Banrisul

FINANCIAL STATEMENTS

December

2020

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Message from the CEO

Summarizing what was 2020 is not a simple task. No one could have predicted what would happen to the world in the last year. The Covid-19 pandemic was a completely unexpected event, culminating in a time of financial uncertainty and fluctuations. The severity of the economic moment impacted the cash flow of companies, harmed the industry, caused unemployment and drastically reduced the purchasing power of a large portion of the population.

Banrisul, like all of society, was surprised by the scale that the crisis reached. All of the sudden, the scenario changed under our feet and all of our projections for the year 2020 were replaced by task forces committed to finding solutions that would help our customers and employees through this difficult time. It was necessary to act quickly to overcome the situation and mitigate the risks, but, in spite of the difficulties, important changes happened in our company. We roll up our sleeves and work tirelessly, facing this adverse moment with determination and accepting the responsibility of ensuring the continuity of our activities.

We accomplished what we set out to do. Throughout the year, we made available significant resources in pre-approved credit, instituted new lines of credit to strengthen micro and small companies (such as payroll financing), offer debt repayment and automatically increase the Banricompras limit, among others. measures.

In order to protect the health of our employees and customers, we contracted the technical advice of Hospital Moinhos de Vento, in Porto Alegre, to evaluate the routines and implement the necessary adaptations to offer more safety and reduce the risks of infection in the activities of employees . The Hospital team carried out the diagnosis and the elaboration of a specific action plan for our Company. Medical protocols were established in cases of employees with symptoms suggestive of Covid-19, with telemedicine care, including medical evaluation, guidance and monitoring.

In view of the demand for solutions adapted to social distance, we have reached an accurate level of digital maturity. Our differential is the consistency of our IT structure, which is constantly evolving, as a result of a strong investment in the sector: in 2020, R$ 336.9 million was invested in the area. This consolidated foundation allowed the necessary technological innovations to be carried out at a very fast pace.

We direct our efforts towards strengthening the Bank's digital channels, bringing to online platforms the possibility of resolving services and contracting the majority of our Institution's products. With safety and stability, we set historical records for the use of the Banrisul Digital application and the efficiency gain resulting from automation and self-service has been greater than expected.

This movement was neither simple nor easy, but it was essential so that we could offer better support to our community and our customers. The foundation on which we are standing will ensure that we continue to grow in the long term.

Based on this change in behavior, we plan to redirect the orientation of our branch network. With the digitization of processes, we will be able to adapt our banking units to the new demands of customers. While transactions migrate to digital channels, we have focused on replacing large structures with spaces focused on business relationships. With the decrease in the need for face-to-face service, costs can be managed in order to invest in new technologies and expand our portfolio of products and services, guaranteeing us as a strong presence in the financial market - mainly with the imminence of Open banking, that will make the sector even more competitive.

Adversities like the ones we live in 2020 test the limits of an almost century-old institution. It is challenging for a traditional company to keep up and stay modern in the face of all these changes. However, by transforming challenges into opportunities, Banrisul has managed to reframe its brand, adding modern solutions and investing in personalizing the experience of its customers, aiming at a lasting relationship.

Since the beginning of our management, we are committed to transforming practices and processes in the Bank, breaking paradigms and structures and identifying new opportunities. We align our strategic planning in five pillars: Commitment to our Essence, Strength of our People, Efficient Management, Path to Transformation and

Focus on the Customer. For the 2021 - 2025 cycle, we add the purpose of sustainable development, in line with the importance of the theme and the need to make it present throughout the Institution; and also an objective related to the new models and work structures, reflecting the changes and trends that are occurring in the market.

In 2020, Banrisul was Top of Mind, Leader of Agribusiness and stood out among the 500 Largest in the South; it was digital, debt extension, Plano Safra, microcredit, Pix. Today, looking back, we realize that we have spent the year delivering robust performance to society, in line with the needs of our account holders.

We ended this challenging year with clarity of our purpose: to boost the development of society in Rio Grande do Sul. And we started 2021 with positive perspectives: we will continue to honor the legacy of the digitalization of processes, continuing investments in new technologies, in search of operational efficiency and financial health. With solid business, good corporate governance practices, and a strategic vision, we will continue to move in this direction.

Claudio Coutinho
CEO

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	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019	2020/ 2019	4Q2020/ 3Q2020
Net Interest Income	5,262.8	5,525.0	1,462.4	1,239.5	1,299.3	1,261.6	1,393.1	-4.7%	18.0%
Provisions for Expected Losses Associated with Credit Risk Expenses	1,501.5	1,193.9	401.3	319.4	484.2	296.6	265.1	25.8%	25.6%
Financial Income	8,233.2	9,105.4	1,510.6	1,763.9	2,037.3	2,921.4	1,992.9	-9.6%	-14.4%
Financial Expenses	2,970.4	3,580.4	48.2	524.4	738.0	1,659.8	599.9	-17.0%	-90.8%
Income from Services and Fees	1,955.4	2,042.5	521.3	472.1	457.7	504.2	530.0	-4.3%	10.4%
Adjusted Administrative Expenses (1)	3,599.0	3,793.9	905.0	905.9	867.7	920.3	963.6	-5.1%	-0.1%
Adjusted Other Expenses	891.0	757.9	230.1	318.8	167.4	174.9	172.9	17.6%	-27.8%
Adjusted Other Income	457.9	466.1	148.2	146.7	69.8	93.3	100.0	-1.7%	1.0%
Adjusted Net Income	824.8	1.273.8	329.7	117.8	119.8	257.5	356.3	-35.3%	179.8%
Net Income	727.5	1.344.4	232.3	117.8	119.8	257.5	397.2	-45.9%	97.2%
Main Balance Sheet Accounts - R$ Million	**Dec 2020**	**Dec 2019**	**Dec 2020**	**Sep 2020**	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Dec 2020/ Dec 2019**	**Dec 2020/ Sep 2020**
Total Assets	91,822.9	81,549.6	91,822.9	90,167.2	86,582.8	83,270.0	81,549.6	12.6%	1.8%
Securities (2)	35,432.6	23,714.3	35,432.6	35,213.9	32,926.3	30,213.1	23,714.3	49.4%	0.6%
Total Credit Portfolio	37,605.8	36,182.7	37,605.8	36,257.7	35,965.9	36,185.8	36,182.7	3.9%	3.7%
Provisions for Expected Losses Associated with Credit Risk	2,763.1	2,764.3	2,763.1	2,813.3	2,982.3	2,812.5	2,764.3	0.0%	-1.8%
Past Due Loans > 90 Days	869.7	1,219.4	869.7	1,080.3	1,272.7	1,221.0	1,219.4	-28.7%	-19.5%
Funds Raised and Under Management	80,457.7	72,037.5	80,457.7	78,483.5	75,329.0	72,587.0	72,037.5	11.7%	2.5%
Shareholders' Equity	8,346.2	7,794.4	8,346.2	8,354.9	8,219.1	8,069.0	7,794.4	7.1%	-0.1%
Prudential Conglomerate Reference Equity	6,821.2	6,439.0	6,821.2	6,905.5	6,737.2	6,546.6	6,439.0	5.9%	-1.2%
Average Shareholders' Equity	8,070.3	7,536.6	8,350.6	8,287.0	8,144.1	7,931.7	7,764.6	7.1%	0.8%
Average Total Assets	86,686.2	79,488.7	90,995.1	88,375.0	84,926.4	82,409.8	81,093.6	9.1%	3.0%
Average Profitable Assets	76,228.3	70,212.7	80,219.6	77,837.1	74,770.8	72,149.3	70,971.1	8.6%	3.1%
Stock Market Information - R$ Million	**2020**	**2019**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**4Q2019**	**2020/ 2019**	**4Q2020/ 3Q2020**
Interest on Own Capital / Dividends (3)	218.2	536.6	117.2	0.0	0.0	101.0	161.9	-59.3%	100.0%
Market Capitalization	5,958.8	8,854.3	5,958.8	4,879.1	5,541.6	4,879.1	8,854.3	-32.7%	22.1%
Book Value Per Share	20.41	19.06	20.41	20.43	20.10	19.73	19.06	7.1%	-0.1%
Average Price per Share (R$)	14.45	23.12	13.00	13.68	12.92	18.19	21.37	-37.5%	-5.0%
Earnings per Share (R$)	1.78	3.29	0.57	0.29	0.29	0.63	0.97	-45.9%	97.2%
Financial Indexes	**2020**	**2019**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**4Q2019**		
Adjusted ROAA (pa.) (4)	1.0%	1.6%	1.4%	0.5%	0.6%	1.2%	1.8%		
Adjusted ROAE (pa.) (5)	10.2%	16.9%	15.8%	5.7%	5.9%	13.0%	18.4%		
Adjusted Efficiency Ratio (6)	53.0%	52.1%	53.0%	54.3%	52.6%	52.6%	52.1%		
Net Interest Margin on Profitable Assets (7)	6.90%	7.87%	7.29%	6.37%	6.95%	6.99%	7.85%		
Adjusted Operating Cost	3.9%	4.7%	3.9%	4.1%	4.3%	4.5%	4.7%		
Default Rate > 90 Days (8)	2.31%	3.37%	2.31%	2.98%	3.54%	3.37%	3.37%		
Coverage Ratio 90 days (9)	317.7%	226.7%	317.7%	260.4%	234.3%	230.4%	226.7%		
Provisioning Index (10)	7.3%	7.6%	7.3%	7.8%	8.3%	7.8%	7.6%		
Basel Ratio (Prudential Conglomerate)	15.8%	15.1%	15.8%	16.2%	16.0%	15.1%	15.1%		
Structural Indicators	**Dec 2020**	**Dec 2019**	**Dec2020**	**Sep 2020**	**Jun 2020**	**Mar 2020**	**Dec 2019**		
Branches	507	518	507	508	514	514	518		
Service Stations	182	178	182	182	181	181	178		
Electronic Service Stations	418	419	418	418	422	422	419		
Employees	9,280	10,283	9,280	10,187	10,216	10,237	10,283		
Economic Indicators	**2020**	**2019**	**4T2020**	**3T2020**	**2T2020**	**1T2020**	**4T2019**		
Effective Selic Rate	2.76%	5.96%	0.47%	0.51%	0.73%	1.01%	1.24%		
Exchange Rate (R$/USD - end of period)	5.20	4.03	5.20	5.64	5.48	5.20	4.03		
Exchange Rate Variation (%)	28.93%	4.02%	-7.87%	3.01%	5.33%	28.98%	-3.21%		
IGP-M (General Market Price Index)	23.14%	7.32%	7.64%	9.59%	2.66%	1.69%	3.09%		
IPCA (Extended Consumer Price Index)	4.52%	4.31%	3.13%	1.24%	-0.43%	0.53%	1.77%		

(1) Includes Adjusted Personnel Expenses and Other Administrative Expenses.
(2) Includes Derivatives, Interbank Deposits and Cash Equivalents and deduces Repurchase Obligations.
(3) Interest on Own Capital and Dividends paid credited and/or provisioned (before retention of income tax).
(4) Net Income / Average Total Asset. As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.
(5) Net Income / Average Shareholders' Equity. As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.
(6) Efficiency Ratio for the last 12 months. Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Income – Other Expenses).
(7) As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.
(8) Past Due Loans > 90 days / Total Credit Portfolio.
(9) Provisions for Expected Losses Associated with Credit Risk/ Past Due Loans > 90 days.
(10) Provisions for Expected Losses Associated with Credit Risk/ Credit Portfolio.

COVID-19 PANDEMIC

In 2020, due to the Covid-19 pandemic, Banrisul took measures to minimize the exposure of customers and employees to the disease and contribute to the economic activity, ranging from operational routines to credit policies, associated to an accelerated pace of technological innovation.

Among the operational routines, it is worth mentioning measures related to customer service, such as expanding the advertising for self-service channels, with tutorials on accessing services, and for services offered on digital channels, including features related to credit and investment products, among others. Face-to-face service at the branches was maintained, by scheduling and respecting the restrictions related to the pandemic, with the adoption of extra hygiene measures and provision of personal protective equipment to employees. At the same time, without jeopardizing business continuity, Banrisul adopted remote work solutions, especially for those in risk groups, hired health and medical assistance from Moinhos de Vento Hospital and provided information on office ergonomics, system maintenance and information security to help employees working from home during this period

As to credit policies, Banrisul quickly made available products and services to minimize the pandemic impacts. Those measures include the extension of the maturities of outstanding loans, along a family of credit relief products aimed at repacking short-term installments (REPAC), in force until July 2020, the offering of pre-approved credit lines, expansion of credit limits, solutions for the extension of rural funding and insurance of credit taken by farmers, increase of Banricompras credit limits, increase of withdrawal and transaction limits on digital channels and provision of additional free of charge Vero's acquiring network POS equipment. Banrisul also made available to its corporate customers the emergency credit relief lines under the guidelines of the National Program to Support Micro and Small Enterprises - Pronampe, the Emergency Credit Access Program - PEAC and the Emergency Employment Support Program - PESE.

For more information about the measures adopted to deal with Covid-19 and its impacts, see accompanying Management Report and Notes to the Financial Statements.

OTHER INFORMATION

On 3Q2020 it was approved the Voluntary Termination Plan ("PDV"), to employees already retired by the National Social Security Institute (INSS) or eligible to do so within 24 months, with its enrollment and dismissal periods throughout 4Q2020 (except for IT employees, whose job terminations may stagger until 2022). The PDV Plan was set through a Collective Labor Agreement with Banking Union entities, incorporating clauses for the full settlement of labor contracts. The costs for the PDV totaled R$177.0 million in 4Q20, and refer to 901 employees; of this total, 96%, or 865 employees, had already left the Bank within the scope of the PDV at the end of December 2020.

On November 16, 2020, PIX (instant payment solution) was launched. To make PIX available to its customers, Banrisul has developed systems and created hardware and security infrastructures, with a focus on a simple, clear and intuitive experience within the Banrisul Digital app. It was also developed a VERO PIX instant payment system for Vero's customers. On September 18, 2020, the General Law for Protection of Personal Data - LGPD came into force and with regard to the application of penalties, it will be in effect from August 2021. In this sense, Banrisul has been following the guidelines and best practices in the market, implementing actions to assess impacts and adopt necessary measures to adapt and comply with the new standard.

FINANCIAL HIGHLIGHTS

The summary of Banrisul's 2020 and 4Q2020 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

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019	2020/ 2019	4Q2020/ 3Q2020
Net Interest Income	5,262.8	5,525.0	1,462.4	1,239.5	1,299.3	1,261.6	1,393.1	-4.7%	18.0%
Provisions for Expected Losses Associated with Credit Risk Expenses	1,501.5	1,193.9	401.3	319.4	484.2	296.6	265.1	25.8%	25.6%
Income from Services and Fees	1,955.4	2,042.5	521.3	472.1	457.7	504.2	530.0	-4.3%	10.4%
Adjusted Administrative Expenses	3,599.0	3,793.9	905.0	905.9	867.7	920.3	963.6	-5.1%	-0.1%
Adjusted Operating Income	1,272.4	1,851.8	491.7	211.8	209.9	359.0	517.3	-31.3%	132.1%
Adjusted Net Income	824.8	1,273.8	329.7	117.8	119.8	257.5	356.3	-35.3%	179.8%
Net Income	727.5	1,344.4	232.3	117.8	119.8	257.5	397.2	-45.9%	97.2%

Net income reached R$727.5 million in 2020, decreasing 45.9% (R$616.9 million) from 2019. In 4Q2020, net income reached R$232.3 million, decreasing 41.5% (R$164.8 million) from 4Q2019 and increasing 97.2% (R$ 114.5 million) from 3Q2020. The net income in 2020 was impacted by the PDV in R$97.3 million, net of tax effects; while the 2019 net income was impacted in R$70.6 million by labor provisions, reversal of civil provisions, restructuring of the Banrisul Social Security Foundation - FBSS plans, tax effects on these non-recurring events and by tax credit regarding the Constitutional Amendment - EC 103/2019. All of these events were treated as non-recurring for the purpose of analyzing results.

Adjusted net income reached R$824.8 million in 2020, decreasing 35.3% (R$449.0 million) from 2019. In 4Q2020, adjusted net income reached R$329.7 million, decreasing 7.5% (R$26.6 million) from 4Q2019 and increasing R$211.8 million from 3Q2020. From 2019 to 2020 the **performance** reflects the (i) increase in provisions for expected losses associated with credit risk, (ii) decrease in net interest income, (iii) decrease in income from services and fees, (iv) decrease in adjusted administrative expenses, (v) increase in other operating expenses, and (vi) 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 taxes, as well as the lower volume of profit sharing – PLR. The **bottom line** from **3Q2020 to 4Q2020** reflects: (i) the increase in net interest income: (ii) higher provisions for expected losses associated with credit risk; (iii) higher banking fees; and (iv) stable adjusted administrative expenses.

Net interest income amounted to R$5,262.8 million in 2020, decreasing 4.7% (R$262.3 million) from 2019. NII totaled R$1,462.4 million in 4Q2020, increasing 18.0% (R$222.9 million) from 3Q2020. The NII decrease from 2019 to 2020 reflects, particularly, the reduction of credit interest rates in a context of decreasing interest rates of overdraft accounts due to the Central Bank of Brazil cap rules for the product, and the decrease of the Selic Rate as well as an increase in treasury assets in a more significant proportion than the growth in credit operations. In the last quarter, NII increase reflects the growth in credit revenues, especially in the recovery of written off credits, in a context of decreasing effective Selic Rate and interest rate of credit operations.

Provisions for expected loan losses reached R$1,501.5 million in 2020, increasing 25.8% (R$307.6 million) from 2019, mainly due to the rollover of credit portfolio by risk ratings, affected by the current economic environment. From 3Q2020 to 4Q2020, loan loss provision expenses totaled R$401.3 million, increasing 25.6% (R$81.9 million) due to the recovery of written off credits (which are fully provisioned) and the rollover of credit portfolio by risk rating.

Banking Fees totaled R$1,955.4 million in 2020, decreasing 4.3% (R$87.1 million) from 2019, particularly driven by lower MDR fees, impacted by the lower transaction volume and the measures in force to support customers due to the pandemic. Banking fess reached R$521.3 million in 4Q2020, increasing 10.4% (R$49.1 million) from 3Q2020, mostly due to higher MDR fees and insurance, pension plan and saving bond fees.

Adjusted administrative expenses (personnel and other opex) totaled R$2,599.0 million in 2020, decreasing 5.1% (R$195.0 million) from 2019. Totaling R$905.0 million in 4Q2020, adjusted administrative expenses were mostly stable from 3Q2020. **Adjusted personnel expenses** totaled R$1,969.9 million in 2020, mostly stable from 2019, impacted by the collective wage agreement and the number of employees who retired pursuant the incentive retirement plan offered in 1Q2019 and by the PDV in 4Q2020. In 4Q2020, adjusted personnel expenses totaled R$481.0 million, decreasing 4.5% from 3Q2020 due to the bonus paid in September 2020, in accordance with the collective wage agreement, and the retirement of employees related to the PDV. **Other administrative expenses** totaled R$1,629.1 million in 2020, decreasing 10.5% from 2019, mostly by the reductions observed in third party and specialized technical services expenses. In 4Q2020, other administrative expenses reached R$ 424.0 million, with a 5.5% increase from 3Q2020, mostly due to the increase in expenses with advertising and specialized technical services.

The reconciliation between reported and managerial net income is presented below, and considers the extraordinary events recorded in 2Q2019, 4Q2019 and 4Q2020. 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 %

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019
Adjusted Net Income	824.8	1,273.8	329.7	117.8	119.8	257.5	356.3
Adjustments	97.3	70.6	97.3	-	-	-	40.9
Restructuring plans of the Fundação Banrisul de Seguridade Social – FBSS [(1)]	-	49.5	-	-	-	-	-
Labor Lawsuits Provisions	-	(429.0)	-	-	-	-	(429.0)
Civil Lawsuits Provisions (reversal) [(2)]	-	126.8	-	-	-	-	126.8
Voluntary Termination Plan	(177.0)	-	(177.0)	-	-	-	-
Tax Effects [(3)]	79.6	101.1	79.6	-	-	-	120.9
Deferred Tax Assets – EC 103/2019 [(4)]	-	222.2	-	-	-	-	222.2
Net Income	727.5	1,344.4	232.4	117.8	119.8	257.5	397.2
Adjusted ROAA	1.0%	1.6%	1.4%	0.5%	0.6%	1.2%	1.8%
Adjusted ROAE	10.2%	16.9%	15.8%	5.7%	5.9%	13.0%	18.4%
Adjusted Efficiency Ratio [(5)]	53.0%	52.1%	53.0%	54.3%	52.6%	52.6%	52.1%

(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 103 of 2019.
(5) Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Income – Other Expenses). Considers the last 12 months.

Adjusted ROAE reached 10.2% in 2020, 6.7 pp. below 2019, reflecting particularly the increase in provisions for expected losses associated with credit risk expenses, the reduction in net interest income, the decrease in banking fees, the unfavorable evolution of other income/expenses amounting, partially offset by the decrease of administrative expenses.

Adjusted efficiency ratio reached 53.0% in 2020, from 52.1% in 2019, impacted by NII decrease, banking fees decrease and increase of other expenses, partially offset by the decrease of adjusted administrative expenses.

OPERATIONAL HIGHLIGHTS

Total assets reached R$91,822.9 million at the end of 2020, growing 12.6% (R$10,273.3 million) over 2019 and 1.8% (R$1,688.7 million) over September 2020. The main components of assets and liabilities are presented below.

Table 4: Asset Evolution Statement - R$ Million

	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
Total Assets	91,822.9	90,167.2	86,582.8	83,270.0	81,549.6	12.6%	1.8%
Credit Operations	37,605.8	36,257.7	35,965.9	36,185.8	36,182.7	3.9%	3.7%
Securities (1)	35,432.6	35,213.9	32,926.3	30,213.1	23,714.3	49.4%	0.6%
Funds Raised and Under Management	80,457.7	78,483.5	75,329.0	72,587.0	72,037.5	11.7%	2.5%
Shareholders' Equity	8,346.2	8,354.9	8,219.1	8,069.0	7,794.4	7.1%	-0.1%

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

Total **credit assets** (expanded concept) reached R$37,801.7 million in December 2020, increasing 3.8% in twelve months and 3.7% in the last quarter. Excluding sureties and guarantees, loan book increased 3.9% (R$1,423.1 million) from December 2019, mostly influenced by the growth of R$1,072.3 million in non-earmarked credit and of R$730.9 million in rural credit, performance that was offset by the reduction of R$264.2 million in foreign exchange financing and R$100.1 million in long-term loans. From September 2020, the loan book increased 3.7% (R$1,348.1 million), mainly due to the increase in non-earmarked credit in R$1,341.2 million, specially due the financing of the year-end bonus for state public servants and the PEAC emergency credit line.

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

	Dec 2020	% Total Credit	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
Foreign Exchange	510.4	1.4%	672.7	826.2	846.6	774.6	-34.1%	-24.1%
Commercial	28,887.4	76.8%	27,546.1	27,306.0	27,701.2	27,815.1	3.9%	4.9%
Individuals	22,278.0	59.2%	21,373.1	21,318.7	21,571.6	21,731.8	2.5%	4.2%
Payroll (1)	17,057.1	45.4%	16,892.4	16,314.0	16,082.8	16,001.1	6.6%	1.0%
Other	5,220.9	13.8%	4,480.7	5,004.6	5,488.8	5,730.7	-8.9%	16.5%
Companies	6,609.4	17.6%	6,173.0	5,987.3	6,129.5	6,083.3	8.6%	7.1%
Working Capital	4,873.7	13.0%	4,493.0	4,207.6	4,152.5	4,060.5	20.0%	8.5%
Other	1,735.6	4.6%	1,680.0	1,779.7	1,977.0	2,022.8	-14.2%	3.3%
Long-term Financing	569.1	1.5%	616.4	654.6	660.5	669.2	-15.0%	-7.7%
Real Estate Financing	4,125.6	11.0%	4,122.9	4,148.8	4,135.7	4,126.9	0.0%	0.1%
Agricultural Financing	3,392.2	9.0%	3,178.9	2,902.4	2,712.6	2,661.3	27.5%	6.7%
Other (2)	121.1	0.3%	120.6	127.9	129.3	135.5	-10.7%	0.4%
Total	**37,605.8**	**100.0%**	**36,257.7**	**35,965.9**	**36,185.8**	**36,182.7**	**3.9%**	**3.7%**

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

Securities, **interbank investments and cash availabilities** totaled R$39,795.5 million in December 2020, with net balance (deducted of repurchase transactions) of R$35,432.6 million, increasing 49.4% (R$11,718.3 million) from December 2019, mostly influenced by the increase of deposits and the reduction of compulsory deposits at the Central Bank of Brazil, in an environment of lower increase of the loan portfolio. From September 2020, these items were mostly stable.

Funds raised and under management, composed by deposits, bank notes, subordinated bond and third-party funds, totaled R$80,457.7 million in December 2020, increasing 11.7% (R$8,420.2 million) in twelve months, and 2.5% (R$1,974.2 million) in three months, driven by the increase in deposits.

Shareholders' equity reached R$8,346.2 million at the end of December 2020, increasing 7.1% (R$551.9 million) from December 2019 and mostly stable from September 2020. The evolution in shareholders' equity in twelve months and in the last quarter reflects the incorporation of net income, the payment of interest on own capital, 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.

Banrisul paid and provisioned R$989.8 million in **taxes and contributions** in 2020. Taxes withheld and paid, directly levied on financial intermediation and other payments, amounted to R$746.4 million in 2020.

Table 6: Other Indicators - %

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019
Net Interest Margin	6.90%	7.87%	7.29%	6.37%	6.95%	6.99%	7.85%
Basel Ratio (Prudential Conglomerate)	15.8%	15.1%	15.8%	16.2%	16.0%	15.1%	15.1%
Loan Portfolio Normal Risk / Total Credit	89.9%	88.7%	89.9%	88.8%	88.0%	88.8%	88.7%
Loan Portfolio Risks 1 and 2 / Total Credit	10.1%	11.3%	10.1%	11.2%	12.0%	11.2%	11.3%
Default Rate > 90 Days	2.31%	3.37%	2.31%	2.98%	3.54%	3.37%	3.37%
Cover Ratio > 90 Days (1)	317.7%	226.7%	317.7%	260.4%	234.3%	230.4%	226.7%
Provision Ratio (2)	7.3%	7.6%	7.3%	7.8%	8.3%	7.8%	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 2019 to 2020 reflects, particularly, the decrease in the Selic Rate and the Central Bank of Brazil cap rules for interest rates over overdraft accounts, all on the wake of increasing profitable assets volume, especially Securities.

The **90-day default rate** reached 2.31% in December 2020, decreasing 1.06 pp. in twelve months and 0.67 pp. in three months. The balance of 90-day past due credit reached R$869.7 million in December 2020, decreasing 28.7% in twelve months and 19.5% in the last quarter. The 90-day past due **Coverage ratio** reached 317.7% in December 2020, vis-à-vis 226.7% in December 2019 and 260.4% in September 2020. From December 2019 to December 2020, the increase of the 90-day coverage ratio reflects the decrease in past due credit transactions and the stability in the balance of provisions for expected losses associated with credit risk. In comparison with September 2020, the increase in the coverage ratio reflects the increase in the quality of credit assets compared to the decrease in the balance of credit provisions.

Total provisions reached 7.3% of the outstanding credit portfolio in December 2020, 0.3 pp. below December 2019 and 0.5 pp. below September 2020. Provisions for expected losses associated with credit risk were mostly stable in twelve months, due to the rolling over of risk rating levels, impacted by the current economic scenario, and the written off credits in the year. The portfolio of normal risk loans increased 1.2 pp. in relation to December 2019. In the last quarter, the balance of provisions for expected losses associated with credit risk decreased R$50.2 million reflecting the rollover of the portfolio by rating levels, while the share of normal risk loan portfolio in relation to the total loan book increased 1.1 pp.

GUIDANCE

After the period of discontinuation of the guidance, in the face of the sudden changes in the macroeconomic and social environment caused by the evolution of the Covid-19 pandemic, Banrisul again discloses its projections.

For the year 2021, in an economic environment still with high uncertainties, the expectation is for moderation in the pace of recovery in world activity, with growth that should not be enough to recover the losses observed in 2020, and should return to the pre-pandemic level only in 2022. Thus, a more consistent recovery in economic conditions is conditional on the large-scale distribution of an effective vaccine against Covid-19.

The projections for Banrisul's main businesses and indicators released for 2021 consider this context. In credit, it is expected to resume the speed of growth in view of the low volumes registered in the previous year, maintaining the quality and selectivity in the origination of new credits, with this, it is expected stability in the levels of the provision expense for losses on credit operations. credit. The funds raised are expected to grow at a slower pace, given the significant increase seen in 2020, when there was an increase in the preference for liquidity and a contraction in consumption, effects resulting from the crisis caused by the pandemic.

Regarding the performance indicators, the maintenance of the Selic Rate at the minimum historical levels reflected in price reductions, and the upward trend in the Selic rate for 2021 will cause reflections in the expected financial margin and profitability. In the efficiency index, the expectation of maintaining the level achieved is due to the lower growth of the financial margin and the resumption of investments.

Table 6: Guidance

	Year 2021
	Expected
Credit Portfolio	10% to 15%
Non-direct Lending – Individuals	10% to 15%
Non-direct Lending – Companies	11% to 16%
Agricultural Loans	22% to 27%
Provision Expenses / Credit Portfolio	3,5% to 4,5%
Funding (1)	4% to 8%
Return on Average Equity	10% to 14%
Efficiency Ratio	50% to 54%
Net Interest Income / Interest-Earning Assets	6% to 7%

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

Porto Alegre, February 10, 2021.

ANALYSIS OF PERFORMANCE

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

MARKET SHARE

In September 2020, Banrisul occupied the 11th position in total assets, the 10th in shareholders' equity and 11th in 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 2.8536% in December 2020 from 3.9889% in December 2019; deposits grew 13.1% year-on-year in Banrisul vis-à-vis the 58.1% expansion observed within the banking industry in the same period. As to demand deposits, Banrisul's participation in the domestic market reached 1.3670% in December 2020, decreasing 0.1046 pp. from December 2019; as for savings accounts, Banrisul's portfolio reached 1.0644% from the domestic market balance in December 2020, decreasing 0.0687 pp. from December 2019. Banrisul's share in credit in the Brazilian credit market reached 0.9360% in December 2020 from 1.0402% in December 2019.

Credit market share reached 18.3047% of the total credit granted within Rio Grande do Sul in September 2020, decreasing 1.3025 pp. in comparison to September 2019. In the State of Rio Grande do Sul, in September 2020 Banrisul's market share reached 40.9756% in time deposits, decreasing 7.9234 pp. in twelve months, while reaching 12.3256% in saving deposits in the same month, decreasing 0.5992 pp. year-on-year. Demand deposits decreased 2.1822 pp. in twelve months, reaching 23.6286% in September 2020.

Table 7: Market Share

	Brazil		Rio Grande do Sul	
	Dec 2020 (1)	Dec 2019 (1)	Sep 2020 (2)	Sep 2019
Demand Deposits	1.3670%	1.4716%	23.6286%	25.8108%
Saving Deposits	1.0644%	1.1331%	12.3256%	12.9248%
Time Deposits	2.8536%	3.9889%	40.9756%	48.8990%
Credit Operations	0.9360%	1.0402%	18.3047%	19.6072%
Number of Branches	2.7028%	2.5847%	31.0499%	30.7453%

(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 2019 to 2020. Average interest-earning assets grew 8.6% and interest-bearing liabilities increased 9.4%. The absolute margin decreased 4.7% in 2020 and the relative annualized margin decreased 0.97 pp. when compared to 2019.

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 43.5% of the total average interest-earning assets, credit assets decreased 1.5 pp. from 2019 to 2020; treasury operations amounted to 43.1% of interest-earning assets in 2020, increasing 6.9 pp. from 2019. Compulsory deposits decreased 6.3 pp comparing to the 2019, reaching 10.8% in 2020.

As to interest-bearing liabilities, the average balance of time deposits represented 63.4% of the cost-generating liabilities in 2020, decreasing 0.1 pp. from 2019. Savings deposits reached 15.3% of the total interest-bearing liabilities in 2020, increasing 0.1 pp. from 2019. Among the other interest-bearing liabilities, market funding represented 6.0%, decreasing 0.3 pp. from 2019. Bank notes represented 4.5% of the interest-bearing liabilities in 2020, decreasing 0.8 pp. from 2019. Subordinated debt represented 4.4% in 2020, with an increase of 0.9 pp. compared to 2019, an increase motivated by the exchange rate variation and mark to market.

All together, these variations decreased spreads, which reached 6.06% in 2020.

Table 8: Margin Analysis - R$ Million and %

	2020			2019			2018		
	Average Balance	Income Expense	Average Rate	Average Balance	Income Expense	Average Rate	Average Balance	Income Expense	Average Rate
Interest-Earning Assets	**76,228.3**	**8,233.2**	**10.80%**	**70,212.7**	**9,105.4**	**12.97%**	**66,860.5**	**9,551.8**	**14.29%**
Loans [(1)]	33,186.0	6,311.3	19.02%	31,627.5	6,818.0	21.56%	29,395.3	6,957.8	23.67%
Securities [(2)]	32,854.9	836.0	2.54%	25,443.9	1,422.7	5.59%	24,679.9	1,628.4	6.60%
Derivatives	814.7	782.8	96.09%	81.7	132.1	161.60%	25.7	217.6	845.33%
Compulsory Deposits	8,268.3	241.8	2.92%	12,014.8	672.9	5.60%	11,771.1	703.6	5.98%
Other	1,104.4	61.4	5.56%	1,044.7	59.7	5.71%	988.5	44.4	4.49%
Non Interest-Earning Assets	10,642.8	-	-	**9,059.0**	-	-	**8,549.1**	-	-
Total Assets	**86,871.2**	**8,233.2**	**9.48%**	**79,271.7**	**9,105.4**	**11.49%**	**75,409.7**	**9,551.8**	**12.67%**
Interest-Bearing Liabilities	**67,116.5**	**(2,970.4)**	**4.43%**	**61,337.2**	**(3,580.4)**	**5.84%**	**58,184.3**	**(3,860.6)**	**6.64%**
Interbank Deposits	1,098.6	(23.9)	2.18%	257.8	(10.3)	4.01%	100.0	(5.8)	5.80%
Saving Deposits	10,256.6	(285.5)	2.78%	9,341.5	(419.9)	4.49%	8,761.0	(419.9)	4.79%
Time Deposits	42,571.5	(1,090.4)	2.56%	38,940.9	(2,102.3)	5.40%	36,436.6	(2,117.1)	5.81%
Repurchase agréments (REPOs)	4,046.1	(121.9)	3.01%	3,871.0	(252.7)	6.53%	4,839.6	(305.9)	6.32%
Resources from Bank Notes [(3)]	3,040.1	(87.1)	2.86%	3,295.1	(192.3)	5.84%	2,328.0	(141.7)	6.09%
Subordinated Debt	2,949.3	(885.7)	30.03%	2,211.8	(315.7)	14.27%	1,984.1	(411.3)	20.73%
Domestic Borrowings and Onlendings	1,492.2	(55.9)	3.74%	1,631.9	(68.2)	4.18%	2,019.4	(153.3)	7.59%
Foreign Borrowings and Onlendings	701.2	(387.0)	55.19%	761.7	(147.8)	19.40%	806.1	(246.2)	30.54%
Financial and Development Funds	960.9	(33.1)	3.44%	1,025.4	(71.2)	6.94%	909.6	(59.5)	6.55%
Non-Interest-Bearing Liabilities	11,578.1	-	-	**10,331.5**	-	-	**10,049.4**	-	-
Shareholders' Equity	8,176.5	-	-	**7,603.0**	-	-	**7,176.0**	-	-
Liabilities and Shareholders' Equity	**86,871.2**	**(2,970.4)**	**3.42%**	**79,271.7**	**(3,580.4)**	**4.52%**	**75,409.7**	**(3,860.6)**	**5.12%**
Spread			**6.06%**			**6.97%**			**7.55%**
Margin		**5,262.8**	**6.90%**		**5,525.0**	**7.87%**		**5,691.1**	**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.

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 decrease in expenses (driven by the decrease of interest-bearing liabilities average interest rates) reduced margins by R$872.0 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$609.7 million in financial margin. Altogether, financial margin decreased R$262.3 million from 2019 to 2020.

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) 2020 vs 2019, (ii) 2019 vs 2018.

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

	2020/2019			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	324.3	(831.1)	(506.8)	506.7	(646.5)	(139.8)
Securities	335.7	(922.4)	(586.7)	49.1	(254.8)	(205.7)
Derivatives	681.5	(30.8)	650.7	194.3	(279.8)	(85.5)
Compulsory Deposits	(398.1)	(33.1)	(431.2)	14.3	(45.0)	(30.7)
Other	3.2	(1.5)	1.7	2.6	12.7	15.3
Total Interest-Earning Assets	**946.7**	**(1.818.9)**	**(872.2)**	**767.0**	**(1,213.4)**	**(446.4)**
Interest-Bearing Liabilities						
Interbank Deposits	(15.8)	2.2	(13.6)	(5.6)	1.1	(4.5)
Saving Deposits	(37.9)	172.2	134.3	(26.9)	26.9	0.0
Time Deposits	(180.5)	1.192.5	1.012.0	(140.4)	155.1	14.7
Repurchase agréments (REPOs)	(11.0)	141.7	130.8	62.9	(9.7)	53.2
Resources from Bank Notes	16.2	89.0	105.2	(56.2)	5.6	(50.6)
Subordinated Debt	(132.2)	(437.7)	(569.9)	(43.2)	138.8	95.5
Domestic Borrowings and Onlendings	8.7	3.7	12.3	39.3	45.9	85.2
Foreign Borrowings and Onlendings	10.8	(250.0)	(239.2)	14.4	84.0	98.4
Financial and Developmentee Funds	4.8	33.3	38.1	(7.9)	(3.7)	(11.6)
Total Interest-Bearing Liabilities	**(337.0)**	**946.9**	**609.9**	**(163.6)**	**443.9**	**280.3**
Margin	**609.7**	**(872.0)**	**(262.3)**	**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 December 31, 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 seven indexes of B3 S.A. - Brasil, Bolsa, Balcão. In 4Q2020, the average daily traded financial volume increased by 23.4% in relation to 4Q2019; in the same period, the daily average number of transactions increased 49.1%. Average financial volume was stable and the average number of transactions decreased 7.3% in the last three months.

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

In December 2020, Banrisul’s market value reached R$5,958.8 million, increasing 32.7% in comparison with December 2019 and 22.1% in relation to September 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

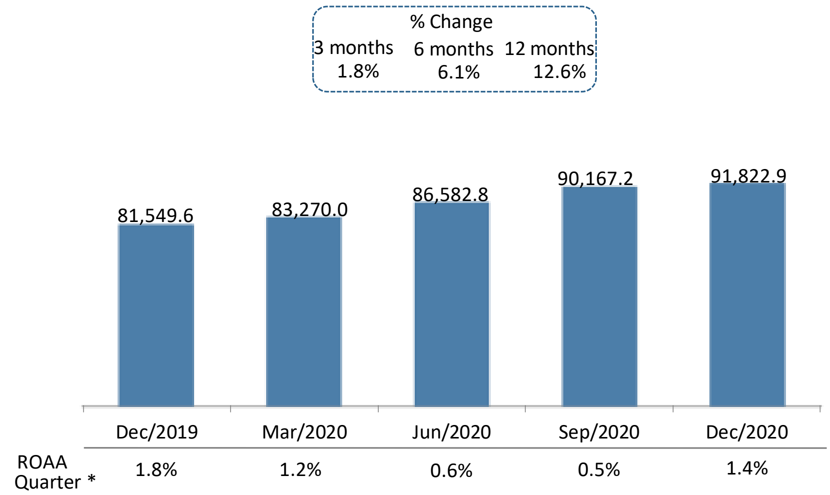
TOTAL ASSETS

Total assets reached R$91,822.9 million in December 2020, and are divided into (i) securities added to interbank deposits and cash (43.3%); (ii) loans (41.0% of total assets); (iii) compulsory deposits placed at the Central Bank of Brazil (8.4%) and (iv) other assets (7.3%).

In the last twelve months, total assets grew 12.6% (R$10,273.3 million), mostly from the increase of R$8,806.4 million in deposits, of R$971.0 million in repurchase agreements and of R$678.6 million in subordinated bond. As to asset allocation, the balance of securities, jointly with net interbank investments, increased R$12,689.3 million, and credit portfolio increased R$1,423.1 million, while compulsory deposits placed at the Central Bank of Brazil decreased R$4,435.5 million in the period.

From September 2020, total assets increased by 1.8% (R$1,655.7 million), mainly due to the increase of R$2,553.9 million, mostly offset by the decrease in interbank and interbranch relations, in R$446.8 million, the resources from bank notes, in R$223.4 million, and the subordinated debt, in R$200.7 million. As for the allocation, the credit portfolio increased by R$1,348.1 million, securities increased by R$375.7 million, compulsory deposits at Bacen increased R$204.9 million.

Graph 2: Total Assets - R$ Million



*Figures annualized and based on the adjusted net income.

SECURITIES AND DERIVATIVES

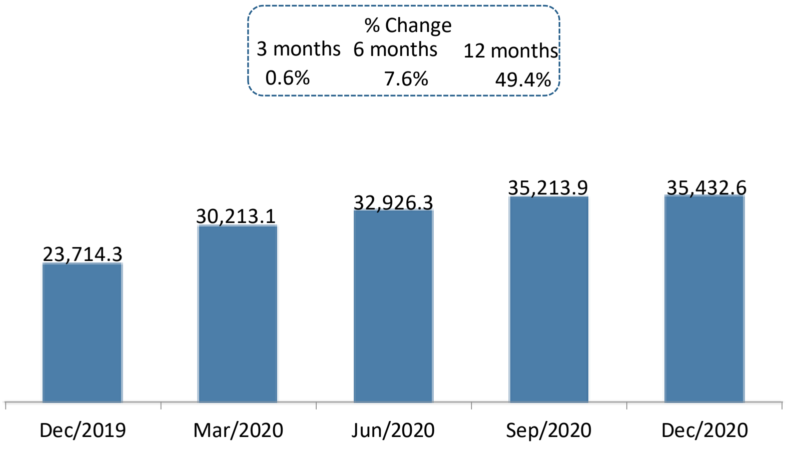
Securities, derivatives, interbank investments and cash, net of repo transactions, totaled R$35,432.6 million in December 2020, increasing 49.4% (R$11,718.3 million) from December 2019 and relatively stable, increasing R$218.7 million from September 2020.

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

From September 2020, the performance reflects particularly the increase in deposits, in a context of increasing credit assets and compulsory deposits at the Central Bank of Brazil.

The securities portfolio is distributed as follows: 62.8% (R$24,987.4 million) as "held to maturity", 16.7% (R$6,655.3 million) as securities held for trading, 15.2% (R$6,041.6 million) as interbank investments, 3.2% (R$1,263.6 million) as cash, 2.1% (R$844.6 million) as derivatives and R$2.5 million as "available for sale", totaling R$39,795.0 million. Federal government bonds account for 93.1% of treasury investments.

Graph 3: Securities and Derivatives(1) - R$ Million

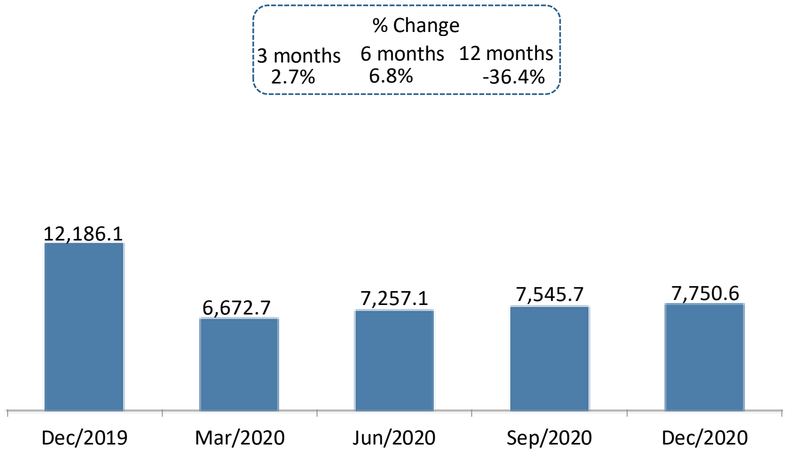


(1) Excluding repo transactions.

COMPULSORY DEPOSITS PLACED AT CENTRAL BANK OF BRAZIL

The balance of compulsory deposits placed at Central Bank of Brazil amounted to R$7,750.6 million in December 2020, decreasing 36.4% (R$4,435.5) since December 2019 and increasing 2.7% (R$204.9 million) since September 2020.

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



The decrease million in compulsory deposits placed at Central Bank of Brazil in December 2020 in relation to December 2019, was especially influenced by the retraction of reserve requirements over time deposits, R$4,631.0, 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, partially offset by the increase in compulsory deposits on demand deposits, in R$137.9 million.

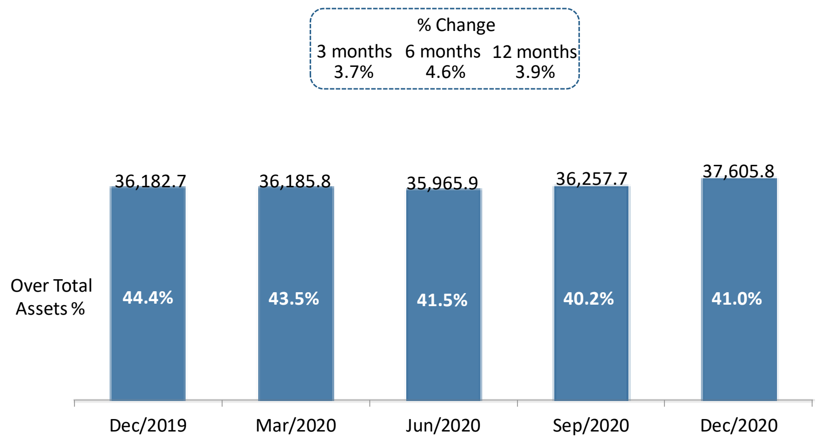
The growth of compulsory deposits from September 2020 to December 2020 was driven by the increases of R$103.0 million in compulsory deposits on time deposits, of R$41.0 in compulsory deposits on savings deposits and of R$5.6 million in compulsory deposits on demand deposits, impacted by the increase in those deposits.

CREDIT OPERATIONS

Banrisul's credit portfolio totaled R$37,605.8 million in December 2020, increasing 3.9% (R$1,423.1 million) over December 2019. From September 2020, the credit portfolio increased 3.7% (R$1,348.1 million). Expanded credit portfolio, which includes co-obligations and risks on granted guarantees, reached R$37,801.7 million in

December 2020, increasing 3.8% (R$1,376.2 million) from December 2019 and 3.7% (R$1,331.4 million) from September 2020.

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$1,072.3 million in credit, and of R$730.9 million in rural loans, while offset by the decrease of R$264.2 million in the exchange portfolio and of R$100.1 million in long-term finance.

In comparison with September 2020, the credit portfolio balance was mainly influenced by the growth of R$1,341.2million in credit and of R$213.3 million in rural loans, minimized by the decrease of R$162.2 million in the exchange portfolio and of R$47.3 million in long-term finance.

Breakdown of Credit by Company Size

Credit to companies totaled R$9,055.8 million in December 2020, and represented 24.1% of the total loan portfolio. Of the outstanding balance of corporate credit, 57.17% is allocated into micro, small and medium size companies.

In the last twelve months, credit to micro, small and medium-sized companies increased 5.5% (R$271.3 million), with credit to large-sized companies decreased 1.4% (R$42.9 million). In the last three months, credit to micro, small and medium-sized companies increased 5.6% (R$276.2 million) and credit to large sized companies decreased 3.9% (R$158.8 million).

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

	Dec 2020			Sep 2020			Dec 2019			Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
	Balance	% Company Portfolio	% Total Portfolio	Balance	% Company Portfolio	% Total Portfolio	Balance	% Company Portfolio	% Total Portfolio		
Large Companies	3,887.2	42.9%	10.3%	4,046.0	45.3%	11.2%	3,930.2	44.5%	10.9%	-1.1%	-3.9%
Total Middle/Small/Micro	5,168.6	57.1%	13.7%	4,892.3	54.7%	13.5%	4,897.2	55.5%	13.5%	5.5%	5.6%
Middle Companies	3,024.6	33.4%	8.0%	2,752.5	30.8%	7.6%	3,085.8	35.0%	8.5%	-2.0%	9.9%
Small Companies	1,756.5	19.4%	4.7%	1,763.2	19.7%	4.9%	1,350.7	15.3%	3.7%	30.0%	-0.4%
Micro-Companies	387.4	4.3%	1.0%	376.7	4.2%	1.0%	460.7	5.2%	1.3%	-15.9%	2.9%
Total Companies	**9,055.8**	**100.0%**	**24.1%**	**8,938.3**	**100.0%**	**24.7%**	**8,827.4**	**100.0%**	**24.4%**	**2.6%**	**1.3%**

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

	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
Public Sector	**103.6**	**101.5**	**104.3**	**102.7**	**107.1**	**-3.3%**	**2.1%**
Public Management - Direct and Indirect	103.6	101.5	104.3	102.7	107.1	-3.3%	2.1%
Private Sector	**37,502.2**	**36,156.2**	**35,861.6**	**36,083.2**	**36,075.5**	**4.0%**	**3.7%**
Corporate	8,952.2	8,836.9	8,966.6	8,865.4	8,720.3	2.7%	1.3%
Agricultural	272.6	159.9	168.3	229.5	232.9	17.0%	70.5%
Food, beverage and smoke	1,146.4	1,194.7	1,241.6	1,143.5	1,142.0	0.4%	-4.0%
Automotive	383.3	352.9	337.3	349.0	340.6	12.5%	8.6%
Pulp, wood and furniture	185.0	202.1	198.2	190.1	193.9	-4.6%	-8.5%
Wholesale Food Business	535.0	552.1	626.9	475.5	444.7	20.3%	-3.1%
Wholesale Business, except for food	559.9	506.3	512.8	472.0	448.7	24.8%	10.6%
Retail Business - Others	784.3	720.0	612.2	663.9	622.0	26.1%	8.9%
Construction and Real Estate	837.5	817.4	824.0	826.0	816.6	2.6%	2.5%
Education, Health and other Social Services	1,233.6	1,367.6	1,358.5	1,382.5	1,398.6	-11.8%	-9.8%
Electronics and Computing	313.8	312.6	313.4	341.0	337.7	-7.1%	0.4%
Financials and Insurance	338.7	349.6	474.3	448.0	449.8	-24.7%	-3.1%
Machine and Equipment	239.2	216.9	215.1	209.5	203.0	17.8%	10.3%
Metallurgy	230.3	198.3	214.2	187.2	179.5	28.3%	16.1%
Infrastructure Works	31.4	136.2	134.4	147.5	152.3	-79.4%	-76.9%
Oil and Natural Gas	355.3	359.0	368.6	381.3	374.1	-5.0%	-1.0%
Chemical and Petrochemical	434.1	372.7	419.8	442.1	427.4	1.6%	16.4%
Private Services	219.6	215.1	199.5	203.2	202.5	8.4%	2.1%
Textile, Confections and Leather	234.0	216.3	203.4	217.3	197.2	18.6%	8.2%
Transportation	314.7	286.0	285.9	298.8	306.6	2.6%	10.0%
Others	303.5	300.9	258.1	257.6	250.0	21.4%	0.9%
Individuals	28,550.0	27,319.4	26,895.0	27,217.7	27,355.3	4.4%	4.5%
Total	**37,605.8**	**36,257.7**	**35,965.9**	**36,185.8**	**36,182.7**	**3.9%**	**3.7%**

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 77.1% of the total credit portfolio in December 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 22.9% of total credit balance in December 2020.

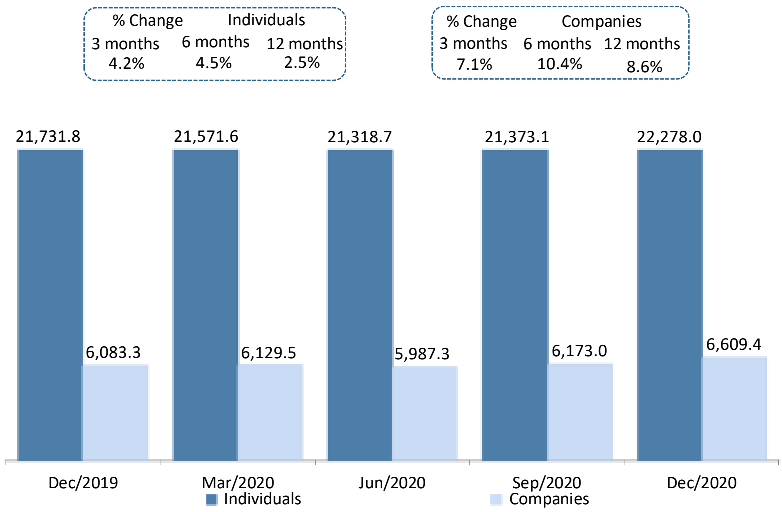
Table 13: Breakdown of Credit by Portfolio - R$ Million

	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Dec 2020
Private Sector	**37,502.2**	**36,156.2**	**35,861.6**	**36,083.2**	**36,075.5**	**4.0%**	**3.7%**
Commercial	28,887.4	27,546.1	27,306.0	27,701.2	27,815.1	3.9%	4.9%
Individuals (1)	22,278.0	21,373.1	21,318.7	21,571.6	21,731.8	2.5%	4.2%
Companies	6,609.4	6,173.0	5,987.3	6,129.5	6,083.3	8.6%	7.1%
Leasing	4,125.6	4,122.9	4,148.8	4,135.7	4,126.9	0.0%	0.1%
Rural	3,392.2	3,178.9	2,902.4	2,712.6	2,661.3	27.5%	6.7%
Long Term Financing	569.1	616.4	654.6	660.5	669.2	-15.0%	-7.7%
Foreign Exchange	510.4	672.7	826.2	846.6	774.6	-34.1%	-24.1%
Agricultural Financing	17.6	19.2	23.6	26.6	28.4	-38.3%	-8.4%
Public Sector	**103.6**	**101.5**	**104.3**	**102.7**	**107.1**	**-3.3%**	**2.1%**
Total of Credit-like Transactions	**37,605.8**	**36,257.7**	**35,965.9**	**36,185.8**	**36,182.7**	**3.9%**	**3.7%**
Co-obligation, sureties and guarantees	195.9	212.6	240.8	277.9	242.9	-19.3%	-7.9%
Total	**37,801.7**	**36,470.3**	**36,206.8**	**36,463.7**	**36,425.5**	**3.8%**	**3.7%**

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

Making up 76.8% of Banrisul's total loan book, the balance of non-earmarked credit portfolio at the end of December 2020 reached R$28,887.4 million. Within the non-earmarked credit portfolio, credit to individuals corresponded to 77.1% of the balance of the non-earmarked portfolio and to 59.2% of the total loan book in December 2020. Credit to companies represented 22.9% of the balance of non-earmarked credit and 17.6% 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$4,125.6 million in December 2020, relatively stable, decreasing R$1.3 million from December 2019. Real estate finance was mostly flat from September 2020, increasing R$2.6 million. Real estate finance lines represented 11.0% of the Bank's total credit portfolio in December 2020, including R$13.3 million related to an operation involving the sale of credit with recourse.

Rural loans totaled R$3,392.2 million in December 2020, increasing 27.5% (R$730.9 million) from December 2019 and 6.7% (R$213.3 million) from September 2020. Rural loans represented 9.0% of the loan portfolio in December 2020.

Long-term finance totaled R$569.1 million in December 2020, with decreases of 15.0% (R$100.1 million) from December 2019 and of 7.7% (R$47.3 million) from September 2020.

Foreign exchange portfolio totaled R$510.4 million in December 2020, decreasing 34.1% (R$264.2 million) from December 2019 and 24.1% (R$162.2 million) from September 2020.

Non-earmarked Credit

Composed by lower risk credit portfolios, non-earmarked credit to individuals reached R$22,278.0 million in December 2020, increasing 2.5% (R$546.2 million) from December 2019 and 4.2% (R$904.9 million) from September 2020. Accounting for 76.6% of the non-direct lending to individuals and for 59.0% of the total non-earmarked portfolio, the non-earmarked portfolio is manly composed by payroll loans, which totaled R$17,057.1 million in December 2020. From the total amount of payroll loans, 61.6% (R$10,511.6 million) are credit operations originated at Banrisul's network, 37.6% (R$6,407.4 million) are credit operations originated at banking correspondents and 0.8% (R$138.1 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$1,056.0.6 million in payroll loans, especially INSS payroll loans, partially offset by the decrease of R$438.7 million in non-earmarked credit, facing specially the credit line anticipation of salary and of R$93.3 million in overdraft.

From September 2020, the growth in non-earmarked credit came, mostly, from the increase of R$555.7 million in personel loans, mostly due to the anticipation of year-end 13th salary of 2020, from public servants from the State of Rio Grande do Sul, the increase of R$225.1 million in credit and debit cards and of R$164.7 million in payroll loans, partially offset by the decrease of R$47.5 million in overdraft.

Non-earmarked credit to companies reached R$6,609.4 million in December 2020, increasing 8.6% (R$526.1 million) from December 2019, mostly driven by the increase of R$813.3 million in working capital lines, in particularly as relief credit granted in programs such as PEAC and Pronampe which reached R$1,408.5 million, trend partially minimized by the decreases of R$260.8 million in debtor accounts, and of R$59.0million in anticipation of recevables.

From September 2020 to December 2020, non-earmarked credit to companies increased 7.1% (R$436.4 million), mainly influenced by the increase of R$380.7 million in working capital lines linked to credit relief programs like PEAC, which grew R$702.2 million.

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

	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
Individuals	**22,278.0**	**21,373.1**	**21,318.7**	**21,571.6**	**21,731.8**	**2.5%**	**4.2%**
Credit and Debit Card (1)	2,194.6	1,969.5	1,875.6	2,038.9	2,218.0	-1.1%	11.4%
Overdraft	349.8	397.2	442.2	518.1	443.1	-21.1%	-12.0%
Payroll-deductible Loan(2)	17,057.1	16,892.4	16,314.0	16,082.8	16,001.1	6.6%	1.0%
Non Payroll-deductible Loan	1,842.5	1,286.8	1,842.4	2,086.5	2,281.2	-19.2%	43.2%
Other	834.0	827.1	844.4	845.3	788.4	5.8%	0.8%
Companies	**6,609.4**	**6,173.0**	**5,987.3**	**6,129.5**	**6,083.3**	**8.6%**	**7.1%**
Credit Card (1)	147.0	141.8	137.2	142.4	148.5	-1.0%	3.7%
Working Capital	4,873.7	4,493.0	4,207.6	4,152.5	4,060.5	20.0%	8.5%
Debtor Accounts	294.1	346.0	428.2	534.3	554.9	-47.0%	-15.0%
Compror/Vendor	13.2	12.2	14.0	12.6	13.7	-3.2%	8.3%
Foreign Credit	98.6	112.8	130.3	133.3	117.9	-16.4%	-12.6%
Debt Instruments Discount	64.2	58.7	70.4	115.9	123.2	-47.9%	9.5%
Other	1,118.5	1,008.5	999.6	1,038.6	1,064.6	5.1%	10.9%
Total	**28,887.4**	**27,546.1**	**27,306.0**	**27,701.2**	**27,815.1**	**3.9%**	**4.9%**

(1) Of the R$2,111.3million balance, R$308.8 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$46,667.2 million in 2020, decreasing 5.3% (R$2,614.3 million) in comparison to 2019. In 4Q2020, the total credit grant reached R$11,350.5 million, decreasing 18.2% (R$2,530.5 million) from 4Q2019 and 12.6% (R$1,642.3 million) from 3Q2020.

From 2019 to 2020, the decrease in credit concessions was mainly due to the decrease of R$3,750.2 million in non-earmarked credit, partially offset by the increase of R$412.4 million in credit concessions in rural loans.

The decrease in the volume of credit granted from 4Q2019 to 4Q2020 was influenced by the decreases of R$2,668.6 million in grants of commercial credit to individuals, offset by the increase of R$252.6 million in rural credit.

Quarter on quarter, the decrease in the volume of credit granted in 4Q2020 came mainly from the decrease of R$1,340.4 million in the volume of commercial credit to individuals, and of R$325.8 million in rural credit, partially offset by the increase of R$50.0 million in real state loans concessions.

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

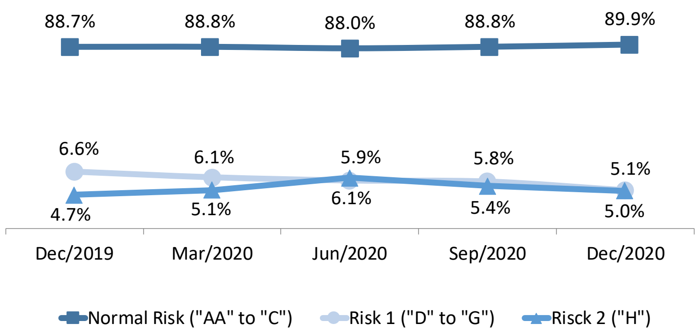
	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019	2020/ 2019	4Q2020/ 3Q2020
Foreign Exchange	857.5	987.9	135.0	172.4	202.4	347.7	239.6	-13.2%	-21.6%
Non-earmarked (1)	41,625.7	45,375.9	10,261.0	11,595.3	9,320.5	10,448.8	12,929.7	-8.3%	-11.5%
Individuals	29,877.1	31,135.5	7,272.5	8,612.9	6,937.8	7,054.0	9,340.4	-4.0%	-15.6%
Companies	11,748.6	14,240.4	2,988.6	2,982.4	2,382.7	3,394.8	3,589.3	-17.5%	0.2%
Leasing	1.2	12.1	-	0.1	-	1.2	5.5	-89.9%	-100.0%
Long-term Financing	230.5	221.0	44.5	39.4	107.4	39.1	61.7	4.3%	13.0%
Real Estate	691.9	836.7	220.9	170.7	117.0	183.3	208.2	-17.3%	29.4%
Agricultural	3,260.3	1,847.9	689.0	1,014.8	702.8	853.7	436.4	76.4%	-32.1%
Total	**46,667.2**	**49,281.4**	**11,350.5**	**12,992.7**	**10,450.1**	**11,873.8**	**13,881.0**	**-5.3%**	**-12.6%**

(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 89.9% of the credit portfolio in December 2020, increasing 1.2 pp. from December 2019 and 1.1 pp. from September 2020.

Graph 7: Credit Portfolio by Risk Levels (%)



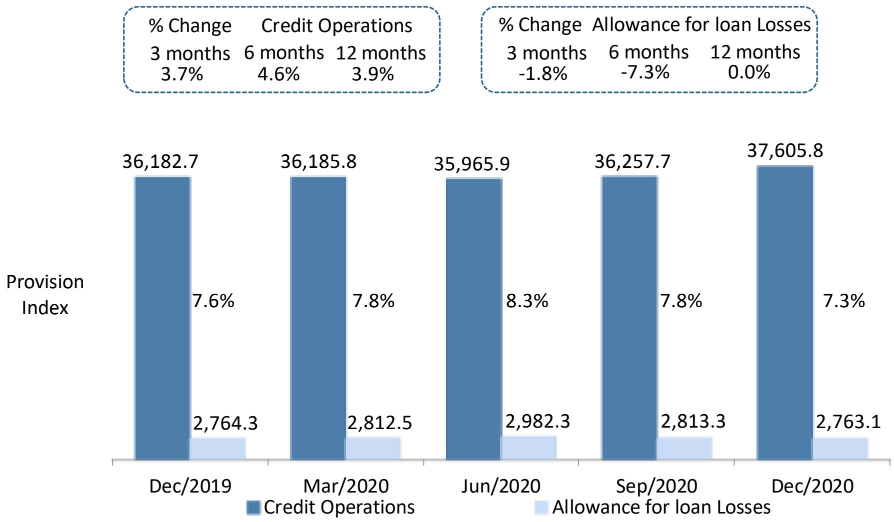
Allowance for Loan Losses

Representing 7.3% of the loan portfolio, allowance for loan losses totaled R$2,763.1 million in December 2020, decreasing 0.3 pp. from December 2019 and 0.5 pp. from September 2020.

Allowance for loan losses was mostly stable, decreasing R$1.2 million) from December 2019, reflecting the rolling over of the portfolio by risk rating on account of the current economic scenario, and the flow of write-off loans in the year.

In comparison with September 2020, the balance of provision for credit losses decreased by 1.8% (R$50.2 million), reflecting the rollover of the portfolio by rating levels and the decrease in overdue loans.

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



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

(i) R$778.8 million for operations with installments 60 days overdue;

(ii) R$1,984.3 million for contracts due or less than 60 days overdue.

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

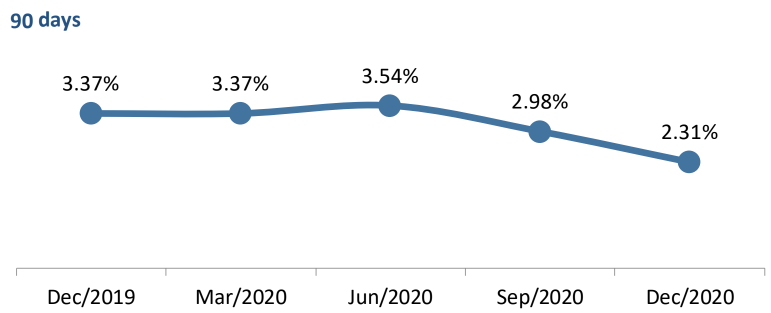
Risk Levels	Required Provision %	Portfolio	Relative Accumulated Share %	Past Due Credits	Receivable Credits	Minimum Provision		Total Provision	Provision Over Portfolio %
						Past Due	Receivables		
AA	0.0%	5,141.3	13.67%	-	5,141.3	-	-	-	-
A	0.5%	18,948.5	64.06%	-	18,948.5	-	94.7	94.7	0.50
B	1.0%	7,903.9	85.08%	-	7,903.9	-	79.0	79.0	1.00
C	3.0%	1,795.6	89.85%	39.5	1,756.1	1.2	52.7	53.9	3.00
D	10.0%	870.9	92.17%	55.2	815.7	5.5	81.6	87.1	10.00
E	30.0%	335.0	93.06%	58.4	276.6	17.5	83.0	100.5	30.00
F	50.0%	237.5	93.69%	45.7	191.8	22.9	95.9	118.8	50.00
G	70.0%	480.1	94.97%	124.5	355.6	87.2	248.9	336.1	70.00
H	100.0%	1,893.0	100.00%	644.5	1,248.5	644.5	1,248.5	1,893.0	100.00
Total		**37,605.8**		**967.8**	**36,638.0**	**778.8**	**1,984.3**	**2,763.1**	**7.35%**

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 2.31% of the loan book in December 2020, decreasing 1.06 pp. in twelve months and 0.67 pp. from September 2020. 90-day plus overdue loans totaled R$869.7 million in December 2020, decreasing 28.7% (R$349.7 million) from December 2019 and 19.5% (R$210.5 million) from September 2020.

Graph 9: Default Rate

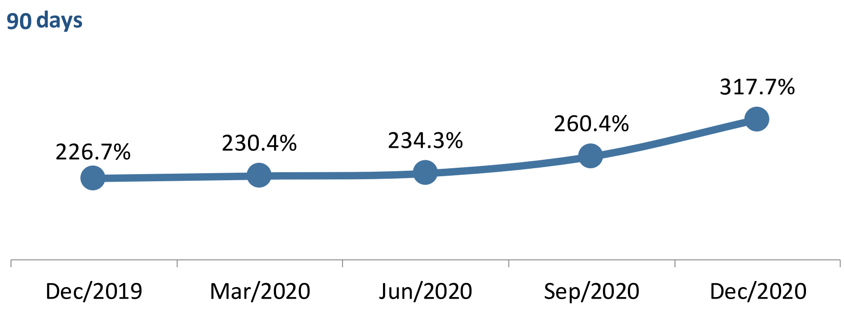


COVERAGE RATIO

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 December 2020, coverage ratio for 90-day overdue transactions reached 317.7%. The increase in the coverage ratio for 90-day in comparison to December 2019 reflects the decrease in overdue loans and the stability in the balance of allowance for loan losses. In comparison to September 2020, the increase in the coverage ratio reflects the proportionally greater reduction in overdue loans when compared to the decrease in the provision balance for credit losses.

Graph 10: Coverage Ratio



FUNDING

Consisting of deposits, bank notes and subordinated bond, funding totaled R$67,866.7 million in December 2020, an increase of 14.1% (R$8,365.4 million) from December 2019 and of 3.2% (R$2,129.8 million) from September 2020.

The increase from December 2019 was mostly influenced by the increase of deposits and subordinated debt, partially offset by the decrease in resources from bank notes. From September 2020, the trajectory of the funds raised was influenced by the increase in deposits, minimized by the retraction of bank notes and of subordinated debt.

Table 17: Funding Composition per Product- R$ Million

	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Dec 2020/ Dec 2019	Dec 2020/ Sep 2020
Total Deposits	62,446.5	59,892.7	56,719.0	53,933.8	53,640.1	16.4%	4.3%
Time Deposits	4,289.1	3,476.3	2,970.4	2,793.3	3,229.0	32.8%	23.4%
Demand Deposits	11,065.6	10,705.2	10,282.0	9,705.6	9,622.2	15.0%	3.4%
Saving Deposits	1,478.8	1,196.2	1,055.4	1,089.3	457.1	223.5%	23.6%
Interbank Deposits	45,599.6	44,502.9	42,400.5	40,330.9	40,318.3	13.1%	2.5%
Other Deposits	13.4	12.1	10.7	14.7	13.5	-1.0%	11.0%
Resources from Notes (1)	2,440.5	2,663.9	3,083.4	3,351.2	3,560.2	-31.4%	-8.4%
Subordinated Debt	2,979.6	3,180.3	3,208.3	3,000.0	2,301.0	29.5%	-6.3%
Total Funding	**67,866.7**	**65,736.9**	**63,010.7**	**60,285.0**	**59,501.3**	**14.1%**	**3.2%**
Assets Under Management	12,591.0	12,746.6	12,318.3	12,302.0	12,536.2	0.4%	1.2%
Total Funding and Assets Under Management	**80,457.7**	**78,483.5**	**75,329.0**	**72,587.0**	**72,037.5**	**11.7%**	**2.5%**

(1) Bank Notes and Real Estate Notes.

Total Deposits

Total deposits reached R$62,446.5 million in December 2020, increasing 16.4% (R$8,806.4 million) from December 2019 and 4.3% (R$2,553.9 million) from September 2020, mainly due to the increase of time deposits.

Time Deposits

Banrisul's main funding vehicle, time deposits totaled R$45,599.6 million in December 2020, increasing 13.1% (R$5,281.3 million) from December 2019 and of 2.5% (R$1,096.7 million) from September 2020.

Demand Deposits

In December 2020, demand deposits reached R$4,289.1 million, increasing 32.8% (R$1,060.1 million) from December 2019 and 23.4% (R$812.8 million) from September 2020.

Saving Deposits

Savings deposits totaled R$11,065.6 million in December 2020, increasing 15.0% (R$1,443.4 million) from December 2019 and 3.4% (R$360.4 million) September 2020.

Resources from Notes

Bank and real estate notes reached R$2,440.5 million in December 2020, decreasing 31.4% (R$1,119.6 million) from December 2019 and 28.4% (R$223.4 million) from September 2020.

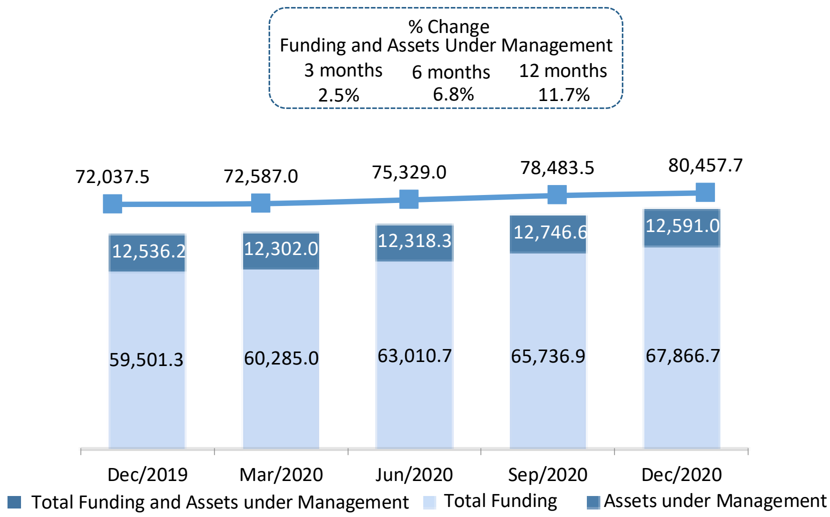
Subordinated Bond

The subordinate bond amounted to R$2,979.6 million in December 2020, increasing 29.5% (R$678.6 million) from December 2019 and decreasing 6.3% (R$200,7 million) September 2020, due to mark-to market and the exchange rate variation in those periods.

ASSETS UNDER MANAGEMENT

Assets under management totaled R$12,591.0 million at the end of December 2020, and was mostly stable, increasing R$54.8 million from December 2019 and decreasing 1.2% (R$155.6 million) from September 2020. Banrisul mandate is conservatively oriented when managing third party assets, focusing on portfolio liquidity.

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



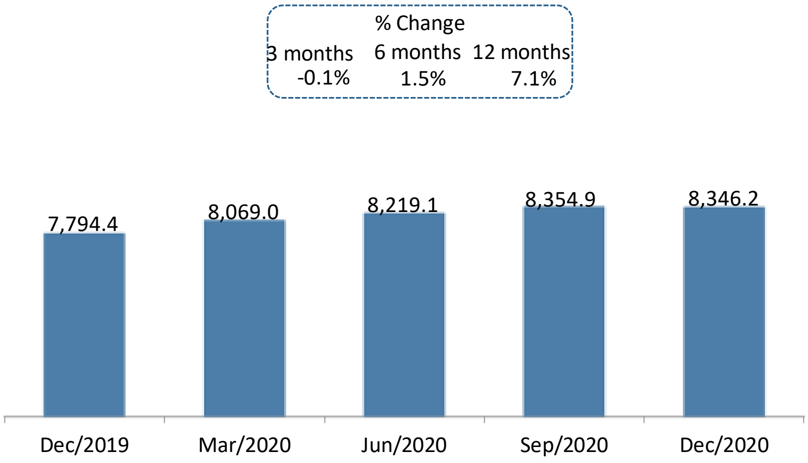
SHAREHOLDERS' EQUITY

Banrisul's shareholders' equity reached R$8,346.2 million at the end of December 2020, an increase of 7.1% (R$551.9 million) from December 2019 and relatively stable, decreasing R$8.7 million from September 2020.

From December 2019, the evolution of shareholders' equity results from incorporating net income (after the payment/provision of interest on equity), the reassessment of R$104.0 million in actuarial liabilities related to post-employment benefits (pursuant the Committee of Accounting Pronouncement 33-R1) and the adjustments of R$117.1 million in equity participation in subsidiaries abroad impacted by foreign exchange rates.

In comparison to September 2020, the stability of shareholder's equity reflects, mostly, the incorporation of results, the payment of interest on equity, the R$104.0 million in reassessment of actuarial liabilities related to post-employment benefits and the adjustments of R$45.3 million in equity participation in subsidiaries abroad impacted by foreign exchange rates.

Graph 12: Shareholders' Equity - R$ Million



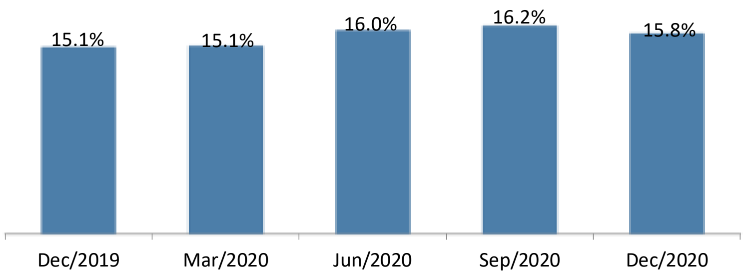
BASEL RATIO

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$6,821.2 million in December 2020, increasing R$382.2 million from December 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 decreased R$84.2 million in Tier I, mostly because of the deduction in prudential adjustments in the period.

The total exposure of Risk Weighted Assets (RWA_{TOTAL}) reached R$43,134.6 million in December 2020, increasing R$400.7 million in twelve months mainly due to the increase of R$405.2 million in the credit risk share (RWA_{CPAD}), by the increase of R$63.7 million in the operational risk (RWA_{OPAD}), by the decrease of R$68.3 million in market risk share (RWA_{MPAD}), mostly driven by the decrease of the foreign exchange exposure (RWA_{CAM}). Risk-weighted assets increased R$577.8 million since September 2020, due to the increase of R$365.3 million in RWA_{CPAD} and R$212.5 million in RWA_{oPAD}, and the stability of RWA_{CPAD} in the period.

Basel ratio reached 15.8% in December 2020, increasing 0.7 pp. from December 2019 and decreasing 0.4 pp. from September 2020. 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 15.0% in December 2020, both above minimum requirements. Leverage ratio reached 6.9% in December 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 2020 reached R$727.5 million, decreasing 45.9% (R$616.9 million) from adjusted income in 2019. In 4Q2020, net income reached R$232.3 million, decreasing 41.5% (R$164.8 million) from net income in 4Q2019 and increasing 97.2% (R$114.5 million) from 3Q2020.

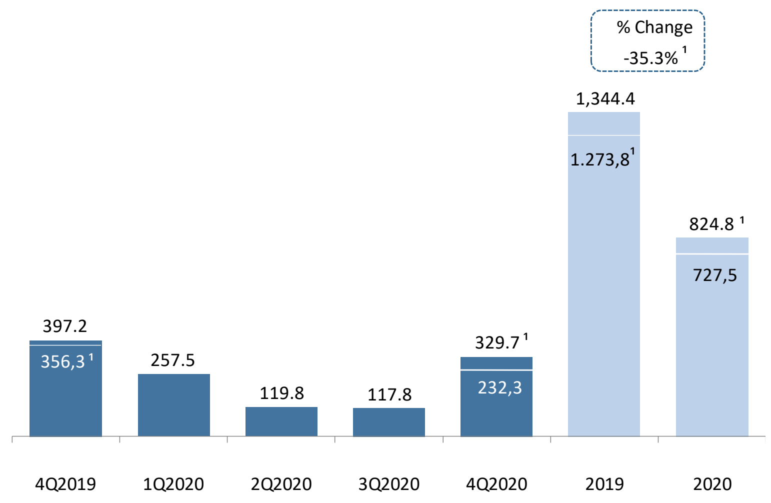
Net income in 2020 was impacted in R$97.3 million by the Voluntary Termination Plan, net of fiscal effects; while net income in 2019 was impacted, in R$70.6 million, by the booking of labor provision, reversal of civil lawsuits provisions, restructuring of post-employment benefits offered by Fundação Banrisul de Seguridade Social (FBSS – Banrisul's Social Security Company), by the tax effects derived from the non recurring events and by tax credits and debts set forth by the Constitutional Amendment - EC 103/2019. All of these events were treated as extraordinary for the purposes of income statement, as non recurring.

The adjusted net income in 2020 reached R$824.8 million and decrease 35.3% (R$449.0 million) from the adjusted net income in 2019. The evolution of net income in the last twelve months reflected the increase of R$307.6 million in allowance for loan losses expenses, the decrease of R$262.3 million in the financial margin, the decrease of R$87.1 million in banking fees, the retraction of R$195.0 million in adjusted administrative expenses, the increase of R$133.2 million in other expenses and the consequent reduction of R$104.1 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, and lower volume of Profit Sharing. .

Adjusted net income in 4Q2020 reached R$329.7 million, decreasing 7.5% (R$26.6 million) in comparison to adjusted net income in 4Q2019, mostly influenced by the increase of R$136.1 million in allowance for loan losses expenses, the increase of R$69.3 million in financial margin, the R$8.7 million decrease in banking fees and the R$58.5 million decrease in adjusted administrative expenses.

Quarter on quarter, adjusted net income increased R$211.8 million, mostly driven by the increase of R$222.9 million in financial margin, the increase of R$81.9 million in allowance for loan losses expenses, the increase of R$49.1 million in banking fees and by the relatively stable in adjusted administrative expenses.

Graph 14: Net Income - R$ Million



	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	2019	2020
ROAE *	18.4%	13.0%	5.9%	5.7%	15.8%	16.9%	10.2%

1 Adjusted Net Income
* Annualized and based on the Adjusted Net Income

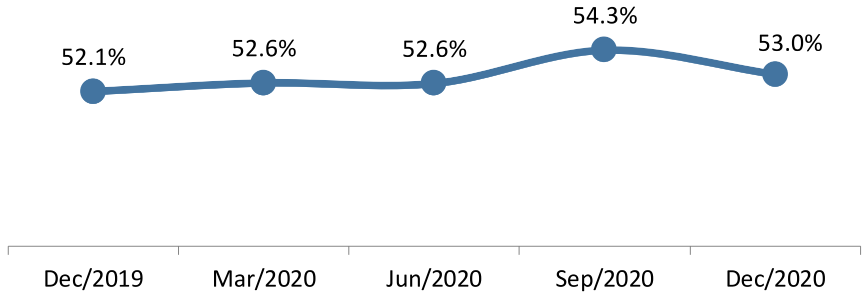
Return on Average Shareholders' Equity

Adjusted return on average shareholders' equity reached 10.2% in 2020, 6.7 pp. below 2019, in an environment that combined: (i) increasing expenses for allowance for loan losses; (ii) decreasing in financial margins; (iii) decreasing in banking fees, (iv) decreasing in adjusted administrative expenses and (v) increasing in other adjusted expenses.

Efficiency Ratio

The adjusted efficiency ratio reached 53.0% in 2020, from 52.1% in 2019. Efficiency ratio demonstrates the decrease of net interest income and banking fees and the increase of other adjusted expenses, partially offset by the decrease in adjusted administrative expenses.

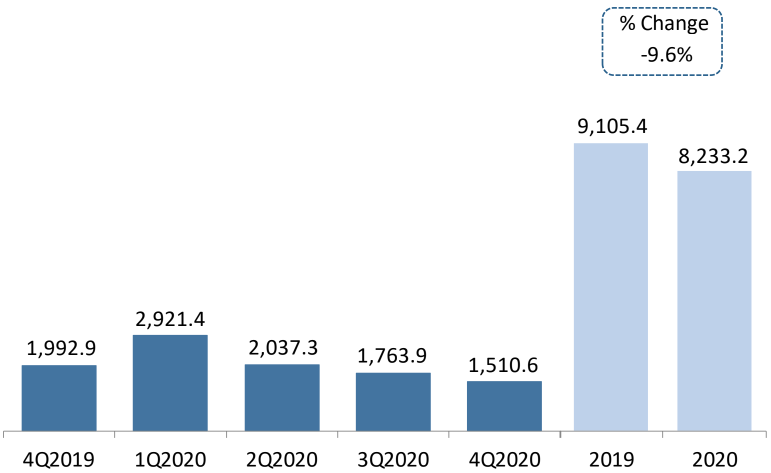
Graph 15: Adjusted Efficiency Ratio



FINANCIAL INCOME

Financial income reached R$8,233.2 million in 2020, decreasing 9.6% (R$872.2 million) from 2019. In 4Q2020 financial income amounted to R$1,510.6 million, decreasing 24.2% (R$482.3 million) from 4Q2019 and 14.4% (R$253.2 million) from 3Q2020. The trend of the Selic Rate and the exchange variation influenced financial intermediation revenues in those periods.

Graph 16: Financial Income - R$ Million



From 2019 to 2020, the trend in revenues from financial intermediation was influenced by the decrease of R$720.8 million in credit revenues and of R$429.4 million in revenues from compulsory deposits, partially offset by the increase of R$214.0 million in foreign exchange income and of R$63.9 million in revenues from securities and derivatives results.

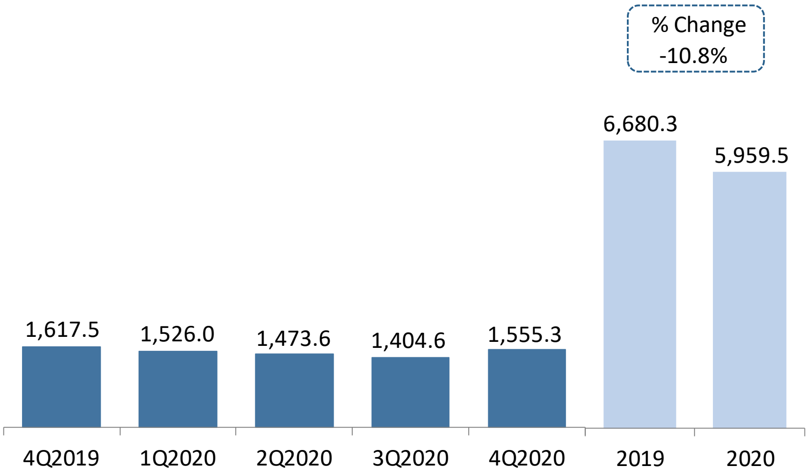
When comparing 4Q2020 to 4Q2019, the decrease in revenues from financial intermediation was mostly influenced by the decrease of R$277.0 million in revenues from securities and derivatives results, of R$104.7 million in revenues from compulsory deposits and of R$62.2 million in credit revenues.

From 3Q2020 to 4Q2020, the decrease in financial income was mainly due to the decrease of R$255.6 million in revenues from securities and derivatives results, of R$147.0 million in foreign exchange income and partially offset by the increase of R$150.7 million in revenues from credit operations.

Revenues from Credit Operations

Revenues from credit operations, including revenues from leases and other credits, totaled R$5,959.5 million in 2020, decreasing 10.8% (R$720.8 million) from 2019. Revenues from credit operations in 4Q2020 reached R$1,555.3 million, decreasing 3.8% (R$62.2 million) from 4Q2019 and increasing 10.7% (R$150.7 million) from 3Q2020.

Graph 17: Revenues from Credit Operations - R$ Million



The trend of revenues from credit operations from 2019 to 2020 was mainly driven by the decrease of R$660.1 million in revenues from non-earmarked credit, and lower flow of revenues of recovery of written-off credits in R$82.2 million, movement partially offset by the increase of R$27.6 million in revenues from rural loans, motived by the balance increase.

The decreases in revenues from credit operations from 4Q2019 to 4Q2020 was mainly influenced by the drop of R$227.6 million in revenues from non-earmarked credit, mostly offset by the increase of R$172.0 million in write-off recoveries.

The increase in revenues from credit operations from 3Q2020 to 4Q2020 was mainly due to the increase of R$221.5 million in write-off recoveries partially offset by the decrease of R$51.9 million in non-earmarked credit revenues and of R$24.6 million in revenues from long-term finance, specially facing, revenues from foreign exchange loans, impacted by the exchange rate in the period.

Revenues from Non-Earmarked Credit - Individuals and Companies

In 2020, total non-earmarked credit revenues reached R$4,855.5 million, decreasing 12.0% (R$660.1 million) from 2019. In 4Q2020, non-earmarked credit revenues totaled R$1,130.7 million, decreasing 16.8% (R$227.6 million) from 4Q2019 and 4.4% (R$51.9 million) from 3Q2020.

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

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019	2020/ 2019
Individuals	**4,075.3**	**4,480.7**	**965.9**	**1,003.3**	**1,055.2**	**1,051.0**	**1,118.3**	**-9.0%**
Credit Card (1)	168.9	182.1	36.8	38.1	46.1	47.9	45.9	-7.3%
Overdraft	420.2	703.6	93.5	98.5	112.1	116.1	171.8	-40.3%
Payroll Loan (2)	2,827.7	2,876.1	696.6	708.9	717.1	705.1	729.8	-1.7%
Non Payroll Loan - Personal Credit	515.5	572.3	104.1	121.5	143.6	146.3	135.0	-9.9%
Other	143.1	146.6	35.0	36.3	36.2	35.6	35.9	-2.4%
Companies	**780.2**	**1,034.9**	**164.7**	**179.3**	**207.8**	**228.4**	**240.0**	**-24.6%**
Credit Card (1)	8.8	6.6	1.4	1.8	2.8	2.7	2.1	33.2%
Working Capital	432.7	557.7	95.7	103.6	115.2	118.3	122.7	-22.4%
Debtor Accounts	219.4	312.5	41.1	46.6	60.1	71.6	73.0	-29.8%
Compror/Vendor	1.7	3.3	0.4	0.3	0.4	0.6	0.6	-47.4%
Foreign Credit	5.1	6.8	0.9	1.2	1.5	1.5	1.4	-25.3%
Discount of Receivables	20.8	34.1	3.5	3.7	5.4	8.1	8.9	-39.1%
Other	91.7	114.0	21.7	22.1	22.3	25.7	31.3	-19.5%
Total	**4,855.5**	**5,515.6**	**1,130.7**	**1,182.6**	**1,263.0**	**1,279.4**	**1,358.3**	**-12.0%**

(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 83.9% of total non-earmarked credit revenues in 2020 and decreased 9.0% (R$405.4 million) from 2019. In 4Q2020, revenues from non-earmarked credit to individuals reached R$965.9 million, decreasing 13.6% (R$152.4 million) from 4Q2019 and 3.7% (R$37.4 million) from 3Q2020.

From 2019 to 2020 and from 4Q2019 to 4Q2020, revenues from non-earmarked credit to individuals were mainly driven by the decreases of R$283.4 million and R$78.3 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, by the decrease of R$56.8 million and R$30.9 million in revenues from personel loans and of R$48.4 million and R$33.2 million, respectively, in revenues from payroll loans.

In comparison to 3Q2020, the trend of revenues from non-earmarked credit to individuals came, mostly, from the decrease of R$17.4 million in revenues from personel loans, of R$12.3 million in revenues from payroll loans and of R$5.0 million in revenues from overdraft accounts.

Revenues from non-earmarked credit to companies reached R$780.2 million in 2020, decreasing 24.6% (R$254.7 million) from 2019. In 4Q2020, revenues from non-earmarked credit to companies reached R$164.7 million, decreasing 31.4% (R$75.2 million) from 4Q2019 and 8.1% (R$14.6 million) from 3Q2020. 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.

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

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019
Individuals	**1.79%**	**2.09%**	**1.69%**	**1.76%**	**1.84%**	**1.85%**	**2.02%**
Credit Card (1)	7.14%	7.53%	6.62%	6.77%	7.54%	7.64%	7.59%
Overdraft	7.87%	12.00%	7.86%	7.88%	7.89%	7.86%	12.01%
Payroll-Loan (2)	1.47%	1.61%	1.40%	1.46%	1.50%	1.52%	1.55%
Payroll Loans - Own	1.48%	1.64%	1.41%	1.47%	1.51%	1.54%	1.57%
Payroll Loans - Acquired	0.93%	0.95%	0.92%	0.93%	0.94%	0.94%	0.95%
Non Payroll Loan - Personal Credit	2.59%	2.64%	3.03%	2.69%	2.39%	2.24%	2.74%
Other	1.40%	1.51%	1.33%	1.40%	1.42%	1.44%	1.47%
Companies	**1.09%**	**1.40%**	**0.88%**	**1.01%**	**1.19%**	**1.28%**	**1.32%**
Credit Card (1)	11.83%	11.92%	11.96%	11.63%	11.67%	12.05%	11.89%
Working Capital	0.86%	1.12%	0.71%	0.79%	0.93%	0.99%	1.05%
Debtor Accounts	4.34%	4.15%	4.51%	4.35%	4.37%	4.12%	4.05%
Compror/Vendor	0.99%	1.19%	0.69%	0.87%	1.19%	1.22%	1.14%
Discount of Receivables	1.49%	1.78%	1.28%	1.47%	1.58%	1.62%	1.64%
Other	0.60%	0.72%	0.54%	0.61%	0.62%	0.64%	0.63%
Total	**1.62%**	**1.92%**	**1.49%**	**1.59%**	**1.69%**	**1.72%**	**1.85%**

(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 0.30 pp. from 2019 to 2020. The monthly average interest rates charged in non-earmarked credit to individuals decreased 0.30 pp.

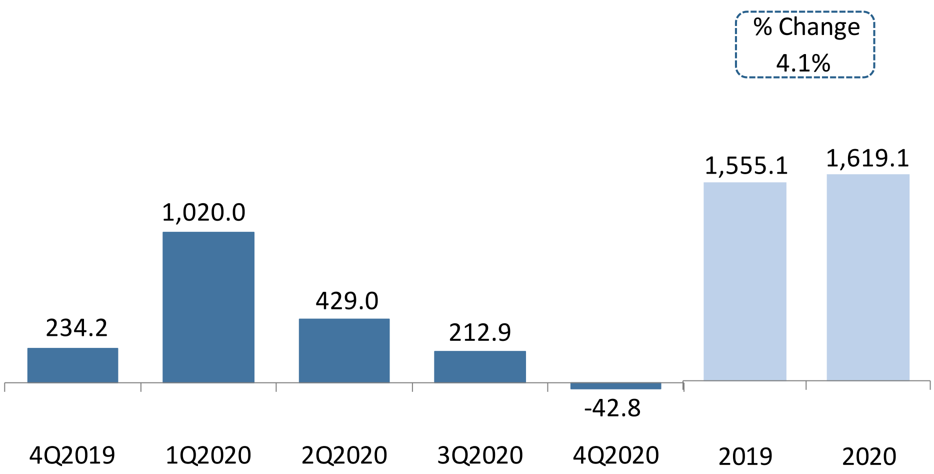
from 2019 to 2020, and the monthly average interest rates charged in non-earmarked credit to companies decreased 0.31 pp. in the same period. From 4Q2019 to 4Q2020, the average monthly rates of non-earmarked credit decreased 0.36 pp. The average monthly rates of non-earmarked credit to individuals retracted 0.33 pp. and the average monthly rate of non-earmarked credit to companies decreased 0.44 pp. in the same period. From 3Q2020 to 4Q2020, the average monthly rates of non-earmarked credit decreased 0.10 pp., mostly in line with average monthly rates of non-earmarked credit to individuals and companies, which decreased, respectively, 0.07 pp. and 0.13 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 2019 to 2020 and from 4Q2019 to 4Q2020 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. 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$1,619.1 million in 2020, 4.1% (R$63.9 million) above 2019. In 4Q2020 revenues from securities and derivatives decreased R$277.0 million from 4Q2019 and R$255.6 million from 3Q2020.

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



The year-on-year trend of treasury revenues in 2020 resulted, from the increase of R$650.7 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$586.8 million in income from securities, due to the reduction of the Selic rate that went to 2.76% in 2020 from 5.96% in 2019, in a context of increasing treasury balance.

In comparison to 4Q2019, the increase in revenues from securities in 4Q2020 offset by the decrease of R$152.1 million in revenues from securities, due to the reduction of the Selic rate, in a context of increasing treasury balance and by the increase of R$124.8 million in revenues from derivatives, due to exchange rate variations and the mark-to-market in the period.

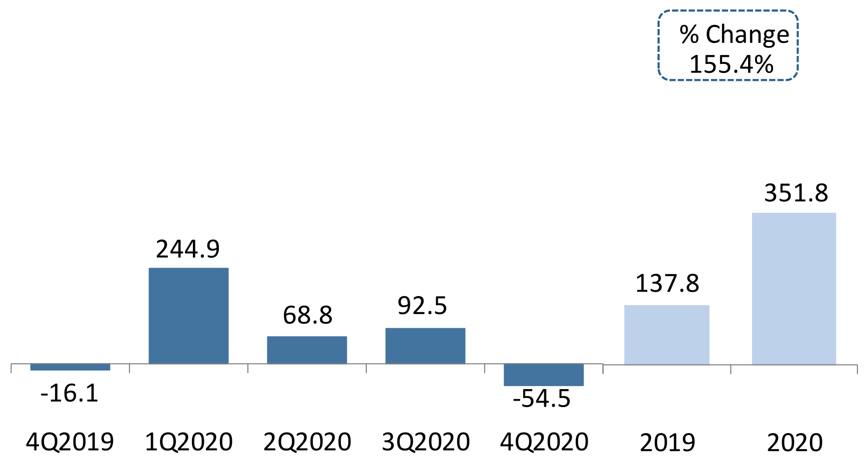
The decrease in revenues from securities from 3Q2020 to 4Q2020 resulted mostly from the decrease of R$286.6 million in income from financial derivative instruments, due to exchange rate variations and the mark-to-market in the period, partially offset by the increase of R$30.1 million in revenues from securities, specially due to the comparative effects related to mark-to-market of securities for trading in a context of decreasing in Selic rate.

Revenues from Foreign Exchange

Revenues from foreign exchange transactions totaled R$351.8 million in 2020, R$214.0 million above 2019. In 4Q2020 revenues from foreign exchange increased R$38.4 million from 4Q2019 and R$147.0 million from 3Q2020. 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 28.93% in 2020 vis-à-vis the 4.02% currency depreciation in 2019. The quarterly trend of revenues from foreign exchange transactions reflects the currency appreciation of 7.87% in 4Q2020 in comparison to the currency appreciation of 3.21% in 4Q2019 and the currency depreciation of 3.01% in 3Q2020.

Graph 19: Revenues from Foreign Exchange - R$ Million

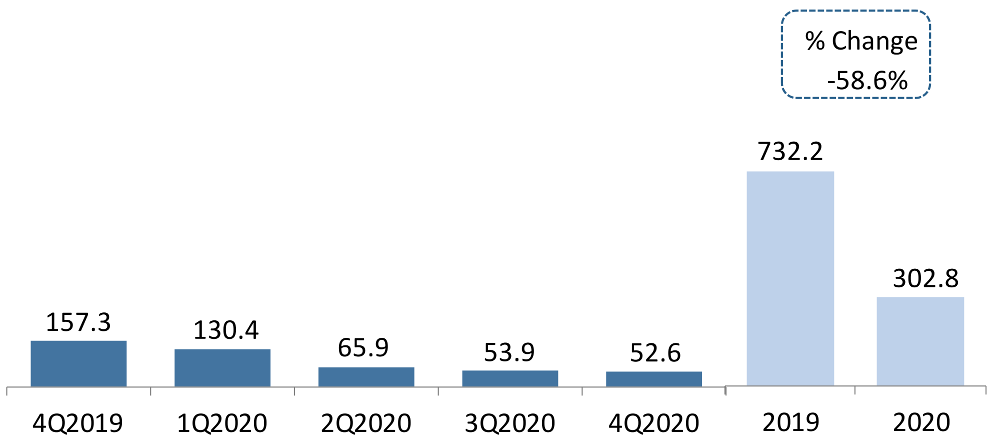


Revenues from Compulsory Deposits

Revenues from compulsory deposits reached R$302.8 million in 2020, decreasing 58.6% (R$429.4 million) from 2019. In 4Q2020 revenues from compulsory deposits reached R$52.6 million, decreasing 66.6% (R$104.7 million) from 4Q2019 and 2.5% (R$1.4 million) from 3Q2020.

The trend in revenues from compulsory deposits from 2019 to 2020 and from 4Q2019 to 4Q2020 reflects the decrease of the income from credits linked to time deposits due to the decrease of compulsory and the decrease of Selic Rate, which remunerates said deposits.

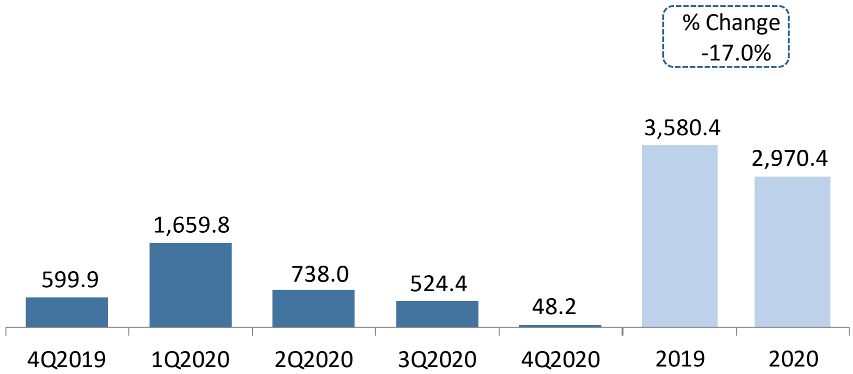
Graph 20: Revenues from Compulsory Deposits - R$ Million



FINANCIAL EXPENSES

Financial expenses totaled R$2,970.4 million in 2020, decreasing 17.0% (R$610.0 million) from 2019. In 4Q2020 financial expenses reached R$48.2 million, decreasing 92.0% (R$551.6 million) from 4Q2019 and 90.8% (R$476.1.6 million) from 3Q2020. 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 decrease in financial expenses from 2019 to 2020 was influenced by the decrease of R$798.0 million in market funding expenses, specially time deposits, partially offset by the increase of R$188.0 million in expenses with loans, assignments and onlendings.

From 4Q2019 to 4Q2020, the decrease in financial expenses was driven by the decrease of R$488.7 million in repurchase agreements expenses. From 3Q2020 to 4Q2020, the decrease in financial expenses was driven by the decrease of R$304.8 million in repurchase agreement expenses and of R$171.3 million in expenses with loans, assignments and onlendings.

EXPENSES WITH MARKET FUNDING OPERATIONS

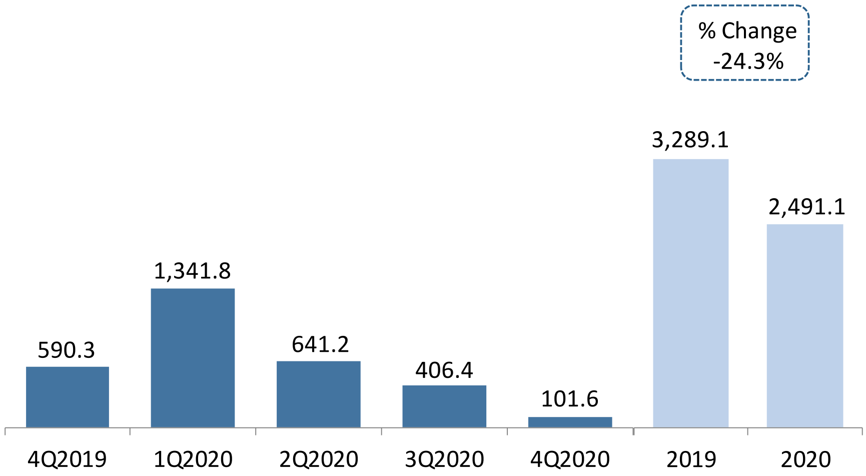
Expenses with market funding reached R$2,491.1 million in 2020, 24.3% (R$798.0 million) below 2019. In 4Q2020 expenses with market funding reached R$101.6 million, decreasing 82.8% (R$488.7 million) from 4Q2019 and 75.0% (R$304.8 million) from 3Q2020.

The increase in funding expenses from 2020 to 2019 was mostly offset by the decrease of R$1,152.7 million in expenses with time deposits and savings deposits, of R$130.8 million in expenses with repo transactions, partially offset by the increase of R$569.9 million in expenses with subordinated debt, due to foreign exchange variation and the mark-to-market of the liability. The reduction of the Selic Rate - benchmark for the majority of the funding base - also produced impacts on the expenses in both periods.

From 4Q2019 to 4Q2020, the decrease in expenses with market funding was mainly driven by the decrease of R$289.8 million in time deposits and savings expenses and of R$144.6 million in expenses related to the subordinated debt, due to foreign exchange variation and mark-to-market.

From 3Q2020 to 4Q2020, the decrease in expenses with market funding was mainly driven by the decreases of R$286.5 million in expenses related to the subordinated debt, due to mark-to-market and foreign exchange variation.

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



FUNDING COST

Funding cost was calculated based on the average balance of funding sources, 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.

The average funding cost of 0.44% in 4Q2020 was lower than the average funding costs of 1.06% in 4Q2019 and 0.48% in 3Q2020, 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 93.06% of the Selic Rate in 4Q2020, increasing 7.20 pp. since 4Q2019 and 1.56 pp. since 3Q2020.

Accounting for 70.8% of the average balance of all funding items shown in the following table, the average cost of time deposits reached 0.41% in 4Q2020, decreasing 0.69 pp. from 4Q2019 and 0.04 pp. from 3Q2020. The average cost with time deposits reached 86.76% of the Selic rate in 4Q2020, decreasing 1.98 pp. from 4Q2019 and 1.75 pp. from 3Q2020.

Table 20: Funding Cost - R$ Million and %

	4Q2020			3Q2020			4Q2019		
	Average Balance	Accum. Expense	Average Cost	Average Balance	Accum. Expense	Average Cost	Average Balance	Accum. Expense	Average Cost
Time Deposits	45,148.8	(184.8)	0.41%	43,429.7	(196.8)	0.45%	39,869.7	(438.7)	1.10%
Saving Deposits	10,869.5	(60.6)	0.56%	10,516.3	(61.9)	0.59%	9,530.7	(96.4)	1.01%
Demand Deposits	3,706.8	-	0.00%	3,207.9	-	0.00%	2,725.6	-	0.00%
Interbank Deposits	1,485.8	(4.5)	0.31%	1,040.8	(4.9)	0.47%	469.1	(2.8)	0.59%
Other Deposits	12.6	(0.0)	0.00%	11.5	(0.0)	0.00%	9.5	(0.0)	0.02%
Bank Notes	1,643.0	(8.2)	0.50%	2,023.2	(11.0)	0.54%	2,595.8	(33.7)	1.30%
Real Estate Notes	892.4	(3.8)	0.42%	909.5	(4.2)	0.46%	964.9	(10.7)	1.11%
Credit Guarantee Fund Expenses	-	(18.0)	-	-	(17.4)	-	-	(15.6)	-
Total Average Balance / Total Expenses	**63,759.0**	**(279.9)**	**0.44%**	**61,138.9**	**(296.2)**	**0.48%**	**56,165.4**	**(598.0)**	**1.06%**
Selic			**0.47%**			**0.51%**			**1.24%**
Average Cost / Selic			**93.06%**			**94.62%**			**85.86%**
Cost of Time Deposits / Selic			**86.76%**			**88.51%**			**88.74%**

(1) Average balance obtained from final balances of months that composed the analyzed periods.

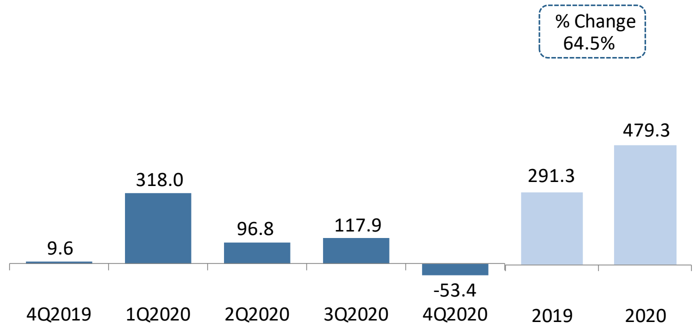
EXPENSES WITH BORROWINGS AND ONLENDINGS

Expenses with borrowings and onlendings totaled R$479.3 million in 2020, 64.5% (R$188.0 million) above 2019. In 4Q2020, expenses with borrowings and onlendings decreased R$62.9 million from 4Q2019 and R$171.3 million from 3Q2020.

The higher flow of expenses with borrowings and onlendings from 2019 to 2020 was mainly driven by the increase of R$239.2 million in foreign currency expenses due to exchange variation of the period, trend partially offset by the decrease of R$38.1 million in expenses with the fund of judicial deposits reverses and of R$11.9 million in BNDES transfers.

In comparison to 4Q2019 and 3Q2020, the decrease in expenses with borrowings and onlendings was mostly due to the decreases of R$45.0 million and R$171.8 million, respectively, in foreign currency expenses, due to exchange variation of the period.

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



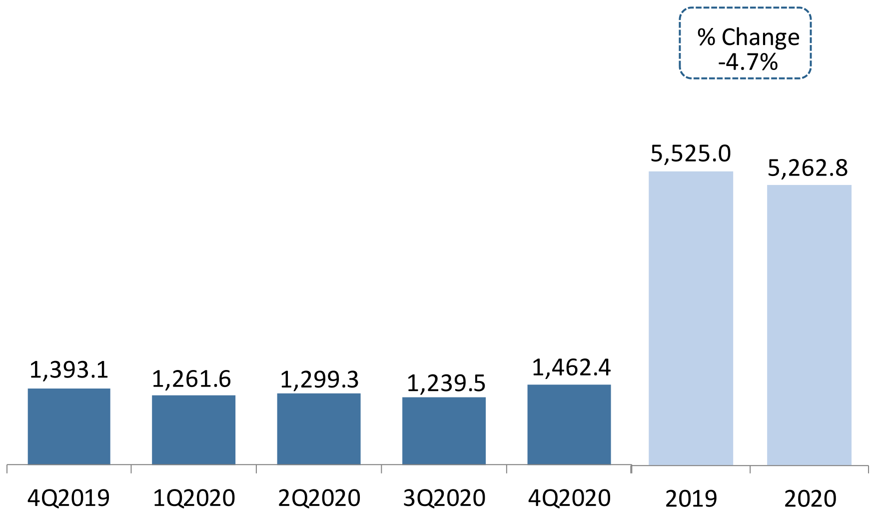
FINANCIAL MARGIN

Net interest income totaled R$5,262.8 million in 2020, decreasing 4.7% (R$262.3 million) from 2019. In 4Q2020 net interest income reached R$1,462.4 million, increasing 5.0% (R$69.3 million) from 4Q2019 and 18.0% (R$222.9 million) from 3Q2020.

The decrease in financial margin from 2019 to 2020 reflects the reduction in the interest rate on credit operations, in an environment with decrease in overdraft accounts interests, impacted by the new interest rates cap rules set forth by the Central Bank of Brazil and the Selic Rate.

The increase in financial margin from 4Q2019 and 3Q2020 to 4Q2020 reflects the decrease in interest expenses in a larger proportion than the decrease in interest revenues, in an environment of exchange rate variation, decreasing of effective Selic Rate, interest rates on loan credit and higher volume of recovery of write off credit.

Graph 24: Financial Margin - R$ Million



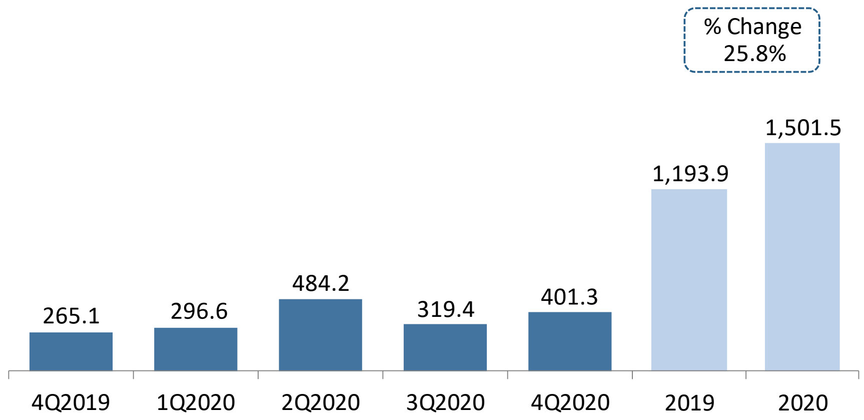
ALLOWANCE FOR LOAN LOSSES

Expenses with allowance for loan losses totaled R$1,501.5 million in 2020, increasing 25.8% (R$307.6 million) from 2019. In 4Q2020 expenses with allowance for loan losses totaled R$401.3 million, increasing 51.3% (R$136.1 million) from 4Q2019 and 25.6% (R$81.9 million) from 3Q2020.

The trend in provision expenses for loan operations from 2019 to 2020 reflects mostly the loan book rollover by risk rating, impacted by the current economic scenario.

In comparison with 4Q2019 and 3Q2020, the increase of allowance for loan losses particularly mostly reflects the greater volume of recovery of write-off credit fully provisioned, from corporative clients, the rollover of the loan book by risk rating and the decrease in arrears.

Graph 25: Allowance for Loan Losses - R$ Million



Revenues from Services and Banking Fees

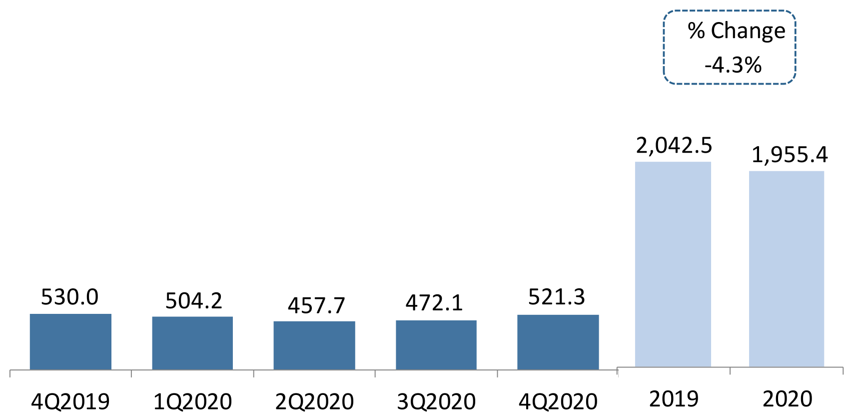
Revenues from services and banking fees totaled R$1,955.4 million in 2020, 4.3% (R$87.1 million) below 2019. Revenues from services and banking fees reached R$521.3 million in 4Q2020, decreasing 1.6% (R$18.7 million) from 4Q2019 and increasing 10.4% (R$49.1 million) from 3Q2020.

The trend from 2019 to 2020 was especially influenced by the decrease of R$86.3 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.

From 4Q2019 to 4Q2020, revenues from services and banking fees were influenced by the decrease of R$10.0 million in MDR fees, partially offset by the increase of R$3.0 million in income from banking fees related to checking accounts.

From 3Q2020 to 4Q2020, revenues from services and banking fees were influenced by the increase of R$22.3 million in MDR fees, of R$12.8, million in insurance, pension and capitalization fees, and of R$4.2 million in income from banking fees related to checking accounts.

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



Adjusted Administrative Expenses

Adjusted administrative expenses totaled R$3,599.0 million in 2020, decreasing 5.1% (R$195.0 million) from 2019. Adjusted administrative expenses totaled R$905.0million in 4Q2020, decreasing 6.1% (R$58.5 million) from 4Q2019 and relatively stable, decreasing R$0.8 million from 3Q2020.

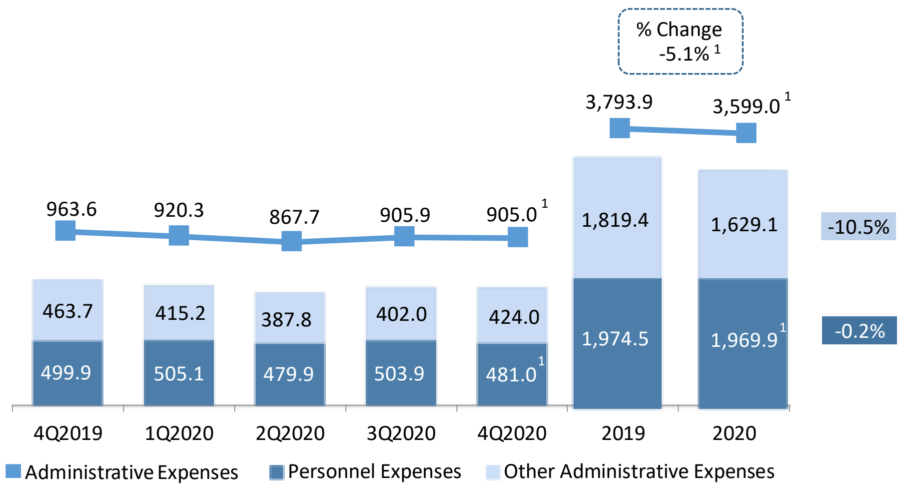
In 2020, it was approved the Voluntary Termination Plan for employees already retired or who may request retirement within the next 24 months, by fullfiling contribution time retirement requisistes and other conditions according to the National Pension Plan Office (INSS), with its enrollment and dismissal periods in the last quarter of 2020, with the exception of IT employees, whose job terminations may stagger until 2022. The PDV Plan was set through a Collective Labor Agreement entered with Banking Union entities, incorporating clauses for the full termination of labor contracts. The costs accounted in the scope of PDV Plan totaled R$177.0 million in 4Q2020, and refers to 901 employees, of this total, in the end of December, 2020, 96% (865 employees) had already been dismissed from the Bank, in the scope of the PDV Plan. The adjusted personel expenses do not include the PDV related costs, event treated as non-recurring.

Adjusted personnel expenses totaled R$1,969.9 million in 2020, relatively stable, decreasing R$4.7 million from 2019, impacted by the collective wage agreement, , expenses related to the voluntary retirement plan carried out in 1Q2019 and the dismissals in the scope of PDV Plan. Other administrative expenses reached R$1,629.1 million, decreasing 10.5% (R$190.3 million), mostly influenced by the decrease of R$81.6 million in expenses with outsourced services, specially facing the expenses with payroll loans origination through banking agents, of R$57.3 million in expenses with specialized technical services, noteworthy consulting services and third-party services and R$12.2 million in marketing expenses.

From 4Q2019 to 4Q2020, adjusted personnel expenses decreased 3.8% (R$18.9 million). Other administrative expenses decreased 8.6% (R$39.7 million) from 4Q2019 to 4Q2020, mainly driven by the decrease of R$30.9 million in outsourced services specially facing the expenses with payroll loans origination through banking agents.

Adjusted personnel expenses decreased 4.5% (R$22.9 million) from 3Q2020 to 4Q2020, mainly due to payment of R$2.0 thousand to each employee due the wage agreement in 3Q2020 and the dismissal of employees in the scope of PDV Plan. Other administrative expenses increased 5.5% (R$22.1 million) from 3Q2020, mainly due to the increase of R$10.1 million in marketing expenses, of R$7.5 million in expenses with specialized technical services and of R$4.1 million with expenses of rentals and condominium fees.

Graph 27: Administrative Expenses - R$ Million

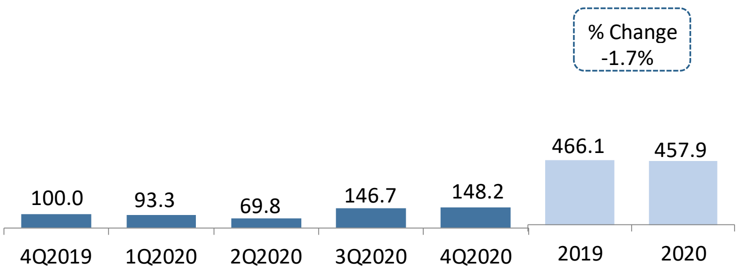


[1] Ajustado.

Other Adjusted Income

Other income totaled R$457.9 million in 2020, decreasing 1.7% (R$8.1 million) from 2019. In 4Q2020 other income reached R$148.2 million, increasing 48.1% (R$48.1 million) from 4Q2019 and relative stability increasing R$1.5 million from 3Q2020. The decrease in other adjusted income from 2019 to 2020 was especially due to the decrease of R$52.8 million in revenues with the reversal of provisions for payments pending settlement, of R$15.7 million in revenues with various cards and R$8.9 million in interbank fee income, trend partially offset by the increase of R$32.9 million in revenues of updated guarantee deposits, of R$24.6 million in revenues with lease of acquiring equipments and of R$17.3 million in revenues with update of civil and tax judicial deposits. In comparison with 4Q2019 adjusted net income, the increase in other income in 4Q2020, mostly reflects, the increase in of updated guarantee and fiscal deposits and revenues with lease of acquiring equipment.

Graph 28: Other Adjusted Income - R$ Million



OTHER ADJUSTED EXPENSES

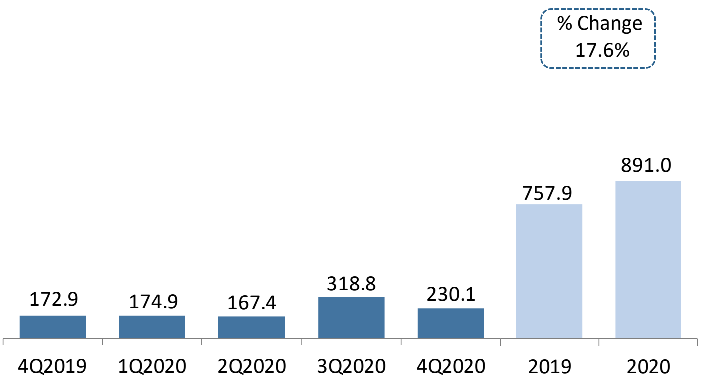
Other expenses reached R$891.0 million in 2020, increasing 17.6% (R$133.2 million) from 2019. In 4Q2020, other expenses reached R$230.1 million, increasing 33.1% (R$ 57.2 million) from 4Q2019 and 27.8% (R$88.7 million) from 3Q2020.

The increase of other adjusted expenses from 2019 to 2020 was particularly driven by the increase of R$47.8 million in expenses with INSS payroll agreementsd, of R$37.4 million in provision with recurring civil lawsuits expenses and of R$27.2 million in portability of loans operations.

From 4Q2019 to 4Q2020, the increase in other adjusted expenses was mainly driven by the increase of R$55.0 million in recurring labor lawsuits provision expenses.

From 3Q2020 to 4Q2020, the decrease in other expenses was mainly driven by the decrease of R$110.8 million in labor lawsuits provision expenses, partially offset by the R$19.0 million in expenses with actuarial adjustments (CPC 33) and of R$5.2 million in civil lawsuits provision expenses..

Graph 29: Other Adjusted Expenses - R$ Million



SUMMARY CONSOLIDATED PRO FORMA BALANCE SHEET

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

Assets	**Dec 2020**	**Sep 2020**	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Dec 2020/ Dec 2019**	**Dec 2020/ Sep 2020**
Cash	1,263,648	1,374,878	1,132,130	981,458	1,161,179	8.8%	-8.1%
Financial Assets	88,011,432	85,987,882	83,204,573	79,929,948	78,312,061	12.4%	2.4%
Interbank Financial Investments	6,041,572	5,946,357	8,683,377	7,171,747	1,012,969	496.4%	1.6%
Compulsory Deposits at Central Bank of Brazil	7,750,609	7,545,727	7,257,069	6,672,669	12,186,091	-36.4%	2.7%
Securities and Derivatives	31,645,202	31,032,558	26,273,150	25,004,810	24,800,282	27.6%	2.0%
Financial Derivative Instruments	844,599	1,065,543	1,057,456	877,561	131,309	543.2%	-20.7%
Credit Operations	34,860,941	33,567,407	33,203,826	33,193,366	32,979,599	5.7%	3.9%
Other Financial Assets	6,848,904	6,808,784	6,703,568	6,980,437	7,170,329	-4.5%	0.6%
Leasing Operations	19,605	21,506	26,127	29,358	31,482	-37.7%	-8.8%
Allowance for Loan Losses - associated to credit risk	(2,813,138)	(2,862,492)	(3,033,420)	(2,862,580)	(2,813,914)	0.0%	-1.7%
Tax Assets	3,119,592	3,260,195	3,059,672	2,874,802	2,719,237	14.7%	-4.3%
Other Assets	817,994	987,685	799,486	934,845	749,954	9.1%	-17.2%
Investments	177,951	160,481	154,563	140,209	137,937	29.0%	10.9%
Property in Use	439,693	411,020	371,507	345,534	319,839	37.5%	7.0%
Intangible	805,729	847,574	894,285	925,790	963,296	-16.4%	-4.9%
Total Assets	**91,822,901**	**90,167,223**	**86,582,796**	**83,270,006**	**81,549,589**	**12.6%**	**1.8%**
Liabilities	**Dec 2020**	**Sep 2020**	**Jun 2020**	**Mar 2020**	**Dec 2019**	**Dec 2020/ Dec 2019**	**Dec 2020/ Sep 2020**
Deposits and Other Financial Liabilities	78,730,375	76,608,209	73,576,355	70,664,539	69,432,157	13.4%	2.8%
Deposits	62,446,503	59,892,651	56,718,962	53,933,796	53,640,084	16.4%	4.3%
Repurchase Agreements	4,362,437	4,205,420	4,219,772	3,822,491	3,391,443	28.6%	3.7%
Funds from Acceptance and Issue of Securities	2,440,535	2,663,941	3,083,448	3,351,222	3,560,166	-31.4%	-8.4%
Borrowings and Onlendings	1,898,981	2,121,732	2,342,137	2,399,767	2,260,152	-16.0%	-10.5%
Other Financial Liabilities	7,581,919	7,724,465	7,212,036	7,157,263	6,580,312	15.2%	-1.8%
Provisions	2,012,954	1,983,440	1,895,523	1,892,030	1,936,040	4.0%	1.5%
Tax Obligation	561,565	916,601	803,205	557,302	478,671	17.3%	-38.7%
Other Liabilities	2,171,792	2,034,065	2,088,592	2,087,088	1,908,359	13.8%	6.8%
Total Liabilities	**83,476,686**	**81,812,315**	**78,363,675**	**75,200,959**	**73,755,227**	**13.2%**	**2.0%**
Shareholders' Equity	**8,346,215**	**8,354,908**	**8,219,121**	**8,069,047**	**7,794,362**	7.1%	-0.1%
Total Liabilities and Shareholders' Equity	**91,822,901**	**90,167,223**	**86,582,796**	**83,270,006**	**81,549,589**	**12.6%**	**1.8%**

ADJUSTED PRO FORMA CONSOLIDATED INCOME STATEMENT

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

	2020	2019	4Q2020	3Q2020	2Q2020	1Q2020	4Q2019	2020/ 2019	4Q2020/ 3Q2020
Financial Income	**8,233,170**	**9,105,414**	**1,510,605**	**1,763,854**	**2,037,345**	**2,921,366**	**1,992,941**	**-9.6%**	**-14.4%**
Lending and Leasing Operations and Other Credits	5,959,465	6,680,281	1,555,280	1,404,559	1,473,619	1,526,007	1,617,508	-10.8%	10.7%
Securities	836,298	1,423,052	178,174	147,179	249,121	261,824	330,307	-41.2%	21.1%
Derivatives	782,776	132,096	(220,943)	65,675	179,894	758,150	(96,115)	492.6%	-436.4%
Foreign Exchange	351,787	137,754	(54,464)	92,511	68,793	244,947	(16,065)	155.4%	-158.9%
Compulsory Investments	302,844	732,231	52,558	53,930	65,918	130,438	157,306	-58.6%	-2.5%
Financial Expenses	**(2,970,417)**	**(3,580,377)**	**(48,229)**	**(524,368)**	**(738,018)**	**(1,659,802)**	**(599,853)**	**-17.0%**	**-90.8%**
Funding Operations	(2,491,130)	(3,289,099)	(101,601)	(406,449)	(641,242)	(1,341,838)	(590,292)	-24.3%	-75.0%
Borrowings Assignments and Onlendings	(479,287)	(291,278)	53,372	(117,919)	(96,776)	(317,964)	(9,561)	64.5%	-145.3%
Profit from Financial Income	**5,262,753**	**5,525,037**	**1,462,376**	**1,239,486**	**1,299,327**	**1,261,564**	**1,393,088**	**-4.7%**	**18.0%**
Allowance for Loan Losses	**(1,501,496)**	**(1,193,916)**	**(401,261)**	**(319,407)**	**(484,220)**	**(296,608)**	**(265,123)**	**25.8%**	**25.6%**
Other Adjusted Operational Income	**2,469,035**	**2,555,194**	**686,729**	**631,673**	**542,262**	**608,371**	**650,459**	**-3.4%**	**8.7%**
Fees and Services	1,955,399	2,042,516	521,271	472,146	457,746	504,236	529,969	-4.3%	10.4%
Equity in Subsidiaries	55,691	46,597	17,281	12,811	14,750	10,849	20,456	19.5%	34.9%
Other Adjusted Income	457,945	466,081	148,177	146,716	69,766	93,286	100,034	-1.7%	1.0%
Other Adjusted Operating Expenses	**(4,957,915)**	**(5,034,479)**	**(1,256,150)**	**(1,339,916)**	**(1,147,488)**	**(1,214,361)**	**(1,261,167)**	**-1.5%**	**-6.3%**
Adjusted Personnel Expenses	(1,969,860)	(1,974,519)	(480,999)	(503,883)	(479,878)	(505,100)	(499,868)	-0.2%	-4.5%
Other Administrative Expenses	(1,629,096)	(1,819,409)	(424,050)	(401,994)	(387,803)	(415,249)	(463,723)	-10.5%	5.5%
Tax Expenses	(467,926)	(482,688)	(121,045)	(115,288)	(112,433)	(119,160)	(124,717)	-3.1%	5.0%
Other Adjusted Expenses	(891,033)	(757,863)	(230,056)	(318,751)	(167,374)	(174,852)	(172,859)	17.6%	-27.8%
Income from Adjusted Operations	**1,272,377**	**1,851,836**	**491,694**	**211,836**	**209,881**	**358,966**	**517,257**	**-31.3%**	**132.1%**
Income Before Income Taxes	**1,272,377**	**1,851,836**	**491,694**	**211,836**	**209,881**	**358,966**	**517,257**	**-31.3%**	**132.1%**
Income Tax and Social Contribution	**(331,597)**	**(435,713)**	**(129,243)**	**(69,948)**	**(63,138)**	**(69,268)**	**(118,415)**	**-23.9%**	**84.8%**
Employee Profit Sharing	**(115,778)**	**(141,763)**	**(32,711)**	**(24,013)**	**(26,924)**	**(32,130)**	**(42,462)**	**-18.3%**	**36.2%**
Non-Controlling Minority Interest	**(202)**	**(521)**	**(67)**	**(47)**	**(42)**	**(46)**	**(88)**	**-61.2%**	**40.9%**
Adjusted Net Income	**824,800**	**1,273,839**	**329,673**	**117,828**	**119,777**	**257,522**	**356,292**	**-35.3%**	**179.8%**
Voluntary Termination Plan - PDV	(176,952)	-	(176,952)	-	-	-	-	-	-
Restructuring of Pension Plans	-	49,528	-	-	-	-	-	-	-
Labor Provision	-	(429,036)	-	-	-	-	(429,036)	-	-
Civil Provision	-	126,840	-	-	-	-	126,840	-	-
Tax Effects	79,628	101,067	79,628	-	-	-	120,878	-	-
Tax Credits - CSLL EC 103/2019	-	222,180	-	-	-	-	222,180	-	-
Net Income	**727,476**	**1,344,418**	**232,349**	**117,828**	**119,777**	**257,522**	**397,154**	**-45.9%**	**97.2%**

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 year 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

2020 was marked for the materialization of a global tail event: the Coronavirus pandemic - Covid-19. This episode had a negative influence on the world economy in the first quarter and, above all, in the second. In the third quarter, in turn, the number of new cases and deaths from the disease, in general, decreased, so that the activity recovered, a movement that can be attributed to the low bases of comparison verified in the previous quarters. However, in the last three months of the year, there was a further slowdown in global activity, with a second wave of infections in a number of countries. As a result, there was a further tightening of social isolation measures and, as a result, increased fears about the speed and pace of the world economy's recovery process, which seems to be conditioned by the large-scale application of a vaccine for Covid-19.

In Europe and the United States of America, for example, after the relative improvement in activity in the third quarter, the second wave of the pandemic that materialized in the last months of 2020 led to the imposition of new measures to restrict social interaction, albeit to a lesser extent. , which reflected in the activity indicators for the period. In the opposite direction, China showed a more perennial recovery, due to the relative control of the Coronavirus, which resulted in the greater opening of the economy and the resumption of the labor market, which made possible the advance of household consumption in the country. In Latin America , as well as in the European continent and the USA, there was a further increase in cases of the pandemic in the final months of the year, interrupting the movement of improvement in economic indicators observed in the third quarter. In view of this, the world GDP is expected to show a significant decrease this year (the greatest retraction since the Great Depression of the 1929s), although, throughout 2020, economic policy makers have acted actively via stimuli in order to mitigate the deleterious effects of the pandemic. As to Brazil, after the slowdown in the number of new cases and deaths by Covid-19 in the third quarter, which enabled the beginning of a movement to resume economic activities hitherto severely penalized, the contamination started to advance again in the last months of the year, pressing again the health system. This led to the imposition of measures at the state and municipal levels, albeit less harsh, to contain the virus, and to a further drop in activity indicators, with the cooling of industrial production, a reduction in the growth rate of sales volume in retail trade. and new retractions in the service segment. This dynamic, together with the reduction in the value of emergency aid and the still high idleness, led to a fall in business and consumer confidence. The inflation increased due to increases in the prices of agricultural commodities and the Real still devalued against the Dollar -at the end of December , the Real stood at R$5.20/US$1.00, a devaluation of approximately 29% from the R$4.02/US$1.00 at the beginning of January. In this conjuncture, Monetary Authorities chose to maintain the cycle of the basic interest rate, bringing the Selic Rate to the new historical low of 2.00% per year, a strategy that, along with the income support actions promoted by the Government, contributed to the recovery of economic conditions, also reflecting in better GDP forecasts for this year, as it is being considered a less intense decrease of the domestic activity.

In the State of Rio Grande do Sul, after the slowdown of Covid-19 in the third quarter and consequently, an improvement in the conditions of economic activity, the health system was under pressure in most regions of the the State in the last months of the year. This dynamic had a negative impact on economic activity, with a slowdown in the growth rate of industrial production and sales volume in the retail and services segments. In addition, foreign trade in Rio Grande do Sul showed a less favorable evolution compared to last year, accumulating a surplus of US$ 6.8 billion in 2020, against a positive balance of US$ 8.6 billion in 2019, reflecting a drop of 24.2% in exports and a 27.0% drop in imports.

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 is structuredbased 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, such as: working capital lines and also in operations to finance payrolls, and also made it possible to extend credit operations . As of agricultural sector, which is the basis of the economic development of the state, the bank has the bank implemented Agrofácil, a system that facilitates the hiring of agricultural credit.

Employees: for Banrisul, the strength of its employees is key to achieve organizational success. To this end, the Bank is developing a challenging, agile environment, fostering the engagement and improving the management of employees. In 2020, Banrisul implemented actions aimed at reducing the impacts of the Covid-19 pandemic on employees, hiring a consultancy from the Hospital Moinhos de Vento, in Porto Alegre, which helped in the construction of the necessary protocols for the prevention of Coronavirus. In addition, it paid special attention to employees belonging to the risk group, making it possible to withdraw from face-to-face activities and making teleworking work available, as well as extending it to other employees, without prejudice to activities. Finally, in order to improve the people management processes, it hired a specialized consultancy, which has been working with Banrisul.

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. Regarding to Efficiency, it is worth highlighting the optimization of on-site service points, following the changes and technological advances in the financial market and maintaining the scope of operations in 98.6% of the population of the State of Rio Grande do Sul and 98.8% of the state's GDP.

Transformation: following the path of transformation, through the implementation of new business models and new technologies, to maintain Banrisul's competitiveness. Several actions were taken related to this topic, such as: the availability of Pix to customers, bringing a new way of paying and receiving, the launch of Vero Wallet, Banrisul's digital portfolio, and the launch of BanriTech, the new Marketing Hub. Banrisul's innovation.

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. Several actions were carried out aiming to serve the Customer, the main ones referring to digital channels, since they have become even more important in maintaining the relationship between the customer and the company. They are: availability of a new version of the Banrisul Digital app, possibility of scheduling service through the application, changing the credit card limit in the app, improvements in the investment journey and, also, availability of service through WhatsApp.

BUSINESS STRATEGY

Regarding its business strategy, the Company focused in reinforcing services to retail customers in the individual segment and expand the service to small and medium-sized companies. In the individual segment prioritizes payroll credit lines offered to civil servants and INSS retirees, as well as to improve relationship with self-employed professionals (for the offering of investment products and banking services), young public, high net-worth customers and farmers. As for companies, the commercial drive is towards micro, small and medium companies, focusing on the offering of credit products for collateralized working capital, and the supply of acquiring equipment by Vero and services such as collection, tax collection, payroll management and general management of electronic payments for public and private sector.

In 2020, due to the contingency scenario caused by the Covid-19 pandemic, Banrisul announced pre-approved credit limits for individuals, micro, small and medium-sized companies and made available a program for the repackaging of credit operations for defaulting customers. , individuals, micro, small and medium companies, allowing adjustments to the maturity flows of operations in the pandemic period. In order to seek to expand the working capital offer for the business segment, it also made available the Emergency credit lines Pronampe, PEAC / FGI and PESE / FOPAG.

Regarding Pix (Brazilian instant payments solution), the Bank was very successful in its implementation and operates very efficiently. The focus now is on communication and educational actions and, mainly, on projects to improve the customer experience in order to keep the service competitive in the face of the solutions that the Central Bank and the market itself will make available in 2021.

CONSOLIDATED PERFORMANCE

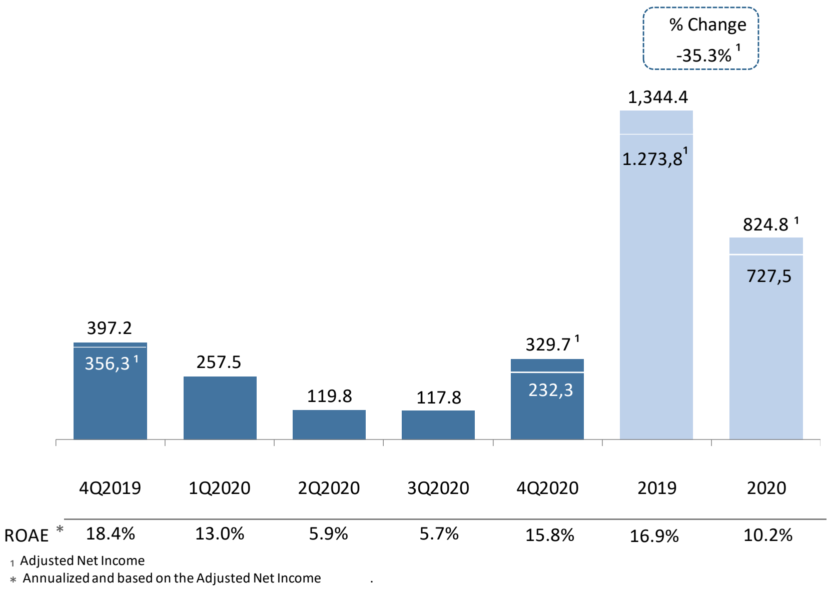
NET INCOME

Banrisul reported net income of R$727.5 million in 2020, R$616.9 million lower than 2019. The net income was impacted by the Voluntary Disconnection Program - PDV, which produced a net effect of R$ 97.3 million in the result for the period, while the profit for 2019 was impacted, in R$ 70.6 million, by setting up a labor provision, reversal of provisions restructuring of the Banrisul Social Security Foundation - FBSS plans, due to the tax effects on these non-recurring events and due to tax credit related to the Constitutional Amendment - EC 103/2019. All of these events were treated, for purposes of analyzing results, as non-recurring.

Banrisul reported adjusted net income of R$824.8 million, with ROAE reached 10.2%. The decrease of R$449.0 million reflects mainly: increase in allowance for loan losses, decrease in financial margin, the decrease in fees revenues, the decrease in adjusted administrative expenses, the evolution of other income/expenses, the reduction million in taxes (income tax and social contribution on net income) and the change in the social contribution tax rate as of March 2020, reflecting on the deferred and current amounts, as well as the decrease of results sharing.

Measured by the concept of added value, Banrisul generated revenues of R$3,830.5 million in 2020, of which 52.0% (R$1,992.6 million) were used for payroll, 25.9% (R$989.9 million) for taxes, fees and contributions, 3.1% (R$120.4 million) for the payment of third party capital and 19.0% (R$727.7 million) for return on equity.

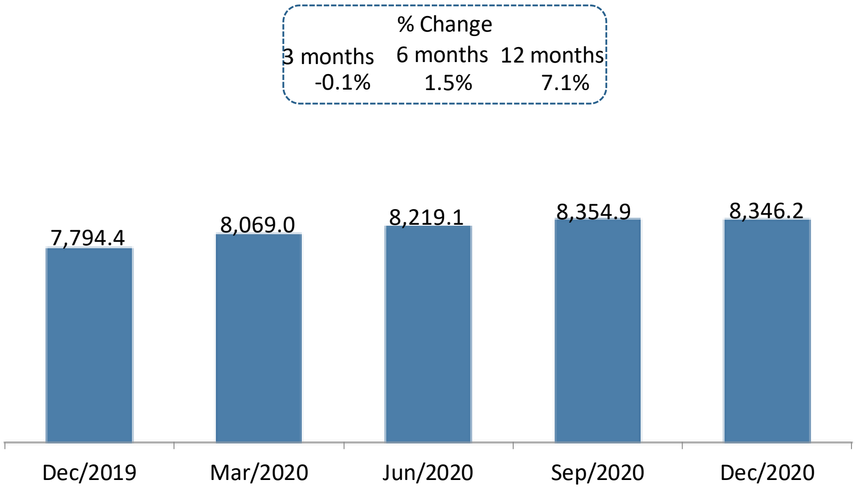
Graph 30: Net Income - R$ Million



SHAREHOLDERS´ EQUITY

Banrisul shareholders´ equity reached R$8,336.2million as of Decemberr 2020. The growth of 7.1% (R$551.9 million) in twelve months originated from the incorporation of results, the payment of interest on capital, the reassessment of actuarial liabilities related to the post-employment benefits (CPC 33 - R1) and the exchange rate adjustments upon the shareholders´ equity accounts of branches abroad.

Graph 31: Shareholders´ Equity - R$ Million



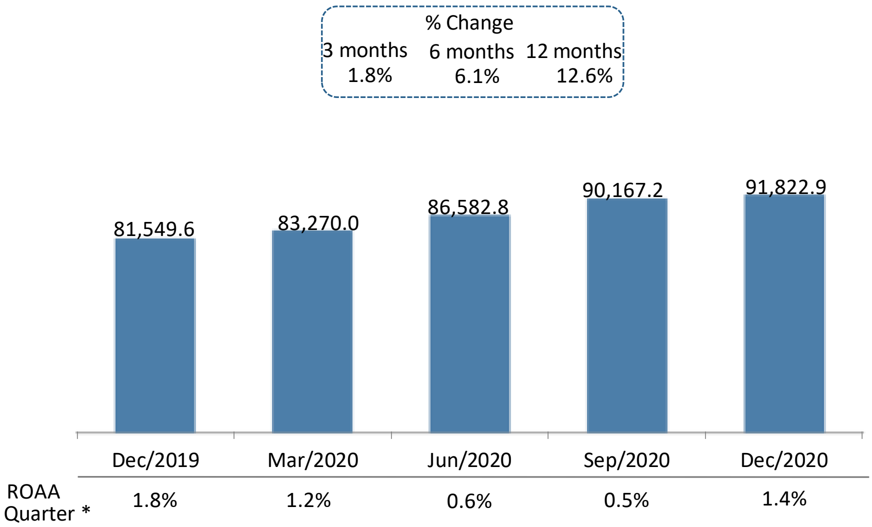
TOTAL ASSETS

Total assets reached R$91.822.9 million at the end of December 2020, an increase of 12.6% over the R$81,549.6 million in the end of 2019, mostly from the growth in deposits. Total assets are broken down into securities, interbank investments and cash (43.3% of total assets), credit assets (41.0%), compulsory deposits (8.4%) and other assets (7.3%).

The portfolio of securities, including derivatives, interbank investments and cash, reached R$39,795.0 million at the end of December 2020, an increase of 46.8% (R$12,689.3 million) from December 2019, driven by the increase in deposits, in a context of reduction in compulsory deposits and less growth of 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



*Figures annualized and based on the adjusted net income.

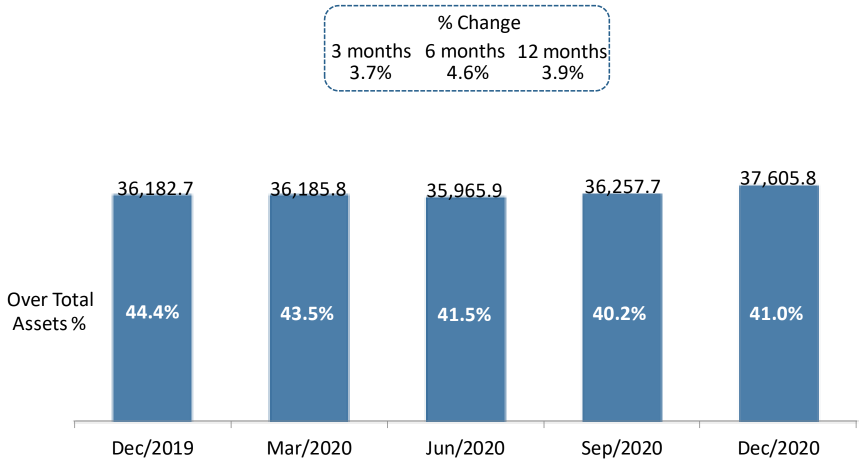
LOANS

Expanded loan portfolio, which includes sureties and guarantees, reached R$37,801.7 million in December 2020, including co-obligation and risk factors. Sureties and guarantees excluded, the balance of credit operations totaled R$37,605.8 million in December 2020, increasing 3.9% (R$1423.1 million) in the last twelve months mainly due to the performance of non-earmarked credit portfolio, with a balance of R$28,887.4 million, increasing 3.9% (R$1,027.3 million) in one year.

Facing the crisis provoked by the Covid-19 pandemic, Banrisul, as public controlled bank, has an important role in the offering of credit to individuals (mostly payroll loans) and SME. . Focusing on that, Banrisul has developed a portfolio of products focusing on the negotiation of short-term debts (named REPAC), which were offered until July 2020 enabling the extension of debt maturities of existing credit operations and the readjustment of customers' cash flow. The main lines were on commercial credit, real estate), rural loans, long-term credit lines and overdrafts accounts.

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 December 2020, Normal Risk operations, which include risk levels from AA to C, totaled R$33.789.3 million, representing 889.9% of the total portfolio. Operations classified as Risk 1, which include risk levels from D to G, totaled R$1,923.5 million and corresponded to 5.1% of the portfolio. Consisting exclusively of risk H credit operations, Risk 2 portfolio reached R$1,893.0 million or 5.0% 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 2.5% (R$546.2 million) in the last twelve months and totaling R$22,278.0 million in December 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$17,057.1 million in December 2020, of which R$10,511.6 million of own origination (transactions with customers), R$6,407.4 million of transactions produced by payroll loan correspondents and R$138.1 million related to portfolios acquired from other institutions. Non-earmarked corporate loans amounted to R$6,609.4 million in December 2020, increasing 8.6% (R$526.1 million) from December 2019 in working capital lines, mainly due to offering of relief credit lines such as Pronampe and PEAC.

In view of the social distance scenario and with the objective of achieving solutions that are adequate to the needs of customers, Banrisul also accelerated the process of digitizing products by expanding the number of state agreements available for contracting payroll loans in the Banrisul Digital and Home Banking application hiring in this channel for municipal agreements. In the same way, it implemented the hiring and management of product limits for individuals, such as overdraft, 1 Minute Credit and credit card.

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 and the offer of relief credit lines such as PEAC and Pronampe, designed to help micro, small and medium-sized companies face the economic crisis.

In January 2020, National Monetary Council Resolution No. 4765/19 came into force, limiting to 8.0% 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. In March 2020, the National Social Security Council set the maximum interest ceiling for payroll loan and credit card operations for INSS retirees and pensioners at 1.80% per month and 2.70% per month, respectively, and increased the maximum payment term for these operations from 72 to 84 months.

Agricultural Loans

Throughout 2020, Banrisul aimed to increasing share in the agricultural sector within the state of Rio Grande do Sul, and intensified activities to leverage business with farmers, medium- and large-sized farming companies, cooperatives, agro-industries and other agribusiness companies, offering technological solutions and credit for investment, cost financing, commercialization and industrialization, in accordance with the needs of each and every one of them, observing the guidelines set by the State Government for the sector and in line with the financial system.

At the start of the 2020/2021 harvest season, the Bank reinforced its commitment to finance agribusiness in Rio Grande do Sul and provided R$4.1 billion in resources for rural credit, a volume 26% higher than that made available in the previous period. Aware of the difficulties faced by farmers due to the drought this year, the Bank intensified the offer of 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. Also in 2020, in addition to visits and contacts with rural producers, the accredited network of technical assistants, responsible for the preparation of financing projects, and Emater were part of a cycle of meetings organized with the objective of bringing information on ways of performance in the segment that are being strengthened at the Bank.

With the arrival of the Covid-19 pandemic, many actions had to be rethought and new strategies adopted. Participation in fairs and events in the State was limited, due to the postponement or even cancellation of the events. Even so, before the pandemic was instituted in February and March 2020, Banrisul was present, respectively, at Expoagro Cotricampo, in Campo Novo, and at Expodireto Cotrijal, held in Não-Me-Toque, the latter with a structure that provided this edition with the highest turnover made by the Expodireto Cotrijal Bank. The Bank also participated, virtually, in Expointer, in Esteio, and in Expofeira de Pelotas.

In 2020, 26,012 new operations were granted, amounting to R$3,234.0 million. Of these, 25,134 operations (R$2,218.7 million) are individuals operations and 878 (R$1,015.3 million) are companies operations. The rural loan portfolio reached R$3,392.2 million in December 2020, increasing 27.5% (R$173.0 million) in comparison to December 2019.

Earmarked Loans

Real estate loans totaled R$4,125.6 million in December 2020, mostly stable from December 2019. Of this amount, R$3,666.1 million refers to the individuals' portfolio. In the period, 2,465 real estate financing operations were contracted, at the amount of R$633.8 million. Dealing with the impacts of Covid-19 to Brazilian economy, and to preserve credit quality, Banrisul has offered customers, from March to July 2020, the possibility of requesting a grace period of up to six installments due (with deferral of obligations), available to individuals and real estate developers. It is worth mentioning the resumption of real estate credit at the end of the period, since in the initial periods of the pandemic, due to the Covid-19 effect, there was a reduction in the number of contracts, but growth in the last quarter of 2020.

The long-term credit portfolio reached R$569.1 million in December 2020, a reduction of 15.0% (R$100.1 million) in relation to December 2019.

Pre-shipping (ACC) and post-shipping (ACE) foreign exchange contracts reached R$510.4 million in December 2020, decreasing 34.1% (R$264.2 million) over December 2019. In 2020, foreign exchange operations in Brazil were strongly impacted, in this context, Banrisul had an annual reduction of 4.4% in volume in exports and 27.4% in imports.

Funds Raised and Under Management

In December 2020, funds raised and under management totaled R$80,457.7 million, an increase of 11.7% (R$8,420.2 million) from the same period in 2019, and included time deposits (share of 56.7%), savings deposits (13.8% share), demand deposits (5.3%), bank notes (3.0%), subordinated debt (3.7%) and assets under management (15.6%).

Total deposits reached R$62,446.5 million at the end of December 2020, increasing 16.4% (R$8,806.4 million) over December 2019. Time deposits reached R$45,599.6 million in December 2020, increasing 13.1% (R$5,281.3 million) in twelve months; savings deposits increased 15.0% (R$1,443.4 million) over December 2019, reaching R$11,065.6 million in December 2020, and demand deposits increased 32.8% (R$1,060.1 million), totaling R$34,289.1 million at the end of December 2020.

With balance of R$2,979.6 million in December 2020, the subordinated debt increased 29.5% (R$678.6 million) over December 2019, influenced by the exchange rate and mark-to-market of the debt. Funds from bank notes and real estate bonds reached R$2,440.5 million in December 2020, decreasing 31.4% (R$1,119.6 million) in twelve months. Funds under management were stable in the last twelve months, amounting to R$12,591.0 million in December 2020.

Vero Acquiring Network

Vero implemented several innovations in 2020, such as: (i) Vero Wallet, the acquiring company's digital wallet, including Banricompras and BanriCard, NFC payment and payment link ; (ii) Vero PDV Web, Vero's electronic funds transfer solution for small sized companies; (iii) capturing operations with the GreenCard and Ticket cards, expanding the acquiring portfolio; (iv) new and faster internet accreditation tools; (v) new applications in the Vero Store platform, to optimize Vero Smart solution management by customers; (v) improvements for the merchants, with the new transaction reconciliation features, sales simulator in Vero Banrisul app and improvements in the Vero RePay functionalities, with the possibility of suspending and resuming contracts, and (vii) Vero X solution for receiving Pix transactions by Vero and integration with QR Codes Vero X (Pix) and Vero Wallet in POS, mPOS and SmartPOS.

Vero ended 2020 with 143.5 thousand active accredited establishments (with transactions in the last twelve months). In 2020, 312.7 million transactions were captured, of which 218.9 million with debit cards (4.5% year-on-year decrease) and 93.8 million with credit cards (decrease of 10.4% from the previous year). The total financial volume produced by the acquired transactions reached R$30.3 billion, increasing 2.8% from 2019. Of this amount, R$17.2 billion came from transactions with debit cards and R$13.2 billion came from transactions with credit cards.

In 2020, due to the pandemic, Vero's customer support and preservation measures were adopted, adopted due to the pandemic scenario, are still available. As a resumption strategy, the most appropriate projects were prioritized, with support and preservation of Vero customers, boosting customer relationship.

Banricard Benefit and Business Cards

BanriCard ended December 2020 with 6.3 thousand active customers. Revenues in 2020 reached R$1.4 billion, decreasing 5.3% from the same period in 2019. In view of the Covid-19 pandemic, the Company kept measures to support and preserve customers with payment extensions and special conditions to negotiate the due amounts 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 2020, Banricompras reached R$14.2 billion in financial volume distributed over 156.7 million transactions, 4.3% over 2019.

CREDIT CARDS

Improving oneself means being attentive to changes and market trends, seeking constant updating, improvements and solutions for customers. Banrisul is proud to be a bank that does not settle in the face of the challenges that new technologies impose on us, on the contrary, it seeks to be actively using these new features to provide excellent and efficient services.

The payment methods market is constantly innovating and trending. Consumers in this market already wait for news more and more frequently. Based on these premises, and seeking customer satisfaction, with more technology, more modernity and less contact, Banrisul launched in 2020, BanriFast, a payment bracelet, exclusively for face-to-face transactions, for credit card holders of Mastercard and Visa.

With a focus on security, Banrisul started offering the virtual credit card, exclusive for applications, internet, telephone purchases, and ideal for recurring debits on the invoice. The virtual card was also made available to individual holders of additional cards and of the Mastercard Business modality, intended for the corporate segment, which also started to have the installment of conventional invoice, in addition to the option of installment of the rotary. Since May 2019, when the Bank started offering virtual credit cards, 153,700 cards have been generated, accounting for more than 1.9 million transactions, totaling R$274.6 million.

Banriclube, Banrisul credit card rewards is considered one of the most complete and competitive in the market. In ithe program, the participant can redeem travel, accommodation and a multitude of prizes directly on the program website, in addition to providing the transfer of points for most frequent flyer programs of companies in Brazil. Individual and corporate customers can consult the updated balance of points directly on the Digital Channels, on Banrisul Digital's My Cards and on the Internet Banking channels. In August, a partnership with OpteMais e-commerce; exclusive offers were selected with discounts of up to 50% on selected products from different partners. In 2020, the Program completed 10 years and, in September, commemorative actions were carried out, such as transferring points to the airline's frequent flyer programs directly on the BanriClube website and changing the conditions for transferring points to the Smiles program. Banriclube, in partnership with the Smiles program, participated in “Smiles Friday”, giving bonuses to customers who transfer their points by up to 100%.

It is also worth mentioning several actions and partnerships carried out throughout 2020, such as:

- Partnership with Mastercard, in the Torcida dos Campeões promotion aimed at the external public, who hold Mastercard cards.
- Banrisul's participation in Semana do Brasil, in September, offering different conditions for the acquisition of Mastercard Platinum and Black credit cards issued in the period.
- Thematic area www.banrisul.com.br/promo is made available on the Bank's website, in order to disseminate and offer more benefits to holders of Banrisul credit cards, Mastercard and Visa flags.
- Performing actions to activate Mastercard credit cards, offering Banriclube points and cashback, cash bonuses, credited directly on the invoice to customers who accumulated purchases on credit cards during the month of October, and double points for those who used a virtual credit card or BanriFast bracelet during Black Friday week.
- Information and services also for credit card surcharges on digital channels (app, Home and Office Banking).

• Change of the credit card limit in the Banrisul Digital application for credit card holders in the individual segment.
• Deployment of SMS messages sent to the customer at the time of issuing the credit card, with information from the Postal Tracking Code, in addition to sending SMS to credit card holders stating reasons for refusing transactions as well as transactions reversed and canceled.
• Discontinuation of sending the printed invoice, with a focus on sustainability, for new credit cards issued by Banrisul, except for Mastercard Black, Visa Infinite and INSS Payroll Mastercard and awareness raising actions for migration to virtual invoice.
• Availability of the Card Protected Insurance, a product of Rio Grande Seguradora, which guarantees the financial protection of the beneficiaries or the insured itself, in the case of Death due to Covered Personal Accident or Total Permanent Disability due to Accident, in addition to exclusive coverage in the event of loss or theft your credit card and protected bag.
• Changes in the conversion of foreign currencies for international purchases, adopting the value in reais on the date of purchase, in compliance with Central Bank Circular No. 3,918 / 18.
• Reduction of the withdrawal limit for payroll-deductible credit cards, provision of a booklet and adjustment of cradles to reinforce the understanding regarding the operation of this modality as a means of payment, in accordance with the provisions of the self-regulation of payroll credit cards.

Banrisul reached in December 2020, 1.2 million MasterCard and Visa credit cards issued. In 2020, the cards issued by Banrisul produced a financial turnover of R$6.5 billion, with 74.9 million transactions. Revenues from credit and credit card fees and BNDES cards totaled R$403.8 million in 2020.

INSURANCE

Banrisul offers customers a broad range of insurance products, with a portfolio of solutions for individual and property insurance, capitalization bonds and private pension plans. In 2020 were marked by a series of changes due to social distancingIn November, the Pension module was made available on the Banrisul Digital app, in which it is possible to simulate the projection of values, hire plans, consult hiring, view available products and make sporadic contributions. Aiming at providing qualified service to customers, Banrisul offered specific conditions to renew home and car insurances, and it has also being offered the option to remotely buy life and accident insurance products. The period was also marked by new products, special offers for customers, modifications to the product portfolio, automation and modernization of processes, remotization of products for the Digital Branch and the offering of capitalization bonds by Rio Grande Capitalização, wholly owned subsidiary of the Banrisul-Icatu Participações joint venture.

In 2020, the financial volume of the insurance business reached R$1.7 billion, increasing 5.5% from same period last year. Total revenues reached R$293.2 million in the period, among which revenues from insurance commissions reached R$241.6 million. Active insurance operations totaled 2.4 million contracts in December 2020.

PUBLIC SECTOR RELATIONS

In 2020, dure to the pandemic, more than 4.5 million fees and taxes from all segments of the public sector were paid through the Banrisul Digital application, meaning a 65% growth in the use of this means of payment compared to the same period in 2019. The growth fits Banrisul’s commercial strategy for the public sector focuses in obtaining and renewing agreements for tax collection services, aiming at preserving and increasing fee revenues. In December 2020 , Banrisul had payroll agreements in 62.4% of 310 local municipalitiesof the State of Rio Grande do Sul. Joint actions with the Bank's public agencies and its employees were also intensified with the commercial and credit areas of the Bank, to facilitate the acquisition of financial products and services through digital channels.

SERVICE AND CONNECTIVITY

SERVICE

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. From March 2020 on, when the pandemic was confirmed, Banrisul adopted measures not to jeopardize business. 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.

In a scenario of so many uncertainties and unprecedented challenges, Banrisul has endeavored to ensure continuity of service, in its most diverse channels available, with the agility and care that the moment requires. In a short period of time, the Institution developed numerous solutions to meet new customer demands, and reinforced the importance of the non-face-to-face solutions it has, avoiding the flow of people in the branch network as much as possible. To contribute to the maintenance of economic activity, Banrisul offers several customer service options, such as:

Service Network

Focusing on the southern region of Brazil, Banrisul's service network was comprised of 1,107 service points in December 2020, of which 507 branches (484 in the state of Rio Grande do Sul, 17 in Santa Catarina, 4 in the other states of Brazil and 2 abroad), 182 service stations and 418 electronic service stations, all servicing customers throughout a wide range of locations.

Online scheduling

Banrisul provided the option of scheduling in person attendance at the branch network through the website www.banrisul.com.br and through the Banrisul Digital application. In both options, it is necessary for the customer to fill in the available Scheduling Form, informing their personal and contact details, the day (s) of the week and the desired shift (s) for attendance, as well as the demand intended.

Self service

Banrisul also offers its customers self-service terminals in other places of convenience and easy access. The addresses of these electronic service points can be found on the Banrisul Digital app or on the website www.banrisul.com.br, under the option "Where has Banrisul". Account holders can also use the ATMs of the Saque e Pague and Banco 24 Horas networks, making withdrawals and other services at no additional cost.

Telephonic service

Banrifone is the telephone service channel that provides consultations, information and financial services, such as payments, credit operations, transfers between accounts and cell phone recharges. Personalized Service is open from 8 am to 8 pm, Monday to Friday. The Electronic Service is available 24 hours, every day of the week.

WhatsApp

In order to expand the service channels and provide an increasingly agile communication to its customers and users, Banrisul started to offer service through an Official WhatsApp Account.

Banriponto

Banrisul also has on the correspondent Banriponto, commercial establishments able to receive bill payments, deposits, transfers, withdrawals, among other banking services, which provide customers with benefits such as flexibility in schedules, convenience, freedom and practicality to choose one nearest establishment. In relation to the agreements, the Bank operates mainly in the training, support and management of Banripontos. At the end of 2020, Banrisul had 1,102 active Banriponto correspondents, which carried out 54 million transactions. 195 smart safes are installed, which aim to increase security in establishments, increase control over accountability, mitigate risks and decrease the agency's BackOffice.

Digital Channels

Banrisul continues its digitalization to offer the best customer experience. Banrisul's digital channels usage keeps growing, representing 62.8% of all transactions carried out by the Company in 2020, considering all available channels (digitals, POS, ATM, correspondents, cashes and Banrifone - a phone channel for tendering clients -), from 54.6% registered in the same period las year.

In 2020, Internet Banking (Home and Office Banking) and Mobile Banking (*Minha Conta*, *Afinidade* and *Office app*, accessed through Banrisul Digital) had 359.3 million accesses, 30.8% higher than in the same period of 2019, equivalent to an average of 984,500 daily accesses. The total number of operations carried out in these channels increased by 9.1%. Among these, financial transactions and financial turnover increased 24.3% and 3.0%, respectively, from 2019.

Digital channels were even more relevant considering the Covid-19 pandemic, being the main contact point for maintaining the customer-Company relationship. Among the actions carried out by Banrisul, the following stand out: (i) debt renegotiation services for several credit lines; (ii) customer serviced by scheduling; (iii) Talk to Your Manager", WhatsApp communication for Afinidade (high net worth) channel; (iv) availability of block features; (v) increase of credit limits in the My Account, Afinidade and Office app channels of the Banrisul Digital application; (vi) new onboarding; (vii) quick customer help features by notification messaging; (viii) redesign of the investments menu; (ix) option for the updating of personal data through the app for all customers; and (x) availability of the Pix Key Registration service, as well as the implementation of this new transfer method in the Home, Office Banking and Banrisul Digital application channels

In 2020, several improvements were implemented, with emphasis on the release of the new version of the Banrisul Digital app. Developed focused on customer experience, the new version obtained a 90% approval rate in a phone survey carried out by the Bank, and with a score of 4.1 (from 1 to 5, according to Play Store score), confirming its excellent acceptance by costumers

SUBSIDIARIES AND AFFILIATES

Banrisul Cartões S.A.

Banrisul Cartões S.A. manages Vero acquiring network and issues BanriCard benefits and corporate cards, with 143,500 active establishments accredited and 6,300 active agreements, respectively, in December 2020. In 2020, gross operating revenues totaled R$537.9 million, 6.3% lower than the same period last year. Among these, R$532.0 million were revenues from the acquiring network, decreasing 6.2% from the same period last year.

The cost of services provided totaled R$144.0 million, whereas net administrative expenses, composed by personnel and other administrative expenses, totaled R$60.5 million. Financial revenues totaled R$118.6 million, of which 86.6% came from the discount of sales receivables. The anticipation of sales receivables amounted to R$3.9 billion in the period, representing 27.8% of the total financial product of captured transactions, a 1.8% increased from the same period last year. Banrisul Cartões net income of R$244.8 million in 2020 was 9.9% lower than the net income of the same period last year.

In the period, due to the pandemic scenario, projects prioritized to support and preserve customers included Vero accredited companies and Banricard customers, while at the same time focusing on the well-being and health of employees, using remote working solutions.

Banrisul S.A. Administradora de Consórcios

Banrisul S.A. Administradora de Consórcios manages sales pool groups for the acquisition of automotive goods, real estate properties and services, seeking to offer customers alternatives for the acquisition of goods, remaining in this year 2020, adequate to the temporary changes in legislation imposed by the pandemic situation of Covid-19. In the real estate segment, letters of credit can be used for the acquisition of new properties, housing construction, remodeling and enlargement, with terms of up to 200 months. In the automotive goods segment, letters of credit allow for the acquisition of cars, trucks, motorcycles, machines and farming implements, with terms of up to 80 months. 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, with terms of up to 36 months. The products were adapted to temporary changes in legislation imposed by the global pandemic situation of Covid-19, such as credit conversion within 180 days of issuance.

In December 2020, Banrisul Consórcios managed 154 groups and had 70,300 active customers, totaling R$4.3 billion in outstanding letters of credit. In the period, 10,800 customers obtained purchases certificates at the equivalent amount of R$571.1 million for the acquisition of consumer goods. Net Income reached R$44.0 million in 2020 from R$544.5 million in 2019.

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 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 2020, Banrisul Corretora brokered R$7.1 billion in B3 S.A. - Brasil, Bolsa, Balcão, a 6.3% growth over 2019. Net income in 2020 was R$2.1 million from R$3.8 million in 2019.

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. The biggest challenge of 2020 for Bagergs, exceeded goals and results, was to overcome the obstacles brought about by the Covid-19 pandemic in order to continue providing essential services to customers, safely, complying with all protocols and measures to preserve health employees, customers, suppliers and partners.

In 2020, the results achieved exceeded projections, even in this atypical scenario of crisis in the Brazilian and world economy, more precisely in relation to imports, exports and exchange rates, which directly reflects in the company's business. The net income was in 2020 totalled R$7.7 million from R$9.5 million in 2019.

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. Banrisul Seguridade will be the full parent company of Banrisul Corretora de Seguros S.A., a company in structuring 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 reached net income of R$88.5 million in 2020 from R$92.9 million in 2019.

BIPAR expanded operations with the opening of Rio Grande Capitalização S.A., which started operations in September 2019. After the migration process of Icatu's customer portfolio, in the third quarter of 2020, Rio Grande Capitalização , totalizing 890.8 thousand customers, with a net income of R$7.0,million

Rio Grande Seguros e Previdência S.A. produced revenues of R$1,187.3 million in 2020. With a strong presence in Rio Grande do Sul, the insurance company has a market share of 14.2% within the Individuals Insurance market in the State, being the leader among insurers headquartered in the State.

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$6,407.4 million in December 2020. Bem Promotora ended the first nine months of 2020 with a net income of R$32.7 million from R$21.8 million in 2019.

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 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 December 2020, Banrisul's ownership structure is presented as follows:

Table 34: Ownership Structure

Shareholders	Total Shares	% ON	% Capital Total
State of Rio Grande do Sul	201,976,838	98.13%	49.39%
Management, Board of Directors and Committee Members	5,787	0.00%	0.00%
Other - (*free float*)	206,991,852	1.87%	50.61%
Total	**408,974,477**	**100.00%**	**100.00%**

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 legally required level. However, and in compliance with the Resolution No 4,820/20 from the National Monetary Council, on June 4, 2020, was published a Material Fact informing the temporary suspension of payment of quarterly interest on capital. Additionally, it was 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. On December 23, CMN published Resolution No. 4,885/20, amending Resolution No. 4,820/20, prohibiting remunerating equity, including in the form of prepayment, above the higher of the following values: (i) the amount equivalent to 30% of adjusted net income; (ii) the amount equivalent to the minimum profit distribution established in the Bylaws. On 01/22/2021, the Executive Board approved and will submit to the appreciation of the Board of Directors and the Annual General Meeting the proposal for an additional payment of 5%, in Dividends on the Adjusted Net Income of 2020, totaling a total percentage of 30%.

INTERNAL CONTROLS AND COMPLIANCE

In accordance to the guidelines set by Internal Control Policies and Compliance Policy approved by Banrisul management, continuous procedures have been established to manage and mitigate the risks to which the institution is subject. In the second semester of 2020, a new corporate tool, focused on improving the management of internal controls and compliance activities was implemented, enabling 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, ombudsman and Controls and Compliance Unit, ensuring greater interaction and integration among the three lines of defense, in compliance to current legislation. Also in the period, Banrisul reformulated the Policy for Preventing Corruption, which is in the deliberation and approval phase of the Administration.

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, Banrisul maintains a team exclusively 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.

INFORMATION SECURITY AND PRIVACY

In August 2018, Law No. 13,709/18, also known as the General Data Protection Law (LGPD), was enacted, which aims at creating an environment of greater control by citizens of their personal data and establishing new rules and responsibilities for those who access such data, the so-called "processing agents". The Law follows the worldwide regulatory trend for use, protection and transfer of personal data in Brazil, restricting unjustified use and guaranteeing a set of rights for the data subjects, as well as bringing important obligations that affect all sectors of the economy.

LGPD came into force on September 18, 2020 and the application of penalties from August 2021 onwards. In short, the adaptation to LGPD require structural changes in virtually all segments such ase industry, trade and services. In this sense, Banrisul has been following market's guidelines and best practices, implementing actions to assess impacts and adopting necessary measures to adapt and comply with the new standards. Among the Institution's main actions, the mapping and inventory of operations involving the processing of personal data stands out; also noteworthy are the appointment of the data Supervisor; employees training and qualification; dissemination of information on LGPD to the general public on the Bank's website; the updating of the Privacy Policy and the provision of a communication channel to meet the demands of data subjects.

INTEGRATED MANAGEMENT STRUCTURE

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 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 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.

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. In order to improve this process, the National Monetary Council - CMN, through Resolution No. 4,557 / 17, determined that the financial institutions required to calculate the RWA must have a continuous capital management structure compatible with the nature of their operations, the complexity of products and services offered, and the extent of their exposure to risks. For institutions in the S2 segment, as an improvement in capital management, the Simplified Internal Capital Adequacy Assessment Process, the $ICAAP_{SIMP.}$ was introduced.

Credit Risk

The challenging scenario caused by the pandemic in 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

In 2020, Banrisul expanded internal discussions about the need to develop an Internal Model for the risk of interest rates in the bank portfolio - IRRBB. Discussions were also initiated on the new market risk calculation model - FRTB. The Fundamental Review of the Trading Portfolio is a set of proposals from the Basel Committee on Banking Supervision for a new capital requirement related to market risks for banks. In Brazil, the public consultation notice should be published in the first months of 2021. It is worth highlighting, in the period, the participation of the market and liquidity risk management team in the International Risk Management Congress - GRISC, which took place on due to the Covid-19 pandemic. This event has consolidated itself as the main forum for discussions on the topic of risk management within banking institutions.

Liquidity Risk

In 2020, 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 projected cash flow result of operations been drawn, and risk indicators remain at adequate levels, in accordance with the risk policy and the limits set forth in the Risk Appetite Statement.

Operational Risk

In 2020, improvements were made to the operational risk management systems. Projects and activities are still 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 30 (d).

Socio-Environmental Risk

Socio-environmental risk management covers financing, projects and operations, whose characteristics make it possible to previously identify the allocation of resources, not preventing those that do not fit the definition above from being analyzed. Socio-environmental risk management encompasses the waste management process, observing the requirements required when contracting suppliers, and monitoring contracts with third parties during their term, aiming at mitigating the associated socio-environmental risks. The results of the analyzes and the records of socio-environmental risk events are reported to the deliberative committees, following the governance structure defined in the corporate risk policies, including the Executive Board, the Risk Committee and the Board of Directors.

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 December 2020, reference equity reached R$6,821.2 million, increasing R$382.2 million in relation to December 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$43,134.6 million in December 2020, increasing R$400.7 million in comparison to December 2019, mainly due to the growth of R$405.2 million in credit risk (RWA_{CPAD}) and by the increase of R$63.7 million in operational risk (RWA_{OPAD}), and by the decrease of R$68.3 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 15.8% in December 2020, increasing 0.7 pp. from December 2019. Core capital and Tier I Capital reached 15.0% in S December 2020, both above minimum requirements. Leverage ratio calculated for the same month was 7.1%, 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, Security and Inovation

The new Coronavirus pandemic has triggered significant challenges for society and the market, causing companies to adapt and optimize their processes. In view of the demand for solutions adapted to social distance, Banrisul reached an accurate level of digital maturity. Technological innovations that would only be implemented over time were carried out at a very fast pace.

The technological capital of the Institution, the result of a large and constant investment in the sector, guaranteed the security of transactions in digital media, which grew exponentially in the months after the establishment of the pandemic. This consistency served Banrisul to quickly implement the operation of new solutions to support its more than 4 million customers.

In 2020, R$336.9 million were invested in technological modernization, which includes the digital transformation trend, the expansion of IT infrastructure and the committed to the security of information. Thus, Banrisul remains consistent in its digital transformation and remains committed to providing an increasingly complete and effective digital experience to its customers.

New Routines

In 2020, value deliveries in Banrisul's digital transformation process were marked by an agile response to the restrictions imposed by the pandemic scenario. In a context where collaborative interaction is essential, the delicate remotization of work was performed with speed and precision. The effective transition to remote media has allowed the dissemination of agile culture to continue in the corporate environment, and has not prevented the progress in modernizing technological processes and tools, which are fundamental for the gain in scale in the development of digital products.

To support employees in the home office, the IT infrastructure teams worked hard to keep the work tools available and provide the necessary technology to maintain daily routines.

The face-to-face ceremonies, which are fundamental in connecting technology with the business, were replaced by virtual meetings, without prejudice to the delivery of value to customers. Quickly, a remote conference solution was available, ensuring integration between different areas of the Bank. Approximately 60 thousand conferences were held by Banrisul employees throughout 2020. Of these, more than 40 thousand were made using video. Still on this track, more than 4 thousand employees were able to access their work environment remotely.

Technological Structure and Modernization

In 2020, 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.

Along these lines, the continuous evolution of computational architecture to completely virtualized and cloud environments has been the subject of studies and implementations so that the development frameworks in use at Banrisul can be used in full in terms of functionality and potential, with a permanent concern for preservation investments made ensuring that business systems can continue to be used transparently, both in the development and production stages.

In the sphere of technological updating, the contract renewal with IBM stands out, which, in addition to guaranteeing includes hardware, software and services. This renewal ensured the supply of two pieces of equipment for the large platform, brought one with an increase in processing capacity by 15.8%. In this environment, the systems and programs that support the Bank's technology products and services are executed. The contract also allowed for the modernization and improvement of the set of software used by corporate systems and the network of branches and services, which are also strategic for the Bank.

In the same way, several measures were carried out for the improvement of security mechanisms, such as the improvement in internal access controls of employees, in compliance with the demands of the Payment Card Industry - PCI and the General Data Protection Law, the Vero's PCI DSS Recertification, ensuring the viability of the acquiring business for Visa, MasterCard and Elo cards, advances in the continuous vulnerability assessment process and the implementation of cryptographic infrastructure for microcomputer systems. Also in this scope, there was the definition of security solutions for VeroPix Instant Payment and for the integration of electronic commerce with Vero.

It is also worth mentioning the implementation of a new data storage solution, with advanced Storage All Flash Array technology, in order to guarantee an increase in performance, meet the vegetative growth of systems, such as Payware, BIG, VMWare and, technical reserve to leverage Bank's new projects.

Regarding the actions related to the IT infrastructure, it is worth highlighting the renovation of approximately 85% of the branch network's number of nobreaks to make the supply of quality energy more efficient and acting more efficiently in the event of power outages.

Total of 1,305 legacy tool processing scripts were also migrated to the Workload Automation -WA processing load automation solution, which represents a 95% consolidated, in a job that started in 2018. With more than 6,200 entries created or migrated under its control, the tool is already processing more than 1,200,000 monthly services, which contributes to the reduction of operational risk and hours worked. The check production outsourcing process, completed at the end of 2020, was optimized so that it will reduce the costs of producing and operating this service, which was done internally.

Information Security

With the growth in the availability of malicious articles on the Internet, Banrisul has been strengthening its network's defenses and systems against cyber-attacks and failures. In 2020, the number of financial swindles increased more than 100% compared to the same period last year, due to the greater use of digital media by customers, by force of social distancing measures. Therefore, Banrisul intensified awareness campaigns directed at customers.

Among these actions, we highlight the Digital Security Week, held in October, in partnership with Febraban, with the motto “Pare, Pense e Desconfie!”, With wide dissemination on social networks and radio stations, explored in the Thematic area of the Banrisul Portal, emphasizing the main types of scams of the moment: Phishing, Security on WhatsApp, Scam of False motoboy, Pix and Virtual Card.

In the same way with the internal public, due to the fact that most of them have been working from home since the beginning of the pandemic, Banrisul carried out several information security actions for employees, reinforcing the importance of safe behavior when dealing with data and information personal and professional. Also, due to the scenario of increased blows during the pandemic, the actions of transactional monitoring and continuous improvement of the processes pertinent to this operation were also reinforced.

Market Operations

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. 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 the Brazilian Instantaneous Payment ecosystem. 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 the Application Program Interface (API) for Pix (the Brazilian Instantaneous Payment System), as well as processes involving keys and safety during the exchange of information among participants.

In 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).

PIX AND OPEN BANKING

With the recent launch of Pix, in November 16, 2020, the Central Bank of Brazil promoted an even greater change in the economic and financial transactions. he Central Bank regulatory approval schedule.

During the period, a tool focused on Application Performance Monitoring (APM) was acquired, which outputs manageable metrics and allows optimizing and improving the application code, in addition to analyzing the behavior and journey of users on digital channels. In the course of the APM project, the solution was implemented in a production environment, is operational for monitoring the performance of Pix applications.

In the same vein, the Vero Pix instant payment system was also developed, to serve Vero's accredited commercial establishments, with several features, such as the capture of transactions via QRCode.

Also during 2020, the Data Protection Law came into force, which among several objectives aims to ensure greater protection and transparency for data subjects, in the use of their information. In this sense, a system for making the minimum data available to data subjects was developed, made available through the branch network and self-service channels, contributing to a clearer and more effective management of the data used by the Bank to all its customers, whether by physical or digital assistance.

Another point to be highlighted is the active role of digital transformation in the process of defining Open Banking Brasil, through participation in the Open Banking Technical User Experience Groups of the Central Bank and Febraban Convention, delivering evolutionarily several digital solutions for the future operation in this new technological and business scenario that presents itself, always evaluating the impacts and adopting measures for adequacy and compliance with the current rules.

DIGITAL SOLUTIONS

Serving the purpose of continuous improvement, several digital solutions implemented in 2020 stood out. The new version of Banrisul Digital focused on a more intuitive layout for the user, was made available to all customers, as well as new features of the app: changing the limits credit card; contracting account limits, Credito 1 minuto and credit card for a selected group of customers; expanding the offer of investment modalities, such as LCA and LCI; possibility of contracting the pension product; among so many additions in improving the user experience.In addition, the acquisition pillar has also evolved: the Vero Wallet MVP was launched and then enriched, with the improvement of transactions via QR code and the possibility of transacting through the payment link and through the cell phone contact list; the Vero app kept pace with improvements in management, as in the Vero Repay functionality; the Seja Vero website has advanced in optimizing the digital accreditation journey; and Vero X, an option for sales with Pix, was delivered in a sync movement between the Vero work fronts.

In August 2020, Banrisul started offering customers the Banrifast product, with an unique experience and at the same time complete since the request by smartphone app only until other important functions such as unlocking and changing the password directly in the Bank application.. It is a wearable credit card, with a bold design, in different colors,distributed in a bracelet format, which allows contactless NFC payments.

Also worthy of note is the uninterrupted evolution of the Agrofácil system, which continues to deliver simplicity and dynamism to the credit contracting process within the scope of agricultural costing, with significant engagement by the sales teams of the branch network. And in the wake of all these advances, the materialization of the principles that govern the development of digital products has been solidified with a focus on business value, technological viability and, primarily, on the customer experience.

Banrisul also invested in Digital Integration projects, where Bank customers now have the possibility to use the Bank's access credentials, with secure authentication via Banrisul Digital, to use services from the State

Government's rs.gov.br portals, and gov.br of the Federal Government, such as Detran RS and e-CAC. The project was made possible with the cooperation between Febraban, the Digital Government Secretariat and with the adhesion of Banrisul, as the second bank to integrate the service in Brazil.

BANRITECH

In October 2020, Banrisul launched its first open innovation initiative - Banritech, with the purpose of participating more actively in the Rio Grande do Sul Innovation Ecosystem. The Program encourages entrepreneurship, in addition to enabling cultural transformation, that living with the innovation ecosystem allows, to prepare employees for the changes that the future requires.

The initiative was designed on four pillars: Hub.Space, Hub.Startup, Hub.Venture and Hub.Education. Regarding Hub.Startup, which aims to promote the selection of startups for acceleration, Banrisul counts on the specialized consultancy of Tecnopuc, one of the largest technology parks in Latin America and with significant expertise in business with innovative companies. The call notice is expected to select up to 30 vacancies for fintech startups, focusing on strategic pillars, such as Agribusiness, Customer Relationship, Information Security, Financial Services, Operational Efficiency and Governments, and should be launched within the first quarter of 2021. The focus in this selection is to enable the approximation with fintechs and their agile and innovative solutions, so that Banrisul is present in the ecosystem, improving its products and services and, above all, remaining as the great financial agent that fosters the socioeconomic development of the State.

In addition, the Program will feature a collaborative space, located at the Hipólito José da Costa Communication Museum, in Porto Alegre. The coworking structure will house selected startups and aims to promote an environment that enables the integration of new ideas, research, experimentation and co-creation. Due to the pandemic, the acceleration program is expected to start in a remote format and, when possible, the space can be effectively occupied by entrepreneurs and promote connections in the face-to-face format.

HUMAN RESOURCES

PERSONNEL

Banrisul 2020 with 9,280 employees, decreasing 9.8% from 2019, due to dismissal of 865 employees throught a Voluntary Employment Termination Plan. The Plan was signed by means of a Collective Labor Agreement made with the union entities representing the banking category, containing a specific clause for the total discharge of the employment contract. Voluntary Employment Termination Plan addressing employees already retired, or who may request retirement immediately or within the next 24 months, by fulfilling contribution time retirement requisites and other conditions according to the National Pension Plan Office, with enrollment period within the last quarter of 2020, the exception being IT eligible employees, who may have their lay off scheduled until 2022. The costs related to financial incentives for adhesion to the Plan totaled R$ 177.0 million.Due to the Covid-19 pandemic and the distance measures determined by the governments, since March 2020, work and service processes have been readapted for the safety of employees and customers. Banrisul started to adopt work relay, home office and in-person schedules, releasing employees and interns from the risk group from face-to-face work. In order to avoid agglomerations and guarantee the distance and the necessary care for all, approximately 90% of the employees in the administrative areas work in the home office and the face-to-face services at the branches started to be carried out with prior appointment.

Banrisul hired the Health Advisory of Hospital Moinhos de Vento, Porto Alegre, to assist in the definition and monitoring of protocols for the prevention of Coronavirus, as well as to assist, through telemedicine, employees who presented suspicion or confirmation of contamination. by the Coronavirus. The protocols adopted by Banrisul were widely disclosed through administrative instructions and in a specific area on the intranet.

Personal Protective Equipment was distributed to employees in person and, for employees serving the public, the Bank offers acrylic masks and face shields, in addition, all tables were provided with acrylic shields. Weekly, the number of employees in the branches is reviewed to always meet the limitations imposed by the distance control defined by the State Government.

Corporative Education

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.

In 2020 invested R$4.6 million in Banrisul's corporate education, in employee development and qualification actions in line with Banrisul's strategy. From the total, R$714.0 thousand were invested to employee qualification through partial subsidy to undergraduate, graduate, master's and doctoral courses. During the period, the courses offered to Banrisul's employees through the Corporate University totaled 358.4 thousand hours of training, carried out 2,864 training and qualification courses to employees, registering 45.3 thousand participations.

Due to pandemic and Decree nº 55.155 of the State Government, from March 12 face-to-face training actions were suspended, as a measure to prevent Covid's transmission.Since the beginning of the pandemic, Banrisul has been adapting its practices to make it possible to continue offering courses to all employees, which are currently being offered through the Banrisul distance-learning platform, with online classes and thematic webinars, through web conferencing.

SUSTAINABILITY

Banrisul, strengthening its commitment to sustainable development and attentive to the growing demands and requirements of the financial area in terms of ESG (Environmental, Social and Governance) aspects, institutionalized in December 2020, the sustainability area with the objective of improving governance, strengthen and encourage actions in line with the Institution's guidelines and business strategies.

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. In addition to adhering to most Sustainable Development Goals, 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 inter-institutional commissions, state programs and committees that encourage environmental preservation and sustainable agriculture.

Banrisul, through *Programa Sementes*, supported 465 projects in 2020, with the distribution of seeds to 24 groups of farmers, 7 schools, 2 Indians and 13 quilombolas, benefiting about 6,962 families, with 148 million seeds and totaling R$184.4 thousand. 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 increased, especially those related to small family farmers, as one of the effects from the strong drought in the state, and also from Covid-19, which made communities even more vulnerable. In the last quarter, there was also a significant increase in the number of seeds distributed, related to projects in the southwest region of the State, with the use of forage and sustainable manure for pastures.

In the environmental aspect, Banrisul participates in the Management Committee of the Sustentare Program, which aims to promote the proper forwarding of electrical and electronic waste, and the Environmental Education Committee contributing to environmental sustainability in the State of RS. It also has a Waste Management Plan and provides an appropriate destination for solid waste, avoiding negative environmental impacts. Among actions favoring social environments, the project "*Coletor de Tampinhas*" (plastic lid collector) also 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 the Residue Management program, which orients about the correct separation of garbage and encourages the conscious consumption and Corporative Sustainability, which addresses the principles of sustainability in the financial sector and in Company.

The Project Pescar Banrisul, initiated its 17th class of Professional Initiation in Administrative Services in February 2020, offered to young people between 16 and 19 years old . During 2020 the Project has undergone an adaptation in its teaching format, with synchronous activities and the participation of Bank volunteers from the most diverse locations in the country. In December 2020, the graduation of the young people who took part in the Project was carried out online.

The Young Apprentices Program , with 378 young people, which performed their activities in Banrisul or are filling mandatory positions required from the Company in professional training facilities or in bureaus of the Justice Power. These young people have the opportunity to experience in practice the learning offered in Banrisul's partner training institutions. The Young Apprentice Program also changed its activities to the synchronous format during this atypical year, marked by the pandemic.,

The Banrisul Museum, until March 2020, counted 1,322 visits, when face-to-face activities were halted due to the Covid-19 pandemic. After this period, considering the change of address of the Museum's Technical Reserve, efforts were directed towards the organization of space and adequacy, aiming to make Banrisul's historic heritage collection available as soon as possible for public consultation by academic, school and research researchers. other enthusiasts, fostering the ties of the society's cultural identity with the Bank.

Community Support

The Bank recognizes its role as a fostering agent in the social development of the communities in which it operates and promotes, through support and sponsorship, several projects in the capital and in the interior of the State as a sponsor, being present at fairs, exhibitions, cultural and sporting events, social, sustainability and health and education benefits, and part of these projects were sponsored with the use of tax benefits granted by federal laws to encourage culture and sport.

Among the most significant projects, in 2020, Expodireto Cotrijal, Expointer Digital, Porto Verão Alegre, Caravana Farroupilha Virtual, 12th Mercosul Visual Arts Biennial, Casa de Cultura Mario Quintana, Cinemateca Paulo Amorim and Symphonic Orchestra of Porto Alegre. Banrisul also contemplated several sports, such as judo, volleyball, athletics, artistic gymnastics, swimming and soccer (through sponsorship of teams from Rio Grande do Sul participating in the Brazilian Championship).

Banrisul's presence as a supporter of events, cultural and social projects reinforces the institution's identity with the community. Also in 2020, the Bank was at the side of social initiatives such as: the Sport in Action Project 2020-2022; 22nd Race to Beat Diabetes; Race for Adoption; Youth Orchestra of RS; Educate and Qualify Project; Organic Fruit Yards; Solidarity Project with Cost of the Asylum Padre Cacique; Improvement in the ICUs and Surgical Units of Santa Casa; Humanization Actions at Mario Totta Maternity; new Headquarters of Casa Menino Jesus in Prague; renovation of the Banco de Olhos Hospital in Porto Alegre.

Social Engagement

Through the Fund for the Rights of Children and Adolescents and the Fund for the Elderly, Banrisul supports actions that assist children and adolescents at risk and social vulnerability, as well as the elderly, defending essential rights. In 2020, the Bank allocated R 1.3 million to Funcriança and R$1.2 million to the Elderly Fund.

Support for Science

In 2020, Banrisul reaffirmed its social commitments to the community, working with Universities to improve and expand Covid-19's testing capacity. The Bank donated an automatic extractor equipment, and supplies that the device uses, to the Laboratory of Diagnostic Support in Infectious Diseases of the University Hospital of the Federal University of Rio Grande -FURG, in the municipality of Rio Grande, with the objective of streamlining the first phase of analysis of samples suspected of containing the Coronavirus SARS-COV-2, which had been done, until then, exclusively by hand. In addition, Banrisul also donated an automatic RNA extraction equipment to the laboratory of the Basic Health Sciences Institute - ICBS, of the Federal University of Rio Grande do Sul - UFRGS, and materials (disposable plastics) that the device uses, for the conducting 8,000 tests for Coronavirus, in order to expedite the diagnosis of detection of the Coronavirus SARS-Cov2, which causes Covid-19 and bring more operational efficiency to tests aimed at identifying the distribution of the virus among health professionals, essential services and in the general population. Banrisul also donated R$560 thousand to the Federal University of Pelotas - UFPel and the Research Institute of Opinion - IPO, to enable the continuation of the Epidemiological Survey of Coronavirus Prevalence in Rio Grande do Sul, EPICOVID-19.

External communication

Banrisul promoted several campaigns in 2020, with the aim of strengthening ties with the Bank's clients and the Rio Grande do Sul community, as well as reinforcing the idea of partnership between Banrisul and the general public, especially at this time of many uncertainties. Among the marketing actions carried out during the year, the launch of the institutional advertising campaign "Aqui é a Casa" is highlighted; the advertising campaign "Plano Safra", considering the relevance of agribusiness for the resumption of the economy of RS, with its high potential for doing business and retaining customers; and the advertising campaigns "App de cara nova", "Pix" and "Consignado Digital", focused on promoting the modernization of the application and its news. Among the advertising pieces shown in the various media, both in offline and digital media, other products and services of the Bank were also highlighted, such as University Account, Rural Credit, Banricompras, Insurance and Credit Card.

AWARDS

January/2020. Banrisul's equity funds are among the most profitable in the market. Banrisul Ações and Banrisul Dividendos 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 also stands out in the "Bank" and "Digital Certification" categories, among the five most remembered and preferred in these categories.

March/2020. Banrisul receives tribute as Leader in Agribusiness.

Banrisul was one of the institutions honored at the Sixth Meeting of Agribusiness Leaders, promoted by Cotrijal, Farsul and the Rural Union of Carazinho, an event that was part of the official program of the 21st Expodireto Cotrijal. Cláudio Coutinho, Banrisul CEO, received the trophy referring to the title of 2020 Agribusiness Leader.

September/2020. My Credit Cards Tool from the Banrisul Digital app is among the best in the country.

Banrisul was featured in a study by the São Paulo company CardMonitor, which specializes in researching and evaluating trends in the card market, which evaluated the main credit card apps available in the Brazilian market. In comparison with other 35 players in the sector, Banrisul was the only bank to have 100% of the features identified as the most essential for customers.

October/2020. Banrisul is the most remembered bank in the Top of Mind RS survey in the Bank category According to the Top Of Mind RS 2020 survey - The Brands of Rio Grande, conducted 30 years ago by Grupo Amanhã, which recognizes the companies and professionals most present in the population's memory of State. In the survey, the Bank recorded 32.7% of total citations. Banrisul also stood out in the ranking in the Efficient Public Company category, where it appears in second place.

December/2020. Banrisul is one of the largest companies in the South Region of the country. Banrisul was highlighted in the ranking 500 Largest in the South - Grandes & Líderes, occupying the seventh position in the category of the largest companies in the Southern Region of the country, and the second place among the 100 largest companies in Rio Grande do Sul. The survey is prepared by Revista Amanhã, a publication specialized in economics and business, and has the technical support of the consultancy Pricewaterhouse Coopers - PWC.

December/2020. Banrisul is featured in the Apimec Ibri Award. Banrisul was one of the five companies nominated in the Small/Middle Cap Best Practice and Investor Relations Initiative category. The award was made by the Association of Capital Market Investment Analysts and Professionals - Apimec and the Brazilian Institute of Investor Relations - Ibri.

December/2020. Banrisul Armazéns Gerais wins the RS Export Award. Bagergs, a subsidiary of the Banrisul Group, was one of the winners of the 48th Exportação RS Export Award, in the Outstanding Export Support Services category. The award was promoted by the Brazilian Association of Marketing and Sales Directors - ADVB/RS.

December/2020. Director of IT and Innovation wins national information technology award. Banrisul's Director of Information Technology and Innovation, Jorge Krug, was the winner of the Pico da Neblina award, national recognition to CIOs who are a reference in the information technology market. Jorge Krug won the distinction in the Public Sector category.

December/2020. Banrisul is one of the largest banks in the country. Banrisul is highlighted in the ranking of 50 Largest Banks, according to the yearbook Melhores e Maiores, edition of 2020, of Exame Magazine. The company Rio Grande Seguros e Previdência, belonging to the Banrisul Group, received distinction among the 50 largest insurance companies in the country.

December/2020. Banrisul is one of the winners of a national IT competition. Banrisul representatives, linked to the Information Technology Security Unit, reached the 1st and 2nd place in a cyber competition of the CTF (Capture The Flag) type, carried out by the Febraban Cyber Security Laboratory, in partnership with the company Accenture. Diego Goulart participated in the team that won the 1st place in the competition, and Conrado Ruch was part of the team that was in the 2nd position. The event was attended by 20 information security specialists linked to financial institutions from all over Brazil.

ACKNOWLEDGMENT

Given the scenario of uncertainty that arose in 2020 due to the pandemic, Banrisul ended the year with the certainty that, with solidarity and professionalism, it is possible to face and overcome the challenges that are imposed on society. And it was thanks to the partnership and trust placed in the Institution by its customers, investors and employees, that Banrisul starts 2021 more solidly and efficiently, prepared to advance in its role as a fostering agent in the communities where it plays a fundamental role in generating wealth and wealth. quality of life.

Board of Executive Officers

FINANCIAL STATEMENTS

BALANCE SHEET

(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
ASSETS	**Note**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash	4	1,263,595	1,161,173	1,263,648	1,161,179
Financial Instruments		86,163,895	76,223,137	88,011,432	78,312,061
Interbank Lending Market Investments	5	6,040,268	1,011,687	6,041,572	1,012,969
Compulsory Deposits of Central Bank of Brazil	6	7,750,609	12,186,091	7,750,609	12,186,091
Securities	7	31,550,155	24,482,990	31,645,202	24,800,282
Derivative Financial Instruments	8	844,599	131,309	844,599	131,309
Loans	9	34,860,941	32,979,599	34,860,941	32,979,599
Other Financial Instruments	10	5,097,718	5,399,979	6,848,904	7,170,329
Leases	9	19,605	31,482	19,605	31,482
(Provisions for Expected Losses Associated with Credit Risk)	9e	(2,811,892)	(2,812,054)	(2,813,138)	(2,813,914)
(Loans)		(2,590,995)	(2,510,760)	(2,590,995)	(2,510,760)
(Leases)		(6,587)	(2,524)	(6,587)	(2,524)
(Other Credits)		(214,310)	(298,770)	(215,556)	(300,630)
Tax Assets		3,113,232	2,711,920	3,119,592	2,719,237
Current		47,304	6,490	49,021	8,104
Deferred	11	3,065,928	2,705,430	3,070,571	2,711,133
Other Assets	12	888,145	852,261	817,994	749,954
Investments		1,919,646	1,644,747	177,951	137,937
Investments in Associates and Subsidiaries	13	1,912,302	1,638,128	170,607	131,244
Other Investments		7,344	6,619	7,344	6,693
Property and Equipment	14	333,015	250,483	439,693	319,839
Property and Equipment		924,030	835,579	1,068,140	932,714
(Accumulated Depreciation)		(591,015)	(585,096)	(628,447)	(612,875)
Intangible Assets	15	805,606	963,129	805,729	963,296
Intangible Assets		1,639,318	1,613,140	1,641,756	1,615,362
(Accumulated Amortization)		(833,712)	(650,011)	(836,027)	(652,066)
TOTAL ASSETS		**91,675,242**	**80,994,796**	**91,822,901**	**81,549,589**

		Parent Company		Consolidated	
LIABILITIES	**Note**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Deposits and Other Financial Instruments		78,756,045	69,032,680	78,730,375	69,432,157
Deposits	16	62,820,455	53,672,965	62,446,503	53,640,084
Repurchase Agreements	16	4,573,384	3,577,107	4,362,437	3,391,443
Funds from Acceptance and Issuance of Securities	16	2,727,755	3,847,623	2,440,535	3,560,166
Borrowings	17	425,868	708,838	425,868	708,929
Onlendings	18	1,473,113	1,551,223	1,473,113	1,551,223
Other Financial Liabilities	19	6,735,470	5,674,924	7,581,919	6,580,312
Provisions	20	2,007,316	1,929,279	2,012,954	1,936,040
Tax Liabilities		494,784	413,007	561,565	478,671
Current		88,122	110,359	154,135	174,189
Deferred	11b	406,662	302,648	407,430	304,482
Other Liabilities	21	2,073,035	1,827,463	2,171,792	1,908,359
TOTAL LIABILITIES		**83,331,180**	**73,202,429**	**83,476,686**	**73,755,227**
EQUITY	**22**	**8,344,062**	**7,792,367**	**8,346,215**	**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		3,411,250	2,872,851	3,411,250	2,872,851
Income		(271,699)	(284,995)	(271,699)	(284,995)
Non-controlling Interest		-	-	2,153	1,995
TOTAL LIABILITIES AND EQUITY		**91,675,242**	**80,994,796**	**91,822,901**	**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			Consolidated
		2nd Half 2020	01/01 to 12/31/2020	01/01 to 12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
Income from Financial Intermediation		**3,272,713**	**8,225,442**	**9,074,240**	**8,233,170**	**9,105,414**
Loans, Leases and Other Credits		2,959,737	5,959,295	6,680,270	5,959,465	6,680,281
Securities		323,709	828,740	1,391,889	836,298	1,423,052
Derivative Financial Instruments		(155,268)	782,776	132,096	782,776	132,096
Foreign Exchange		38,047	351,787	137,754	351,787	137,754
Compulsory Investments		106,488	302,844	732,231	302,844	732,231
Expenses from Financial Intermediation		**(580,361)**	**(2,987,195)**	**(3,601,202)**	**(2,970,417)**	**(3,580,377)**
Deposits and Securities Sold Under Repurchase Agreements		(515,814)	(2,507,909)	(3,309,938)	(2,491,130)	(3,289,099)
Borrowings, Assignments and Onlendings		(64,547)	(479,286)	(291,264)	(479,287)	(291,278)
Net Income from Financial Intermediation		**2,692,352**	**5,238,247**	**5,473,038**	**5,262,753**	**5,525,037**
Provisions for Expected Losses Associated with Credit Risk		(719,885)	**(1,499,934)**	**(1,193,200)**	**(1,501,496)**	**(1,193,916)**
Other Operating Income		**1,106,049**	**2,075,322**	**2,458,546**	**2,469,035**	**2,851,575**
Income from Services Rendered and Bank Fees	23a	606,242	1,227,975	1,239,551	1,955,399	2,042,516
Result of Participation in Associates and Subsidiaries		197,748	359,333	385,449	55,691	46,597
Other Income	23b	302,059	488,014	833,546	457,945	762,462
Other Operating Expenses		**(2,636,219)**	**(4,873,148)**	**(5,309,762)**	**(5,134,867)**	**(5,583,528)**
Personnel Expenses	24a	(1,152,205)	(2,128,530)	(1,957,111)	(2,146,812)	(1,974,519)
Other Administrative Expenses	24b	(775,297)	(1,528,807)	(1,692,775)	(1,629,096)	(1,819,409)
Tax Expenses		(184,731)	(370,443)	(377,056)	(467,926)	(482,688)
Other Expenses	24c	(523,986)	(845,368)	(1,282,820)	(891,033)	(1,306,912)
Net Operating Income		**442,297**	**940,487**	**1,428,622**	**1,095,425**	**1,599,168**
Income Before Income Tax and Profit Sharing		**442,297**	**940,487**	**1,428,622**	**1,095,425**	**1,599,168**
Income Tax and Social Contribution	**25**	**(35,545)**	**(97,373)**	**57,369**	**(251,969)**	**(112,466)**
Current		(95,499)	(273,747)	(186,610)	(428,591)	(354,863)
Deferred		59,954	176,374	243,979	176,622	242,397
Employee Profit Sharing		**(56,575)**	**(115,638)**	**(141,573)**	**(115,778)**	**(141,763)**
Non-controlling Interest		-	-	-	**(202)**	**(521)**
Net Income		**350,177**	**727,476**	**1,344,418**	**727,476**	**1,344,418**
Earnings per Share						
Basic and Diluted Earnings per Share (in Reais - R$)						
Common Shares		0.86	1.78	3.29	1.78	3.29
Preferred Shares A		0.87	1.88	3.54	1.88	3.54
Preferred Shares B		0.86	1.77	3.29	1.77	3.29

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	2nd Half 2020	01/01 to 12/31/2020	01/01 to 12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
Net Income	**350,177**	**727,476**	**1,344,418**	**727,476**	**1,344,418**
Non-controlling Interest	-	-	-	202	521
Net Income for the Period Attributable to Shareholders	**350,177**	**727,476**	**1,344,418**	**727,678**	**1,344,939**
Items That May Be Reclassified Into the Income Statement	**(28,043)**	**117,330**	**15,922**	**117,330**	**15,922**
Securities available for sale	448	184	585	184	585
Change in Fair Value	778	351	956	351	956
Tax Effect	(330)	(167)	(371)	(167)	(371)
Foreign Exchange Variations on Investments Abroad	(28,491)	117,146	15,337	117,146	15,337
Items That Will Not Be Reclassified Into the Income Statement	**(104,034)**	**(104,034)**	**(109,453)**	**(104,034)**	**(109,453)**
Remeasurement of Post-Employment Benefit Obligations	(104,034)	(104,034)	(109,453)	(104,034)	(109,453)
Actuarial Gains / (Losses)	(189,025)	(189,025)	(236,297)	(189,025)	(236,297)
Tax Effect	84,991	84,991	126,844	84,991	126,844
Total Adjustments Not Included in Net Income	**(132,077)**	**13,296**	**(93,531)**	**13,296**	**(93,531)**
Total Comprehensive Income for the Period, Net of Tax Income and Social Contribution	**218,100**	**740,772**	**1,250,887**	**740,974**	**1,251,408**
Comprehensive Income Attributable to Controlling interests	218,100	740,772	1,250,887	740,772	1,250,887
Comprehensive Income Attributable to Non-controlling interests	-	-	-	202	521

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(In Thousands of Reais)

			Attibutable to Controlling Shareholders									
				Profit Reserves								
	Note	Capital	Capital Reserves	Legal	Statutory	For Expansion	Special Profit Reserve	Other Valuation Adjustments	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		-	-	-	-	-	-	585	-	585	-	585
Actuarial Gains / Losses		-	-	-	-	-	-	(214,824)	-	(214,824)	-	(214,824)
Foreign Exchange Effects on Investments Abroad		-	-	-	-	-	-	15,337	-	15,337	-	15,337
Change in Non-controlling Interest		-	-	-	-	-	-	-	-	-	(1,837)	(1,837)
Reclassification of Results for Future Years		-	-	-	-	-	-	-	(91,589)	(91,589)	-	(91,589)
Post-Employment Benefit Adjustments		-	-	-	-	-	-	105,371	(105,371)	-	-	-
Net Income		-	-	-	-	-	-	-	1,344,418	1,344,418	-	1,344,418
Allocation of Net Income	22c											
Reserves Constitution		-	-	67,221	336,105	207,501	-	-	(610,827)	-	-	-
Interest on Equity		-	-	-	-	-	-	-	(462,925)	(462,925)	-	(462,925)
Dividends		-	-	-	-	-	-	-	(73,706)	(73,706)	-	(73,706)
Balance as of December 31, 2019		**5,200,000**	**4,511**	**596,276**	**2,069,074**	**207,501**	**-**	**(284,995)**	**-**	**7,792,367**	**1,995**	**7,794,362**
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		-	-	-	-	-	-	184	-	184	-	184
Actuarial Gains / Losses		-	-	-	-	-	-	(104,034)	-	(104,034)	-	(104,034)
Foreign Exchange Effects on Investments Abroad		-	-	-	-	-	-	117,146	-	117,146	-	117,146
Change in Non-controlling Interest		-	-	-	-	-	-	-	-	-	158	158
Reclassification of Results for Future Years		-	-	-	-	-	-	-	5,890	5,890	-	5,890
Net Income		-	-	-	-	-	-	-	727,476	727,476	-	727,476
Allocation of Net Income	22c						-					
Reserves Constitution		-	-	36,374	181,869	296,957	-	-	(515,200)	-	-	-
Interest on Equity		-	-	-	-	-	-	-	(194,967)	(194,967)	-	(194,967)
Proposed Additional Dividends			-	-	-	-	23,199	-	(23,199)	-	-	-
Balance as of December 31, 2020		**5,200,000**	**4,511**	**632,650**	**2,250,943**	**504,458**	**23,199**	**(271,699)**	**-**	**8,344,062**	**2,153**	**8,346,215**
Balance as of July 01, 2020		**5,200,000**	**4,511**	**615,141**	**2,163,399**	**373,632**	**-**	**(139,622)**	**-**	**8,217,061**	**2,060**	**8,219,121**
Other Valuation Adjustments							-					
Mark-to-Market of Available-for-Sale Securities		-	-	-	-	-	-	449	-	449	-	449
Actuarial Gains / Losses		-	-	-	-	-	-	(104,035)	-	(104,035)	-	(104,035)
Foreign Exchange Effects on Investments Abroad		-	-	-	-	-	-	(28,491)	-	(28,491)	-	(28,491)
Change in Non-controlling Interest					-	-	-	-	-	-	93	93
Reclassification of Results for Future Years		-	-	-	-	-	-	-	2,901	2,901	-	2,901
Net Income		-	-	-	-	-	-	-	350,177	350,177	-	350,177
Allocation of Net Income	22c											
Reserves Constitution		-	-	17,509	87,544	130,826	-	-	(235,879)	-	-	-
Interest on Equity		-	-	-	-	-	-	-	(94,000)	(94,000)	-	(94,000)
Proposed Additional Dividends			-	-	-	-	23,199	-	(23,199)	-	-	-
Balance as of December 31, 2020		**5,200,000**	**4,511**	**632,650**	**2,250,943**	**504,458**	**23,199**	**(271,699)**	**-**	**8,344,062**	**2,153**	**8,346,215**

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENT

(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	2nd Half 2020	01/01 to 12/31/2020	01/01 to 12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
Cash Flow from Operating Activities					
Income Before Taxes on Income and Employee Profit Sharing	**442,297**	**940,487**	**1,428,622**	**1,095,425**	**1,599,168**
Adjustments to Income Before Income Tax and Employee Profit Sharing					
Depreciation and Amortization	107,190	212,031	204,919	223,021	210,533
Share of Profit of Equity Accounted Investees	(197,748)	(359,333)	(385,449)	(55,691)	(46,597)
Deferred Taxes	(59,954)	(176,374)	(243,979)	(176,622)	(242,397)
Income from Subordinated Debt	(114,830)	885,682	315,734	885,682	315,734
Provisions for Expected Losses Associated with Credit Risk	719,885	1,499,934	1,193,200	1,501,496	1,193,916
Provision for Legal and Administrative Proceedings	302,716	456,584	615,913	455,732	616,970
Adjusted Income Before Taxes on Income and Employee Profit Sharing	**1,199,556**	**3,459,011**	**3,128,960**	**3,929,043**	**3,647,327**
Changes in Assets and Liabilities	**1,264,794**	**7,761,727**	**(3,158,621)**	**7,437,174**	**(3,811,462)**
(Increase) Decrease in Interbank Deposits	(305,064)	(325,065)	79,563	(325,065)	79,563
(Increase) Decrease in Central Bank Compulsory Deposits	(493,540)	4,435,482	(24,071)	4,435,482	(24,071)
(Increase) in Trading Securities	(238,628)	(960,876)	(1,933,003)	(738,569)	(2,177,309)
(Increase) Decrease in Derivative Financial Instruments	212,857	(713,290)	(158,118)	(713,290)	(158,118)
(Increase) in Loans	(2,456,586)	(3,171,935)	(3,222,452)	(3,171,935)	(3,222,452)
Decrease in Leases	6,486	11,835	546	11,835	546
(Increase) Decrease in Other Financial Assets	(22,524)	92,800	(30,557)	109,788	(422,175)
(Increase) Decrease in Current and Deferred Tax Assets	(6,717)	(117,411)	55,797	(117,309)	53,553
(Increase) in Other Assets	(18,429)	(86,421)	(99,950)	(90,096)	(102,733)
Increase in Deposits	5,584,688	9,147,490	2,792,799	8,806,419	2,775,974
Increase (Decrease) in Repurchase Agreements (Repos)	235,172	996,277	(603,625)	970,994	(537,159)
Increase (Decrease) in Funds from Acceptance and Issuance of Securities	(640,297)	(1,119,868)	712,354	(1,119,631)	720,165
(Decrease) in Borrowings	(443,156)	(361,080)	(354,078)	(361,171)	(354,595)
Increase in Other Liabilities	470,620	381,963	205,540	323,024	272,839
(Decrease) in Provisions	(184,035)	(378,547)	(211,696)	(378,818)	(212,524)
Increase (Decrease) in Deferred Tax Liabilities	(43,427)	291,960	(72,770)	449,025	94,268
(Decrease) in Other Liabilities	(184,297)	(43,877)	(105,633)	(180,954)	(250,615)
Income Tax and Social Contribution Paid	(208,329)	(317,710)	(189,267)	(472,555)	(346,619)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**2,464,350**	**11,220,738**	**(29,661)**	**11,366,217**	**(164,135)**
CASH FLOW FROM INVESTING ACTIVITIES					
Dividends Received from Associates and Subsidiaries	105,539	137,039	124,805	37,861	33,700
Decrease in Securities Available for Sale	449	179	1,640	388	287,826
(Increase) in Securities Held to Maturity	(5,141,003)	(6,106,284)	(2,521,247)	(6,106,555)	(2,516,855)
Disposal of Investments in Associates and Subsidiaries	1,319	2,434	2,979	2,434	2,979
Disposal of Property and Equipment	2,017	2,066	1,119	4,975	2,061
Write-off of Intangible Assets	8,773	8,773	-	8,799	-
Acquisition of Investments in Associates and Subsidiaries	(1,814)	(8,246)	(3,384)	(6,306)	(19,309)
Acquisition of Property and Equipment	(58,297)	(109,070)	(76,732)	(160,273)	(132,931)
Acquisition of Intangible Assets	(12,430)	(35,065)	(20,966)	(35,065)	(21,078)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(5,095,447)**	**(6,108,174)**	**(2,491,786)**	**(6,253,742)**	**(2,363,607)**
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of Interest on Subordinated Debt	(113,822)	(207,099)	(166,717)	(207,099)	(166,717)
Dividends Paid	-	(73,706)	(45,839)	(73,706)	(45,839)
Interest on Equity Paid	(42,000)	(142,967)	(507,925)	(142,967)	(507,925)
Change in Non-controlling Interest	-	-	-	158	(1,837)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(155,822)**	**(423,772)**	**(720,481)**	**(423,614)**	**(722,318)**
Effects of the Exchange Rate Variation on Cash and Cash Equivalents	(28,491)	117,146	15,337	117,146	15,337
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,815,410)**	**4,805,938**	**(3,226,591)**	**4,806,007**	**(3,234,723)**
Cash and Cash Equivalents at the Beginning of the Period	9,794,208	2,172,860	5,399,451	2,174,148	5,408,871
Cash and Cash Equivalents at the End of the Period	6,978,798	6,978,798	2,172,860	6,980,155	2,174,148

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ADDED VALUE

(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	2nd Half 2020	01/01 to 12/31/2020	01/01 to 12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
INCOME (a)	**3,461,129**	**8,441,497**	**9,954,137**	**9,145,018**	**10,716,476**
Financial Income	3,272,713	8,225,442	9,074,240	8,233,170	9,105,414
Services Rendered and Bank Fees Income	606,242	1,227,975	1,239,551	1,955,399	2,042,516
Provisions for Expected Losses Associated with Credit Risk	(719,885)	(1,499,934)	(1,193,200)	(1,501,496)	(1,193,916)
Other	302,059	488,014	833,546	457,945	762,462
FINANCIAL INTERMEDIATION EXPENSES (b)	**(580,361)**	**(2,987,195)**	**(3,601,202)**	**(2,970,417)**	**(3,580,377)**
INPUTS ACQUIRED FROM THIRD PARTIES (c)	**(1,130,806)**	**(2,040,782)**	**(2,654,530)**	**(2,176,726)**	**(2,800,336)**
Supplies, Energy and Other	(821,585)	(1,451,903)	(1,947,993)	(1,547,495)	(2,032,142)
Third-party Services	(309,221)	(588,879)	(706,537)	(629,231)	(768,194)
GROSS ADDED VALUE (d=a-b-c)	**1,749,962**	**3,413,520**	**3,698,405**	**3,997,875**	**4,335,763**
DEPRECIATION AND AMORTIZATION (e)	**(107,190)**	**(212,031)**	**(204,919)**	**(223,021)**	**(210,534)**
PRODUCED BY THE COMPANY (f=d-e)	**1,642,772**	**3,201,489**	**3,493,486**	**3,774,854**	**4,125,229**
ADDED VALUE RECEIVED IN TRANSFER (g)	**197,748**	**359,333**	**385,449**	**55,691**	**46,597**
Equity in earnings (losses) in investees	197,748	359,333	385,449	55,691	46,597
ADDED VALUE FOR DISTRIBUTION (h=f+g)	**1,840,520**	**3,560,822**	**3,878,935**	**3,830,545**	**4,171,826**
DISTRIBUTION OF ADDED VALUE	**1,840,520**	**3,560,822**	**3,878,935**	**3,830,545**	**4,171,826**
Personnel	**1,076,453**	**1,975,776**	**1,823,223**	**1,992,630**	**1,839,392**
Salaries	853,527	1,536,933	1,382,451	1,550,225	1,394,571
Benefits	182,213	356,113	354,825	358,036	356,838
FGTS	40,713	82,730	85,947	84,369	87,983
Taxes, Fees and Contributions	**352,603**	**736,208**	**595,148**	**989,855**	**872,044**
Federal	321,284	671,704	533,471	894,065	776,366
State	5	10	59	69	236
Local	31,314	64,494	61,618	95,721	95,442
Remuneration on Third Party Capital	**61,287**	**121,362**	**116,146**	**120,382**	**115,451**
Rentals	61,287	121,362	116,146	120,382	115,451
Equity Remuneration	**350,177**	**727,476**	**1,344,418**	**727,678**	**1,344,939**
Interest on Equity	94,000	194,967	462,925	194,967	462,925
Dividends	23,199	23,199	73,706	23,199	73,706
Retained Earnings	232,978	509,310	807,787	509,310	807,787
Non-controlling Interests	-	-	-	202	521

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).

NOTE 01 - OPERATIONS

Banco do Estado do Rio Grande do Sul S. A. (“Banrisul”, “Institution”), Banrisul Group leading company, controlled by the State of Rio Grande Sul, is a publicly traded corporation which operates a multiple-service bank, headquartered in Brazil, at Rua Capitão Montanha, 177 – 4th floor, in the city of Porto Alegre, Rio Grande do Sul State and that is 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 Central Bank Resolution No. 2/20. 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 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 nomenclatures are shown in item “**f**”, below.

Management declares that the disclosures made in Banrisul's individual and consolidated financial statements show all relevant financial 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	12/31/2020	12/31/2019
Loans	**376,736**	**455,881**
Loans in Brazil	278,167	337,969
Other Lending activities	98,569	117,912
Other Assets	**305,705**	**217,533**
Property and Equipment	**28**	**39**
Total Assets	**682,469**	**673,453**

Liabilities and Equity	12/31/2020	12/31/2019
Deposits	**124,039**	**231,974**
Deposits in Brazil	79,040	196,883
Other Deposits	44,999	35,091
Other Obligations	**381**	**1,821**
Other Liabilities	**26,949**	**36,197**
Equity	**531,100**	**403,461**
Total Liabilities and Equity	**682,469**	**673,453**

Income Statement	01/01 to 12/31/2020	01/01 to 12/31/2019
Financial Intermediation Income	18,218	24,115
Financial Intermediation Expenses	(2,066)	(2,794)
Other Income (Expenses)	(5,659)	(3,970)
Net Income	**10,493**	**17,351**

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 Equity, amounting to R$117,146 (12/31/2019 - R$15,337).

(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 funds included in the consolidated financial statements:

		Ownership Interest	
	Activity	12/31/2020	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 period were approved by the Board of Directors on February 9, 2021.

(f) Restatement of Comparative Balances - The Balance Sheet, the Income Statements and the Cash Flow Statements of December 31, 2019 were reclassified according to Central Bank Resolution No. 2/20, and are presented for comparative 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**	**As previously reported 12/31/2019**	**Reclassification**	**12/31/2019 (As reported here-in)**
Securities and Derivative Financial Instruments		24,614,299	(24,614,299)	-
	Securities		24,482,990	24,482,990
	Derivative Financial Instruments	-	131,309	131,309
Interbank Accounts		13,282,051	(13,282,051)	-
	Compulsory Deposits of 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
	Provisions for Expected Losses Associated with Credit Risk	-	(2,510,760)	(2,510,760)
Other Credits		7,068,765	(7,068,765)	-
	Other Financial Assets	-	4,178,681	4,178,681
	Other Assets	-	476,934	476,934
	Tax Assets	-	2,711,920	2,711,920
	Provisions for Expected Losses Associated with Credit Risk	-	(298,770)	(298,770)
Other Assets		375,327	(375,327)	-
	Other Assets	-	375,327	375,327
TOTAL		**75,934,619**	**-**	**75,934,619**

LIABILITIES				Parent Company
From	**To**	**As previously reported 12/31/2019**	**Reclassification**	**12/31/2019 (As reported here-in)**
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	-	1,649,275	1,649,275
	Deferred Tax Liabilities	-	413,007	413,007
Deferred Income		178,188	(178,188)	-
	Other Liabilities	-	178,188	178,188
TOTAL		**9,844,673**	**-**	**9,844,673**

BALANCE SHEET				
ASSETS				**Consolidated**
From	**To**	**As previously reported 12/31/2019**	**Reclassification**	**12/31/2019 (As reported here-in)**
Securities and Derivative Financial Instruments		24,931,591	(24,931,591)	-
	Securities		24,800,282	24,800,282
	Derivative Financial Instruments	-	131,309	131,309
Interbank Accounts		14,947,092	(14,947,092)	-
	Compulsory Deposits of 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
	Provisions for Expected Losses Associated with Credit Risk	-	(2,510,760)	(2,510,760)
Other Credits		7,073,482	(7,073,482)	-
	Other Financial Assets	-	4,283,990	4,283,990
	Other Assets	-	370,885	370,885
	Tax Assets	-	2,719,237	2,719,237
	Provisions for Expected Losses Associated with Credit Risk	-	(300,630)	(300,630)
Other Assets		379,069	(379,069)	-
	Other Assets	-	379,069	379,069
TOTAL		**77,925,411**	**-**	**77,925,411**

LIABILITIES				Consolidated
From	**To**	**As previously reported 12/31/2019**	**Reclassification**	**12/31/2019 (As reported here-in)**
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	-	1,730,171	1,730,171
	Tax Liabilities	-	478,671	478,671
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	As previously reported 12/31/2019	Reclassification	12/31/2019 (As reported here-in)
Loans		6,621,745	(6,621,745)	-
	Loans, Leases and Other Credits	-	6,621,745	6,621,745
Leasing Operations		5,738	(5,738)	-
	Loans, Leases and Other Credits	-	5,738	5,738
Sales or Transfer of Financial Assets		52,787	(52,787)	-
	Loans, Leases and Other Credits	-	52,787	52,787
Income from Services Rendered		144,544	(144,544)	-
Income from Bank Fees		1,095,007	(1,095,007)	-
	Income from Services Rendered and Bank Fees	-	1,239,551	1,239,551
TOTAL		**7,919,821**	**-**	**7,919,821**

INCOME STATEMENT				Consolidated
From	To	As previously reported 12/31/2019	Reclassification	12/31/2019 (As reported here-in)
Loans		6,621,756	(6,621,756)	-
	Loans, Leases and Other Credits	-	6,621,756	6,621,756
Leasing Operations		5,738	(5,738)	-
	Loans, Leases and Other Credits	-	5,738	5,738
Sales or Transfer of Financial Assets		52,787	(52,787)	-
	Loans, Leases and Other Credits	-	52,787	52,787
Income from Services Rendered		947,488	(947,488)	-
Income from Bank Fees		1,095,028	(1,095,028)	-
	Income from Services Rendered and Bank Fees	-	2,042,516	2,042,516
TOTAL		**8,722,797**	**-**	**8,722,797**

CASH FLOW STATEMENT				Parent Company
From	To	As previously reported 12/31/2019	Reclassification	12/31/2019 (As reported here-in)
(Increase) in Interbank and Interbranch Accounts		(59,247)	59,247	-
	(Increase) in Compulsory Deposits of Central Bank of Brazil	-	(24,071)	(24,071)
	(Increase) in Other Financial Assets	-	(65,530)	(65,530)
	Increase in Other Financial Liabilities	-	30,354	30,354
Decrease in Other Receivables		176,099	(176,099)	-
	Decrease in Other Financial Assets	-	34,973	34,973
	Decrease in Other Assets	-	85,329	85,329
	Decrease of Current and Deferred Tax Assets	-	55,797	55,797
(Increase) in Other Assets		(185,279)	185,279	-
	(Increase) in Other Assets	-	(185,279)	(185,279)
(Decrease) in Other Liabilities		(286,010)	286,010	-
	Increase in Other Financial Liabilities	-	175,186	175,186
	(Decrease) in Other Liabilities	-	(176,730)	(176,730)
	(Decrease) in Provisions	-	(211,696)	(211,696)
	(Decrease) in Deferred Tax Liabilities	-	(72,770)	(72,770)
Increase in Deferred Income		71,097	(71,097)	-
	Increase in Other Liabilities	-	71,097	71,097
TOTAL		**(283,340)**	**-**	**(283,340)**

CASH FLOW STATEMENT				Consolidated
From	To	As previously reported 12/31/2019	Reclassification	12/31/2019 (As reported here-in)
(Increase) in Interbank and Interbranch Accounts		(458,360)	458,360	-
	(Increase) in Compulsory Deposits of Central Bank of Brazil	-	(24,071)	(24,071)
	(Increase) in Other Financial Assets	-	(468,077)	(468,077)
	Increase in Other Financial Liabilities	-	33,788	33,788
Decrease in Other Receivables		93,594	(93,594)	-
	Decrease in Other Financial Assets	-	45,902	45,902
	(Increase) in Other Assets	-	(5,861)	(5,861)
	Decrease of Current and Deferred Tax Assets	-	53,553	53,553
Increase) in Other Assets		(187,977)	187,977	-
	(Increase) in Other Assets	-	(187,977)	(187,977)
(Decrease) in Other Liabilities		(200,917)	200,917	-
	Increase in Other Financial Liabilities	-	239,051	239,051
	(Decrease) in Other Liabilities	-	(321,712)	(321,712)
	(Decrease) in Provisions	-	(212,524)	(212,524)
	Increase in Deferred Tax Liabilities	-	94,268	94,268
Increase in Deferred Income		71,097	(71,097)	-
	Increase in Other Liabilities	-	71,097	71,097
TOTAL		**(682,563)**	**-**	**(682,563)**

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 19) 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, throughout 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 19. As of December 31, 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 08). 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 09.

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 60th 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 09 (g)).

(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 09 (e).

(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 fair 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 tested annually for impairment.

(j) Property and Equipment

Property and equipment in use comprise mainly land and buildings. As set forth by CMN Resolution No. 4535/16, 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 useful life, as presented below:

Permanent Assets	Average Estimated Useful Life 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,useful life is reviewed once a year.

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

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	Average Estimated Useful Life in Years
Payroll Services	5 and 10
Software	3 to 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 15).

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 16, 17 and 18.

(o) Provisions, contingent assets and liabilities and legal obligations

Provisions, contingent 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.

- Provisions and Liabilities - a 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 “Deferred tax assets” 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 Deferred tax assets 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 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 deferred tax assets, are presented in Notes 11 and 25.

(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 share 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	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash	**1,263,595**	**1,161,173**	**1,263,648**	**1,161,179**
In Local Currency	811,354	892,713	811,407	892,719
In Foreign Currency	452,241	268,460	452,241	268,460
Interbank Investments(1)	**5,715,203**	**1,011,687**	**5,716,507**	**1,012,969**
Reverse Repurchase Agreements	5,704,808	1,003,615	5,706,112	1,004,897
Investments in Interbank Deposits	10,395	8,072	10,395	8,072
Total	**6,978,798**	**2,172,860**	**6,980,155**	**2,174,148**

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

NOTE 05 - INTERBANK INVESTMENTS

				Parent Company
	Up to 3 months	3 to 12 months	12/31/2020	12/31/2019
Reverse Purchase Agreements	**5,704,808**	**-**	**5,704,808**	**1,003,615**
Reverse Repurchase Agreements - Own Portfolio				
Financial Treasury Letter – LFT	4,404,770	-	4,404,770	1,554
National Treasury Letter – LTN	1,300,038	-	1,300,038	1,002,061
Interbank Deposits	10,395	325,065	**335,460**	**8,072**
Interbank Deposits	10,395	325,065	335,460	8,072
Total as of 12/31/2020	**5,715,203**	**325,065**	**6,040,268**	
Total as of 12/31/2019	**1,011,687**	**-**		**1,011,687**

				Consolidated
	Up to 3 months	3 to 12 months	12/31/2020	12/31/2019
Reverse Purchase Agreements	**5,706,112**	**-**	**5,706,112**	**1,004,897**
Reverse Repurchase Agreements - Own Portfolio				
Financial Treasury Letter – LFT	4,404,770	-	4,404,770	1,554
National Treasury Letter – LTN	1,300,038	-	1,300,038	1,002,061
Bank Deposit Certificates	1,304	-	1,304	1,282
Interbank Deposits	**10,395**	**325,065**	**335,460**	**8,072**
Interbank Deposits	10,395	325,065	335,460	8,072
Total as of 12/31/2020	**5,716,507**	**325,065**	**6,041,572**	
Total as of 12/31/2019	**1,012,969**	**-**		**1,012,969**

NOTE 06 - COMPULSORY DEPOSITS OF CENTRAL BANK OF BRAZIL

		Parent Company and Consolidated	
Compulsory Deposits - BACEN	**Form of Remuneration**	**09/30/2020**	**12/31/2019**
Demand deposits and other resources	No Remuneration	743,129	601,093
Savings Deposits	Savings rate	1,912,085	1,912,007
Other Deposits	No Remuneration	55,135	1,733
Time Deposits (1)	SELIC	5,040,260	9,671,258
Total		**7,750,609**	**12,186,091**

(1) Change in balance resulting from the reduction of the requirement rate on these funds, in accordance with Central Bank Circular 3,993/20.

NOTE 07 - PORTFOLIO OF SECURITIES

Breakdown of the portfolio of securities:

	Parent Company			Consolidated
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trading Securities	6,572,528	5,611,652	6,655,299	5,916,730
Available-for-sale Securities	176	171	2,459	2,662
Held-to-Maturity Securities	24,977,451	18,871,167	24,987,444	18,880,890
Total	**31,550,155**	**24,482,990**	**31,645,202**	**24,800,282**

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 (Brazil Stock Exchage) future curves.

(a) Trading Securities

Breakdown of Trading Securities by type and maturity, at fair value and amortized cost:

									Parent Company
	Fair Value					12/31/2020		12/31/2019	
	Without Maturity	Up to 3 months	1 to 3 years	3 to 5 years	Over 5 years	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Financial Treasury Letter – LFT	-	906,229	961,038	3,846,492	848,365	6,562,124	6,594,036	5,584,929	5,583,702
Shares of Publicly-Held Companies	6,978	-	-	-	-	6,978	2,063	14,699	2,063
Investment Fund Shares	3,426	-	-	-	-	3,426	3,426	12,024	12,024
Total as of 12/31/2020	**10,404**	**906,229**	**961,038**	**3,846,492**	**848,365**	**6,572,528**	**6,599,525**		
Total as of 12/31/2019	**26,723**	**-**	**881,894**	**1,826,479**	**2,876,556**			**5,611,652**	**5,597,789**

									Consolidated
	Fair Value					12/31/2020		12/31/2019	
	Without Maturity	Up to 3 months	1 to 3 years	3 to 5 years	Over 5 years	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Financial Treasury Letter – LFT	-	906,229	961,038	3,854,484	848,365	6,570,116	6,602,063	5,592,735	5,591,509
Shares of Publicly-Held Companies	6,978	-	-	-	-	6,978	2,063	14,699	2,063
Investment Fund Shares	78,205	-	-	-	-	78,205	78,205	309,296	309,296
Total as of 12/31/2020	**85,183**	**906,229**	**961,038**	**3,854,484**	**848,365**	**6,655,299**	**6,682,331**		
Total as of 12/31/2019	**323,995**	**-**	**881,894**	**1,834,285**	**2,876,556**			**5,916,730**	**5,902,868**

(b) Available-for-Sale Securities

Breakdown of Available-for-Sale Securities by type and maturity, at fair value and amortized cost:

					Parent Company					Consolidated
		12/31/2020		12/31/2019			12/31/2020		12/31/2019	
	Without Maturity	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Without Maturity	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Investment Fund Shares	176	176	176	171	171	2,447	2,447	2,074	2,653	1,840
Privatization Certificates	-	-	-	-	-	12	12	12	9	9
Total as of 12/31/2020	**176**	**176**	**176**			**2,459**	**2,459**	**2,086**		
Total as of 12/31/2019	**171**			**171**	**171**	**2,662**			**2,662**	**1,849**

(c) Held-to-Maturity Securities

Breakdown of Held-to-Maturity Securities by type and maturity, at fair value and amortized cost:

									Parent Company
	Updated Amortized Cost					12/31/2020		12/31/2019	
	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Updated Amortized Cost	Fair Value	Updated Amortized Cost	Fair Value
Federal Government Securities									
Financial Treasury Letter – LFT	1,577,389	-	5,224,273	10,748,908	3,868,911	21,419,481	21,318,989	18,767,011	18,768,866
National Treasury Notes - NTN	471,927	-	-	-	-	471,927	471,922	-	-
National Treasury Letter – LTN	-	2,785,396	-	-	-	2,785,396	2,676,846	-	-
Federal Bonds - CVS	-	-	-	-	72,235	72,235	72,910	83,254	81,706
Time Deposits with Special Collaterals - DPGE	-	-	224,941	-	-	224,941	228,243	-	-
Certificate of Real Estate Receivables - CRI	-	-	-	-	3,471	3,471	3,492	18,154	17,204
Bank Notes	-	-	-	-	-	-		2,748	3,444
Total as of 12/31/2020	**2,049,316**	**2,785,396**	**5,449,214**	**10,748,908**	**3,944,617**	**24,977,451**	**24,772,402**		
Total as of 12/31/2019	**2,748**	**-**	**2,247,515**	**9,822,099**	**6,798,805**			**18,871,167**	**18,871,220**

									Consolidated
	Updated Amortized Cost					12/31/2020		12/31/2019	
	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Updated Amortized Cost	Fair Value	Updated Amortized Cost	Fair Value
Federal Government Securities									
Financial Treasury Letter – LFT	1,582,737	-	5,224,273	10,753,553	3,868,911	21,429,474	21,328,981	18,776,734	18,778,589
National Treasury Notes - NTN	471,927	-	-	-	-	471,927	471,922	-	-
National Treasury Letter – LTN	-	2,785,396	-	-	-	2,785,396	2,676,846	-	-
Federal Bonds - CVS	-	-	-	-	72,235	72,235	72,910	83,254	81,706
Time Deposits with Special Collaterals - DPGE	-	-	224,941	-	-	224,941	228,243	-	-
Certificate of Real Estate Receivables - CRI	-	-	-	-	3,471	3,471	3,492	18,154	17,204
Bank Notes	-	-	-	-	-	-		2,748	3,444
Total as of 12/31/2020	**2,054,664**	**2,785,396**	**5,449,214**	**10,753,553**	**3,944,617**	**24,987,444**	**24,782,394**		
Total as of 12/31/2019	**2,748**	**-**	**2,252,719**	**9,826,618**	**6,798,805**			**18,880,890**	**18,880,943**

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

NOTE 08 - 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 19, 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	
				12/31/2020	12/31/2019
Derivatives Used as Fair Value Hedge	**Notional Value**	**Amortized cost**	**Fair value adjustment**	**Fair Value**	**Fair Value**
Hedging Instrument					
Swaps	2,102,648	677,304	167,295	844,599	131,309
Foreign Currency (USD)	2,102,648	677,304	167,295	844,599	131,309
Hedged Item					
Subordinated Debt (Note 18)	917,665	2,801,025	167,512	2,968,537	2,293,245
Foreign Currency (USD)	917,665	2,801,025	167,512	2,968,537	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.	2,102,648	698,621	167,268	865,889
Liabilities				
% of Interbank Deposit Rate (CDI)	(2,102,648)	(21,317)	27	(21,290)
Net Adjustment as of 12/31/2020		**677,304**	**167,295**	**844,599**
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	865,889	29,173	28,953	807,763
Liabilities					
% of Interbank Deposit Rate (CDI)	(2,102,648)	(21,290)	(259)	(266)	(20,765)
Net Adjustment as of 12/31/2020		**844,599**	**28,914**	**28,687**	**786,998**
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$841,209.

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 09 - LOANS, LEASES 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	12/31/2020	12/31/2019
Loans and Discounted Receivables	373,768	15,326,901	6,754,488	980,093	587,686	247,245	190,395	270,943	1,695,982	26,427,501	25,296,657
Financing	102,570	328,025	136,571	168,336	33,820	10,031	1,054	12,159	21,688	814,254	790,907
Rural and Agro-Industrial Financing	1,309,142	1,239,039	415,965	191,726	105,527	25,381	26,812	18,398	60,133	3,392,123	2,661,169
Real Estate Financing	3,130,694	475,051	84,872	214,621	63,773	830	779	74,162	67,501	4,112,283	4,104,558
Loans Assigned with Recourse (1)	9,025	3,814	198	170	73	-	-	-	-	13,280	22,305
Infrastructure and Development Financing	2,218	47,614	7,352	44,316	-	-	-	-	-	101,500	104,003
Subtotal Loans	**4,927,417**	**17,420,444**	**7,399,446**	**1,599,262**	**790,879**	**283,487**	**219,040**	**375,662**	**1,845,304**	**34,860,941**	**32,979,599**
Lease Operations	944	2,323	1,855	4,415	309	1,340	8	8,081	330	19,605	31,482
Advances on Foreign Exchange Contracts (2)	1,012	58,016	76,017	133,165	61,189	45,446	14,608	93,104	21,182	503,739	643,595
Other Receivables (3)	73,839	1,467,682	426,614	58,731	18,536	4,714	3,872	3,243	26,222	2,083,453	2,181,931
Acquired Portfolio with Recourse (Note 10)	138,066	-	-	-	-	-	-	-	-	138,066	346,063
Total Credit Portfolio	**5,141,278**	**18,948,465**	**7,903,932**	**1,795,573**	**870,913**	**334,987**	**237,528**	**480,090**	**1,893,038**	**37,605,804**	**36,182,670**
Recourse and Guarantees Granted (4)	112,318	42,977	893	2,046	-	27,150	-	-	10,508	195,892	242,851
Total as of 12/31/2020	**5,253,596**	**18,991,442**	**7,904,825**	**1,797,619**	**870,913**	**362,137**	**237,528**	**480,090**	**1,903,546**	**37,801,696**	**36,425,521**
Total Credit Portfolio 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 assignment of receivables with recourse where Banrisul has assigned to Cibrasec mortgage loans operations.
(2) Composed of Advances on Foreign Exchange Contracts including accrued interest, presented net with related liabilities in Other Liabilities.
(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 19.

(b) Customer Breakdown per Maturity and Risk Levels

											Parent Company and Consolidated
	Credit Portfolio in Ordinary Course										
	AA	A	B	C	D	E	F	G	H	12/31/2020	12/31/2019
Falling Due	**5,139,019**	**18,933,743**	**7,781,165**	**1,670,477**	**756,732**	**255,631**	**176,025**	**322,986**	**1,130,280**	**36,166,058**	**35,011,849**
01 to 30 days	150,578	1,361,122	494,845	127,008	76,208	17,862	23,409	23,977	31,013	2,306,022	2,526,260
31 to 60 days	102,057	1,015,793	355,366	149,814	58,895	25,580	11,985	10,835	41,706	1,772,031	1,775,910
61 to 90 days	93,108	728,552	281,454	94,517	45,552	8,571	8,158	13,998	17,541	1,291,451	1,479,750
91 to 180 days	557,599	1,816,328	695,337	181,320	89,893	36,570	27,300	19,276	49,390	3,473,013	3,715,365
181 to 360 days	430,877	2,918,893	998,003	247,153	108,825	42,732	27,934	93,134	116,889	4,984,440	5,045,560
Over 360 days	3,804,800	11,093,055	4,956,160	870,665	377,359	124,316	77,239	161,766	873,741	22,339,101	20,469,004
Past Due	**2,259**	**14,722**	**7,006**	**4,328**	**4,555**	**1,063**	**933**	**2,163**	**11,597**	**48,626**	**72,737**
Up to 14 days	2,259	14,722	7,006	4,328	4,555	1,063	933	2,163	11,597	48,626	72,737
Subtotal	**5,141,278**	**18,948,465**	**7,788,171**	**1,674,805**	**761,287**	**256,694**	**176,958**	**325,149**	**1,141,877**	**36,214,684**	**35,084,586**
	Non-Performing Contracts (1)										
Falling Due	**-**	**-**	**103,078**	**102,946**	**87,188**	**56,594**	**40,838**	**109,748**	**501,208**	**1,001,600**	**448,993**
01 to 30 days	-	-	3,235	3,462	3,135	2,229	1,588	3,817	16,936	34,402	13,520
31 to 60 days	-	-	2,684	2,949	2,391	1,649	1,594	3,800	16,911	31,978	13,294
61 to 90 days	-	-	2,461	2,690	2,096	1,462	1,286	3,621	15,764	29,380	13,072
91 to 180 days	-	-	6,840	7,551	5,779	4,283	3,509	10,191	45,308	83,461	37,623
181 to 360 days	-	-	12,189	13,197	10,323	7,213	6,005	19,708	87,575	156,210	68,802
Over 360 days	-	-	75,669	73,097	63,464	39,758	26,856	68,611	318,714	666,169	302,682
Past Due	**-**	**-**	**12,683**	**17,822**	**22,438**	**21,699**	**19,732**	**45,193**	**249,953**	**389,520**	**649,091**
01 to 14 days	-	-	249	431	386	403	331	524	3,361	5,685	2,788
15 to 30 days	-	-	11,406	5,659	4,471	2,913	1,995	4,941	18,626	50,011	126,564
31 to 60 days	-	-	1,028	10,633	5,394	5,346	3,106	5,134	15,655	46,296	59,899
61 to 90 days	-	-	-	793	10,737	2,732	3,808	5,085	18,657	41,812	56,225
91 to 180 days	-	-	-	306	1,450	9,533	9,970	27,423	97,205	145,887	212,079
181 to 360 days	-	-	-	-	-	772	522	2,086	83,850	87,230	177,892
Over 360 days	-	-	-	-	-	-	-	-	12,599	12,599	13,644
Subtotal	**-**	**-**	**115,761**	**120,768**	**109,626**	**78,293**	**60,570**	**154,941**	**751,161**	**1,391,120**	**1,098,084**
Total as of 12/31/2020	**5,141,278**	**18,948,465**	**7,903,932**	**1,795,573**	**870,913**	**334,987**	**237,528**	**480,090**	**1,893,038**	**37,605,804**	
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 Ordinary Course.

(c) Credit Portfolio Breakdown by Business Sector

	Parent Company and Consolidated	
	12/31/2020	12/31/2019
Public Sector	**103,555**	**107,143**
Government - Direct and Indirect Administration	103,555	107,143
Private Sector	**37,502,249**	**36,075,527**
Companies	8,952,228	8,720,259
Rural	272,623	232,935
Food, Beverages and Tobacco	1,146,432	1,141,974
Automotive	383,325	340,582
Cellulose, Wood and Furniture	184,977	193,899
Food Wholesale Trade	535,013	444,732
Wholesale Trade (except food)	559,942	448,688
Retail Trade - Other	784,292	621,992
Construction and Real Estate	837,525	816,551
Education, Health and other Social Services	1,233,619	1,398,591
Electrical and Electronics	313,780	337,725
Financial and Insurance	338,687	449,821
Machines and equipment	239,159	203,043
Metallurgy	230,281	179,541
Infrastructure Works	31,411	152,292
Oil and Natural Gas	355,341	374,089
Chemical and Petrochemical	434,053	427,422
Private Services	219,573	202,531
Textile, Clothing and Leather	234,007	197,229
Transportation	314,693	306,606
Others	303,495	250,016
Individuals	28,550,021	27,355,268
Total Loans	**37,605,804**	**36,182,670**

(d) Loan Concentration

	Parent Company and Consolidated			
	12/31/2020		12/31/2019	
	Value	% of Portfolio	Value	% of Portfolio
Largest Debtor	163,451	0.43	201,188	0.56
Next 10 Largest Debtors	995,815	2.65	1,154,163	3.19
Next 20 Largest Debtors	1,185,353	3.15	1,380,888	3.82
Next 50 Largest Debtors	1,472,171	3.91	1,507,401	4.17
Next 100 Largest Debtors	1,304,015	3.47	1,304,384	3.60

(e) Changes in Allowances

The Allowance for Expected Losses in the amount of R$2,811,892 (Consolidated R$2,813,138) is shown below:

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

	Parent Company and Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Opening Balance	**2,764,335**	**2,612,055**
Allowance Recorded in the Period	1,498,861	1,193,383
Write-Offs	(1,500,095)	(1,041,103)
Ending Balance	**2,763,101**	**2,764,335**
Allowance for Loan Losses	2,590,995	2,510,760
Allowance for Doubtful Lease Receivables	6,587	2,524
Allowance for Losses on Other Receivables with Lending Characteristics (1)	165,519	251,051

(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	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Opening Balance	**47,719**	**47,904**	**50,515**	**59,754**
Allowance/(Reversal) Recorded in the Period	1,072	(183)	2,634	533
Write-Offs	-	(2)	(3,112)	(10,708)
Final Balance	**48,791**	**47,719**	**50,037**	**49,579**

(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	5,141,278	0.00%	-
A	18,948,465	0.50%	94,742
B	7,903,932	1.00%	79,040
C	1,795,573	3.00%	53,867
D	870,913	10.00%	87,091
E	334,987	30.00%	100,496
F	237,528	50.00%	118,764
G	480,090	70.00%	336,063
H	1,893,038	100.00%	1,893,038
Total as of 12/31/2020	**37,605,804**		**2,763,101**
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$462,709 (12/31/2019 - R$545,058) in the period, net of related losses.

The balance of renegotiated loans during the period amounted to R$698,386 (12/31/2019 - R$782,413). 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 10 - OTHER FINANCIAL INSTRUMENTS

						Parent Company
	Up to 12 Months	Over 12 Months	Total as of 12/31/2020	Up to 12 Months	Over 12 Months	Total as of 12/31/2019
Interbank Accounts	10,881	1,134,635	1,145,516	21,560	1,074,400	1,095,960
Credits with the National Housing System (1)	-	1,134,635	1,134,635	-	1,074,400	1,074,400
Outstanding Payments and Receipts	2,594	-	2,594	3,442	-	3,442
Others	8,287	-	8,287	18,118	-	18,118
Interbranch Accounts	73,101	-	73,101	125,338	-	125,338
Foreign Exchange Portfolio	551,923	20,680	572,603	715,084	1,624	716,708
Income Receivable	99,839	-	99,839	105,717	-	105,717
Guarantee Deposit	-	629,179	629,179	-	476,790	476,790
Payments to Reimburse	61,667	-	61,667	64,096	-	64,096
Securities and Receivables (2)	2,117,962	235,155	2,353,117	2,216,377	232,404	2,448,781
Credits Linked to Acquired Operations with Recorurse (Note 09 (a))	85,424	52,642	138,066	177,757	168,306	346,063
Others	24,630	-	24,630	20,526	-	20,526
Total	**3,025,427**	**2,072,291**	**5,097,718**	**3,446,455**	**1,953,524**	**5,399,979**

						Consolidated
	Up to 12 Months	Over 12 Months	Total on 12/31/2020	Up to 12 Months	Over 12 Months	Total on 12/31/2019
Interbank Accounts	1,672,441	1,134,635	2,807,076	1,686,601	1,074,400	2,761,001
Credits with the National Housing System (1)	-	1,134,635	1,134,635	-	1,074,400	1,074,400
Outstanding Payments and Receipts	1,664,154	-	1,664,154	1,668,483	-	1,668,483
Others	8,287	-	8,287	18,118	-	18,118
Interbranch Accounts	73,101	-	73,101	125,338	-	125,338
Foreign Exchange Portfolio	551,923	20,680	572,603	715,084	1,624	716,708
Income Receivable	108,086	-	108,086	113,739	-	113,739
Trading and Intermediation of Values	3,693	-	3,693	19,567	-	19,567
Guarantee Deposit	-	639,497	639,497	-	485,380	485,380
Reimbursable Payments	62,542	-	62,542	64,168	-	64,168
Securities and Receivables (2)	2,182,660	236,081	2,418,741	2,284,595	232,404	2,516,999
Credits Linked to Acquired Operations with Recourse (Note 09 (a))	85,424	52,642	138,066	177,757	168,306	346,063
Others	25,499	-	25,499	21,366	-	21,366
Total	**4,765,369**	**2,083,535**	**6,848,904**	**5,208,215**	**1,962,114**	**7,170,329**

(1) Credits with the National Housing System are composed of:
(a) R$166,982 (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$964,884 (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$2,769 (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. As of December 31, 2020, the receivables were stated at the acquisition cost including interest accrued at the rate used to determine the purchase price, amounting to R$1,131,866 (12/31/2019 - R$1,071,724). The face value is R$1,170,841 (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 (Referential Rate) 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) Securities and Recivables 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 December 31, 2020, these judicial deposits amount to R$179,456 (12/31/2019 - R$168,675) and are indexed to TR and interest.
(b) Non-credit-like receivables, acquired by the Bank from the State Government of Rio Grande do Sul, in the amount of R$58,140 (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 12.00% 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 December 31, 2020, totaled R$2,065,609 (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$39,223 (12/31/2019 - R$46,698) in the Consolidated.

NOTE 11 – DEFERRED TAXES

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

(a) Deferred Tax Assets - the balances of deferred tax assets, segregated according to their origins and disbursements, are represented by:

				Parent Company
	Balance as of 12/31/2019	Constitution	Realization	Balance as of 12/31/2020
Allowance for Loan Losses	1,339,439	563,293	(381,155)	1,521,577
Provision for Labor Risks	465,744	134,978	(133,789)	466,933
Provision for Tax Risks	152,721	9,206	(4,269)	157,658
Fair Value Adjustments	50,238	37,048	-	87,286
Other Temporary Provisions	697,311	143,479	(8,290)	832,500
Total Deferred Tax Assets on Temporary Differences	**2,705,453**	**888,004**	**(527,503)**	**3,065,954**
Unregistered Credits	(23)	(3)	-	(26)
Total Deferred Tax Assets Recorded	**2,705,430**	**888,001**	**(527,503)**	**3,065,928**
Deferred Tax Liabilities	(302,648)	(105,787)	1,773	(406,662)
Deferred Tax Assets Net of Deferred Tax Liabilities	**2,402,782**	**782,214**	**(525,730)**	**2,659,266**

				Consolidated
	Balance as of 12/31/2019	Constitution	Realization	Balance as of 12/31/2020
Allowance for Loan Losses	1,340,645	563,293	(381,866)	1,522,072
Provision for Labor Risks	468,010	134,487	(133,846)	468,651
Provision for Tax Risks	153,385	9,406	(4,269)	158,522
Fair Value Adjustments	50,238	37,048	-	87,286
Other Temporary Provisions	698,878	143,478	(8,290)	834,066
Total Deferred Tax Assets on Temporary Differences	**2,711,156**	**887,712**	**(528,271)**	**3,070,597**
Unregistered Credits	(23)	(3)	-	(26)
Total Deferred Tax Assets Recorded	**2,711,133**	**887,709**	**(528,271)**	**3,070,571**
Deferred Tax Liabilities	(304,482)	(105,787)	2,839	(407,430)
Deferred Tax Assets Net of Deferred Tax Liabilities	**2,406,651**	**781,922**	**(525,432)**	**2,663,141**

The expectation of realizing these deferred tax assetsis as follows:

	Temporary Differences			Parent Company	Consolidated
Year	Income tax	Social contribution	Total	Registered Totals	Registered Totals
2021	199,651	159,721	359,372	359,372	688,677
2022	271,093	216,874	487,967	487,967	778,034
2023	377,109	301,687	678,796	678,796	402,725
2024	472,377	377,902	850,279	850,279	365,959
2025	126,828	101,463	228,291	228,291	372,146
2026 to 2028	149,040	119,232	268,272	268,272	269,357
2029 to 2030	107,195	85,756	192,951	192,951	193,673
2031	14	12	26	-	-
Total as of 12/31/2020	**1,703,307**	**1,362,647**	**3,065,954**	**3,065,928**	**3,070,571**
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 deferred tax assets is R$2,498,138, 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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Excess Depreciation	8,661	10,434	8,661	10,434
Fair Value Adjustment of Trading Securities	75,283	23,901	75,869	25,540
Renegotiated Operations Law No. 12,715/12	217,334	172,624	217,334	172,624
Actuarial Surplus	105,384	95,689	105,566	95,884
Total	**406,662**	**302,648**	**407,430**	**304,482**

NOTE 12 - OTHER ASSETS

	Parent Company					
	Up to 12 Months	Over 12 Months	Total as of 12/31/2020	Up to 12 Months	Over 12 Months	Total as of 12/31/2019
Advances to Employees	10,823	-	10,823	3,062	-	3,062
Post-employment Benefit Plans (Note 27)	228,387	-	228,387	212,012	-	212,012
Other Receivables - Domestic	166,848	-	166,848	136,555	-	136,555
Non-use Assets Net of Devaluation Provision	228,712	-	228,712	226,816	-	226,816
Prepaid Expenses	151,280	27,703	178,983	126,400	22,111	148,511
Other	74,392	-	74,392	124,277	1,028	125,305
Total	**860,442**	**27,703**	**888,145**	**829,122**	**23,139**	**852,261**

	Consolidated					
	Up to 12 Months	Over 12 Months	Total as of 12/31/2020	Up to 12 Months	Over 12 Months	Total as of 12/31/2019
Advances to Employees	11,146	-	11,146	3,460	-	3,460
Post-employment Benefit Plans (Note 27)	228,908	-	228,908	212,585	-	212,585
Other Receivables - Domestic	166,473	-	166,473	130,976	-	130,976
Non-use Assets Net of Devaluation Provision	230,131	-	230,131	229,746	-	229,746
Prepaid Expenses	152,203	27,703	179,906	127,212	22,111	149,323
Other	1,430	-	1,430	22,836	1,028	23,864
Total	**790,291**	**27,703**	**817,994**	**726,815**	**23,139**	**749,954**

NOTE 13 - INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES AND GOODWILL

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Investments in Domestic Subsidiaries and associates	**1,907,935**	**1,630,018**	**166,240**	**123,134**
ıvestments in Subsidiaries	1,744,734	1,511,794	-	-
ıvestments in Associates	163,201	118,224	166,240	123,134
Goodwill from Investment Acquisitions (1)	**4,367**	**8,110**	**4,367**	**8,110**
Total	**1,912,302**	**1,638,128**	**170,607**	**131,244**

(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

	Adjusted Equity 12/31/2020	Participation in Capital (%) 12/31/2020	Investment 12/31/2020	Net Income 12/31/2020	Equity Results 12/31/2020
Subsidiaries	**1,749,677**		**1,744,734**	**298,517**	**299,351**
Banrisul Armazéns Gerais S. A.	58,626	99.50	58,332	7,659	9,182
Banrisul S. A. Corretora de Valores Mobiliários e Câmbio	88,850	98.98	87,948	2,108	2,085
Banrisul S. A. Administradora de Consórcios	301,708	99.68	300,751	43,971	43,832
Banrisul Cartões S. A.	1,295,493	99.78	1,292,703	244,779	244,252
Banrisul Seguridade Participações S.A.	5,000	100.00	5,000	-	-
Associates	**332,829**		**163,201**	**110,910**	**59,982**
Bem Promotora de Vendas e Serviços S. A.	54,526	49.90	27,209	32,677	16,306
Banrisul Icatu Participações S. A.	271,211	49.99	135,578	88,540	44,261
VG8JV Tecnologia S. A.	7,092	5.84	414	(10,307)	(585)

					Consolidated
	Adjusted Equity 12/31/2020	**Participation in Capital (%) 12/31/2020**	**Investment 12/31/2020**	**Net Income 12/31/2020**	**Equity Results 12/31/2020**
Associates	**332,829**		**166,240**	**110,910**	**55,691**
Bem Promotora de Vendas e Serviços S. A.	54,526	49.90	27,209	32,677	16,306
Banrisul Icatu Participações S. A.	271,211	49.99	135,578	88,540	44,261
VG8JV Tecnologia S. A.	7,092	48.69	3,453	(10,307)	(4,876)

					Parent Company
	Adjusted Equity 12/31/2019	**Participation in Capital (%) 12/31/2019**	**Investment 12/31/2019**	**Net Income 12/31/2019**	**Equity Results 12/31/2019**
Subsidiaries	**1,516,178**		**1,511,794**	**329,585**	**329,441**
Banrisul Armazéns Gerais S. A.	51,215	99.50	50,957	9,535	10,160
Banrisul S. A. Corretora de Valores Mobiliários e Câmbio	87,241	98.98	86,355	3,772	3,729
Banrisul S. A. Administradora de Consórcios	268,471	99.68	267,620	44,545	44,404
Banrisul Cartões S. A.	1,109,251	99.78	1,106,862	271,733	271,148
Associates	**246,857**		**118,224**	**92,368**	**56,008**
Bem Promotora de Vendas e Serviços S. A.	43,505	49.90	21,709	21,760	10,858
Banrisul Icatu Participações S. A.	191,729	49.99	95,845	92,885	46,433
VG8JV Tecnologia S. A.	11,623	5.76	670	(22,277)	(1,283)

					Consolidated
	Adjusted Equity 12/31/2019	**Participation in Capital (%) 12/31/2019**	**Investment 12/31/2019**	**Net Income 12/31/2019**	**Equity Results 12/31/2019**
Associates	**246,857**		**123,134**	**92,368**	**46,597**
Bem Promotora de Vendas e Serviços S. A.	43,505	49.90	21,709	21,760	10,858
Banrisul Icatu Participações S. A.	191,729	49.99	95,845	92,885	46,433
VG8JV Tecnologia S. A.	11,623	48.00	5,580	(22,277)	(10,694)

NOTE 14 - PROPERTY AND EQUIPMENT

							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	42,363	596	18,195	9,162	29,837	143	100,296
Disposals - Cost	(1,058)	-	(2,944)	(1,522)	(15,045)	(49)	(20,618)
Disposals - Accumulated Depreciation	72	-	2,041	1,405	14,988	46	18,552
Depreciation	(1,169)	-	(5,375)	(4,870)	(11,981)	(1,077)	(24,472)
Net Transfers - Cost	8,538	(935)	-	1,204	31	(64)	8,774
Net Transfers - Accumulated Depreciation	3	-	-	(417)	375	39	-
Net Change	**48,749**	**(339)**	**11,917**	**4,962**	**18,205**	**(962)**	**82,532**
As of December 31, 2020							
Original Cost	174,990	1,307	239,251	142,149	342,542	23,791	924,030
Accumulated Depreciation	(96,562)	-	(133,591)	(84,452)	(257,883)	(18,527)	(591,015)
Net Balance as of December 31, 2020	**78,428**	**1,307**	**105,660**	**57,697**	**84,659**	**5,264**	**333,015**

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	43,856	46,283	18,522	9,424	29,890	3,525	151,500
Disposals - Cost	(1,516)	(2)	(1,979)	(1,673)	(15,084)	(4,593)	(24,847)
Disposals - Accumulated Depreciation	72	-	2,861	1,885	14,837	217	19,872
Depreciation	(1,333)	-	(6,049)	(5,417)	(21,412)	(1,233)	(35,444)
Net Transfers - Cost	8,538	(36,704)	-	1,204	70,076	(34,341)	8,773
Net Transfers - Accumulated Depreciation	14	-	(1)	(429)	(9,259)	9,675	-
Net Change	**49,631**	**9,577**	**13,354**	**4,994**	**69,048**	**(26,750)**	**119,854**
As of December 31, 2020							
Original Cost	191,733	38,746	248,843	148,636	413,761	26,421	1,068,140
Accumulated Depreciation	(101,653)	-	(139,134)	(88,991)	(278,006)	(20,663)	(628,447)
Net Balance as of December 31, 2020	**90,080**	**38,746**	**109,709**	**59,645**	**135,755**	**5,758**	**439,693**

NOTE 15 - INTANGIBLE ASSETS

				Parent Company
	Software Use Rights	Right from Acquisition of Payroll operations (1)	Others	Total
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	25,688	9,377	-	35,065
Disposals - Cost	-	(115)	-	(115)
Disposals - Accumulated Depreciation	-	90	-	90
Amortization	(14,290)	(169,525)	-	(183,815)
Cost Net Transfers	(8,773)	-	-	(8,773)
Amortization Net Transfers	25	-	-	25
Net Change	**2,650**	**(160,173)**	**-**	**(157,523)**
As of December 31, 2020				
Original Cost	158,523	1,479,077	1,718	1,639,318
Accumulated Depreciation	(99,104)	(733,940)	(668)	(833,712)
Net Balance as of December 31, 2020	**59,419**	**745,137**	**1,050**	**805,606**

				Consolidated
	Software Use Rights	Right from Acquisition of Payroll operations (1)	Others	Total
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	25,688	9,377	216	35,281
Disposals - Cost	-	(115)	-	(115)
Disposals - Accumulated Depreciation	-	90	-	90
Amortization	(14,309)	(169,525)	(216)	(184,050)
Cost Net Transfers	(8,726)	-	(47)	(8,773)
Net Change	**2,653**	**(160,173)**	**(47)**	**(157,567)**
As of December 31, 2020				
Original Cost	160,725	1,479,077	1,954	1,641,756
Accumulated Depreciation	(101,202)	(733,940)	(885)	(836,027)
Net Balance as of December 31, 2020	**59,523**	**745,137**	**1,069**	**805,729**

(1) The net balance of R$745,137 (12/31/2019 - R$905,310) is comprised of:
a) R$677,429 (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$9,600 (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$52,547 (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$5,561 (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 16 - DEPOSITS, SECURITIES SOLD UNDER REPURCHASE AGREEMENTS AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

						Parent Company
	Without Maturity	Up to 3 Months	3 to 12 Months	Over 12 Months	12/31/2020	12/31/2019
Deposits						
Demand Deposits [(1)]	4,300,573	-	-	-	4,300,573	3,237,941
Savings Deposits [(1)]	11,065,557	-	-	-	11,065,557	9,622,161
Interbank Deposits	-	848,313	630,515	-	1,478,828	457,089
Time Deposits [(2)]	-	3,637,689	6,001,534	36,317,886	45,957,109	40,342,253
Other Deposits	18,388	-	-	-	18,388	13,521
Total	**15,384,518**	**4,486,002**	**6,632,049**	**36,317,886**	**62,820,455**	**53,672,965**
Repurchase Agreements (Repos)						
Own Portfolio [(3)]	-	4,573,384	-	-	4,573,384	3,577,107
Total	**-**	**4,573,384**	**-**	**-**	**4,573,384**	**3,577,107**
Funds from Acceptance and Issuance of Securities						
Funds from Real Estate, Mortgage, Credit and Similar Bonds	-	627,747	873,987	1,226,021	2,727,755	3,847,623
Total	**-**	**627,747**	**873,987**	**1,226,021**	**2,727,755**	**3,847,623**

						Consolidated
	Without Maturity	Up to 3 Months	3 to 12 Months	Over 12 Months	09/30/2020	12/31/2019
Deposits						
Demand Deposits [(1)]	4,289,107	-	-	-	4,289,107	3,228,976
Savings Deposits [(1)]	11,065,557	-	-	-	11,065,557	9,622,161
Interbank Deposits	-	848,313	630,515	-	1,478,828	457,089
Time Deposits [(2)]	-	3,637,689	5,644,048	36,317,886	45,599,623	40,318,337
Other Deposits	13,388	-	-	-	13,388	13,521
Total	**15,368,052**	**4,486,002**	**6,274,563**	**36,317,886**	**62,446,503**	**53,640,084**
Repurchase Agreements (Repos)						
Own Portfolio [(3)]	-	4,362,437	-	-	4,362,437	3,391,443
Total	**-**	**4,362,437**	**-**	**-**	**4,362,437**	**3,391,443**
Funds from Acceptance and Issuance of Securities						
Funds from Real Estate, Mortgage, Credit and Similar Bonds	-	627,747	586,767	1,226,021	2,440,535	3,560,166
Total	**-**	**627,747**	**586,767**	**1,226,021**	**2,440,535**	**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 98.73% and 1.27% of the total portfolio, respectively. The average funding rate for floating-rate deposits corresponds to 80.29% (12/31/2019 - 83.83%) of CDI, and for fixed-rate deposits, to 1.96% (12/31/2019 - 4.55%) p.a. Of total time deposits, 64.16% (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 17 - 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 0.95% to 4.87% (12/31/2019 - 0.86% to 5.44%) with maximum term of up to 204 days (12/31/2019 - 347 days), and presents a total balance of R$425,868 (12/31/2019 - R$708,838).

NOTE 18 - ONLENDINGS

						Parent Company and Consolidated
	Domestic Onlendings - Official Institutions		Foreign Onlendings		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Up to 3 months	409,002	95,112	-	701	409,002	95,813
3 to 12 months	234,521	362,770	-	692	234,521	363,462
1 to 5 years	643,522	880,954	-	-	643,522	880,954
Over 5 years	186,068	210,994	-	-	186,068	210,994
Total	**1,473,113**	**1,549,830**	**-**	**1,393**	**1,473,113**	**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 from interest from 0.90% 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 19 - OTHER FINANCIAL LIABILITIES

						Parent Company
	Up 12 Months	Over 12 Months	Total 12/31/2020	Up 12 Months	Over 12 Months	Total 12/31/2019
Interfinancial Relations	63,073	-	63,073	81,645	-	81,645
Interdependence Relations	339,731	-	339,731	228,696	-	228,696
Foreign Exchange Portfolio	50,786	-	50,786	59,358	-	59,358
Financial and Development Funds	1,174,014	-	1,174,014	901,124	-	901,124
Subordinated Debts (1)	211,437	2,768,194	2,979,631	162,353	2,138,695	2,301,048
Creditors for Resources to be Released	108,257	-	108,257	69,469	-	69,469
Payable Card Transactions	1,237,745	-	1,237,745	1,186,004	-	1,186,004
Acquisition Payable Obligations	719,438	-	719,438	723,057	-	723,057
Provision for guarantees provided and Guarantees (Note 26 (b))	19,832	-	19,832	10,653	-	10,653
Others	33,694	9,269	42,963	41,206	72,664	113,870
Total	**3,958,007**	**2,777,463**	**6,735,470**	**3,463,565**	**2,211,359**	**5,674,924**

						Consolidated
	Up 12 Months	Over 12 Months	Total 09/30/2020	Up 12 Months	Over 12 Months	Total 12/31/2019
Interfinancial Relations	63,073	-	63,073	81,645	-	81,645
Interdependence Relations	338,919	-	338,919	225,768	-	225,768
Foreign Exchange Portfolio	50,786	-	50,786	59,358	-	59,358
Trading and Intermediation of Values	7,246	-	7,246	20,336	-	20,336
Financial and Development Funds	1,174,014	-	1,174,014	901,124	-	901,124
Subordinated Debts (1)	211,437	2,768,194	2,979,631	162,353	2,138,695	2,301,048
Creditors for Resources to be Released	108,615	-	108,615	69,935	-	69,935
Payable Card Transactions	1,118,976	-	1,118,976	1,062,348	-	1,062,348
Acquisition Payable Obligations	1,654,911	-	1,654,911	1,718,565	-	1,718,565
Provision for guarantees provided and Guarantees (Note 26 (b))	19,832	-	19,832	10,653	-	10,653
Others	56,647	9,269	65,916	56,868	72,664	129,532
Total	**4,804,456**	**2,777,463**	**7,581,919**	**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). After the repurchase, the notional USD denominated balance remains at 523.185 million.

NOTE 20 - PROVISIONS, 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	19,306	331,911	110,933	1,366	463,516
Provision Reversal	(6,932)	-	-	-	(6,932)
Payment	(2,554)	(333,116)	(42,877)	-	(378,547)
Ending Balance at 12/31/2020	**575,226**	**1,037,629**	**237,899**	**156,562**	**2,007,316**
Guaranteed Deposits at 12/31/2020	57,570	457,642	113,967	-	629,179

					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	19,846	651,425	67,163	2,756	741,190
Provision Reversal	(3)	-	(125,274)	-	(125,277)
Payment	(26)	(162,626)	(49,044)	-	(211,696)
Ending Balance at 12/31/2019	**565,406**	**1,038,834**	**169,843**	**155,196**	**1,929,279**
Guaranteed Deposits at 12/31/2019	65,281	322,643	83,866	-	471,790

					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	19,351	332,024	111,585	1,366	464,326
Provision Reversal	(6,932)	(1,610)	(52)	-	(8,594)
Payment	(2,564)	(333,243)	(43,011)	-	(378,818)
Ending Balance at 12/31/2020	**575,355**	**1,040,779**	**240,258**	**156,562**	**2,012,954**
Guaranteed Deposits at 12/31/2020	59,896	464,345	115,256	-	639,497

					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	19,941	651,762	68,108	2,756	742,567
Provision Reversal	(3)	(227)	(125,367)	-	(125,597)
Payment	(27)	(162,781)	(49,716)	-	(212,524)
Ending Balance at 12/31/2019	**565,500**	**1,043,608**	**171,736**	**155,196**	**1,936,040**
Guaranteed Deposits at 12/31/2019	67,606	327,689	85,085	-	480,380

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$553,979 (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) other contingencies related to federal and municipal taxes classified by our legal counsel as probable loss in the amount of R$12,114 (12/31/2019 - R$865).

There are also some tax contingencies whose likelihood of loss, based on their nature, is considered as possible, in the amount of R$41,051 (12/31/2019 - R$ 76,711), and in the Consolidated - R$53,325 (12/31/2019 - R$86,144). These contingencies are mostly related to litigations of municipal and federal taxes and 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$203,230 (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 a possible loss, in the amount of R$194,097 (12/31/2019 - R$ 191,478), and as of probable loss, the amount of R$9,133 (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 the fourth quarter of 2019, 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 provision for labor claims filed against Banrisul, in accordance with the Provisioning Policy for Individual Labor Claims implemented during the second half of 2020, in which, upon assessment of lawsuits, the provisioning for claims whose likelihood of loss is considered probable, is defined by the average cost of rulings not favorable to the Institution in addition to their respective court expenses, according to their corresponding causes. Of the aforementioned provision, R$365,978 (12/31/2019 - R$243,955) - consolidated R$372,537 (12/31/2019 - R$247,099) - have been deposited in an escrow account. Additionally, R$91,664 (12/31/2019 - R$78,688) - consolidated R$91,808 (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$1,148,575 (12/31/2019 - R$1,645,963) - consolidated R$1,159,172 (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, Banrisul 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, Banrisul revised its model for the provision of civil contingencies, with the total provisions of the lawsuits classified as probable loss being defined by the average historic 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 Management will continue to monitor the evolution of judicial decisions over time.

From the previously mentioned allowance, the amount of R$113,967 (12/31/2019 - R$83,866) - consolidated R$115,256 (12/31/2019 - R$85,5085) - has been deposited in court.

There is also the amount of R$920,594 (12/31/2019 - R$697,235) - consolidated R$923,437 (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, and in compliance with the Central Bank of Brazil requirements, recorded a provision in the amount of R$156,562 (12/31/2019 - R$155,196) for this contingency.

NOTE 21 - OTHER LIABILITIES

	Parent Company		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Collection of taxes and mandatory contributions	20,775	28,459	20,775	28,459
Social and Statutory	112,607	105,265	112,791	105,490
Provision of Personnel	179,799	197,128	167,136	180,797
Obligations for Official Covenants and Payment Services	121,326	80,389	121,672	80,730
Various Creditors in the Country	103,930	69,827	181,779	132,478
Post-Employment Benefit Plans (1)	1,134,026	947,722	1,139,443	952,328
Provisions for Outgoing Payments	232,101	217,768	258,986	246,325
Anticipated Income	165,056	178,188	165,056	178,188
Others	3,415	2,717	4,154	3,564
Total	**2,073,035**	**1,827,463**	**2,171,792**	**1,908,359**

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 27).

NOTE 22 - EQUITY

(a) Capital

Fully subscribed paid-up capital as of December 31, 2020 is R$5,200,000, represented by 408,974,777 million shares with no par value as follows:

	Ordinary Shares		Class A Preferred Shares		Class B Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%	Quantity	**%**
Rio Grande do Sul State								
Shareholding as of 12/31/2019	201,225,359	98.13	751,479	54.59	-	-	201,976,838	49.39
Shares Conversion and Transfers	-	-	-	-	-		-	-
Shareholding as of 12/312020	201,225,359	98.13	751,479	54.59	-	-	201,976,838	49.39
Executive Officers, Board of Directors and Committee Members								
Shareholding as of 12/31/2019	56	-	26	-	5,005	-	5,087	-
Shares Conversion and Transfers	-	-	-	-	700	-	700	-
Shareholding as of 12/31/2020	56	-	26	-	5,705	-	5,787	-
Free Float								
Shareholding as of 12/31/2019	3,839,426	1.87	625,196	45.41	202,527,930	100.00	206,992,552	50.61
Shares Conversion and Transfers	-	-	(3,610)	-	2,910	-	(700)	-
Shareholding as of 12/31/2020	3,839,426	1.87	621,586	45.27	202,530,840	100.00	206,991,852	50.61
Outstanding Shares as of 12/31/2019	**205,064,841**	**100.00**	**1,376,701**	**100.00**	**202,532,935**	**100.00**	**408,974,477**	**100.00**
Shares Conversion and Transfers	-	-	(3,610)	-	3,610	-	-	-
Outstanding Shares as of 12/31/2020	**205,064,841**	**100.00**	**1,373,091**	**100.00**	**202,536,545**	**100.00**	**408,974,477**	**100.00**

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 a 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 Preferred Shares; and
(ii) Priority in capital reimbursement, without a 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 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$194,967 relating to interest on equity in 2020 (2019 - R$462,925), 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$84,383 (2019 - R$185,170).

Banrisul has maintained, since the beginning of 2008, a policy of quarterly payment of interest on equity and, historically, has paid its shareholders with payment of interest on equity and dividends higher than the minimum legally required. However, in compliance with CMN Resolution No. 4820/20, on June 4, 2020, a Material Fact was published informing the temporary suspension of quarterly payments of interest on equity. Additionally, the remuneration on equity for 2020 was limited to the amount equivalent to the minimum mandatory dividend provided for in the Bylaws (25% in the case of Banrisul). On December 23, CMN published Resolution No. 4885/20, amending Resolution No. 4820/20, prohibiting remunerating equity, including in the form of prepayment, above the higher of the following values: (i) the amount equivalent to 30 % of adjusted net income;

(ii) the amount equivalent to the minimum profit distribution established in the Bylaws. In the period from January to December 2020 the amount of R$207,331 were paid and/or provisioned in interest on equity and dividends, net of income tax.

On January 22, 2021, a proposal for an additional payment of 5% in Dividends on Adjusted Net Income for 2020, reaching the total percentage of 30%, was approved by the Executive Board and will be submitted to the Board of Directors and Annual Shareholders' Meeting for appreciation.

The temporary suspension of quarterly payments of interest on equity, deliberated by the Company's Management in compliance with the prohibitions imposed by CMN 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. The payment of interest on capital for the year 2020 was made in conservative, consistent and compatible manners with the uncertainties of the current economic situation, given the effects of the coronavirus pandemic (Covid-19).

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

	01/01 to 12/31/2020	01/01 to 12/31/2019
Net Income	**727,476**	**1,344,418**
Adjustment		
Constitution of Legal Reserve	(36,374)	(67,221)
Dividend Calculation Basis	**691,102**	**1,277,197**
Minimum Dividend Required 25%	172,776	319,299
Additional Dividend 5%	34,555	191,580
Total Dividends	**207,331**	**510,879**
A) Interest on Equity Paid	**184,132**	**437,173**
Common Shares (R$476.72174 per thousand shares)	97,759	232,038
Preferred Shares A (R$476.72174 per thousand shares)	655	1,714
Preferred Shares B (R$476.72174 per thousand shares)	96,553	229,173
Income Tax at source related to Interest on Equity	(10,835)	(25,752)
B) Provisioned Dividends	**23,199**	**73,706**
Common Shares (R$55.95208 per thousand shares)	11,474	36,945
Preferred Shares A (R$286.16205 per thousand shares)	393	273
Preferred Shares B (R$55.95208 per thousand shares)	11,332	36,488
Total of Interest on Equity and Dividends (A+B+C)	**207,331**	**510,879**

In compliance with CVM Alert Letter 11/2018, in which it determined the rectification of the Investment Reserves and the distribution to shareholders of the amount unduly retained from the years 2015, 2016 and 2017, Banrisul rectified the Statutory Reserve and provisioned dividends in the amount of R$32,019. This amount was paid on June 19, 2019.

(d) Earnings per Share

The following table presents the earnings per share using the weighted average number of outstanding common and preferred shares, timely adjusted to the period of the present financial statements.

	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Net Income Attributable to Controlling Shareholders – R$ Thousand	**727,476**	**1,344,418**
Common Shares	364,696	673,923
Preferred A Shares	2,582	4,959
Preferred B Shares	360,198	665,536
Weighted Average of Outstanding Shares	**408,974,477**	**408,974,477**
Weighted Average Number of Outstanding Common Shares	205,064,841	205,062,610
Weighted Average Number of Outstanding Preferred A Shares	1,373,855	1,401,231
Weighted Average Number of Outstanding Preferred B Shares	202,535,781	202,510,636
Basic and Diluted earnings per Share – R$		
Commom Shares	1.78	3.29
Preferred A Shares	1.88	3.54

Preferred B Shares	1.77	3.29

(e) Reclassification from Results for Future Years

Beginning in 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 Equity. As of December 31, 2020, the effect on the Bank's Shareholders' Equity was R$5,890, net of tax effects.

NOTE 23 - OTHER OPERATING INCOME

(a) Income from Services Rendered and Bank Fees

	Parent Company			Consolidated
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Funds Administration	62,533	72,147	69,444	80,261
Income from Collection and Custody Services	62,143	69,411	62,122	69,394
Income from Guarantees Provided	2,308	2,986	2,308	2,986
Income from Consortium Administration Fees	-	-	96,693	85,119
Income from Operations Brokerage	-	-	11,305	9,819
Banrisul Cards Service Revenues	-	-	584,537	670,864
Check Returns	13,702	19,891	13,702	19,891
Account Debits	78,049	71,239	78,049	71,239
Collection Services	57,064	57,275	57,064	57,275
Security Commissions	241,614	256,906	241,614	256,906
Check Transactions	11,405	15,609	11,405	15,609
Bank Fees for Current Accounts	594,743	558,780	594,743	558,780
Credit Card	70,104	66,812	70,104	66,812
Withdrawal Fees	5,800	8,585	5,800	8,585
Bank Guarantee Rates	2,724	8,852	2,724	8,852
Other Income	25,786	31,058	53,785	60,124
Total	**1,227,975**	**1,239,551**	**1,955,399**	**2,042,516**

(b) Other Income

	Parent Company			Consolidated
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Recovery of Charges and Expenses	153,363	158,977	49,244	40,602
Reversal of Operating Provisions for:				
Labor	-	-	1,610	227
Civil	-	125,274	52	125,367
Tax	6,932	3	6,932	3
Other	1,607	943	1,607	943
Interbank Rates	28,307	37,197	28,307	37,197
Credit Receivables Securities	11,796	9,840	11,796	9,840
Commission and Fee on Insurance and Capitalization	7,295	15,443	7,295	15,443
Civil and Tax Judicial Deposits Update	17,273	-	17,273	-
Miscellaneous Card Recipes	110,907	126,581	110,907	126,581
Reversal of Provisions for Outgoing Payments	7,207	60,535	9,664	62,487
Fundação Banrisul - Plan Switch Actuarial Results	-	175,619	-	175,619
Advance Acquisition Revenue	-	-	19,401	24,159
Portability Income from Credit Operations	62,917	63,998	62,917	63,998
Acquiring Equipment Lease Fees	-	-	28,186	3,634
Deposits in Guarantees Update	32,941	-	32,941	-
Other	47,469	59,136	69,813	76,362
Total	**488,014**	**833,546**	**457,945**	**762,462**

NOTE 24 - OTHER OPERATING EXPENSES

(a) Personnel expenses

On September 30, 2020 it was approved by the management the Voluntary Termination Plan (“PDV”), for employees already retired by the National Social Security Institute (INSS) or eligible to do so within 24 months, with its enrollment and dismissal periods throughout 4Q2020 (except for IT employees, whose job terminations may stagger until 2022). The PDV Plan was set through a Collective Labor Agreement with Banking Union entities, incorporating clauses for the full settlement of labor contracts. The costs recorded in personnel expenses in 4Q2020 refer to 901 employees who enrolled in the program and amount to R$176,952, and at the end of December 2020 865 employees had already departed within the scope of the PDV. Such personnel expenses were treated as Non-Recurrent Result (Note 30 (b)).

	Parent Company		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Salary	1,291,095	1,113,760	1,304,247	1,125,693
Benefits	351,503	336,394	353,413	338,387
Social charges	481,322	488,524	484,529	491,988
Trainings	4,610	18,433	4,623	18,451
Total	**2,128,530**	**1,957,111**	**2,146,812**	**1,974,519**

(b) Other Administrative Expenses

	Parent Company		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Communications	62,598	64,113	63,328	64,895
Data processing	107,405	118,232	126,843	137,108
Surveillance, Security and Transportation of Values	131,948	142,169	131,948	142,169
Amortization and Depreciation	212,031	204,919	223,021	210,533
Rentals and Condominiums	131,080	125,904	130,155	125,261
Materials	12,403	12,917	17,774	20,519
Third Party Services (1)	501,009	568,583	538,498	620,111
Specialized Technical Services	87,870	137,954	90,733	148,083
Promotions and Advertising (2)	94,717	97,740	112,788	124,947
Maintenance and Conservation	62,581	63,682	63,284	64,172
Water, Energy and Gas	31,561	34,579	32,217	35,267
Financial System Services	33,646	44,377	36,050	46,266
Others	59,958	77,606	62,457	80,078
Total	**1,528,807**	**1,692,775**	**1,629,096**	**1,819,409**

(1) Of the amount of R$501,009 (12/31/2019 - R$568,583), R$233,842 (12/31/2019 - R$272,082) come from expenses with services originating from payroll deductible loans through the Bem Promotora de Vendas e Serviços S.A.

(2) Consists mainly of R$42,878 (12/31/2019 - R$42,482), and in the Consolidated R$49,201 (12/31/2019 - R$56,872), of institutional advertising expenses, and of R$45,215 (12/31/2019 - R$45,743) as sponsorship of sport events and teams.

(c) Other Expenses

	Parent Company		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Discounts Granted on Renegotiations	30,119	159,086	30,119	159,086
Expenses with Labor Provisions (Note 20)	331,911	651,425	332,024	651,762
Expenses with Properties Provisions – Assets not in Use	896	17,791	896	17,791
Expenses with Provisions for Civil Actions (Note 20)	110,933	67,163	111,585	68,108
Federal Tax Collection Expenses	2,613	3,645	2,613	3,645
Expenses with Provisions for Tax Risks (CS / IR) (Note 20)	19,306	19,846	19,351	19,941
Monetary Update Fines Exchange Rates - BACEN (Note 20)	1,366	2,756	1,366	2,756
Monetary Update of Banrisul Foundation's Contracted Debt	861	7,577	861	7,577
Expenses with Provision for Debts Assumed with GESB	6,257	1,087	6,257	1,087
Card Expenses	13,989	22,178	13,989	22,178
Plan Switch Contribution - FBSS Post-Employment Pension Plans	-	125,476	-	126,091
Expenses with Provisions for Guarantees Provided by Banrisul	11,831	2,407	11,831	2,407
Credit Operations Portability Expenses	101,556	74,342	101,556	74,342
Costs with Payroll Loan Agreements	5,625	4,380	5,625	4,380
INSS Agreement Rates	99,254	51,486	99,254	51,486
Banrisul Advantage Membership Program Bonus	25,165	18,271	25,165	18,271
Expenses with Banrisul Branded Cards	-	-	30,820	15,621
Monetary Correction on Funding Release	3,073	5,340	3,073	5,340
Others	80,613	48,564	94,648	55,043
Total	**845,368**	**1,282,820**	**891,033**	**1,306,912**

NOTE 25 - INCOME TAX AND SOCIAL CONTRIBUTION

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

	Parent Company			Consolidated
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Income for the Period before Taxes and Profit Sharing	**940,487**	**1,428,622**	**1,095,425**	**1,599,168**
Income Tax (IRPJ) - Rate 25%	(235,122)	(357,156)	(273,856)	(399,792)
Social Contribution Tax (CSLL) - Rate of 9%	-	-	(40,439)	(44,370)
Social Contribution Tax (CSLL) - (Note 3p)	(176,841)	(214,293)	(139,028)	(165,926)
Total Income and Social Contribution Taxes calculated at Current Rate	**(411,963)**	**(571,449)**	**(453,323)**	**(610,088)**
Impacts in Deferred Taxes from Law No. 13169/15 and Amendment No. 103/19 (1)	15,065	223,863	15,065	223,863
Profit Sharing	50,891	56,557	50,891	56,557
Interest on Equity	84,383	185,170	84,383	185,170
Equity Result	158,259	154,179	26,090	22,403
Other Exclusions, Net of Additions	5,992	9,049	24,925	9,629
Total Income and Social Contribution Taxes	**(97,373)**	**57,369**	**(251,969)**	**(112,466)**
Current	(273,747)	(186,610)	(428,591)	(354,863)
Deferred	176,374	243,979	176,622	242,397

(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 deferred tax assets recorded on temporary differences from November 2019.

NOTE 26 - 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 December 31, 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$10,890,862 (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$142,580 (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$19,832 (12/31/2019 - R$10,653) have been made.

(c) Banrisul has confirmed import and export credits for R$46,839 (12/31/2019 - R$42,560) and recourse exposure from credit assignments for R$6,473 (12/31/2019 - R$6,938).

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

	Parent Company and Consolidated	
	12/31/2020	12/31/2019
Investment Funds (1)	11,703,808	11,601,532
Investment Funds in Investment Fund Shares	47,983	68,692
Equity Funds	383,665	294,745
Individual Retirement Programmed Funds	11,860	12,637
Fund to Guarantee the Liquidity of Rio Grande do Sul State Debt Securities	721,288	39,547
Managed Portfolios	443,727	558,622
Total	**13,312,331**	**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 154 buyers' pools (178 in 12/31/2019), including real estate, motorcycles and vehicles, comprising active 70,272 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 December 31, 2020 were R$339,778, of which R$93,815 mature in up to one year, R$222,802 from one to five-year term and R$23,161 beyond five-year term. In the period, lease payments recognized as expenses amounted to R$121,362.

NOTE 27 - 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 4661/18. 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 officer responsible 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 (Those receiving benefits)	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, 2019 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). This debt, due 2028, was 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) Key Assumptions

The key assumptions below were elaborated upon information available at December 31, 2020 and 2019, subject to annual review.

Economic Assumptions - 12/31/2020	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) [1] PAM	POD	PROMED	Retirement Award (% p.a)
Real Actuarial Discount Rate	3.21	3.52	3.46	3.35	3.24	According to Pension Plan [2]	3.65	3.80	3.09
Expected Real Return on Assets	3.21	3.52	3.46	3.35	3.24	According to Pension Plan [2]	3.65	3.80	3.09
Real Salary Growth Rate for Active Employees	2.56	-	5.04	3.24	2.60	According to Pension Plan [2]	n/a	n/a	5.04
Real Growth in Plan Benefits During Receipt	0.30	-	-	-	-	-	-	1.00	-
Capacity Factor on Benefits	98.00	98.00	98.00	98.00	98.00	98.00	100.00	100.00	n/a
Capacity Factor on Salaries	98.00	98.00	98.00	98.00	98.00	98.00	100.00	100.00	100.00
Expected Inflation Rate	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32
Nominal Discount Rate	6.63	6.95	6.89	6.78	6.67	According to Pension Plan [2]	7.09	7.24	6.51
Expected Nominal Return on Assets	6.63	6.95	6.89	6.78	6.67	According to Pension Plan [2]	7.09	7.24	6.51
Nominal Salary Growth Rate for Active Employees	5.96	3.32	8.53	6.67	6.01	According to Pension Plan [2]	n/a	n/a	8.53
Nominal Growth in Plan Benefits During Receipt	3.63	3.32	3.32	3.32	3.32	3.32	3.32	4.35	3.32

(1) Health Plans with post-employment benefits in PAM - Medical and Hospital Assistance Plan, POD - Dental Plan and PROMED - Medication Aid Program.

(2) According to the Pension Plan to which the beneficiaries are registered.

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) [1] PAM	POD	(% p.a)	Retirement Award (% p.a)
Real Actuarial Discount Rate	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29
Expected Real Return on Assets	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29
Real Salary Growth Rate for Active Employees	2.56	-	5.04	4.18	3.35	According to Pension Plan [2]	n/a	n/a	5.04
Real Growth in Plan Benefits During Receipt	-	-	-	-	-	-	-	1.00	-
Capacity Factor on Benefits	98.00	98.00	98.00	98.00	98.00	98.00	100.00	100.00	n/a
Capacity Factor on Salaries	98.00	98.00	98.00	98.00	98.00	98.00	100.00	100.00	100.00
Expected Inflation Rate	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Nominal Discount Rate	7.01	7.01	7.01	7.01	7.01	7.01	7.01	7.01	7.01
Expected Nominal Return on Assets	7.01	7.01	7.01	7.01	7.01	7.01	7.01	7.01	7.01
Nominal Salary Growth Rate for Active Employees	6.25	3.60	8.82	7.93	7.07	According to Pension Plan [2]	n/a	n/a	8.82
Nominal Growth in Plan Benefits During Receipt	3.60	3.60	3.60	3.60	3.60	3.60	3.60	4.64	3.60

(1) Health Plans with post-employment benefits in PAM - Medical and Hospital Assistance Plan, POD - Dental Plan and PROMED - Medication Aid Program.

(2) According to the Pension Plan to which the beneficiaries are registered.

Demographic Assumptions as of 12/31/2020	Mortality Table	Mortality Table (Disabled)	Disability Entry Table	Annual Turnover Rate	Option for BPD	Retirement Entry	Family Composition
PBI Plan	AT-2000 (-25%) gender specific	RRB – 83 (-55%)	Álvaro Vindas (-70%)	Exp. Towers modified (+0.03)	BPD: 31%	Probable retirement date informed in the registration postponed: Group 1 in 10 years; Group 2 in 5 years; Group 3 in 1 year and Group 4 in 2 years (3)	To be Granted: Average Family (74% married, woman 4 years younger). Granted: Real Family
Settled Plan	AT-2000 (-30%) gender specific	RRB – 83 (-50%)	Álvaro Vindas (-70%)	Exp. Towers modified (+0.015)	BPD: 52%	Probable retirement date informed in the registration postponed by 4 years	To be Granted: Average Family (74% married, woman 4 years younger). Granted: Real Family
FBPREV Plan	AT-2000 (-30%) gender specific	RRB – 83 (-50%)	Álvaro Vindas (-70%)	Exp. Towers modified (-0.004)	-	-	Real Family, as registered
FBPREV II Plan	AT-2000 (-30%) gender specific	RRB – 83 (-50%)	Álvaro Vindas (-70%)	Exp. Towers modified (+0.035)	-	-	Real Family, as registered
FBPREV III Plan	AT-2000 smoothed by 10%, gender specific	RRB – 83 (-50%)	Álvaro Vindas	3.25%	-	-	Real Family, as registered
Health Plan (1):							
PAM	According to Pension Plan (2)	According to Pension Plan (2)	According to Pension Plan (2)	According to Pension Plan (2)	-	100% in normal retirement according to plan eligibility.	According to Pension Plan (2)
POD	AT-2000 Basic (-25%) gender specific	RRB – 83 (-55%)	Álvaro Vindas (-70%)	Willis Towers Watson Experience Modified (+0.03)	-	100% in normal retirement according to plan eligibility.	Real Family
PROMED	AT-2000 Basic (-25%) gender specific	RRB – 83 (-55%)	Álvaro Vindas (-70%)	Willis Towers Watson Experience Modified (+0.03)	-	100% in normal retirement according to plan eligibility.	Real Family
Retirement Award	AT-2000 (-30%) gender specific	n/a	Álvaro Vindas (-70%)	Exp. Towers modified (-0.004)	-	-	Not used

Demographic Assumptions as of 12/31/2019	Mortality Table	Mortality Table (Disabled)	Disability Entry Table	Annual Turnover Rate	Option for BPD	Retirement Entry	Family Composition
PBI Plan	AT-2000 (-20%) gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (+0.30)	BPD: 43%	Probable retirement date informed in the registration	To be Granted: Average Family (74% married, woman 4 years younger). Granted: Real Family
Settled Plan	AT-2000 smoothed by 10%, gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (+0.01)	BPD: 73%	Probable retirement date informed in the registration	To be Granted: Average Family (74% married, woman 4 years younger). Granted: Real Family
FBPREV Plan	AT-2000 (-20%) gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (-0.005)	-	-	Real Family, as registered
FBPREV II Plan	AT-2000 (-20%) gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (+0.04)	-	-	Real Family, as registered
FBPREV III Plan	AT-2000 Basic gender specific	RRB – 83 (-50%)	*Light* Strong (-60%)	0.64%	-	-	Real Family, as registered
Health Plan (1):							
PAM	According to Pension Plan (2)	According to Pension Plan (2)	According to Pension Plan (2)	According to Pension Plan (2)	-	100% in normal retirement according to plan eligibility.	According to Pension Plan (2)
POD	AT-2000 Basic (-20%) gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (+0.04)	-	100% in normal retirement according to plan eligibility.	Real Family
PROMED	AT-2000 Basic (-20%) gender specific	RRB – 83 (-50%)	*Light* Smooth (-80%)	Exp. Towers modified (+0.04)	-	100% in normal retirement according to plan eligibility.	Real Family
Retirement Award	AT-2000 (-20%) gender specific	n/a	*Light* Smooth (-80%)	Exp. Towers modified (-0.005)	-	-	Not used

(1) Health Plans with post-employment benefits in PAM - Medical and Hospital Assistance Plan, POD - Dental Plan and PROMED - Medication Aid Program.

(2) According to the Pension Plan to which the beneficiaries are registered.

(3) Group 1: registration until January 23, 1978; Group 2: registration between January 24, 1978 and June 30, 1983; Group 3: registration between July 01, 1983 and December 31, 1990; and Group4: registration from January 01, 1991.

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. The real discount rates were calculated considering the interpolation of the rates of the IMA-B index, released by ANBIMA, as of December 31, 2020.

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 (PAM, POD and PROMED) - 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	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cash	0.02	-	0.02	-	0.01	-	0.01	-	0.01	-	0.09	-
Fixed Income	71.51	77.00	75.92	77.81	78.45	86.00	77.67	83.35	71.43	78.23	97.64	97.97
Equity	9.82	9.98	8.08	9.62	4.07	3.27	5.72	6.40	9.44	9.58	2.27	2.03
Real Estate	4.28	3.45	3.12	2.90	0.27	0.39	1.57	1.41	3.92	3.17	-	-
Other	14.37	9.57	12.86	9.67	17.2	10.34	15.03	8.84	15.2	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**	**100.00**

Defined benefit plan assets include Banrisul shares with a fair value of R$21,692 (12/31/2019 - R$15,935) and rented real state with a fair value of R$123,806 (12/31/2019 - R$125,701).

(e) Actuarial Reviews

The net actuarial (asset)/liability breakdown summary for the fiscal years ended December 31, 2020 and 2019, prepared based on the actuarial report as of December 31, 2020 and 2019, respectively, and in accordance with CPC 33 (R1), is shown below:

Liabilities/(Assets) Recorded in the Balance Sheet with Benefits of:	12/31/2020	12/31/2019
Pension Plans		
Benefit Plan I (PBI)	556,285	470,944
Settled Plan (PBS)	306,765	252,809
FBPREV Plan (FBPREV)	452	(9)
FBPREV II Plan (FBPREV II)	(9)	(63)
FBPREV III Plan (FBPREV III)	81,458	69,027
Health Plan (PAM, POD and PROMED)	(228,908)	(212,585)
Retirement Award	194,483	214,055
Total	**910,526**	**794,178**

The breakdown of the net actuarial liabilities/(assets) prepared based on the actuarial reports as of December 31, 2020 and 2019, and according to CPC 33 (R1), is as follows:

Balance of net liabilities (assets) as of 12/31/2020	**Benefit Plan I**	**Settled Plan**	**FBPREV Plan**	**FBPREV II Plan**	**FBPREV III Plan**	**Health Plan**	**Retirement Award**
Actuarial Liabilities Assessed in the Actuarial Report	1,754,779	1,561,554	19,062	178,207	427,271	228,908	194,483
Fair Value of Plan Assets	(1,198,494)	(1,254,789)	(18,618)	(186,180)	(345,834)	(512,738)	-
Deficit/(Surplus)	**556,285**	**306,765**	**444**	**(7,973)**	**81,437**	**(283,830)**	**194,483**
Effect of Asset Limit	-	-	8	7,964	21	54,922	-
Net Actuarial Liabilities (Assets)	**556,285**	**306,765**	**452**	**(9)**	**81,458**	**(228,908)**	**194,483**

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

Changes in Present Value of Actuarial Liabilities as of 12/31/2020	**Benefit Plan I**	**Settled Plan**	**FBPREV Plan**	**FBPREV II Plan**	**FBPREV III Plan**	**Health Plan**	**Retirement Award**
Present Value of Actuarial Liabilities as of January 1st	**1,805,025**	**1,529,458**	**17,269**	**156,833**	**411,108**	**212,585**	**214,055**
Net Cost of Current Service	(25)	-	1,206	346	3	362	10,353
Contributions from Plan Participants in the Period	36,694	3,217	581	651	-	-	-
Interest on Actuarial Liabilities	120,453	103,874	1,199	10,694	27,706	14,599	13,562
Benefits Paid in the Period	(171,226)	(89,991)	(764)	(11,556)	(33,398)	(9,430)	(33,148)
(Gain)/Loss on Actuarial Liabilities	(36,142)	14,996	(429)	21,239	21,852	10,792	(10,339)
Present Value of Actuarial Liabilities at End of Period	**1,754,779**	**1,561,554**	**19,062**	**178,207**	**427,271**	**228,908**	**194,483**

Changes in Present Value of Actuarial Liabilities as of 12/31/2019	**Benefit Plan I**	**Settled 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**
Net Cost of Current Service	(1,539)	-	1,107	649	1	1,893	8,744
Cost of Past Service	(957,214)	-	-	-	-	-	-
Contributions from Plan Participants in the Period	42,855	2,993	508	-	-	-	-
Interest on Actuarial Liabilities	159,411	109,075	1,299	9,948	18,259	17,705	16,516
Benefits Paid in the Period	(203,186)	(87,719)	(395)	(11,717)	(23,200)	(8,707)	(22,651)
(Gain)/Loss on Actuarial Liabilities	362,621	265,186	423	45,767	156	4,233	7,208
Transfers	-	-	-	-	415,892	-	-
Present Value of Actuarial Liabilities at end of Period (Restated)	**1,805,025**	**1,529,458**	**17,269**	**156,833**	**411,108**	**212,585**	**214,055**

Changes in the Fair Value of Plan Assets as of 12/31/2020	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Fair Value of the Plan Assets as of January 1st	**(1,334,081)**	**(1,276,649)**	**(19,566)**	**(168,710)**	**(342,081)**	**(461,283)**	**-**
Benefits Paid from Plan Assets in the Period	171,226	89,991	764	11,556	33,398	-	-
Contributions from Plan Participants in the Period	(36,694)	(3,217)	(581)	(651)	-	-	-
Contributions from the Sponsor in the Period	(57,315)	(20,725)	(477)	(641)	(13,821)	-	-
Expected Return on Assets	(90,260)	(86,476)	(1,377)	(11,586)	(22,945)	(32,329)	-
(Gain)/Loss on Fair Value of the Plan Assets	148,630	42,287	2,619	(16,148)	(385)	(19,126)	-
Fair Value of the Plan Assets at end of Period	**(1,198,494)**	**(1,254,789)**	**(18,618)**	**(186,180)**	**(345,834)**	**(512,738)**	-

Changes in the Fair Value of Plan Assets as of 12/31/2019	Benefit Plan I	Settled 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)**	**-**
Benefits Paid from Plan Assets in the Period	203,186	87,719	395	11,717	23,200	-	-
Contributions from Plan Participants in the Period	(42,855)	(2,993)	(508)	-	(55,865)	-	-
Contributions from the Sponsor in the Period	(33,839)	(6,405)	(380)	(1,663)	(1,136)	-	-
Expected Return on Assets	(132,247)	(102,553)	(1,392)	(12,464)	(16,064)	(34,712)	-
(Gain)/Loss on Fair Value of the Plan Assets	(123,333)	(88,705)	(2,706)	(27,437)	20,136	(41,054)	-
Transfers	-	-	-	-	(312,352)	-	-
Early Termination of Liabilities	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)**	**-**

Net Actuarial Liabilities (Assets) of the Plan as of 12/31/2020	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Actuarial Liabilities (Assets) at End of Previous Year	**470,944**	**252,809**	**(9)**	**(63)**	**69,027**	**(212,585)**	**214,055**
Expense/(Revenue) Recognized in Income for the Year	**30,168**	**17,398**	**1,188**	**282**	**4,764**	**(14,837)**	**23,915**
(Gains)/Losses Recognized in Comprehensive Income	112,488	57,283	(250)	413	21,488	7,944	(10,339)
Contributions from the Sponsor	(57,315)	(20,725)	(477)	(641)	(13,821)	(9,430)	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	(33,148)
Net Actuarial Liabilities (Assets) at the of Current Year	**556,285**	**306,765**	**452**	**(9)**	**81,458**	**(228,908)**	**194,483**

Net Actuarial Liabilities (Assets) of the Plan as of 12/31/2019	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Actuarial Liabilities (Assets) at End of Previous Year	**449,383**	**76,211**	**(1)**	**(8)**	**-**	**(188,056)**	**204,238**
Expense/(Revenue) Recognized in Income for the Year	**(183,888)**	**6,522**	**1,074**	**573**	**418,088**	**(15,114)**	**25,260**
(Gains)/Losses Recognized in Comprehensive Income	239,288	176,481	(702)	1,035	20,292	(708)	7,208
Contributions from the Sponsor	(33,839)	(6,405)	(380)	(1,663)	(57,001)	(8,707)	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	(22,651)
Transfers	-	-	-	-	(312,352)	-	-
Net Actuarial Liabilities (Assets) at the of Current Year	**470,944**	**252,809**	**(9)**	**(63)**	**69,027**	**(212,585)**	**214,055**

Result for the Year of 2020	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Cost of Current Services	(25)	-	1,206	346	3	362	10,353
Cost of Interest on Actuarial Liabilities	120,453	103,874	1,199	10,694	27,706	14,599	13,562
Expected Return on Plan Assets	(90,260)	(86,476)	(1,377)	(11,586)	(22,945)	(32,329)	-
Interest on Effect of Asset Limit and Additional Liabilities	-	-	160	828	-	2,531	-
Total Expense (Income) Recognized in Result for the Year	**30,168**	**17,398**	**1,188**	**282**	**4,764**	**(14,837)**	**23,915**

Result for the Year of 2019	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Cost of Current Services	(211,052)		1,107	649	415,893	1,893	8,744
Cost of Interest on Actuarial Liabilities	159,411	109,075	1,299	9,948	18,259	17,705	16,516
Expected Return on Plan Assets	(132,247)	(102,553)	(1,392)	(12,464)	(16,064)	(34,712)	-
Interest on Effect of Asset Limit and Additional Liabilities	-	-	60	2,440	-		-
Total Expense (Income) Recognized in Result for the Year	**(183,888)**	**6,522**	**1,074**	**573**	**418,088**	**(15,114)**	**25,260**

Other Comprehensive Income in 2020	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
(Gain)/Loss on Plan Assets	148,630	42,287	2,619	(16,148)	(385)	(19,126)	-
(Gain)/Loss on Actuarial Liabilities	(36,142)	14,996	(429)	21,239	21,852	10,792	(10,339)
(Gain)/Loss on Effect of Asset Limit and Additional Liabilities	-	-	(2,440)	(4,678)	21	16,278	-
(Gain)/Loss Recognized in Other Comprehensive Income	**112,488**	**57,283**	**(250)**	**413**	**21,488**	**7,944**	**(10,339)**

Other Comprehensive Income in 2019	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
(Gain)/Loss on Plan Assets	(123,333)	(88,705)	(2,706)	(27,437)	20,136	(41,054)	-
(Gain)/Loss on Actuarial Liabilities	362,621	265,186	423	45,767	156	4,233	7,208
(Gain)/Loss on Effect of Asset Limit and Additional Liabilities	-	-	1,581	(17,295)	-	36,113	-
(Gain)/Loss Recognized in Other Comprehensive Income	**239,288**	**176,481**	**(702)**	**1,035**	**20,292**	**(708)**	**7,208**

Result of the Year Projected for the Next Period	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Net Cost of Current Services	154	-	994	(245)	3	(615)	9,475
Cost of Interest on Actuarial Liabilities	111,621	105,484	1,269	11,688	27,409	15,919	11,567
Expected Return on Plan Assets	(75,658)	(84,261)	(1,268)	(12,270)	(21,975)	(36,352)	-
Interest on Effect of Asset Limit and Additional Liabilities	-	-	1	540	1	3,894	-
Estimated Actuarial Expense (Income)	**36,117**	**21,223**	**996**	**(287)**	**5,438**	**(17,154)**	**21,042**

Estimated Cash Flow for the Next Period	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
Contributions Paid by the Sponsor	37,004	3,140	446	635	-	9,030	-
Contributions Paid by Plan Participants	51,396	3,140	446	635	-	-	-
Benefits Paid on Plan Assets	182,697	93,775	1,326	11,783	33,488	9,030	-
Benefits Paid Directly by the Sponsor	-	-	-	-	-	-	34,026

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 Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan	Retirement Award
2021	182,697	93,775	1,205	11,783	32,581	9,029	34,026
2022	172,612	93,908	1,100	10,370	31,748	10,637	10,079
2023	169,395	93,171	987	10,188	31,028	10,852	12,437
2024	165,994	92,317	1,086	10,011	30,254	11,175	13,700
2025	162,294	96,686	1,019	9,875	29,436	11,581	18,037
2026 to 2030	750,574	471,827	5,024	47,043	133,860	75,671	70,062

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

						Health Plan			
Duration (in years)	**Benefit Plan I**	**Settled Plan**	**FBPREV Plan**	**FBPREV II Plan**	**FBPREV III Plan**	**PAM**	**POD**	**PROMED**	**Retirement Award**
12/31/2020	10.39	12.33	11.97	11.28	10.63	According to Pension Plan (1)	13.34	16.23	9.51
12/31/2019	10.17	11.53	11.32	10.30	9.80	15.30	15.30	15.30	10.20

(1) According to the Pension Plan to which the beneficiaries are registered.

Other information concerning the plans:

Number of Participants as of 12/31/2020	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan PAM	Health Plan POD	Health Plan PROMED	Retirement Award
Active	53	729	5,338	3,785	188	2,455	535	9,004	9,732
Assisted	3,792	2,600	66	1,249	1,748	5,368	3,007	5,902	-
Total	**3,845**	**3,329**	**5,404**	**5,034**	**1,936**	**7,823**	**3,542**	**14,906**	**9,732**

Number of Participants as of 12/31/2019	Benefit Plan I	Settled Plan	FBPREV Plan	FBPREV II Plan	FBPREV III Plan	Health Plan PAM	Health Plan POD	Health Plan PROMED	Retirement Award
Active	152	756	5,385	3,877	193	3,112	599	9,384	10,382
Assisted	3,005	2,217	43	1,113	1,377	4,831	3,121	5,845	-
Total	**3,157**	**2,973**	**5,428**	**4,990**	**1,570**	**7,943**	**3,720**	**15,229**	**10,382**

(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) - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(84,957)
Discount Rate	Decrease of 0.5 p.p.	93,280
Mortality Table	Increase of 10%	(64,107)
Mortality Table	Decrease of 10%	74,035

Settled Plan (PBS) - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(87,263)
Discount Rate	Decrease of 0.5 p.p.	96,418
Mortality Table	Increase of 10%	(46,648)
Mortality Table	Decrease of 10%	58,156

FBPREV Plan (FBPREV) - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(1,036)
Discount Rate	Decrease of 0.5 p.p.	1,147
Mortality Table	Increase of 10%	(1,022)
Mortality Table	Decrease of 10%	1,035

FBPREV II Plan (FBPREV II) - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(7,991)
Discount Rate	Decrease of 0.5 p.p.	8,804
Mortality Table	Increase of 10%	(3,041)
Mortality Table	Decrease of 10%	3,594

FBPREV III Plan (FBPREV III) - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(21,063)
Discount Rate	Decrease of 0.5 p.p.	23,319
Mortality Table	Increase of 10%	(11,906)
Mortality Table	Decrease of 10%	13,229

Health Plan - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(15,226)
Discount Rate	Decrease of 0.5 p.p.	17,117
Mortality Table	Increase of 10%	(5.204)
Mortality Table	Decrease of 10%	6,023

Retirement Award - 12/31/2020		**Impact in R$ Thousand**
Assumption Description	**Hypothesis**	**Effect on Present Value of Actuarial Liabilities**
Discount Rate	Increase of 0.5 p.p.	(8,697)
Discount Rate	Decrease of 0.5 p.p.	9,560
Mortality Table	Increase of 10%	(583)
Mortality Table	Decrease of 10%	586

NOTE 28 - 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 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.

(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 for the trading portfolio 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, 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 as follows:

Scenario 1: Probable situation, Assumptions: a deterioration of 1% in market risk variables, taking into account prevailing conditions at December 31, 2020.
Scenario 2: Possible situation, Assumptions: a deterioration of 25% in market risk variables, taking into account prevailing conditions at December 31, 2020.
Scenario 3: Remote situation, Assumptions: a deterioration of 50% in market risk variables, taking into account prevailing conditions at December 31, 2020.

The following table shows the highest expected loss considering scenarios 1, 2 and 3.

For Foreign Exchange Risk, the rate of R$5.1967/USD1.00 as of December 31, 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 may be taken which could mitigate the possibility of significant losses.

Sensitivity Test: Trading Portfolio

Scenarios		Risk Factors			Total
		Interest Rate	Exchange Rate	Equity	
1	1%	5	3,050	70	**3,125**
2	25%	126	76,265	1,744	**78,135**
3	50%	260	152,529	3,489	**156,278**

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.

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 19). 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$5.1967 on December 31, 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 to contemplate variations of +25% and +50% and scenarios of decreases 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 on December 31, 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 December 31, 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 September 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	(502)	(12,490)	(24,872)
		Line Item Being Hedged			
Debt 1	Banking	Increase in US Dollar Coupon	502	12,490	24,872
	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 as of December 2020 was 6.88%.

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;
d) Margin on PR considering IRRBB and ACP; and
e) Margin on Principal Capital after Pillar I considering 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 $ICAAP_{SIMP}$ 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	12/31/2020	12/31/2019
Reference Equity	**6,821,228**	**6,438,996**
Tier I	**6,465,913**	**5,906,023**
Core Capital	**6,465,913**	**5,906,023**
Equity	5,205,891	5,205,891
Capital and Earnings Reserve	3,416,218	2,877,696
Deduction from Core Capital - Except for prudential adjustments	(276,190)	(289,486)
Prudential Adjustments (Resolution No.4192/13)	(1,880,006)	(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	**43,134,571**	**42,733,919**
RWA_{CPAD} (Credit Risk)	32,410,415	32,005,227
RWA_{MPAD} (Market Risk)	697,701	765,952
RWA_{JUR1} (Interest Rate Risk)	4,207	18,504
RWA_{JUR3} (Interest Rate Risk)	962	4,870
RWA_{ACS} (Equity Risk)	13,956	29,397
RWA_{CAM} (Exchange Risk)	678,576	713,181
RWA_{OPAD} (Operational Risk)	10,026,455	9,962,740
Banking Portfolio (RBAN)	332,106	477,935
Reference Equity Margin - with RBAN	2,499,174	1,473,999
Capital Ratio		
Basel Ratio	15.81%	15.07%
Tier I Ratio	14.99%	13.82%
Core Capital Ratio	14.99%	13.82%
Permanent Assets Ratio	9.73%	7.65%
Leverage Ratio	6.88%	7.02%

On March 16, 2020, BACEN published CMN Resolution No. 4783/20, altering Regulatory Capital requirements. The Resolution reduces the percentages that 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 December 2020, 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$6,821,228 in December 2020, increasing R$382,232 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$332,106 as of December 2020, decreasing R$477,935 in relation to the capital allocation of R$145,829 as of December 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 December 31, 2020, the Basel Ratio of the Prudential Conglomerate was 15.81%, higher than the minimum required by BACEN, Tier 1 ratio was 14.99% and Core Capital, 14.99%.

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 29 - 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-profit assistance association, regulated by private law; and
(vi) Investment Funds and Managed Portfolios, managed by Banrisul.

Main related party transactions are as follows:

				Parent Company
	Assets (Liabilities)			Income (Expense)
	12/31/2020	12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
State of Rio Grande do Sul Government	**(1,499,936)**	**(767,481)**	**(16,895)**	**(28,644)**
Other Credits	4,098	3,768	-	-
Demand Deposits	(770,967)	(695,214)	-	-
Repurchase Agreements (Repos) (1)	(721,288)	(39,547)	(14,491)	(26,172)
Other Payables	(11,779)	(36,488)	(2,404)	(2,472)
Subsidiaries and Investment Fund	**(1,633,985)**	**(1,255,376)**	**76,292**	**89,897**
Other Credits	88,930	117,976	105,047	119,829
Demand Deposits	(11,464)	(9,009)	-	-
Time Deposits	(357,486)	(23,916)	(7,433)	(1,008)
Repurchase Agreements (Repos)	(210,947)	(185,664)	(1,086)	(1,016)
Funds from Acceptance and Issuance of Securities	(287,220)	(287,457)	(8,260)	(18,794)
Other Payables	(855,798)	(867,306)	(11,976)	(9,114)
Banrisul Foundation	**(1,224)**	**(67,154)**	**(13,767)**	**(22,159)**
Other Payables	(1,224)	(67,154)	(13,767)	(22,159)
Total	**(3,135,145)**	**(2,090,011)**	**45,630**	**39,094**

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

				Consolidated
	Assets (Liabilities)			Income (Expense)
	12/31/2020	12/31/2019	01/01 to 12/31/2020	01/01 to 12/31/2019
State of Rio Grande do Sul Government	**(1,499,667)**	**(767,237)**	**(16,860)**	**(28,476)**
Cash	-	-	-	125
Other Credits	4,367	4,012	35	42
Demand Deposits	(770,967)	(695,214)	-	-
Repurchase Agreements (Repos) (1)	(721,288)	(39,547)	(14,491)	(26,172)
Other Payables	(11,779)	(36,488)	(2,404)	(2,471)
Banrisul Foundation	**(1,224)**	**(67,154)**	**(13,767)**	**(22,159)**
Other Payables	(1,224)	(67,154)	(13,767)	(22,159)
Total	**(1,500,891)**	**(834,391)**	**(30,627)**	**(50,635)**

(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.

	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Short Term Benefits	**19,207**	**16,145**
Salaries	14,861	12,421
Social Security	4,346	3,724
Post-Employment Benefits	**570**	**640**
Supplementary Pension Plans (1)	570	640
Total	**19,777**	**16,785**

(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 December 31, 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 5,705 Banrisul's shares, as presented in Note 22(a).

NOTE 30 - OTHER INFORMATION

a) Fair Value of Financial Assets and Liabilities

(i) Financial Instruments Measured at Fair Value - when determining and disclosing the fair value of financial instruments, Banrisul uses the following hierarchy:

Level 1 - prices quoted in active markets for the same instrument without modification;
Level 2 - prices quoted in active markets for similar instruments or valuation techniques, for which all significant inputs are based on observable market data; and
Level 3 - valuation techniques, for which any significant input is not based on observable market data.

Measurement at fair value for the period ended December 31, 2020:

	Parent Company			Consolidated		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Financial Assets						
Trading Securities	**6,569,102**	**3,426**	**6,572,528**	**6,640,534**	**14,765**	**6,655,299**
Financial Treasury Letter – LFT	6,562,124	-	6,562,124	6,570,116	-	6,570,116
Shares of Publicly-Held Companies	6,978	-	6,978	6,978	-	6,978
Investment Fund Shares		3,426	3,426	63,440	14,765	78,205
Available-for-Sale Securities	**-**	**176**	**176**	**2,271**	**188**	**2,459**
Investment Fund Shares	-	176	176	2,271	176	2,447
Privatization Certificates	-	-	-	-	12	12
Derivatives	**-**	**844,599**	**844,599**	**-**	**844,599**	**844,599**
Swaps	-	844,599	844,599	-	844,599	844,599
Total Assets at Fair Value	**6,569,102**	**848,201**	**7,417,303**	**6,642,805**	**859,552**	**7,502,357**
Financial Liabilities						
Subordinated Debt	-	2,968,537	2,968,537	-	2,968,537	2,968,537
Total Liabilities at Fair Value	**-**	**2,968,537**	**2,968,537**	**-**	**2,968,537**	**2,968,537**

Banrisul does not have financial instruments classified in Level 3 of the fair value hierarchy.

(i) Financial Instruments not Measured at Fair Value – the table below summarizes the book values and fair values of financial assets and liabilities that were presented at amortized cost:

	Parent Company		Consolidated	
	12/31/2020		12/31/2020	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets				
Interbank Lending Market Investments	6,040,268	6,040,268	6,041,572	6,041,572
Compulsory Deposits of Central Bank of Brazil	7,750,609	7,750,609	7,750,609	7,750,609
Securities (1)	24,977,451	24,772,402	24,987,444	24,782,394
Loans, Leases and Other Credit-like Receivables (2)	37,605,804	38,378,831	37,605,804	38,378,831
Other Financial Assets	2,860,027	2,860,027	4,611,213	4,611,213

Total	**79,234,159**	**79,802,137**	**80,996,642**	**81,564,619**
Financial Liabilities [(3)]				
Deposits [(a)]	62,820,455	62,805,151	62,446,503	62,431,199
Repurchase Agreements [(b)]	4,573,384	4,573,384	4,362,437	4,362,437
Funds from Acceptance and Issuance of Securities [(c)]	2,727,755	2,728,236	2,440,535	2,441,016
Borrowings [(d)]	425,868	425,868	425,868	425,868
Onlendings [(d)]	1,473,113	1,473,113	1,473,113	1,473,113
Other Financial Liabilities	4,254,501	4,254,501	5,100,950	5,100,950
Total	**76,275,076**	**76,260,253**	**76,249,406**	**76,234,583**

(1) Securities - the fair value securities is based on market prices or quotes from brokers or operators. When this information is not available, the fair value is estimated using prices quoted in the market for securities with similar credit, maturity and interest characteristics.
(2) Loans, Leases and Other Credit-like Receivables - the estimated fair value of loans, leases and other credit-like receivables represents the discounted value of future cash flows expected to be received. The expected cash flows are discounted at current market rates plus the counterparty risk rate to determine their fair value.
(3) Financial Liabilities - the estimated fair value of deposits with no specific maturity, which includes deposits without interest, is the payable amount upon demand. The estimated fair value of deposits with fixed and floating rates and other unlisted loans in the active market is based on undiscounted cash flows using interest rates for new debt with similar terms plus the risk rate for the bank.
(a) Time and Interbank Deposits: the fair value was calculated by discounting the difference between future cash flows, using discount rates equivalent to the rates practiced in contracting similar operations on the last business day.
(b) Repurchase Agreements: for operations with fixed rates, the fair value was calculated by the discount on estimated cash flows, adopting discount rates equivalent to the rates practiced in contracting similar operations on the last business day.
(c) Funds from Acceptance and Issuance of Securities: the fair value of flating rate Financial Bills is calculated by discounting future cash flows using a discount rate equivalent to the weighted average rate practiced in the most recent issue of securities with similar characteristics by Banrisul.
(d) Borrowings and Onlendings: such operations are exclusive to the Bank, with no similar ones in the market. Due to its specific characteristics, exclusive rates for each amount and the absence of an active market and similar instrument, the fair value of these operations was considered equivalent to the book value.

b) Non-recurring Result

Banrisul considers a non-recurring result one which is not related or is incidentally related to the institution's typical activities and is not expected to occur frequently in future years.

Below we present the events considered non-recurring for the period indicated:

	12/31/2020
Net Income	824,800
Adjustments	(97,324)
Incentivized Plan for Voluntary Employment Termination - PDV	(176,952)
Tax Effects [(1)]	79,628
Adjusted Net Income	**727,476**

(1) Related to Incentivized Plan for Voluntary Employment Termination.

c) 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). Currently, financial institutions and other institutions regulated by the Central Bank have been required to adopt the following pronouncements in prior periods:

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).

d) Effects of the Covid-19 Pandemic on the financial statements

The crisis scenario linked to the Covid-19 pandemic has maintained an 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.

Although vaccines are already being used in some countries, the state of public calamity continues in several regions of the world including Brazil due to coronavirus' high contagion rates. Besides health consequences, 2020 has been critical to all economic sectors, with governments and regulators working on measures that could mitigate the outcome of the pandemic. Following the footprints of international entities, the National Monetary Committee and the Central Bank of Brazil have released measures encompassing liquidity, monetary, credit, foreign exchange and fiscal goals. These measures sought to minimize the coronavirus effects while addressing financial and, hence, economic stability. The most relevant measures in terms of Banrisul's risk and capital management are presented below:

- ✓ 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 Risk Weighted Asseets -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 for serving 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% RWF to exposure to Time Deposit with Special Collaterals;

- ✓ Compulsory Deposit (BACEN Resolution No. 21 and Circulars No. 3997 and No. 4033 of October 02, 2020, April 06, 2020 and June 24, 2020): temporarily reduces to 17% from 25% the reserve requirement rate on time deposits, deduces requirements of compulsory deposits for loans granted under the scope of the Emergency Job Support Program, working capital lines and Time Deposit with Special Collaterals for institutions which don't belong to the same financial conglomerate.

- ✓ Requirement of Capital for Credit Risk - RWA_{CPAD} (BACEN Circulars No. 3998, No. 4026 and No. 4034 of April 09, 2020, June 10, 2020 and June 29, 2020): estabilishes procedures for mitigation or specific FPRs for the calculations of the capital requirement (RWA_{CPAD})for credit operations that are not of retail exposure and that are contracted or restructured between March and December 2020, granted within the National Program of Support to Micro and Small Business (Pronampe) guidelines and guaranteed by the Investment Guarantee Fund - FGI or belonging to the portfolio contracted under the Emergency Credit Access Program – PEAC. These measures aim to foster credit operations by increasing capital availability for banks.

- ✓ 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 BNDES (National Bank for Economic and Social Development); it also permits the creation of specific credit lines to finance production.

- ✓ Capital Regulation for Financial Institutions (CMN Resolution No. 4820 of May 29, 2020) establishes temporary limitations over remuneration of own capital, increase of Management compensation, shares buy back and decrease of Equity, to mitigate the pandemic potential effects upon the financial industry;

- ✓ Credit for Payroll (Federal Law No. 14043, CMN Resolution No 4846 and BACEN Resolution No 17 of August 19, 2020, August 24, 2020 and September 17, 2020): regulates credit operations to finance payroll or the payment of labor expenses, as granted by banks under the guidelines of the Emergency Job Support Program to companies with annual gross revenues from R$360.0 thousand reais to R$50.0 million reais, with 85% of each operation funded by federal government resources and these loans will not be considered exposures for the purposes of RWA_{CPAD}.

The international economic environment in December was marked by new records of covid-19 cases in Europe and the United States. Consequently, the improvement in the global economic activity continues at a slow pace and there are signs of extension of monetary stimulus programs by the main central banks in the world. In view of the still mixed data on economic activity, fears about the current wave of infections and the clear indication that monetary conditions will continue to be stimulated for a long period. In this context, the European Central Bank, the US monetary authority and the Bank of Japan announced new measures and reported that they had decided to extend the pandemic relief programs beyond the original period.

In Brazil, during the month of December the inflation data stands out, showing a reduction in the wholesale margin and acceleration in consumer prices, while a downturn in economic activity was observed in October. It should be noted that Bacen's Quarterly Inflation Report added some relevant information about how the monetary authority sees the current and future economic scenario. Bacen revised its projection for GDP growth to 3.8% in 2021, subject to the gradual reduction of the health crisis, the maintenance of the fiscal policy and the scenario of continued reforms and adjustments. In addition, based on the inflation projections presented, the Selic increase cycle may begin in August 2021. Finally, with favorable performances in the risk asset markets abroad, the Brazilian stock exchange showed gains in mid-December , with a moderate fall in long-term future interest.

In this context, Banrisul has not altered the *modus operandi* in place since the beginning of the pandemic, with contingency customer service at branches and continuous improvement on digital service channels. The development and offering of 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 also Government policies and measures to contain the consequences of the pandemic in Brazil, have been some of actions taken aiming at mitigating the consequences of Covid-19. Thus, it is expected that the Consolidated financial statements reflect the consequences of the pandemic, especially in the following items:

- ✓ Credit Operations: it is expected an increase in the demand for credit and a slow reduction in their credit quality. To companies, this may occur due to the recovery of economic activity in main sectors. As to individuals, increases in unemployment rates are expected to occur at levels lower than the current's, improving purchasing power for families;

- ✓ Allowance for Loan Losses: in a preventive way to monitor the risk, exposure and performance of customers belonging to the segments most affected by the pandemic generated by Covid-19, Banrisul downgraded the rating of some customers, raising the level of provisions and assessing future default levels;

- ✓ Deferred tax assets: 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 in their core realization premises due to the repercussions of Covid-19 pandemic;

- ✓ 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 keeps shareholders and the market duly informed about all measures dealing with the present scenario.

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 relevant 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.

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.

As for liquidity, the Company may be exposed to variations, especially in reference of the increase in these 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 impact 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 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
- ✓ Establishment of strict cleaning protocols for the environments where employees with suspected and/or confirmed cases of contamination were; and
- ✓ Use of information material on office ergonomics and on system maintenance and information security to help employees on remote work during this period.

One of the most important purposes of Banrisul's capital and risk management is comply with operational limits set forth by regulatory authorities and by the Management of the Bank. In this scope, the monitoring of the Institution's activities is being performed in both national and international economic scenarios, as well as in connection to the constant evolution of the pandemic caused by Covid-19. Therefore, it is comprehensible that pandemic impacts will continue to affect 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 the coronavirus, so that Banrisul can position itself and continue taking the necessary measures to face the crisis.

NOTE 31 – SUBSEQUENT EVENT

On January 21, 2021, Banco do Estado do Rio Grande do Sul S.A., through a Notice to the Maket, informed its shareholders and the market that it had priced the issue of subordinated notes ("Notes"), in the amount of US$300,000,000.00, at 5.375% p.a. The Notes have a maturity of 10 (ten) years.

Banrisul will request the approval of the Central Bank of Brazil for the Notes to make up the Tier II Capital of the Company's Reference Equity, with an estimated impact of 3.70 pp (exchange rate on January 20, 2021 with a price of 5.30) in its Basel index.

REPORTS

AUDIT COMMITTEE REPORT SUMMARY
2nd 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 planning of the works was carried out, considering the main attributions, being periodically reviewed as the activities evolved. The Committee monitored the activities carried out by the areas responsible for carrying out internal control, risk management and monitoring contingencies from July 1 to December 31, 2020. During this period, it held 9 meetings, comprising 40 sessions, duly formalized in minutes, and, in addition, the members dedicated 208 hours for prior analysis of the material.

During the 2nd half of 2020, meetings were held with Directors of the Board of Directors, Banrisul's Executive Officers and Subsidiaries, coordinator of the Risk Committee, and executives of the Bank and Subsidiaries. Noteworthy are the meetings with the Central Bank of Brazil Inspectors, the Independent Auditors, the executives from the Accounting, Controls and Compliance Units, the Financial Controller, Internal Audit, Legal Advisory and the other areas of the Institution.

To ensure their constant qualification, the members of the Audit Committee attended a seminar related to their area of expertise, totaling 30 training hours.

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 February 9, 2021, 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 half year period ended June 30, 2020, 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 December 31, 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, February 9, 2021.

Carlos Biedermann

João Verner Juenemann
Coordinator

Eraldo Soares Peçanha

OPINION OF THE FISCAL COUNCIL

We, the members of the Fiscal Council of Banco do Estado do Rio Grande do Sul S.A., in the exercise of the powers conferred by items II, III and VII of Article 163, of Law 6404/76, and 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 period ended December 31, 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, February 09, 2021.

Bruno Pinto de Freitas
Chairman

Gustav Penna Gorski
Marco Aurélio Santos Cardoso
Massao Fábio Oya
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 financial statements of Banco do Estado do Rio Grande do Sul S.A. (“Banrisul”), which comprise the balance sheet as at December 31, 2020, the statements of income, changes in equity and cash flows for the six-month period and year then ended, as well as the accompanying consolidated financial statements of Banco do Estado do Rio Grande do Sul S.A. (“Banrisul”) and its parent companies (“Consolidated Banrisul”), which comprise the consolidated balance sheet as at December 31, 2020, the consolidated statements of income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Banrisul and Consolidated Banrisul as at December 31, 2020, and of its individual financial performance and its individual cash flows for the six-month period and year then ended, as well as its consolidated financial performance and its consolidated cash flows for the year 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 (ISAs). Our responsibilities under those standards are further described in the "Auditors” responsibilities for the audit of the individual and consolidated financial statements” section of our report. We are independent of Banrisul and its subsidiaries, in accordance with the ethical principles established in the Accountant's Professional Code of Ethics issued by the Federal Accounting Council (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and Consolidated of the six-month period and year then ended. These matters were addressed in the context of our audit of individual 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 9, 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 addressed this matter

We have assessed the design and tested the operating effectiveness of the internal controls 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 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 individual 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 20, 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 addressed 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 letter replies 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 (Parent company and Consolidated)**

As described in Notes 3 (q) and 27, 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 a significant matter in our audit.

How our audit addressed 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 individual 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 individual and consolidated financial statements.

• Information Technology Environment (Parent company and Consolidated)

The Banrisul 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 addressed this matter

With the assistance of our information technology specialists, we test the design and operational effectiveness of access controls, such as authorization of new users, revocation of disconnected users and periodic monitoring of active users, whenever we plan to rely on specific information extracted from certain systems, considered relevant for the preparation of the financial statements. In areas where our judgment is highly dependent on information technology, our tests included assessing password policies, security settings and control over developments and changes in systems and applications.

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 individual and consolidated financial statements.

Other Matters

Statements of added value

The individual statements of added value (DVA), for the six-month period and year ended at December 31, 2020 and the consolidated statements of added value (DVA), for the year ended at December 31, 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 Added Value. In our opinion, the statements of added value have been prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall individual 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 individual 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 individual 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.

Responsibilities of Management and corporate governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of individual 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 individual and consolidated financial statements, management is responsible for assessing Banrisul's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and the going concern basis of accounting, unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Banrisul's and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Brazilian and ISAs will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.
As part of the audit performed in accordance with Brazilian and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Banrisul's and its subsidiaries' internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management´s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Banrisul's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors´ report to the related disclosures in the individual and consolidated financial statements or, if the disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Banrisul to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within Banrisul to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Porto Alegre, February 9, 2021

KPMG Auditores Independentes
CRC SP-014428/F-7

(Original report in Portuguese signed by)
Fernando Antonio Rodrigues Alfredo
Contador 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