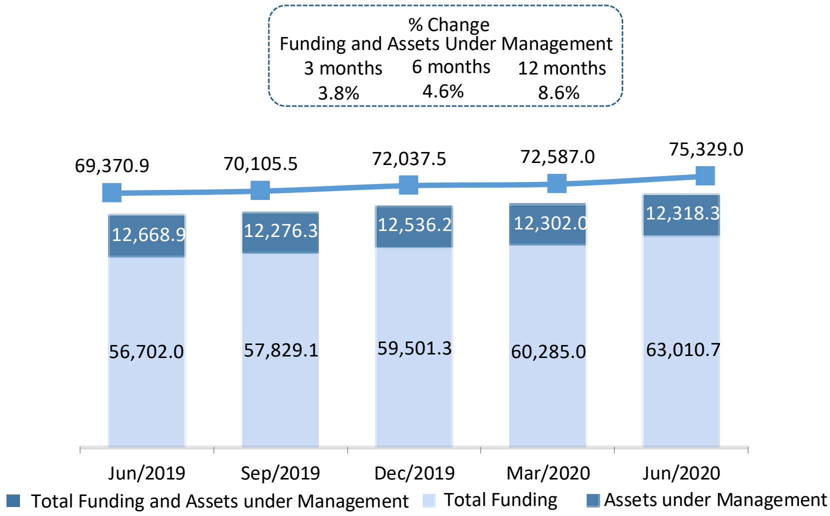
Subordinated Bond

The subordinate bond amounted to R$3,208.3 million at the end of June 2020, increasing 44.4% (R$986.2 million) from June 2019, 39.4% (R$907.2 million) from December 2019 and 6.9% (R$208.3 million) from March 2020, due to mark-to market and the exchange rate variation in those periods.

Assets Under Management

Assets under management totaled R$12,318.3 million at the end of June 2020, decreasing 2.8% (R$350.6 million) from June 2019, 1.7% (R$218.0 million) from December 2019, and was stable from March 2020, increasing R$16.3 million. Banrisul mandate is conservatively oriented when managing third party assets, focusing on portfolio liquidity.

Graph 11: Funds Raised and Under Management - R$ Million



Shareholders' Equity

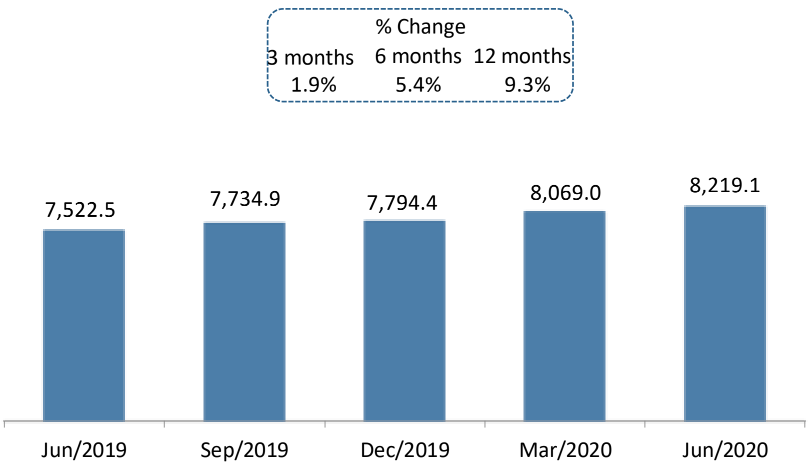
Banrisul's shareholders' equity reached R$8,219.1 million at the end of June 2020, an increase of 9.3% (R$696.7 million) from June 2019, 5.4% (R$424.8 million) from December 2019 and 1.9% (R$150.1 million) from March 2020.

From June 2019, the evolution of shareholders' equity results from incorporating net income (after the payment/provision of interest on equity and dividends), the reassessment of R$109.5 million in actuarial liabilities related to post-employment benefits (pursuant the Committee of Accounting Pronouncement 33-R1) that took place in December 2019 and the adjustments of R$165.1 million in equity participation in subsidiaries abroad impacted by foreign exchange rates.

In comparison to December 2019, the evolution of shareholder's equity reflects the incorporation of results, the payment of interest on equity and the adjustments of R$145.6 million in equity participation in subsidiaries abroad impacted by foreign exchange rates.

Shareholders' equity from March 2020 to June 2020 was manly driven by the incorporation of results and the adjustments of R$28.0 million in equity participation in subsidiaries abroad impacted by foreign exchange rates.

Graph 12: Shareholders' Equity - R$ Million



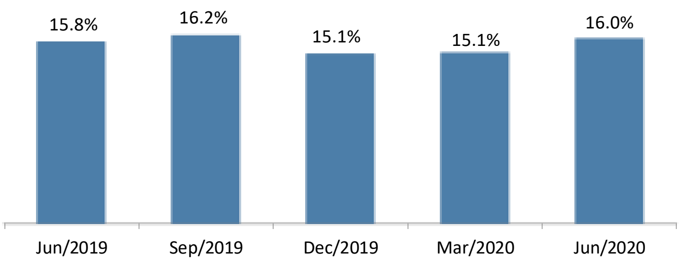
Basel Ratio

Pursuant to CMN Resolutions No. 4192/13 and No. 4193/13, the assessment of Regulatory Capital and Risk-Weighted Assets is done over the Prudential Conglomerate. Reference equity reached R$6,737.2 million in June 2020, increasing R$258.3 million from June 2019, mostly by the increase of profit reserves in the period. The Tier II subordinated debt reduced R$177.7 million due to the application of the Basel III timeline over operations performed in accordance to legislation prior to CMN Resolution No. 4192/13. Quarter-on-quarter, reference equity increased R$190.7 million in Tier I, mostly because of the increase of profit reserves.

The total exposure of Risk Weighted Assets (RWA_{TOTAL}) reached R$42,137.8 million in June 2020, increasing R$1,116.8 million in twelve months mainly due to the increase of R$1,200.4 million in the credit risk share (RWA_{CPAD}), by the increase of R$451.3 million in the operational risk (RWA_{OPAD}), by the decrease of R$534.9 million in market risk share (RWA_{MPAD}), mostly driven by the decrease of the foreign exchange exposure (RWA_{CAM}). Risk-weighted assets decreased R$1,096.7 million since March 2020, due to the decrease of R$700.9 million in RWA_{MPAD}, and of R$395.7 million in RWA_{CPAD}.

Basel ratio reached 16.0% in June 2020, increasing 0.2 pp. from June 2019. The current minimum level for the Basel ratio in Brazil is 9.25%, in force from April 1, 2020, to March 31, 2021. Core capital and Tier I capital reached 15.2% in June 2020, both above minimum requirements. Leverage ratio reached 7.2% in June 2020, the minimum set at 3.0%, in force since January 2018, as per CMN Resolution No. 4615/17.

Graph 13: Basel Ratio



EVOLUTION OF INCOME STATEMENT ACCOUNTS

NET INCOME

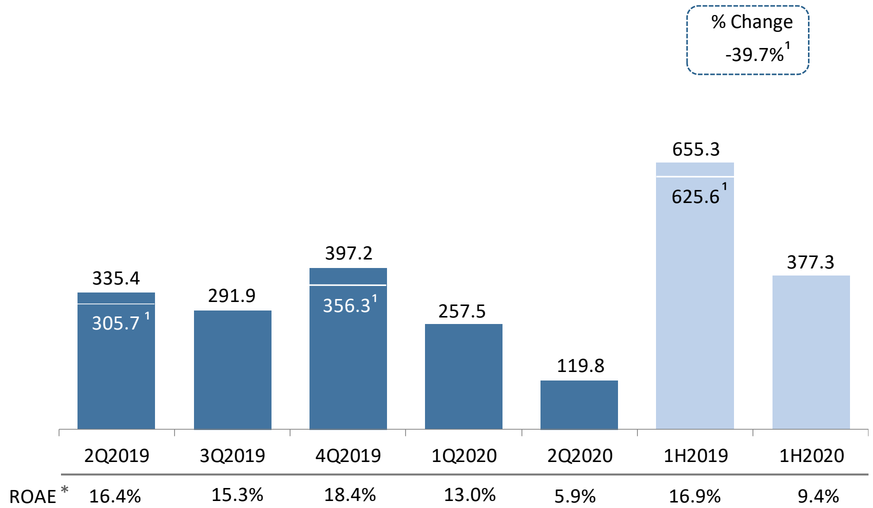
Reported net income in 1H2020 reached R$377.3 million, decreasing 39.7% (R$248.3 million) from adjusted income in 1H2019. The evolution of net income in the last twelve months reflected the increase of R$201.0 million in allowance for loan losses expenses, the decrease of R$136.4 million in the financial margin, the decrease of R$30.3 million in banking fees, the retraction of R$96.5 million in administrative expenses, and the reduction of in R$81.5 million in income tax, on account of smaller tax basis and the changes in the CSLL rate as of March 2020, with impacts on deferred and current contributions.

Net income in 2Q2020 reached R$119.8 million, decreasing 60.8% (R$185.9 million) in comparison to the adjusted net income in 2Q2019, mostly influenced by the increase of R$189.8 million in provision expenses for loan losses, the decrease of R$52.2 million in financial margin, the R$43.8 million decrease in banking fees, the R$66.0 million decrease in administrative expenses, and the reduction of R$43.4 million in income tax.

Quarter on quarter, net income decreased 53.5% (R$137.7 million), mostly driven by the increase of R$187.6 million in provision expenses for loan losses, the increase of R$37.8 million in financial margin, the decrease of R$46.5 million in banking fees, the R$52.7 million decrease in administrative expenses and the resulting decrease of R$6.1 million in income tax.

Reported net income of 1H2019 was impacted by one-off events such as the restructuring of post-employment benefit plans of Banrisul Social Security Foundation (FBSS), amounting to R$49.5 million, and the corresponding tax effect of R$19.8 million resulting from this event.

Graph 14: Net Income - R$ Million



1 Adjusted Net Income.

* Annualized and calculated based on Adjusted Net Income.

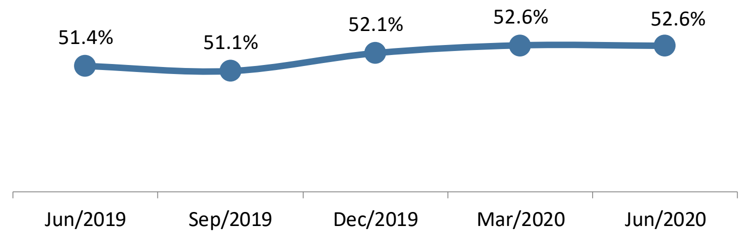
Return on Average Shareholders' Equity

Annualized return on average shareholders' equity reached 9.4% in 1H2020, 7.5 pp. below 1H2019, in an environment that combined: (i) increasing expenses of allowance for loan losses; (ii) decreasing in financial margins; (iii) decreasing in banking fees, and (iv) decreasing in administrative expenses.

Efficiency Ratio

The adjusted efficiency ratio reached 52.6% in the last twelve months accumulated until June 2020, from 51.4% in the last twelve months accumulated until June 2019. Efficiency ratio demonstrates the decrease of net interest income, stable banking fees and unfavorable evolution of other adjusted revenues/expenses, partially offset by the decrease in administrative expenses.

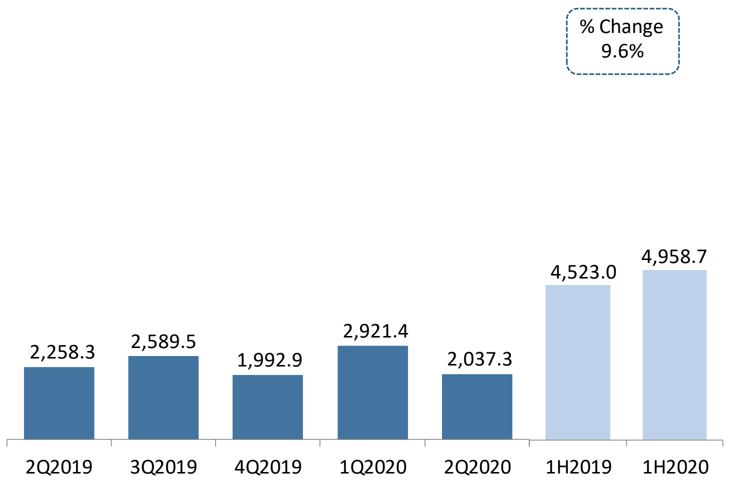
Graph 15: Adjusted Efficiency Ratio



FINANCIAL INCOME

Financial income reached R$4,958.7 million in 1H2020, increasing 9.6% (R$435.7 million) from 1H2019. In 2Q2020 financial income amounted to R$2,037.3 million, decreasing 9.8% (R$220.9 million) from 2Q2019 and 30.3% (R$884.0 million) from 1Q2020. The trend of the Selic Rate and the exchange variation influenced financial intermediation revenues in those periods.

Graph 16: Financial Income - R$ Million



From 1H2019 to 1H2020, the trend in revenues from financial intermediation was influenced by the increase of R$710.2 million in revenues from securities and derivatives results and of R$248.7 million in foreign exchange revenues, partially offset by the decrease of R$333.9 million in credit revenues and of R$198.2 million in revenues from compulsory deposits.

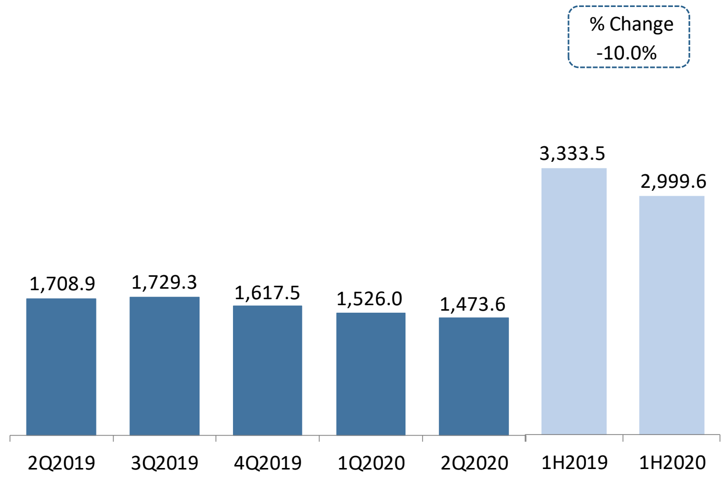
When comparing 2Q2020 to 2Q2019, the decrease in revenues from financial intermediation was mostly influenced by the decrease of R$235.2 million in credit revenues and of R$128.8 million in revenues from compulsory deposits, partially offset by the increases of R$75.9 million in revenues from securities and derivatives and of R$67.2 million in foreign exchange revenues.

From 1Q2020 to 2Q2020, the decrease in financial income was mainly due to the decrease of R$591.0 million in revenues from securities and derivatives, of R$176.2 million in foreign exchange revenues, of R$64.5 million in revenues from compulsory deposits and of R$52.4 million in revenues from credit operations.

REVENUES FROM CREDIT OPERATIONS

Revenues from credit operations, including revenues from leases and other credits, totaled R$2,999.6 million in 1H2020, decreasing 10.0% (R$333.9 million) from 1H2019. Revenues from credit operations in 2Q2020 reached R$1,473.6 million, decreasing 13.8% (R$235.2 million) from 2Q2019 and 3.4% (R$52.4 million) from 1Q2020.

Graph 17: Revenues from Credit Operations - R$ Million



The trend of revenues from credit operations from 1H2019 to 1H2020 was mainly driven by the decrease of R$219.3 million in revenues from non-earmarked credit, lower flow of revenues of recovery of written-off credits in R$158.5 million, due to the basis of comparison effect (1H2019 impacted by credit recovery of corporate size), movement partially offset by the increase of R$38.6 million in revenues from long-term finance, and by the growth of R$15.3 million in revenues from rural loans.

The decreases in revenues from credit operations from 2Q2019 to 2Q2020 was mainly influenced by the drop of R$125.4 million in revenues from write-off recoveries and of R$125.0 million in revenues from non-earmarked credit, partially offset by the increase of R$11.8 million in revenues from long-term loans and of R$7.8 million in in revenues from agricultural loans.

The decrease in revenues from credit operations from 1Q2020 to 2Q2020 was mainly due to the decrease of R$36.6 million in revenues from long-term loans, especially trade finance, impacted by the exchange rate variation, and of R$20.6 million in revenues from corporate credit, partially offset by the increase of R$4.2 million in revenues from credit to individuals.

Revenues from Non-Earmarked Credit - Individuals and Companies

In 1H2020, total non-earmarked credit revenues reached R$2,542.3 million, decreasing 7.9% (R$219.3 million) from 1H2019. In 2Q2020, non-earmarked credit revenues totaled R$1,263.0 million, decreasing 9.0% (R$125.0 million) from 2Q2019 and 1.3% (R$16.4 million) from 1Q2020.

Table 18: Revenues from Non-Earmarked Credit - Individuals and Companies - R$ Million

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	1H2020/ 1H2019
Individuals	**2,106.1**	**2,237.9**	**1,055.2**	**1,051.0**	**1,118.3**	**1,124.5**	**1,129.6**	**-5.9%**
Credit Card (1)	94.0	89.4	46.1	47.9	45.9	46.9	46.0	5.2%
Overdraft	228.2	353.6	112.1	116.1	171.8	178.2	181.8	-35.5%
Payroll Loan (2)	1,422.2	1,422.2	717.1	705.1	729.8	724.0	716.0	0.0%
Non Payroll Loan - Personal Credit	289.9	298.1	143.6	146.3	135.0	139.2	148.4	-2.8%
Other	71.8	74.5	36.2	35.6	35.9	36.2	37.3	-3.7%
Companies	**436.2**	**523.7**	**207.8**	**228.4**	**240.0**	**271.3**	**258.4**	**-16.7%**
Credit Card (1)	5.5	2.8	2.8	2.7	2.1	1.8	1.5	99.5%
Working Capital	233.4	280.3	115.2	118.3	122.7	154.8	138.4	-16.7%
Debtor Accounts	131.7	161.5	60.1	71.6	73.0	77.9	80.3	-18.5%
Compror/Vendor	1.0	2.1	0.4	0.6	0.6	0.6	1.0	-51.4%
Foreign Credit	3.0	3.7	1.5	1.5	1.4	1.7	1.8	-18.0%
Discount of Receivables	13.5	17.0	5.4	8.1	8.9	8.2	8.4	-20.1%
Other	48.0	56.4	22.3	25.7	31.3	26.3	27.0	-15.0%
Total	**2,542.3**	**2,761.6**	**1,263.0**	**1,279.4**	**1,358.3**	**1,395.8**	**1,388.0**	**-7.9%**

(1) Refers to credit card revolving revenues.
(2) Credits linked to acquired portfolio with recourse have been added to Credit to Individuals since March 2020, with adjusted effects on previous periods.

Revenues from non-earmarked credit to individuals amounted to 82.8% of total non-earmarked credit revenues in 1H2020 and decreased 5.9% (R$131.8 million) from 1H2019. In 2Q2020, revenues from non-earmarked credit to individuals reached R$1,055.2 million, decreasing 6.6% (R$74.4 million) from 2Q2019 and stable since 1Q2020, increasing R$4.2 million. From 1H2019 to 1H2020, and from 2Q2019 to 2Q2020, revenues from non-earmarked credit to individuals were mainly driven by the decreases of R$125.4 million and R$69.7 million, respectively, in revenues from overdraft accounts, reflecting new regulations set forth by the Central Bank of Brazil, which caps the maximum interest rate to 8% monthly. From 1Q2020 to 2Q2020, revenues from non-earmarked credit to individuals were stable, mainly due to the increase of R$12.0 million in revenues from payroll loans, partially offset by the decreases of R$4.0 million in revenues from overdraft accounts, of R$2.6 million in revenues from consumer loans and of R$1.7 million in revenues from credit cards.

Revenues from non-earmarked credit to companies reached R$436.2 million in 1H2020, decreasing 16.7% (R$87.5 million) from 1H2019. In 2Q2020, revenues from non-earmarked credit to companies reached R$207.8 million, decreasing 19.6% (R$50.6 million) from 2Q2019 and 9.0% (R$20.6 million) from 1Q2020. The trend in revenues from non-earmarked corporate credit in the periods was mainly influenced by the decrease in revenues from working capital lines and revenues from debtor accounts, in a context of decreasing average rates for the non-earmarked corporate credit, in line with the trend of the effective Selic Rate.

Table 19: Monthly Average Non-Earmarked Credit Rates - Individuals and Companies

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019
Individuals	**1.85%**	**2.13%**	**1.84%**	**1.85%**	**2.02%**	**2.08%**	**2.12%**
Credit Card (1)	7.59%	7.41%	7.54%	7.64%	7.59%	7.71%	7.53%
Overdraft	7.88%	12.00%	7.89%	7.86%	12.01%	12.01%	12.00%
Payroll-Loan (2)	1.51%	1.65%	1.50%	1.52%	1.55%	1.59%	1.63%
Payroll Loans - Own	1.52%	1.68%	1.51%	1.54%	1.57%	1.61%	1.66%
Payroll Loans - Acquired	0.94%	0.94%	0.94%	0.94%	0.95%	0.95%	0.95%
Non Payroll Loan - Personal Credit	2.31%	2.52%	2.39%	2.24%	2.74%	2.77%	2.59%
Other	1.43%	1.54%	1.42%	1.44%	1.47%	1.50%	1.53%
Companies	**1.24%**	**1.43%**	**1.19%**	**1.28%**	**1.32%**	**1.41%**	**1.43%**
Credit Card (1)	11.86%	11.93%	11.67%	12.05%	11.89%	11.94%	11.96%
Working Capital	0.96%	1.15%	0.93%	0.99%	1.05%	1.14%	1.14%
Debtor Accounts	4.25%	4.23%	4.37%	4.12%	4.05%	4.07%	4.21%
Compror/Vendor	1.21%	1.19%	1.19%	1.22%	1.14%	1.24%	1.14%
Discount of Receivables	1.60%	1.87%	1.58%	1.62%	1.64%	1.73%	1.83%
Other	0.63%	0.75%	0.62%	0.64%	0.63%	0.74%	0.75%
Total	**1.71%**	**1.95%**	**1.69%**	**1.72%**	**1.85%**	**1.92%**	**1.95%**

(1) Refers to credit card monthly average revolving rates.
(2) Credits linked to acquired portfolio with recourse have been added to Credit to Individuals since March 2020, with adjusted effects on previous periods.

The monthly average interest rates charged on non-earmarked credit transactions decreased 0.24 pp. from 1H2019 to 1H2020. The monthly average interest rates charged in non-earmarked personal credit transactions decreased 0.28 pp. from 1H2019 to 1H2020, and the monthly average interest rates charged in non-earmarked corporate credit transactions decreased 0.19 pp. in the same period.

From 2Q2019 to 2Q2020, the average monthly rates of non-earmarked credit decreased 0.26 pp. The average monthly rates of non-earmarked credit to individuals retracted 0.28 pp. and the average monthly rate of non-earmarked credit to companies decreased 0.24 pp. in the same period. From 1Q2020 to 2Q2020, the average monthly rates of non-earmarked credit decreased 0.03 pp., mostly in line with average monthly rates of non-earmarked credit to individuals and companies, decreasing 0.01 pp. and 0.09 pp. in the same period.

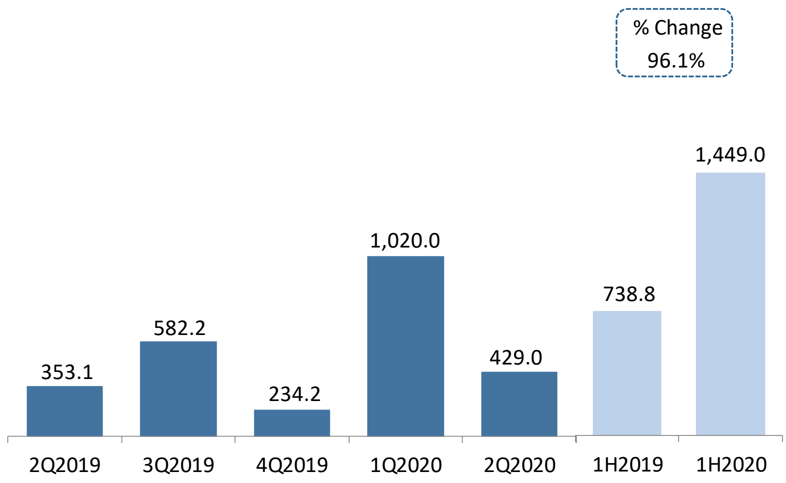
The main non-earmarked credit products to individuals (payroll loans) and to companies (working capital) reduced average interest rates during the periods in comparison. In addition to these, average overdraft interest rates decreased significantly from 1H2019 to 1H2020 and from 2Q2019 to 2Q2020 as the result of the new rules limiting interest rates charged for the product, in force since January 2020.

The average monthly rates of non-earmarked credit to companies are influenced by competition in the credit market and the trend of the Selic rate. Monthly average interest rates on credit to individuals bore the carry-over effect upon the stock of operations with fixed interest rates and the impacts from competition.

Revenues from Securities and Derivatives

Revenues from securities and derivatives totaled R$1,449.0 million in 1H2020, 96.1% (R$710.2 million) above 1H2019. In 2Q2020 revenues from securities and derivatives reached R$429.0 million, increasing 21.5% (R$75.9 million) from 2Q2019 and decreasing 57.9% (R$591.0 million) from 1Q2020.

Graph 18: Revenues from Securities and Derivatives - R$ Million



The year-on-year trend of treasury revenues in 1H2020 resulted, from the increase of R$881.5 million in the income from financial derivative instruments, influenced by the exchange rate variation and the mark-to-market of the contracts in the period, offset by decrease of R$171.3 million in income from securities, due to the reduction of the Selic rate that went to 1.75% in 1H2020 from 3.07% in 1H2019, in a context of increasing treasury balance.

In comparison to 2Q2019, the increase in revenues from securities in 2Q2020 was mainly due to the increase of R$130.8 million in revenues from derivatives, due to exchange rate variations and the marking-to-market in the period, offset by the decrease of R$54.9 million in revenues from securities, due to the reduction of the Selic rate that went to 0.73% in 2Q2020 from 1.54% in 2Q2019, in a context of increasing treasury balance.

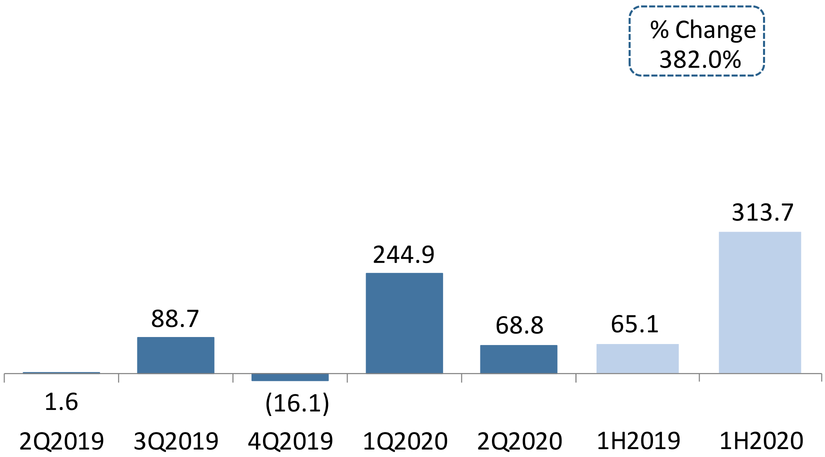
The decrease in revenues from securities from 1Q2020 to 2Q2020 resulted mostly from the decrease of R$578.3 million in revenues from derivatives, due to exchange rate variations and the marking-to-market in the period.

REVENUES FROM FOREIGN EXCHANGE

Revenues from foreign exchange transactions totaled R$313.7 million in 1H2020, R$248.7 million above 1H2019. In 2Q2020 revenues from foreign exchange reached R$68.8 million, increasing R$67.2 from 2Q2019 and decreasing R$176.2 million from 1Q2020. Foreign exchange operations in Banrisul are matched to their funding in foreign currencies; hence, any variation in revenues is proportionally offset by the variation of costs with foreign currency loans and onlendings.

The trend of revenues from foreign exchange transactions reflects the currency depreciation of 35.86% in 1H2020 vis-à-vis the 1.10% in 1H2019. The quarterly trend of revenues from foreign exchange transactions reflects the currency depreciation of 5.33% in 2Q2020 in comparison to the currency appreciation of 1.66% in 2Q2019 and the currency depreciation of 28.98% in 1Q2020.

Graph 19: Revenues from Foreign Exchange - R$ Million



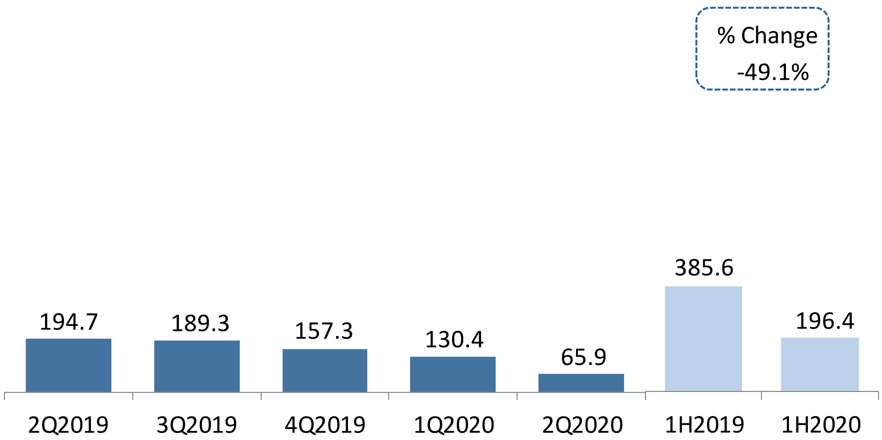
REVENUES FROM COMPULSORY DEPOSITS

Revenues from compulsory deposits reached R$196.4 million in 1H2020, decreasing 49.1% (R$189.2 million) from 1H2019. In 2Q2020 revenues from compulsory deposits reached R$65.9 million, decreasing 66.1% (R$128.8 million) from 2Q2019 and 49.5% (R$64.5 million) from 1Q2020.

The trend in revenues from compulsory deposits from 1H2019 to 1H2020 and from 2Q2019 to 2Q2020 reflects the decrease of the income due to the decrease of balance linked to reserve requirements upon time deposits, and the decrease of Selic Rate, which remunerates said deposits.

From 1Q2020 to 2Q2020 the decrease in revenues from compulsory deposits reflects mainly the decrease of Selic Rate.

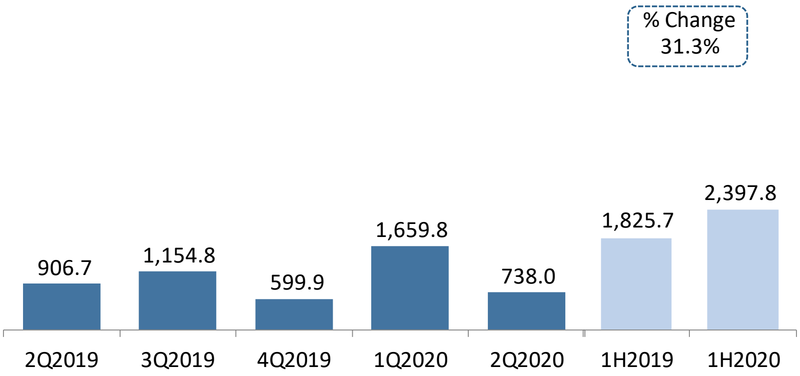
Graph 20: Revenues from Compulsory Deposits - R$ Million



Financial Expenses

Financial expenses totaled R$2,397.8 million in 1H2020, increasing 31.3% (R$572.1 million) from 1H2019. In 2Q2020 financial expenses reached R$738.0 million, decreasing 18.6% (R$168.7 million) from 2Q2019 and 55.5% (R$921.8 million) from 1Q2020. The trend of financial expenses was mostly affected by the trend of Selic rate and by the exchange variation rate.

Graph 21: Financial Expenses - R$ Million



The increase in financial expenses from 1H2019 to 1H2020 was influenced by the growth of R$295.5 million in market funding expenses and of R$276.6 million in expenses with loans, assignments and onlendings.

From 2Q2019 to 2Q2020, the decrease in financial expenses was driven by the decrease of R$237.4 million in open market funding, partially offset by the increase of R$68.6 million in expenses with loans, assignments and onlendings.

From 1Q2020 to 2Q2020, the decrease in financial expenses was driven by the decrease of R$700.6 million in open market funding and of R$221.2 million in expenses with loans, assignments and onlendings.

Expenses with Market Funding Operations

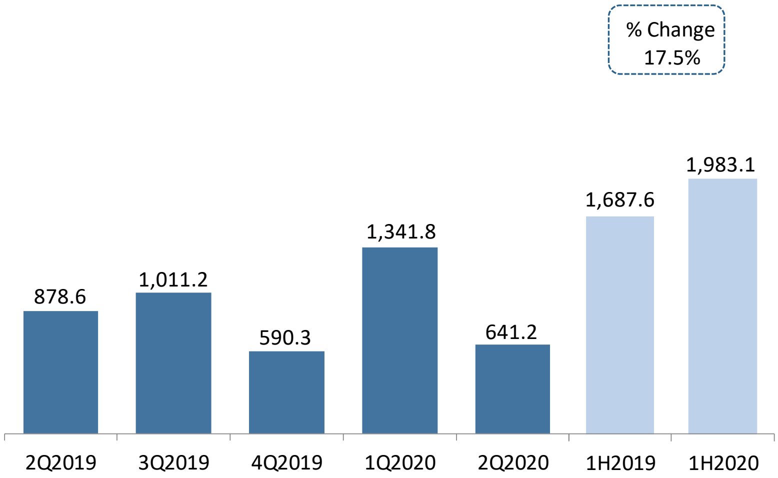
Expenses with market funding reached R$1,983.1 million in 1H2020, 17.5% (R$295.5 million) above 1H2019. In 2Q2020 expenses with market funding reached R$641.2 million, decreasing 27.0% (R$237.4 million) from 2Q2019 and 52.2% (R$700.6 million) from 1Q2020.

The growth in funding expenses from 1H2020 to 1H2019 was mostly influenced by the increase of R$847.6 million in expenses with subordinated debt, due to foreign exchange variation and the mark-to-market of the liability, offset by the decrease of R$465.2 million in expenses with time deposits and savings deposits, of R$63.4 million in expenses with repo transactions and of R$35.2 million in expenses with bank notes. The reduction of the Selic Rate - benchmark for the majority of the funding base - also produced impacts on the expenses in both periods.

From 2Q2019 to 2Q2020, the decrease in expenses with market funding was mainly driven by the decrease of R$290.0 million in time deposits and savings expenses and of R$40.3 million in expenses with repo transactions, partially offset by the increase of R$111.1 million in expenses related to the subordinated debt, due to foreign exchange variation and mark-to-market.

From 1Q2020 to 2Q2020, the decrease in expenses with market funding was mainly driven by the decreases of R$583.9 million in expenses related to the subordinated debt, due to mark-to-market and foreign exchange variation, of R$87.6 million in time deposits expenses, and of R$12.1 million in expenses related to bank notes.

Graph 22: Expenses with Market Funding Operations - R$ Million



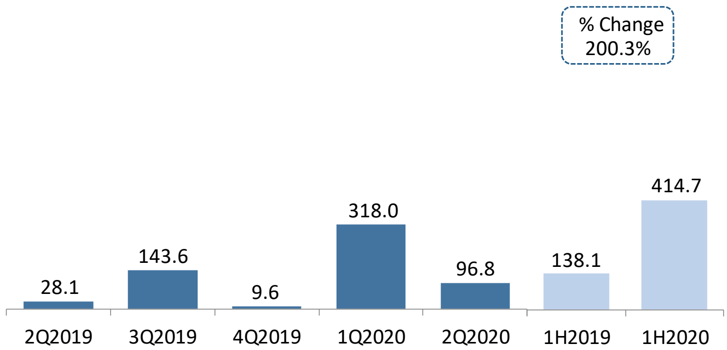
Expenses with Borrowings and Onlendings

Expenses with borrowings and onlendings totaled R$414.7 million in 1H2020, R$276.6 million above 1H2019. In 2Q2020, expenses with borrowings and onlendings reached R$96.8 million, increasing R$68.6 million from 2Q2019 and decreasing R$221.2 million from 1Q2020.

The higher flow of expenses with borrowings and onlendings from 1H2019 to 1H2020 was mainly driven by the increase of foreign currency expenses due to exchange variation of the period.

From 1Q2020 to 2Q2020, the decrease in expenses with borrowings and onlendings was mainly driven by the decrease of foreign currency expenses due to exchange variation of the period.

Graph 23: Expenses with Borrowings and Onlendings - R$ Million



Funding Cost

Funding cost was calculated based on the average balance of funding sources at the end of the months in each of the compared periods, linked to the corresponding funding expenses and the cost of borrowings, thus producing the average funding interest rates. Among the funding products, it is included deposits and resources from acceptance and issuance of securities, linked directly to their respective expenses for the calculation of the average cost.

The average funding cost of 0.68% in 2Q2020 was lower than the average funding costs of 1.31% in 2Q2019 and 0.89% in 1Q2020, in line with the Selic Rate. The most relevant items in the composition of the costs were time deposits and savings deposits. The average funding cost reached 93.00% of the Selic Rate in 2Q2020, increasing 8.04 pp. since 2Q2019 and 4.89 pp. since 1Q2020.

Accounting for 70.6% of the average balance of all funding items shown in the following table, the average cost of time deposits reached 0.67% in 2Q2020, decreasing 0.71 pp. from 2Q2019 and 0.24 pp. from 1Q2020. The average cost with time deposits reached 91.00% of the Selic rate in 2Q2020, increasing 1.06 pp. from 2Q2019 and 1.25 pp. from 1Q2020.

Table 20: Funding Cost - R$ Million and %

	2Q2020			1Q2020			2Q2019		
	Average Balance	Accum. Expense	Average Cost	Average Balance	Accum. Expense	Average Cost	Average Balance	Accum. Expense	Average Cost
Time Deposits	41,386.5	(276.7)	0.67%	40,192.1	(364.3)	0.91%	38,664.4	(534.8)	1.38%
Saving Deposits	9,963.6	(76.3)	0.77%	9,657.6	(86.7)	0.90%	9,300.7	(108.3)	1.16%
Demand Deposits	2,922.7	-	-	2,889.8	-	-	2,807.4	-	-
Interbank Deposits	1,187.2	(7.4)	0.62%	691.8	(3.8)	0.54%	228.7	(1.0)	0.45%
Other Deposits	2.3	-	-	1.7	-	-	0.6	-	-
Bank Notes	2,252.2	(17.6)	0.78%	2,546.4	(27.4)	1.08%	2,327.2	(37.0)	1.59%
Real Estate Notes	941.5	(6.3)	0.67%	946.7	(8.6)	0.91%	938.3	(12.7)	1.36%
Credit Guarantee Fund Expenses	-	(16.5)	-	-	(15.8)	-	-	(15.2)	-
Total Average Balance / Total Expenses	**58,656.0**	**(400.9)**	**0.68%**	**56,926.1**	**(506.6)**	**0.89%**	**54,267.4**	**(709.1)**	**1.31%**
Selic			**0.73%**			**1.01%**			**1.54%**
Average Cost / Selic			**93.00%**			**88.11%**			**84.96%**
Cost of Time Deposits / Selic			**91.00%**			**89.75%**			**89.94%**

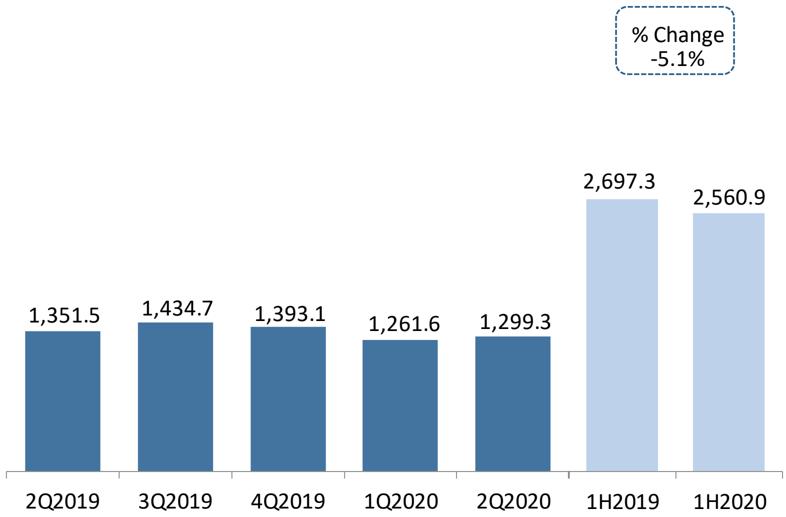
FINANCIAL MARGIN

Net interest income totaled R$2,560.9 million in 1H2020, decreasing 5.1% (R$136.4 million) from 1H2019. In 2Q2020 net interest income reached R$1,299.3 million, decreasing 3.9% (R$52.2 million) from 2Q2019 and 3.0% (R$37.8 million) from 1Q2020.

The decrease in financial margin from 1H2019 to 1H2020 and from 2Q2019 to 2Q2020 reflects an environment with decreasing Selic Rate, with effect over the interest rates of the loan book and over funding and decrease in overdraft accounts interests, impacted by the new interest rates cap rules set forth by the Central Bank of Brazil.

The increase in financial margin from 1Q2020 to 2Q2020 reflects the decrease in financial expenses at higher volumes than those of the decrease in financial expenses, in an environment of decreasing Selic Rate.

Graph 24: Financial Margin - R$ Million



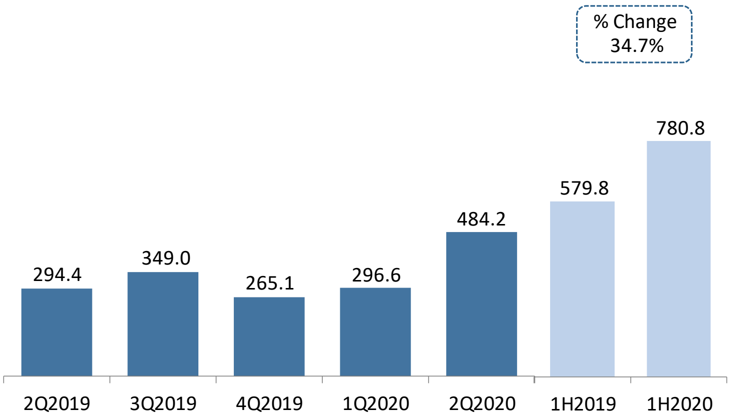
ALLOWANCE FOR LOAN LOSSES

Expenses with allowance for loan losses totaled R$780.8 million in 1H2020, increasing 34.7% (R$201.0 million) from 1H2019. In 2Q2020 expenses with allowance for loan losses totaled R$484,2 million, increasing 64.5% (R$189.8 million) from 2Q2019 and 63.3% (R$187.6 million) from 1Q2020.

The trend in provision expenses for loan operations from 1H2019 to 1H2020 and from 2Q2019 to 2Q2020 reflects mostly the rollover of the loan book by risk rating and the increasing amount of credit in arrears.

From 1Q2020 to 2Q2020, the increase of provision expenses for loan operations particularly reflects the rollover of the loan book by risk rating, impacted by the current economic scenario.

Graph 25: Allowance for Loan Losses - R$ Million



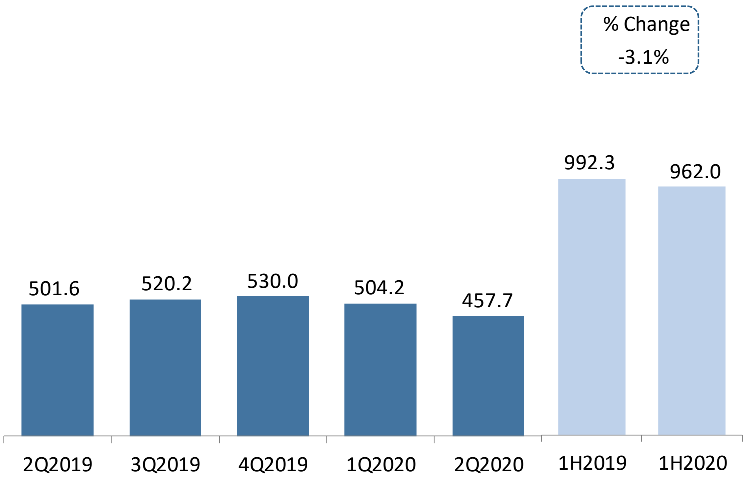
Revenues from Services and Banking Fees

Revenues from services and banking fees totaled R$962.0 million in 1H2020, 3.1% (R$30.3 million) below 1H2019. Revenues from services and banking fees reached R$457.7 million in 2Q2020, decreasing 8.7% (R$43.8 million) from 2Q2019 and 9.2% (R$46.5 million) from 1Q2020.

The trend from 1H2019 to 1H2020 was especially influenced by the decrease of R$50.3 million in MDR fees due to the decrease in total portfolio volume especially impacted by customer support measures in connection to the economic impacts of the pandemic, the decrease of R$4.4 million in asset management fees and the decrease of R$3.9 million in custody service fees, partially offset by the increase of R$32.7 million in checking account fees.

From 2Q2019 to 2Q2020, revenues from services and banking fees were influenced by the decrease of R$40.2 million in MDR fees. From 1Q2020 to 2Q2020, revenues from services and banking fees were influenced by the decrease of R$30.0 million in MDR fees and of R$7.7 million in checking account fees

Graph 26: Revenues from Services and Banking Fees - R$ Million



Administrative Expenses

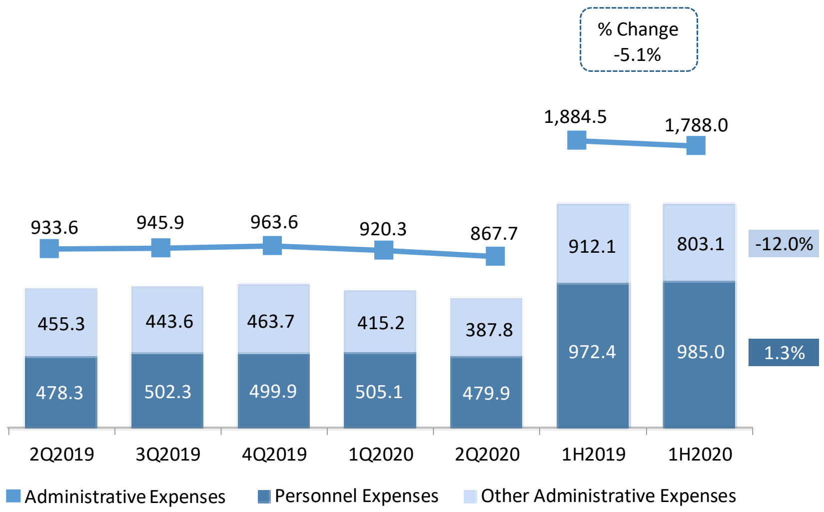
Administrative expenses totaled R$1,788.0 million in 1H2020, decreasing 5.1% (R$96.5 million) from 1H2019. Administrative expenses totaled R$867.7 million in 2Q2020, decreasing 7.1% (R$66.0 million) from 2Q2019 and 5.7% (R$52.7 million) from 1Q2020.

Personnel expenses totaled R$985.0 million in 1H2020, increasing 1.3% (R$12.6 million) from 1H2019, impacted by the collective wage agreement and expenses related to the voluntary retirement plan carried out in 1Q2019. Other administrative expenses reached R$803.1 million, decreasing 12.0% (R$109.1 million), mostly influenced by the decrease of R$54.1 million in expenses with specialized technical services, noteworthy the decrease of R$34.3 million in consulting services and third-party services.

Personnel expenses were mostly stable from 2Q2019 to 2Q2020, increasing R$1.6 million. Other administrative expenses decreased 14.8% (R$67.5 million) from 2Q2019, mainly driven by the decrease of R$28.0 million in expenses with specialized technical services, noteworthy the decrease of R$24.7 million in third-party services.

Personnel expenses decreased 5.0% (R$25.2 million) from 1Q2020 to 2Q2020, mainly due to employee vacation seasonality. Other administrative expenses decreased 6.6% (R$27.4 million) from 1Q2020, mainly due to the decrease of R$11.8 million in third-party services, of R$5.6 million in marketing expenses and of R$4.1 million in utility expenses.

Graph 27: Administrative Expenses - R$ Million



Other Adjusted Income

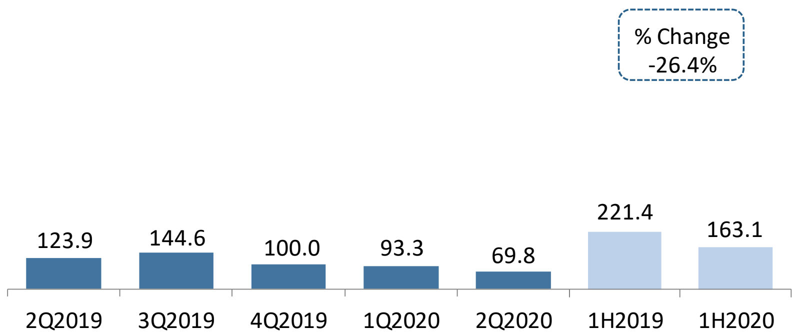
Other income totaled R$163.1 million in 1H2020, decreasing 26.4% (R$58.4 million) from 1H2019. In 2Q2020 other income reached R$69.8 million, decreasing R$54.2 million from 2Q2019 and 25.2% (R$23.5 million) from 1Q2020.

The decrease in other income from 1H2019 to 1H2020 was especially due to the decrease of R$46.4 million in revenues with the reversal of provisions for payments pending settlement, due to the basis of comparison effect (in 1H2019 there was the reversal of provision for charges on the provision for payment of retirement premium).

The decrease in other income from 2Q2019 to 2Q2020 was especially due to the decrease of R$31.6 million in revenues with the reversal of provisions for payments pending settlement and of R$7.2 million in other card revenues.

The decrease in other income from 1Q2020 to 2Q2020 was mostly influenced by the decrease of R$6.8 million in other card revenues, of R$5.2 million in revenues with the reversal of provisions for payments pending settlement, of R$4.1 million in insurance and capitalization fees and of R$2.3 million in credit portability revenues.

Graph 28: Other Adjusted Income - R$ Million



OTHER ADJUSTED EXPENSES

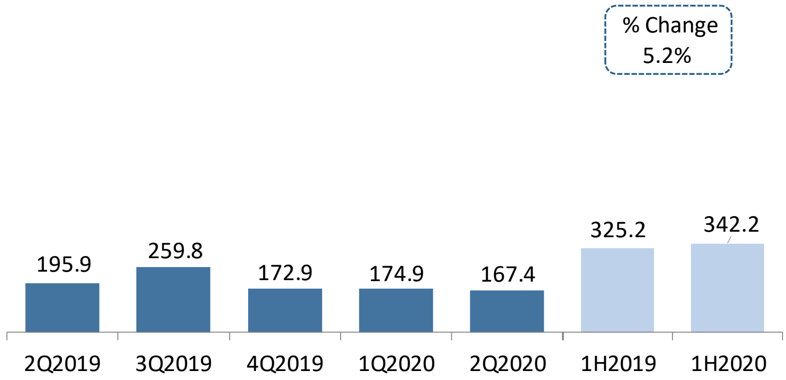
Other expenses reached R$342.2 million in 1H2020, increasing 5.2% (R$17.1 million) from 1H2019. In 2Q2020, other expenses reached R$167.4 million, decreasing 14.6% (R$28.5 million) from 2Q2019 and 4.3% (R$7.5 million) from 1Q2020.

The increase of other expenses from 1H2019 to 1H2020 was particularly driven by the increases of R$15.3 million in expenses with INSS payroll agreements, of R$14.7 million in expenses with portability of loan operations and of R$11.8 million in provision expenses on guarantees, partially offset by the decrease of R$31.0 million in discounts granted in credit recoveries.

From 2Q2019 to 2Q2020, the decrease in other expenses was mainly driven by the decrease of R$40.5 million in labor lawsuits provision expenses and of R$25.5 million in discounts granted in credit recoveries, partially offset by the increases of R$11.1 million in expenses within INSS payroll agreements, of R$8.7 million in expenses with portability of loan operations, of R$8.1 million in provision expenses on guarantees, of R$4.3 million in Banrisul Cartões brand expenses and of R$3.6 million in expenses with "Banriclube de Vantagens" membership program.

From 1Q2020 to 2Q2020, the decrease in other expenses was mainly driven by the decreases of R$14.2 million in civil lawsuits provision expenses, of R$7.3 million in labor lawsuits provision expenses and of R$4.2 million in discounts granted in credit recoveries, partially offset by the increases of R$7.2 million in expenses within INSS payroll agreements, of R$4.8 million in expenses with portability of loan operations and of R$4.0 million in provision expenses on guarantees.

Graph 29: Other Adjusted Expenses - R$ Million



SUMMARY CONSOLIDATED PRO FORMA BALANCE SHEET

Table 21: Summary Consolidated Pro Forma Balance Sheet - R$ Thousand

Assets	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019	Jun 2020/ Jun 2019	Jun 2020/ Mar 2020
Cash and Cash Equivalents	9,795,506	8,153,205	2,174,148	5,332,822	6,059,052	61.7%	20.1%
Financial Instruments	71,514,706	69,902,469	74,491,871	70,608,933	68,919,719	3.8%	2.3%
Interbank Financial Investments	20,001	-	-	-	22,685	-11.8%	100.0%
Compulsory Deposits at Central Bank	7,257,069	6,672,669	12,186,091	12,065,054	12,468,726	-41.8%	8.8%
Securities and Derivatives	27,337,535	25,889,219	24,938,284	22,697,541	21,013,129	30.1%	5.6%
Credit Operations	33,203,826	33,193,366	32,979,599	31,640,533	31,269,189	6.2%	0.0%
Other Financial Assets	6,703,568	6,980,437	7,170,329	6,958,752	6,772,162	-1.0%	-4.0%
Allowance for Loan Losses - associated to credit risk	(3,027,477)	(2,859,046)	(2,811,390)	(2,779,756)	(2,651,858)	14.2%	5.9%
Leasing Operations	20,184	25,824	28,958	26,809	25,686	-21.4%	-21.8%
Tax Credit	2,891,536	2,778,867	2,711,133	2,184,308	2,170,611	33.2%	4.1%
Other Assets	967,622	1,030,780	758,058	1,104,569	887,410	9.0%	-6.1%
Investments in Participation in Affiliated and Subsidiaries	141,395	126,186	123,134	120,813	129,341	9.3%	12.1%
Gain	6,239	7,175	8,110	9,047	9,982	-37.5%	-13.0%
Property in Use	999,657	965,338	932,714	881,376	849,969	17.6%	3.6%
Intangible	1,638,213	1,623,874	1,615,362	1,608,167	1,607,154	1.9%	0.9%
Depreciation and Amortization	(1,372,078)	(1,317,888)	(1,264,941)	(1,212,469)	(1,167,504)	17.5%	4.1%
Total Assets	**86,582,796**	**83,270,006**	**81,549,589**	**80,637,566**	**79,465,734**	**9.0%**	**4.0%**
Liabilities	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Sep 2019**	**Jun 2019**	**Jun 2020/ Jun 2019**	**Jun 2020/ Mar 2020**
Deposits and Other Financial Instruments	73,576,355	70,664,539	69,432,157	68,815,437	68,055,269	8.1%	4.1%
Deposits	56,718,962	53,933,796	53,640,084	51,974,447	51,180,715	10.8%	5.2%
Demand Deposits	2,970,447	2,793,272	3,228,976	2,583,129	2,720,053	9.2%	6.3%
Saving Deposits	10,282,017	9,705,603	9,622,161	9,488,702	9,366,609	9.8%	5.9%
Interbank Deposits	1,055,351	1,089,285	457,089	327,609	171,848	514.1%	-3.1%
Time Deposits	42,408,215	40,343,814	40,330,188	39,574,373	38,921,522	9.0%	5.1%
Other Deposits	2,932	1,822	1,670	634	683	329.3%	61.0%
Money Market Funding	4,219,772	3,822,491	3,391,443	3,796,843	4,281,861	-1.5%	10.4%
Funds from Acceptance and Issue of Securities	3,083,448	3,351,222	3,560,166	3,497,542	3,299,226	-6.5%	-8.0%
Borrowings and Onlendings	2,342,137	2,399,767	2,260,152	2,339,306	2,307,047	1.5%	-2.4%
Other Financial Liabilities	7,212,036	7,157,263	6,580,312	7,207,299	6,986,420	3.2%	0.8%
Provisions	1,895,523	1,892,030	1,936,040	1,656,247	1,638,535	15.7%	0.2%
Deferred Tax Obligation	369,375	366,065	304,482	270,251	227,158	62.6%	0.9%
Other Liabilities	2,522,422	2,278,325	2,082,548	2,160,748	2,022,305	24.7%	10.7%
Shareholders' Equity	**8,219,121**	**8,069,047**	**7,794,362**	**7,734,883**	**7,522,467**	**9.3%**	**1.9%**
Total Liabilities and Shareholders' Equity	**86,582,796**	**83,270,006**	**81,549,589**	**80,637,566**	**79,465,734**	**9.0%**	**4.0%**

PRO FORMA CONSOLIDATED INCOME STATEMENT

Table 22: Pro Forma Consolidated Income Statement - R$ Thousand

	1H2020	1H2019	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	1H2020/ 1H2019	2Q2020/ 1Q2020
Financial Income	**4,958,711**	**4,522,975**	**2,037,345**	**2,921,366**	**1,992,941**	**2,589,498**	**2,258,278**	**9.6%**	**-30.3%**
Lending and Leasing Operations and Other Credits	2,999,626	3,333,488	1,473,619	1,526,007	1,617,508	1,729,285	1,708,864	-10.0%	-3.4%
Securities	510,945	682,228	249,121	261,824	330,307	410,517	303,978	-25.1%	-4.9%
Derivatives	938,044	56,569	179,894	758,150	(96,115)	171,642	49,143	1,558.2%	-76.3%
Foreign Exchange	313,740	65,086	68,793	244,947	(16,065)	88,733	1,585	382.0%	-71.9%
Compulsory Investments	196,356	385,604	65,918	130,438	157,306	189,321	194,708	-49.1%	-49.5%
Financial Expenses	**(2,397,820)**	**(1,825,723)**	**(738,018)**	**(1,659,802)**	**(599,853)**	**(1,154,801)**	**(906,739)**	**31.3%**	**-55.5%**
Funding Operations	(1,983,080)	(1,687,619)	(641,242)	(1,341,838)	(590,292)	(1,011,188)	(878,612)	17.5%	-52.2%
Borrowings Assignments and Onlendings	(414,740)	(138,104)	(96,776)	(317,964)	(9,561)	(143,613)	(28,127)	200.3%	-69.6%
Profit from Financial Income	**2,560,891**	**2,697,252**	**1,299,327**	**1,261,564**	**1,393,088**	**1,434,697**	**1,351,539**	**-5.1%**	**3.0%**
Allowance for Loan Losses	**(780,828)**	**(579,803)**	**(484,220)**	**(296,608)**	**(265,123)**	**(348,990)**	**(294,382)**	**34.7%**	**63.3%**
Other Adjusted Operational Income	**1,150,633**	**1,236,873**	**542,262**	**608,371**	**650,459**	**667,862**	**637,438**	**-7.0%**	**-10.9%**
Fees and Services	961,982	992,312	457,746	504,236	529,969	520,235	501,579	-3.1%	-9.2%
Equity in Subsidiaries	25,599	23,158	14,750	10,849	20,456	2,983	11,914	10.5%	36.0%
Other Adjusted Income	163,052	221,403	69,766	93,286	100,034	144,644	123,945	-26.4%	-25.2%
Other Adjusted Operating Expenses	**(2,361,849)**	**(2,447,554)**	**(1,147,488)**	**(1,214,361)**	**(1,261,167)**	**(1,325,758)**	**(1,248,959)**	**-3.5%**	**-5.5%**
Adjusted Personnel Expenses	(984,978)	(972,364)	(479,878)	(505,100)	(499,868)	(502,287)	(478,301)	1.3%	-5.0%
Other Administrative Expenses	(803,052)	(912,116)	(387,803)	(415,249)	(463,723)	(443,570)	(455,337)	-12.0%	-6.6%
Tax Expenses	(231,593)	(237,901)	(112,433)	(119,160)	(124,717)	(120,070)	(119,399)	-2.7%	-5.6%
Other Adjusted Expenses	(342,226)	(325,173)	(167,374)	(174,852)	(172,859)	(259,831)	(195,922)	5.2%	-4.3%
Income from Adjusted Operations	**568,847**	**906,768**	**209,881**	**358,966**	**517,257**	**427,811**	**445,636**	**-37.3%**	**-41.5%**
Income Before Income Taxes	**568,847**	**906,768**	**209,881**	**358,966**	**517,257**	**427,811**	**445,636**	**-37.3%**	**-41.5%**
Income Tax and Social Contribution	**(132,406)**	**(213,949)**	**(63,138)**	**(69,268)**	**(118,415)**	**(103,349)**	**(106,557)**	**-38.1%**	**-8.8%**
Employee Profit Sharing	**(59,054)**	**(66,812)**	**(26,924)**	**(32,130)**	**(42,462)**	**(32,489)**	**(33,211)**	**-11.6%**	**-16.2%**
Non-Controlling Minority Interest	**(88)**	**(376)**	**(42)**	**(46)**	**(88)**	**(57)**	**(194)**	**-76.6%**	**-8.7%**
Adjusted Net Income	**377,299**	**625,631**	**119,777**	**257,522**	**356,292**	**291,916**	**305,674**	**-39.7%**	**-53.5%**
Restructuring of Pension Plans	-	49,528	-	-	-	-	49,528	-	-
Labor Provision	-	-	-	-	(429,036)	-	-	-	-
Civil Provision	-	-	-	-	126,840	-	-	-	-
Tax Effects	-	(19,811)	-	-	120,878	-	(19,811)	-	-
Tax Credits - CSLL EC 103/2019	-	-	-	-	222,180	-	-	-	-
Net Income	**377,299**	**655,348**	**119,777**	**257,522**	**397,154**	**291,916**	**335,391**	**-42.4%**	**-53.5%**

MANAGEMENT REPORT

We present the Management Report and the companyand consolidated Financial Statements of Banco do Estado do Rio Grande do Sul S.A. for the first half of 2020, prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

ECONOMIC SCENARIO

The first half of 2020 was marked by highly uncertainties in the global scenario, due to the Covid-19 pandemic, although the number of new cases has shown significant reduction in several regions, especially in Asia and in Europe. In the opposite direction, in many parts of the world the disease has not been controlled and cases keep increasing, as is the situation in some states in USA and in various emerging countries, particularly those in Latin America. In this environment, the prospects for loosening social distancing measures have evolved below expectations, with impacts inthe activity indicators, which continued showing predominantly unfavorable readings, with minor improvementsimprovements during the second quarter that were not enough to avoid forecasts of lower growth for the major world's economies and, consequently, the global GDP.

Especially in China, primary source of the disease, the restrictions began to be removed throughout the second quarter, trend that, in connection to measures towards fiscal and monetary support, exercised positive influence into monitors of activity, especially within the industrial and service segments. In line, Europe, that passed though severe difficulties fighting Covid-19 in the first months of the year, has seen a gradual reduction in the number of new cases, allowing in several countries the partial return of economic activities, dynamics that, together with monetary actions actively implemented by the European Central Bank, helped increase confidence indicators and support household consumption, hence improving retail business and industry performance in important economies of the region. As to the USA, the problems related to the restraint of Coronavirus and the various peaking times of the pandemic in the states substantially penalized economic activities, leading to the imposition of several restrictions during most part of the half-year period, aiming to avoid an even more accelerated spread of the disease.

In Brazil, the social distancing measures aiming at restraining the virus that started at the end of the first quarter in several states was later relaxed in many regions, causing the increase of new Covid-19 cases and the occupancy rate of intensive care units, which led the World Health Organization to consider the country the new pandemic epicenter. Therefore, the already struggling economy was highly penalized in all economic sectors, deteriorating both consumers and business confidence indicators. With this, the pre-Coronavirus high idleness dove further, contributing to maintain prices at very comfortable prices, despite the ongoing devaluation of the Real against the US Dollar, with exchange rate reaching R$5.48/US$1.00 at the end of June, a depreciation of 36.2% since January. Facing this context, the Central Bank of Brazil continued the cycle of loosening monetary measures, driving the Selic Interest Rate down to its new historical low of 2.25% per year, in addition to keeping and announcing measures towards extending credit payment conditions, which, together with the Federal Government Emergency measures, tends to avoid the increase in defaults and an even worse drop of the GDP.

In Rio Grande do Sul, even though only recently the Covid-19 cases have increased, the adoption of several social distancing measures since the end of the first quarter have brought negative economic impacts to the region, reflected into the significant decrease of industrial production, retail sales and in the services sector. Thus, the state's unfavorable foreign trade performance in the period, in which the positive balance of US$3.5 billion accumulated in the first six months of 2020 dropped against the US$4.9 billion recorded in the same period of 2019, with exports and imports decreasing 26.3% and 23.7%, respectively.

CORPORATE AND BUSINESS STRATEGY

CORPORATE STRATEGY

Banrisul is a retail bank whose Mission is to be the most important financial agent within Rio Grande do Sul, helping promote the economic and social development of the State. Taking not only its Mission into consideration, but also the Vision of being a profitable, solid and competitive public Bank, fully integrated with the communities and providing services with excellence, the Company's strategy was structured, during the second half of 2019, based on five pillars that drive its efforts:

Essence: reinforce the **commitment to** being a retail bank, with a focus on Rio Grande do Sul. To do this, it heavily invests in financial products for micro and small companies, and also for the agricultural sector, which is the basis of the economic development of the state. It is worth mentioning that such commitment helps Banrisul consolidate its mission, as well as bringing the Company closer to and strengthening customers' relations.

Employees: for Banrisul, the **strength of its employees** is key to achieve organizational success. To this end, the Bank has developed a challenging, agile environment, fostering the engagement and improving the management of human resources.

Efficiency: the Institution focuses on the **efficiency of management**, centering objectives on faster, simplified processes, improving IT infrastructure and architecture, improving risk management and also adhering to best management practices.

Transformation: following the **path of transformation**, through the implementation of new business models and new technologies, to maintain Banrisul's competitiveness.

Customer: considering the similarity of products offered in the financial market, the entry of new competitors and the targeting of customers by perception of value and innovation, Banrisul intensifies **focus on customer**, in order to provide the best experience in financial solutions and raise their level of satisfaction.

The risks and uncertainties related to the evolution of the Covid-19 pandemic and its consequences, as well as the changes in the macroeconomic and social scenario, key to the elaboration of strategic planning, have demanded constant, thorough update bring an even greater need for the strategy to be constantly updated to keep up with this changes.

Moreover, in this context, the Bank has adopted several emergency actions aiming to minimize the impacts of the pandemic for customers and employees, such as:

- ✓ triggering operational home office contingency plans, without jeopardizing the continuity of activities;
- ✓ especial care to employees in the risk group, which are working remotely from home;
- ✓ widely promotion of self-service channels, with detailed information on how to access and use services, as well as offering customer service through social medias;
- ✓ minimizing the number of employees per branch, who now work under rotating working shift schedules using personnel protective equipment, in observance of restrictions linked to coping with the pandemic and with the adoption of further hygiene measures, and
- ✓ health advisory from Moinhos de Vento Hospital to help define the protocols for preventing and to provide medical care and telemedicine services to employees with Covid-19 symptons, as well as those employees who have tested positive for the virus.

BUSINESS STRATEGY

Regarding its business strategy, the Company reinforces services to retail customers in the individual segment and expand the service to small and medium-sized companies. In this sense, the main highlights and strategies for these customers are detailed below.

The focus of commercial activity in the **individual segment** prioritizes, within the public sector, particularly payroll credit lines offered to civil servants and INSS retirees, as well as the to improve relationship with self-employed professionals, young public and high net-worth customers.

As for companies, the commercial drive is towards medium, small companies and micro-enterprises, focusing on the offering of credit products for collateralized working capital, which encompasses the acquisition of goods, investments in sustainable projects, advancement of receivables, receivable-backed working capital lines and credit cards, as well as the supply of acquiring equipment by Vero and services such as collection, payroll management and general management of electronic payments.

In relation to **earmarked credit lines**, the Bank promotes agricultural loans for funding, investment, marketing and industrialization of agricultural goods, serving family farmers, medium-sized producers, business farmers and rural cooperatives.

The diversification of the **service fees portfolio** as a way of generating revenues for the Institution is an important factor for covering fixed costs. Thus, the Bank focuses efforts on products such as credit cards, acquiring network, consortium and insurance, increasing the number of products used by its customers.

In the first half of 2020, due to the Covid-19 pandemic contingency scenario, with direct impacts in the economy, the Bank announced the availability of pre-approved credit lines to individuals, micro, small and medium companies. It was also made available a program to renegotiate credit operations to performing customers, individuals, micro, small and medium companies, allowing adjustments to the flow of installments due dates during the pandemic.

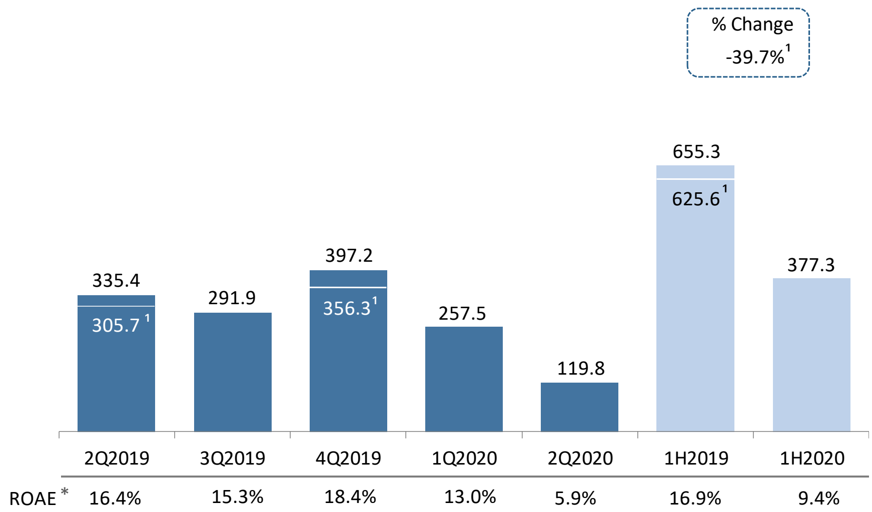
CONSOLIDATED PERFORMANCE

NET INCOME

1H20 net income reached R$377.3 million, 39.7% (R$248.3 million) lower than the managerial net income in 1H19. ROAE reached 9.4%. This performance reflects the increase of R$201.0 million in allowance for loan losses, the net interest income decrease of R$136.4 million, the decrease of R$30.3 million in fees revenues, the decrease of R$96.5 million in administrative expenses, the reduction of R$81.5 million in taxes (income tax and social contribution on net income), due to the lower taxable income and the change in the social contribution tax rate as of March 2020, reflecting on the deferred and current amounts.

Measured by the concept of added value, Banrisul generated revenues of R$1,844.9 million in 1H20, of which 49.2% (R$907.2 million) were used for payroll, 27.15% (R$500.8 million) for taxes, fees and contributions, 3.2% (R$59.5 million) for the payment of third party capital and 20.5% (R$377.4 million) for return on equity.

Graph 30: Net Income - R$ Million

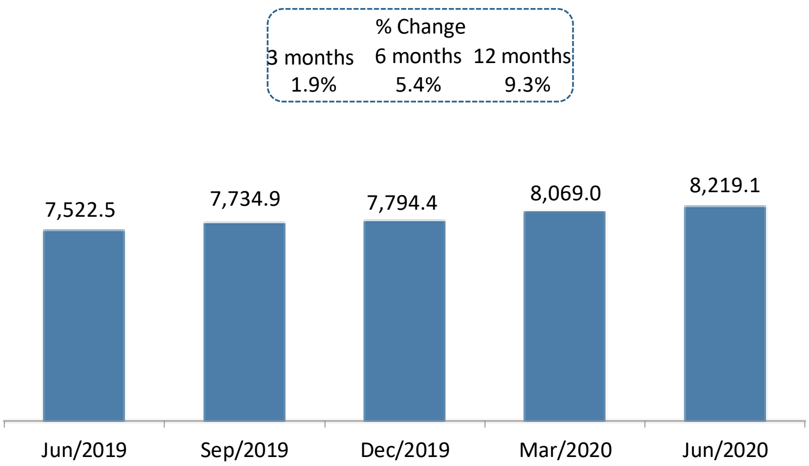


1 Adjusted Net Income.
* Annualized and calculated based on Adjusted Net Income.

EQUITY

Banrisul equity reached R$8,219.1 million as of June 2020. The growth of 9.3% (R$696.7 million) in twelve months originated from the incorporation of results (net of the payment and provisions of dividends and interest on capital), the reassessment of actuarial liabilities related to the post-employment benefits (CPC 33 - R1) and the exchange rate adjustments upon the equity accounts of branches abroad.

Graph 31: Equity - R$ Million



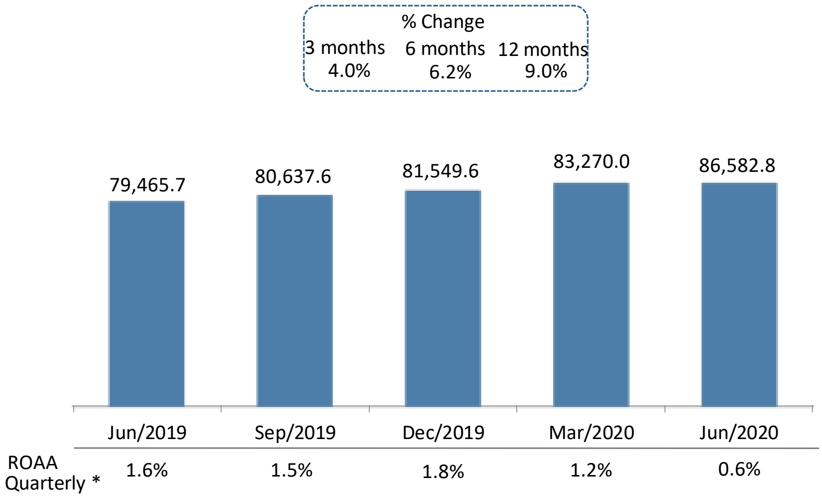
TOTAL ASSETS

Total assets reached R$86,582.8 million at the end of June 2020, an increase of 9.0% over the R$79,465.7 million in June 2019, mostly from the growth in deposits. Total assets are broken down into securities, interbank investments and cash (42.9% of total assets), credit assets (41.5%), compulsory deposits (8.4%) and other assets (7.2%).

The portfolio of securities, including derivatives, interbank investments and cash, reached R$37,153.0 million at the end of June 2020, an increase of 37.1% (R$10,058.2 million) from June 2019, driven by the increase in deposits and in compulsory deposits, in a context of growing credit portfolio.

As internal technical studies confirm, Banrisul is financially capable of and intends to hold until maturity the securities classified as "held-to-maturity", pursuant to Article 8 of the Central Bank of Brazil Circular Letter No. 3068/01.

Graph 32: Total Assets - R$ Million



* Annualized and calculated based on Adjusted Net Income

LOANS

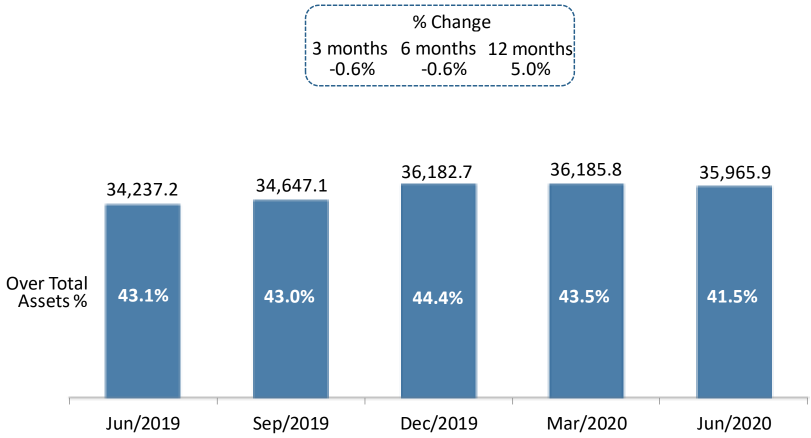
Expanded loan portfolio, which includes sureties and guarantees, reached R$36,206.8 million in June 2020, including co-obligation and risk factors. Sureties and guarantees excluded, the balance of credit operations totaled R$35,965.9 million in June 2020, increasing 5.0% (R$1,728.7 million) in the last twelve months mainly due to the performance of non-earmarked credit portfolio, with a balance of R$27,306.0 million, increasing 4.7% (R$1,231.1 million) in one year.

Banrisul, as public controlled bank, and before the crisis provoked by the Covid-19 pandemic, has an important role in the offering of credit, mostly as payroll and SME loans. Following public measures to contain the advance of Covid-19, the Bank has taken actions to help maintain economic activity and announced several measures to support customers, like make available pre-approved credit to individuals and micro, small and medium-sized enterprises; increase Banricompras limit, granting more purchasing power for individuals to pay for purchases; for micro, small and medium-sized companies that have already used their credit limits, Banrisul offered an extra limit.

As to the extension of maturities of existing credit operations, Banrisul has developed a portfolio of products focusing on the negotiation of short-term debts (named -REPAC), with special emphasis on commercial credit, real estate (both mortgages and developers), rural loans, long-term credit lines and overdrafts accounts. In addition, Banrisul has decided not to include customers into credit negative bureaus nor to send their debts to collection agencies for the time being.

The credit portfolio is classified by risk levels in accordance to procedures set forth by National Monetary Council (CMN) Resolution No. 2682/99. At the end of June 2020, Normal Risk operations, which include risk levels from AA to C, totaled R$31,658.7 million, representing 88.0% of the total portfolio. Operations classified as Risk 1, which include risk levels from D to G, totaled R$2,113.2 million and corresponded to 5.9% of the portfolio. Consisting exclusively of risk H credit operations, Risk 2 portfolio reached R$2,194.1 million or 6.1% of the total loan book.

Graph 33: Loans - R$ Million



Individuals and Corporate Non-Earmarked Loans

Non-earmarked loans to individuals reflected the Company's business strategy, growing 6.1% (R$1,233.9 million) in the last twelve months and totaling R$21,318.7 million in June 2020, and include asset transfers recorded as credits linked to acquired portfolio pursuant to Circular Letter No. 3543/12 of the Central Bank of Brazil. The performance was especially influenced by the growth of payroll loans, which reached R$16,314.0 million in June 2020, of which R$10,004.6 million of own origination (transactions with customers), R$6,075.3 million of transactions produced by payroll loan correspondents and R$234.1 million related to portfolios acquired from other institutions. Non-earmarked corporate loans amounted to R$5,987.3 million in June 2020, relatively stable from June. In January 2020, National Monetary Council Resolution No. 4765/19 came into force, limiting to 8% the maximum interest rate on overdraft accounts and allowing banks to charge a fee for making limits available; Banrisul's customers are exempt of the fee, regardless of their credit limit.

With the goal of reducing the negative economic impacts caused by the pandemic, Banrisul announced initiatives to provide cash flow to individuals and SME customers, such as the increase of credit limit, the offering of credit lines to finance companies payroll and options to extend the payment of consumer credit, especially payroll loans offered to civil servants.

Agricultural Loans

In the first half of 2020, Banrisul was present in the agricultural sector within the state of Rio Grande do Sul, by offering funds for investment, cost financing, commercialization and industrialization, observing the guidelines set by the State Government for the sector and in line with the state financial system.

Banrisul supplies the demand for rural financing from small farmers, medium-sized producers and business farmers, in addition to agricultural cooperatives, agro-industries and other agribusiness companies. In the second quarter of 2020, with the State facing the impact of a severe drought and the challenges of coping with the Covid-19 pandemic, solutions related to the use of insurance products, the extension of the terms of the loans and the increase of credit lines to the agricultural sector have intensified, focusing on credit quality and helping maintain growth levels for this strategical segment.

As of June 2020, 5,752 new operations were granted, amounting to R$1,290.3 million. Of these, 5,332 operations (R$694.1 million) are individuals operations and 420 (R$596.2 million) are companies operations. The rural loan portfolio reached R$2,902,4 million in June 2020, increasing 25.6% (R$590.9 million) in comparison to June 2019.

Earmarked Loans

Real estate loans totaled R$4,148.8 million in June 2020, decreasing 1.4% (RS60.5 million) June 2019. Of this amount, R$3,606.5 million refers to the individuals' portfolio. In the period, 1,003 real estate financing operations were contracted, at the amount of R$233.8 million. Dealing with the impacts of Covid-19 to Brazilian economy, and to preserve credit quality, Banrisul has offered customers the possibility of requesting a grace period of up to six installments due (with deferral of obligations), available to individuals and real estate developers and.

The long-term credit portfolio reached R$654.6 million in June 2020, a reduction of 21.8% (R$2182.5 million) in relation to June 2019.

Pre-shipping (ACC) and post-shipping (ACE) foreign exchange contracts reached R$826.2 million in June 2020, increasing 20.8% (R$142.0 million) over June 2019.

FUNDS RAISED AND UNDER MANAGEMENT

In June 2020, funds raised and under management totaled R$75,329.0 million, an increase of 8.6% (R$5,958.1 million) from the same period in 2019, and included time deposits (share of 56.3%), savings deposits (13.6% share), demand deposits (3.9%), bank notes (4.1%), subordinated debt (4.3%) and assets under management (16.4%).

Total deposits reached R$56,719.0 million at the end of June 2020, increasing 10.8% (R$5,538.2 million) over June 2019. Time deposits reached R$42,408.2 million in June 2020, increasing 9.0% (R$3,486.7 million) in twelve months; savings deposits increased 9.8% (R$915.4 million) over June 2019, reaching R$10,282.0 million in June 2020, and demand deposits increased 9.2% (R$250.4 million), totaling R$2,970.4 million at the end of June 2020.

With balance of R$3,208.3 million in June 2020, the subordinated debt increased 44.4% (R$986.2 million) over June 2019, influenced by the exchange rate and mark-to-market of the debt. Funds from bank notes and real estate bonds reached R$3,083.4 million in June 2020, decreasing 6.5% (R$215.8 million) in twelve months. Funds under management decreased 2.8% (R$350.6 million) in the last twelve months, amounting to R$12,318.3 million in June 2020.

PRODUCTS AND SERVICES

VERO ACQUIRING NETWORK

Vero implemented several commercial actions in the first half of 2020, such as: (i) the release of Vero Wallet, the acquiring company's digital wallet, which allows merchants to sell with QR Code, including Banricompras and BanriCard cards through Vero Gateway and Vero PDV Web, Vero's electronic funds transfer solution for small clients; (ii) the expansion of the acquiring portfolio, starting capturing operations with the GreenCard and Ticket cards; (iii) the implementation of new internet accreditation tools; (iv) the launching of new applications in the Vero Store platform, to optimize Vero Smart solution management by customers, and (v) improvements for the merchants, with the new transaction reconciliation features.

Vero ended June 2020 with 143.4 thousand active accredited establishments (with transactions in the last twelve months), 1.1% higher than June 2019. In the first half, 147.0 million transactions were captured, of which 101.5 million with debit cards (7.6% year-on-year decrease) and 45.5 million with credit cards (decrease of 11.7% from the previous year). The total financial volume produced by the acquired transactions reached R$13.6 billion, 3.7% decrease from June 2019. Of this amount, R$7.5 billion came from transactions with debit cards and R$6.1 billion came from transactions with credit cards.

During the first half of 2020, measures to support and maintain Vero's clients have been directed to help dealing with the effects of the Covid-19 pandemic. In the period, measures to help businesses that had to adapt their sales to delivery models were implemented, by providing POS equipment free of charge, exemptions of fees for small companies, and maintaining MDR fees in the levels before March 2020. The marketing strategy has been repositioned, prioritizing use of social medias and TV to promote actions that support local business, in social media (#Let'sOvercome, #VeroTip and #VeroRecommends), with management tips of and the advertising of accredited establishments.

BANRICARD BENEFIT AND BUSINESS CARDS

BanriCard ended June 2020 with 6,300 active customers. Revenues for the first half of 2020 reached R$667.5 million, decreasing 5.4% from the same period in 2019. In view of the Covid-19 pandemic, worsen in the second quarter of 2020, the Company adopted measures to support and preserve customers. The deadline for submitting unpaid bills to notary protest was extended and payment extensions and special conditions to negotiate the due amounts were granted for post payment agreements.

BANRICOMPRAS

Banricompras is a zero-cost product for the sole use of Banrisul's customers, who may use checking account cards to pay for purchases at merchant stores affiliated to Banrisul. The payments can be debited at sight or on a future due date (pre-dated or in installments payment), with no annual fee, taxes or interest rate. In 1H20, Banricompras reached R$6.5 billion in financial volume distributed over 75.1 million transactions, similarly to that of 1H19.

CREDIT CARDS

In the first half of 2020, in partnership with MasterCard, Banrisul carried out the Torcida dos Campeões campaign for MasterCard cardholders. In the same period, a specific thematic section was been made available on Banrisul website, divulging and offering additional benefits to Banrisul's Visa and MasterCard cardholders. Advancing technologically and aiming at fostering greater comfort and autonomy to customers, Banrisul made available information and services on digital channels (App, Home and Office Banking) for supplementary credit cards also, and the possibility to alter credit card limits directly into the Banrisul Digital app (available only for individuals). Focusing on safety, Banrisul started to offer the Virtual Credit Card for MasterCard Business customers, suitable for the corporate segment.

Aiming for the customer's comfort, push messages services are now being used since the instant the card is generated, with mail service tracking details, as well as information on sales refusal and cancelation of transactions. Besides that, customers now have the option to verify their Banriclube points - Banrisul's Credit Card Reward Program - directly on digital channels, on the My Cards feature in Banrisul Digital app and on Internet Banking channels. In compliance with Central Bank Circular No. 3918/18, Banrisul made changes to the foreign exchange conversion used in international purchases, fixing the amount in Reais as on the date of purchase.

Banrisul reached in June 2020, 1.2 million MasterCard and Visa credit cards issued, 4.6% more than in the same period of 2019. In 1H20, the cards issued by Banrisul produced a financial turnover of R$3.1 billion, with 36.9 million transactions, similarly to that of 1H19. Revenues from credit and credit card fees and BNDES cards totaled R$210.3 million in the first half of 2020.

INSURANCE

Banrisul offers customers a broad portfolio of Security products, with solutions for individual and property insurance, capitalization bonds and private pension plans. Seeking to best serve the clients always, the first half of 2020 was marked by the adequacy of the portfolio, improvement of systems through automation and modernization of processes, the adjustments of products for digital platforms and with the help of internal actions to increase the sales of insurance products. In order to help customers in this moment of social distancing, Banrisul implanted specific conditions to renew home and car insurance, in addition to the option to buy life insurance products remotely.

In 1Q20, the financial volume of insurance premiums, social security contributions and capitalization products reached R$852.0 million, increasing 20.3% in relation to the previous year. Active insurance operations totaled

2.4 million contracts in June 2020. Total revenues reached R$149.6 million in the first half of 2020, among which revenues from insurance commissions reached R$125.8 million.

PUBLIC SECTOR RELATIONS

Banrisul's commercial strategy for the public sector in 1H20 were highlighted by the offering to civil servants of the state of Rio Grande do Sul, of the Judiciary and Legislative Offices, and also to city clerks of municipalities within the states of Rio Grande do Sul and Santa Catarina that have payroll agreements with the Bank, the possibility to postpone the payments of installments due for up to 90 days, helping deal with the impacts caused by the Covid-19 pandemic. At the municipal level, focus has been on the offering of tax collection services and accounts payable as well as the negotiations for obtaining and renewing payroll agreements, following the commercial path started in 2016. Currently, Banrisul has payroll agreements with 308 local municipalities within the State of Rio Grande do Sul.

BANRISUL'S CUSTOMER SERVICE

SERVICE NETWORK

Focusing on the southern region of Brazil, Banrisul's service network was comprised of 1,117 service points in June 2020, of which 514 branches (491 in the state of Rio Grande do Sul, 17 in Santa Catarina, 4 in the other states of Brazil and 2 abroad), 181 service stations and 422 electronic service stations, all servicing customers throughout a wide range of locations.

Aware of the role it plays in the communities in which it operates, Banrisul has been finding alternatives that minimize the impacts that measures to face Covid-19 have caused in Brazil, especially in the lives of customers and employees. In March, when the pandemic was confirmed, Banrisul adopted measures not to jeopardize business, such as different working hours for branches and shift schedules for employees, seeking to reduce customer concentration. In a scenario of so many uncertainties and unprecedented challenges, Banrisul has endeavored to ensure continuity of service, regardless of the available service channels, with the readiness and customer care that the moment requires.

DIGITAL CHANNELS

Banrisul continues its digitalization to offer the best customer experience. In a scenario of social distancing, digital channels have become even more important, as they are the main channel of relationship between the Institution and the customers. In the first half of 2020 Banrisul's digital channels represented 62.5% of all transactions carried out by the Company, considering all available channels (digitals, POS, ATM, correspondents, cashes and Banrifone - a phone channel for tendering clients -) regarding the 53.7% registered in 1H19 and the 58.8% in 1Q20.

In the first half of 2020, Internet Banking (Home and Office Banking) and Mobile Banking (*Minha Conta*, *Afinidade* and *Office (App)*, accessed through Banrisul Digital) had 170.6 million accesses, 37.6% higher than in the same period of 2019, equivalent to an average of 948,000 daily accesses. The total number of operations carried out in these channels increased by 9.5%. Among these, the number of financial transactions and the financial turnover, which increased 22.1% and 1.9%, respectively, from 1H19.

In the first half of 2020, several improvements were implemented, with emphasis on the release of the new version of the Banrisul Digital app to a test group involving customers, as part of the gradual and continuous process, whose feedback will help improve the app towards its full availability. It is also worth mentioning the implementation of services for the renegotiation of credit debts, the availability of the blocking service in the main menu and the increase of limits in the Minha Conta, Afinidade and Office App channels of the Banrisul digital app; the features for scheduling Customer Service at Branches on the app and the "Talk To Your Account Manager" WhatsApp communication button for the *Afinidade* segment.

BANRISUL BANKING AGENTS - BANRIPONTO

Banriponto Banking Agents are commercial establishments able to process payments, deposits, transfers and withdrawals, among other banking services. Benefits for customers include time flexibility, convenience and freedom of choice, besides being able to select the nearest establishment. Banrisul maintains close relationship with its banking agents, prospecting, training, supporting and managing Banriponto network.

In the first half there were 159 smart vaults installed, aiming to increase the security in establishments, increasing the control in the rendering of accounts, mitigating risks and reducing back office operations in branches. In the same period, the 1,102 Banriponto Banking Agents accounted for 26.6 million transactions, with a financial volume of R$10.3 billion. Among these, 12.3 million transactions were made with the use of smart vaults, with a financial turnover of R$4.3 billion. At Banriponto Baking Agents, which sell INSS and Siape payroll loans, 429 payroll loans were contracted, in the total amount of R$2.9 million.

SUBSIDIARIES AND AFFILIATES

BANRISUL CARTÕES S.A.

Banrisul Cartões S.A. manages Vero acquiring network and issues BanriCard benefits and corporate cards, with 143,400 active establishments accredited and 6,300 active agreements, respectively. In 1H20, gross operating revenues totaled R$247.7 million, 11.9% lower than the same period last year. Among these, R$244.7 million were revenues from the acquiring network, decreasing 11.9% from the same period last year. The cost of services provided totaled R$69.8 million, whereas net administrative expenses, composed by personnel and other administrative expenses, totaled R$32.9 million. Financial revenues totaled R$60.4 million, of which 84.9% came from the discount of sales receivables. The anticipation of sales receivables amounted to R$1.8 billion in the period, representing 27.1% of the total financial product of captured transactions, a 1.4% increase from the same period last year. Banrisul Cartões net income of R$111.6 million in 1H20 was 16.8% lower than the net income of the same period last year.

At the end of the first half of 2020, in view of the Covid-19 pandemic worsening impacts in the last three months, the Company's initial positioning was to support and preserve customers, including Vero accredited companies and Banricard customers, financially supporting artistic web events (lives), aiming at raising resources for philanthropic purposes, while also focusing on the well-being and health of employees, using working from home solutions. Beyond that, the Company implanted monitoring and managing tools with the use of analytics and artificial intelligence, oriented both short and medium term actions and strategies. As an ongoing measure, Banrisul Cartões has developed new products that deal with the changes in the means of payments industry during the second half of this year, and worked in the construction of more dynamic tools to measure the impact on results, even in a scenario of uncertainties.

BANRISUL S.A. ADMINISTRADORA DE CONSÓRCIOS

Banrisul Consórcios manages sales pool groups for the acquisition of vehicles, trucks, motorcycles, real estate properties and services. Seeking to offer customers alternatives for the acquisition of goods or services, the Bank sells real estate consortia groups with maturities of up to 200 months, vehicles consortia up to 80 months and services consortia up to 36 months. In the real estate segment, letters of credit can be used for housing construction, remodeling and enlargement, as well as for the acquisition of new properties, land, parking space and commercial rooms. In the service segment, the approved letters of credit can be used for services of any kind, such as home renovations, trips, courses, parties, cosmetic surgery, among others.

In June 2020, Banrisul Consórcios managed 157 groups and had 66,300 active customers, totaling R$4.0 billion in outstanding letters of credit. In the period, 5,100 customers obtained purchases certificates at the equivalent amount of R$262.7 million for the acquisition of consumer goods. Net Income reached R$19.9 million in 1H20.

Banrisul S.A. Corretora de Valores Mobiliários e Câmbio

The broker company operates with stocks, options, forward and future markets, private and public issued (treasury direct - for the trading of market offered federal securities and bonds) fixed income products, and is responsible for the management of the Banrisul's Assets Under Management portfolios, offering investment solutions and assets with quality and security, providing technical support to customers, helping them identify the best capital market opportunities. In the first half of 2020, the newly updated website, with renewed layout and a wide range of services, more modern and customer friendly was released; the fixed-income back office trading system is also a highlight, in addition to Banrisul Corretora app for IOS and Android.

In 1H20, Banrisul Corretora brokered R$4.0 billion in B3 S.A. - Brasil, Bolsa, Balcão, a 7.4% growth over 1H19. Net income in 1H20 was R$1.8 million.

Banrisul Armazéns Gerais S.A.

Banrisul Armazéns Gerais S.A. is a subsidiary which operates as dry dock (Grantee of the Brazilian federal revenue service, providing storage and logistics services to the public in general), general warehouse facility and in Electronic Document Management, Storage and Scanning. Net income was R$732,000 in 1H20.

Banrisul Seguridade participações S.A.

In June 2020, the Banrisul's wholly-owned subsidiary Banrisul Seguridade Participações S.A. (Seguridade) holding was created, following the restructuring of the insurance business, and aiming at maximizing the distribution and the amount of insurance products, pension plans and capitalization bonds. Seguridade will be the full parent company of Banrisul Corretora de Seguros S.A., a company in constitution phase yet.

Banrisul Icatu Participações S.A.

Banrisul holds a stake of 49.9% of Banrisul Icatu Participações S.A. - BIPAR - holding company in partnership with Icatu Seguros SA. Through its subsidiaries, BIPAR sells life insurance, private pension plans products and savings bonds. Rio Grande Seguros e Previdência S.A. and Rio Grande Capitalização S.A. operate exclusively in the sale of Individual Insurance, Private Pension Plans and Saving Bonds in Banrisul's channels.

BIPAR expanded operations from the opening of Rio Grande Capitalização S.A., which started operations in September 2019. Rio Grande Seguros e Previdência S.A. produced revenues of R$584.0 million in 1H20, equal to a growth of 26.0% over the same period last year. With a strong presence in Rio Grande do Sul, the insurance company has a market share of 15.6% within the Individuals Insurance market in the State, being the leader among insurers headquartered in the State. BIPAR net profit of R$39.7million in 1H20 was 19.3% higher than that in 1H19.

Bem Promotora de Vendas e Serviços S.A.

Bem Promotora de Vendas e Serviços, of which Banrisul owns 49.9% of the capital, acts as originator of payroll loans offered to INSS retirees and pensioners and federal civil servants. The balance of Banrisul's credit transactions originated through Bem's payroll loan platform reached R$6,075.3 million in June 2020. Bem Promotora ended the first half of 2020 with a net income of R$16.8 million.

CORPORATE GOVERNANCE

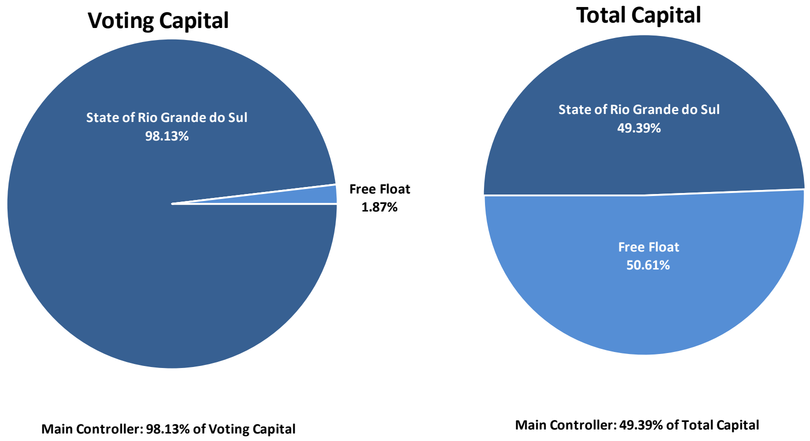
Listed on B3 S.A. - Brasil, Bolsa, Balcão (Brazilian Securities and Derivatives Stock Exchange) Corporate Governance Level 1, Banrisul fully meets the requirements of its listing level and other corporate governance's requirements as well, in line with best market practices, on behalf of greater transparency, fairness and proper accountability, while enhancing credibility of investors and customers.

Pursuant to CVM (Brazilian Securities and Exchange Commission) Instruction No. 381/2003, Banrisul informs that KPMG Auditores Independentes was hired in 2016 as the result of a bidding process (Public Bid 586/2015), as established by the Public Procurement Law No. 8666, provided services related to independent audit during the first half of 2020.

OWNERSHIP STRUCTURE

Banrisul has higher ownership dispersion than that required for the Level 1 of Corporate Governance: free float represents 50.6% of the total shares issued by the Bank, while the minimum required is 25%. As of June 2020, Banrisul's ownership structure is presented as follows:

Graph 34: Ownership Structure



INTEREST ON EQUITY AND DIVIDENDS PAYOUT POLICY

Since early 2008, Banrisul has been paying interest on equity every quarter, and historically has remunerated its shareholders with a payout policy higher than the minimum required level. However, and in compliance with the Resolution No 4,820/20 from the Monetary National Council, on June 4, 2020, the Bank published a Material Fact informing the temporary suspension of payment of quarterly interest on capital. Additionally, it informed that the payment of interest on capital for the year of 2020 would be limited to the amount equivalent to the Company's 25% minimum mandatory dividend. In 1H20, R$95.8 million were paid out as interests on equity, net of taxes.

INTERNAL CONTROLS AND COMPLIANCE

In accordance to the guidelines set by Internal Control Policies and Compliance Policy approved by Banrisul management in relation to internal control system the implementation of a corporate tool focused on improving the management of internal controls and compliance activities was continued. In addition, this tool will enable senior management to have a unified view of their processes and respective risks, assisting in documenting controls and following-up action plans to comply with regulatory entities, independent auditors, internal audit and Controls and Compliance Unit recommendations and to ensure greater interaction and integration among the three lines of defense, in compliance to current legislation. Still in this half-year period, Banrisul initiated the update of the "Know Your Client" Policy, focusing on qualifying and evaluating customer risk, improving operational processes.

In the scope of the Policy for Preventing and Combating Money Laundering and Financing of Terrorism, constantly, ongoing actions to improve processes have been maintained, always aiming at monitoring, detecting, analyzing and reporting to the Financial Activities Control Council (COAF). To this end, it has been used the tool for monitoring evidences based on rules set forth by the Central Bank of Brazil, as well as functionalities to filter restrained lists and risk classification of money laundering. Besides that, in order to keep employees updated about the subject, it is constantly and permanently available online training on Banrisul's distance learning platform. Also, an exclusive team is maintained and dedicated to carrying out activities that focus on preventing money laundering, carrying out daily monitoring of regulations and developing training programs to all the Company's staff.

CAPITAL AND RISK MANAGEMENT

Capital management and credit, market, *Interest Risk Rate in the Banking Book* - IRRBB, liquidity, operational and socio-environmental risks integrated management is a strategic tool essential for a financial institution. The constant improvement in processes of: i) monitoring, control, evaluation, goal planning and capital requirements; and ii) identification, measurement, evaluation, monitoring, reporting, control and mitigation of risks allows the betterment of Banrisul's corporate governance practices, aligned to its strategic objectives.

The process of capital and risk management involves the participation of all hierarchical layers of the Institution and the companies comprising the Prudential Conglomerate (Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio, Banrisul Cartões S.A.), as well as its subsidiary Banrisul Armazéns Gerais S.A. The processes are mapped, sorted and consolidated according to the exposures features of the transactions, in accordance with the recommendations of regulatory agencies.

INTEGRATED MANAGEMENT STRUCTURE

The capital and risk integrated management structure of Banrisul Group is coordinated by the Corporate Risks Management Department, responsible for capital management and for managing credit, market, IRRBB, liquidity, operational and socio-environmental risks with the support of the Chief Control and Risk Officer. The information produced by the department subsidizes the Risk Committee (advisory body to the Board of Directors), and other Management Committees, the Executive Board and the Board of Directors in the decision-making process. The Control and Risk Executive Officer supervises that department, and the Board of Directors is responsible for the released information related to risk management.

The institutional structures of capital management and corporative risks management are reviewed at least annually and are available on the Banrisul Investors Relations website at Corporate Governance > Risk Management, as well as other public reports relating to Risk Management and the calculation of the amount of Risk-Weighted Assets - RWA, Reference Equity - RE and Leverage Ratio.

CAPITAL MANAGEMENT

The capital management is a continuous process of monitoring, controlling, evaluation and planning of goals and capital needs considering risks that the Institution is subject to, as well as with its strategic objectives.

According to definitions set forth by the National Monetary Council's (CMN) definitions, the minimum capital calculation considers the multiplier of 8%, denominated F-factor (in use since January 2019), and the Principal Capital Additional-ACP of 1.25% (valid from April 1, 2020 to March 31, 2021, according to CMN Resolution No 4783/20), the minimum requirement for the Basel Rate, which is the sum of these two factors applied to the total amount of RWA, was 9.25%, until March 31, 2021.

The calculation and submission of information in relation to the Additional Core Capital (ACC) have been required since January 2016. The reduction of this capital has the following composition as of April 2020: (*i*) Additional Conservation Core Capital (1.25% of the RWA amount); (*ii*) Additional Countercyclical Core Capital (up to 2.5% of the RWA amount), and (*iii*) Additional Systemic Importance Core Capital (up to 2% of the RWA amount). Currently, Banrisul is subject only to the Additional Conservation Core Capital.

The world pandemic scenario, which has affected several nations in this first quarter of 2020, in addition to having consequences to public health, will also have consequences in the world economy. In this way, regulators have sought measures that make requirements more flexible, such as the reduction for the next two years of the

RWA levels when determining the amount of the Additional Conservation Core Capital portion, previously quoted.

Credit Risk

Credit risk is defined as the possibility of losses associated with the failure to meeting obligations by the counterparty in accordance to the agreed terms: devaluation or reduction of remuneration, expected gains on financial instrument arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument; restructuring of financial instruments; and the credit exposure recovery costs on troublesome assets.

The structure of Credit Risk assessment is based on models of Application and Behavior Score statistical methodologies and/or on the principle of collegiate technical decision, and thresholds of credit and risk limits corresponding to the various decision-making levels are defined, aimed at speeding up credit grant, on the grounds of technically pre-defined credit limits for customers, according to the maximum exposures that Banrisul is willing to operate with each one of them, given the risk/return relation. These models are in constant validation and are periodically updated to maintain credit risk exposure at levels considered acceptable by the Company Management.

The challenging scenario caused by the pandemic in the first half of 2020 affects individuals and business' financial capacity. Thus, governments and regulatory bodies have developed measures seeking to compensate its economic effects, including the use of regulatory demands in order to encourage the continuity of credit offer by financial institutions. Banrisul, committed to contributing with the economic and social development of the State of Rio Grande do Sul, has made promptly available, by suiting its credit policies, products and services to help mitigate the impacts of Covid-19.

Market Risk

Market risk is defined as the possibility of losses arising from fluctuation on market values of instruments held by the institution. This definition includes the risk of changes in interest rates and stock prices, for instruments classified in the trading book, and foreign exchange risk and commodity prices, for instruments classified in the trading book or banking portfolio.

The management of market risk in Banrisul is segregated between transactions classified as "to trade", which comprises transactions in financial instruments, including derivatives, held for trading, intended for the hedge of other elements of the trading book, and that are not subject to the limitation of its negotiability, and transactions classified in the non-trading banking book portfolio, which consists of all transactions of the Institution that are not classified in the trading portfolio, such as the loan portfolio, the securities held to maturity, the time deposits funding, the savings deposits and other transactions held to maturity.

In the first half of 2020, Banrisul systematically implanted the requirements coming from the Central Bank of Brazil Circular No. 3984/20, which established new calculation procedures for foreign exchange exposures of financial institutions. It was also initiated the project that implements substantial changes in the Daily Demonstrative of Capital Requirements and Operational Limits - DDR for the non-trading book.

For the banking book interest rates risk, it has been started a diagnosis considering the requirements of Central Bank of Brazil Circular No. 3876/18, that must be attended by the use of an intern model. The diagnosis initial goal is to help understanding the needs as to the implementation of an effective managing model for the banking book.

Also noteworthy is the ongoing implementation of the requirements of CMN Resolution No. 4557/17, which provides for the new integrated risk management structure through the preparation and execution of action plans in conjunction with consulting firms.

Liquidity Risk

The liquidity risk consists on the possibility of occurring losses resulting from the lack of sufficient liquid funds to efficiently honor expected and unexpected obligations, current and future, including those in connection to collaterals, without affecting its daily obligations and without incurring in significant losses; and the possibility the institution not being able to trade assets at market prices due to their relevant amount in relation to average usually traded volume, or to some market discontinuity.

In the period, the liquidity risk monitoring processes did not report the occurrence of liquidity crisis events, even facing the worsening of scenarios and the increase in risks. New monitoring procedures have been implemented and new scenarios for the cash flow of operations been drawn, and risk indicators remain at adequate levels so far, in accordance with the risk policy and the limits set forth in the Risk Appetite Statement.

Operational Risk

The operational risk is defined as the possibility of losses resulting from external events or failure, deficiency or inadequacy of internal processes, people and systems. The management of operational risks aims at obtaining control over the risks, seeking to minimize them to protect the Bank and, hence, safeguard its equity and the interests of customers, shareholders, employees and stakeholders in general.

Concluded in 1H20, the operational risk analysis encompasses all administrative areas of the Parent Company, the Prudential Conglomerate, and subsidiaries within Banrisul Group, enabling Banrisul's risk matrix to be updated. Projects and activities are being carried out to adapt the operational risk database to comply with Central Bank of Brazil Circular No. 3979/20.

Aiming the continuity of operations and the management of impacts caused by the Covid-19 pandemic, the Company is implementing measures to minimize the exposure of clients and employees to contagion, without jeopardizing activities. The actions adopted are detailed in Note 29 (b).

Socio-Environmental Risk

Socio-environmental risk is defined as the possibility of losses arising from social and environmental damages and must be identified by financial institutions as a component of the various risk modalities to which they are exposed to. Its management should consider routines and procedures that identify, classify, evaluate, monitor, mitigate and control the risk present in the institution's activities and operations.

Under management since the commencing date of CMN Resolution No. 4327/14 social and environmental risk has been included in the list of risks that must be managed in an integrated manner with other relevant risks affecting the Company, starting at the beginning of the validity of CMN Resolution No. 4557/17. Therefore, it has been incorporated into the Risk Appetite Statement and stress tests. In compliance with Central Bank of Brazil Circular No. 3979/20, projects and activities are being carried out with a view to making database adjustments to identify operating losses linked to socio-environmental risks.

BASEL RATIO

As put forth by National Monetary Council Resolutions No. 4192/13 and No. 4193/13, regulatory capital and risk-weighted assets are calculated for the Prudential Conglomerate. In June 2020, reference equity reached R$6,737.2 million, increasing R$258.3 million in relation to June 2019, mainly due to the increase in profit reserves. Tier II Capital decreased R$177.7 million, due to the application of the Basel III schedule on instruments based on regulations prior to the released of the National Monetary Council Resolution No. 4192/13.

The total exposure of risk-weighted assets (RWA_{TOTAL}) reached R$42,137.8 million in June 2020, increasing R$2,650.8 million in comparison to March 2019, mainly due to the growth of R$1,200.4 million in credit risk (RWA_{CPAD}) and by the increase of R$451.3 million in operational risk (RWA_{OPAD}), and by the decrease of R$534.9 million in market risk (RWA_{MPAD}), mainly due to the decrease of the foreign exchange risk (RWA_{CAM}).

Taking into account the values of reference equity and of risk-weighted assets, Basel ratio reached 16.0% in June 2020, increasing 0.2 pp. from June 2019. Core capital and Tier I Capital reached 15.2% in June 2020, both above minimum requirements. Leverage ratio calculated for the same month was 7.2%, with a minimum defined in 3.0% in force since January of 2018 according to National Monetary Council Resolution No. 4615/17.

TECHNOLOGICAL MODERNIZATION

TECHNOLOGY AND INFORMATION SECURITY

Banrisul's technological modernization process includes the digital transformation trend, the expansion of IT infrastructure and has been increasingly committed to the security of information. In 1H20, Banrisul invested R$182.5 million in technological modernization.

In the first half of 2020, several actions were performed aiming to improve security mechanisms, such as those related to employees internal accesses control, attending the demands of compliance to the Payment Card Industry - PCI and the General Law of Data Protection, as well as the increase in the continuous processes for the evaluation of vulnerabilities.

Banrisul strengthens continuously the network defense systems and systems against failures and cyber-attacks. In the half-year period, the availability of malwares software on the internet had the biggest growth in the last 18 months, which has made the Bank increase its network surveillance, and to perform several actions for information security to its employees, while at the same time emphatically warning about the importance of safe behavior when dealing with data and information, both personally and professionally.

On March 2020, the Bank passed through a paradigm break, when it had to place most of its employees in work-from-home standard due to the Covid-19 pandemic. Banrisul directed efforts to make available technical resources that allowed thousands of employees to work from their homes, which originated 4.3 thousand additional remote accesses in the period, with the use of Headquarter's equipment or devices in rotation located at branches or at regional Headquarters. It was also made available a tool that allows online meetings among employees and other participants, essential to the continuity of activities, totaling 15.5 thousand meetings since the beginning of the contingency. It is also worth highlighting the acquisition of a tool focused on application performance monitoring (APM), that searches manageable metrics and allows optimizing and improving applications code, besides analyzing the behavior and the journey of users in the digital channels. Focusing on technology update and modernization, it is highlighted the implantation of a new advanced storage solutions technology ,the Storage All Flash Array, aiming to ensure increasing of performance, attend the growth of systems such as Payware, BIG, VMWare, and to serve technical reserve to leverage Banrisul's new projects.

As to systems development, improvements and tools were implemented into supporting areas for the development of corporate systems, with the main objective of fostering agility, modernity and security in the development and administration of systems. Through the analysis of code security standards, some systems developed by Banrisul started to be validated by security standards during early development stages, in order to reduce vulnerabilities and increase security.

In the first half of 2020, Banrisul participated in the Proof of Concept (POC) of the Brazilian Banking Association (ABBC), as a member of the working group dedicated to quickly implementing and testing the standards of the UK's Open Banking Implementation Entity (OBIE), one of the main Open Banking APIs, in a test environment, for checking registration information and transference of funds between accounts, triggered by third-party applications. Like Banrisul, other banks were participating in the discussions about this implementation. The Proof of Concept also had the presence of several Fintechs associated with the Brazilian Digital Credit Association (ABCD).

It is also worth highlighting that Banrisul is making several contributions and improvement suggestions to the building of SPI - Brazilian Instantaneous Payment ecosystem. Since the creation of the Instantaneous Payment Forum by the Central Bank of Brazil, Banrisul has been actively participating, with members in the following work groups: Business, Standard and Technical Requirements, Safety and IP Messages. Additionally, it has been developing systems, hardware and safety infrastructure to make PIX (the Brazilian Instantaneous Payment

System) available for its customers. As of this moment, those systems are following the regular homologation schedule as defined by the Central Bank of Brazil.

Selected by Febraban to be the sector’s representative financial institution in the Information Security Subcommission, Banrisul is one of few institutions representing Brazilian banks in the Safety Work Group and to discuss with Central Bank of Brazil and other entities about the security standards to be defined to SPI.

By taking part in this work group, Banrisul has contributed to the identification of potential safety risks the technical proposals, suggesting risk mitigation factors and discussing alternatives directly with representatives from the Central Bank of Brazil. Among these contributions, it is worth highlighting the improvements in digital signature digital certificates management processes, algorithms and cryptographic keys, safety and authentication of Receiving API, as well as processes involving keys and safety during the exchange of information among participants. As the results of the contributions made by Banrisul’s representatives, many of them have been published in technical documents.

The highlight for actions related to IT infrastructure was the renewal of contract with the company specialized in field answering related to IT, providing full service availability and support to microcomputers, centrals and telephone extensions, mobile telephones, servers, corporate TVs and racks of telecommunications for the branches network and the Main Office. There has also been the acquisition of 618 new no-breaks, promoting the renewal of about 80% of those equipment in use at branches, besides the acquisition of 1,776 batteries for the no-breaks in the same network, as well as to the addition of about 300 mobile phone lines to streamline work-from-home solutions for employees at branches.

DIGITAL TRANSFORMATION

In the first half of 2020, Banrisul's digital transformation vector, aimed at harmoniously integrate business strategies with technological possibilities, had its efforts largely connected to agile and flexible movements dealing with the critical and unstable context of the epidemic advance. The rapid migration to the work from home model, complex due to the collaborative way intrinsic to agile methodologies, allowed the continuity of work on new products and the evolution of existing solutions, without influencing the peculiarities inherent to the model. It was also verified, even if by remote means, the continuity of the dissemination of agile culture within the corporate environment, in the same way that it has continued to evolve in the modernization of technological processes and tools, fundamental for gains of scale in the development of digital products.

In this context, in relation to the offering of new products and the improvements in the innovation processes, the launch of Vero Wallet (Banrisul's digital portfolio) stands out, being the only solution in the market, in this sense, capable of transacting Banricompras and BanriCard cards, which gives Vero accredited merchant stores a digital payment option; the improvement of the experience of joining and managing Vero RePay, Vero's recurring payment solution, on the Vero Banrisul app; the optimization of the accreditation day, aiming at reducing the average time to complete the process of acquiring a payment method solution; in addition to the improvements made available in the Banrisul Digital app, such as altering the assigned credit card limit and implementing a new investment solution, offering customers a more transparent, autonomous and agile solution. Also noteworthy is Agrofácil, a recently launched system, which expedite processes at branches when dealing with agricultural credit products.

HUMAN RESOURCES

Banrisul ended the first half of 2020 with 10,216 employees, 45% female and 55% male, and 1,766 graduate and undergraduate interns. During the period, in view of Covid-19 pandemic and the social distancing measures determined by Public Authorities, tasks have been readapted for the continuity of activities and business and also for the development and qualification of employees. Interviews and internal training have been moved to the online environment, labor gymnastics programs, then in company, are now being shared through video with all employees

In the first half of 2020, corporate education had a participation of 35.0 thousand hours in on-site courses made available to employees and 79.5 thousand hours in distance learning courses, totaling 114.5 thousand hours of training. Banrisul also encourages the qualification of employees through offering partial scholarships for undergraduate, graduate, master's and doctorate courses.

For employees and customer safety, Banrisul has adopt shift work schedules for employees involving both work-from-home and on-site work groups, releasing from on-site work employees and interns in risk groups. Customer service activities at branches must be carried out upon scheduling, in order to avoid the gathering of people and ensure the necessary safety and care actions for everyone. Besides that, the Bank has been using telemedicine services from Moinhos de Vento Hospital, in Porto Alegre, to help define and follow the protocols to combat Coronavirus.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Banrisul's Social and Environmental Responsibility Policy establishes the sustainability guidelines for the Bank's as well as for all the companies within Banrisul Group. Since 2013, the Bank follows the United Nations Global Compact initiative, developed with the objective of mobilizing the international business community into adopting in their business practices internationally accepted values in the areas of human rights, labor relations, environment and corruption fighting.

Among the measures to continuously improve the integration of these principles into the business strategy, culture and daily operations, the participation in various forums stands out, such as interinstitutional commissions, state programs and committees that encourage environmental preservation and sustainable agriculture. Relating to actions favoring social environments, the project "*Coletor de Tampinhas*" (plastic lid collector) stands out, used to recycle plastic caps for the purchase of walking canes for visually impaired individuals. In the corporative environment, the Bank has made available the online training for Corporative Sustainability, which addresses the principles of sustainability in the financial sector and in Company, and the Residue Management program, which orients about the correct separation of garbage and encourages the conscious consumption.

In the social and educational contexts, the Project Pescar Banrisul, initiated its 17th class of Professional Initiation in Administrative Services in February 2020, and the Institution hired 40 young former students from the 15 and 16th class as interns. During the period of the pandemic, the 370 students from Pescar Project and Young Apprentices, which performed their activities in Banrisul or are either filling mandatory positions required from the Company in professional training facilities or in bureaus of the Justice Power, are receiving their activities via online. The students from Pescar Project, besides class material virtually available, are having synchronous classes from volunteer employees from Banrisul and the Pescar Foundation.

Banrisul, through *Programa Sementes*, supported 29 projects in the first half of 2020, with the distribution of 44.5 million seeds to farmers, schools, Indians and quilombolas. The program is in line with the objective of stimulating sustainable rural development strategies in the communities where the Bank operates. After the month of March, the number of projects has increase, especially those related to small family farmers, as one of the effects from the strong drought that caused huge damage to agricultural sectors within the state, and also to the Covid-19, which made communities even more vulnerable.

AWARDS

January/2020. Banrisul's equity funds are among the most profitable in the market.

Banrisul Equity and Banrisul Dividends funds were featured in the financial publication Valor Investe.

March / 2020. Banrisul is the preferred brand for company managers and market executives in the RS in the Public Company category in Rio Grande do Sul.

According to the Marcas de Quem Decide survey, promoted by Jornal do Comércio in partnership with Qualidata, Banrisul is among the five most remembered and preferred brands in the Bank category. The Company is also among the five most remembered brands in the Digital Certification category.

ACKNOWLEDGMENT

The first half-year period was marked by the adversities faced by all sectors of society, including economic and financial ones. In this context, Banrisul undertook a great effort to keep attending its more than four million clients and, at the same time, adopting measures to foster safety to employees and client's health. All this effort aims to help maintaining economic activity in the communities where we operate, and the partnership with customers, investors and employees, with unity and solidarity, is making the difference to get through this difficult time. We thank the credibility placed in our Company, which remains active and sound in the market.

Executive Board of Directors

FINANCIAL STATEMENTS

BALANCE SHEET

(In Thousands of Reais)

ASSETS	Note	Parent Company 06/30/2020	Parent Company 12/31/2019	Consolidated 06/30/2020	Consolidated 12/31/2019
Cash	4	9,794,208	2,172,860	9,795,506	2,174,148
Financial Instruments		69,925,613	72,406,015	71,514,706	74,491,871
Interbank Deposits		20,001	-	20,001	-
Compulsory Deposits of Central Bank of Brazil	6	7,257,069	12,186,091	7,257,069	12,186,091
Securities and Derivative Financial Instruments	7	27,234,910	24,620,918	27,337,535	24,938,284
Trading Securities		6,340,829	5,618,271	6,431,117	5,923,423
Securities available for sale		177	171	2,620	2,662
Securities Held to Maturity		19,836,448	18,871,167	19,846,342	18,880,890
Derivative Financial Instruments		1,057,456	131,309	1,057,456	131,309
Loans	8	33,203,826	32,979,599	33,203,826	32,979,599
Other Financial Assets	9	5,213,595	5,399,979	6,703,568	7,170,329
Provisions for Expected Losses Associated with Credit Risk	8e	(3,023,972)	(2,809,530)	(3,027,477)	(2,811,390)
Leases		20,184	28,958	20,184	28,958
Lease Receivables	8	26,127	31,482	26,127	31,482
Provisions for Expected Losses	8e	(5,943)	(2,524)	(5,943)	(2,524)
Tax Credit	10	2,885,520	2,705,430	2,891,536	2,711,133
Other Assets	11	1,022,799	858,751	967,622	758,058
Investments in Associates and Subsidiaries	12	1,782,034	1,630,018	141,395	123,134
Goodwill	12	6,239	8,110	6,239	8,110
Fixed Assets for Use	13	885,690	835,579	999,657	932,714
Intangible	14	1,635,775	1,613,140	1,638,213	1,615,362
Depreciation and Amortization	13 and 14	(1,337,464)	(1,235,107)	(1,372,078)	(1,264,941)
TOTAL ASSETS		**86,600,414**	**80,994,796**	**86,582,796**	**81,549,589**
LIABILITIES AND EQUITY					
Deposits and Other Financial Instruments		73,777,670	69,032,680	73,576,355	69,432,157
Deposits	15	57,235,767	53,672,965	56,718,962	53,640,084
Demand Deposits		2,976,836	3,237,941	2,970,447	3,228,976
Saving Deposits		10,282,017	9,622,161	10,282,017	9,622,161
Interbank Deposits		1,055,351	457,089	1,055,351	457,089
Time Deposits		42,918,631	40,354,104	42,408,215	40,330,188
Other Deposits		2,932	1,670	2,932	1,670
Funding in the Open Market	15	4,338,212	3,577,107	4,219,772	3,391,443
Resources of Acceptances and Issuance of Securities	15	3,368,052	3,847,623	3,083,448	3,560,166
Loan Obligations	16	851,027	708,838	851,027	708,929
Onlendings	17	1,491,110	1,551,223	1,491,110	1,551,223
Other Financial Liabilities	18	6,493,502	5,674,924	7,212,036	6,580,312
Provisions	19	1,888,635	1,929,279	1,895,523	1,936,040
Deferred Tax Liabilities	10b	368,606	302,648	369,375	304,482
Other liabilities	20	2,348,442	1,937,822	2,522,422	2,082,548
EQUITY	21	**8,217,061**	**7,792,367**	**8,219,121**	**7,794,362**
Capital		5,200,000	5,200,000	5,200,000	5,200,000
Capital Reserves		4,511	4,511	4,511	4,511
Profit Reserves		3,152,172	2,872,851	3,152,172	2,872,851
Other Comprehensive Results		(139,622)	(284,995)	(139,622)	(284,995)
Non-controlling Interest		-	-	2,060	1,995
TOTAL LIABILITIES AND EQUITY		**86,600,414**	**80,994,796**	**86,582,796**	**81,549,589**

The accompanying notes are an integral part of these Financial Statements.

INCOME STATEMENT

(In Thousands of Reais, except Earnings per Share)

	Note	Parent Company 01/01 to 06/30/2020	Parent Company 01/01 to 06/30/2019	Consolidated 01/01 to 06/30/2020	Consolidated 01/01 to 06/30/2019
INCOME FROM FINANCIAL INTERMEDIATION		**4,952,729**	**4,506,140**	**4,958,711**	**4,522,975**
Credit, Leasing and Other Loans		2,999,558	3,333,477	2,999,626	3,333,488
Securities		505,031	665,404	510,945	682,228
Derivative Financial Instruments		938,044	56,569	938,044	56,569
Foreign Exchange		313,740	65,086	313,740	65,086
Compulsory Investments		196,356	385,604	196,356	385,604
EXPENSES FROM FINANCIAL INTERMEDIATION		**(2,406,834)**	**(1,836,484)**	**(2,397,820)**	**(1,825,723)**
Funding Operations in the Market		(1,992,095)	(1,698,390)	(1,983,080)	(1,687,619)
Borrowings, Assignments and Onlendings		(414,739)	(138,094)	(414,740)	(138,104)
INCOME FROM FINANCIAL INTERMEDIATION		**2,545,895**	**2,669,656**	**2,560,891**	**2,697,252**
Provisions for Expected Losses Associated with Credit Risk		**(780,049)**	**(579,408)**	**(780,828)**	**(579,803)**
OTHER OPERATING INCOME		**969,273**	**1,225,542**	**1,150,633**	**1,412,492**
Income from Bank Fees	22a	621,733	608,727	961,982	992,312
Result of Participation in Associates and Subsidiaries		161,585	179,632	25,599	23,158
Other Income	22b	185,955	437,183	163,052	397,022
Other Operating Expenses		**(2,236,929)**	**(2,440,298)**	**(2,361,849)**	**(2,573,645)**
Personnel expenses	23a	(976,325)	(964,547)	(984,978)	(972,364)
Other Administrative Expenses	23b	(753,510)	(846,609)	(803,052)	(912,116)
Tax Expenses		(185,712)	(186,041)	(231,593)	(237,901)
Other Expenses	23c	(321,382)	(443,101)	(342,226)	(451,264)
Operational result		**498,190**	**875,492**	**568,847**	**956,296**
INCOME BEFORE INCOME TAX AND PROFIT SHARING		**498,190**	**875,492**	**568,847**	**956,296**
INCOME TAX AND SOCIAL CONTRIBUTION	24	**(61,828)**	**(153,334)**	**(132,406)**	**(233,760)**
Current		(178,248)	(108,315)	(250,158)	(187,722)
Deferred		116,420	(45,019)	117,752	(46,038)
EMPLOYEE PROFIT SHARING		**(59,063)**	**(66,810)**	**(59,054)**	**(66,812)**
NON-CONTROLLING INTEREST		**-**	**-**	**(88)**	**(376)**
NET INCOME		**377,299**	**655,348**	**377,299**	**655,348**
Earnings per Share					
Earning per Thousand Shares (R$)					
Commom Shares		0.92	1.60	0.92	1.60
Preferred Shares A		0.94	1.69	0.94	1.69
Preferred Shares B		0.92	1.60	0.92	1.60
Attributable Net Income (R$)					
Commom Shares		189,172	328,529	189,172	328,529
Preferred Shares A		1,290	2,469	1,290	2,469
Preferred Shares B		186,837	324,350	186,837	324,350

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

(In Thousands of Reais, except Earnings per Share)

	Parent Company		Consolidated	
	01/01 to 06/30/2020	**01/01 a 06/30/2019**	**01/01 to 06/30/2020**	**01/01 to 06/30/2019**
NET INCOME	**377,299**	**655,348**	**377,299**	**655,348**
Non-controlling interest	-	-	88	376
Net Income for the Period Attributable to Shareholders	**377,299**	**655,348**	**377,387**	**655,724**
Items Subject to Reclassification into the Income Statement	**145,373**	**(3,961)**	**145,373**	**(3,961)**
Securities available for sale	(264)	140	(264)	140
Change in Market Value	108	169	108	169
Tax Effect	(372)	(29)	(372)	(29)
Foreign Exchange Variations on Investments Abroad	145,637	(4,101)	145,637	(4,101)
Items that Cannot be Reclassified to Profit and Loss	-	**62,852**	-	**62,852**
Remeasurement of Post-Employment Benefit Obligations	-	62,852	-	62,852
Actuarial Gains / (Losses)	-	104,744	-	104,744
Tax Effect	-	(41,892)	-	(41,892)
Comprehensive Income for the Period, Net of Tax Income and Social Contribution	**145,373**	**58,891**	**145,373**	**58,891**
Total Comprehensive Income for the Period, Net of Tax Income and Social Contribution	**522,672**	**714,239**	**522,760**	**714,615**
Comprehensive Income Attributable to Controllers	522,672	714,239	522,672	714,239
Comprehensive Income Attributable to Non-Controllers	-	-	88	376

The accompanying notes are an integral part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY

(In Thousands of Reais)

	Note	Share Capital	Capital Increase	Capital Reserves	Profit Reserves: Legal	Profit Reserves: Statutory	Profit Reserves: For Expansion	Other Valuation Adjustment	Retained Earnings	**Total Parent Company**	Non-Controlling Interest	**Total Consolidated**
Balance as of January 01, 2019		**4,396,719**	**-**	**4,511**	**529,055**	**1,892,138**	**644,112**	**(191,464)**	**-**	**7,275,071**	**3,832**	**7,278,903**
Capital Increase		-	803,281	-	-	(159,169)	(644,112)	-	-	-	-	-
Other Valuation Adjustments												
Mark-to-Market of Available-for-Sale Securities		-	-	-	-	-	-	140	-	140	-	140
Actuarial Valuation		-	-	-	-	-	-	(42,519)	-	(42,519)	-	(42,519)
Foreign Exchange Effects on Investments Abroad		-	-	-	-	-	-	(4,101)	-	(4,101)	-	(4,101)
Change in Non-Controlling Interest		-	-	-	-	-	-	-	-	-	326	326
Reclassification to Results for Future Years		-	-	-	-	-	-	-	(102,984)	(102,984)	-	(102,984)
Post-Employment Benefit Adjustments		-	-	-	-	-	-	105,371	(105,371)	-	-	-
Net Income		-	-	-	-	-	-	-	655,348	655,348	-	655,348
Allocation of Net Income	21c											
Reserves Constitution		-	-	-	32,767	151,580	-	-	(184,347)	-	-	-
Interest on Equity		-	-	-	-	-	-	-	(244,156)	(244,156)	-	(244,156)
Dividends		-	-	-	-	-	-	-	(18,490)	(18,490)	-	(18,490)
Balance as of June 30, 2019		**4,396,719**	**803,281**	**4,511**	**561,822**	**1,884,549**	**-**	**(132,573)**	**-**	**7,518,309**	**4,158**	**7,522,467**
Balance as of January 01, 2020		**5,200,000**	**-**	**4,511**	**596,276**	**2,069,074**	**207,501**	**(284,995)**	**-**	**7,792,367**	**1,995**	**7,794,362**
Other Valuation Adjustments												
Mark-to-Market of Available-for-Sale Securities		-	-	-	-	-	-	(264)	-	(264)	-	(264)
Foreign Exchange Effects on Investments Abroad		-	-	-	-	-	-	145,637	-	145,637	-	145,637
Change in Non-Controlling Interest		-	-	-	-	-	-	-	-	-	65	65
Reclassification to Results for Future Years		-	-	-	-	-	-	-	2,989	2,989	-	2,989
Net Income		-	-	-	-	-	-	-	377,299	377,299	-	377,299
Allocation of Net Income	21c											
Reserves Constitution		-	-	-	18,865	94,325	166,131	-	(279,321)	-	-	-
Interest on Equity		-	-	-	-	-	-	-	(100,967)	(100,967)	-	(100,967)
Balance as of June 30, 2020		**5,200,000**	**-**	**4,511**	**615,141**	**2,163,399**	**373,632**	**(139,622)**	**-**	**8,217,061**	**2,060**	**8,219,121**

The accompanying notes are an integral part of these Financial Statements.

CASH FLOW STATEMENT

(In Thousands of Reais)

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
CASH FLOW FROM OPERATING ACTIVITIES				
Income Before Taxes on Income and Employee Profit Sharing	**498,190**	**875,492**	**568,847**	**956,296**
Adjustments to Income Before Income Tax and Employee Profit Sharing				
Depreciation and Amortization	104,841	101,549	109,406	103,686
Share of Profit of Equity Accounted Investees	(161,585)	(179,632)	(25,599)	(23,158)
Deferred Taxes	(116,420)	45,019	(117,752)	46,038
Income from Subordinated Debt	1,000,512	152,943	1,000,512	152,943
Provisions for Expected Losses Associated with Credit Risk	780,049	579,408	780,828	579,803
Provision for Contingencies	153,868	177,183	154,057	177,534
Adjusted Income Before Income Tax and Employee Profit Sharing	**2,259,455**	**1,751,962**	**2,470,299**	**1,993,142**
Changes in Assets and Liabilities	**6,496,622**	**(1,365,085)**	**6,299,779**	**(1,884,873)**
(Increase) Decrease in Interbank Deposits	(20,001)	56,878	(20,001)	56,878
(Increase) Reduction in Central Bank Compulsory Deposits	4,929,022	(306,706)	4,929,022	(306,706)
(Increase) in Trading Securities	(722,558)	(1,027,382)	(507,694)	(1,486,219)
(Increase) in Derivative Financial Instruments	(926,147)	(71,827)	(926,147)	(71,827)
(Increase) in Loans	(715,349)	(1,071,219)	(715,349)	(1,071,219)
Decrease in Leases	5,349	4,265	5,349	4,265
(Increase) Decrease in Other Receivables	115,324	261,860	396,567	(10,697)
(Increase) Decrease in Tax Credit	(180,090)	144,780	(180,403)	145,125
(Increase) Decrease in Other Assets	1,403	(103,956)	(48,985)	(248,843)
Increase in Deposits	3,562,802	324,385	3,078,878	316,605
Increase in Repurchase Agreements (Repos)	761,105	204,404	828,329	353,259
Increase (Decrease) in Funds from Acceptance and Issuance of Securities	(479,571)	467,816	(476,718)	459,225
Increase (Decrease) in Borrowings	82,076	(307,385)	81,985	(307,700)
Increase (Decrease) in Other Liabilities	(88,657)	508,555	(275,511)	757,905
Decrease in Provisions	(194,512)	(70,451)	(194,574)	(70,594)
Increase (Decrease) in Deferred Tax Liabilities	65,958	(196,884)	64,893	(196,207)
Increase (Decrease) in other Liabilities	409,849	(51,667)	382,437	(62,966)
Income Tax and Social Contribution Paid	(109,381)	(130,551)	(122,299)	(145,157)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**8,756,077**	**386,877**	**8,770,078**	**108,269**
CASH FLOW FROM INVESTING ACTIVITIES				
Dividends Received from Subsidiary	31,500	108,837	31,500	108,837
(Increase) Decrease in Securities Available for Sale	(270)	1,204	(222)	287,650
(Increase) Decrease in Securities Held to Maturity	(965,281)	626,510	(965,452)	631,168
Disposal of Investments	1,115	122	1,115	129
Disposal of Property and Equipment	49	177	998	177
Acquisition of Investments	(6,121)	(1,680)	(3,221)	(10,762)
Acquisition of Property and Equipment	(50,773)	(32,918)	(68,555)	(41,974)
Acquisition of Intangible Assets	(22,635)	(11,610)	(22,635)	(11,660)
NET CASH FROM (USED IN) INVESTING ACTIVITIES				
CASH FLOW FROM FINANCING ACTIVITIES	**(1,012,416)**	**690,642**	**(1,026,472)**	**963,565**
Subordinated Debt				
Dividends Paid	(93,277)	(82,883)	(93,277)	(82,883)
Payment of interest on Subordinated Debt	(73,706)	(45,839)	(73,706)	(45,839)
Interest on Equity Paid	(100,967)	(289,156)	(100,967)	(289,156)
Change in Non-Controlling Interest	-	-	65	326
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(267,950)**	**(417,878)**	**(267,885)**	**(417,552)**
Effects of the Exchange Rate Variation on Cash and Cash Equivalents	145,637	(4,101)	145,637	(4,101)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,621,348**	**655,540**	**7,621,358**	**650,181**
Cash and Cash Equivalents at the Beginning of the Half-year Period	2,172,860	5,399,451	2,174,148	5,408,871
Cash and Cash Equivalents at the End of the Half-year Period	9,794,208	6,054,991	9,795,506	6,059,052

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ADDED VALUE

(In Thousands of Reais)

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
INCOME (a)	**4,991,101**	**4,976,462**	**5,313,650**	**5,336,326**
Financial Income	4,963,462	4,509,960	4,969,444	4,526,795
Services Rendered and Bank Fees Income	621,733	608,727	961,982	992,312
Provisions for Expected Losses Associated with Credit Risk	(780,049)	(579,408)	(780,828)	(579,803)
Other	185,955	437,183	163,052	397,022
FINANCIAL INTERMEDIATION EXPENSES (b)	**(2,406,834)**	**(1,836,484)**	**(2,397,820)**	**(1,825,723)**
INPUTS ACQUIRED FROM THIRD PARTIES (c)	**(920,709)**	**(1,133,370)**	**(987,152)**	**(1,205,418)**
Supplies, Energy and Other	(630,318)	(775,616)	(674,925)	(811,778)
Third-party Services	(279,658)	(353,934)	(301,494)	(389,820)
Assets Value Impairment	(10,733)	(3,820)	(10,733)	(3,820)
GROSS ADDED VALUE (d=a-b-c)	**1,663,558**	**2,006,608**	**1,928,678**	**2,305,185**
DEPRECIATION AND AMORTIZATION (e)	**(104,841)**	**(101,550)**	**(109,407)**	**(103,685)**
PRODUCED BY THE BANK (f=d-e)	**1,558,717**	**1,905,058**	**1,819,271**	**2,201,500**
ADDED VALUE RECEIVED IN TRANSFER (g)	**161,585**	**179,632**	**25,599**	**23,158**
Equity in earnings (losses) in subsidiaries	161,585	179,632	25,599	23,158
ADDED VALUE FOR DISTRIBUTION (h=f+g)	**1,720,302**	**2,084,690**	**1,844,870**	**2,224,658**
DISTRIBUTION OF ADDED VALUE	**1,720,302**	**2,084,690**	**1,844,870**	**2,224,658**
Personnel	**899,323**	**899,240**	**907,210**	**906,412**
Salaries	683,406	682,140	689,692	687,577
Benefits	173,900	175,799	174,849	176,775
FGTS	42,017	41,301	42,669	42,060
Taxes, Fees and Contributions	**383,605**	**471,492**	**500,821**	**604,425**
Federal	350,420	440,006	452,866	556,155
State	5	12	17	110
Local	33,180	31,474	47,938	48,160
Debit remuneration	**60,075**	**58,610**	**59,452**	**58,097**
Rentals	60,075	58,610	59,452	58,097
Equity remuneration	**377,299**	**655,348**	**377,387**	**655,724**
Interest on Equity	100,967	244,156	100,967	244,156
Dividends	-	18,490	-	18,490
Retained Earnings	276,332	392,702	276,332	392,702
Non-Controlling Interests	-	-	88	376

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

We present below Notes to the Financial Statements, which are an integral part of the individual and consolidated Financial Statements of Banco do Estado do Rio Grande do Sul S. A. (Banrisul), amounts expressed in thousands of Reais (unless otherwise indicated) and presented as follows:

NOTE 01 - OPERATIONS

Banco do Estado do Rio Grande do Sul S. A. (“Banrisul” or “Institution”) is a corporation controlled by the Estado do Rio Grande Sul, publicly traded, which acts as a multiple-service bank, engaged in retail banking, lending, financing and investment, mortgage loan, development, lease portfolio, and foreign exchange activities. Through its subsidiaries and associates, Banrisul engages in various other activities, including securities brokerage, management of sales poll groups, payment industry solutions, insurance, and pension plan and saving bonds products. Financial market transactions are conducted within the context of an integrated group of financial institutions. Banrisul also operates as an economic and financial agent for the state of Rio Grande do Sul, in conformity with the state government’s plans and programs.

NOTE 02 - PRESENTATION OF FINANCIAL STATEMENTS

(a) The individual and consolidated financial statements have been prepared in accordance with accounting policies adopted in Brazil applicable to the financial institutions authorized to operate by the Central Bank of Brazil observing from the Brazilian corporation law, observing the standards and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM). The financial statements include accounting policies and estimates relating to the recognition of allowances and determination of the value of securities, derivatives financial instruments and deferred tax, Actual results may differ from these estimates.

Banrisul's financial statements are being presented with the changes resulting from CVM Resolution No. 4720/19 and BACEN Circular No. 3959/19. The main objective of these standards is to bring similarity with the guidelines for the presentation of financial statements in accordance with international accounting standards as defined by the International Financial Reporting Standards - IFRS. The main implemented changes were: balance sheet accounts presented in order of liquidity and enforceability; balance sheet balances for the period presented in comparison with that of the end of the immediately previous fiscal year, with the other statements also compared with the same periods of the previous fiscal year for which they were presented; and the inclusion of the Statement of Comprehensive Income. The restatements of comparative balances and nomeclatures are shown in item “f”, below.

Management declares that the disclosures made in Banrisul's individual and consolidated financial statements show all relevant information used in its management and that the accounting standards have been applied consistently between periods.

(b) Banrisul's individual financial statements include Banrisul’s Brazilian operations as well as the operations of its foreign branches (Miami and Grand Cayman). The sum of assets and liabilities, income and expenses reported by foreign branches, before eliminations, are summarized as follows:

Assets	06/30/2020	12/31/2019
Loans	**613,773**	**455,881**
Loans in Brazil	483,502	337,969
Other Lending activities	130,271	117,912
Other Assets	**285,742**	**217,533**
Property and Equipment	**41**	**39**
Total Assets	**899,556**	**673,453**
Liabilities and Equity	**06/30/2020**	**12/31/2019**
Deposits	**305,497**	**231,974**
Deposits in Brazil	255,307	196,883
Other Deposits	50,190	35,091
Other Obligations	**242**	**1,821**
Other Liabilities	**38,504**	**36,197**
Equity	**555,313**	**403,461**
Total Liabilities and Equity	**899,556**	**673,453**
Income Statement	**01/01 to 06/30/2020**	**01/01 to 06/30/2019**
Financial Intermediation Income	10,255	12,380
Financial Intermediation Expenses	(1,154)	(1,443)
Other Income (Expenses)	(2,886)	(1,971)
Net Income	**6,215**	**8,966**

The effects of foreign exchange variation on the operations of foreign branches are recognized in the Income Statement according to the nature of the corresponding assets and liabilities, and the exchange variation adjustments arising from the conversion process are recorded as a component of Shareholders' Equity, amounting to R$145,637 (06/30/2019 - R$4,101).

(c) The consolidated financial statements include the accounts of Banrisul, its foreign branches, subsidiaries and investment fund that Banrisul assumes or retains substantially all of the risks and benefits. In preparing the consolidated financial statements, the intercompany balances and the amounts of transactions between consolidated companies were eliminated. Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in Banrisul’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The following table shows subsidiaries and investment fund included in the consolidated financial statements:

		Ownership Interest	
	Activity	06/31/2020	12/31/2019
Banrisul Armazéns Gerais S. A.	Services	99.50%	99.50%
Banrisul S. A. Corretora de Valores Mobiliários e Câmbio	Broker	98.98%	98.98%
Banrisul S. A. Administradora de Consórcios	Consortia Management	99.68%	99.68%
Banrisul Cartões S. A.	Payment Options	99.78%	99.78%
Banrisul Seguridade Participações S. A.	Insurance	100,00%	-
Banrisul Giro Fundo de Investimento Renda Fixa Curto Prazo	Investment Funds	100.00%	100.00%

(d) Finance Leases are stated in the Balance Sheet at present value. Related income and expenses, which represent the financial result of these leases, are reported as income from Leases in the Income Statement.

(e) The financial statements prepared for the reported year were approved by the Board of Directors on August 5, 2020.

(f) Restatement of Comparative Balances.

The Balance Sheet of December 31, 2019, the Income Statements and the Cash Flow Statements of June 30, 2019 were reclassified according to CMN Resolution No. 4720/19 and BACEN Circular No. 3959/19, and are presented for comparison purposes. Therefore, the nomenclatures and the balances presented in these financial statements differ from those presented in past periods in the following line items:

BALANCE SHEET				
ASSETS				**Parent Company**
From	**To**	**Reported on 12/31/2019**	**Reclassification**	**12/31/2019 (Restatement)**
Cash		1,161,173	(1,161,173)	
	Cash and Cash Equivalent	-	1,161,173	1,161,173
Interbank Investments		1,011,687	(1,011,687)	-
	Cash and Cash Equivalent	-	1,011,687	1,011,687
Interbank Accounts		13,282,051	(13,282,051)	-
	Compulsory Deposits - Central Bank of Brazil	-	12,186,091	12,186,091
	Other Financial Assets	-	1,095,960	1,095,960
Inerbranch Acccounts		125,338	(125,338)	-
	Other Financial Assets	-	125,338	125,338
Loans	Loans	30,468,839	2,510,760	32,979,599
	Allowance for Loan Losses	-	(2,510,760)	(2,510,760)
Other Receivables		7,068,765	(7,068,765)	-
	Other Financial Assets	-	4,178,681	4,178,681
	Other Assets	-	483,424	483,424
	Deferred Tax Assets	-	2,705,430	2,705,430
	Allowance for Loan Losses	-	(298,770)	(298,770)
Other Assets		375,327	(375,327)	-
	Other Assets	-	375,327	375,327
Investments		1,644,747	(1,644,747)	-
	Investments in Subsidiaries and Affiliated	-	1,630,018	1,630,018
	Goodwill	-	8,110	8,110
	Securities and Derivative Financial Instruments- Title. for Trading	-	6,619	6,619
Property and Equipment	Property and Equipment	250,483	585,096	835,579
Accumulated depreciation	Depreciation and Amortization	-	(585,096)	(585,096)
Intangible Assets	Intangible Assets	963,129	650,011	1,613,140
Accumulated Amortization	Depreciation and Amortization	-	(650,011)	(650,011)
TOTAL		**56,351,539**	**-**	**56,351,539**

LIABILITIES				Parent Company
From	**To**	**Posted on 12/31/2019**	**Reclassification**	**12/31/2019 (Restatement)**
Interbank Accounts		81,645	(81,645)	-
	Other Financial Liabilities	-	81,645	81,645
Interbranch Accounts		228,696	(228,696)	-
	Other Financial Liabilities	-	228,696	228,696
Other Liabilities		9,356,144	(9,356,144)	-
	Other Financial Liabilities	-	5,364,583	5,364,583
	Provisions	-	1,929,279	1,929,279
	Other Liabilities	-	1,759,634	1,759,634
	Deferred Tax Liabilities	-	302,648	302,648
Deferred Income		178,188	(178,188)	-
	Other Liabilities	-	178,188	178,188
TOTAL		**9,844,673**	**-**	**9,844,673**

ASSETS				Consolidated
From	**To**	**Posted on 12/31/2019**	**Reclassification**	**12/31/2019 (Restatement)**
Cash		1,161,179	(1,161,179)	-
	Cash and Cash Equivalent	-	1,161,179	1,161,179
Interbank Investments		1,012,969	(1,012,969)	-
	Cash and Cash Equivalent	-	1,012,969	1,012,969
Interbank Accounts		14,947,092	(14,947,092)	-
	Compulsory Deposits - Central Bank of Brazil	-	12,186,091	12,186,091
	Other Financial Assets	-	2,761,001	2,761,001
Inerbranch Acccounts		125,338	(125,338)	-
	Other Financial Assets	-	125,338	125,338
Loans	Loans	30,468,839	2,510,760	32,979,599
	Allowance for Loan Losses	-	(2,510,760)	(2,510,760)
Other Receivables		7,073,482	(7,073,482)	-
	Other Financial Assets	-	4,283,990	4,283,990
	Other Assets	-	378,989	378,989
	Deferred Tax Assets	-	2,711,133	2,711,133
	Allowance for Loan Losses	-	(300,630)	(300,630)
Other Assets		379,069	(379,069)	-
	Other Assets	-	379,069	379,069
Investments		137,937	(137,937)	-
	Investments in Subsidiaries and Affiliated	-	123,134	123,134
	Goodwill	-	8,110	8,110
	Securities and Derivative Financial Instruments - Title. for Trading	-	6,693	6,693
Property and Equipment	Property and Equipment	319,839	612,875	932,714
Accumulated depreciation	Depreciation and Amortization	-	(612,875)	(612,875)
Intangible Assets	Intangible Assets	963,296	652,066	1,615,362
Accumulated Amortization	Depreciation and Amortization	-	(652,066)	(652,066)
TOTAL		**56,589,040**	**-**	**56,589,040**

LIABILITIES				Consolidated
From	To	Posted on 12/31/2019	Reclassification	12/31/2019 (Restatement)
Interbank Accounts		81,645	(81,645)	-
	Other Financial Liabilities	-	81,645	81,645
Interbranch Accounts		225,768	(225,768)	-
	Other Financial Liabilities	-	225,768	225,768
Other Liabilities		10,417,781	(10,417,781)	-
	Other Financial Liabilities	-	6,272,899	6,272,899
	Provisions	-	1,936,040	1,936,040
	Other Liabilities	-	1,904,360	1,904,360
	Deferred Tax Liabilities	-	304,482	304,482
Deferred Income		178,188	(178,188)	-
	Other Liabilities	-	178,188	178,188
TOTAL		**10,903,382**	**-**	**10,903,382**

INCOME STATEMENT				Parent Company
From	To	Posted on 06/30/2019	Reclassification	06/30/2019 (Restatement)
Loans		3,299,451	(3,299,451)	-
	Loans, Leasing Operations and Other Receivables	-	3,299,451	3,299,451
Leasing Operations		3,000	(3,000)	-
	Loans, Leasing Operations and Other Receivables	-	3,000	3,000
Sales or Transfer of Financial Assets		31,026	(31,026)	-
	Loans, Leasing Operations and Other Receivables	-	31,026	31,026
Income from Services Rendered		72,219	(72,219)	-
Income from Bank Fees		536,508	(536,508)	-
	Income from Bank Fees	-	608,727	608,727
TOTAL		**3,942,204**	**-**	**3,942,204**

INCOME STATEMENT				Consolidated
From	To	Posted on 06/30/2019	Reclassification	06/30/2019 (Restatement)
Loans		3,299,462	(3,299,462)	-
	Loans, Leasing Operations and Other Receivables	-	3,299,462	3,299,462
Leasing Operations		3,000	(3,000)	-
	Loans, Leasing Operations and Other Receivables	-	3,000	3,000
Sales or Transfer of Financial Assets		31,026	(31,026)	-
	Loans, Leasing Operations and Other Receivables	-	31,026	31,026
Income from Services Rendered		455,791	(455,791)	-
Income from Bank Fees		536,521	(536,521)	-
	Income from Bank Fees	-	992,312	992,312
TOTAL		**4,325,800**	**-**	**4,325,800**

CASH FLOW STATEMENT				Parent Company
From	To	Posted on 06/30/2019	Reclassification	06/30/2019 (Restatement)
(Increase) in Interbank and Interbranch Accounts		(45,034)	45,034	-
	(Increase) in Compulsory Deposits - Central Bank of Brazil	-	(306,706)	(306,706)
	(Increase) in Other Financial Assets	-	(61,485)	(61,485)
	Increase in Other Financial Liabilities	-	323,157	323,157
Decrease in Other Receivables		416,509	(416,509)	-
	Decrease in Other Financial Assets	-	323,345	323,345
	(Increase) in Other Assets	-	(51,616)	(51,616)
	Decrease of Deferred Taxes	-	144,780	144,780
(Increase) in Other Assets		(52,340)	52,340	-
	(Increase) in Other Assets	-	(52,340)	(52,340)
(Decrease) in Other Liabilities		(200,297)	200,297	-
	Increase in Other Financial Liabilities	-	185,398	185,398
	(Decrease) in Other Liabilities	-	(118,360)	(118,360)
	(Decrease) in Provisions	-	(70,451)	(70,451)
	(Decrease) in Deferred Tax Liabilities	-	(196,884)	(196,884)
Increase in Deferred Income		66,693	(66,693)	-
	Increase in Other Liabilities	-	66,693	66,693
Acquisition of Investments		(1,798)	118	(1,680)
	(Increase) in Trading Securities	-	(118)	(118)
TOTAL		**183,733**	**-**	**183,733**

CASH FLOW STATEMENT				Consolidated
From	To	Posted on 06/30/2019	Reclassification	06/30/2019 (Restatement)
(Increase) in Interbank and Interbranch Accounts		(252.058)	252.058	-
	(Increase) in Compulsory Deposits - Central Bank of Brazil	-	(306.706)	(306.706)
	(Increase) in Other Financial Assets	-	(274.234)	(274.234)
	Increase in Other Financial Liabilities	-	328.882	328.882
Decrease in Other Receivables		213.148	(213.148)	-
	Decrease in Other Financial Assets	-	263.537	263.537
	(Increase) in Other Assets	-	(195.514)	(195.514)
	Decrease of Deferred Taxes	-	145.125	145.125
((Increase) in Other Assets		(53.329)	53.329	-
	(Increase) in Other Assets	-	(53.329)	(53.329)
(Decrease) in Other Liabilities		32.563	(32.563)	-
	Increase in Other Financial Liabilities	-	429.023	429.023
	(Decrease) in Other Liabilities	-	(129.659)	(129.659)
	(Decrease) in Provisions	-	(70.594)	(70.594)
	(Decrease) in Deferred Tax Liabilities	-	(196.207)	(196.207)
Increase in Deferred Income		66.693	(66.693)	-
	Increase in Other Liabilities	-	66.693	66.693
Decrease in Securities Held to Maturity		647.826	(16.658)	631.168
	Reduction in Trading Securities	-	16.658	16.658
Acquisition of Investments		(10.880)	118	(10.762)
	(Increase) in Trading Securities	-	(118)	(118)
TOTAL		**643.963**	**-**	**643.963**

NOTE 03 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the consolidated financial statements are as follows:

(a) Income and Expenses

Income and expenses are recorded on an accrual basis.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and readily convertible, highly liquid interbank investments, with original maturity not exceeding ninety days and that have an insignificant risk of change in their fair value.

(c) Interbank Investments

These comprise funds invested in the interbank market, stated at present value, calculated on "pro rata die" basis, based on the variation of both the agreed index and the interest rate.

(d) Securities

Pursuant to Circular No. 3068/01, issued by the Central Bank of Brazil, and supplementary regulations, securities are classified and measured in three specific categories, as follows:

- Trading Securities - these include securities acquired for purposes of being actively and frequently traded, measured at fair value, with related gains or losses recognized in the income statement.

- Available-for-Sale Securities - these include securities used as part of the strategy to manage risk of changes in interest rates and may be traded as a result of these changes, changes in payment conditions or other factors. These securities are adjusted to fair value less impairment losses, if applicable, and income earned is recorded in the income statement. Unrealized gains and losses from changes in fair value are recorded directly in shareholders' equity, net of taxes, under "Other Comprehensive Results" until they are realized through sale.

When realized, the gains and losses are recognized in the income statement on the trading date, with a counter-entry to equity, net of taxes.

- Held-to-Maturity Securities - these are securities for which Management has the positive intent and financial capacity to hold to maturity. These securities are carried at amortized cost, less any impairment losses, plus income earned on a “pro rata” basis. Financial capacity is determined based on cash flow projections, disregarding the possibility of selling such securities.

(e) Derivative Financial Instruments

Derivative financial instruments are classified at the date of acquisition, in accordance with management’s intent to use them as protective (hedge) instruments or not, in accordance with BACEN Circular No. 3082/02.

Derivative financial instruments are recorded at market value, with gains and losses recognized directly in the income statement, provided they are not used for hedging, but acquired at the request of customers or on their own account.

The method for recognizing subsequent changes in the fair value of derivatives depends on whether the derivative is designated or not as a hedging instrument, as well as on the nature of the item being hedged.

The Bank uses hedge accounting and assigns the derivative contracts to hedge its subordinated debts (Note 18) and as a hedge of fair value of recognized assets or liabilities or a firm commitment (market risk hedge).

On initial designation of the hedge, Banrisul formally documents the relationship between hedging instruments and hedged items, as well as the objectives of risk management and the strategy behind the various hedge transactions. The Bank also registers its assessment in hedging transactions effectiveness in offsetting changes in fair value or the cash flows of the hedged items, throughtout the term of said hedge.

Market Risk Hedge - derivative financial instruments intended to offset risks from exposure to changes in market value of hedged items are recorded in this category.

Banrisul included in this category the derivative contracts used for hedging its US dollar denominated subordinate debt against foreign exchange variation, with a USD 523.185 million notional amount due on February 2, 2022, described in Note 18. As of June 30, 2020, the only current derivatives refer to swap transactions.

The fair value variations of derivatives designated and qualified as market risk hedges are recorded in the income statement, together with any changes in fair value of the hedged asset or liability attributable to the hedged risk (Note 07 (d)). The gains or losses related to this operation are recognized in the income statement as “Income from Financial Intermediation”.

(f) Loans, Leases and Other Receivables with Lending Characteristics

All loans and leases are classified based on Management’s risk assessment, taking into account the economic scenario, past experience and specific risks related to transactions, debtors and guarantors, pursuant to National Monetary Council (CMN) Resolution No. 2682/99, which requires a periodic analysis of the portfolio and classification into nine risk levels, from AA to H. A summary of this classification is presented in Note 08.e

Loans and leases are recorded at present value, calculated on a daily pro-rata basis, based on the agreed index and interest rate, and accrue interest through the 60^{th} day past due. Thereafter, interest income is recognized only when the payments are actually received. The risk of renegotiated loans is classified in accordance with the criteria established by National Monetary Council (CMN) Resolution No. 2682/99, i.e., the rating assigned before the renegotiation is maintained. Renegotiated loans that had previously been written-off against the allowance for loan losses and controlled in memorandum accounts are rated level H. Any gains on renegotiation are recognized as income only when actually received (Note 08 (e)).

(g) Provisions for Expected Losses Associated with Credit Risk

Allowance for loan losses, lease receivables and losses on other receivables are obtained from internal risk models that classify operations according to the levels of ratings set forth by the Resolution No. 2682/99 of the

National Monetary Council (CMN). Historically, allowances remain in levels deemed sufficient to cover probable losses.

The total amount related to the allowance for loan losses, allowance for doubtful lease receivables and losses on other receivables is stated in Note 08 (f).

(h) Other Assets

Comprises mainly: Assets Not in Use, relating to real estate held for sale, both our own real estate that is no longer in use and real estate received in lieu of payment, which are adjusted to market value through recognition of a provision, according to current regulations; and Prepaid Expenses, corresponding to investments whose benefits will occur in future years.

(i) Investments and Goodwill

In the Parent Company, investments in subsidiaries and associates are accounted for by the equity method, based on their equity value.. Goodwill corresponds to the excess amount paid on the acquisition of investments due to expected generation of future economic gains. Goodwill is annually tested for impairment.

(j) Permanent Assets

Property and equipment in use comprise mainly land and buildings. As set forth by CMN Resolution No. 4535/16, from January 1, 2017, the property and equipment in use are stated at historical cost less depreciation, as are all other permanent assets. Historical cost includes expenses directly attributable to the acquisition or construction of assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely to flow and its cost can be reliably measured. All other repairs and maintenance are recognized in the income statement as operating expenses provided they do not effectively result in increase in lifespan, efficiency or productivity, when incurred.

Land is not depreciated. Depreciation of other assets is calculated using the linear method to reduce their costs to their residual values over the estimated lifespan, as presented below:

Permanent Assets	Estimated Lifespan in Years
Property	60
Facilities	25
Equipment in Use	19
Other	7

The residual amounts and the lifespan of assets are reviewed and adjusted, if appropriate, at the end of each fiscal year. As required, lifespan is reviewed once a year and the corresponding review report produced.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. The book value of an asset is immediately reduced to its estimated recoverable value if it is greater than this recoverable value. The recoverable value is the higher amount between an asset's fair value less costs to sell and the value in use.

Gains and losses on disposals are determined by comparing the payments to be received with the book value and are recorded in Other Operating Income (Expenses), in the income statement.

(k) Intangible - corresponds to vested rights that have as object intangible assets intended for the maintenance of the company or to use for that purpose. CMN Resolution No. 4534/16 establishes that, from January 1, 2017, intangible assets are stated at their cost, and that assets with defined lifespan be amortized by the linear method throughout their lifespan.

This group is composed of payments made for banking service contracts (payroll services) and the acquisition of software, as follows:

Intangible	Estimated Lifespan in Years
Payroll Services	5 and 10
Softwares	3 and 7

Acquisition of Payroll Services

Public Sector - refers to agreements to obtain exclusive rights for the tendering of payroll services to the State of Rio Grande do Sul, to the Judiciary Branch of the State of Rio Grande do Sul, local town halls and other public agencies. Internal analysis and independent studies were conducted and no evidence of impairment related to these assets has been identified (Note 14(c)).

Private Sector - refers to the five-year agreements signed with private entities, amortized throughout the contractual term. No impairment losses were identified on these assets.

Software

Software licenses are capitalized based on acquisition and readiness costs. These costs are amortized throughout the estimated lifespan of the software, from three to seven years.

The costs associated with maintaining software are recognized as expense, as incurred. Development costs that are directly attributable to the project and to the testing of identifiable and unique software products controlled by Banrisul are recognized as intangible assets.

Directly attributable costs, capitalized as part of the software, include the costs of employees responsible for software development and the apportionment of the applicable indirect costs. Costs also include financing costs incurred during the software development period.

Other costs with software development that do not meet these criteria are recognized as incurred. Software development costs previously recorded into expense accounts are not recorded as assets in subsequent periods.

Software development costs recognized as assets are amortized over their estimated lifespan.

The book value of an intangible asset is immediately written off to its estimated recoverable value if it is greater than that recoverable value, which is reviewed annually.

(l) Impairment of Assets

Banrisul annually reviews intangible assets for impairment losses. When identified, losses are recognized in the income statement of the period.

(m) Foreign Currency Conversion

Banrisul’s financial statements are presented in Reais, the functional and reporting currency. The functional currency of the branches abroad was determined as per the National Monetary Council (CMN) Resolution No. 4524/16.

Banrisul has two branches overseas - Miami and Grand Cayman, whose financial statements are translated into USD. Their financial statements (none of which uses currency from hyperinflationary economies) are converted at the reporting date using current rates when their functional currency differs from the reporting currency, according to the following criteria:

- Assets and liabilities are converted using the exchange rate of the balance sheet date; and
- Income and expenses are converted using the monthly average exchange rate.

Foreign exchange variation adjustments arising from the conversion process are recorded as Other Comprehensive Income, a component Equity.

(n) Deposits, Repurchase Agreements, Funds from Acceptances and Issuance of Securities, Borrowings and Onlendings

These are stated at cost plus charges accrued through the reporting date, recognized on a “pro rata die” basis. The amounts and terms are shown in Notes 15, 16 and 17.

(o) Contingent Reserves, Assets and Liabilities and Tax, Labor and Civil Contingencies

Contingent reserves, assets and liabilities, and legal obligations are recognized, measured and disclosed in accordance with the criteria set forth by Technical Pronouncement CPC 25, approved by the National Monetary Council (CMN) Resolution No. 3823/09.

- **Contingent Assets** - they are not recognized in the financial statements, except when there is evidence that realization thereof is virtually certain, and that no further appeal can be disputed.

- **Contingent Reserves and Liabilities** - a contingent liability provision is recognized in the financial statements when, based on the opinion of management, the risk of losing a lawsuit or administrative claim is deemed probable, there will be a probable outflow of funds for the settlement of liabilities and the amounts involved can be reliably measured.

Contingent liabilities assessed as possible losses are not provided for; however, disclosure is made in the Notes to the Financial Statements. Contingent liabilities assessed as remote losses are neither accrued nor disclosed.

- **Legal, Tax and Social Security Liabilities -** legal obligations are recorded as liabilities, regardless of the evaluation of loss probability.

(p) Income tax and Social Contribution

Deferred tax assets or income tax and social contribution liabilities for were calculated based on the rates in effect on the date of the financial statements, and in the perspective of estimated realization for these credits in the period of validity of these rates on temporary differences, and recorded under “Tax Credits” against the income for the period. Should there be a change in tax legislation that changes criteria and rates to be adopted in future periods, the effects are recorded immediately based on the criteria and rates applicable to the period in which each portion of the assets will be realized or the liability settled. The realization of these tax credits will occur upon the realization of temporary differences and the respective recorded provisions.

Provision for income tax is recorded at the base rate of 15% of taxable income, plus an additional 10%. For financial and similar companies, the social contribution on profit calculated up to August 2015 considered the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13169/15, returning to the rate of 15% as of January 2019. As per the Article 32 of Constitutional Amendment No. 103, released in November 2019, the social contribution rate calculated on the net profit of financial companies increased to 20% from 15%, effective as of March 2020. For all other companies, the contribution social contribution is calculated considering the rate of 9%.

The composition of the amounts of income tax and social contribution, the statement of their calculations, the origin and estimated realization of tax credits, are presented in Notes 10 and 24.

(q) Post-Employment Long Term Benefit Obligations to Employees

- **Post-Employment Obligations** - Banrisul sponsors FBSS - Fundação Banrisul de Seguridade Social (Banrisul Social Security Foundation) and CABERGS - Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul (Medical Assistance for Employees of Banco do Estado do Rio Grande do Sul) which, respectively, ensure the provision of retirement benefits and medical care to its employees.

- **Retirement Plans** - The Bank sponsors pension plans of the “defined benefit” and “variable contribution” types.

A defined benefit plan is different from a defined contribution plan. In general, defined benefit plans provide a value of pension benefit that the employee will receive upon retirement, usually depending on one or more factors such as age, length of service and salary.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Independent actuaries calculate the defined benefit obligation annually using the Projected Credit Unit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using rates consistent with market yields on high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity similar to those of the respective obligations of the pension plan.

The actuarial valuation is established based on assumptions and projections of interest rates, inflation, increases in benefits, life expectancy, the effect of any limitation upon the contribution of the employer in the cost of future benefits and contributions or third-party contributions that reduce the ultimate cost of those benefits to the Bank, among others. The actuarial valuation and its assumptions and projections are updated on an annual basis at the end of each year. Actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are recognized directly in Equity, as Valuation Adjustments.

The cost of benefits under the defined benefit plans is determined separately for each plan. When they occur, costs of past services are immediately recognized in profit or loss as incurred.

The variable contribution plans are benefits with defined contribution characteristics, and cover: expected retirement; early retirement; and funeral assistance. In this case, Banrisul has no further payment obligations besides contributions already paid. The contributions are recognized as employee benefit expense when due. Contributions made in advance are recognized as an asset to the extent that cash refund or a reduction in future payments is available. In addition, there are further benefits with defined benefit characteristics, which are retirement for disability, proportionate benefit, sickness allowance, annual bonus, minimum benefit and retirement annuity with life insurance coverage.

- Health Plans - plans provided by Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul (Cabergs, the Assistance Fund for the Employees of Banco do Estado do Rio Grande do Sul), which offer health care benefits in general and whose cost is established through an agreement of accession.

Banrisul also offers the benefit of post-retirement health care to its employees. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology used for defined benefit pension plans. Actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are charged or credited to equity, under Valuation Adjustments. Independent qualified actuaries measure these obligations annually.

Plan assets are not available to creditors of Banrisul and cannot be paid directly to the Bank. The fair value is based on information about market price and, in the case of traded assets, their market value. The value of any recognized defined benefit asset is limited to the sum of any previous service cost not yet recognized and to the present value of any economic benefit available as reductions in future employer contributions to the plan.

- Retirement Award - upon retirement, Banrisul gives its employees a premium for retirement that is proportional to their monthly salary, effective at the time of retirement.

Additionally, the results of the actuarial valuation can generate an asset to be recognized, The Institution records this asset only when:

- it controls a resource, which is the ability to use the surplus to generate future benefits;
- this control is the result of past events (contributions paid by the Bank and service provided by the employee); and
- future economic benefits to the Bank are available in the form of reductions in future contributions or of cash refund, either directly to the Bank, or indirectly to compensate for the deficit of another post-employment benefit plan (in compliance with law).

The commitments to these three types of post-employment benefits are annually assessed and reviewed by independent qualified actuaries.

(r) Earnings per Share

The institution calculates earnings per thousand shares by dividing the weighted average number of total common and preferred shares outstanding during the period by the net income for the period.

Earnings per share is disclosed in accordance with CVM Rule No. 636/10.

NOTE 04 - CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash	**1,132,126**	**1,161,173**	**1,132,130**	**1,161,179**
In Local Currency	773,228	892,713	773,232	892,719
In Foreign Currency	358,898	268,460	358,898	268,460
Interbank Investments	**8,662,082**	**1,011,687**	**8,663,376**	**1,012,969**
Reverse Repurchase Agreements (1)	8,651,023	1,003,615	8,652,317	1,004,897
Investments in Interbank Deposits (2)	11,059	8,072	11,059	8,072
Total	**9,794,208**	**2,172,860**	**9,795,506**	**2,174,148**

(1) Composed by the agreements described in note 05, with original maturity of 90 days or less and that have presented insignificant risk of a change in their fair values.

NOTE 05 - INTERBANK INVESTMENTS

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Reverse Purchase Agreements	**8,651,023**	**1,003,615**	**8,652,317**	**1,004,897**
Reverse Repurchase Agreements - Own Portfolio				
Financial Treasury Letter - LFT	2,001,029	1,554	2,001,029	1,554
National Treasury Letter - LTN	2,000,000	1,002,061	2,000,000	1,002,061
Financial Treasury Bills - NTN	4,649,994	-	4,649,994	-
Bank Deposit Certificates	-	-	1,294	1,282
Interbank Deposits	**31,060**	**8,072**	**31,060**	**8,072**
Interbank Deposits	31,060	8,072	31,060	8,072
Total	**8,682,083**	**1,011,687**	**8,683,377**	**1,012,969**

NOTE 06 - COMPULSORY DEPOSITS - CENTRAL BANK OF BRAZIL

		Banrisul and Banrisul Consolidated	
Compulsory Deposits - BACEN	**Form of Remuneration**	**06/30/2020**	**12/31/2019**
Demand deposits and other resources	Without Remuneration	524,730	556,265
Savings Deposits	Savings	2,043,356	1,912,007
Other Deposits	Without Remuneration	46,214	46,561
Time Deposits	SELIC	4,642,769	9,671,258
Total		**7,257,069**	**12,186,091**

(1) Variation in the balance resulting from the reduction of the reserve requirement rate on these funds, in accordance with Bacen Circular No 3993/20.

NOTE 07 - PORTFOLIO OF SECUIRITES AND DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of the portfolio of Securities and Derivative financial instruments:

	Parent Company			Consolidated
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Trading Securities	6,340,829	5,618,271	6,431,117	5,923,423
Available-for-sale Securities	177	171	2,620	2,662
Held-to-Maturity Securities	19,836,448	18,871,167	19,846,342	18,880,890
Derivative financial instruments	1,057,456	131,309	1,057,456	131,309
Total	**27,234,910**	**24,620,918**	**27,337,535**	**24,938,284**

The fair values presented in the table below were determined as follows: actively traded Treasury Bills are determined based on prices published by the ANBIMA (Brazilian Association of Financial and Capital Markets); shares of publicly-held companies are based on the average price of the last trading day prior to the reporting date; investment fund shares are updated daily with the respective share price informed by the fund administrator; and for securities where no prices are available Banrisul uses internal models for calculating the market value, using B3's future curves.

(a) Trading Securities

Breakdown of Trading Securities per type, at fair value:

	Parent Company			Consolidated
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Financial Treasury Bills - LFT	6,313,552	5,584,929	6,321,491	5,592,735
Shares of Publicly-Held Companies	8,141	14,699	8,141	14,699
Fixed Income Fund Shares	-	-	48,913	270,468
Referenced Fund Shares	-	-	22,167	15,729
Other Fund Shares	12,207	12,024	23,476	23,099
Others	6,929	6,619	6,929	6,693
Total	**6,340,829**	**5,618,271**	**6,431,117**	**5,923,423**

Breakdown per maturity:

	Parent Company			Consolidated
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Without Maturity	21,200	27,277	103,549	109,626
3 to 12 months	897,414	897,369	897,414	897,369
1 to 3 years	953,160	952,984	953,160	952,984
3 to 5 years	2,709,650	2,708,475	2,717,589	2,716,414
5 to 15 years	1,756,072	1,754,724	1,756,072	1,754,724
Total as of 06/30/2020	**6,337,496**	**6,340,829**	**6,427,784**	**6,431,117**
Total as of 12/31/2019	**5,604,408**	**5,618,271**	**5,909,561**	**5,923,423**

(b) Available-for-Sale Securities

Breakdown of Available-for-Sale Securities per type, at fair value:

	Parent Company			Consolidated
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Privatization Certificates	-	-	10	9
Fixed Income Fund Shares	177	171	177	171
Real Estate Fund Shares	-	-	2,433	2,482
Total	**177**	**171**	**2,620**	**2,662**

Breakdown per maturity:

	Parent Company		Consolidated	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Without Maturity	177	177	1,940	2,620
Total as of 06/30/2020	**177**	**177**	**1,940**	**2,620**
Total as of 12/31/2019	**171**	**171**	**1,849**	**2,662**

(c) Held-to-Maturity Securities

Breakdown of Held-to-Maturity Securities per Type, at amortized cost (cost plus accrued income):

	Parent Company		Consolidated	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Federal Government Securities				
Financial Treasury Bills - LFT	19,738,350	19,727,618	19,748,245	19,737,513
Federal Bonds - CVS	77,757	78,654	77,756	78,654
Certificate of Real Estate Receivables - CRI	18,222	16,919	18,222	16,919
Bank Notes	2,119	2,096	2,119	2,096
Total as of 06/30/2020	**19,836,448**	**19,825,287**	**19,846,342**	**19,835,182**
Total as of 12/31/2019	**18,871,167**	**18,871,220**	**18,880,890**	**18,880,943**

Breakdown per maturity:

	Banrisul		Banrisul Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Up to 3 months	-	2,748	-	2,748
3 to 12 months	1,578,448	-	1,578,448	-
1 to 3 years	2,296,739	2,247,515	2,302,034	2,252,719
3 to 5 years	10,645,668	9,822,099	10,650,267	9,826,618
5 to 15 years	5,315,593	6,798,805	5,315,593	6,798,805
Total	**19,836,448**	**18,871,167**	**19,846,342**	**18,880,890**

Management declares that Banrisul has the financial capability and the intention to hold these securities to maturity.

(d) Derivative Financial Instruments

Banrisul conducts transactions involving derivatives in the form of swaps. These swaps are designed to meet Banrisul’s needs and to manage its global exposure.

The use of derivatives is mainly to mitigate the risks from currency fluctuations arising from the international funding operation carried out by Banrisul, as mentioned in Note 18, in the form of a rate swap to CDI.

With this objective, swap transactions are long-term, aligned with the flow and maturity of the foreign funding maturing to the extent that portions of the external funding have natural hedges.

The swaps are OTC contracts registered with B3 S. A. - Brasil, Bolsa, Balcão, and have as counterparties top-tier financial institutions.

The table below demonstrates the effectiveness of the structure of hedge accounting developed by Banrisul, demonstrating the amortized cost value, fair value and fair value adjustments of the hedged item (subordinated debt) and the hedging instrument (swaps):

				Parent Company and Consolidated	
				06/30/2020	12/31/2019
Derivatives Used as Fair Value Hedge	**Notional Value**	**Amortized cost**	**Mark-to-Market**	**Fair Value**	**Fair Value**
Hedging Instrument					
Swaps	2,102,648	792,871	264,585	1,057,456	131,309
Foreign Currency (USD)	2,102,648	792,871	264,585	1,057,456	131,309
Hedged Item					
Subordinated Debt (Note 18)	917,665	2,933,015	264,028	3,197,043	2,293,245
Foreign Currency (USD)	917,665	2,933,015	264,028	3,197,043	2,293,245

The following table shows the breakdown of the derivatives (asset and liability legs) by notional value and fair value:

			Parent Company and Consolidated	
Swaps	**Notional Value**	**Receivable (Payable) Amortized Cost (1)**	**Fair Value Adjustments to Results (1)**	**Fair Value (1)**
Assets				
Foreign Currency (USD) + 7.375% p.a.	2,102,647	830,051	264,345	1,094,396
Liabilities				
% of Interbank Deposit Rate (CDI)	(2,102,647)	(37,180)	240	(36,940)
Net Adjustment as of 06/30/2020		**792,871**	**264,585**	**1,057,456**
Net Adjustment as of 12/31/2019		**11,074**	**120,235**	**131,309**

(1) Values presented net of the notional value.

The table below shows the information of derivatives segregated by contractual cash flow:

				Parent Company and Consolidated	
Swaps	**Notional Value**	**Fair Value (1)**	**Up to 3 months**	**3 to 12 months**	**1 to 3 years**
Assets					
Foreign Currency (USD) + 7.375% p.a.	2,102,648	1,094,396	36,211	35,857	1,022,328
Liabilities					
% of Interbank Deposit Rate (CDI)	(2,102,648)	(36,940)	(733)	(479)	(35,728)
Net Adjustment as of 06/30/2020		**1,057,456**	**35,478**	**35,378**	**986,600**
Net Adjustment as of 12/31/2019		**131,309**	**4,509**	**4,754**	**122,046**

(1) Values presented net of the notional value.

Banrisul or counterparties are mutually subject to providing and giving additional guarantees on a reciprocal basis if the derivatives exceed the fair value limits stipulated by contract.

The margin received by Banrisul as guarantee in operations involving derivatives consists of Interbank deposits in the amount of R$994,225.

Banrisul uses hedge accounting practices established by the Central Bank of Brazil and the effectiveness expected from the designation of hedging instruments and in the course of the operation is in accordance with the provisions of the Central Bank of Brazil.

NOTE 08 - LOANS, LEASE AND OTHER CONTRACTS WITH LENDING CHARACTERISTICS

(a) Breakdown by Type and Risk Level

										Parent Company and Consolidated	
	AA	A	B	C	D	E	F	G	H	03/31/2020	03/31/2019
Loans and Discounted Receivables	361,081	14,761,949	5,643,947	1,100,468	779,538	329,708	167,758	486,569	1,483,249	25,408,962	25,296,657
Financing	131,033	263,135	254,587	95,852	51,512	21,544	1,636	1,990	18,506	836,357	790,907
Rural and Agro-Industrial Financing	513,885	1,496,348	472,504	196,145	71,819	25,341	24,654	16,796	77,026	2,712,450	2,661,169
Real Estate Financing	2,884,785	685,444	224,491	92,043	65,907	20,162	47,487	705	106,289	4,115,162	4,104,558
Loans Assigned with Recourse (1)	12,971	5,786	251	249	159	-	-	-	-	20,560	22,305
Infrastructure and Development Financing	8,157	47,306	6,158	40,141	-	-	-	-	-	99,875	104,003
Subtotal Loans	**3,911,912**	**17,259,968**	**6,601,938**	**1,524,898**	**968,935**	**396,755**	**241,535**	**506,060**	**1,685,070**	**33,193,366**	**32,979,599**
Lease Operations	1,798	2,750	3,333	1,854	2,219	12,115	102	4	1,992	29,358	31,482
Advances on Foreign Exchange Contracts (2)	14,178	122,176	266,741	90,704	93,236	51,493	10,272	40,342	14,632	716,986	643,595
Other Receivables (3)	47,531	1,210,592	315,810	53,463	21,942	5,472	6,613	1,422	144,498	1,956,418	2,181,931
Acquired Portfolio with Recourse (Note 09)	229,046	-	-	-	-	-	-	-	1,137	289,686	346,063
Total Credit Portfolio	**4,204,465**	**18,595,486**	**7,187,822**	**1,670,919**	**1,086,332**	**465,835**	**258,522**	**547,828**	**1,847,329**	**36,185,814**	**36,182,670**
Recourse and Guarantees Granted (4)	123,429	49,425	26,285	85	-	30,115	4,287	10,314	792	277,851	242,851
Total as of 06/30/2020	**4,327,894**	**18,644,911**	**7,214,107**	**1,671,004**	**1,086,332**	**495,950**	**262,809**	**558,142**	**1,848,121**	**36,463,665**	**36,425,521**
Total as of 12/31/2019	**4,154,745**	**19,586,641**	**6,401,449**	**1,965,565**	**982,258**	**432,015**	**280,212**	**681,003**	**1,698,782**		**36,182,670**

(1) Refers to contract of assignment of receivables with recourse where Banrisul has assigned to Cibrasec mortgage loans operations.
(2) Composed of Advances on Foreign Exchange Contracts reclassified from Other Liabilities and Income from Advances Granted.
(3) Refers to debit and credit cards, securitization credit, credit for guarantees honored and receivable income on foreign exchange and receivables from export contracts.
(4) Recorded in off-balance sheet accounts. For sureties and guarantees, the provision was recorded as shown in Note 18.

(b) Customer Breakdown per Maturity and Risk Levels

											Parent Company and Consolidated
	Credit Portfolio in Ordinary Course [1]										
	AA	A	B	C	D	E	F	G	H	06/30/2020	12/31/2019
Falling Due	**4,195,280**	**18,496,723**	**6,953,851**	**1,465,152**	**919,773**	**274,887**	**223,372**	**81,894**	**1,019,811**	**33,630,743**	**35,011,849**
01 to 30 days	155,968	1,492,743	508,935	161,296	62,543	44,976	17,286	16,588	59,719	2,520,054	2,526,260
31 to 60 days	76,784	981,401	575,239	106,995	45,949	23,820	6,824	3,991	17,279	1,838,282	1,775,910
61 to 90 days	89,166	789,059	272,061	82,969	44,504	14,085	10,437	4,213	16,717	1,323,211	1,479,750
91 to 180 days	189,997	1,901,334	720,488	208,638	110,960	31,778	41,547	6,122	44,444	3,255,308	3,715,365
181 to 360 days	380,708	2,546,700	1,101,167	235,573	154,153	36,313	61,557	7,143	84,213	4,607,527	5,045,560
Over 360 days	3,302,657	10,785,486	3,775,961	669,681	501,664	123,915	85,721	43,837	797,439	20,086,361	20,469,004
Past Due	**9,185**	**98,763**	**17,906**	**14,524**	**7,218**	**2,606**	**7,656**	**989**	**25,465**	**184,312**	**72,737**
Up to 14 days	9,185	98,763	17,906	14,524	7,218	2,606	7,656	989	25,465	184,312	72,737
Subtotal	**4,204,465**	**18,595,486**	**6,971,757**	**1,479,676**	**926,991**	**277,493**	**231,028**	**82,883**	**1,045,276**	**33,815,055**	**35,084,586**
	Non-Performing Contracts [1]										
Falling Due	**-**	**-**	**138,028**	**141,242**	**119,422**	**142,765**	**63,623**	**90,927**	**707,932**	**1,403,939**	**448,993**
01 to 30 days	-	-	5,211	4,930	4,920	4,400	2,868	2,867	21,899	47,095	13,520
31 to 60 days	-	-	4,245	3,878	3,276	3,387	2,312	2,523	18,539	38,160	13,294
61 to 90 days	-	-	3,719	4,534	3,136	4,794	2,195	2,505	17,927	38,810	13,072
91 to 180 days	-	-	10,266	12,756	8,382	9,863	5,901	6,849	53,683	107,700	37,623
181 to 360 days	-	-	17,402	22,206	13,693	20,102	9,951	12,266	99,828	195,448	68,802
Over 360 days	-	-	97,185	92,938	86,015	100,219	40,396	63,917	496,056	976,726	302,682
Past Due	**-**	**-**	**78,037**	**50,001**	**39,919**	**45,577**	**44,612**	**47,930**	**440,861**	**746,937**	**649,091**
01 to 14 days	-	-	142	419	958	552	484	486	6,213	9,254	2,788
15 to 30 days	-	-	76,763	17,971	8,524	8,752	3,830	3,226	20,072	139,138	126,564
31 to 60 days	-	-	1,132	30,333	7,960	6,520	7,603	4,787	31,799	90,134	59,899
61 to 90 days	-	-	-	891	21,362	7,433	9,086	7,732	49,144	95,648	56,225
91 to 180 days	-	-	-	387	1,115	21,860	23,110	28,901	93,528	168,901	212,079
181 to 360 days	-	-	-	-	-	460	499	2,798	175,567	179,324	177,892
Over 360 days	-	-	-	-	-	-	-	-	64,538	64,538	13,644
Subtotal	**-**	**-**	**216,065**	**191,243**	**159,341**	**188,342**	**108,235**	**138,857**	**1,148,793**	**2,150,876**	**1,098,084**
Total as of 06/30/2020	**4,204,465**	**18,595,486**	**7,187,822**	**1,670,919**	**1,086,332**	**465,835**	**339,263**	**221,740**	**2,194,069**	**35,965,931**	
Total as of 12/31/2019	**4,154,745**	**19,586,641**	**6,401,449**	**1,965,565**	**982,258**	**432,015**	**280,212**	**681,003**	**1,698,782**		**36,182,670**

(1) Nonperforming Contracts consists of loans with overdue installments of more than 14 days. All other contracts are considered Normal Course.

(c) Credit Portfolio Breakdown by Business Sector

	Parent Company and Consolidated	
	06/30/2020	12/31/2019
Public Sector	**104,329**	**107,143**
Government - Direct and Indirect Administration	104,329	107,143
Private Sector	**35,861,602**	**36,075,527**
Companies	8,966,609	8,720,259
Rural	168,279	232,935
Food, Beverages and Tobacco	1,241,643	1,141,974
Automotive	337,308	340,582
Cellulose, Wood and Furniture	198,219	193,899
Food Wholesale Trade	626,945	444,732
Wholesale Trade (except food)	512,836	448,688
Retail Trade - Other	612,204	621,992
Construction and Real Estate	823,957	816,551
Education, Health and other Social Services	1,358,539	1,398,591
Electrical and Electronics	313,400	337,725
Financial and Insurance	474,276	449,821
Machines and equipment	215,087	203,043
Metallurgy	214,240	179,541
Infrastructure Works	134,369	152,292
Oil and Natural Gas	368,587	374,089
Chemical and Petrochemical	419,807	427,422
Private Services	199,516	202,531
Textile, Clothing and Leather	203,402	197,229
Transportation	285,890	306,606
Others	258,105	250,016
Individuals	26,894,993	27,355,268
Total Loans	**35,965,931**	**36,182,670**

(d) Loans Concentration

	Parent Company and Consolidated			
	06/30/2020		12/31/2019	
	Value	% of Portfolio	Value	% of Portfolio
Largest Debtor	171,916	0.48	201,188	0.56
Next 10 Largest Debtors	1,091,293	3.03	1,154,163	3.19
Next 20 Largest Debtors	1,418,286	3.94	1,380,888	3.82
Next 50 Largest Debtors	1,670,176	4.64	1,507,401	4.17
Next 100 Largest Debtors	1,362,092	3.79	1,304,384	3.60

(e) Changes in Allowances

The Allowance for Expected Losses in the amount of R$3,029,915 (Consolidated R$3,033,420) is shown below:

i) Allowance for Loan Losses, Doubtful Lease Receivables and Other Receivables with Lending Characteristics:

	Parent Company and Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019
Opening Balance	**2,764,335**	**2,612,055**
Allowance Recorded in the Period	780,138	579,553
Write-Offs	(562,188)	(597,577)
Ending Balance	**2,982,285**	**2,594,031**
Allowance for Loan Losses	2,751,017	2,479,225
Allowance for Doubtful Lease Receivables	5,943	2,082
Allowance for Losses on Other Receivables with Lending Characteristics (1)	225,325	112,724

(1) Refers to the constitution of a provision for operations involving Credits for Honored Sureties and Guarantees, Debit and Credit Cards, Foreign Exchange Portfolio and Credits Linked to Operations Acquired in Assignment.

ii) Allowance for Other Contracts with Credit Risk:

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
Opening Balance	**47,719**	**47,904**	**50,515**	**59,754**
Allowance/(Reversal) Recorded in the Period	(89)	(145)	690	250
Write-Offs	-	(1)	(70)	(95)
Final Balance	**47,630**	**47,758**	**51,135**	**59,909**

(f) Breakdown of Allowances for Loan Losses, Doubtful Lease Receivables and Other Receivables with Lending Characteristics per Risk Level

			Parent Company and Consolidated
Risk Level	Credit Portfolio	Minimum Allowance Required by CMN Resolution No. 2682/99	Recorded Allowance
AA	4,204,465	0.00%	-
A	18,595,486	0.50%	92,977
B	7,187,822	1.00%	71,878
C	1,670,919	3.00%	50,127
D	1,086,332	10.00%	108,633
E	465,835	30.00%	139,751
F	339,263	50.00%	169,632
G	221,740	70.00%	155,218
H	2,194,069	100.00%	2,194,069
Total as of 06/30/2020	**35,965,931**		**2,982,285**
Total as of 12/31/2019	**36,182,670**		**2,764,335**

(g) Recovery and Renegotiation of Credits

Recoveries of loans previously written off as losses were recognized as income from lending operations and amounted to R$103,174 (1S/2019 - R$261,708) in the half-year period, net of related losses.

The balance of renegotiated loans during the half-year period amounted to R$242,041 (1S/2019 - R$328,287). Pursuant to CMN Resolution No. 2682/99, these transactions remain classified in the same rating they were before the renegotiation; written off credit operations are classified in risk level H following renegotiation.

NOTE 09 - OTHER RECEIVABLES

						Parent Company
	Up 12 Months	Above 12 Months	Total on 06/30/2020	Up 12 Months	Above 12 Months	Total on 12/31/2019
Interfinancial Relations	139,442	1,104,384	1,243,826	21,560	1,074,400	1,095,960
Credits with the National Housing System [1]	-	1,104,384	1,104,384	-	1,074,400	1,074,400
Outstanding Payments and Receipts	128,617	-	128,617	3,442	-	3,442
Others	10,825	-	10,825	18,118	-	18,118
Interdependence Relations	8,229	-	8,229	125,338	-	125,338
Foreign Exchange Portfolio	957,648	34,344	991,992	715,084	1,624	716,708
Income Receivable	107,821	-	107,821	105,717	-	105,717
Guarantee Deposit	-	525,145	525,145	-	476,790	476,790
Payments to Reimburse	54,765	-	54,765	64,096	-	64,096
Securities and Receivables [2]	1,803,700	225,110	2,028,810	2,216,377	232,404	2,448,781
Credits Linked to Acquired Operations with Recorurse (Note 08 (a))	145,066	85,118	230,184	177,757	168,306	346,063
Others	22,823	-	22,823	20,526	-	20,526
Total	**3,239,494**	**1,974,101**	**5,213,595**	**3,446,455**	**1,953,524**	**5,399,979**

						Consolidated
	Up 12 Months	Above 12 Months	Total on 06/30/2020	Up 12 Months	Above 12 Months	Total on 12/31/2019
Interfinancial Relations	1,528,655	1,104,384	2,633,039	1,686,601	1,074,400	2,761,001
Credits with the National Housing System [1]	-	1,104,384	1,104,384	-	1,074,400	1,074,400
Outstanding Payments and Receipts	1,517,830	-	1,517,830	1,668,483	-	1,668,483
Others	10,825	-	10,825	18,118	-	18,118
Interdependence Relations	8,229	-	8,229	125,338	-	125,338
Foreign Exchange Portfolio	957,648	34,344	991,992	715,084	1,624	716,708
Income Receivable	114,476	-	114,476	113,739	-	113,739
Trading and Intermediation of Values	18,538	-	18,538	19,567	-	19,567
Guarantee Deposit	-	533,843	533,843	-	485,380	485,380
Reimbursable Payments	55,056	-	55,056	64,168	-	64,168
Securities and Receivables [2]	1,869,394	225,110	2,094,504	2,284,595	232,404	2,516,999
Credits Linked to Acquired Operations with Recourse (Note 08 (a))	145,066	85,118	230,184	177,757	168,306	346,063
Others	23,707	-	23,707	21,366	-	21,366
Total	**4,720,769**	**1,982,799**	**6,703,568**	**5,208,215**	**1,962,114**	**7,170,329**

(1) Credits with the National Housing System are composed of:
(a) R$178,088 (12/31/2019 - R$188,895), refers to future flows including interest accrued at the discount pre-fixed rate of 14.07% p.a. used when purchasing FCVS credits from the Government of the State of Rio Grande do Sul.
(b) R$923,574 (12/31/2019 - R$882,829), refers to principal and interest installments over acquired credit portfolios to which Banrisul will be entitled to at the time of novation and that are indexed according to the original contracts, i.e., TR + 6.17% p.a. for loans using own funding and TR + 3.12% p.a. for loans with FGTS funding.
(c) R$2,722 (12/31/2019 - R$2,676), refers to the balance of own portfolio contracts using resources from the FGTS, with FCVS coverage, approved and ready for novation, indexed to TR + 3.12% p.a.

National Housing System (SFH) - Acquired Portfolio - From October 2002 to March 2005, Banrisul acquired from the State Government of Rio Grande do Sul receivables related to the Salary Variation Compensation Fund (FCVS). The acquisition terms include a clause guaranteeing financial settlement by the State Government of non-performing contracts, if any. On June 30, 2020, the receivables were stated at the acquisition cost including interest accrued at the rate used to determine the purchase price, amounting to R$1,101,662 (12/31/2019 - R$1,071,724). The face value is R$1,146,459 (12/31/2019 - R$1,122,641). These receivables will be converted into CVS securities pursuant to the ratification and novation processes, and the amounts due to Banrisul at the time of novation are presented and indexed by reference to TR variation plus interest. While no maturity date has been set for these receivables, the market values of the securities, upon their issuance, could significantly differ from the carrying amounts.

National Housing System (SFH) - Own Portfolio - Refers to FCVS credits arising from Banrisul's own mortgage loans portfolio that have already been approved by the FCVS' regulatory body.

(2) Notes and Credit Receivables mainly comprise:
(a) Securities issued to cover court-ordered debts ("precatórios") involving the National Treasury. In the first quarter of 2005, as part of its receivables recovery policy, Banrisul received as payment in kind securities issued by the Federal Government to pay court-ordered debts from companies that belonged to the same Economic Group. The final transference of such securities depends on the outcome of a lawsuit between the Economic Group and the Federal Government and the release of escrow deposits that have been made by the Federal Government according to settle the original flow of the "precatórios". Management understands that there is no need to set up a provision. As of June 30, 2020, these judicial deposits amount to R$174,093 (12/31/2018 - R$168,675) and are indexed to TR and interest9
(b) Non-credit-like receivables, acquired by the Bank from the State Government of Rio Grande do Sul, in the amount of R$58,598(12/31/2019 - R$59,344) related to receivables arising from transactions of the State Government of Rio Grande do Sul or its controlled entities, with the municipality of cities in the State of Rio Grande do Sul. These receivables have yields from 0.50% to 12.01% p.a., plus TR or IGP-M variation with maturity through 2029;
(c) Debit and Credit Cards: receivables from cardholders when using Banricompras and cards from Visa and MasterCard issued by Banrisul. As of June 30, 2020, totaled R$1,668,285 (12/31/2019 - R$2,042,249) in the Parent Company and in the Consolidated; and
(d) Credits Receivable related to BanriCard business and benefit agreements and the acquiring network Vero in the amount of R$43,841 (12/31/2019 - R$46,698) in the Consolidated.

NOTE 10 - TAX CREDITS

Banrisul has deferred tax credits and deferred income tax and social contribution tax liabilities on temporary differences, for the period shown below:

(a) Tax Credits - the balances of tax credits, segregated according to their origins and disbursements, are represented by:

				Parent Company
	Balance on 12/31/2019	**Constitution**	**Realization**	**Balance on 06/30/2020**
Allowance for Loan Losses	1,339,439	342,687	(229,507)	1,452,619
Provision for Labor Risks	465,744	50,195	(78,849)	437,090
Provision for Tax Risks	152,721	5,421	(977)	157,165
Mark-to-Market Adjustment - MTM	50,238	65,206	-	115,444
Other Temporary Provisions	697,311	28,203	(2,286)	723,228
Total Tax Credits on Temporary Differences	**2,705,453**	**491,712**	**(311,619)**	**2,885,546**
Unregistered Credits	(23)	(3)	-	(26)
Total Tax Credits Recorded	**2,705,430**	**491,709**	**(311,619)**	**2,885,520**
Deferred Tax Liabilities	(302,648)	(66,760)	802	(368,606)
Deferred Liabilities Net of Tax Credit	**2,402,782**	**424,949**	**(310,817)**	**2,516,914**

				Consolidated
	Balance on 12/31/2019	**Constitution**	**Realization**	**Balance on 06/30/2020**
Allowance for Loan Losses	1,340,645	342,688	(229,297)	1,454,036
Provision for Labor Risks	468,010	50,283	(78,889)	439,404
Provision for Tax Risks	153,385	5,475	(977)	157,883
Mark-to-Market Adjustment - MTM	50,238	65,206	-	115,444
Other Temporary Provisions	698,878	28,203	(2,286)	724,795
Total Tax Credits on Temporary Differences	**2,711,156**	**491,855**	**(311,449)**	**2,891,562**
Unregistered Credits	(23)	(3)	-	(26)
Total Tax Credits Recorded	**2,711,133**	**491,852**	**(311,449)**	**2,891,536**
Deferred Tax Liabilities	(304,482)	(65,695)	802	(369,375)
Deferred Liabilities Net of Tax Credit	**2,406,651**	**426,157**	**(310,647)**	**2,522,161**

The expectation of realizing these credits is as follows:

				Parent Company	Consolidated
		Temporary Differences			
Year	Income tax	Social contribution	Total	Registered Totals	Registered Totals
2020	271,477	213,363	484,840	484,840	485,097
2021	418,303	293,058	711,361	711,361	711,873
2022	302,235	234,320	536,555	536,555	537,069
2023	186,159	142,873	329,032	329,032	329,545
2024	141,380	114,854	256,234	256,234	256,748
2025 to 2027	165,971	161,745	327,716	327,716	330,138
2028 to 2030	119,414	120,368	239,782	239,782	241,066
2031	14	12	26	-	-
Total as of 06/30/2020	**1,604,953**	**1,280,593**	**2,885,546**	**2,885,520**	**2,891,536**
Total as of 12/31/2019	**1,499,069**	**1,206,384**	**2,705,453**	**2,705,430**	**2,711,133**

The total present value of tax credits is R$2,548,305, calculated according to the expected realization of temporary differences at the average funding rate, projected for the corresponding periods.

(b) Deferred Tax Liabilities - the balances of the provision for deferred income tax and social contributions are represented by:

	Parent Company		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Excess Depreciation	9,632	10,434	9,632	10,434
Fair Value Adjustment of Trading Securities	84,237	23,901	84,811	25,540
Renegotiated Operations Law No. 12,715/12	179,048	172,624	179,048	172,624
Actuarial Surplus	95,689	95,689	95,884	95,884
Total	**368,606**	**302,648**	**369,375**	**304,482**

NOTE 11 - OTHER ASSETS

	Parent Company		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Advances to Employees	43,912	3,062	44,186	3,460
Escrow Deposits	119,471	6,490	168,136	8,104
Post-employment Benefit Plans (Note 26)	212,012	212,012	212,585	212,585
Other Receivables - Domestic	183,336	136,555	181,399	130,976
Assets not in USE net of provision for devaluation	227,005	226,816	228,710	229,746
Prepaid expenses	128,980	148,511	131,093	149,323
Others	108,083	125,305	1,513	23,864
Total	**1,022,799**	**858,751**	**967,622**	**758,058**

NOTE 12 - INVESTMENTS IN AFFILIATES AND SUBSIDIARIES AND GOODWILL

	Parent Company		Consolidated	
	06/30/2020	**03/31/2019**	**06/30/2020**	**03/31/2019**
Investments in Domestic Subsidiaries and associates	**1,782,034**	**1,630,018**	**141,395**	**123,134**
Investments in Subsidiaries	1,645,274	1,511,794	-	-
Investments in Associates	136,760	118,224	141,395	123,134
Goodwill from Investment Acquisitions [1]	**6,239**	**8,110**	**6,239**	**8,110**

(1) Goodwill represents the future economic benefit arising from the acquisition of Bem Promotora de Vendas e Serviços S.A., whose value is being amortized over 10 years.

					Parent Company
As of June 30, 2020	**Adjusted Equity**	**Participation in Capital (%)**	**Investment**	**Net Income**	**Equity Results**
Subsidiaries	**1,649,964**		**1,645,274**	**134,026**	**133,699**
Banrisul Armazéns Gerais S. A.	51,947	99.50	51,686	732	728
Banrisul S. A. Corretora de Valores Mobiliários e Câmbio	88,647	98.98	87,746	1,844	1,823
Banrisul S. A. Administradora de Consórcios	283,520	99.68	282,622	19,852	19,790
Banrisul Cartões S. A.	1,220,850	99.78	1,218,220	111,598	111,358
Banrisul Seguridade Participações S.A.	5,000	100.00	5,000	-	-
Affiliated	**283,244**		**136,760**	**50,750**	**27,886**
Bem Promotora de Vendas e Serviços S. A.	51,370	49.90	25,634	16,774	8,370
Banrisul Icatu Participações S. A.	221,033	49.99	110,494	39,664	19,828
VG8JV Tecnologia S. A.	10,841	5.98	632	(5,688)	(312)

As of June 30, 2020	Adjusted Equity	Participation in Capital (%)	Investment	Net Income	Consolidated Equity Results
Affiliated	**283,244**		**141,395**	**50,750**	**25,599**
Bem Promotora de Vendas e Serviços S. A.	51,370	49.90	25,634	16,774	8,370
Banrisul Icatu Participações S. A.	221,033	49.99	110,494	39,664	19,828
VG8JV Tecnologia S. A.	10,841	48.59	5,267	(5,688)	(2,599)

As of December 31, 2019	Adjusted Equity	Participation in Capital (%)	Investment	Net Income	Parent Company and Consolidated Equity Results
Subsidiaries	**1,516,178**		**1,511,794**	**156,176**	**156,474**
Banrisul Armazéns Gerais S. A.	51,215	99.50	50,957	478	1,149
Banrisul S. A. Corretora de Valores Mobiliários e Câmbio	87,241	98.98	86,355	1,989	1,967
Banrisul S. A. Administradora de Consórcios	268,471	99.68	267,620	19,626	19,564
Banrisul Cartões S. A.	1,109,251	99.78	1,106,862	134,083	133,794
Affiliated	**246,857**		**118,224**	**46,343**	**23,158**
Bem Promotora de Vendas e Serviços S. A.	43,505	49.90	21,709	10,039	5,010
Banrisul Icatu Participações S. A.	191,729	49.99	95,845	36,304	18,148
VG8JV Tecnologia S. A.	11,623	5.76	670	-	-

As of December 31, 2019	Adjusted Equity	Participation in Capital (%)	Investment	Net Income	Consolidated Equity Results
Affiliated	**246,857**		**123,134**	**46,343**	**23,158**
Bem Promotora de Vendas e Serviços S. A.	43,505	49.90	21,709	10,039	5,010
Banrisul Icatu Participações S. A.	191,729	49.99	95,845	36,304	18,148
VG8JV Tecnologia S. A.	11,623	48.00	5,580	-	-

NOTE 13 - PROPRIETY AND EQUIPMENTS

							Parent Company
	Property in Use	Equipment in Inventory	Facilities	Equipment in Use	Software	Others	Total
As of December 31, 2019							
Original Cost	125,147	1,646	224,000	133,305	327,720	23,761	835,579
Accumulated Depreciation	(95,468)	-	(130,257)	(80,570)	(261,266)	(17,535)	(585,096)
Net Balance as of December 31, 2019	**29,679**	**1,646**	**93,743**	**52,735**	**66,454**	**6,226**	**250,483**
Acquisitions	22,433	549	11,897	2,930	12,888	76	50,773
Disposals - Cost	(99)	-	(163)	(395)	(5)	-	(662)
Disposals - Accumulated Depreciation	99	-	138	374	2	-	613
Depreciation	(320)	-	(2,435)	(2,477)	(5,574)	(546)	(11,352)
Net Transfers - Cost	-	(473)	-	188	330	(45)	-
Net Transfers - Accumulated Depreciation	-	-	-	140	(169)	29	-
Net Change	**22,113**	**76**	**9,437**	**760**	**7,472**	**(486)**	**39,372**
As of June 30, 2020							
Original Cost	147,481	1,722	235,734	136,028	340,933	23,792	885,690
Accumulated Depreciation	(95,689)	-	(132,554)	(82,533)	(267,007)	(18,052)	(595,835)
Net Balance as of June 30, 2020	**51,792**	**1,722**	**103,180**	**53,495**	**73,926**	**5,740**	**289,855**

							Consolidated
	Property in Use	Equipment in Inventory	Facilities	Equipment in Use	Software	Others	Total
As of December 31, 2019							
Original Cost	140,855	29,169	232,300	139,681	328,879	61,830	932,714
Accumulated Depreciation	(100,406)	-	(135,945)	(85,030)	(262,172)	(29,322)	(612,875)
Net Balance as of December 31, 2019	**40,449**	**29,169**	**96,355**	**54,651**	**66,707**	**32,508**	**319,839**
Acquisitions	23,731	13,501	11,994	2,953	12,935	3,441	68,555
Disposals - Cost	(99)	(2)	(163)	(395)	(15)	(938)	(1,612)
Disposals - Accumulated Depreciation	99	-	138	374	4	-	615
Depreciation	(404)	-	(2,774)	(2,752)	(9,289)	(671)	(15,890)
Net Transfers - Cost	-	(12,891)	-	188	50,714	(38,011)	-
Net Transfers - Accumulated Depreciation	7	-	-	132	(9,804)	9,665	-
Net Change	**23,334**	**608**	**9,195**	**500**	**44,545**	**(26,514)**	**51,668**
As of June 30, 2020							
Original Cost	164,487	29,777	244,131	142,427	392,513	26,322	999,657
Accumulated Depreciation	(100,704)	-	(138,581)	(87,276)	(281,261)	(20,328)	(628,150)
Net Balance as of June 30, 2020	**63,783**	**29,777**	**105,550**	**55,151**	**111,252**	**5,994**	**371,507**

NOTE 14 - INTANGIBLE ASSETS

	Software Use Rights	Right from Acquisition of Payroll operations (1)	Others	Total
				Parent Company
As of December 31, 2019				
Original Cost	141,607	1,469,815	1,718	1,613,140
Accumulated Depreciation	(84,838)	(564,505)	(668)	(650,011)
Net Balance as of December 31, 2019	**56,769**	**905,310**	**1,050**	**963,129**
Acquisitions	19,282	3,353	-	22,635
Amortization	(7,049)	(84,569)	-	(91,618)
Net Change	**12,233**	**(81,216)**	**-**	**(68,983)**
As of June 30, 2020				
Original Cost	160,889	1,473,168	1,718	1,635,775
Accumulated Depreciation	(91,887)	(649,074)	(668)	(741,629)
Net Balance as of Junr 30, 2020	**69,002**	**824,094**	**1,050**	**894,146**

	Software Use Rights	Right from Acquisition of Payroll operations (1)	Others	Total
				Consolidated
As of December 31, 2019				
Original Cost	143,763	1,469,815	1,784	1,615,362
Accumulated Depreciation	(86,893)	(564,505)	(668)	(652,066)
Net Balance as of December 31, 2019	**56,870**	**905,310**	**1,116**	**963,296**
Acquisitions	19,282	3,353	216	22,851
Amortization	(7,076)	(84,569)	(217)	(91,862)
Cost Net Transfers	46	-	(46)	-
Net Change	**12,252**	**(81,216)**	**(47)**	**(69,011)**
As of June 30, 2020				
Original Cost	163,091	1,473,168	1,954	1,638,213
Accumulated Depreciation	(93,969)	(649,074)	(885)	(743,928)
Net Balance as of June 30, 2020	**69,122**	**824,094**	**1,069**	**894,285**

(1) The net balance of R$824.094 (12/31/2019 - R$905,310) is comprised of:

a) R$739,961 (12/31/2019- R$802,493) related to the agreement signed with the State of Rio Grande do Sul granting Banrisul the exclusive right of servicing the payroll of state civil servants for the next ten years. No indications that these assets are impaired were identified;

b) R$16,000 (12/31/2019 - R$22,400) related to the agreement signed with the Judiciary Power of the State of Rio Grande do Sul to provide payroll services to the Court of Justice's servants for a period of 5 years. The contract also establishes that the Judiciary Power must centralize at Banrisul all of its financial transactions and investments of cash and cash equivalents, with the exception of investments subject to agreements with the Federal Government, and that Banrisul will not receive any remuneration, payment or fees due by the provision of banking services to the Judiciary Power. Banrisul will also make available to the Judiciary Power digital certificates and similar services. No evidence of impairment related to this asset was identified;

c) R$60,925 (12/31/2019 - R$71,610) refers to contracts signed with town halls and other public sector bureaus, for the provision of banking services related to the payroll of their civil servants, and

d) R$7,208 (12/31/2019 - R$8,807) refers to agreements entered into with private sector, are effective for five years and are amortized over the agreement period. No indications that these assets are impaired were identified.

NOTE 15 - DEPOSITS, SECURITIES SOLD UNDER REPURCHASE AGREEMENTS AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

	Without Maturity	Up to 3 Months	3 to 12 Months	Over 12 Months	06/30/2020	12/31/2019
						Parent Company
Deposits						
Demand Deposits (1)	2,976,836	-	-	-	2,976,836	3,237,941
Savings Deposits (1)	10,282,017	-	-	-	10,282,017	9,622,161
Interbank Deposits	-	1,054,839	512	-	1,055,351	457,089
Time Deposits (2)	-	3,942,129	2,556,478	36,420,024	42,918,631	40,354,104
Other Deposits	2,932	-	-	-	2,932	1,670
Total	**13,261,785**	**4,996,968**	**2,556,990**	**36,420,024**	**57,235,767**	**53,672,965**
Repurchase Agreements (Repos)						
Own Portfolio (3)	-	4,338,212	-	-	4,338,212	3,577,107
Total	**-**	**4,338,212**	**-**	**-**	**4,338,212**	**3,577,107**
Funds from Acceptance and Issuance of Securities						
Funds from Real Estate, Mortgage, Credit and Similar Bonds	-	573,535	1,307,886	1,486,631	3,368,052	3,847,623
Total	**-**	**573,535**	**1,307,886**	**1,486,631**	**3,368,052**	**3,847,623**

						Consolidated
	Without Maturity	Up to 3 Months	3 to 12 Months	Over 12 Months	06/30/2020	12/31/2019
Deposits						
Demand Deposits (1)	2,970,447	-	-	-	2,970,447	3,228,976
Savings Deposits (1)	10,282,017	-	-	-	10,282,017	9,622,161
Interbank Deposits	-	1,054,839	512	-	1,055,351	457,089
Time Deposits (2)	-	3,937,129	2,051,062	36,420,024	42,408,215	40,330,188
Other Deposits	2,932	-	-	-	2,932	1,670
Total	**13,255,396**	**4,991,968**	**2,051,574**	**36,420,024**	**56,718,962**	**53,640,084**
Repurchase Agreements (Repos)						
Own Portfolio (3)	-	4,219,772	-	-	4,219,772	3,391,443
Total	**-**	**4,219,772**	**-**	**-**	**4,219,772**	**3,391,443**
Funds from Acceptance and Issuance of Securities						
Funds from Real Estate, Mortgage, Credit and Similar Bonds	-	573,535	1,023,282	1,486,631	3,083,448	3,560,166
Total	**-**	**573,535**	**1,023,282**	**1,486,631**	**3,083,448**	**3,560,166**

(1) Classified as without maturity since there is no contractual maturity date.
(2) Consider the contractual maturities of each contract.
Time deposits are made up of individuals and companies, with floating or fixed rates equivalent to 98.60% and 1.40% of the total portfolio, respectively. The average funding rate for floating-rate deposits corresponds to 82.51% (12/31/2019 - 83.83%) of CDI, and for fixed-rate deposits, to 3.36% (12/31/2019 - 4.55%) p.a. Of total time deposits, 63.87% (12/31/2019 - 64.04%) have some kind of early redemption option, although expense recognition continues to be based on the contractual rate due through maturity, excluding discounts or reductions applicable in the case of early redemption. The maturity dates presented above do not consider the possibility of early redemption.
(3) Funding through securities sold under repurchase agreements - own portfolio is conducted with financial institutions and has an average funding rate of 100% of CDI.

NOTE 16 - BORROWINGS

Foreign Borrowings - represented by funds obtained from foreign banks to be used in foreign exchange transactions subject to the variation of the corresponding currencies plus annual interest at rates ranging from 0.86% to 4.87% (12/31/2019 - 0.86% to 5.44%) with maximum term of up to 354 days (12/31/2019 - 347 days), and presents a total balance of R$851,027 (12/31/2019 - R$708,838).

NOTE 17 - ONLENDINGS

						Parent Company and Consolidated
	Domestic Onlendings - Official Institutions		Foreign Onlendings		Total	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Up to 3 months	264,515	95,112	-	701	264,515	95,813
3 to 12 months	259,502	362,770	-	692	259,502	363,462
1 to 3 years	514,555	556,901	-	-	514,555	556,901
3 to 5 years	277,630	324,053	-	-	277,630	324,053
Over 5 years	174,908	210,994	-	-	174,908	210,994
Total	**1,491,110**	**1,549,830**	**-**	**1,393**	**1,491,110**	**1,551,223**

Composed primarily of funds from Official Institutions (BNDES - National Bank for Economic and Social Development, FINAME - National Equipment Financing Authority, Caixa Econômica Federal - Federal Savings and Loan Bank and FINEP - Funding Authority for Studies and Projects). These liabilities mature on a monthly basis through May 2030, and are subject to interest of 0.88% to 8.00% (12/31/2019 - 0.50% to 8.00%) p.a., plus variation of the indexes (TJLP - “Long-term interest rate”, URTJ-01, US Dollar, currency basket, UPRD, TLP and SELIC) for floating-rate liabilities and up to 18.92% (12/31/2019 - 20.09%) p.a., for fixed-rate liabilities. Funds are transferred to customers on the same terms and with the same funding rates, plus commission for financial intermediation. These funds are collateralized by the same guarantees received for the related loans.

NOTE 18 - OTHER LIABILITIES

						Parent Company
	Up 12 Months	Above 12 Months	Total 06/30/2020	Up 12 Months	Above 12 Months	Total 12/31/2019
Interfinancial Relations	276,789	-	276,789	81,645	-	81,645
Interdependence Relations	443,212	-	443,212	228,696	-	228,696
Foreign Exchange Portfolio	74,778	-	74,778	59,358	-	59,358
Financial and Development Funds	782,033	-	782,033	901,124	-	901,124
Subordinated Debts (1)	223,373	2,984,910	3,208,283	162,353	2,138,695	2,301,048
Creditors for Resources to be Released	49,781	-	49,781	69,469	-	69,469
Payable Card Transactions	989,836	-	989,836	1,186,004	-	1,186,004
Acquisition Payable Obligations	596,059	-	596,059	723,057	-	723,057
Provision for guarantees provided and Guarantees (Note 25 (b))	22,484	-	22,484	10,653	-	10,653
Others	36,450	13,797	50,247	41,206	72,664	113,870
Total	**3,494,795**	**2,998,707**	**6,493,502**	**3,463,565**	**2,211,359**	**5,674,924**

						Consolidated
	Up 12 Months	Above 12 Months	Total 03/31/2020	Up 12 Months	Above 12 Months	Total 12/31/2019
Interfinancial Relations	276,789	-	276,789	81,645	-	81,645
Interdependence Relations	442,814	-	442,814	225,768	-	225,768
Foreign Exchange Portfolio	74,778	-	74,778	59,358	-	59,358
Trading and Intermediation of Values	22,362	-	22,362	20,336	-	20,336
Financial and Development Funds	782,033	-	782,033	901,124	-	901,124
Subordinated Debts (1)	223,373	2,984,910	3,208,283	162,353	2,138,695	2,301,048
Creditors for Resources to be Released	50,096	-	50,096	69,935	-	69,935
Payable Card Transactions	892,915	-	892,915	1,062,348	-	1,062,348
Acquisition Payable Obligations	1,367,129	-	1,367,129	1,718,565	-	1,718,565
Provision for guarantees provided and Guarantees (Note 25 (b))	22,484	-	22,484	10,653	-	10,653
Others	58,556	13,797	72,353	56,868	72,664	129,532
Total	**4,213,329**	**2,998,707**	**7,212,036**	**4,368,953**	**2,211,359**	**6,580,312**

(1) In 2012 Banrisul concluded the issuance of subordinated bonds abroad in two tranches, at the total amounts of USD500 million (500 million U.S. Dollars). and USD275 million (275 million U. S. Dollars), for a10-year term, on February 02, 2022. In 2015, Banrisul partially repurchased its subordinated debt for USD251.81 million (251.81 million U.S. Dollars). The remaining amount of the subordinated debt is equal to USD523.185 million. After the repurchase, the notional USD denominated balance remains at 523.185 million.

NOTE 19 - RESERVES, CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

No contingent assets were recorded and there are no ongoing lawsuits with probable gains.

(b) Contingent Reserves and Liabilities

In the normal course of their activities, Banrisul and its subsidiaries are parties to tax, labor and civil lawsuits at the judicial and administrative levels.

The provisions were calculated taking into account the opinion of Banrisul's legal counselors, using measurement models and benchmarks available, despite the inherent uncertainty as to the period and outcome of the lawsuits. Banrisul records a provision in the amounts involved in lawsuits that have been assessed as probable losses.

Management believes that the provisions are sufficient to cover probable losses arising from lawsuits.

The changes in reserves are as follows:

					Parent Company
	Tax	Labor	Civil	Other	Total
Opening Balance at 12/31/2019	**565,406**	**1,038,834**	**169,843**	**155,196**	**1,929,279**
Recognition and Inflation Adjustment	5,651	107,696	39,689	886	153,922
Provision Reversal	(54)	-	-	-	(54)
Payment	(2,118)	(175,219)	(17,175)	-	(194,512)
Ending Balance at 06/30/2020	**568,885**	**971,311**	**192,357**	**156,082**	**1,888,635**
Guaranteed Deposits at 06/30/20	61,446	363,956	99,743	-	525,145

					Parent Company
	Tax	Labor	Civil	Other	Total
Opening Balance at 12/31/2018	**545,589**	**550,035**	**276,998**	**152,440**	**1,525,062**
Recognition and Inflation Adjustment	5,572	134,400	35,791	1,423	177,186
Provision Reversal	(3)	-	-	-	(3)
Payment	-	(52,778)	(17,673)	-	(70,451)
Ending Balance at 06/30/2019	**551,158**	**631,657**	**295,116**	**153,863**	**1,631,794**
Guaranteed Deposits at 06/30/2019	61,430	323,259	88,535	-	473,224

					Consolidated
	Tax	Labor	Civil	Other	Total
Opening Balance at 12/31/2019	**565,500**	**1,043,608**	**171,736**	**155,196**	**1,936,040**
Recognition and Inflation Adjustment	5,661	107,713	39,938	886	154,198
Provision Reversal	(54)	(87)	-	-	(141)
Payment	(2,118)	(175,281)	(17,175)	-	(194,574)
Ending Balance at 06/30/2020	**568,989**	**975,953**	**194,499**	**156,082**	**1,895,523**
Guaranteed Deposits at 06/30/2020	63,772	369,083	100,988	-	533,843

					Consolidated
	Tax	Labor	Civil	Other	Total
Opening Balance at 12/31/2018	**545,589**	**554,854**	**278,711**	**152,440**	**1,531,594**
Recognition and Inflation Adjustment	5,572	134,629	36,052	1,423	177,676
Provision Reversal	(3)	(139)	-	-	(142)
Payment	-	(52,835)	(17,758)	-	(70,593)
Ending Balance at 06/30/2019	**551,158**	**636,509**	**297,005**	**153,863**	**1,638,535**
Guaranteed Deposits at 06/30/2019	63,798	328,218	89,717	-	481,733

Tax Contingencies

Provisions for tax contingencies relate primarily to liabilities related to taxes whose legality or constitutionality is being challenged at the administrative or judicial levels and the likelihood of loss is considered probable, being recognized at the full amount under dispute. For lawsuits collateralized by escrow deposits, the provisioned amounts and respective escrow deposits are not adjusted for inflation. When legal permits are issued as the result of a favorable outcome, the provisioned amounts and respective escrow deposits are adjusted for inflation and withdrawn.

The main tax contingencies refers to: (i) income tax and social contribution on the deduction of expenses arising from the settlement of the actuarial deficit of Fundação Banrisul de Seguridade Social (Banrisul Social Security Foundation), challenged by the Brazilian Internal Revenue Service for the years 1998 to 2005 in the amount of R$552,106 (12/31/2019 - R$548,653), in which Banrisul, through its legal counsel, has been discussing the matter in court and recorded a provision for contingencies in the amount of the estimated loss; and (ii) National Fund for Educational Development - FNDE tax assessment notice related to education allowance, whose likelihood of loss is classified by our legal counsel as probable, and recorded provisions in the amount of R$ R$6,878 (12/31/2019 - R$6,878). There is no record of other fiscal actions of this nature in the Consolidated Statements.

There are also some tax contingencies whose likelihood of loss, based on their nature, is considered as possible, in the amount of R$79,658 (12/31/2019 - R$ 76,711), and in the Consolidated - R$89,785 (12/31/2019 - R$86,144). These contingencies are mostly related to litigations of municipal and federal taxes nature and that a provision for contingencies was not recognized, in accordance with applicable accounting practices. In addition to these, there is a tax assessment notice in the scope of the Federal Revenue upon the employer's contribution to the Social Security system as well as to contributions to various funds and entities, requiring the payment of the amount of R$202,266 (12/31/2019 - R$200,488), mainly related to the benefits of the Worker's Food Program (PAT) and Profit Sharing (PLR), which was classified by our advisors as of possible loss, in the amount of R$193,176 (12/31/2019 - R$ 191,478), and as of probable loss, the amount of R$9,090 (12/31/2019 - R$9,010), which is duly provisioned.

Labor Contingencies

Refer to lawsuits filed mainly by active employees, former employees, employees of contractors, Associations, Unions and Prosecutors Office, relating to alleged violation of labor rights.

In 2019, given the trend of collective labor lawsuits, the risk perception of such lawsuits changed, so that the process of estimating values began. In view of this, management carried out an assessment of the estimated loss in collective labor lawsuits related to claims filled for the payment of the seventh and eighth working hours, deemed as overtime, based on the analysis of the track record of disbursements in individual cases with similar requests. Based on such facts, in 4Q19, a provision of R$429,036 was made for collective labor lawsuits, covering lawsuits pending final assessment in settlement processes and lawsuits with unfavorable decisions being judged by the Supreme Labor Court. Management considers the set up provision to be sufficient and will continue to monitor the evolution of judicial decisions, evaluating their classification and quantification whenever necessary.

Besides the contingencies above, this account records the provision for labor claims filed against Banrisul, whose likelihood of loss is considered probable. The provision amount is calculated according to the disbursement estimated by Banrisul's management, timely reviewed based on data received from our legal counsel, and adjusted to the escrow deposit when required. Of the aforementioned provision, R$280,315 (12/31/2019 - R$243,955) - consolidated R$283,458 (12/31/2019 - R$247,099) - have been deposited in an escrow account. Additionally, R$83,641 (12/31/2019 - R$78,688) - consolidated R$85,625 (12/31/2019 - R$80,590) - were required for appeals.

There are also some labor contingencies whose likelihood of loss, based on their nature, is considered as possible, in the amount of R$1,663,817 (12/31/2019 - R$1,645,963) - consolidated R$1,679,488 (12/31/2019 - R$1,661,188) -, relating principally to overtime, reintegration to active positions and wage parity. A provision for contingencies was not recognized for the amounts of possible loss on labor claims, in accordance with applicable accounting practices.

Civil Contingencies

Lawsuits for damages refer to compensation for property damage and/or pain and suffering, referring to consumer relations, in particular, matters relating to credit cards, consumer credit, checking accounts, savings accounts, banking collection and loans.

Until September 2019, this account recorded the provision for civil suits when a court notification was received, and was adjusted monthly based on the amount claimed, on evidence produced and on the assessment of the related risk of loss made by the legal counsel, considering case law, factual information gathered, evidence produced in the records and court decisions on the lawsuit.

Starting September 2019, the review of the lawsuits adopted a new model for the provision of civil contingencies, with the total provisions of the lawsuits classified as probable loss being defined by the average cost of the court decisions and the respective legal costs. This review resulted in the reversal of provisions in the amount of R$126,840, the cleaning up the stock of lawsuits and the reassessment of amounts involved in cases classified as possible losses. Management will continue to monitor the evolution of judicial decisions over time.

From the previously mentioned allowance, the amount of R$99,743 (12/31/2019 - R$83,866) - consolidated R$100,988 (12/31/2019 - R$85,5085) - has been deposited in court.

There is also the amount of R$687,302 (12/31/2019 - R$697,235) - consolidated R$ (12/31/2019 - R$699,765) - related to lawsuits filed by third parties against Banrisul, mainly related to insurances, real estate loans and checking accounts, which are classified as possible loss by our legal counsel and, therefore, no provisions were recorded.

Other Contingencies

On September 29, 2000, Banrisul received an assessment notice from the Central Bank of Brazil in connection with administrative proceedings filed by that authority related to supposed irregularities in foreign exchange transactions between 1987 and 1989. In an appeal decision at the administrative level, Banrisul was required to pay a fine equivalent to 100% of the amount of the supposedly irregular transactions. This decision is being challenged in court by Management, which, preventively and in compliance with the Central Bank of Brazil requirements, recorded a provision in the amount of R$156,082 (12/31/2019 - R$155,196) for this contingency.

NOTE 20 - OTHER LIABILITIES

	Parent Company			Consolidated
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Collection and Collection of Taxes and the like	211,965	28,459	211,987	28,459
Social and Statutory	60,298	105,265	60,544	105,490
Taxes	336,363	110,359	433,830	174,189
Provision of Personnel	211,434	197,128	195,208	180,797
Obligations for Official Covenants and Payment Services	129,677	80,389	130,018	80,730
Various Creditors in the Country	84,488	69,827	148,216	132,478
Post-Employment Benefit Plans (1)	959,287	947,722	963,893	952,328
Provisions for Outgoing Payments	180,262	217,768	203,329	246,325
Anticipated Income	171,664	178,188	171,664	178,188
Others	3,004	2,717	3,733	3,564
Total	**2,348,442**	**1,937,822**	**2,522,422**	**2,082,548**

1) Refers to the sponsor's obligations regarding deficits found in defined benefit plans offered to employees and former employees of Banrisul and group companies.

NOTE 21 - EQUITY

(a) Capital

Fully subscribed paid-up capital as of June 30, 2020 is R$5,200,000, represented by 408,974 thousand shares with no par value as follows:

	ON (Common)		PNA (Preferred A)		PNB (Preferred B)		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Rio Grande do Sul State	201,225,359	98,13	751,479	54,73	0	-	201,976,838	49,39
Management and Committee Members	56	-	26	-	5,205	-	5,287	-
Other	3,839,426	1,87	621,586	45,27	202,531,340	100,00	206,992,352	50,61
Total	**205,064,841**	**100,00**	**1,373,091**	**100,00**	**202,536,545**	**100,00**	**408,974,477**	**100,00**

In 1S2020, 3,610 (PNA) shares were converted, mainly into (PNB) shares, in view of requests from shareholders.

Preferred shares do not carry voting rights and are entitled to the following payments:

Class A Preferred Shares:

(i) Priority to receive fixed non-cumulative dividends of six percent (6%) p.a., on the figure resulting from the division of capital by the related number of shares comprising it;
(ii) Right to take part, after Common and Class B Preferred Shares have been paid dividends equal to that paid to those shares, in the distribution of any other cash dividends or bonuses paid out by Banrisul, under the same conditions as Common and Class B Preferred Shares, plus an additional ten percent (10%) over the amount paid to those shares;
(iii) Participates in capital increases deriving from the capitalization of reserves, under the same conditions as Common and Class B Preferred Shares; and
(iv) Priority in capital reimbursement, without premium.

Class B Preferred Shares:

(i) Participates in capital increases deriving from the capitalization of reserves, under the same conditions as Common and Class A C Preferred Shares; and
(ii) Priority in capital reimbursement, without premium.

(b) Reserve

The Capital Reserve refers to the amounts received by the Company that did not pass through the result, as it is not linked to the delivery of goods or services provided.

The Legal Reserve aims to increasing the Company's capital or absorbing losses, but it cannot be distributed in the form of dividends.

The Statutory Reserve has the purpose of guaranteeing resources for general and IT investments, and is limited to 70% of the paid-in capital.

The Expansion Reserve has the purpose of retaining profits to finance investment opex and capex projects, according to Capital budget proposed by the Management and approved at the Shareholders Meeting.

(c) Allocation of Income

Net income for the year, adjusted in accordance with Law No, 6404/76, is allocated as follows: **(i)** 5% to the Legal Reserve, not exceeding 20% of total Capital, **(ii)** mandatory minimum dividends limited to 25% of adjusted net income, and **(iii)** up to 25% of the net income to the Statutory Reserve, limited to 70% of paid-up capital, and is intended to ensure funds for investments in information technology.

The Expansion Reserve formation is intended to finance capital and operational expenditures, according to the capital budget proposed by the Management and approved by the General Shareholders Meeting.

The payout policy adopted by Banrisul aims to pay interest on equity up to the maximum tax-deductible amount calculated in accordance with prevailing legislation, which can be based, on retained earnings or profit reserves. Interest on equity paid can be considered, net of withholding tax, in the calculation of mandatory dividends for the fiscal year, as stated in the Bank's articles of incorporation.

As permitted by Law No. 9249/95 and CVM Rule No. 207/96 and Policy of Quarterly payment of interest on equity, Banrisul paid the amount of R$100,967 relating to interest on equity in 1Q2020 (1S2019 - R$244,156), to be considered as dividends, net of withholding tax. The payment of such interest on equity resulted in a tax benefit for Banrisul in the amount of R$42,083 (1S2019 - R$97,662).

The temporary suspension of quarterly payments of interest on equity, deliberated by the Company's Management in compliance with the prohibitions imposed by Resolution No. 4820/20, which limited the remuneration of own capital to the amount equivalent to the mandatory minimum dividend, was ratified at the Extraordinary General Meeting of Shareholders held on July 24, 2020. Should any prepayment of interest on capital for the year 2020 take place, it will have to be made in conservative, consistent and compatible manners with the uncertainties of the current economic situation, given the potential effects of the coronavirus pandemic (Covid-19).

The distribution of dividends and interest on equity is shown in the table below:

	01/01 to 06/30/2020	01/01 to 06/30/2019
Net Income	**377.299**	**655.348**
Adjustments		
Legal Reserve	(18.865)	(32.767)
Dividend Calculation Basis	**358.434**	**622.581**
Mandatory Minimum Dividend 25%	89.609	155.646
Additional Dividend 15%	-	93.387
Complementary Interest on Equity Paid	6.165	-
Total Dividends	**95.774**	**249.033**

A) Interest on Equity Paid	**95.774**	**230.543**
Common shares (R$246.87854 per thousand shares)	50.626	122.421
Preferred A Shares (R$246.87854 per thousand shares)	339	824
Preferred B Shares (R$246.87854 per thousand shares)	50.002	120.911
Withholding Income Tax on Interest on Equity	(5.193)	(13.613)
C) Provisioned Dividends	**-**	**18.490**
Common shares (R$45.20904 per thousand shares)	-	9.271
Preferred A Shares (R$45.20904 per thousand shares)	-	63
Preferred B Shares (R$45.20904 per thousand shares)	-	9.156
Total Interest on Equity and Dividends (A + B + C)	**95.774**	**249.033**

(d) Reclassification to Results for Future Years

Commencing March 2019, Banrisul has rectified the accounting for contracts involving Banrisul, Icatu Group and Rio Grande Seguros for the exclusive, 20-year term offering of personal insurance, private pension plans and pension bonds, whose amounts were recognized as income in the Bank's Financial Statements (being R$151,000 in 2014 and R$60,000 in 2017). Banrisul will prospectively carry out the deferment for the remaining term of 188 and 224 months. The adjustment was recorded in Results of Future Exercises and in Shareholders' Equity. On June 30, 2020, the effect on the Bank's Shareholders' Equity was R$2,989, net of tax credits.

NOTE 22 - OTHER OPERATING INCOME

(a) Income from Services Rendered and Bank Fees

	Parent Company			Consolidated
	01/01 to 06/30/2020	**01/01 to 06/30/2019**	**01/01 to 06/30/2020**	**01/01 to 06/30/2019**
Funds Administration	32,774	36,685	36,366	40,779
Income from Collection and Custody Services	30,224	34,104	30,209	34,094
Income from Guarantees Provided	939	1,430	939	1,430
Income from Consortium Administration Fees	-	-	45,146	39,930
Income from Operations Brokerage	-	-	6,455	5,205
Banrisul Cards Service Revenues	-	-	277,205	327,465
Check Returns	7,985	10,104	7,985	10,104
Account debits	36,519	34,297	36,519	34,297
Collection Services	28,703	31,268	28,703	31,268
Security Commissions	125,760	126,378	125,760	126,378
Check Transactions	5,901	8,028	5,901	8,028
Bank Fees for Current Accounts	299,570	266,881	299,570	266,881
Credit card	34,379	35,717	34,379	35,717
Withdrawal Fees	2,895	4,036	2,895	4,036
Bank Guarantee Rates	1,478	5,103	1,478	5,103
Other Income	14,606	14,696	22,472	21,597
Total	**621,733**	**608,727**	**961,982**	**992,312**

(b) Other Income

	Parent Company			Consolidated
	01/01 to 03/31/2020	**01/01 to 03/31/2019**	**01/01 to 03/31/2020**	**01/01 to 03/31/2019**
Recovery of Charges and Expenses	73,535	80,876	20,397	20,164
Reversal of Operating Provisions for:				
Labor	-	-	87	139
Tax	54	3	54	3
Others	398	779	398	779
Interbank Rates	13,753	18,057	13,753	18,057
Credit Receivables Securities	5,600	5,595	5,600	5,595
Commission and Fee on Insurance and Capitalization	4,052	7,592	4,052	7,592
Miscellaneous Card Recipes	54,700	60,572	54,700	60,572
Reversal of Provisions for Outgoing Payments	3,454	50,690	5,739	52,161
Fundação Banrisul - Plan Switch Actuarial Results	-	175,619	-	175,619
Advance Acquisition Revenue	-	-	9,757	12,248
Portability Income from Credit Operations	24,187	21,198	24,187	21,198
Acquiring Equipment Lease Fees	-	-	9,103	-
Others	6,222	16,202	15,225	22,895
Total	**185,955**	**437,183**	**163,052**	**397,022**

NOTE 23 - OTHER OPERATING EXPENSES

(a) Personnel expenses

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
Salary	560,428	542,536	566,723	547,973
Benefits	170,273	167,488	171,217	168,459
Social charges	241,997	246,211	243,406	247,616
Trainings	3,627	8,312	3,632	8,316
Total	**976,325**	**964,547**	**984,978**	**972,364**

(b) Other Administrative Expenses

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
Communications	33,202	33,595	33,554	33,944
Data processing	55,314	59,558	64,682	69,048
Surveillance, Security and Transportation of Values	68,860	72,306	68,860	72,306
Amortization and Depreciation	104,841	101,549	109,407	103,686
Rentals and Condominiums	64,925	63,321	64,331	62,829
Materials	6,340	6,630	9,359	11,462
Third Party Services [(1)]	242,284	270,793	262,676	296,933
Specialized Technical Services	37,374	83,141	38,818	92,887
Advertising, Promotions and Advertising [(2)]	46,660	47,142	54,826	57,886
Maintenance and Conservation	29,507	32,034	29,859	32,237
Water, Energy and Gas	17,744	18,427	18,144	18,828
Financial System Services	15,868	20,115	17,284	21,210
Others	30,591	37,998	31,252	38,860
Total	**753,510**	**846,609**	**803,052**	**912,116**

(1) Of the amount of R$242,284 (1S2019 - R$270,793), R$109,563 (1S2019 - R$117,953) come from expenses with services originating from payroll deductible loans through the Bem Promotora de Vendas e Serviços S.A.

(2) It consists mainly of R$20,114 (1H2019 - R$19,825), and in the Consolidated R$22,919 (1H2019 - R$25,572), of institutional advertising expenses, and of R$24,414 (1H2019 - R$22,670) as sponsorship of sport events and teams.

(c) Other Expenses

	Parent Company		Consolidated	
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
Discounts Granted on Renegotiations	13,499	44,539	13,499	44,539
Expenses with Labor Provisions (Note 19)	107,696	134,400	107,713	134,629
Expenses with Provisions for Civil Actions (Note 19)	39,689	35,791	39,938	36,052
Federal Tax Collection Expenses	1,481	1,875	1,481	1,875
Expenses with Provisions for Tax Risks (CS / IR) (Note 19)	5,651	5,572	5,661	5,572
Monetary Update Fines Exchange Rates - BACEN (Note 19)	886	1,423	886	1,423
Monetary Update of Banrisul Foundation's Contracted Debt	861	4,221	861	4,221
Card Expenses	9,602	10,991	9,602	10,991
Plan Switch Contribution - FBSS Post-Employment Pension Plans	-	125,476	-	126,091
Expenses with Provisions for Guarantees Provided by Banrisul	11,831	-	11,831	-
Credit Operations Portability Expenses	44,228	29,500	44,228	29,500
INSS Agreement Rates	40,076	24,775	40,076	24,775
Banrisul Advantage Membership Program Bonus	15,419	4,265	15,419	4,265
Expenses with Banrisul Branded Cards	-	-	14,336	5,781
Others	30,463	20,273	36,695	21,550
Total	**321,382**	**443,101**	**342,226**	**451,264**

NOTE 24 - INCOME TAX AND SOCIAL CONTRIBUTION

(a) Reconciliation of Income Tax and Social Contribution Expenses/Revenue

	Parent Company			Consolidated
	01/01 to 06/30/2020	01/01 to 06/30/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
Income for the Period before Taxes and Profit Sharing	**498,190**	**875,492**	**568,847**	**956,296**
Income Tax (IRPJ) - Rate 25%	(124,547)	(218,873)	(142,212)	(239,074)
Social Contribution Tax (CSLL) - Rate of 9%	-	-	(18,120)	(20,989)
Social Contribution Tax (CSLL) - (Note 3p)	(88,382)	(131,324)	(70,910)	(108,463)
Total Income and Social Contribution Taxes calculated at Current Rate	**(212,929)**	**(350,197)**	**(231,242)**	**(368,526)**
Impacts in Deferred Taxes from Law No. 13169/15 and Amendment No. 103/19 (1)	15,065	-	15,065	-
Profit Sharing	25,473	26,710	25,473	26,710
Interest on Equity	42,083	97,662	42,083	97,662
Equity Result	69,704	75,439	12,549	9,263
Other Exclusions, Net of Additions	(1,224)	(2,948)	3,666	1,131
Total Income and Social Contribution Taxes	**(61,828)**	**(153,334)**	**(132,406)**	**(233,760)**
Current	(178,248)	(108,315)	(250,158)	(187,722)
Deferred	116,420	(45,019)	117,752	(46,038)

(1) Amendment No. 103/19 increased to 20% from 15% the Social Contribution on Net Income (CSLL) rate applicable to the financial sector, from March 2020 onwards. This increase in the rate also produced effects on the tax credits recorded on temporary differences under deferred taxes from November 2019.

NOTE 25 - COMMITMENTS, GUARANTEES AND OTHER

(a) State Law No, 12069, enacted on April 22, 2004, as amended by Law No, 14738/15, instructs that Banrisul must transfer to Rio Grande do Sul State up to 95% (ninety five percent) of the escrow deposits made to the Reserve Fund for the Return of Legal Deposit Guarantee, in which the disputing parties are neither the State nor municipalities. The remaining amount of collected escrow deposits not transferred will constitute the Reserve Fund to ensure the refund of said deposits. As of June 30, 2020, the balance of said collected resources, indexed through the reporting date by TR (managed prime rate) plus interest of 6.17% p.a., totaled R$10,563,720 (12/31/2019 - R$10,689,973), of which R$10,112,837 (12/31/2019 - R$10, 112,837) was transferred to the State upon its request. The remaining balance, which makes up the aforementioned fund, is recorded in Other Liabilities - Financial and Development Fund.

(b) Sureties and guarantees granted to customers amount to R$174,027 (12/31/2019 - R$193,353), generate fee income and have recourse to the beneficiaries in case they have to be honored. Provisions for possible losses amounting to R$22,484 (12/31/2019 - R$10,653) have been made.

(c) Banrisul has confirmed import and export credits for R$59,106 (12/31/2019 - R$42,560) and recourse exposure from credit assignments for R$7,701 (12/31/2019 - R$6,938).

(d) Banrisul manages various funds and portfolios, which have the following net assets:

	Parent Company and Consolidated	
	30/06/2020	12/31/2019
Investment Funds (1)	11,448,770	11,601,532
Investment Funds in Investment Fund Shares	69,546	68,692
Equity Funds	284,185	294,745
Individual Retirement Programmed Funds	11,933	12,637
Fund to Guarantee the Liquidity of Rio Grande do Sul State Debt Securities	259,543	39,547
Managed Portfolios	503,835	558,622
Total	**12,577,812**	**12,575,775**

(1) The investments fund portfolios consist primarily of fixed-rate and variable rate securities, and their carrying amounts already reflect fair value adjustments at the balance sheet date.

(e) Subsidiary Banrisul S.A. Administradora de Consórcios is responsible for the management of 157 buyers' pools (178 in 12/31/2019), including real estate, motorcycles and vehicles, comprising active 66,316 pool members (70,804 in 12/31/2019).

(f) Banrisul leases properties, mainly used for branches, based on standard contracts which may be cancelled at its own discretion and include renewal options and adjustment clauses. Total future minimum payments under non-cancelable lease agreements as of June 30, 2020 were R$323,009, of which R$90,191 mature in up to one year, R$214,520 from one to five-year term and R$18,298 beyond five-year term. In the half-year period, lease payments recognized as expenses amounted to R$60,075.

NOTE 26 - POST-EMPLOYMENT LONG-TERM BENEFIT OBLIGATIONS TO EMPLOYEES

Banrisul is the sponsor of Banrisul Foundation ("Fundação Banrisul") and Cabergs, ensuring the provision of retirement benefits and medical care to its employees.

Banrisul Foundation is an independent entity that seeks to offer pension benefit plans to its participants, employees from its sponsors and their beneficiaries, through specific contributions established in their respective plans and regulations.

Banrisul's Social Security Policy, operated through Fundação Banrisul de Seguridade Social, and established in January 29, 1963, in accordance with the rules then in force, is legally grounded on article 202 of the Federal Constitution of October 5, 1988, Supplementary Laws No. 108 and No. 109 of May 29, 2001 and other legal provisions in force, issued by regulators of Social Security associated with the Ministry of Finance, the National Supervisory Office of Supplementary Pension (Previc) and the National Council on Supplementary Pension (CNPC), the articles of incorporation of Fundação Banrisul and the relevant regulations of the Benefit Plans and in accordance with CMN Resolutions No 3846/10, No. 4275/13, No.4611/17, No. 4626/18 and No. 4661/18, article two of Resolution No. 4449/15. As per article 08 of the CMN Resolution No. 4661/18, the Chief Investment Officer, the technically qualified portfolio manager, is to be designated by the Deliberative Committee of the Pension Fund, in the quality of the main responsible officer for managing, allocating, supervising and monitoring the plans resources and by making available information related to the sources and uses of these resources.

The Benefit Plans which put into practice Banrisul's Private Pension Policy are grounded on the respective regulations of the Plans, which set forth all rights and obligations of the Participants, Sponsors, Actuarial Funding Plan, legal deadlines, way of payment of monthly contributions and benefits, length of minimum contribution and other parameters. All regulations are approved by the legal internal management bodies, by the Sponsor(s) and by the Federal Supervision and Regulation bodies, pursuant to the legislation currently in force. In accordance with Previc Instruction No. 10/2018, the Executive Council of Banrisul Foundation has appointed the Administrator Responsible for the Benefit Plan - ARPB.

The set of hypotheses and actuarial methods adopted for the actuarial calculations arose from interaction with an external actuarial advisory firm which performed the calculations for the Benefit Plans managed by Fundação Banrisul, Executive Board and the representatives of the Decision-making Board of the Foundation and supported by the sponsors of Benefit Plan I and Settled Plan (defined benefit type) and FBPREV, FBPREV II and FBPREV III Plan (variable contribution type), pursuant to CNPC Resolution No. 30/2018, Previc Instruction No. 10/2018 and Previc Ordinance No. 300/2019.

Due to the volatilities from Benefit Plan I and seeking alternatives to resolve the matter, the Executive Board of Banrisul Foundation proposed a new migration process, similar to 2014´s, to a new benefit plan (named FBPREV III), with more stable participation costs and other alternatives for the payment of post-employment benefits, in addition to that of lifetime income.

With the approval of the new migration process, granted by the Decree No. 1123/2018 from the National Superintendence of Complementary Social Security - PREVIC, in January 28, 2019, Banrisul Foundation released the terms for the voluntary migration process offered to Benefit Plan I (PBI) participants to switch onto FBPREV III Benefit Plan (FBPREV III), a variable contribution post-employment plan, being the contribution defined by the participant during the reserve accumulation phase and the defined benefit set upon retirement, according to the participant's choice, whether lifelong payments or not. The migration process ended on April 27, 2019.

Pursuant to current legislation, as of June 2019 the sponsoring entities made payments within the migration process. On May 31, 2019, the date of in which the FBPREV III pension benefit plan was implemented, and indexed to INPC plus interest of 4.86% p.a., Banrisul's contribution of R$126,091 in the quality of sponsor, was deposited into the new plan.

As the result of the migration process that ended on April 27, 2019, the number of participants in their respective plans is as follows:

Participants	PBI before Plan Migration	PBI after Plan Migration	FBPREV III Plan (1)
Active	274	35	239
Assisted	4,519	3,093	1,426
Total	**4,793**	**3,128**	**1,665**

(1) Of the total participants in the FBPREV III Plan, 1,094 participants opted to receive lifetime income benefits at the time of migration.

After the restructuring plan, Banrisul's remaining portion of the debt, in the amount of R$66,230 in December 31, was distributed as follows: R$23,896 to the Defined Benefit Plan I (PBI), R$16,895 to the Settled Defined Benefit Plan (PBS), R$11,796 to the FBPREV Benefit Plan II (FBPREV II) and R$13,643 to the FBPREV Benefit Plan III (FBPREV III), recorded in Other Liabilities (Note 18). This debt, due 2028, is paid with the interest rate of 6% p.a., indexed to the General Price Index - Internal Availability - (IGP-DI), periodically updated and with monthly payments. This debt was settled in January 2020.

(a) Principal Assumptions

The principal assumptions below were elaborated upon information available at December 31, 2019 and 2018, subject to annual review.

Economic Assumptions - 12/31/2019	PBI Plan (% p.a.)	Settled Plan (% p.a.)	FBPREV Plan (% p.a.)	FBPREV II Plan (% p.a.)	FBPREV III Plan (% p.a.)	Health Plan (% p.a.)	Retirement Award (% p.a.)
Discount Rate	7.01	7.01	7.01	7.01	7.01	7.01	7.01
Inflation Rate	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Salary Growth Rate	6.25	n/a	8.82	7.93	7.07	n/a	8.82
Growth of Granted Benefits	3.60	3.60	3.60	3.60	3.60	n/a	n/a
Growth of Deferred Benefits	3.60	3.60	3.60	3.60	3.60	n/a	n/a
Growth Rate of Pharmaceutical Cost	n/a	n/a	n/a	n/a	n/a	4.64	n/a

Economic Assumptions - 12/31/2018	PBI Plan (% p.a.)	Settled Plan (% p.a.)	FBPREV Plan (% p.a.)	FBPREV II Plan (% p.a.)	Health Plan (% p.a.)	Retirement Award (% p.a.)
Discount Rate	9.15	9.15	9.15	9.15	9.15	9.15
Inflation Rate	4.00	4.00	4.00	4.00	4.00	4.00
Salary Growth Rate	7.16	n/a	10.72	8.45	n/a	10.72
Growth of Granted Benefits	4.00	4.00	4.00	4.00	n/a	4.00
Growth of Deferred Benefits	4.00	4.00	4.00	4.00	n/a	4.00
Growth Rate of Pharmaceutical Cost	n/a	n/a	n/a	n/a	5.00	n/a

Demographic Assumptions as of 12/31/2019	Mortality Table (Able)	Mortality Table (Disabled)	Disability Entry Table	Turnover Table
PBI Plan	AT-2000 Basic smoothed by 20%, gender specific	RRB 1983 decreased by 50%	Low Light, decreased by 80%	Knowledge of the actuarial consulting firm adjusted to the sponsor's expertise, modified (+0.30)
Settled Defined Plan (PBS)	AT-2000 Basic smoothed by 10% (SOA), gender specific	RRB 1983 decreased by 50%	Low Light, decreased by 80%	Knowledge of the actuarial consulting firm, modified (+0.01)
Plan FBPREV	AT-2000 Basic, decreased by 20%, gender specific	RRB 1983 decreased by 50%	Low Light, decreased by 80%	Knowledge of the actuarial consulting firm, modified (-0.005)
Plan FBPREV II	AT-2000 Basic, decreased by 20%, gender specific	RRB 1983 decreased by 50%	Low Light, decreased by 80%	Knowledge of the actuarial consulting firm, modified (+0.04)
Plan FBPREV III	AT-2000 Basic, gender specific	RRB 1983 decreased by 50%	Strong Light decreased by 60%	The probability of turnover used for the Plan PBPREV III is 0.64%, linearly
Health Plan	Correspond to those considered in the plans: PBI, Settled, FBPREV, FBPREV II and FBPREV III	Correspond to those considered in the plans: PBI, Settled, FBPREV, FBPREV II and FBPREV III	Correspond to those considered in the plans: PBI, Settled, FBPREV, FBPREV II and FBPREV III	Correspond to those considered in the plans: PBI, Settled, FBPREV, FBPREV II and FBPREV III. For Dental Care Plan and Drug Aid: knowledge of the actuarial consulting firm, modified (+0.30)
Retirement Award	AT-2000 Basic, decreased by 20%, gender specific	Not applicable	Low Light, decreased by 80%	Knowledge of the actuarial consulting firm, modified (-0.005)

Demographic Assumptions as of 12/31/2018	Mortality Table (Able)	Mortality Table (Disable)	Disability Entry Table	Turnover Table
PBI Plan	AT-2000 Basic, segregated by gender	RRB 1983 decreased by 50%	Strong Light decreased by 60%	Knowledge of the actuarial consulting firm adjusted to the sponsor's expertise, modified (+0.10)
Settled Defined Plan (PBS)	AT-2000, Basic, segregated by gender,	RRB 1983 decreased by 50%	Low Light, decreased by 60%	Knowledge of the actuarial consulting firm adjusted to the sponsor's expertise, increased by 125%
Plan FBPREV	AT-2000 Basic, gender specific, established with basis on AT-2000 Basic decreased by 10%	RRB 1983 decreased by 50%	Low Light, decreased by 60%	Knowledge of the actuarial consulting firm, modified
Plan FBPREV II	AT-2000 Basic, gender specific, established with basis on AT-2000 Basic decreased by 10%	RRB 1983 decreased by 50%	Low Light, decreased by 60%	Knowledge of the actuarial consulting firm
Health Plan	Correspond to those considered in the plans: PBI, Settled, FBPREV II and FBPREV	Correspond to those considered in the plans: PBI, Settled, FBPREV II and FBPREV	Correspond to those considered in the plans: PBI, Settled, FBPREV II and FBPREV	Correspond to those considered in the plans: PBI, Settled, FBPREV II and FBPREV
Retirement Award	AT-2000 Basic, gender specific, established with basis on AT-2000 Basic decreased by 10%	Not applicable	Low Light, decreased by 60%	Knowledge of the actuarial consulting firm, modified (+0.01)

The assumptions relating to mortality experience are set based on the actuarial experience, adjusted according to the demographic profile of Banrisul employees.

The current value of obligations for the defined benefit pension plan is obtained from actuarial calculations, which use a set of financial, economic and biometric assumptions. The discount rate is among the assumptions used in determining the net cost (income) for these plans. Any changes in these assumptions will affect the carrying value of the obligations of pension plans.

Banrisul determines the appropriate discount rate at the end of each year, in observance of CVM Rule No. 695/12 and CMN Resolution No. 4424/15, which is used to determine the present value of estimated future cash outflows that shall be required to settle the obligations of pension plans. In determining the appropriate discount rate, Banrisul considers the interest rates of the Treasury bills, denominated in Reais, the currency in which benefits will be paid, and which have maturities close to the terms of the corresponding obligations.

Pursuant to CNPC Resolution No. 30/2018, combined with Previc Instruction No. 10/2018 and Previc Ordinance No. 300/2019, Fundação Banrisul de Seguridade Social carries out studies to establish the profile of the obligation maturities of the Benefit Plans I and determine the duration and other analyses of distribution of the payment of benefits.

Other important assumptions for pension obligations are based in part on current market conditions.

(b) Descriptions of the Plans and Other Long-Term Benefits

Benefit Plan I (PBI) - This plan, incorporated as a defined benefit plan, encompass post-retirement benefits, salary payment during any sickness period of the participant, prisoner's family grant, funeral allowance and annual bonus.

The plan participants' monthly contribution corresponds to the payment of percentages of their salary. The Benefit Plan was closed to new members as from July 2009.

Settled Defined Plan (PBS) - the benefits provided by this defined benefit plan include settled retirement benefit, settled disability benefit, death benefits, funeral assistance and annual bonus.

There will not be ordinary contributions to the settled benefit plan and, upon retirement, the participant will receive a benefit proportional to the period of contribution to the PBI plan.

Plan FBPREV - provides variable contribution benefits, such as regular retirement, early retirement, disability retirement, proportional benefits, sick pays, annual bonus, minimum benefit, life insurance with survival coverage benefit and funeral allowance.

The participant's regular contributions comprise three portions:
(i) Basic portion: 1% to 3% (0.5% intervals) of the monthly contribution pay base;
(ii) Additional portion: may vary from 1% to 7.5% (0.5% intervals) of the monthly contribution pay base in excess of 9 (nine) reference units; and
(iii) Variable portion: percentage applied to the monthly contribution pay basis, annually established by the actuary to cover 50% of the costs of risk benefits and 50% of the plan's administrative expenses.

In addition to regular contributions, a participant may opt to make monthly contributions not lower than 1 (one) reference unit and not matched by the sponsor.

Banrisul's contributions match the participants' regular contributions.

Plan FBPREV II - provides variable contribution benefits, such as regular retirement, early retirement, disability retirement, proportional benefits, sick pays, annual bonus, minimum benefit and, life insurance with survival coverage benefit and funeral allowance.

The participant's regular contributions comprise three portions:

(i) Basic portion: 3% to 5% of the monthly contribution pay base;
(ii) Additional portion: may vary from 5% to 10% of the monthly contribution pay base in excess of 9 (nine) reference units; and
(iii) Variable portion: percentage applied to the monthly contribution pay basis, annually established by the actuary to cover 50% of the costs of risk benefits and 50% of the plan's administrative expenses, calculated at 10% of the total of other contributions.

In addition to regular contributions, the participant may opt to make contributions not lower than 1 (one) reference unit not matched by the sponsor.

Banrisul's contributions match the participants' regular contributions.

Plan FBPREV III - provides variable contribution benefits, such as regular retirement, early retirement, disability retirement, proportional benefits, sick pays, annual bonus, minimum benefit and, life insurance with survival coverage benefit and funeral allowance.

The participant's regular contributions comprise three portions:

(i) Basic portion: 3%, 4% or 5% of the monthly contribution pay base;

(ii) Additional portion: may vary from 5% to 10% of the monthly contribution pay base in excess of 9 (nine) reference units; and

(iii) Variable portion: percentage applied to the monthly contribution pay basis, annually established by the actuary to cover 50% of the costs of risk benefits and the plan's administrative expenses.

In addition to regular contributions, the participant may opt to make contributions not lower than 1 (one) reference unit not matched by the sponsor.

Banrisul's contributions match the participants' regular contributions.

Health Plan (Medic, Dental and Drug Assistance) - Banrisul offers health plans through CABERGS, to its active employees and retirees by Banrisul Foundation.

Retirement Award (Post-employment Benefits) - Banrisul grants its employees a premium for retirement that is paid in full on the date the employee leaves the company for retirement.

(c) Main Actuarial Risks

Banco do Estado do Rio Grande do Sul and Fundação Banrisul de Seguridade Social together may carry out studies of asset-liability gaps in order to identify transactions in the financial, capital and insurance markets which could reduce or eliminate the actuarial risks of the Plans.

Through its defined benefit plans, the Bank is exposed to a number of risks, the most significant being:

Volatility of Assets - the plan's obligations are calculated using a discount rate that is established based on the profitability of corporate or government bonds, in the absence of an active market; If the event that the plan assets do not achieve such profitability, a deficit is created. The pension plans in Brazil and in the United States maintain a significant proportion of their assets invested in equity, whose yield is expected to exceed the yield of the corporate bonds in the long term, while resulting in volatility and risk in the short term.

Variation in Bond Yields - a decrease in the yield of private or government bonds will result in the increase of the liabilities of the plan, although this variation may be partially offset by an increase in the fair value of securities held by the plans.

Inflation Risk - certain obligations of the Banrisul's pension plans are linked to inflation indexes, and higher inflation will lead to higher level of obligations (though, in many cases, there are limits to the level of inflation adjustments allowed to protect the plan against extreme inflation rates). Most of the plan assets either are not affected (securities with fixed interest) or have a small correlation (equity) with inflation, which means that higher inflation will also result in higher deficits.

Life Expectancy - most of the obligations of the plans is to grant lifetime benefits to participants. Therefore, increases in life expectancy will result in increased obligations of the plans.

(d) Plan Asset Management

The Plan's asset allocations percentage are as follow:

Plans	PB I Plan % Allocated		Settled Plan % Allocated		FBPREV Plan % Allocated		FBPREV II Plan % Allocated		FBPREV III Plan % Allocated		Health Plan % Allocated	
Categories	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Fixed Income	77.00	82.30	77.81	83.96	86.00	91.24	83.35	88.98	78.23	-	97.97	97.83
Equity	9.98	8.75	9.62	7.77	3.27	1.28	6.40	4.34	9.58	-	2.03	2.17
Real Estate	3.45	3.76	2.90	3.06	0.39	0.55	1.41	1.64	3.17	-	-	-
Other	9.57	5.19	9.67	5.21	10.34	6.93	8.84	5.04	9.02	-	-	-
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**-**	**100.00**	**100.00**

Defined benefit plan assets include Banrisul shares with a fair value of R$15,935 (12/31/2018 - R$15,624) and rented real state with a fair value of R$125,701 (12/31/2018 - R$98,851).

(e) Actuarial Reviews

The net actuarial (asset)/liability breakdown summary for the fiscal years ended December 31, 2019 and 2018, prepared based on the actuarial report as of December 31, 2019 and 2018, respectively, and in accordance with CPC 33 (R1), is shown below:

Liabilities (Assets) Recorded in the Balance Sheet with Benefits of:	12/31/2019	12/31/2018 (Restated)
Pension Plans		
Benefit Plan I (PBI)	470,944	449,383
Settled Defined Plan (PBS)	252,809	76,211
FBPREV Plan (FBPREV)	(9)	(1)
FBPREV II Plan (FBPREV II)	(63)	(8)
FBPREV III Plan (FBPREV III)	69,027	-
Health, Dental and Drug Plans	(212,585)	(188,056)
Retirement Award	214,055	204,238
Total	**794,178**	**541,767**

As of 2019, only post-employment benefits offered to employees of Banrisul and its subsidiaries are being considered. For comparison purposes, 2018 figures were restated. This procedure produced effects of R$2,585 on equity, R$1,067 on assets and R$1,518 on liabilities.

The breakdown of the Net Actuarial Liability prepared based on the actuarial reports as of December 31, 2018 and 2017, and according to CPC 33 (R1), is as follows:

Changes in the Balance Net Position as of 12/31/2019	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Present Value of Actuarial Liabilities	(1,805,025)	(1,529,458)	(17,269)	(156,833)	(411,108)	(212,585)	(214,055)
Fair Value of Assets	1,334,081	1,276,649	19,566	168,710	342,081	461,283	-
Surplus/(Deficit)	(470,944)	(252,809)	2,297	11,877	(69,027)	248,698	(214,055)
Unrecoverable Surplus (Effect of Asset Limit)	-	-	(2,288)	(11,814)	-	(36,113)	-
Net Actuarial Assets (Liabilities)	**(470,944)**	**(252,809)**	**9**	**63**	**(69,027)**	**212,585**	**(214,055)**

Changes in the Balance Net Position as of 12/31/2018	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Present Value of Actuarial Liabilities	(2,402,077)	(1,239,923)	(14,327)	(112,186)	-	(197,461)	(204,238)
Fair Value of Assets	1,952,694	1,163,712	14,975	138,863	-	385,517	-
Surplus/(Deficit)	(449,383)	(76,211)	648	26,677	-	188,056	(204,238)
Unrecoverable Surplus (Effect of Asset Limit)	-	-	(647)	(26,669)	-	-	-
Net Actuarial Assets (Liabilities) (Restated)	**(449,383)**	**(76,211)**	**1**	**8**	**-**	**188,056**	**(204,238)**

Changes in the Present Value of Actuarial Liabilities as of 12/31/2019	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Present Value of Actuarial Liabilities as of January 1st	**2,402,077**	**1,239,923**	**14,327**	**112,186**	**-**	**197,461**	**204,238**
Cost of Current Service	(1,539)	-	1,107	649	1	1,893	8,744
Interest Cost over Present Value of Liabilities	159,411	109,075	1,299	9,948	18,259	17,705	16,516
Contributions from Plan Participants	42,855	2,993	508	-	-	-	-
Actuarial (Gain)/Loss - Knowledge	(17,802)	(12,445)	444	23,432	(24,922)	(33,793)	(7,809)
Actuarial (Gain)/Loss - Demographic Assumptions	146,204	39,419	(1,125)	(3,812)	3	(8,668)	9,651
Actuarial (Gain)/Loss - Financial Assumptions	234,219	238,212	1,104	26,147	25,075	46,694	5,366
Benefits Paid on Plan Assets	(203,186)	(87,719)	(395)	(11,717)	(23,200)	(8,707)	-
Early Termination of Obligation	(957,214)	-	-	-	-	-	-
Transfers	-	-	-	-	415,892	-	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	(22,651)
Present Value of Actuarial Liabilities at end of Period	**1,805,025**	**1,529,458**	**17,269**	**156,833**	**411,108**	**212,585**	**214,055**

Changes in the Present Value of Actuarial Liabilities as of 12/31/2018	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Present Value of Actuarial Liabilities as of January 1st	**2,308,815**	**1,158,097**	**10,837**	**101,506**	**-**	**195,746**	**179,913**
Cost of Current Service	(1,689)	-	960	734	-	1,972	7,748
Interest Cost over Present Value of Liabilities	215,337	109,449	1,056	9,667	-	18,928	15,791
Contributions from Plan Participants	57,876	3,466	654	678	-	-	-
Actuarial (Gain)/Loss - Knowledge	(27,173)	2,041	522	3,470	-	(20,654)	(4,204)
Actuarial (Gain)/Loss - Financial Assumptions	86,626	50,059	606	4,361	-	9,561	6,573
Benefits Paid on Plan Assets	(237,715)	(83,189)	(308)	(8,230)	-	(4,758)	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	(3,334)	(1,583)
Present Value of Actuarial Liabilities at end of Period (Restated)	**2,402,077**	**1,239,923**	**14,327**	**112,186**	**-**	**197,461**	**204,238**

Changes in the Fair Value of the Plan Assets as of 12/31/2019	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Fair Value of the Plan Assets as of January 1st	**1,952,694**	**1,163,712**	**14,975**	**138,863**	**-**	**385,517**	**-**
Interest Income on Plan Assets	132,247	102,553	1,392	12,464	16,064	34,712	-
Asset Yield Greater/(Lower) than Discount Rate	123,333	88,705	2,706	27,437	(20,136)	41,054	-
Contributions paid by the Company	33,839	6,405	380	1,663	1,136	-	-
Contributions from Plan Participants	42,855	2,993	508	-	55,865	-	-
Benefits Paid	(203,186)	(87,719)	(395)	(11,717)	(23,200)	-	-
Transfers	-	-	-	-	312,352		
Early Termination of Obligation	(747,701)	-	-	-	-	-	
Fair Value of the Plan Assets at end of Period	**1,334,081**	**1,276,649**	**19,566**	**168,710**	**342,081**	**461,283**	**-**

Changes in the Fair Value of the Plan Assets as of 12/31/2018	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Fair Value of the Plan Assets as of January 1st	**1,968,353**	**1,109,151**	**12,400**	**124,493**	**-**	**338,195**	**-**
Interest Income on Plan Assets	188,941	105,136	1,239	12,003	-	32,301	-
Asset Yield Greater/(Lower) than Discount Rate	(91,018)	22,012	456	7,684	-	15,021	-
Contributions paid by the Company	66,257	7,136	534	2,235	-	-	-
Contributions from Plan Participants	57,876	3,466	654	678	-	-	-
Benefits Paid	(237,715)	(83,189)	(308)	(8,230)	-	-	-
Fair Value of the Plan Assets at end of Period (Restated)	**1,952,694**	**1,163,712**	**14,975**	**138,863**	**-**	**385,517**	**-**

Changes in the Net Actuarial Plan Assets (Liabilities) as of 12/31/2019	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Actuarial Assets (Liabilities) at End of Previous Year	**(449,383)**	**(76,211)**	**1**	**8**	**-**	**188,056**	**(204,238)**
Cost of Service	211,052	-	(1,107)	(649)	(415,893)	(1,893)	(8,744)
Net Interest on Assets/(Liabilities)	(27,164)	(6,522)	33	76	(2,195)	17,007	(16,516)
Effects of Revaluation Recognized in Others Comprehensive Income	(239,288)	(176,481)	702	(1,035)	(20,292)	708	(7,208)
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	22,651
Transfers	-	-	-	-	312,352	-	-
Contributions paid by the Company	33,839	6,405	380	1,663	57,001	8,707	-
Net Actuarial Assets (Liabilities) at the of Current Year	**(470,944)**	**(252,809)**	**9**	**63**	**(69,027)**	**212,585**	**(214,055)**

Changes in the Net Actuarial Plan Assets (Liabilities) as of 12/31/2018	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Actuarial Assets (Liabilities) at End of Previous Year	**(340,462)**	**(48,946)**	**-**	**-**	**-**	**143,076**	**(179,913)**
Cost of Service	1,689	-	(960)	(734)	-	(2,049)	(7,748)
Net Interest on Assets/(Liabilities)	(26,396)	(4,313)	29	74	-	13,427	(15,791)
Effects of Revaluation Recognized in Others Comprehensive Income	(150,471)	(30,088)	398	(1,567)	-	24,396	(2,369)
Benefits Paid Directly by the Sponsor	-	-	-	-	-	3,353	-
Contributions paid by the Company	66,257	7,136	534	2,235	-	4,786	1,583
Net Actuarial Assets (Liabilities) at the of Current Year (Restated)	**(449,383)**	**(76,211)**	**1**	**8**	**-**	**186,989**	**(204,238)**

Estimated Cost of Defined Benefit for the Next Period	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Cost of Current Services	(25)	-	1,206	346	3	362	10,353
Net Interest on Actuarial Liabilities (Assets)	30,193	17,398	(18)	(64)	4,761	4,871	13,562
Actuarial Estimated Expenses (Income)	**30,168**	**17,398**	**1,188**	**282**	**4,764**	**5,233**	**23,915**

Estimated Cash Flow for the Next Period	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Contributions Paid by the Sponsor	26,210	6,166	249	1,726	2,022	10,552	-
Contributions Paid by Plan Participants	54,356	3,077	249	-	-	54,892	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	40,637
Benefits Paid on Plan Assets	173,444	98,591	327	8,645	32,105	80,773	-

The estimated benefit payments for the next 10 years are as follows:

Maturity Profile of the Present Value of the Liability	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
2020	173,444	98,591	326	8,645	32,105	10,553	40,637
2021	176,306	101,606	337	8,886	32,514	9,720	5,989
2022	178,958	104,633	348	9,127	32,870	10,533	8,513
2023	181,330	107,624	360	9,372	33,168	11,469	11,684
2024	183,521	110,536	371	9,617	33,404	12,352	17,749
2025 to 2029	938,680	589,996	2,039	51,666	168,051	71,299	121,613

The weighted average duration of the present value of the liabilities is as follows:

Weighted Average Duration of the Present Value of the Liabilities (in years)	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
12/31/2019	10.17	11.53	11.32	10.30	9.80	15.30	10.20
12/31/2018	9.38	10.51	11.32	10.30	-	-	8.41

Other information concerning the plans:

Number of Participants as of 12/31/2019	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Active	152	756	5,385	3,877	193	9,384	10,382
Assisted	3,005	2,217	43	1,113	1,377	5,845	-
Total	**3,157**	**2,973**	**5,428**	**4,990**	**1,570**	**15,229**	**10,382**

Number of Participants as of 12/31/2018	Benefit Plan I	Settled Defined Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Active	334	938	5,211	4,307	-	9,824	10,799
Assisted	4,395	2,055	33	790	-	5,481	-
Total (Restated)	**4,729**	**2,993**	**5,244**	**5,097**	**-**	**15,305**	**10,799**

(f) Sensitivity Analysis

The assumptions adopted for the actuarial valuation of the defined benefit plan have a significant effect on the amounts reported. The following tables show the impact on the calculation of benefits considering changes in the assumptions considered in the last actuarial revaluation performed for each post-employment benefit.

Benefit Plan I (PBI) - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(107,687)
Discount Rate	6.51%	117,232
Mortality Table	10% Increase	(79,187)
Mortality Table	10% Decrease	90,088

Settled Plan (PBS) - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(81,840)
Discount Rate	6.51%	89,857
Mortality Table	10% Increase	(36,521)
Mortality Table	10% Decrease	40,256

FBPREV Plan (FBPREV) - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(978)
Discount Rate	6.51%	1,090
Mortality Table	10% Increase	760
Mortality Table	10% Decrease	(754)

FBPREV II Plan (FBPREV II) - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(8,461)
Discount Rate	6.51%	9,342
Mortality Table	10% Increase	(1,918)
Mortality Table	10% Decrease	2,186

FBPREV III Plan (FBPREV III) - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(18,393)
Discount Rate	6.51%	19,985
Mortality Table	10% Increase	(11,453)
Mortality Table	10% Decrease	12,738

Health Plan - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(14,533)
Discount Rate	6.51%	16,502
Mortality Table	10% Increase	(8,691)
Mortality Table	10% Decrease	10,232

Retirement Award - 12/31/2019		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	7.51%	(9,492)
Discount Rate	6.51%	10,423
Mortality Table	10% Increase	(608)
Mortality Table	10% Decrease	610

NOTE 27 - CORPORATE RISKS AND CAPITAL MANAGEMENT

The joint management of Capital and credit, market, Interest Risk Rate in The Banking Book (IRRBB, the variation of interest rates for instruments classified in the banking portfolio), liquidity, operational and socio-environmental risks is an essential and strategic tool for a financial institution. The constant improvement on processes of **i)** monitoring, control, evaluation, goal planning and capital requirements; and **ii)** identification, measurement, evaluation, monitoring, control and mitigation of risks contribute to good governance practices aligned to the strategic objectives of the Institution.

Controlling corporate risk and capital management rely on all layers involved on Banrisul's administration and others companies of its Prudential Conglomerate. The integrated risk management structure for managing risks related to Banrisul Group is led by the Corporate Risk Management Department, responsible for capital management and credit, market, IRRBB, liquidity, operational and socio-environmental risks, with the support of the Control and Risk Executive Board. The information produced by that Department subsidizes the Risk Committee (as well as others Management Committees), the Board of Directors and the Executive Board in the decision-making process. The Control and Risk Executive Board is responsible for the Corporate Risk Management Department and the Board of Directors is responsible for information disclosed in regards to risk management.

Banrisul seeks to align its management activities to the recommendations from the Basel Committee, adopting the best market practices to maximize profitability and to ensure the best possible combination of asset applications and required capital use.

Credit Risk

This corresponds to the possibility of incurring losses related to the nonperformance of a loan or obligation by the counterparty under the agreed terms, the devaluation, the reduction of remuneration and earnings expected for a financial instrument arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument; restructuring of financial instruments; or recovery costs of troublesome assets.

The credit risk assessment structure is based on the statistical methodologies of Application and Behavior Score and/or the principle of joint technical decision, Banrisul defines different credit limits corresponding to the decision levels, from the widespread branch network (with different categories) to the credit and risk committees at the Head Office and the Board of Directors. This process aims at expediting the concession of credit limits based on technically predefined customers, which establish Banrisul's risk exposure for each customer, in conformity with the risk/return ratio.

Risk assessments are increased through the continuous and growing use of statistical models to assess customers' risks, the improvements in customers' segmentation, the standardization of credit and the business policies along with the optimization of the controls strengthen Banrisul's credit risk management, allowing the continuity of loan credit expansion in a sustainable way, with agility and safety. The use and improvement of Application and Behavior Score systems have permitted that pre-approved credit limits to individuals be established in accordance with their risk ratings.

For the corporate customers, Banrisul uses technical studies conducted by a specialized risk assessment department, which evaluate companies from financial, management, market and production standpoints, with periodic reviews that also take into account current and future economic environments. The management of the Credit Risk exposure is based on a selective, conservative approach, pursuant to the strategies set by Banrisul's management and the Board of Directors.

(a) Credit Risk Assessment

Lending Operations - Banrisul assesses the probability of default of each counterparty individually by using credit rating tools designed for different categories of counterparties. Such proprietary tools, which combine statistical analyses and the opinion of the staff of the credit area, are validated, when appropriate, by comparing external available data. The rating tools are reviewed and updated when necessary. Periodically, Management validates the rating performance and its capacity to forecast default events.

Default exposure is based on the total amounts that may be owed to Banrisul at the time of default; in the case of a loan, for example, it corresponds to the nominal value.

(b) Risk Limit Control and Risk Mitigation Policy

Among the procedures in use to manage, limit and control credit risk concentration, the main highlights are herein presented:

(i) Management controls assumed risk levels by setting limits to the extent of acceptable risk in relation to a specific borrower, or groups of borrowers and industry segments. These risks and the related profile of each customer are continuously monitored and subject to annual or more frequent reviews when necessary. The limits on the level of credit risk by product and industry sector are approved by the Executive Board and by the Board of Directors, if applicable;
(ii) In the case of a counterparty, the exposure to any borrower, including financial agents, is additionally restricted by sublimit that covers adventitious exposures, whether recorded or not, in the financial statements, The actual exposures are monitored on a monthly basis in accordance with the established limits; and
(iii) The credit risk exposure is also managed through the regular analysis of actual or potential borrowers, with respect to payments of principal and interest and change in the registration status and their limits when appropriate.

Market Risk

The Bank is exposed to market risks arising from the possibility of loss due to the fluctuation in the market values of instruments held by the institution. This definition includes the risk of changes in interest rates and stock prices for instruments classified in the trading portfolio and the risk of exchange variation and commodity prices for instruments classified in the trading or banking portfolio.

The Bank is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from the operation of foreign funding described in Note 15. To manage its foreign exchange risk, Banrisul uses derivative contracts as an instrument of protection (hedge market risk), as described in Note 03 (e).

The management of market risk in Banrisul is held by the Corporate Risk Management Unit, responsible for executing and annually updating risk policies, managing strategies of Banrisul's market risk, establishing operational limits to identify, monitor, assess and manage exposure to risks of trading and non-trading portfolios.

The management of market risk in Banrisul is segregated among operations classified in the trading portfolio; in others words, operations in financial instruments, including derivatives held for trading or intended for the hedging of other elements in the trading portfolio, and which are not subject to the limitation of their negotiability, and operations classified under non-tradeable portfolio or banking portfolio, that includes all operations of the institution not classified in the trading portfolio, as the loan portfolio, portfolio of securities held to maturity, time deposits, savings deposits and other transactions held up to maturity.

In measuring the market risk of the trading portfolio, the Value at Risk (VaR) methodology is used for calculating the exposure of operations with a risk factor for pre-determined interest rates. VaR is a measure of the maximum expected loss in monetary value under normal market conditions in a given time horizon of ten days, with a probability level of 99%, used to measure the exposures subject to market risk. For the calculation of exposure in other indexes, the Maturity Ladder approach is used.

The Institution also conducts quarterly sensitivity analysis based on specific scenarios for each risk factor. The goal is to measure the impact of market fluctuations on the portfolio of the institution and its ability to recover from a potential worsening of crisis.

Sensitivity Analysis of Trading Portfolio - to enhance risk management and comply with Corporate Governance practices and CVM Rule No, 475/08, Banrisul conducted a sensitivity analysis of its trading portfolios, without considering derivatives. Stress tests are carried out for upward or downward variations on the following scenarios: 1% (Scenario 1), 25% (Scenario 2) and 50% (Scenario 3).

Trading Portfolio - to set the scenarios that compose the table of sensitivity analysis, Banrisul considered the situations set forth by CVM Rule No, 475/08, as follows:

Scenario 1: Probable situation, Assumptions: a deterioration of 1% in market risk variables, taking into account prevailing conditions at June 30, 2020.
Scenario 2: Possible situation, Assumptions: an elevation of 25% in market risk variables, taking into account prevailing conditions at June 30, 2020.
Scenario 3: Remote situation, Assumptions: an elevation of 50% in market risk variables, taking into account prevailing conditions at June 30, 2020.

The following table shows the highest and the lowest expected loss considering scenarios 1, 2 and 3 and their upward or downward variations.

For Foreign Exchange Risk, the rate of R$5,4760/USD1.00 as of June 30, 2020 (PTAX - Central Bank of Brazil) was used.

Sensitivity analyses identified below do not consider the responsiveness of the risk and treasury areas because, once loss is observed on these positions, risk mitigating measures are rapidly deployed, minimizing the possibility of significant losses.

Sensitivity Test: Trading Portfolio

Scenarios		Risk Factors			Total
		Interest Rate	Exchange Rate	Equity	
1	1%	19	2,841	81	**2,941**
2	25%	479	71,022	2,036	**73,537**
3	50%	969	142,044	4,070	**147,083**

Definitions:

Interest Rate - exposures subject to variations in interest rates, fixed-coupon interest rates and inflation indexes.
Exchange Rate - exposures subject to currency fluctuations.
Equity - exposures subject to the variation of stock prices.

Analyzing the results, the Risk Factor "Exchange Rate" can be identified as the one with the largest sensitivity, which represents approximately 96.6% of the entire sensitivity for the three scenarios. The expected loss in Scenario 2 was 25 times greater than in Scenario 1. From Scenario 2 to Scenario 3, the change is 100%. The highest potential loss on these Sensitivity Test Scenarios, occurs in Scenario 3 (65.8%), totaling R$147,083.

Sensitivity Analysis of Derivative financial instruments - Banrisul also conducted a sensitivity analysis of its derivatives positions (trading portfolio) and the international funding transactions carried out for USD523.185 million (523.185 million U.S. Dollars) recorded in the Banking Portfolio (Note 18). These external funding transactions had an original value of USD775 million (775 million U.S. dollars); however, on September 30, 2015, Banrisul repurchased USD248.96 million (248.96 million U.S. dollars), and on October 15, 2015, repurchased an additional USD2.85 million (2.85 million U.S. Dollars) therefore remaining the outstanding balance of USD523.185 million (523.185 million U.S. dollars), upon which stress tests were conducted for upward and downward variations in Scenarios I, II and III.

Stress tests were carried out on the value of foreign currency U.S. Dollar considering the rate of R$5.4907 on June 30, 2020 (1:00 pm, SPOT price - Central Bank of Brazil).

Scenario I is the most probable one and considers the changes expected by the Bank in relation to the market reference curves (B3 S.A. - Brasil, Bolsa, Balcão), used to mark to market such financial instruments. Scenarios II and III are defined in accordance with CVM Rule No. 475/08, which demands that high scenarios should consider upward variations of +25% and +50% and downward scenarios variations of -25% and -50%.

As they reflect projections, Scenario I is defined by the increase of 1% in the U.S. Dollar coupon, the Scenario II is defined by the increase of 25% in the U.S. Dollar coupon, and the scenario III is defined by the increase of 50% in the U.S. Dollar coupon, according to the Bank's position, considering the conditions prevailing at June 30, 2020.

The sensitivity analyses shown below were established using premises and assumptions regarding future events. The estimated scenarios show the impacts on the outcome for each scenario in a static position of the portfolio as of June 30, 2020.

The table below shows the probability of impact on the cash flow in the three scenarios of derivatives exposures (or trading portfolio) and in the instrument being hedged (banking portfolio or held to maturity) on June 30, 2020 independently, since the Bank does not practice hedge accounting.

Trading and Banking Portfolio

Operation	Portfolio	Risk	Scenario I	Scenario II	Scenario III
Swap	Trading	Increase in U.S. Dollar Coupon	(961)	(23,858)	(47,346)
		Line Item Being Hedged			
Debt 1	Banking	Increase in US Dollar Coupon	961	23,858	47,346
	Net Effect		-	-	-

U.S. Dollar coupon: all the products with price variations tied to changes in the U.S. Dollar and interest rates in U.S. Dollars.

Additionally, the results do not necessarily translate into accounting results, because the analysis has the sole objective of disclosing the risk exposure and the respective protective actions considering the fair value of financial instruments, decoupled from any accounting practices adopted by the institution.

Banrisul considers that the risk of having a debt in CDI by way of swaps would be the rise in the CDI rate and this would be offset by the increase in revenues from its investments linked to the CDI rate.

Liquidity Risk

The definition of Liquidity Risk is the possibility of incurring losses due to the lack of sufficient liquid funds to meet payment obligations in a defined timeframe, and also of being unable to negotiate at market prices certain positions due to their high amounts in relation to the volume usually transacted or by reason of any interruption of the market itself.

Banrisul establishes operating limits for liquidity risk consistent with the Banrisul’s business strategies for financial instruments and other exposures whose achievement of grandness parameters are regularly reviewed by committees and submitted to the Board in order to ensure its effectively operability by managers.

The Corporate Risks Management Unit is in charge of Banrisul’s Consolidated Liquidity Risk Management, being responsible for executing and updating annually the policy and strategies for managing liquidity risk of Banrisul.

Liquidity management is centralized at the Treasury Department and is responsible to maintain a satisfactory level of cash to meet the financial needs in the short-, medium- and long-term, both in normal scenario and in a crisis scenario, taking the necessary corrective action, when necessary.

Throughout the control process, mismatches arising from the use of short-term liabilities to ballast long-term assets are monitored, in order to avoid liquidity shortfalls and ensure that the Bank’s reserves are sufficient to meet daily cyclical and non-cyclical cash needs, as well as the long-term needs. The Bank seeks to maintain a proper level of highly funding market assets, along with access to other liquidity sources, and seeks to ensure an appropriate mix of funding operations.

Pursuant to its Liquidity Contingency, Banrisul aims to identify beforehand and minimize potential crises and their effects on business continuity, the parameters used for the identification of crisis events consist of a range of responsibilities and procedures to be followed to ensure the stability of the required level of liquidity.

Periodically, reports are sent to Committees, Commissions, Executive Board and Board of Directors, containing information for management of liquidity risk, once a year or more frequently when needed, the Liquidity Risk Management Policy is presented to the Board of Directors, containing the guidelines for risk management, which includes budget, financial planning, appetite for risks and optimization of available resources.

Operational Risk

Operational Risk is defined as the possibility of losses resulting from external events or failure, deficiency or inadequacy of internal processes, individuals or systems.

The methodology of Operational Risk management requires the conduction of analysis for the identification, measurement, assessment, monitoring, reporting, controlling and reduction of operational risks to which Banrisul is exposed. Through key risk indicators and the Internal Operational Risk Data Base, it is possible to monitor the evolution of losses and exposure to risk and propose improvement actions.

The results of the analysis and the records of the Internal Database of Operational Risk are reported to the deliberative committees, according to the governance structure defined in corporate risk policies, including the Board of Executive Officers, to the Risk Committee and the Board of Directors.

Socio-environmental Risk

Socio-environmental risk is defined as the possibility of losses arising from social and environmental damages and must be identified by financial institutions as a component of the various risk modalities to which they are exposed. Risk management also includes the activities of Banrisul.

Socio-environmental risk management covers financing, projects and operations, whose characteristics allow the previous identification of the allocation of resources, and does not prevent those that do not meet the definition above from being analyzed.

As to the Institution activities, socio-environmental risk management covers the waste management process, the compliance with requirements required in contracting suppliers, and the monitoring of contracts with contractors during their term, aiming at mitigating socio-environmental risks.

The results of the analyzes and the records of socio-environmental are reported to the deliberative committees, according to the governance structure defined in corporate risk policies, including the Board of Executive Officers, to the Risk Committee and the Board of Directors.

Capital Management

Capital management is a continuous process of monitoring, controlling, evaluating and planning goals and the need for capital, considering the risks to which the institution is subject, as well as its strategic objectives.

The adoption of best market practices and the maximization of investor profitability is carried out based on the best possible combination of investments in assets and the use of regulatory capital. The systematic improvement of risk policies, systems of internal controls and safety standards, integrated with the strategic and marketing objectives of the Institution are continuous processes in this scope.

Banrisul's capital management structure is the responsibility of the Board of Directors, which must review it annually and direct the alignment of the corporate strategy with the institution's risk appetite. The purpose of this management structure is to ensure that the risks to which the institution is subject are understood, managed and communicated, when necessary, so that the institution's capital is managed in the best possible way.

The risks relevant to Banrisul are divided between the risks subject to the capital requirement calculations, or pillar 1 risks, and the other risks considered relevant.

Pillar 1 Risks are those whose determination needs are determined by the Central Bank in order to strengthen the institutions' capital structure. These risks are: credit risk, market risk and operational risk. The minimum capital requirement for these risks seeks to provide financial institutions with strength. Banrisul adopts the Standardized model for calculating the installments that make up the total Risk-Weighted Assets - RWA , which provides for the calculation methodology for regulatory capital requirements for Credit, Market and Operational risks, defined by the national regulatory agency.

Each of the aforementioned risks is calculated and managed in accordance with its respective Structure and its consolidation is part of the Capital Management Structure. The RWA is the basis for determining the minimum limits for Principal Capital - CP, Tier 1 Capital - CN1 and Reference Equity - PR, which have their percentages defined in a schedule published by Central Bank.

In addition to the risks that are determined in Pillar 1, CMN Resolution No. 4,557/17 determines that the management structure must identify, measure, evaluate, monitor, report, control and mitigate liquidity, IRRBB, social and environmental risks and other relevant risks considered by the Institution.

The Leverage Ratio - RA is another indicator required by the regulator, as it aims to guide the leverage of the banking sector, improving the ability of financial institutions to absorb shocks from the financial system itself or from other sectors of the economy, resulting in an environment of stability financial. This indicator is the result of the division of Level I of the PR by the Total Exposure, calculated according to the current regulation.

CMN Resolution No. 4,615/17 determines that institutions in Segment S1 and Segment S2 must permanently comply with a minimum requirement of 3% for the Leverage Ratio. In this case, the higher the index, the better the institution's conditions in terms of leverage. The Leverage Ratio calculated for Banrisul in June 2020 was 7.17%.

Banrisul assesses and monitors its sufficiency and need for capital in order to keep its volume of capital compatible with the risks incurred by the Prudential Conglomerate. In this sense, on the amount calculated for the total RWA, the Minimum Required Capitals are calculated, and compared with the CP, CN1 and PR values, projected and realized, also considering the additional capital, calculated for the same period. Comparing the required capital ratios with those calculated for Banrisul, the margins are calculated for the three capital levels, and also in relation to the IRRBB and the Additional Principal Capital. After this calculation, the capital adequacy assessment is carried out for each level:

a) Margin on the Required Reference Equity;
b) Margin on Required Level I Reference Equity;
c) Margin on Required Principal Capital; and
d) Margin on PR considering IRRBB and ACP

If the assessment of the capital requirement calculated by the financial institution points to a value above the minimum requirements for PR, Level I and Principal Capital, as dealt with in Resolution No. 4,193/13 of the CMN, the institution must maintain capital compatible with the results of its internal evaluations.

The capital requirements imposed by the current regulations aim to maintain the soundness of financial institutions and the national financial system. Banrisul seeks to organize the elements required by regulation in a way that seeks to optimize its management. Among the components of the Institution's Capital Management, the following can be highlighted.

The Institutional Capital Management Structure and Policy are the organizing pillars of capital management. The structure determines its main components and its general responsibilities and the policy organizes and delimits the responsibilities of each of the parties involved. Respecting the existing regulations, both the structure and the policy are reviewed annually, and a summary of the first is published on Banrisul's Investor Relations website.

The Risk Appetite Statement (RAS), introduced by CMN Resolution No. 4,557/17, defines the levels of risk appetite for Banrisul and the Prudential Conglomerate. The institution's risk appetite is the maximum level of risk that it is willing to accept, within its productive capacity, to achieve the strategic objectives present in its business plan. The Institution's risk-taking capacity is based on the levels of its available resources, such as capital, liquidity, assets and liabilities, information systems and the management capacity of its administrators. The main function of RAS is based on supporting the formulation of business and risk management objectives and strategies and on the identification and strategic direction regarding the risks acceptable to the Institution in relation to the objectives defined for its Capital.

The Simplified Internal Capital Adequacy Assessment Process - $ICAAP_{SIMP}$ was also introduced by CMN Resolution No. 4,557/17, for institutions in the S2 segment. This process comprises the identification, management and measurement of risks, including the measurement of the capital need to face losses in a severe crisis scenario. For this purpose, projections are made for a three-year horizon, considering the definitions provided in the corporate strategy, as well as in the Institution's Risk Appetite Statement. The ICAAPSIMP process, in addition to considering the Capital Plan and all the elements evaluated therein (as described below) also considers the results of the stress test program.

The Capital Plan, prepared in accordance with CMN Resolution No. 4,557/17, covers the companies of the Prudential Conglomerate and considers the possible impacts of the Banrisul Group companies that are controlled by members of the conglomerate. The Plan is designed for a three-year horizon, foresees goals and projections and describes the main sources of capital, in addition to being aligned with the Institution's strategic planning. The Capital Plan is based on the strategies defined by the Board of Directors, considering the economic and business environment, the values of assets and liabilities, off-balance sheet operations, revenues and expenses, growth and market share goals and, especially the RAS definitions.

The Stress Testing Program - PTE, defined based on CMN Resolution No. 4,557/17, is a coordinated set of processes and routines, with its own methodologies, documentation and governance, and its main objective is to identify potential vulnerabilities of the institution. The stress test itself is an exercise in assessing the potential impacts of adverse events and circumstances on the institution or on a specific portfolio. Stress tests provide an indication of the appropriate level of capital needed to withstand deteriorating economic conditions. Within the scope of the Capital Management Structure, it is a tool that complements other risk management approaches and measures, providing inputs, at least, for Strategic Planning, RAS, $ICAAP_{SIMP}$ and the Capital Plan.

The monitoring and reporting of Capital requirements are carried out through Management Reports that contain both quantitative and qualitative references, for a given period, allowing for evaluation and the performance of actions for correction when detecting deviations. These reports are prepared to report the elements of Capital Management and include information regarding risk management, the calculation of the amount of RWA and PR, the adequacy analysis and the monitoring of the Capital Plan and RAS projections. Monitoring also includes the minimum limits required by the regulator, the minimum limits defined for Banrisul and also the limits for the maintenance of instruments eligible for capital.

Other timely reports may be necessary or demanded by the members of the capital structure, which may deal with any deficiencies identified in the management structure itself, or in its components, and actions to correct them; the adequacy of the PR, Level I and Principal Capital levels to the risks incurred by the Institution and; other pertinent matters. All reports are sent to the governance bodies defined in the Institutional Capital Management Structure for consideration.

Considering the reported period, Banrisul met all the capital requirements provided for in the current regulations.

Basel Ratio

As set forth by the CMN Resolution No. 4280/13, the calculation of Regulatory Capital and Assets Weighted by Risk that make up the DLO Operating Limits Statement, is based on the Prudential Conglomerate and includes

Banco do Estado do Rio Grande do Sul S.A., Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio and Banrisul Cartões S.A.).

The possible impacts arising from the risks associated with the other companies controlled by members of the Conglomerate are also considered, as well as the participation in investment funds in which the entities of this conglomerate, in any form, assume or retain substantially risks and benefits, as provided current regulations, since they are part of the scope of consolidation of the Prudential Conglomerate.

The following table summarizes the composition of Reference Equity, Risk Weighted Assets (RWA) and the Basel Index of the Prudential Conglomerate:

Conglomerate Prudential	06/30/2020	12/31/2019
Reference Equity	**6,737,249**	**6.438.996**
Tier I	**6,381,934**	**5.906.023**
Core Capital	**6,381,934**	**5.906.023**
Equity	5,205,891	5.205.891
Capital and Earnings Reserve	3,157,079	2.877.696
Deduction from Core Capital - Except for prudential adjustments	(144,114)	(289.486)
Prudential Adjustments (Resolution No.4192/13)	(1,836,922)	(1.888.078)
Tier II	**355,315**	**532.973**
Tier II Eligible Instruments (Resolution No.4192/13)	355,315	532.973
RWA - Risk Weighted Assets	**42,137,775**	**42.733.919**
RWA_{CPAD} (Credit Risk)	31,645,258	32.005.227
RWA_{MPAD} (Market Risk)	528,412	765.952
RWA_{JUR1} (Interest Rate Risk)	6,731	18.504
RWA_{JUR3} (Interest Rate Risk)	1,226	4.870
RWA_{ACS} (Equity Risk)	16,282	29.397
RWA_{CAM} (Exchange Risk)	504,173	713.181
RWA_{OPAD} (Operational Risk)	9,964,105	9.962.740
Banking Portfolio (RBAN)	376,948	477.935
Reference Equity Margin - with RBAN	2,462,557	1.473.999
Capital Ratio		
Basel Ratio	15.99%	15,07%
Tier I Ratio	15.15%	13,82%
Core Capital Ratio	15.15%	13,82%
Permanent Assets Ratio	8.42%	7,65%
Leverage Ratio	7.17%	7,02%

On March 16, 2020, BACEN published CMN Resolution No. 4783/20, altering Regulatory Capital requirements. The Resolution reduces the percentages which RWA is subject for the purposes of calculating the required amount of Principal Capital Additional - $ACP_{Conservation}$ for the next 2 years, commencing on April 1, 2020. Banrisul is subject to this surcharge, only. Thus, the percentages applied in the next periods can be seen in the table below:

Requirement	Up to 03/31/2020	Up to 03/31/2021	Up to 09/30/2021	Up to 03/31/2022	From 04/01/2022
Main Capital	4.500%	4.500%	4.500%	4.500%	4.500%
Level I	6.000%	6.000%	6.000%	6.000%	6.000%
PR	8.000%	8.000%	8.000%	8.000%	8.000%
$ACP_{Conservation}$ (1)	**2.500%**	**1.250%**	**1.625%**	**2.000%**	**2.500%**
$ACP_{Contracyclic}$ (2) (up to)	2.500%	2.500%	2.500%	2.500%	2.500%
$ACPS_{Systemic}$ (up to)	2.000%	2.000%	2.000%	2.000%	2.000%
Total ACT (up to)	**7.000%**	**5.750%**	**6.125%**	**6.500%**	**7.000%**
Factor F	8.000%	8.000%	8.000%	8.000%	8.000%

1) Percentage changed in accordance with CMN Resolution No. 4783/20.

(2) According to CMN Resolution No. 4,193 / 13, these additions are limited to these maximum percentages (%) in relation to RWATOTAL. In the event of an increase, the percentage must be disclosed by BACEN with at least 12 months in advance.

The Basel Ratio (BR) represents the ratio between Reference Equity and Risk Weighted Assets. Under current regulations, the Basel Ratio demonstrates the company's solvency. For 1S2020, the minimum required capital limits are 8.00% for Basel Ratio (Reference Equity), 6.00% for Tier I Ratio and 4.50% for the Core Capital Index. The additional required capital is 1.25%, totaling 9.25% for Basel Ratio, 7.25% for Tier I and 5.75% for Core Capital.

The Reference Equity reached R$6,737,249 in June, 2020, increasing R$298,253 from December 31, 2019, impacted by the increase in profit reserves. Tier II subordinated debt decreased R$177,658 due to the Basel III implementation schedule as per CVM Resolution No. 4192/13.

BACEN Resolution No. 3876/18 sets forth that the Prudential Conglomerate determines and discloses the IRRBB (Interest Rate Risk of the Banking Book) in substitution of the R_{BAN}, commencing on January 2019. The methodology for measuring the need for Reference Equity in relation to the interest rate risks to which the Bank's portfolio is exposed has changed, no longer being calculated by Value at Risk (VaR) but by using the ΔEVE (Variation of Economic Value of Equity) and ΔNII (Variation of Net Interest Income: variation in the result of financial intermediation).

Accordingly, IRRBB reached R$376,948 as of June 30, 2020, decreasing R$100,987 in relation to the capital allocation of R$477,935 as of December 31, 2019, when R_{BAN} was the prevailing model.

To calculate the Reference Equity using R_{BAN}/IRRBB, the following is considered: total of Reference Equity, RWA, Factor F (8.00% from January 2019), interest rate risk of the bank portfolio (IRRBB from January 2019), and the additional core capital (minimum of 1.25% from April 2020).

On June 30, 2020, the Basel Ratio of the Prudential Conglomerate was 15.99%, higher than the minimum required by BACEN, Tier 1 ratio was 15.15% and Core Capital, 15.15%.

Banrisul manages and monitors the requirements and capital margins in order to meet the minimum requirements of the CMN. Thus, the Banrisul Group Prudential Conglomerate has fulfilled all the minimum requirements to which it is subject.

NOTE 28 - TRANSACTIONS WITH RELATED PARTIES

(a) Transactions among related parties are disclosed in compliance with CVM Resolution No. 642/10 and CMN Resolution No. 4636/18.

Account balances referring to transactions among consolidated Banrisul companies are eliminated in the consolidated financial statements and take into consideration the absence of risk. As to the transactions carried out with the State Government and its fully or partially controlled entities, Banrisul has opted for the partial exemption instructed by Resolution No. 4636/18 of CMN. In this case, only the most significant transactions are disclosed.

With related parties, Banrisul operates banking transactions such as current account deposits (not remunerated), remunerated deposits, open market funding, loans and the provision of services. These operations are carried out at amounts, terms and average rates of usual market practices during the period, and under reciprocal conditions.

The unconsolidated related parties are as follows:

(i) Rio Grande do Sul State - in June 17, 2016, Banrisul signed with the State Government an agreement for the rights to service the payroll of state employees. Such agreement aims at centralizing at Banrisul the processing of 100% (one hundred percent) of the payroll of the State, which will be processed and deposited at checking accounts owned by the state employees, civil and military alike, or their beneficiaries, for the deposit of their salaries as well as credit of benefits and earnings payable to retirees and pensioners of the State's own pension plan, while preserving any portability rights to the state's employees. The contract is valid for a period of ten years, and the agreed price of R$1,250,638 was paid on June 20, 2016. The agreement also establishes that Banrisul will not be entitled to receiving any payment from the State, such as banking fees, for example, in relation to banking services and similar provided;
(ii) Companhia Estadual de Energia Elétrica (CEEE), Companhia Riograndense de Saneamento (CORSAN), Companhia de Gás do Rio Grande do Sul (SULGÁS), Centrais de Abastecimento do Rio Grande do Sul S,A, (CEASA), Companhia Estadual de Silos e Armazéns (CESA), Companhia Rio-grandense de Mineração (CRM), Companhia de Processamentos de Dados do Estado do Rio Grande do sul (PROCERGS) and BADESUL Desenvolvimento S,A, - Agência de Fomento/RS - companies controlled by the Government of the State of Rio Grande do Sul;
(iii) Affiliated (i) Bem Promotora de Vendas e Serviços S.A., engaged in payroll loan origination, (ii) Banrisul Icatu Participações S.A. (BIPAR), holding company owning 100% of Rio Grande Seguros e Previdência S.A., a life and

pension insurance company, and Rio Grande Capitalização; and (iii) VG8JV Tecnologia S.A. - VG8JV, offering integrated payment solutions to shopping centers located in its operating area throughout the national territory;
(iv) Fundação Banrisul de Seguridade Social (FBSS), closed supplementary pension entity that manages the pension plans sponsored by Banrisul and/or its subsidiaries;
(v) Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul (Cabergs) is a non-profitable assistance association, regulated by private law; and
(vi) Investment Funds and Managed Portfolios, managed by Banrisul.

Transactions with related parties are as follows:

				Parent Company
	Assets (Liabilities)			Income (Expense)
	06/30/2020	12/31/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
State of Rio Grande do Sul Government	**(531,108)**	**(767,481)**	**(8,714)**	**(16,640)**
Other Credits	3,716	3,768	-	-
Demand Deposits	(259,531)	(695,214)	-	-
Repurchase Agreements (Repos) (1)	(275,046)	(39,547)	(7,534)	(15,554)
Other Payables	(247)	(36,488)	(1,180)	(1,086)
Subsidiaries and Investment Fund	**(1,508,544)**	**(1,255,376)**	**38,952**	**45,489**
Other Credits	122,597	117,976	53,769	60,799
Demand Deposits	(6,388)	(9,009)	-	-
Time Deposits	(510,416)	(23,916)	(3,154)	(390)
Repurchase Agreements (Repos)	(118,440)	(185,664)	(636)	(545)
Funds from Acceptance and Issuance of Securities	(284,605)	(287,457)	(5,225)	(9,836)
Other Payables	(711,292)	(867,306)	(5,802)	(4,539)
Banrisul Foundation	**(1,041)**	**(67,154)**	**(6,919)**	**(10,520)**
Other Payables	(1,041)	(67,154)	(6,919)	(10,520)
Total	**(2,040,693)**	**(2,090,011)**	**23,319**	**18,329**

(1) These funds bear interest at 100% of the Selic rate.

				Consolidated
	Assets (Liabilities)			Income (Expense)
	06/30/2020	12/31/2019	01/01 to 06/30/2020	01/01 to 06/30/2019
State of Rio Grande do Sul Government	**(530,811)**	**(767,237)**	**(8,577)**	**(16,493)**
Cash	-	-	125	126
Other Credits	4,013	4,012	12	21
Demand Deposits	(259,531)	(695,214)	-	-
Repurchase Agreements (Repos) (1)	(275,046)	(39,547)	(7,534)	(15,554)
Other Payables	(247)	(36,488)	(1,180)	(1,086)
Banrisul Foundation	**(1,041)**	**(67,154)**	**(6,919)**	**(10,520)**
Other Payables	(1,041)	(67,154)	(6,919)	(10,520)
Total	**(531,852)**	**(834,391)**	**(15,496)**	**(27,013)**

(1) These funds bear interest at 100% of the Selic rate.

(b) Management Compensation

Annually, the General Shareholders' Meeting determines the total annual compensation of the members of Management, comprising the Executive Board, the Board of Directors, the Supervisory Board, Audit Committee, Compensation Committee and Risk Committee, as stated in the Bank's bylaws.

	01/01 to 06/30/2020	01/01 to 06/30/2019
Short Term Benefits	**9,412**	**6,768**
Salaries	7,281	5,170
Social Security	2,131	1,598
Post-Employment Benefits	**261**	**346**
Supplementary Pension Plans (1)	261	346
Total	**9,673**	**7,114**

(1) Banrisul pays for complementary pension plans to managers who belong to the staff.

Banrisul does not offer its key management personnel any long-term, termination and stock-based compensation benefits.

Banrisul has a D&O liability insurance policy for its officers and members of the Boards, and paid insurance premium in the amount of R$900.

(c) Shareholding

As of June 30, 2020, members of the Executive Board, the Board of Directors, the Supervisory Board, the Audit Committee, the Compensation Committee and the Risk Committee jointly hold 5,287 Banrisul's shares, as presented in Note 23(a).

NOTE 29 - OTHER INFORMATION

a) Impact of the application of international accounting standards

During the IFRS convergence process, some standards and their interpretations were issued by the Brazilian FASB (CPC), which are applicable to financial institutions only when approved by the National Monetary Committee (CMN). As of June 30, 2019, financial institutions and other institutions regulated by the Central Bank have been required to adopt the following pronouncements in prior period:

Basic Concept Statement (R1);
Impairment of Assets (CPC 01 (R1));
Statement of Cash Flows (CPC 03 (R2));
Related Party Disclosures (CPC 05 (R1));
Share-Based Payment (CPC 10 (R1));
Accounting Policies, Changes in Accounting Estimate and Errors (CPC 23);
Subsequent Events (CPC 24);
Provisions, Contingent Liabilities and Contingent Assets (CPC 25) and
Employee Benefits (CPC 33 (R1)),
Effects of Changes in Exchange Rates and Translation of Financial Statements (CPC 02 (R2));
Intangible Assets (CPC 04 (R1));
Permanent Assets (CPC 27);
Earnings per Share (CPC 41); and
Measurement of Fair Value (CPC 46).

Banrisul's Consolidated Financial Statements were prepared considering the requirements and guidelines of the National Monetary Council (CMN) that, as of December 31, 2010, requires the preparation of annual Consolidated Financial Statements in accordance with the international financial reporting standards (IFRS), as approved by the International Accounting Standards Board (IASB).

The financial statements for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS), were disclosed by Banrisul on March 17, 2020 on its website http://www.banrisul.com.br/ir, as well as on the website of the Brazilian Securities Exchange Commission (*Comissão de Valores Mobiliários* - CVM - www.cvm.gov.br).

b) Effects of the Covid-19 Pandemic on the Financial Statements

The the world crisis scenario progression in the hal-year period of 2020 made by the Covid-19 pandemic has aggravated the environment of uncertainty, turbulence and challenges in the global financial market. The restrictions imposed by governments, social distancing measures above all, although effective to decrease the spread of the virus, have been harming all productive chains, affecting the economy and financial capacities of gubernatorial authorities, companies and individuals.

With state of public calamity being declared in several world's and Brazil's regions, and coronavirus' high contagion rates, the global economy will likely continue to be affected in the coming quarters Besides health consequences, a critical period has been observed in all sectors of the world economy. Governments and regulators have been looking for measures that can mitigate the outcome of the pandemic, such as loosening regulatory requirements so that financial institutions can operate without heavily jeopardizing their businesses.

Brazil is no exception. Because of this, the CMN and the Central Bank of Brazil presented a package of measures to try and minimize the coronavirus effects upon the national financial stability and, consequently, in theeconomy, with the most relevant measures listed below:

- ✓ Rules for marking problematic assets (CMN Resolutions No. 4782 and No. 4791, as of March 16, 2020 and March 26,2020, respectively) - new credit restructuring operations carried out until September 30, 2020, are exempt from being classified as troubled assets, and allow for the immediate reversal of provisions. The rule can be applied to new obligations, as long as the counterparty does not present evidence of lack of financial capacity to comply with the new negotiated conditions;

- ✓ Additional Main Capital Conservation (CMN Resolution No. 4783, of March 16, 2020): in relation to Regulatory Capital requirements, the percentage to be applied to the RWA amount was reduced, for purposes of determining the value of the ACPCONSERVAÇÃO portion by the next 2 years, with the objective of increasing the banks' available resources for granting credit;

- ✓ Customer Service at Branches (BACEN Circular No. 3991, of March 19, 2020): sets the opening hours to tendering customers at the branches of the financial institutions while the situation of risk to public health resulting from Covid-19 continues;

- ✓ New Time Deposit with Special Collaterals (CMN Resolution No 4785, and BACEN Circular No.4029 and 4030 of March 23, 2020, June 23, 2020 and June 23, 2020): allows funding to be obtained in the form of time deposits with special guarantee from the Deposit Guarantee Fund; defines deductions upon the balance of credit operations for financing working capital and the balance of allocations in Time Deposit with Special Collaterals originated by financial institutions not belonging to the same conglomerate; and regulates the use of the 35% RWFto exposure to Time Deposit with Special Collaterals;

- ✓ Compulsory Deposit (BACEN Circular No. 3993 and No. 4033 of March 23, 2020 and June 24, 2020): temporarily reduces to 17% from 25% the reserve requirement rate on time deposits, in order to improve the financial system's liquidity, and establishes deductions for the balance of credit operations to finance working capital and the balance of alocations in Time Deposits with Special Collaterals originated by financial institutions not belonging to the same conglomerate;

- ✓ Payroll Financing (CMN Resolution No. 4800 of June 04, 2020): regulates credit operations for the finance of payroll, carried out by financial institutions under the Emergency Employment Support Program, to economic groups with annual gross revenues higher than R$360.0 thousand reais and less than or equal to R$10,000.0 thousand reais;

- ✓ Provision criteria for allowance for loan losses on renegotiated operations (CMN Resolution No. 4803, of April 09, 2020); allows financial institutions to reclassify operations renegotiated between the months of March and September 2020 to the levels at which they were classified on February 29, 2020, except for those with delays of 15 or more days and with evidence of financial incapacity,

- ✓ RWA_{CPAD} determination- standardized approach (BACEN No. 3998, of March 09, 2020): reduced the capital requirement for some credit operations that are not of retail exposure and that are contracted or restructured between March and December 2020, allowing the application of the FPR 85% in order to increase capital availability for banks to increase credit operations.

- ✓ Extension on Debts Reimbursement and Renegotiation to Farmers (CMN Resolutions No. 4801, No. 4802 and No. 4816 of April 09, 2020, April 09, 2020 and May 13, 2020): authorizes the extension of the reimbursement of operations of rural funding and credit; the offer of credit lines to guarantee prices for the producer and the renegotiation of the outstanding balance or installments of agricultural loans obtained with equalization of financial charges (interest rates upon the original operation) by the National Treasury under the National Program for Strengthening Family Farming or with the support of funding made available by the National Bank for Economic and Social Development; it also permits the creation of specifi credit lines to finance production.

The strong recession in the Brazilian economy for this year, as per IMF forecasts, added to the recent increase in Covid-19 cases and the difficulties in containing the pandemic within the country, should bring additional costs to economic activity. In addition, the greater-than-expected drop in the world's economy should also contribute to this forecast.

Although the impact of social distance measures can be seen in some indicators linked to the level of activity in the Brazilian economy, the current period remains surrounded by great uncertaintis levels.

Despite the facts that Banrisul continues to operate with in-person service and with several remote service channels available, of it having developed and offered numerous credit solutions to its customers due to the new economic needs, the measures taken by Bacen to minimize effects of Covid-19 on the national financial system and society, and the government policies and measures to contain the consequences of the pandemic in Brazil, it is considered the Consolidated Balance Sheet already reflects the consequences of the pandemic more sharply in the second quarter of 2020, especially in the following items:

- ✓ Credit Operations: it is expected, at the same time, an increase in the demand of individuals for credit, and a deterioration in their credit quality, requiring higher provisions. To companies, this should occur mostly due to insufficient cash flow to cope with the reduction or absence of revenue. As to individuals, with lower economic activity and increses in unemployment rates, families' capability to pay debts decreases and, consequently, increase in default and provisioning levels may be expected;

- ✓ Tax Credits: these assets depend on future results for their realization, which may be affected due to the effects of the pandemic on the economy, with greater impact if it lasts for a long period of time;
- ✓ Intangible Assets: their recoverable value may be impacted due to the repercussions of Covid-19 in their core realization premises;

- ✓ Funding: it is believed that the search for security positively influences the Company's liquidity, generating an increase in fundraising from clients. In line with the other financial agents, Banrisul continues to present comfortable levels of liquidity. However, depending on the consequences of the economic crisis and its duration, this benefit may no longer be seen, impacting in an increase in funding costs;

- ✓ Civil and Labor Provisions: as to civil lawsuits, an increase may be seen for the revisiting of credit operations contracts and also in claims that involve difficulties in customer service.

In this pandemic period, observing the health precautions recommended by the World Health Organization and the social distancing measures proposed by governments, Banrisul has been ensuring the maintenance of operating and taken measures to help minimize the exposure of customers and employees to contagion, adapting all that was necessary, from credit policies to operating routines. The Company released on March 30, 2020 a statement to the market, highlighting the main conducts adopted by the Institution, in order to keep its shareholders and the market duly informed.

In relation to credit policies, Banrisul, an economic and financial policy instrument within the State of Rio Grande do Sul, is committed to contributing to the continuity of regional economic activity and takes into consideration the risks arising from this role. In this sense, it has immediately made available products and services to mitigate the pandemic impacts, which include: extension of the maturities of outstanding loans to mitigate provisions and loss expectation; the offer of pre-approved credit lines amounting to R$14 billion; an additional 10% increase to Banricompras and overdraft accounts limits; solutions to extend the maturity of credit lines and the use of insurance coverage in products offered to farmers; the increase of credit limits used for transactions and withdrawals in digital channels, as well as making available, exempted from charges and monthly fee payment, additional Vero POS equipment; development of a Quick Guide for the commercial approach to companies that did not operate with the Company or that operated in less relevante manner, assisting in the processing of credit requests and risk analysis; availability of credit lines to finance payroll for companies that pay employees via Banrisul; and adjusted leverage parameters for customers within the retail segment, to improve risk model.

As to the extension of debt maturities of outstanding credit operations, Banrisul has developed a set of products aimed at the repayment of short-term obligations, with special emphasis on commercial credit, real estate (both mortgages and developers), rural loans, long-term credit lines and overdrafts accounts. The majority of credit refinancing can be carried out digitally, eliminating the need to use physical branches. The Company also established that the credit refinancing rules might be offered to the corporate segment, in which case conditions will be assessed individually.

Payroll loans are also being addressed, especially concerning issues related to judicial decisions on lawsuits demanding that payments be suspended. In order to mitigate default risk, the Institution has granted extension of contracts by means of a new credit operation, whose contracted value corresponds to the present value of the next three installments, with the same interest rate and term of the original contract, with a grace period of 90 days, during which no payroll discount will occur. For contracts with remaining terms of less than or equal to 24 months, the new credit operation is contracted in 24 installments.

As for liquidity, the Company may be exposed to variations, especially in reference of the increase in this risk indicators, adverse impacts on its cash flow and higher funding costs. The Company's cash flow, liquidity levels and changes in funding (mainly deposits from customers) are monitored daily. Since the beginning of the crisis, new stressed scenarios have been developed to monitor Banrisul's cash flow, being executed and reported daily, having their parameters changed immediately as appropriate (due to the identification of changes in scenarios or at the request of the Risk Committee or the Executive Board of the Company). Banrisul continues to maintain a stock of liquid assets in line with management policies and the risk appetite statement.

All exposures to interest rate risk in trading and non-trading portfolios are also being monitored, with the aim of monitoring and anticipating any impacts of fluctuations in the Selic rate and their possible impacts over different time horizons.

In relation to operational routines, among the main measures taken by Banrisul in this first half-year period of 2020, the following stand out:

- ✓ Activation of operational continuity plans: secondment employees for remote work without prejudice to the continuity of activities;

- ✓ Special attention to employees belonging to risk groups, freeing them to remain in their homes working remotely;

- ✓ Wide dissemination of self-service channels: via accessing services tutorials, encouraging the use of these channels and providing service through social networks; and

- ✓ Maintenance of branch customer service by scheduling: with respect to restrictions linked to coping with the pandemic, adoption of extra hygiene measures and availability of personal protective equipment to employees.

- ✓ Use of health advisory from the medical staff of Moinhos de Vento Hospital to assist in the definitions of protocols for prevention of Covid-19 and to provide telemedicine service to assist employees with corresponding symptoms, as well as for those employees who have tested positive for the virus; and

- ✓ Use of information material on office ergonomics and on system maintenance and information security to help employees on remote work during this period.

The impacts of the present pandemic continue to impact the economy, with the reflexes of the crisis and the effectiveness of the mitigation measures being thoroughly assessed in a future moment. Therefore, it is essential to permanently monitor regulatory and market changes and the evolution of the crisis caused by Covid-19 so that Banrisul can position itself and continue taking the necessary measures to face the crisis.

REPORTS

SUMMARY OF THE AUDIT COMMITTEE REPORT - FIRST HALF OF 2020

Statutory advisory body to the Board of Directors, the Audit Committee is currently composed of three independent members, appointed by the Board of Directors, whose duties are defined by Law No. 13303/2016 (Public Companies Law), CMN Resolution No. 3198/2004, and other legislation in force, in addition to the attributions defined by the Banco do Estado do Rio Grande do Sul's and the Audit Committee's Bylaws.

Its activities are related to Banco do Estado do Rio Grande do Sul S.A. ("Banrisul"), identified as Banrisul and Banrisul Consolidated, and its competencies includes to review, previously to the publication, the half-yearly financial statements; to evaluate the effectiveness of the independent and internal audits; to define and release proceedings for receiving and treating information regarding to the non-compliance of legal and regulatory normative applicable to the Institution, and periodically meet with the Board of Directors, the Fiscal Council, the Board of Executive Officers and with Statutory Committees.

Banrisul Management is responsible for maintaining internal controls that allow the preparation of the financial statements free from material misstatement.

The Internal Audit aims at safeguarding assets, ensuring compliance with applicable policies, plans, procedures and legislation, responding to the Audit Committee and the Independent Auditors.

It is of responsibility of KPMG Auditores Independentes to ensure that the accounting statements of Banrisul and of assets under management adequately represent the financial position. Their work planning was discussed with the Committee and, during the six-month period ended June 30, 2019, reports produced and the analysis of the internal controls structure were made available, as well as their report on the individual and consolidated financial statements.

Activities

The work planning was carried out, according to the main attributions of the Committee, are revised periodically as the activities evolved. The Committee accompanied the activities developed by the areas responsible for internal control, risk management and contingencies from January 01, 2020 to June 30, 2020. During this period, 15 meetings in 66 sessions took place, duly formalized in minutes; furthermore, the members dedicated 430 hours for preparatory analysis work.

Throughout the first-half period of 2020, there were meetings with members of Banrisul's Board of Directors, Executive Officers of Banrisul and its Subsidiaries, members of the Risks Committee, executive of Fundação Banrisul Seguridade Social (Banrisul Foundation), and executives of the Bank and its Subsidiaries. We highlight the meetings with representatives from the Central Bank of Brazil, with auditors from the Independent Auditing Firm, and with executives from Accounting, Control and Compliance, Internal Audit, Financial Controllership and Legal areas, as well as representatives from other areas that are part of the Company.

To ensure their constant qualification, the members of the Audit Committee attended a seminar related to their area of expertise, totaling 30 training hours during the first half period of 2020.

It should be noted that, prior to the disclose of quarterly and mid-year financial reports, the members of the Audit Committee have meet with KPMG to evaluate the control aspects used in generating the figures to be disclosed, and the independence of the auditors as well. The Committee discussed with the independent auditors their report dated of August 05, 2020, without caveats.

Conclusion

The analysis of notes from the Central Bank of Brazil, as well as the reports produced by the Internal Audit, the Control and Compliance Unit and the Independent Auditors, considering the natural limitations of the scope of their activities, did not produce elements that compromise the effectiveness of the internal controls system.

In view of the Independent Auditors' Report on the Internal Controls System and Non-Compliance with Legal and Regulatory Provisions for the year ended December 31, 2019, no elements were identified that could compromise the effectiveness of the Bank's internal controls.

During this period, the Internal Audit reports were examined, and corrective action recommendations were made in relation to their notes.

In accordance with the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, in compliance with the Brazilian Corporation Law, the rules and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil and the Brazilian Securities and Exchange Commission (CVM) and the Accounting Plan for Institutions pertaining to the National Financial Industry (COSIF), the Committee regularly examines the financial statements and maintains close relation to the Accounting and Internal Audit areas, and with the Independent Auditors, allowing their members to evaluate the quality of the aforementioned statements and notify that they have not been subjected to any material misstatement.

Based on the activities developed, the Audit Committee concluded that the half-year financial statements ended June 30, 2020 of Banco do Estado do Rio Grande do Sul S. A. were prepared in accordance with current laws and regulations and were deemed adequate, hence recommending their approval by the Board of Directors.

Porto Alegre, August 05, 2020.

Carlos Biedermann João Verner Juenemann Eraldo Soares Peçanha

Coordinator

OPINION OF THE FISCAL COUNCIL

(Half-year period ended June 30, 2020)

We, the members of the Fiscal Council of Banco do Estado do Rio Grande do Sul S.A., pursuant to the provisions of the Company´s Bylaws, reviewed the Management Report and the Financial Statements comprising by the Balance Sheet, Income Statement, Changes on Shareholders' Equity, Cash Flow Statements, Value Added Statement, Notes to the Financial Statements and other documents for the half-year period ended June 30, 2020. Based on these examinations, on presentations made by the Management of the Company and by the Independent Auditors and on the Opinion of the Independent Auditors (without caveats), it is our opinion that the mentioned statements are fairly presented in all material aspects.

Porto Alegre, August 06, 2020.

Bruno Pinto de Freitas
Chairman

Gustav Penna Gorski
Massao Fábio Oya
Marco Aurélio Santos Cardoso
Rogério Costa Rokembach
Members

INDEPENDENT AUDITORS' REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors and Shareholders
Banco do Estado do Rio Grande do Sul S.A.
Porto Alegre - RS

Opinion
We have audited the accompanying individual and consolidated financial statements of Banco do Estado do Rio Grande do Sul S.A. (Banrisul), respectively referred to as Company (Banrisul) and Consolidated (Consolidated Banrisul), which comprise the balance sheet as at June 30, 2020, the related statements of income, the comprehensive income, changes in shareholders' equity, cash flows for the six-month period then ended, as well as the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying Company and Consolidated financial statements present fairly, in all material respects, the Company and Consolidated financial position of Banrisul as at June 30, 2020, and of its Company and Consolidated financial performance and its Company and Consolidated cash flows for the six-month period then ended, in accordance with accounting policies adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil.

Basis for our opinion
We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities, in accordance with the aforementioned standards, are described in the following section entitled "Auditors' responsibilities for the audit of the Company and Consolidated financial statements". We are independent of Banrisul and its subsidiaries, in accordance with relevant ethical principles established in the Accountant's Professional Code of Ethics issued by the Federal Accounting Council (CFC), and we comply with other ethical responsibilities in accordance with the aforementioned standards. 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 Company and Consolidated of the current semester. These matters were addressed in the context of our audit of Company and Consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not provide a separate opinion on these matters.

• Allowance for loan losses (Parent company and Consolidated)
Banrisul is engaged in retail banking, lending, financing and investment, mortgage loan, development and lease portfolio operations. As described in Notes 3(f and g) and 8, the classification of loans at risk levels involves assumptions and judgments of Banrisul's Management based on its internal risk classification, and the allowance for loan losses is grounded in the client's risk classification, as a result of the periodic analysis of its quality, pursuant to National Monetary Council (CMN) Resolution 2682/99. Due to the materiality of the loans, leases, advance on export contracts (ACCs) and other receivables including extension of credit features, and the level of judgment related to the determination of the estimate of allowance for loan losses, we have considered this a significant matter in our audit.

How our audit conducted this matter
We have assessed the design and tested the operating effectiveness of the internal control deemed key in relation to the approval, record and classification processes regarding loans at the nine credit risk levels, from AA to H. We assessed the reasonableness of the judgments used by Banrisul's Management in determining the main assumptions used in assigning the credit risk levels for the calculation of the allowance for loan losses and we tested the arithmetic accuracy of allowance for loan losses calculation. Based on a sample, we assessed the compliance with the requirements established in the CMN Resolution 2682/99, related to the determination of the allowance for loan losses, including Management's judgments used to measure the impacts due to Covid-19 pandemic and the disclosures performed in the financial statements.

Based on evidence obtained by means of the aforementioned procedures, we have considered appropriate the level of provisioning for allowance for loan losses, and the disclosures within the context of the overall Company and Consolidated financial statements.

• Provisions and contingent liabilities - labor, civil, tax and administrative (Parent company and Consolidated)
Banrisul is part of tax, labor and civil lawsuits at the judicial and administrative levels, as described in Notes 3(o) and 19, for which a provision is recognized in the financial statements when the chances of loss for a legal action or administrative proceeding are assessed as probable. Contingent liabilities classified as possible losses are not recognized in the accounting books but are disclosed in notes. Losses assessed as remote do not require provision or disclosure. The measurement, recognition and disclosure of the Provisions and Contingent liabilities related to those legal actions and administrative proceedings requires professional judgment from Banrisul and its legal advisors. Due to the materiality of the amounts and judgment involved in the assessment and measurement of the Provisions and Contingent Liabilities, we have considered this matter material to our audit.

How our audit conducted this matter
We have assessed the design of the internal control deemed key in relation to the internal processes regarding accounting registration, measurement and recording of provisions and contingent liabilities. Regarding to the proceedings in which Banrisul is represented by external legal advisors, we requested and analyzed the confirmation reply letters received from the aforementioned legal advisors in relation to the existence and completeness of legal actions and administrative proceedings. Based on a sample, (a) we assessed the reasonableness of the judgments of the Banrisul's Management to determine the chances of success involved in the legal actions and administrative proceedings; and (b) we compared the provisioned values with the definitive values of the sentences in the current period. Additionally, we have assessed the disclosures performed by Banrisul in the individual and consolidated financial statements.

Based on evidence obtained by means of the aforementioned procedures, we have considered appropriate the level of provisioning for contingent liabilities, and the disclosures within the context of the overall Company and Consolidated financial statements.

• Post-employment long-term benefit obligations to employees (Banrisul and Consolidated Banrisul)
As described in Notes 3 (q) and 26, Banrisul sponsors supplementary private pension fund and healthcare entities which ensure the supplementation of retirement and medical assistance benefits to its employees and dependents. A material portion of the retirement plans of the aforementioned entities is classified as "defined benefit plans". Annually, the liabilities arising from those plans are calculated using actuarial assumptions as reference, including, among others, mortality table, discount rate, inflation rate and rate of salary increase. As it

refers to a material liability, which involves a high level of judgment by Banrisul in the determination of the assumptions involved in the measurement of the actuarial liabilities recorded in the defined benefit and supplementary healthcare plans, we have considered this matter material in our audit.

How our audit conducted this matter
We have assessed the design of Banrisul's internal control related to the process for determining the assumptions used in the actuarial calculations. Annually, based on sampling, we validated the accuracy of the database used in the calculations for the liabilities, and, with the assistance of our actuarial specialists, we analyzed the reasonableness of the principal assumptions used, such as the mortality chart, discount rate, inflation rate and rate of salary increase, as well as, based on a sample, we performed recalculation procedures. Additionally, we have also assessed the consistency disclosures performed by Banrisul in Company and Consolidated financial statements.

Based on evidence obtained by means of the aforementioned procedures, we have considered appropriate the measurement of post-employment long-term benefit obligations employees, and the disclosures within the context of the overall Company and Consolidated financial statements.

• Information Technology Environment (Banrisul and Consolidated Banrisul)
Banco do Estado do Rio Grande do Sul S.A. is dependent on its information technology structure for the development of its operations, continuity of its business processes and consequent preparation of its financial statements, which involves the processing of a high number of transactions daily, in addition to various processes for access management and information security.

Considering that the risks inherent in information technology, in particular those related to processes and controls that support the functionality of the technology systems, may cause the wrong processing of critical information and possibly affect the preparation of the financial statements, we have considered this is a key matter in our audit.

How our audit conducted this matter
With the assistance of our information technology specialists, we have assessed the design and based on a sample, the operating effectiveness of the internal controls related to systems deemed to be key to the preparation of the financial information, such as automated and/or automated components internal control, and controls related to information security, including the controls related to (i) the management of access to data and programs, (ii) the developments and changes in systems and applications, (iii) systemic change management, and (iv) the possible offsetting controls of those systems.

Based on evidence obtained by means of the aforementioned procedures, we have considered that the processes and controls provided us with acceptable basis to determine the nature and scope of our audit procedures within the context of the overall Company and Consolidated financial statements.

Other Matters

Statements of value added
The Company and Consolidated statements of value added (DVA), for the six-month period ended at June 30, 2020, which were prepared under the responsibility of Banrisul's Management, and presented as supplementary information in relation to the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, were submitted to audit procedures jointly executed with the audit of Banrisul's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Committee for Accounting Pronouncements Technical Pronouncement 09 (CPC 09) - Statement of Value Added. In our opinion, the statements of value added have been prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall Company and Consolidated financial statements.

Other information that accompanies the Company and Consolidated financial statements, and the independent auditors' report
Banrisul's Management is responsible for that other information comprising the Management Report.

Our opinion on the Company and Consolidated financial statements do not include the Management Report, and we do not express any type of audit conclusion on this report.

Our responsibility in connection with the audit of the Company and Consolidated financial statements is to read the Management Report and, in doing so, verify whether the aforementioned report is materially inconsistent with the financial statements and our knowledge gained during our examination, or, otherwise, seems materially misstated. If, based on the work performed, we conclude that there is material misstatement in the Management Report we are required to report on such fact. We have nothing to report on this respect.

The management and corporate governance responsibilities for the Company and consolidated financial statements

The Management is responsible for the fair preparation and presentation of these Company and Consolidated financial statements in accordance with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN, 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 financial statements, management is responsible for assessing Banrisul's ability to continue operating as a going concern, thus disclosing, when applicable, matters related to its operating continuity and use of this accounting base in the preparation of the financial statements, unless management intends to liquidate the Company or cease its operations or does not have another realistic alternative to prevent it from discontinuing operations.

Those responsible for the Banrisul's and its subsidiaries' corporate governance are the ones charged with supervising the financial statements preparation process.

The auditors' responsibilities for the Company and Consolidated financial statements

Our objectives are to obtain reasonable assurance that the overall Company and Consolidated financial statements are free from material misstatement, whether due to error or fraud, and issue an independent auditors' report including our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that the examination performed in accordance with Brazilian and international standards on auditing will always detect possible existing material misstatements. Misstatements may derive from error or fraud and are considered material when may individually or jointly influence, within a reasonable perspective, the economic decisions users take based on the aforementioned financial statements.

As part of the examination performed in accordance with Brazilian and international standards on auditing, we exercised professional judgment and maintained professional skepticism throughout the audit. Additionally:

• We have identified and assessed the material misstatement risks in the Company and Consolidated financial statements, whether caused by error or fraud. We have planned and executed audit procedures in response to such risks and obtained appropriate and sufficient audit evidence to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than the one deriving from error, as fraud may involve the act of circumventing internal control, collusion, forgery, omission or deliberate false representations.

• We have gained an understanding of the relevant internal control for the audit in order to plan audit procedures appropriate for the circumstances, but not with the objective of expressing an opinion on the effectiveness of Banrisul's and its subsidiaries' internal control.

• We have assessed the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and corresponding disclosures made by the management.

• We have reached a conclusion on the use by management of the operating continuity accounting base and, based on the audit evidence obtained, whether there is material uncertainty in relation to events or conditions, which may raise significant doubt about Banrisul's ability to continue as a going concern. Should we reach the conclusion that there is material uncertainty, we should draw attention in our audit report to the corresponding disclosures in the Company and Consolidated financial statements or include any change in our opinion if the disclosures are inappropriate. Our conclusions are substantiated by the audit evidence obtained up to the date of our report. However, future events or conditions may lead to Banrisul losing its ability to continue as a going concern.

• We have assessed the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the Company and Consolidated financial statements represent the corresponding transactions and events in a compatible manner with the objective of a true and fair presentation.

• We have obtained appropriate and sufficient audit evidence related to the financial statements of the group’s entities or business activities to express an opinion on the Company and Consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, thus, for the audit opinion.

• We have communicated with those responsible for corporate governance with respect to, among other aspects, the scope planned, the audit timing and the significant audit findings, including possible significant weaknesses in internal control that we identified during our audit work.

• We have also provided those responsible for corporate governance with a statement declaring that we complied with relevant ethical requirements, including applicable independence requirements, and reported on all possible relationships or matters that might considerably affect our independence, including, when applicable, the corresponding safeguards.

Out of the matters that were the subject matter of communications with those responsible for corporate governance, we determined those, which were considered the most significant to the audit of the financial statements for the current period and, accordingly, constitute the principal audit matters. We described the aforementioned matters in out audit report, unless a law or regulation has prohibited public disclosure of the matter, or when, under extremely rare circumstances, we determine that the matter should not be communicated in our report as the adverse consequences arising from such communication would, from a reasonable perspective, outweigh the benefits of the communication for the public interest.

Porto Alegre, August 5, 2020.

KPMG

(Original report in Portuguese signed by)

KPMG Auditores Independentes
CRC SP-014428/F-7

Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP-252419/O-0

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.

Executive Board

CLÁUDIO COUTINHO MENDES
Chief Executive Officer

IRANY DE OLIVEIRA SANT'ANNA JUNIOR
Deputy CEO

CLAÍSE MÜLLER RAUBER
FERNANDO POSTAL
JORGE FERNANDO KRUG SANTOS
MARCUS VINÍCIUS FEIJÓ STAFFEN
OSVALDO LOBO PIRES
RAQUEL SANTOS CARNEIRO
SUZANA FLORES COGO
Officers

Board of Directors

JORGE LUIS TONETTO
Chairman

CLÁUDIO COUTINHO MENDES
Vice-Chairman

ADRIANO CIVES SEABRA
EDUARDO CUNHA DA COSTA
EDUARDO RODRIGUES MACLUF
IRANY DE OLIVEIRA SANT'ANNA JUNIOR
JOÃO VERNER JUENEMANN
MÁRCIO GOMES PINTO GARCIA
RAFAEL ANDREAS WEBER
RAMIRO SILVEIRA SEVERO
Board Members

WERNER KÖHLER
Accountant CRCRS 38.534

Banrisul