



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	Dec 2020	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 fees 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.

