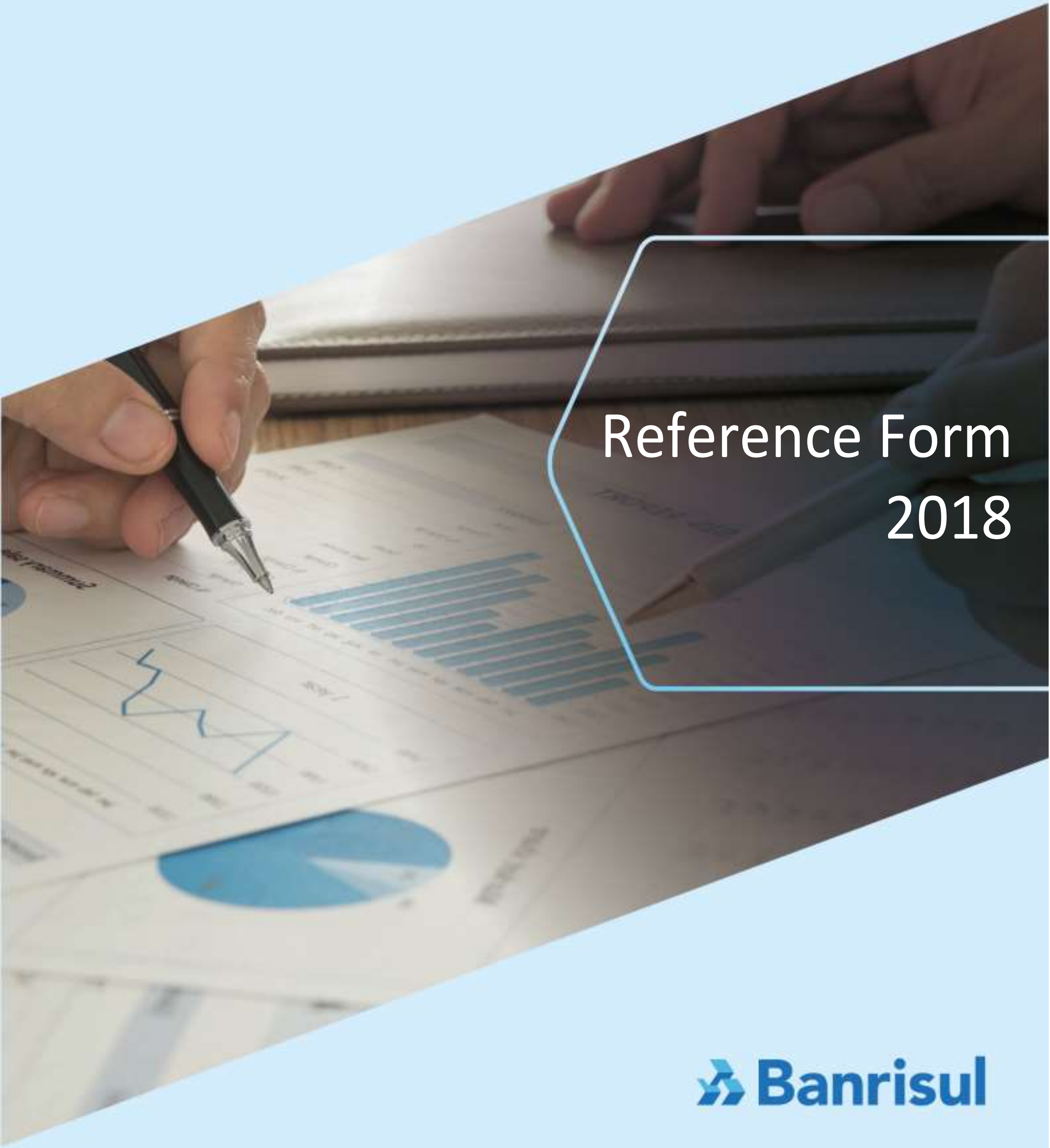
Reference Form 2018



Banrisul

CONTENTS

1 - Persons responsible for the Reference Form

1.1 - Declaration and Identification of persons responsible

Name of person responsible for the contents of the form	**LUIZ GONZAGA VERAS MOTA**
Position of person responsible	**Chief Executive Officer**

Name of person responsible for the contents of the form	**JÚLIO FRANCISCO GREGORY BRUNET**
Position of person responsible	**Planning, Service Channels and Investor Relations Officer**

The abovementioned executive officers declare that:

a. they have reviewed this reference form.

b. all information in the form complies with CVM Instruction 480, in particular articles 14 to 19.

c. the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent in its activities and its issue of securities.

1.1 – DECLARATION BY THE CEO

1.1. Declaração individual do Diretor Presidente devidamente assinada.

Nome do responsável pelo conteúdo do formulário	LUIZ GONZAGA VERAS MOTA
Cargo do responsável	Diretor Presidente

O diretor acima qualificado, atesta que:

a. reviu o formulário de referência;

b. todas as informações contidas no formulário atendem ao disposto na Instrução CVM nº 480, em especial aos arts. 14 a 19;

c. o conjunto de informações nele contido é um retrato verdadeiro, preciso e completo da situação econômico-financeira do emissor e dos riscos inerentes às suas atividades e dos valores mobiliários por ele emitidos.

Luiz Gonzaga Veras Mota
Diretor Presidente

1.2 – DECLARATION BY THE INVESTOR RELATIONS OFFICER

1.2. Declaração individual do Diretor de Relações com Investidores devidamente assinada.

Nome do responsável pelo conteúdo do formulário	JÚLIO FRANCISCO GREGORY BRUNET
Cargo do responsável	Diretor de Planejamento, Atendimento e Relações com Investidores

O diretor acima qualificado, atesta que:

a. reviu o formulário de referência;

b. todas as informações contidas no formulário atendem ao disposto na Instrução CVM nº 480, em especial aos arts. 14 a 19;

c. o conjunto de informações nele contido é um retrato verdadeiro, preciso e completo da situação econômico-financeira do emissor e dos riscos inerentes às suas atividades e dos valores mobiliários por ele emitidos.

Júlio F. Gregory Brunet

Júlio Francisco Gregory Brunet

Diretor de Planejamento, Atendimento e Relações com Investidores

2 – Independent Auditors

2.1/2.2 - Independent Auditors Identification and Compensation

Ernst & Young AuditoresIndependentes S/S	
Does the issuer have an auditor?	YES
CVM code	471-5
Type of auditor	Domestic
Company name	Ernst & Young AuditoresIndependentes S/S
Corporate taxpayer's ID (CNPJ)	61.366.936/0011-05
Period of provision of services	03/15/2011 to 03/14/2016
Description of services hired	1. Audit of individual and consolidated financial statements of the Bank and its investees for the six-month period ended June 2015 and year ended December 31, 2015. Review of the Quarterly Information (ITR), review of the Reference Form (FR) and interim financial statements. Evaluation of the design of the Bank's internal controls to comply with CVM Instruction 542/2013 and 543/2013. Analysis of the Qualified Custody Services in Compliance with ANBIMA's Self-Regulatory Code. 2. Evaluation of the internal controls system's quality and adequacy, including electronic data processing and risk management systems. Revision of criteria adopted by the institution to classify risk levels and evaluate provisions recognized in the financial statements. 3. Revision of the procedures adopted by Banrisul related to the structure, systems and procedures of the Ombudsman department, as required by Brazil's Central Bank. Audit of financial statements of investment funds managed by the Bank. 4. Audit of the consolidated financial statements, prepared based on the International Financial Reporting Standards–IFRS, in accordance with the pronouncements issued by the International Accounting Standards Board.
Total amount of the independent auditors' compensation by service	The amount contracted for the fiscal year ended December 31, 2015 totals R$925,000, and refers to the audit of the financial statements of the Company and its subsidiaries and investment funds and the audit of the consolidated financial statements prepared in accordance with International Financial Reporting Standards(IFRS), and the review of the Reference Form. Amendment No. 01 to Audit Services Agreement No. 0000097.0/2010, Clause Four, provides for payment of R$22,0 thousand for reviewing the accounting information of Bem Vindo! Promotora de Vendas e Serviços S/A; R$33,0 thousand for assessing the hedge accounting structure set up by the Company in March 2012; and R$90,0 thousand for a specialist limited assurance audit (independent verification) of the information disclosed in Banrisul's Annual Sustainability Report for 2012.
Justification of the replacement	Rotation of auditors under the five-year term established by Article 31 of CVM Instruction 308.
Reasons presented by the auditor dissenting from the issuer's justification	Not applicable, given that there was no dissent.

Name of auditor responsible	Period of provision of services	Individual taxpayer's ID ((CPF)/MF)	Address
Américo Franklin Ferreira Neto	03/15/2011 to 10/30/2013	045.379.898-58	Av. Mostardeiro, 322 - 10. andar, Moinhos de Vento, Porto Alegre, RS, Brasil, CEP 90430-000, Telephone (51) 32045553, Fax (51) 32045699, E-mail: americo.f.neto@br.ey.com
Dario Ramos da Cunha	10/31/2013 to 03/14/2016	134.501.248-97	Av. Mostardeiro, 322 - 10. andar, Moinhos de Vento, Porto Alegre, RS, Brasil, CEP 90430-000, Telephone (51) 32045500, Fax (51) 32045699, E-mail: dario.cunha@br.ey.com

KPMG AuditoresIndependentes	
Does the issuer have an auditor?	YES
CVM code	418-9
Type of auditor	Domestic
Company name	KPMG AuditoresIndependentes
Corporate taxpayer's ID (CNPJ)	57.755.217/0001-29
Period of provision of services	04/01/2016 to the date of this Reference Form
Description of services hired	1. Audit of individual and consolidated financial statements of the Bank and its subsidiaries for the six-month periods ended June 30, 2016 and 2017 and years ended December 31, 2016 and 2017. 2. Review of the Quarterly Information (ITR), Reading of the Reference Form (FR) to check consistency with the Bank's financial statements and review of the interim financial statements. 3. Evaluation of the design of the Bank's internal controls to comply with CVM Rule 542/2013 and 543/2013. Analysis of the Qualified Custody Services in Compliance with ANBIMA's Self-Regulatory Code. 4. Evaluation of the internal controls system's quality and adequacy In accordance with Central Bank of Brazil Circular No. 3.467. 5. Revision of criteria adopted by the institution to classify risk levels and evaluate provisions for credit-like transactions recognized in the financial statements according to CMN Resolution 2.682 by [sic] Banco do Brasil. 6. Audit of financial statements of investment funds managed by the Bank. 7. Audit of the consolidated financial statements, prepared based on the International Financial Reporting Standards–IFRS, in accordance with the pronouncements issued by the International Accounting Standards Board
Total amount of the independent auditors' compensation by service	The amount contracted for the fiscal year ended December 31, 2017 totaled R$1,606.8 thousand, and referred to the audit of the financial statements of the Company and its subsidiaries and investment funds, and the audit of the consolidated financial statements prepared in accordance with international financial reporting standards(IFRS), and the reading of the Reference Form to check consistency with the Bank's financial statements. Under Independent Audit Services Agreement No. 0000586.1/2015, a single fee covers all the services listed in item 2.1 "d" above.
Justification of the replacement	There was no replacement of the auditor.
Reasons presented by the auditor dissenting from the issuer's justification	Not applicable, given that there was no dissent.

Name of auditor responsible	Period of provision of services	Individual taxpayer's ID (CPF)/MF)	Address
Fernando Antonio Rodrigues Alfredo	04/01/2016 to 04/17/2019	142.886.258-74	Rua Arquiteto Olavo Redig de Campos, 105, 11º andar, Vila São Francisco, São Paulo, SP, Brasil, CEP 04711-904, Telephone (11) 39406442, Fax (11) 39401501, E-mail: falfredo@kpmg.com.br
Gustavo Mendes Bonini	18/04/2019 until now	282.699.478-65	SAI/SO, Área 6580 – Bloco 02, 3º andar, sala 302 – Torre Norte, Brasília, DF, Brasil Cep: 71219-900 Telephone (61) 3362-3703 Fax (11) 39401501, E-mail: gbonini@kpmg.com.br

2.3 - Other material information

2.3. Provide other information the issuer deems as material.

Upon hiring independent auditors, we adopt procedures to prevent the existence of conflict of interests regarding the relationship with independent auditors of the financial statements of the Bank and affiliated companies.

In general, these procedures are associated with the process of hiring, which is initiated by the demanding area, regardless of the need of a bidding process. The evaluation of the need of hiring and the compliance of the services provided with the applicable regulations, such as Resolution 381/2003, of the Brazilian Securities and Exchange Commission and Resolution 3198/2004, of the National Monetary Council, are incumbent upon the Bank's legal department, which will ultimately issue an official position regarding the hiring of the services.

3 – Selected financial information

3.1 - Financial Information - Consolidated

(Reais)	Fiscal year (12/31/2017)	Fiscal year (12/31/2016)	Fiscal year (12/31/2015)
Shareholders' Equity	7,035,025,000.00	6,443,426,000.00	6,208,566,000.00
Total Assets	73,287,391,000.00	69,038,486,000.00	66,937,790,000.00
Net Revenue	11,725,036,000.00	12,368,738,000.00	12,248,974,000.00
Gross Profit	3,770,622,000.00	3,501,563,000.00	2,862,542,000.00
Net Income	1,053,036,000.00	659,689,000.00	848,770,000.00
Number of Shares, ex-treasury (Units)	408,974,477	408,974,477	408,974,477
Equity Value per Share (Reais Unit)	17.200000	15.760000	15.180000
Basic Earnings per Share	2.570000	1.610000	2.080000
Diluted Earnings per Share	2.570000	1.610000	2.080000

3.2 - NON-ACCOUNTING MEASUREMENTS

3.2. Non-accounting measurements, such as EBITDA (earnings before interest, tax, depreciation and amortization) and EBIT (earnings before interest and income tax).

a) Non-accounting measurements

Below we show market indicators for the years 2017, 2016 and 2015 calculated on the basis of recurring income:

Indicators	Year ended December 31,		
	2017	2016	2015
Financial margin (R$Million)	**5,215.0**	**5,169.2**	**4,414.0**
Recurring ROAA	**1.3%**	**1.0%**	**1.2%**
Recurring ROAE	**13.5%**	**10.3%**	**12.8%**
Recurring Efficiency Ratio (1)	**52.8%**	**52.1%**	**50.2%**

(1) Efficiency ratio – aggregate for the last 12 months. Recurring staff expenses + other administrative expenses / financial margin + revenues from services and bank charges + (other recurring operating revenues – other recurring operating expenses).

b) Reconciliation of income

A reconciliation of net income and recurring income is given below for the fiscal years ended December 31, 2017, 2016 and 2015. The reconciliation is used to calculate the return on shareholders' equity, the return on assets and the efficiency income, on the basis of recurring income.

Extraordinary Events - R$Million	Year ended December 31,		
	2017	2016	2015
Recurring income	**911.6**	**652.3**	**758.5**
Extraordinary events	**141.4**	**7.4**	**90.3**
Retirement plans (1)	(89.2)	-	(48.5)
Voluntary Dismissal Plan (2)	(4.7)	-	-
Insurance Distribution Agreement (3)	-	13.5	22.5
Savings Bonds Distribution Agreement (4)	60.0	-	-
Tax credits – Summer Plan (5)	252.1	-	-
Tax effects (6)	(76.7)	(6.1)	10.7
Tax credits – CSLL Law 13.169/15 (4)	-	-	105.5
Net Income	**1,053.0**	**659.7**	**848.8**

(1) The figures for 2017 refer to the Voluntary Retirement Program (PAV); and for 2015, to the Early Retirement Plan (PDA).
(2) Refers to the Voluntary Redundancy Program (PDV) for staff working in branches/units under the Other State Regional Superintendences, with the restructuring of the Bank's business in these regions.
(3) Supplementing the amount received in 2014 under the Icatu Seguros life and pension insurance products distribution agreement via Banrisul channels. In 2015, Banrisul Icatu Participações S.A. was incorporated as the holding company. Banrisul holds 49.9% of the capital.
(4) Payment made under an investment agreement with Icatu Seguros S.A, dated December 20, 2017, for the sale of savings bond products via Banrisul channels.
(5) Recognition of tax credits on corporate income tax (IRPJ) and Social Contribution on Net Income (CSLL), upon a final court ruling permitting application of the full amount of IPC for January 1989, the date of the "Summer Plan", as indexer for adjusting the balance sheet.
(6) Tax benefit for PAV, PDV, Insurance Distribution Agreement, Savings Bond Distribution Agreement and Summer Plan Tax Credit.

Financial Margin

The following table shows the calculation of the financial margin for the years ended December 31, 2017, 2016 and 2015:

Calculation of Financial margin (R$Million)	Year ended December 31,		
	2017	2016	2015
Revenues from financial intermediation (A)	9,978.5	10,668.4	10,804.3
Expenses of financial intermediation (A)	(6,207.9)	(7,166.9)	(7,941.8)
Loan provisions (C)	(1,444.4)	(1,667.6)	(1,551.4)
Gross income from financial intermediation (D) = A + B	3,770.6	3,501.6	2,862.5
Financial Margin = D - C	**5,215.0**	**5,169.2**	**4,414.0**

Recurring ROAA

The following table shows the calculation of yield on assets, based on recurring income, for the years ended December 31, 2017, 2016 and 2015:

Calculation of ROAA (R$Million, except where otherwise indicated)	Year ended December 31,		
	2017	2016	2015
Assets in December of previous year (A)	69,038.5	66,937.8	59,561.7
Assets current year (B)	73,287.4	69,038.5	66,937.8
Average assets (C) = (A + B)/2	71,162.9	67,988.1	63,249.7
Net income for the year (D)	1,053.0	659.7	848.8
Non-recurring items for the year (E)	(141.4)	(7.4)	(90.3)
Adjusted net income for the year (F) = D + E	911.6	652.3	758.5
ROAA = F/C	**1.3%**	**1.0%**	**1.2%**

Recurring ROAE

The following table shows the calculation of yield on shareholders' equity, based on recurring income, for the years ended December 31, 2017, 2016 and 2015:

Calculation of ROAE (R$Million, except where otherwise indicated)	Year ended December 31,		
	2017	2016	2015
Shareholders' Equity in December of previous year (A)	6,443.4	6,208.6	5,671.3
Shareholders' Equity in current year (B)	7,035.0	6,443.4	6,208.6
Average Shareholders' Equity (C) = (A + B)/2	6,739.2	6,326.0	5,940.0
Net income for the year (D)	1,053.0	659.7	848.8
Non-recurring items for the year (E)	(141.4)	(7.4)	(90.3)
Adjusted net income for the year (F) = D + E	911.6	652.3	758.5
ROAA = F/C	**13.5%**	**10.3%**	**12.8%**

Recurring Efficiency Ratio

The following table shows the calculation of the efficiency ratio, based on recurring income, for the years ended December 31, 2017, 2016 and 2015:

Calculation of Efficiency Ratio (R$Million, except where otherwise indicated)	Year ended December 31,		
	2017	2016	2015
Staff expenses (A)	(1,942.1)	(1,817.5)	(1,684.4)
Retirement plans (1) (B)	(89.2)	-	(48.5)
Voluntary Dismissal Plan (2) (C)	(4.7)	-	-
Recurring staff expenses (D) = A-B-C	(1,848.2)	(1,817.5)	(1,635.9)
Other administrative expenses (E)	(1,782.7)	(1,644.3)	(1,396.4)
TOTAL 1 (F) = (D + E)	**(3,630.9)**	**(3,461.8)**	**(3,032.3)**
Gross income from financial intermediation (G)	3,770.6	3,501.6	2,862.5
Loan provisions (H)	(1,444.4)	(1,667.6)	(1,551.4)
Revenues from services supplied (I)	317.4	297.0	249.0
Revenues from bank charges (J)	1,429.2	1,403.3	1,195.6
Other operating revenues (K)	765.9	419.5	635.4
Insurance Distribution Agreement (3) (L)	-	13.5	22.5
Saving Bonds Distribution Agreement (4) (M)	60.0	-	-
Tax credits – Summer Plan (5) (N)	252.1	-	-
Other recurring operating revenues (O) = K–L–M–N	453.8	406.0	612.9
Other operating expenses (P)	(540.9)	(635.7)	(433.4)
TOTAL 2 (Q) = (G - H + I + J + O + P)	**6,874.5**	**6,639.8**	**6,038.1**
Recurring Efficiency Ratio – F/Q	**52.8%**	**52.1%**	**50.2%**

(1) The figures for 2017 refer to the Voluntary Redundancy Program (PAV); and for 2015, to the Early Retirement Plan (PDA).
(2) Refers to the Voluntary Redundancy Program (PDV) for staff working in branches/units under the Other State Regional Superintendences, with the restructuring of the Bank's business in these regions.
(3) Supplementing the amount received in 2014 under the Icatu Seguros life and pension insurance products distribution agreement via Banrisul channels. In 2015, Banrisul Icatu Participações S.A. was incorporated as the holding company. Banrisul holds 49.9% of the capital.
(4) Payment made under an investment agreement with Icatu Seguros S.A, dated December 20, 2017, for the sale of savings bond products via Banrisul channels.
(5) Recognition of tax credits on corporate income tax (IRPJ) and Social Contribution on Net Income (CSLL), upon a final court ruling permitting application of the full amount of IPC for January 1989, the date of the "Summer Plan", as indexer for adjusting its balance sheet.

c) Purpose of non-accounting measurements

Indicators calculated on the basis of recurring income (net income less the effect of one-off items affecting performance for the year) are not a substitute for the information disclosed in the Financial Statements. The indicators obtained from recurring income supplement the analysis of the Financial Statements and allow for results to be compared. Recurring income and the adjusted market indicators help stakeholders to understand the Company's economic and financial condition and to make decisions.

3.3 - EVENT SUBSEQUENT TO THE LATEST YEAR-END FINANCIAL STATEMENTS

3.3. Identify and comment on any event subsequent to the latest year-end financial statements that substantially alter them.

There were no subsequent events for the year ended December 31, 2017.

3.4 - Policy for allocation of income

3.4. Describe the policy for allocation of income for the last three fiscal years, indicating:

a. rules on profit retention.

Together with the financial statements for the year, the Board of Directors submitted to the Annual Shareholders' Meeting a proposal on the allocation of net income for the year, calculated after deducting the interest referred to in Article 190 of the Brazilian Corporate Law, adjusted for the purposes of calculation of dividends, pursuant to Article 202 thereof, observing the following order of deduction:

i. five per cent (5%) shall be applied before any other allocation, when setting up a legal reserve, which shall not exceed twenty percent (20%) of the capital stock. In the year in which the balance of legal reserve accrued of capital reserves amount, referred to by Paragraph One of Article 182 of the Brazilian Corporate Law, exceeds thirty per cent (30%) of capital stock, the allocation of a portion of net income for the year to the legal reserve shall not be mandatory;
ii. a portion, by proposal of management bodies, may be allocated to set up a reserve for contingencies and reversal of same reserves established in previous years, pursuant to Article 195 of the Brazilian Corporate Law;
iii. in the year the amount of mandatory dividend exceeds the realized portion of income for the year, the Shareholders' Meeting, by proposal of the Board of Directors, may allocate the surplus to establish a reserve for realizable profits, observing the provisions in Article 197 of the Brazilian Corporate Law;
iv. a portion, by proposal of management bodies, may be retained based on the capital budget previously approved, pursuant to Article 196 of the Brazilian Corporate Law; and;
v. the balance shall have the allocation given by the Shareholders' Meeting, observing the legal precepts, and any profit retention for the year by the Company shall be mandatorily accompanied by a capital budget proposal previously approved by the Board of Directors. Should the balance of profit reserves exceed the capital stock, the Shareholders' Meeting shall resolve on the use of surplus in the payment or capital stock increase or also, in the distribution of dividends to shareholders.

b. rules on the distribution of dividends.

In compliance with the Brazilian Corporate Law, the shareholders are entitled to receive an annual mandatory dividend not lower than twenty-five per cent (25%) of net income for the year, decreasing or adding the following amounts:(i) amount destined to set up a legal reserve; (ii) amount destined to set up a reserve for contingencies and reversal of same reserves established in previous years; and (iii) amount deriving from reversal of reserves for realizable profits established in previous years, pursuant to Article 202, section II of the Brazilian Corporate Law.

In addition, class A preferred shares entitle their holders to receive a fixed preferred non-cumulative dividend of six percent (6%) per annum, calculated on the result of dividing the amount of capital stock by the number of shares issued; and (i) after payment to the common shares and class B preference shares of a dividend equal to that paid to class A shares, to receive any other dividends or cash bonuses distributed by the Company, on equal terms with the common shares and class B preferred shares, with a ten percent (10%) premium on the amount paid to the latter; (ii) to participate in capital increases out of reserves, on equal terms with the common shares and class B preferred shares; (iii) to have priority in the reimbursement of capital, without a premium, and in other rights; and (iv) to convert their shares into common shares or class B preferred shares at any time, on giving notice to the Company.

Our Bylaws allow the payment of interest on shareholders' equity as an alternative to the payment of mandatory dividends. The rate applied in calculating interest on shareholders' equity cannot exceed the long-term interest rate (TJLP) for the applicable period. The amount distributed to the Bank's shareholders as interest on shareholders' equity, net of any income tax, may be included *pro rata die* as part of the minimum mandatory dividends. In accordance with applicable law, we are required to pay to shareholders an amount sufficient to ensure that the net amount they receive in respect of interest on shareholders' equity, after payment of any applicable withholding tax, plus the amount of declared dividends is at least equivalent to the minimum mandatory dividend amount.

The Board of Directors decided, at the meeting held on May 6, 2008, pursuant to Article 79 of the Bylaws at the time, which institutes the payment of interest on equity and establishes that it is considered as part of the mandatory dividend, to approve the adoption of the Policy for Payment of Interest on Equity before the closing of each quarter. Since then, the payments have taken place on the last business day of each quarter.

The payment of interest on equity to shareholders, whether they reside in Brazil or not, is subject to withholding of income tax at the following rates:

i. 15% for individuals and legal entities in general;
ii. 25% for shareholders residing in a tax haven, i.e. a country where there is no income tax or its rate is fixed at less than 20%, or where local laws impose restrictions to the disclosure of the composition of shareholders or of the owner of the investment;
iii. 12.5% for shareholders residing in Japan; and

iv. 0% for legal entities with proof that they are fully or partially exempted from said tax.

When the fiscal year ends, the total of dividends proposed is calculated (40% for the year),discounting any payments of interest on equity, net of income tax already paid. The Shareholders' Meeting is responsible for establishing when the payment will be made, within sixty (60) days after dividends are declared, unless the shareholders resolve on a different date. In any case, the payment must be made before the end of the fiscal year in which dividends were declared.

c. interval of payment of dividends.

The Annual Shareholders' Meeting is held within four months after the end of each fiscal year, in which, among other matters, the shareholders resolve on the payment of dividends related to the fiscal year ended. The payment of dividends related to certain fiscal year ended is based on the audited unconsolidated individual financial statements referring to the immediately preceding fiscal year.

The Board of Directors decided, at the meeting held on May 6, 2008, pursuant to Article 88 of the Bylaws, which institutes the payment of interest on equity and establishes that it is considered as part of the mandatory dividend, to approve the adoption of the Policy for Payment of Interest on Equity before the closing of each quarter. Since then, the payments have taken place on the last business day of each quarter.

d. any dividend distribution restrictions due to legislation or special regulations applicable to the issuer, or due to agreements or judicial, administrative or arbitration decisions.

None.

e. if the issuer has a formally approved policy for allocation of income, informing the body responsible for the approval, date of approval and, if the issuer discloses the policy, locations in the internet where the document can be found.

3.5 - DIVIDEND DISTRIBUTED AND NET INCOME RETAINED

(Reais)	Fiscal year (12/31/2017)	Fiscal year (12/31/2016)	Fiscal year (12/31/2015)
Adjusted net income	1,000,384,000.00	626,705,000.00	806,332,000.00
Dividend distributed in relation to adjusted net income	42.010000	40.000000	41.560000
Rate of return on issuer's shareholders' equity	13.500000	10.300000	12.800000
Total dividend distributed	420,241,000.00	250,681,000.00	335,129,000.00
Net income retained	632,795,000.00	394,924,000.00	492,327,000.00
Date of approval of the retention			

Net income retained	Fiscal year (12/31/2017)		Fiscal year (12/31/2016)		Fiscal year (12/31/2015)	
	Interest on equity					
	Date	Value	Date	Value	Date	Value
Common shares	03/30/2017	38,451,660.58	03/30/2016	36,091,764.14	03/30/2015	36,198,318.69
	06/26/2017	38,840,511.99	06/30/2016	36,321,966.74	06/23/2015	39,694,587.47
	09/28/2017	39,632,547.14	09/29/2016	36,897,819.11	09/29/2015	44,044,641.53
	12/28/2017	14,302,185.36	12/29/2016	8,009,041.73	12/29/2015	48,082,457.41
	02/20/2018	59,278,078.24				
Class A Preferred Shares	03/30/2017	659,135.06	03/30/2016	621,659.34	03/30/2015	623,494.68
	06/26/2017	665,646.59	06/30/2016	625,394.09	06/23/2015	683,464.10
	09/28/2017	679,181.12	09/29/2016	635,309.16	09/29/2015	758,363.63
	12/28/2017	245,046.23	12/29/2016	137,900.22	12/29/2015	827,887.02
	02/20/2018	1,015,551.65				
Class B Preferred Shares	03/30/2017	37,578,964.59	03/30/2016	35,274,322.72	03/30/2015	35,378,463.92
	06/26/2017	37,958,842.57	06/30/2016	35,499,534.40	06/23/2015	38,795,789.43
	09/28/2017	38,732,860.95	09/29/2016	36,062,347.84	09/29/2015	43,047,345.93
	12/28/2017	13,977,468.16	12/29/2016	7,827,694.31	12/29/2015	46,993,734.21
	02/20/2018	57,932,142.40				
	Dividends					
	Date	Value	Date	Value	Date	Value
Common shares	05/29/2018	10,130,171.08	05/29/2017	8,361,210.17		
Class A Preferred Shares	05/29/2018	173,550.02	05/29/2017	144,016.91		
Class B Preferred Shares	05/29/2018	9,900,160.92	05/29/2017	8,171,837.34		

3.6 - Dividends declared as retained profit or reserves established

3.6. For the last 3 fiscal years, state whether there were dividends declared as retained profit or reserves established.

We did not declare dividends as retained profit or reserves established in the last three fiscal years.

3.7 - Debt level

Fiscal Year	Current liabilities + Long-term liabilities	Index type	Indebtedness ratio	Description and reason for using a different index
12/31/2017	66,252,366,000.00	Indebtedness ratio	9.41	

Fiscal Year	Current liabilities + Long-term liabilities	Index type	Indebtedness ratio	Description and reason for using a different index
12/31/2016	62,595,060,000.00	Indebtedness ratio	9.71	

Fiscal Year	Current liabilities + Long-term liabilities	Index type	Indebtedness ratio	Description and reason for using a different index
12/31/2015	60,729,224,000.00	Indebtedness ratio	9.78	

3.8 - OBLIGATIONS

Fiscal year (12/31/2017) (R$ Million)							
Type of obligation	**Type of guarantee**	**Other type of guarantee or privilege**	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Loans	Unsecured		723.5	18.3	16.7	25.4	783.9
Debt securities	Unsecured		1,314.4	1,503.0	2,228.1	381.9	5,427.3
Total			2,037.8	1,521.4	2,244.8	407.3	6,211.3

Note: The information is taken from the consolidated financial statements. We should point out that financial institutions generally act as financial intermediaries, raising funds from customers and other financial institutions and lending these funds to their borrowing customers. Thus the liabilities shown as Loans in item 3.8 consist mainly of Installments on the Actuarial Deficit of the Banrisul Foundation and loan obligations. The liabilities shown as Debt Securities in item 3.8 consist mainly of raisings, including: Proceeds of acceptances and securities issued – Real Estate, Mortgage, Credit and other Notes, liabilities for domestic and foreign loans and onlending, and subordinated debt.

Fiscal year (12/31/2016) (R$ Million)							
Type of obligation	**Type of guarantee**	**Other type of guarantee or privilege**	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Loans	Unsecured		958.3	20.9	16.8	29.6	1,025.7
Debt securities	Unsecured		1,217.6	1,553.7	962.0	1,789.7	5,522.9
Total			2,175.9	1,547.6	978.8	1,819.3	6,548.6

Note: The information is taken from the consolidated financial statements. We should point out that financial institutions generally act as financial intermediaries, raising funds from customers and other financial institutions and lending these funds to their borrowing customers. Thus the liabilities shown as Loans in item 3.8 consist mainly of Installments on the Actuarial Deficit of the Banrisul Foundation and loan obligations. The liabilities shown as Debt Securities in item 3.8 consist mainly of raisings, including: Proceeds of acceptances and securities issued – Real Estate, Mortgage, Credit and other Notes, liabilities for domestic and foreign loans and onlending, and subordinated debt.

Fiscal year (12/31/2015) (R$ Million)							
Type of obligation	**Type of guarantee**	**Other type of guarantee or privilege**	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Loans	Unsecured		3,712.5	1,294.1	1,065.7	2,000.8	8,073.1
Total			3,712.5	1,294.1	1,065.7	2,000.8	8,073.1

Note: The information is taken from the consolidated financial statements. We should point out that financial institutions generally act as financial intermediaries, raising funds from customers and other financial institutions and lending these funds to their borrowing customers. Thus the liabilities shown as Loans in item 3.8 consist mainly of Installments on the Actuarial Deficit of the Banrisul Foundation and loan obligations. The liabilities shown as Debt Securities in item 3.8 consist mainly of raisings, including: Proceeds of acceptances and securities issued – Real Estate, Mortgage, Credit and other Notes, liabilities for domestic and foreign loans and onlending, and subordinated debt.

3.9 - OTHER MATERIAL INFORMATION

3.9. Provide other information the issuer deems as material

All the information which the Company deems material, as at the date of this Reference Form, has been provided in the preceding sections.

4 – Risk factors

4.1 - DESCRIPTION OF THE RISK FACTORS

4.1. Describe risk factors that may influence investment decisions

An investment in the securities issued by the Company involves exposure to certain risks. Before making the decision to invest in the Company's securities, potential investors must carefully analyze all the information contained in this Reference Form, the risks mentioned below and the Company's financial statements and accompanying notes. The business, financial condition, results of operations, cash flow, liquidity and future business of the Company may be adversely affected by any of the risk factors listed below. The market price of the securities issued by the Company may go down as a result of these or other risk factors, and in this case investors may lose a substantial part or all of their investment in the Company securities. The risks described below are those that the Company is aware of and which, as at the date of this Reference Form, may adversely affect the Company. Moreover, other risks of which the Company is presently unaware, or considers to be immaterial, may adversely affect the Company if they materialize.

For the purposes of this section "4. Risk Factors" and section "5. Market Risks", unless otherwise expressly indicated or required by the context, the mention of the fact that a risk, uncertainly or problem may cause an "adverse effect" or "negative effect" on the Company, or similar expressions, signifies that such risk, uncertainty or problem will or might have a material adverse effect on the business, financial condition, results of operations, cash flow or future business of the Company and its subsidiaries, and on the market price of the Company's shares. Similar expressions included in this section "4. Risk Factors" should be interpreted in this context.

Notwithstanding the subdivision of this section "4. Risk Factors", certain risk factors which appear under one heading may also apply to other headings.

a. risks related to the issuer

The loss of status as official bank and principal financial agent of the State of Rio Grande do Sul could have an adverse effect on the Company's results of operations.

Pursuant to an Agreement for the Assignment of Payroll Services under a Grant for Consideration of Exclusive Rights, dated June 17, 2016, for a 10-year period, a major portion of the Company's revenue and new business comes from providing services to the State of Rio Grande do Sul, for instance the payment of compensation and salaries to public servants and direct and indirect government employees of the State of Rio Grande do Sul. The income of the Company could be adversely affected if it ceased to be the principal financial agent of the State of Rio Grande do Sul or ceased to pay this compensation.

If the Company is unable to upgrade or modernize its information technology infrastructure or information management systems when necessary, the Company could suffer material adverse effects.

The ability of the Company to remain competitive depends partly on its capacity to modernize its information technology cost-effectively when necessary. The Company invests in the innovation and modernization of its technology, for instance by expanding the capacity and protection of internet access, offering new services to customers and introducing protection against volumetric DDoS attacks, and it purchases and replaces equipment and systems to ensure better performance and security in the working environment and speedier service to customers. We cannot guarantee that in the future the Company will be able to maintain the level of capital investment necessary to modernize and/or continue modernizing its information technology infrastructure, and in such case we would not be able to introduce the necessary enhancements or modernization. Shortage of resources and/or of investment in information technology could negatively affect our ability to originate new business and capture new customers, to keep existing customers or ensure that Company and customer information is secure, and this could have a material adverse effect on the Company's business, financial condition and results of operations.

Any breakdown in the Company's data collection, processing or storage systems could have a material adverse effect.

The Company holds and manages confidential personal information of customers as part of its banking business, as well as a substantial amount of assets. Thus the Company's business depends on its capacity to process a large volume of transactions efficiently and accurately, and to rely on its digital technology, computers and email services, software and networks, as well as on processing, storing and transmitting confidential and other information securely in its systems and computer networks. Any failure in the operation of systems for financial control, bookkeeping, data collection or processing could negatively affect the Company's business and its ability to compete effectively, and could also result in legal liability, regulatory sanctions and damage to its reputation. Any of the above situations could have a material adverse effect on the Company's business, financial condition and results of operations.

Hacker attacks could cause loss of revenue and damage to reputation as a result of violations of data security, and this could jeopardize operations or result in the disclosure of confidential or exclusive information.

The Company handles and stores exclusive information and confidential or sensitive data about its customers and their transactions. The Company is subject to violations of the information technology systems it uses, which are vulnerable to viruses, worms and other malware, including bugs and other problems which could unexpectedly interfere with systems operations. In addition, the Company depends on external providers of data management, and their capacity limits, possible security problems or vulnerabilities could affect the information security of the Company and its customers. Thus any hacker attack on our systems, or on those of our providers, could negatively affect the Company, leading to interruptions and delays in the systems and damage to our reputation, and this could have a material adverse effect on the Company's business, financial condition and results of operations.

Failures or violations in critical processes of the Company's computer systems could temporarily interrupt our business, increasing costs and resulting in losses, which could have an adverse effect on the Company.

The Company is subject to the risk of temporary interruptions in the automated systems which it uses, as a result of several factors, including events that are fully or partially out of the Company's control, including electrical or telecommunications failures, collapse in supply systems, automated system failures or other events that affect third parties with whom we do business, including foreign exchange, clearing houses, financial intermediaries or service providers, as well as atypical events related to social problems and cyber-attacks. These situations may result in additional costs, stoppages in operations and the loss of revenue, and this may have a material adverse effect on the Company's business, financial condition and results of operations.

Unfavorable judicial and administrative rulings could adversely affect our results of operations.

The Company and its subsidiaries are defendants in a number of judicial and administrative proceedings related to tax, civil, administrative, labor and other matters. The Company has set up provisions for these proceedings for an amount significantly lower than the total amount of the claims against it, and in view of the uncertainties involved in these claims and proceedings, there is no guarantee that the final rulings on these cases will not significantly exceed the provisions currently held. Rulings unfavorable to the Company or its subsidiaries in judicial and administrative cases could cause damage to the Company's reputation and have a material adverse effect on its business, financial condition and results of operations. For more information, see item 4.3 of this Reference Form.

Any imbalance between our lending portfolio and our funding sources could adversely affect our results of operations and our capacity to increase our lending business.

We are exposed to certain mismatches between our lending and our liabilities in respect of interest rates and maturity dates, in particular in the case of housing loans. For loans of this type we raise funds mainly from savings accounts, which can be withdrawn on demand by investors, and which we use to fund long-term loans for the purchase of property. A rise in interest rates in Brazil could increase our raising costs, in particular the cost of time deposits, or force us to reduce the margin on the loans we make, thus adversely affecting our operations. Any mismatch outside the normal course of business between the maturity of our lending operations and our sources of funds could lead to an imbalance in interest rates and also create a liquidity risk in the event that we fail to find a constant source of funding. An increase in the total cost of our funding sources for any of the above reasons could result in a rise in the interest rate we charge on loans, and so affect our ability to attract new customers. Lower growth in our lending operations could affect our results of operations and financial condition.

Fluctuations in interest rates and other factors could affect the Company's liabilities for staff pension funds.

The Company provides defined benefit pension plans for some of its employees and former employees. In this type of pension plan, the actuarial risk (the risk that the cost of benefits could be higher than expected) and the investment risk are borne partly or wholly by the Company.

To determine the cost of each defined benefit pension plan, and thus the reserves that need to be kept for payment of future benefits, the Company makes an actuarial assessment based on assumptions and forecasts, and may underestimate the long-term requirements because the behavior of interest rates, inflation, benefit amounts, life expectancy, limitations on the employer's contribution to the cost of future benefits, or employees' or third party contributions which may reduce the final cost of these benefits, and so on. The Company has no control over the factors that may affect the cost of these benefits. Changes in the amount of obligations under the terms of defined benefit pension plans may lead to the Company's having to increase contributions in order to reduce or eliminate deficits, and this could have an adverse effect on its business, financial condition and results of operations.

The difference between the actual contribution of the Company to defined benefit pension plans for its staff and the amount recorded in the books could adversely affect the Company's shareholders' equity.

The amount of the Company's contribution to the pension plans is calculated annually on the basis of market interest rates and yields denominated in the currency in which the benefits are to be paid and maturing on dates close to the payment dates of the pensions. Under the legislation, in order to record the amount contributed in its balance sheet, the Company must use the present value of the defined benefit obligation as at the balance sheet date, less the fair value of the plan assets. If there is a deficit in the results of the Banrisul Foundation, additional contributions may be required from the sponsors. These risks could lead to an increase in the Company's liabilities, with a material adverse effect on our financial condition.

The Company's new business strategies may not be successful.

The Company's ability to put its new business strategies into practice depends on a series of factors such as (i) the political and economic situation in Brazil, (ii) the maintenance of existing laws and regulations, in particular those relating to the National Financial System, (iii) successful implementation of new lending policies, (iv) stability in raising costs, (v) the development of our technical infrastructure, (vi) increased operating efficiency, (vii) the creation of new products, and (viii) maintenance of our status in the State of Rio Grande do Sul. We cannot guarantee the successful implementation of our new strategies in the light of the above or other circumstances, and this could have a material adverse effect on the Company's financial conditions and results of operations.

The Company's operations and execution of its business plan could be affected by damage to its reputation.

The Company depends on its image and credibility in the market to generate business. Various factors could damage its reputation and create a negative perception of the Company on the part of customers, counterparties, shareholders, investors, government agencies, the community or supervisors, such as failure to comply with legal obligations, irregular transactions with customers, involvement with suppliers, employees or representatives with questionable ethical standards, leaks of customer information, bad behavior by staff and shortcomings in risk management. In addition, improper behavior by third parties, such as business partners, could also have an indirect impact on the Company's reputation with customers, investors and the market in general. Damage to the Company's reputation could have an adverse effect on its business, financial condition and results of operations.

The recoverable value of property and equipment, intangible assets and investments in subsidiaries used for impairment testing might be different from their actual recoverable value.

Brazilian and international (IFRS) accounting standards require the Company to show its assets in the books at no more than their recoverable value. If this occurs, an impairment loss is recognized in income for the difference. Based on these rules, determination of recoverable value for the purpose of testing fixed assets, intangible assets and interests in subsidiaries for impairment requires the use of estimates based on quoted market prices, discounted cash flows or other pricing techniques, and management has to make subjective judgments and adopt the premises which it considers appropriate. The use of incorrect premises and assumptions can represent a risk in the event that the real value of the assets tested for impairment is lower than estimated initially, and this could lead to the recognition of impairment losses for amounts higher than provisioned by the Company, with a material adverse effect on its financial condition and operating result.

There is a possibility that the models, management methods and procedures used by the Company to manage market, liquidity, credit and operating risks will not totally avoid exposure to unclassified or unforeseen risks.

The set of methodologies, policies, processes and methods used by the Company to manage market, liquidity, credit and operating risks may not fully identify exposure to unclassified or unforeseen risks. The statistical models and management tools employed by the Company in estimating exposure are based on past experience, and given the time horizon used, may not accurately measure the amount of capital needed to cover unforeseen or unclassified factors. Similarly, the results of stress tests and sensitivity studies, based on macroeconomic scenarios, may not indicate all the possible effects. The Company may also suffer losses from faults, shortcomings or defects in its internal processes or caused by staff, systems or external events, or from occurrences not properly identified by the operating risk models used. In addition, the Company's capital allocation policy for unforeseen or unidentified risks may prove to be insufficient, resulting in unexpected losses, or losses greater than anticipated. Thus any losses by the Company may be significantly greater than indicated in the reports of the prudential margin held which are issued to the market. If this situation arises, it could have a material adverse effect on the Company's business, financial condition and results of operations

A substantial portion of the Company's assets consists of federal government securities, which are subject to market fluctuations, and this may have a significant impact on its results of operations.

The Company uses repo transactions with other banks to manage its liquidity position. As a general rule, these transactions mature on the following business day. They consist of the purchase or sale of government securities and the return is defined when the deal is closed on the basis of the repurchase or resale commitment. The purpose of these transactions is to increase sources of funds and make the Company's cash management more liquid. Thus losses on the returns from these securities portfolios may have a negative effect on the Company's results of operations. In addition, any failure by the federal government to make payments of the securities issued by the government itself or by the Central Bank will have a material adverse effect on the Company's financial condition and results of operations.

A downgrading of our credit/risk classification could increase funding costs.

The Company's funding costs are influenced by numerous factors, including some that are out of its control, such as the economic situation in Brazil and the regulatory environment for the banking sector. Any unfavorable change in these factors can have a negative impact on the

Company's credit rating, to the extent that factors such as recession and unemployment can reduce its customers' solvency. This adverse impact on the Company's rating can restrict or jeopardize our ability to raise funds, assign loan portfolios or issue securities on competitive terms, increasing funding costs or even making it impossible to raise money.

The Company cannot guarantee that time deposits, an important source of funding, will continue to be available on favorable terms.

Time deposits represent an important source of funding for the Company. Its capacity to raise additional funds will depend, among other things, on its performance and on market conditions and the economic situation in Brazil and in Rio Grande do Sul State in the future. The Company cannot guarantee that time deposits will continue to be available on favorable terms. If it fails to obtain new funds, the Company may not be able to continue to expand its lending portfolio or respond effectively to changes in business conditions or competitive pressure, and this could adversely affect its business, financial condition and results of operations.

The Company may not be able to prevent its managers, employees or others acting in its name from involvement in situations which could be regarded as corruption in Brazil or any other jurisdiction.

The Company is subject to Brazilian and foreign anticorruption laws. These laws require it to adopt procedures to minimize the risk that someone acting in the name of the Company may offer an undue advantage to a public agent in order to obtain benefits of whatever nature. Legislation with a transnational reach, such as the U.S. Foreign Corrupt Practices Act of 1977 and the UK Bribery Act of 2000, in addition to Federal Law No. 12.846/13, requires specific policies and procedures to be adopted to prevent corruption of public administration entities or government representatives, in order to obtain some type of advantage, and requires the Company to keep its books and records accurate and to have a system of internal controls to verify these books and records and prevent illegal activity. If the policies and procedures adopted by the Company aimed at preventing bribery and other illegal practices, including those described above, are unable to prevent voluntary or inadvertent action by its managers, employees or other representatives which is legally classified as corruption, undue advantage or another type of illegal practice, the government authorities to which the Company is subject have the power to impose fines and other penalties, and the duty to obtain reparation for any damage resulting from these actions. Furthermore, the Company's business and reputation can be affected if the Company or its managers are charged or investigated in cases relating to corruption, fraud, administrative misdemeanors, economic crimes, anticompetitive behavior, or other illegal conduct. The Company has no independent means of verifying the information or representations of its counterparties as to the proper application of laws and regulations, and may not be able to prevent them from using their relationship with the Company for corrupt purposes. If the Company is associated with or accused of involvement in cases of corruption, its reputation may be affected. The Company may also be subject to administrative and judicial sanctions, and to possible material adverse effects on its business, results of operations and financial condition.

Liquidity and financing risks are inherent in the Company's business and may have a material adverse effect on its business, financial condition and results of operations.

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its obligations when they fall due or may have to guarantee them at an excessive price. Every commercial and retail bank is exposed to this risk, and it may be intensified by various factors specific to each of them, including excessive dependence on a particular source of funding, changes in credit ratings or major events in the market, such as market displacement. The Company cannot guarantee that, in the event of a sudden or unexpected shortage of funds in the banking system, it will be able to maintain financing levels without incurring: (i) higher costs, (ii) shorter maturities for its financing instruments or (iii) the liquidation of certain assets. The Company's liquidity management procedures could be affected by systemic market factors. In addition, adverse or constant restrictions on the supply of liquidity, including interbank lending, have affected and may continue to adversely and materially affect the cost of financing the Company's business, and extreme liquidity restrictions could affect current operations and the capacity to meet the regulatory requirements for the Company's liquidity, as well as limiting its growth possibilities. Disruption or volatility in global financial markets could adversely affect the Company's ability to access capital and liquidity on acceptable terms. The Company's financing costs are directly related to the interest rates ruling in the market, and an increase in the Company's credit margin could significantly increase these costs. Changes in the Company credit margin are imposed by the market and may be influenced by the market's perception of the Company's creditworthiness. Changes in the interest rate and the credit margin occur constantly and may be unforeseeable and highly volatile.

If funding in the wholesale market dries up or becomes insufficient or too expensive, the Company may be forced to increase the rate of return it pays on deposits. In the event that this situation continues or worsens, or if the basic rate of interest rises, it could have a material adverse effect on the Company's ability to raise funds and on the cost of financing. The Company depends, and will continue to depend principally on commercial deposits to finance its lending activities. This type of financing is influenced by a variety of external factors, such as the overall economic situation and the confidence of commercial depositors in the economy, the financing services industry, the availability and period of deposit guarantees, and the competition between banks or with other products such as mutual funds. These and other factors can significantly increase the amount of withdrawals of commercial deposits over a short period of time, or affect the rollover of time deposits, making it harder for the Company to obtain financing through commercial deposits, and this could cause a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The amount of collateral for the loans made by the Company may be insufficient, and we may not be able to realize them in full.

The amount of collateral for the Company's loan portfolio may fluctuate or fall due to factors outside its control, including macroeconomic factors affecting the economy of the world, Brazil or Rio Grande do Sul. The value of the collateral for the Company's credit portfolio may be negatively affected by events of *force majeure*, such as natural disasters, particularly in locations where a substantial portion of the Company's portfolio consists of property loans. The Company may not have up-to-date information on the value of collateral, and this can result in an inaccurate reading of the impairment of secured loans. If any of the above events take place, the Company will have to set up additional provisions to cover real impairment losses on its loans, and this could materially affect its results of operations and financial condition.

The Company is exposed to market, operating and other risks associated with its derivatives transactions and investment positions, and these may adversely affect the Company.

The Company uses derivatives mainly for hedging purposes. The Company is exposed to the market, credit and operating risks associated with these transactions, including the basic risk (the risk of loss from differences in the margin between the return on the asset and the funding or hedging cost) and the credit or default risk (the risk of insolvency or other difficulties for counterparties to transactions, in particular in meeting their obligations and providing sufficient security). The Company also holds securities in its portfolio as part of its investment and hedging strategies. Any future gains or losses on these investments or hedging strategies, whether or not realized, could have a significant effect on the Company's revenues. These gains and losses, which are booked when financial instruments are settled early or when they are marked to market, can vary considerably from one period to the next. If, for example, the Company uses derivatives as a hedge against the devaluation of the Real or a fall in interest rates, and the Real appreciates or interest rates rise, losses can result. The Company may fail to correctly estimate the amount of gains or losses in future years, and the changes that occur between one period and the next do not serve as an accurate reference point for future projections. Gains or losses on the Company's investment portfolio can lead to volatility in the levels of net revenues, and there may be no return on the consolidated portfolio, or on part of it, in the future. Any losses on securities or derivative financial instruments may have a material adverse effect on the Company's operating result and financial condition. In addition, any fall in the value of these securities and derivatives portfolios may reduce the Company's capital ratios with the result that we are unable to lend as much as planned.

The Company is subject to counterparty risk in its banking business.

The Company is exposed to counterparty risk and credit risk in its lending business. Counterparty risk can arise from investing in third party securities, or from derivatives contracts under which counterparties are obliged to make payments to the Company, or to execute notes or futures, currency or commodities contracts which they fail to settle at the proper time due to non-delivery or a failure of the clearing systems, stock exchanges or other financial intermediaries. The Company generally trades with counterparties in the financial services sector, including brokers, traders, commercial banks, investment banks, mutual funds, hedge funds and other institutional clients. Default by financial institutions or others in the financial services sector, or even rumors about their solvency, can lead to liquidity problems in the market as a whole and cause losses for the Company. A number of the routine operations in which the Company is involved give rise to significant credit risk in the event of default by an important counterparty. If losses result, this could have a material adverse effect on our results of operations and financial condition.

The Company might not be able to obtain and/or renew its operating licenses.

The Company cannot guarantee that the necessary licenses and/or permits for its business, issued by municipal councils and fire brigades, which have to be obtained for each of its branches and other establishments, will remain in force or be renewed at the proper time by the public authorities in question. Failure to obtain or renew these licenses and permits could result in the imposition of successive fines and, in certain cases, in the closure of the establishment in question and suspension of activities. If any of the Company's branches is closed, even if only temporarily, its business and results could be adversely affected.

b. risks related to its direct or indirect controlling shareholder or controlling group

The Company is controlled by the State of Rio Grande do Sul, whose interests could be different from those of the Company and its other shareholders.

The Company is a financial institution controlled by the State of Rio Grande do Sul, whose interests could be different from those of the Company and its other shareholders. As at the date of this Reference Form, the State of Rio Grande do Sul held control of the Company, ensuring that actions and policies in the State's interests are approved, when shareholder or management approval is required, including transactions with related parties, corporate restructuring, dividend payments, opening of service points in small communities, election of the majority of the managers, etc. Thus the State of Rio Grande do Sul has significant influence over the Company's strategic decisions. This influence could lead the Company to take measures intended to promote the political, economic or social objectives of the State of Rio Grande do Sul, rather than the Company's own business interests and its results of operations. Any steps taken by the Company in the interests of the State of Rio Grande do Sul could be contrary to its own interests and those of the other shareholders, and could have a material adverse effect on its business, financial condition and results of operations.

The Company is a government-controlled company, subject to changes in its management in line with changes in the government of the State of Rio Grande Sul, and this could materially affect the implementation of the Company's current business strategy.

The state of Rio Grande do Sul is responsible for appointing the majority of the members of the Company's Board of Directors and, consequently, all members of the Board of Executive Officers. Changes in the administration of the State of Rio Grande do Sul, such as those that take place after the elections every four years, could lead to changes in the Company's management. These changes could affect continuity in the Company's business strategy, and so have a material adverse effect on its business, financial condition and results of operations.

c. risks related to its shareholders

Market volatility and low liquidity may reduce investors' ability to sell the Company's shares in the market at the desired price and at a convenient moment.

Investment in securities, such as those issued by the Company, involves risk, since equities are subject to volatility in the capital market. Investments in the Brazilian capital markets, including in the Company's shares, are subject to economic and political risks, including the following: (i) changes in the regulatory, tax, economic or political environment which could affect investors' ability to receive all or part of the payments on their investments; and (ii) restrictions on foreign investment and the repatriation of capital. It is impossible to guarantee that an active, liquid market for trading in the Company's securities will develop or continue to exist. These factors may unfavorably affect the market value and liquidity of the Company's common shares and class B preferred shares, with the result that investors may not be able to sell them at the desired price and at a convenient moment.

An active, liquid market in the common shares may not develop, and this would limit investors' ability to sell them in the secondary market at the desired price and at a convenient moment.

Active, liquid trading markets usually result in lower price volatility and more efficient execution of purchase and sale orders placed by investors. The liquidity of a securities market generally depends on the volume of shares in circulation, among other factors. The common shares of the Company have no history of active trading or liquidity in the market, up to the date of this Reference Form, on which to base a price for them. Thus currently there is no market for our common shares, and we cannot guarantee that such a market will develop or continue to exist. These factors may have an adverse effect on the market value and liquidity of our common shares, and limit the ability of investors to sell them at the desired price and at a convenient moment.

The relative volatility and lack of liquidity of the Brazilian capital market may substantially limit the ability of investors to sell the Shares at the desired price and at a convenient moment.

Investment in securities, such as the Company's shares, involves risk, since it is an investment in equities which are subject to volatility in the capital market. Investments in the Brazilian capital market, including the Company's shares, are subject to economic and political risks, including the following: (i) changes in the regulatory, tax, economic or political environment which could affect investors' ability to receive all or part of the payments on their investments; and (ii) restrictions on foreign investment and the repatriation of capital. In addition, any shortage of liquidity in the securities market may substantially limit investors' ability to sell our shares at the desired price and at a convenient moment. It is impossible to guarantee that an active, liquid market for trading in the Company's securities will develop or continue to exist. These factors may have an adverse effect on the market value and liquidity of the common shares, and limit the ability of investors to sell them at the desired price and at a convenient moment.

There may be dilution in the value of the investment.

Holders of the Company's shares may suffer an immediate, substantial dilution of their investment if the Company needs to issue new shares to raise capital for its operations. The Company may issue these new shares at below the book value of existing shares at the time.

Holders of our Class B Preferred Shares may not receive dividends.

According to the Corporate Law and the Company's Bylaws, the Company must pay dividends to its shareholders of at least 25% of our net annual income as shown in the unconsolidated financial statements, calculated and adjusted in accordance with the Corporate Law. This adjusted income may, however, in certain circumstances, be used to absorb losses or to set up reserves, as provided for in the Corporate Law, and may therefore not be available for payment of dividends. Additionally, even if the Company makes profits in future years, dividends may not be paid if the Board of Directors recommends to the annual shareholders' meeting not to distribute them in view of our financial condition. Finally, the Company's Class A Preferred Shares entitle their holders to a dividend of at least 6.0% of the result of dividing our capital stock by the total number of shares issued. If the total income to be distributed is insufficient to reach this level guaranteed to the holders of the Class A Preferred Shares, the other shareholders may not receive any dividend.

Class B Preferred Shares have no voting rights.

Under the Corporate Law and our Bylaws, the holders of Class B Preferred Shares have no voting rights, except in the limited circumstances provided for in the law. Thus the holders of Class B Preferred Shares are generally unable to vote at our shareholders' meetings.

d. risks related to its subsidiaries and associates

The Company's results may be affected by its interests in subsidiaries and associates.

The subsidiaries and associates of the Company are subject to the risks inherent in their activities. Any negative results will be recorded in the Company's balance sheets, according to the prevailing Law and accounting principles, and this may have a material adverse effect on the Company's financial condition and results of operations.

Any errors in the assumptions used to price the pension and insurance products offered by subsidiaries of Company may have a material adverse effect on our profitability.

The subsidiaries of the Company operating in the pensions and insurance segment set prices and make calculations for their products based on actuarial and statistical estimates, which are reviewed regularly. Pricing of pensions and insurance products depends on estimates and statistics, including models, premises and projections which can prove inaccurate, since they are subjective in respect of the level and timing of receipt and payment of premiums, and in respect of contributions, provisions, benefits, claims, expenses, interest, investment results, retirement, mortality and illness (including the length of periods of illness). Thus any errors in the premises used to price these products can have a material adverse effect on the profits of the Company's subsidiaries. In addition, reviews of pricing and increases in reserves may not be sufficient to guarantee that the Company's assets can support our liabilities, premiums and contributions in the future. Thus, if the Company's reserves and future premiums are not sufficient to pay out policy benefits and claims, we may be forced to increase our reserves and adjust our accounts accordingly, and this could have a material adverse effect on our business, financial condition and results of operations.

e. risks related to its suppliers

The Company depends on third parties to provide support for important products and services. Outsourced suppliers provide key components for the Company's business infrastructure, such as loan and deposit systems, internet connections and network access. Third parties may be the source of operating risks for the Company, such as security violations. As interconnectivity with third parties increases, the Company will face an increasing risk of operating faults in systems. The Company may also be asked to take steps to protect the integrity of its operating systems, thus increasing operating costs and, possibly, reducing customer satisfaction. In addition, any problems caused by third parties, including suspending their services for any reason, providing unsatisfactory service, or improper conduct by staff or suppliers, could affect the Company's ability to deliver products and services to customers or otherwise conduct its business. The replacement of outsourced suppliers may also result in significant delays and expenses. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

f. risks related to its clients

The performance of the economy of the State of Rio Grande do Sul has a significant impact on the Company's activities and results.

Given that most of our customers are in the State of Rio Grande do Sul, our activities and results largely depend on the performance of the state's economy. Therefore, the reduction in regional economic activity, among other effects, may reduce the demand for credit and the banking services offered by the Company, increase the level of delinquency in credit, increase the volume of withdrawals and, consequently, limit the options for expanding our business. The combination of these events or each of them individually may compromise the Company's growth strategy and generation of results, with an impact on the market value of its shares. Additionally, certain areas in which the Company operates are subject to specific risks with an important sectoral component, such as lending to the agricultural sector, which can be affected by climatic conditions in the State of Rio Grande do Sul, and this could lead to reduced demand for loans from the Company, directly affecting our results. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Changes in the profile of the Company's business could adversely affect our lending portfolio.

The Company's past experience is no indication of future lending losses. The risks of the Company's loan portfolio are related to the risk of default in the sectors where we operate, and changes in the profile of our business could result, for example, from organic growth, mergers and acquisitions, alterations in local economic conditions or, to a lesser degree, in the international economic environment, in addition to changes in the tax regimes applicable to the sectors where we operate. Any changes affecting sectors where the Company has a significant credit exposure could negatively affect our loan portfolio. In addition, changes to economic or political conditions, a slowdown in demand from customers, increased competition in the market or regulatory changes could negatively affect the rate of growth and composition of our loan portfolio, and this could have a material adverse effect on our business, financial condition and results of operations.

g. risks related to the economic segments where the issuer operates

Events and risk perception in other countries could have a negative impact on Brazil's economy and on the market price of Brazilian securities.

The market prices of securities of Brazilian issuers are affected by economic and market conditions in other countries, including the United States, European countries and other Latin American and emerging market countries. Although the economic conditions in the United States and Europe are very different from those in Brasil, the reaction of investors to developments in those other countries may have an adverse effect on the market value of Brazilian securities. Furthermore, crises in other emerging economies may reduce investors' appetite for Brazilian securities, including our own shares. This can adversely affect the market prices of our securities, restrict access to capital markets and jeopardize our ability to finance future transactions on favorable terms, or at all. Between 2014 and the date of this Reference Form there has been a general increase of volatility in the Brazilian market due, among other things, to uncertainty about how monetary policy adjustments in the United States will affect the international financial markets, an increase in risk aversion to emerging markets, and uncertainties as to macroeconomic conditions and policies in Brazil. These uncertainties have had a negative effect on the Company and on the market value of our securities.

The Company is also exposed to upheaval and volatility in world financial markets, due to their effects on the financial and economic climate, especially in Brazil, such as the cooling of the economy, increase in the unemployment rate, fall in consumer purchasing power and unavailability of credit. The Company lends to domestic borrowers (principally in the State of Rio Grande do Sul) and these factors could have a material adverse effect on our customers and increase our loan losses, thus increasing the risk of lending and leading us to revise our risk management models and doubtful debt provisions. Instability or volatility in global financial markets can further increase the negative effects on Brazil's financial and economic climate, and this could have a material negative effect on the Company.

The political instability and various investigations in progress in Brazil could have a material adverse effect on the Company's business, financial condition and results of operations, as well as the price of its shares.

The political climate in Brazil has always influenced the country's economic development, and will continue to do so. Political crises have affected and continue to affect the confidence of investors and of the public in general, resulting in a slowdown in the economy and a rise in the volatility of the securities issued by Brazilian companies. Today the Brazilian markets are facing increased volatility due to uncertainties related to the current investigations into corruption by the Federal Police and the Federal Prosecutor's Office, such as Operation Lava Jato ("Car Wash"), Zelotes, Greenfield, Efficiency and others. These investigations have had a negative impact on Brazil's economy and political climate. Members of the federal government and the legislative branch, and senior managers of major companies, are being tried for corruption, conspiracy, money-laundering and other crimes.

It should be noted that the result of the investigations of the corruption schemes is uncertain, but the investigations in themselves have had a negative impact on the image and reputation of the companies implicated, and on the overall perception of the Brazilian market. We cannot predict whether these allegations will lead to greater political and economic instability, or whether new allegations could involve the Company, its subsidiaries, subcontractors, staff, customers or commercial partners. This would have a negative effect on our image and reputation and the price of our shares, as well as on our business, financial condition and results of operations. In addition, the electoral courts in Brazil are hearing various cases relating, among other things, to allegations of illegal contributions to political campaigns which were not recorded or published, including contributions to members of the federal government and legislative branch, who are accused of receiving money from the corruption scheme now being investigated by the Federal Police and Federal Prosecutor's Office. The outcome of these cases of unethical conduct could adversely affect the Brazilian economy and, consequently, the Company's business, financial condition and results.

The Brazilian authorities exercise influence over Brazil's economy. Changes in monetary, tax or currency policies could adversely affect us.

The Brazilian authorities intervene with relative frequency in the country's economy, with changes in tax, monetary, foreign exchange and other policies, and this could negatively affect the Company. These changes can impact variables which are fundamental for our growth strategy (such as foreign exchange rates, interest rates, market liquidity, tax levels and economic growth), limiting our operations in certain markets, affecting liquidity and damaging our customers' payment capacity. Uncertainty about future economic policy can increase volatility in Brazil's capital market, and this, in turn, could have a material adverse effect on the Company. Other political, diplomatic, social and economic developments in Brazil and abroad, with an impact on Brazil, could also affect us.

The Federal Government exercises significant influence over the Brazilian economy. Changes in monetary, tax or foreign exchange policies could adversely affect our business and results.

The Federal Government frequently intervenes in the Brazilian economy and occasional makes major changes in its policies and regulations. The measures taken by the Federal Government to control inflation, as well as other policies and ordinances, frequently consist of changes in interest rates, the amendment of tax policies, price controls, currency devaluation, capital controls and import restrictions, among other things. The Company's activities, financial condition, results of operations, future business and share price may be materially affected by changes in the rules relating to certain matters, such as:

monetary and exchange policy;
interest rates;
accounting rules and practices;
government policy applying to our business, especially tax policy;
foreign exchange controls and restrictions on overseas remittances and foreign investment in the country;
inflation;
social instability;
liquidity in the domestic financial and capital markets;
fiscal policy;
electricity rationing; and
other political, social and economic events that may occur in Brazil or may affect it.

The possibility of future changes in Federal Government policies or regulations on these issues may contribute to economic uncertainty in Brazil and increase the volatility of market securities, including those issued abroad by Brazilian companies. Other political, diplomatic, social and economic developments in Brazil and abroad, with an impact on Brazil, could also have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to risks associated with the increasingly competitive environment and the recent mergers in the Brazilian banking sector.

The Brazilian financial and banking services market is highly competitive. The Company faces strong competition from other large Brazilian and international banks, and from other companies which operate in our market. Competition has become more intense since the recent mergers between banks in Brazil, and as a result of new regulations making it easier for customers to move their accounts between banks. This growing competition may negatively affect the Company in a number of ways, such as by restricting our capacity to retain or increase the existing customer base and expand our operations, limiting the commissions and fees which we can charge, and cutting margins on banking services and the other products and services we offer, and this could have a material adverse effect on our business, financial condition and results of operations.

h. risks related to the regulation of sectors in which the issuer operates

***The Company is subject to inspection by the tax authorities, and an incorrect interpretation by the Company of the tax laws and regulations could have a substantial adverse effect*.**

Preparing the Company's tax returns and payments requires the use of estimates and the interpretation of complex tax laws, and is subject to oversight by the Brazilian tax authorities. The tax laws in Brazil are complex and often interpreted differently by the taxpayers and the tax authorities, which results in prolonged periods of discussion before a final decision is reached. When setting up provisions for income tax payments and completing returns, the Company has to make judgments and interpretations on the application of these complex tax laws. If the judgments, estimates and assumptions used by the Company in preparing its tax returns and paying tax prove to be incorrect, it could have a material adverse effect on our business, financial condition, results of operations.

The Federal Government regulates the operations of financial institutions and changes in the existing laws and regulations, or the introduction of new ones, could have a negative effect on the Company's operations and revenues.

As a financial institution, the Company operates in a market characterized by extensive and continuous regulatory oversight by the Brazilian government, specifically by the Central Bank of Brazil, the Brazilian Securities Commission and the National Monetary Council, each of which has a significant influence on the Company's business. Banks and other financial institutions do not control government regulations, which may affect the Company's operations, and which may include:

a) minimum capital;
b) compulsory deposits/reserves;
c) investments in fixed assets;
d) accounting and statistical requirements;
e) loan limits and other credit restrictions;
f) solvency margins; and
g) mandatory provisioning policies.

The laws, regulations and policies to which the Company is subject may be amended at any time. Additionally, the interpretation and application of the laws and regulations by the regulatory authorities are subject to change from time to time. The way in which these laws and regulations are applied to banking operations is still evolving. If recent changes in the regulations are implemented inconsistently, the Company may incur increased compliance expenses. Any new legislative or regulatory measures, and any changes in the Company's operating procedures required as a result of them or failure by the Company to comply with them, could bring significant losses in revenue, limit our capacity to seek business opportunities or offer certain products and services, affect the value of our assets, oblige us to increase the cost of our products and services and so reduce demand for them, impose compliance and other additional costs, and in general damage our business. In particular, legislative or regulatory changes enhancing prudential standards relating to capital and liquidity could impose a significant burden on the Company or its subsidiaries, and limit the distribution of capital and liquidity, causing an adverse effect.

Future liquidity standards will require a greater proportion of assets to be held in highly liquid investments with lower yields, and this will affect our financial margin. In addition, the regulatory authorities, in exercising their supervisory function, periodically examine our provisions for doubtful debts. The regulators may require us to increase these provisions or recognize other losses. Any additional provisions for doubtful debts that the regulators may require, and which are not in line with management's opinion, could have an adverse effect on the Company's results and financial condition. Thus we cannot guarantee that future changes in the regulations, or in their interpretation or application, will not adversely affect the Company.

Since some of these laws and regulations in the banking sector have been issued or have come into force recently, it is still not clear how they will be applied. In addition, if these recent changes in the regulations are implemented inconsistently, the Company may incur increased compliance expenses. We cannot guarantee that these laws and regulations will not be adopted, complied with or interpreted in such a way as to have a material adverse effect on the Company's business and results of operations. Moreover, the regulatory authorities have substantial power to regulate banks, and these powers and the mechanisms available to the regulators have increased in recent years. Regulations can be imposed in response to crises, and this can particularly affect financial institutions such as ourselves which are considered to by systemically important.

In addition to these powers, the regulatory authorities have a wide margin of discretion in the way they regulate the banks. Regulations may be imposed on a case-by-case basis by government, in response to a crisis, and this could particularly affect financial institutions such as the Company. In addition, the volume, granularity, frequency and dimension of the regulatory requirements, and the submission of the required reports, require a clear strategy for collecting, managing and disclosing data. Failure to manage information systems or processes adequately could lead to failure to comply with the requirement to submit reports or other demands for internal or external information, and the Company could be sanctioned by the supervisors as a consequence.

The banking system's regulatory structure is constantly evolving. Regulatory standards change, as well as their application and interpretation. These changes may materially and adversely affect the Company's operations and revenue.

The Brazilian government regularly introduces tax reforms that affect the market as a whole. The creation of new taxes or the increase in current tax rates are examples of changes that cannot be foreseen, but which may have an adverse impact on the business. Moreover, these changes may cause uncertainties in the financial system, increasing the cost of loans and default.

Foreign exchange volatility could have a substantial negative effect on the Brazilian economy and on the Company's business.

In recent decades, the Brazilian currency has suffered frequent and substantial changes in value against the US dollar and other foreign currencies. Past devaluations of the Real against the US dollar created increased inflationary pressure in Brazil, leading to rises in interest rates and limiting access by Brazilian companies to foreign financial markets, resulting in the government's adoption of recessionary policies. The devaluation of the Real, in the context of an economic slowdown, can also lead to reduced spending by consumers, deflationary pressures and lower growth in the economy as a whole, thus damaging our asset base, financial condition and results of operations. It can also make foreign currency liabilities and loans more expensive, reduce the market value of securities portfolios, and generate similar consequences for borrowers. On the other hand, an appreciation of the Real against the US dollar and other foreign currencies could cause a deterioration in Brazil's current account and a slowdown in export-led growth. Depending on the circumstances, both devaluation and appreciation of the Real can have a material adverse effect on the growth of Brazil's economy and on the Company's business, financial condition and results.

Our Company is subject to potential intervention by its regulators or supervisors, specifically in response to customer complaints.

The Company's activities and operations are subject to increasingly significant rules and regulations required for engaging on banking business and financial services. They are applicable to business transactions, affect financial returns and include reserve requirements, the submission of reports and regulations on prudence and commercial behavior. These requirements are stipulated by our regulators, supervisors and other pertinent regulatory authorities that approve, regulate and oversee our activities. In their oversight functions, the supervisors aim to ensure the security and stability of financial institutions to strengthen the protection both of customers and the financial system. Continuous oversight by financial institution supervisors involves a variety of regulatory tools, including the gathering of information in the form of prudential returns, reports obtained from certified persons, visits to companies and regular meetings with the management to discuss issues such as performance, risk management and strategy.

In addition, the volume, granularity, frequency and scale of the reporting requirements demand a clear data strategy to enable the collation of data, reports and consistent management. Inadequate systems or information management processes, including those involving the segregation of data and risk reports, could result in making it impossible to comply with the regulatory reporting requirements and other internal and external demands for information, and we could face supervisory measures as a result. If the Company fails to comply with applicable regulations, there will be a risk of an adverse impact on its business due to sanctions, penalties or other actions imposed by the competent authorities. Customers of financial services institutions, including our customers, can seek redress if they believe they have incurred a loss as the result of the inappropriate sale of a specific product or by the incorrect application of the terms and conditions of a specific product. Bearing in mind the intrinsic unpredictability of litigation and the evaluation of rulings by the competent authorities, it is possible that an adverse outcome on certain issues could jeopardize our Company's reputation, or trigger a substantial negative effect on its results of operations, financial condition and outlook because of any fines imposed or offsets stipulated, not to mention the costs of defending this lawsuit, thereby reducing the our profitability.

Government efforts to control inflation, and changes in interest rates, may restrict the growth of the Brazilian economy and jeopardize our Company's activities.

In the past, Brazil has experienced extremely high inflation rates, forcing the country to implement monetary policies that resulted in one of the world's highest interest rates. The Brazilian government's anti-inflation measures, primarily by the Central Bank, did, and may in the future, have significant effects on the Brazilian economy and on our business. Strict monetary policies, including high interest rates and reserve requirements, may restrict Brazil's growth and the availability of credit, reduce loan volumes and raise loan loss provisions. On the other hand, less rigid government and Central Bank policies and lower interest rates may trigger higher inflation and, as a result, higher volatility and the need for sudden and significant hikes in interest rates, which could adversely affect our spreads. The greatest portion of our Company's revenue, expenses, assets and liabilities is directly linked to interest rates. Thus our results of operations and financial condition are significantly affected by inflation, oscillations in interest rates and the attendant government monetary policies, which may have a material adverse effect on the growth of the Brazilian economy, loan portfolios, financial costs and revenues from credit transactions. Any changes to interest rates could affect our business, financial condition and results of operations. Furthermore, increases in the basic interest rate could hurt our Company by reducing demand for its credit and investment products, increase its funding costs and the risk of default by customers.

Adaptation to the minimum capital requirements imposed on our Company as a result of the implementation of the Basel accord could reduce our ability to leverage the business.

Implementation of the Basel rules in Brazil, particularly with regard to capital requirements, has implied several modifications in the way in which capital is measured to support the risks inherent in banking activity. New requirements by the Regulator could imply higher capital to support our Company's business. In accordance with CMN Resolution. 4.192/13, beginning January 1, 2015, ascertainment of Core Capital must be based on the Prudential Conglomerate, which gave rise a new series of information. CMN Resolution. 4.193/13 defined the minimum limits for Core Capital, Tier I Capital and Common Equity, and Additional Tier 1 Capital. CMN Resolution 4.443/15 amended the calculation of Additional Tier 1 Capital, which is now defined as the sum of three components: Capital Conservation Buffer, Countercyclical Buffer and Systemic Buffer.

As a supplementary risk measure, beginning in October/2015, Leverage Ratios began to be calculated, with a minimum requirement of 3% defined by the CMN following publication of Resolution 4.615/17, reflecting the same trend as the BIS (the Bank for International Settlements). This requirement came into effect on January 1, 2018. As a result of the changes in the capital adequacy rules, or the performance of the Brazilian economy as a whole, our Company could be adversely affected, implying higher capital requirements and prejudicing its leverage capabilities. Our Company may be further obligated to limit new business, dispose of some assets or adopt other measures that could adversely affect its results of operations and financial condition.

Granting of payroll-deductible loans is subject to changes in the laws and regulations and interpretations of the courts and/or policies of government entities.

A significant portion of our loan portfolio consists of payroll-deductible loans to government and private sector employees, retirees and pensioners of the INSS system. The payroll discount mechanism is regulated by a series of laws and regulations at the federal, state and municipal levels, which stipulate the discount limits and provide for the irrevocability of the authorization granted by a civil servant, private sector employee or INSS beneficiary to deduct amounts to pay off the loan. We cannot guarantee that the laws and regulations governing payroll-deductible loans will not be amended or revoked in the future. Thus, any new law or regulations, or changes, revocation or new interpretation of the existing laws or regulations resulting in the prohibition, restriction or which might adversely affect our Company's ability to make these direct deduction could raise the risk profile of its loan portfolio, leading it to increase the interest rate on its loans and triggering a higher default rate, all of which could adversely affect the our results.

Capital controls implemented by the Brazilian government could affect our Company's business, operations or prospects.

Foreign exchange and trade finance transactions in Brazil are governed by the regulations of the Central Bank of Brazil and by specific legislation. The Central Bank of Brazil currently authorizes purchases and sales of foreign currency, with the exception of those transactions prohibited by legislation or subject to specific regulations, such as overseas investments in the capital markets and derivatives by private individuals or companies in general. The prevailing foreign exchange model has retained the assumptions provided for in federal legislation, such as:

a)lawful currency;
b)transactions subject to registration with the Central Bank of Brazil;
c)formalization of transactions via foreign exchange contracts; and
d)application of the rules governing foreign capital in Brazil.

Adverse events could lead to the Brazilian government adopting more restrictive measures on the movement of capital, a factor that affects the possibility of the Brazilian government imposing restrictions on foreign exchange and trade finance transactions in Brazil at any time. These factors include:

a)the volume of foreign currency reserves;
b)the availability of sufficient foreign reserve on the settlement date of an obligation;
c) the cost of servicing Brazil's debt in relation to the economy as a whole; and
d) any political restrictions to which Brazil might be subject.

Any restrictions could adversely affect our Company's ability to make foreign currency payments to settle obligations outside Brazil, which could have material adverse effects on its business, financial conditions and results of operations.

Changes to tax entries and other tax issues could adversely affect us.

The Brazilian government regularly engages in reforming tax and other fiscal regimes to which our Company and its customers are subject. These reforms include changes to tax rates and, occasionally, the introduction of temporary taxes, the proceeds of which are earmarked for government-designated purposes. The effects of these and any other changes arising from additional tax reforms have not been, and cannot be, quantified, so it is impossible to guarantee that these reforms, once introduced, will not adversely affect our Company's business. Moreover, these changes may create uncertainty in the financial system, increasing the cost of taking loans and contributing to the increase in defaults in our Company's loan portfolio. Changes to fiscal policy, including the creation of new taxes, can occur with relative frequency, and these modifications could lead to an adverse effect on our financial condition and results of operations. By way of example, in 2011 the Brazilian government instituted the Tax on Financial Transactions ("IOF Tax"), at a rate of 1.0% per day, on the reference amount of foreign currency exposure, but which is currently zero rated for foreign exchange. The IOF tax rates applicable to local loans to businesses have been frequently adjusted (both upwards and downwards) in recent years. The current applicable IOF tax rates are 1.5% for companies and 3.0% for private individuals. It is impossible to estimate the impact that change in the tax laws of fiscal policy will have on our operations. For example, IOF tax is a tool used by the Brazilian government to regulate economic activity, and changes in the IOF tax can affect business volume overall. The Brazilian Congress may discuss extensive fiscal reforms in Brazil in the search to improve efficiency in the allocation of economic resources, in line with the proposal of the executive branch of the Brazilian government. Major fiscal reforms have been the subject of discussion in Brazil in recent years. One cannot predict whether these reforms will be implemented in the future. The effects of these changes, if implemented, and of other changes resulting in the adoption of additional fiscal reforms, cannot be quantified.

Our Company may not be capable of properly detecting money laundering, financing of terrorism and other illegal or inappropriate activities in good time.

We are subject to laws and regulations and internal controls, such as the Manual on Anti-Money Laundering and Financing of Terrorism, which deals with preventing and countering money laundering, financing of terrorism and other illegal activities, including transactions with targets of sanctions in the jurisdictions where we operate. Among other things, these laws and regulations require us to adopt and implement "Know-Your-Customer" policies and procedures, in addition to notifying suspicious and big-ticket transactions, provided for in the regulations, to the competent authorities. In the event our Company is unable to fully comply with the applicable laws and regulations, the government regulatory agencies to which it is accountable have the power and authority to impose fines and other penalties, including demanding a full analysis of the bank's systems, daily supervision by external consultants and, in the last resort, revoking permits. In addition, our business, as well as our reputation, could be affected if our processes, products and services are used for money laundering, financing terrorism, or other illegal or inappropriate purposes. Furthermore, our Company depends, to a large extent, on its counterparties maintaining and applying their own internal procedures and policies against money laundering. These internal compliance measures, procedures and policies may not be totally effective in preventing third parties from using the services (and those of major counterparties) as channels for money laundering (including illegal investment transactions) without our knowledge (or that of our major counterparties). If our Company is associated, or even accused of being associated, with money laundering, financing of terrorism or other illegal activities, its reputation may be affected and/or it may be subject to penalties, sanctions and/or legal requirements that could trigger material adverse effects on its results of operations, financial condition and prospects.

i. risks related to foreign countries where the issuer operates

Our Company is present in the United States of America and the Cayman Islands. Within this context, adverse changes affecting the economies of these regions, local banking regulations and the rules and requirements by international regulatory bodies could adversely compromise our consolidated results.

The Company 's operations abroad are concentrated in the branches in the cities of Miami (United Stated) and Grand Cayman (Cayman Islands), and adverse changes that affect the economy of the countries where they are located may impact the results of those branches. Any adverse situation affecting the economies of the countries where we operate could impact our consolidated results and, depending on the market affected, the profile of the our customers in each one. Moreover, changes in the banking regulations of the countries where we operate, and compliance with the rules and stipulations of the international regulatory bodies could trigger material adverse effects on our business, financial condition and results of operations.

j. risks related to social and environmental issues

Our Company's business may see profitability affected by climate change, bearing in mind its impact on rural loans and financing.

Given our Company's regionalized operations in the state of Rio Grande do Sul, where the primary sector is a substantial component of economic structure, its rural credit portfolio is significantly affected by climate-related factors. The possibility of crop failure due to weather events leads to heightened credit risk for the Company, not only for the rural credit portfolio but also other sectors in regions in the state of Rio Grande do Sul where the primary sector accounts for a large share of local output, which could have a material adverse effect on our business, financial conditions and results of operations.

Our Company could be jointly liable for occasional environmental damage caused by its customers using funds obtained from it.

We are subject to the risk of being jointly liable for the occurrence of environmental damage caused by our customers. This may be a direct risk, such as legal risk arising from any legal co-responsibility for repairing damages; reputational, since the Company's image may be associated with environmental damage; and indirect, such as customer credit risk due to fines and penalties, loss of business, asset depreciation and lower valuations of guarantees. In the social context, our Company's image could be adversely affected if a customer funded by the bank adopts practices involving child labor or conditions analogous to slavery, or sexual exploitation. Credit risk would also be applicable in this case, since fines may affect a customer's ability to pay. Environmental damage, as well as practices involving child labor, labor analogous to slavery, or sexual exploitation by customers financed with our Company's resources, could adversely affect our image and could have a material adverse effect on our business, financial condition and results of operations.

4.2 - DESCRIPTION OF THE MAIN MARKET RISKS

4.2. Describe, on a quality and quantity basis, the main market risks the issuer is exposed to, including foreign exchange and interest rate risks.

MARKET RISK

Banrisul is exposed to market risks arising from the possibility of financial loss due to market price and interest rate fluctuations on its operations, due to mismatching terms between assets and liabilities, currencies and indexes.

Banrisul's market risk management is conducted by the Corporate Risk Management Unit which is responsible for executing and annually updating the Bank's policy and market risk management strategies, establishing operating limits to monitor risk exposures, identify, assess, monitor and control the exposure to risks of trading and non-trading portfolios.

The market risk is calculated for operations classified in the trading portfolio and for operations not classified in the trading portfolio. The trading portfolio includes transactions with financial instruments with trading intent, destined for resale, benefitting from price fluctuation or conduct arbitration.

The banking portfolio includes all the Institution's non classified operations in the trading portfolio, without intent for sale, namely, credit portfolio, portfolio of securities held to maturity, capture of term deposit, savings deposit and other operations held to maturity.

While measuring the market risk of the trading portfolio we use the Value at Risk (VaR) methodology for determining the exposure of the operations with risk factor of pre-fixed interest rates. VaR is a measure of the maximum expected loss in monetary values under normal market conditions at a given time period of ten days, with a probability level of 99%, used to measure exposures subject to market risks. The Maturity Ladder methodology is used for the calculation of the exposures in other indexers. The risk for the banking portfolio's operations is calculated using the Institution's own model and the VaR methodology. The Institution also conducts quarterly sensitivity analysis based on scenarios specifically focused on each risk factor. The goal is to measure the impact of market fluctuations on the Institution's portfolio and its ability to recover in an eventual worsening of a crisis.

INTEREST RATE RISK

The interest rate risk comes from the effects of fluctuations in market interest rates on the fair value of financial instruments and cash flows. Interest margins may increase as a result of these changes, but may reduce losses if there are unexpected moves.

The sensitivity to interest rates comes from the exposure to risk of fluctuation of rates on active and passive operations in relation to market interest rates.

Any mismatch between revenue from assets and cost of liabilities is known as "position gap". The sensitivity to interest rate exposure comes from the portfolio's structure and the various risk factors composing it, given that significant oscillations can occur at any time, influenced by market forces.

The table below shows the position of revenue-generating assets and expense-generating liabilities; however, it does not reflect the "interest rate gap" position that may exist on other dates.

	December 31, 2017 – Consolidated position (in R$ million, except percentages)		
	Current	Non-current	Total
Revenue-generating assets	**42,337.9**	**25,342.1**	**67,680.1**
Short-term Interbank Investments	628.7	-	628.7
Reserve Requirements – Central Bank	10,536.1	-	10,536.1
Credit, Leasing and Other Credit Operations [1]	13,942.1	17,427.1	31,369.1
Credit Linked to the Brazilian Housing System (SFH)	-	957.2	957.2
Bonds and Securities and Derivative Financial Instruments [2]	17,231.0	6,957.9	24,188.9
Expense-generating liabilities	**19,944.2**	**36,112.5**	**56,056.7**
Deposits	11,798.8	31,731.9	43,530.7
Time deposits	3,404.5	31,664.6	35,069.1
Savings Deposits [3]	8,312.5	-	8,312.5
Interfinancial Deposits	81.9	67.2	149.1
Other Deposits	-	-	-
Obligations through Matched Transactions	4,852.6	-	4,852.6
Funds from acceptance and Issuance of securities	974.4	1,063.5	2,037.8
Subordinated Debt	133.2	1,759.9	1,893.1
Reserve Fund for Judicial Deposits	804.2	-	804.2
Domestic Loans	0.7	0.6	1.3
International Loans	714.4	1.0	715.4
Domestic Onlendings	663.5	1,552.2	2,215.8
Foreign Onlendings	2.3	3.4	5.7
Difference Assets/Liabilities	22,393.8	-10,770.4	11,623.4
Accumulated Difference	22,393.8	11,623.4	
Percentage of the Accumulated Difference on total Revenue- generating assets	33.09%	17.17%	

[1] 'Credit, Leasing and Other Credit Operations' includes loans in arrears amounting to R$1,251.9 million, as credit and debit card receivables of R$1,506.9 million.

[2] The 'Bonds and Securities and Derivative Financial Instruments' item includes securities attached to Central Bank compulsory deposits.

[3] Although Savings accounts do not have established terms, the Bank has a consistent track record of this type of deposits.

FOREIGN EXCHANGE RISK

Exchange rate risks arise from the assets, liabilities, and items that are not accounted for in the balance sheet, denominated or indexed in foreign currency in the normal course of the Bank's activities.

Although the vast majority of the Institution's operations are carried out in the domestic market, and there is no relevant exposure to variations in exchange rates, when compared to the market, the exposure is controlled through the daily monitoring, in accordance with the established business policy.

The Institution holds assets and liabilities denominated in foreign currencies, mainly in U.S. dollars. On December 31, 2017, consolidated foreign exchange exposure amounted to R$229.6 million, for a Reference Equity of R$6,578.7 million, for a maximum allowed of 30% of the Reference Equity, in accordance with the norms established by the Central Bank.

The exchange rate risk is monitored to remain below 2.5% of the Institution's Reference Equity, in accordance with the market risk policy in force, resulting in a regulatory capital portion for risks related to the oscillation of gold and foreign currencies in RWA worth R$1,178.4 million.

SENSITIVITY ANALYSIS

Seeking to improve risk management, comply with corporate governance practices and the requirements of CVM Instruction 475 of December 17, 2008, Banrisul conducted an analysis of sensitivity of its positions classified in the Trading Book. The Company applied shocks for more and for less in the following scenarios: 1% (Scenario 1), 25% (Scenario 2) and 50% (Scenario 3).

Trading Book – For the preparation of scenarios that compose the framework for the analysis of sensitivity, the Bank considered the situations proposed by CVM Instruction 475, with the following conditions:

Scenario 1: Probable situation. Deterioration by 1% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2017.

Scenario 2: Possible situation. An increase by 25% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2017.

Scenario 3: Remote situation. An increase by 50% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2017.

The table below shows the largest expected loss considering the scenarios 1, 2 and 3 and their variations for more and for less.

For the "Foreign Currency" Risk Factor, the price of R$3.3080 on December 31, 2017 (PTAX - Sale - BACEN) was considered.

The sensitivity analyses identified below do not consider the risk and treasury areas' capacity to react, because once a relative loss is established on these positions, risk mitigating measures are quickly triggered, minimizing the possibility of significant losses.

Values Resulting from the Sensitivity Test (Amounts in R$ thousands)

Scenarios	Risk factors			Total
	Interest rate	Currencies	Shares	
1%	13	1,344	232	1,589
25%	320	33,594	5,795	39,709
50%	634	67,188	11,590	79,412

Definitions:
Interest Rate – Exposures subject to variations of pre-fixed interest rates, interest rates coupons and inflation rates.
Foreign Currency – Exposures subject to the exchange variation.
Variable Income – Exposures subject to stock price variation.

Analyzing the results, it is possible to identify the largest expected loss in the "Foreign Currencies" Risk Factor, which represents approximately 84.60% of the entire loss expected for the three scenarios. We noticed that the loss expected in Scenario 2 was 25 times greater than in Scenario 1. From Scenario 2, to Scenario 3, the variance is 100%. The largest expected loss for these sensitivity testing scenarios, occurs in Scenario 3 (65.79%), amounting to R$79.4 million. Considering the expected loss in the three scenarios, these amount to R$120.7 million.

4.3 - JUDICIAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS THAT ARE NOT CONFIDENTIAL AND RELEVANT

4.3. Describe the judicial, administrative or arbitration proceedings in which the issuer or its subsidiaries are parties, broken down between labor, tax, civil and others: (i) that are not confidential, and (ii) that are relevant to the business of the issuer or its subsidiaries.

Our Company and its subsidiaries are parties to several administrative and legal proceedings in the normal course of our business. These proceedings mainly involve tax, labor law and civil and administrative lawsuits. On December 30, 2017, the total amount involved in proceedings classified as probable losses was approximately R$1,142.7 million, duly provisioned. We book provisions for contingencies in accordance with the accounting practices adopted in Brazil, and we constitute provisions in the case of lawsuits considered by our legal consultants as proceedings where the chances of loss are probable. Individually relevant lawsuits, for the purpose of item 4.3 of the reference form, include (i) those with an individual amount equal to or exceeding R$50.0 million and (ii) those which, irrespective of the amount, could adversely affect our Company's image or have a material adverse effect on its business.

We give below a brief description of the more relevant lawsuits, segregated by their nature.

Civil Proceedings

CASE no. 2001.34.00.015906-5	
Jurisdiction	**13th Federal Court**
Instance	Currently – Superior Court of Justice (STJ)
Filing date	May 31, 2010
Parties to the proceeding	Banco do Estado do Rio Grande do Sul S.A. (plaintiff) and Brazilian Central Bank and Federal Union (defendant)
Amounts, goods or rights involved	R$149.5 million
Key facts	Matter in controversy: We are challenging the inappropriate accusation of having committed a violation by entering into Import Foreign Exchange Contracts in which there are allegedly no corresponding transactions – fraudulent Import Declaration Slips – as well as not having taken steps to identify the customers, in accordance with the rules in force provided for in article 23, paragraph 2 of Law 4.131/62; administrative statute of limitations. The violation of which we are accused depends on proof of fraud (in other words, in the case of this violation, the law does not provide for strict liability). The amount of the intended fine refers to 100% of the amount of the foreign exchange transactions, which, we are arguing, violates the principles of proportionality and reasonableness. State of the Proceedings: The lower court found for the plaintiff; the appeallate court partially allowed the appeal of the Central Bank of Brazil and the Brazilian government. Thereafter, the plaintiff filed a motion for rehearing to have the fine imposed overturned. The case is currently awaiting a decision from REsp 1.374.044, filed by the Brazilian federal government.
Chance of loss	Probable
Analysis of the impact in the event of loss	The maximum limit of the fine to be imposed would be 200 times the minimum wage, in accordance with article 44 of Law 4.595/64. Financial loss in amounts to be adjusted, but close to the amount in dispute.
Provisioned amount	R$149.5 million on December 31, 2017

CASE no. 0000685-47.2009.814.0061	
Jurisdiction	**State Courts of the State of Pará**
Instance	1st Civil Court
Filing date	03/06/2009
Parties to the proceeding	Plaintiff: Office of the Public Defender of the State of Pará Defendants: Banco do Estado do Rio Grande do Sul and 53 other financial institutions
Amounts, goods or rights involved	This is a public civil action filed by the Office of the Public Defender of the State of Pará, seeking to annul all loan agreements entered into by elderly, illiterate and semi-illiterate throughout the state, and subsequent return of the amounts paid, in double, as well as payment of individual fines of R$2,000,000.00 per financial institution for collective pain and suffering. The global amount in dispute was stipulated at R$102,000,000.00, with the Office of the Public Defender mentioning in the complaint the need for future calculation within the case notes, to arrive at the individual amounts to be paid by each bank.
Key facts	After an extensive phase of summons upon the defendants, in a ruling on March 7, 2014 the judge ordered the subdivision of the case, since it was practically impossible to deal rationally with all on-going defenses in the same proceeding. At present, the case has not yet been subdivided, thus there is no prospect of a ruling in the short or medium term. And, indeed, new proceedings will have to be issued against each of the financial institutions, each of them with a new amount in dispute, certainly negligible in the our case, as we are much less active in the state in question.
Chance of loss	Possible
Analysis of the impact in the event of loss	Payment of compensation consubstantiated in the amount in dispute, in addition to reimbursement of amounts not yet consubstantiated.
Provisioned amount	None, as it involves the possible loss.

CASE no. 0004547-48.2008.8.24.0038	
Jurisdiction	**1st Banking Law Court - Joinville**
Instance	Trial Court of the State Judiciary of Santa Catarina, having already been processed by the Subsection of the Federal Courts of the same state.
Filing date	03/13/2008
Parties to the proceeding	Plaintiff: The Estate of Maurílio de Morais Defendant: Banco do Estado do Rio Grande do Sul S/A
Amounts, goods or rights involved	Monitory Actions seeking to reclaim the balance of a savings account allegedly opened on December 7, 1961, filed by the Estate of Maurílio de Moraes. Amount in dispute in the filing: R$53,478,804.42
Key facts	After an extensive cognizance phase, the state judge ruled, on March 26, 2013, stating that the case was outside the jurisdiction of the court of law (at the time, case No. 038.08.004547-0), remitting the case files to the Federal Courts of the State of Santa Catarina (registered at the time under No. 5007066-682013.404.7201), arguing the need for Central Bank of Brazil to be arraigned as defendant in the claim. On January 28, 2014, the Federal Courts of Santa Catarina also considered the case outside its jurisdiction, ruling against the inclusion of the CENTRAL BANK and returning the case to the state courts. It has been under advisement for entry of judgment since February 2016.
Chance of loss	Remote, for the most part: There is documentary proof that Mr. Maurílio de Moraes had left in the account, in 1962, only CR$0.73 cents which, restated today, would be worth R$72,651.78; therefore, the chances of loss are likely, regarding this amount (R$72,651.78 restated up to December 31, 2017). As for the remainder, the chance of loss is considered remote.
Analysis of the impact in the event of loss	Financial loss, although we believe that the probable chance of loss refers to R$72,651.78 on December 31, 2017
Provisioned amount	R$72,651.78 on December 31, 2017

CASE no. 066746-25.2015.4.04.7100 (5066746-25.2015.4.04.7100)	
Jurisdiction	**Subsection of the Federal Court of Port Alegre**
Instance	1st Federal Court
Filing date	10/29/2015
Parties to the proceeding	Plaintiff: AGBAN – Association of the Employees of the Companies of the Banrisul Group Defendants: Banco do Estado do Rio Grande do Sul, S.A., Fundação Banrisul de Seguridade Social, Banrisul Cartões, Cabergs, Badesul Development S.A. – Agência de Fomento e Previc – National Superintendence for Supplementary Pension Plans
Amounts, goods or rights involved	Cancellation of discounts for the benefits overestimation fund of the Fundação Banrisul benefits plan, and the accountability of the sponsors for payment of the amounts they had failed to invest in the plan by reducing costs by underestimating the assumption of real growth of the benefits. Amount in dispute indicated by the AGBAN: R$270,000,000.00; however, as it is in the expert evidence phase, one cannot at this time assert the actual amount involved.
Key facts	The Plaintiff, as a preliminary matter, requested suspension of the discounts referred to in the previous item, a request that was rejected. An interlocutory appeal was filed against the decision to reject the injunction, however with a new ruling against the plaintiff. The time frame for filing the interlocutory appeal in question has elapsed. The case is currently in the forensic accounting phase to ascertain the amounts that the sponsors (defendants) would, in theory, have failed to invest in the benefits program.
Chance of loss	Remote
Analysis of the impact in the event of loss	If the court rules for the plaintiff, we, along with the other sponsors, will have to bear the portion of the actuarial deficit of the PB I, corresponding to the difference between the assumption of real growth of the benefits used in the actuarial assessment (equal to zero), and the one actually ascertained in the on-going forensic accounting phase of the case.
Provisioned amount	No amount has been provisioned, as the chances of loss are remote

Tax Proceedings

CASE no. 2005.71.00.042753-8 (REsp 1.240.691/RS)	
Jurisdiction	**13th Lower Federal Court**
Instance	Federal Court of Appeals/STJ – currently 2nd Panel of the STJ
Filing date	11/21/2005
Parties to the proceeding	Banco do Estado do Rio Grande do Sul S.A. (plaintiff) and the Brazilian government (defendant)
Amounts, goods or rights involved	R$526.5 million
Key facts	In this lawsuit, we are seeking annulment of the assessments presented because of the deduction from taxable profit of the amount owed to the supplementary pension plan entity, recognized in the 1997 business year, when the 20% limit provided for in article 11 of Law No. 9.532/97 was still in force and effect.
Chance of loss	Probable
Analysis of the impact in the event of loss	Reversal of the amount provisioned, with no effect on income, and financial outlay for the total amount of the debit.
Provisioned amount	R$526.5 million, on December 31, 2017

CASE no. 11080-721.652/2017-10	
Jurisdiction	**Office of the Brazilian Federal Revenue Service**
Instance	Office of the Brazilian Federal Revenue Service
Filing date	03/20/2017
Parties to the proceeding	Banco do Estado do Rio Grande do Sul S.A. (plaintiff) and the Brazilian Federal Revenue Service (defendant)
Amounts, goods or rights involved	R$147.2 million on 12/31/2017
Key facts	Matter in controversy: Our Company is questioning assessments by the Tax Authority, which allege that (i) we had improperly excluded extraordinary expenditures during business year 2014, by way of “Foundation Migration Plan”, from the income and social contribution (IRPJ and CSLL) tax basis, characterized as a contribution to the supplementary pension plan and, therefore, subject to the legal deduction limit in accordance with article 11 of Law 9.532/97 and article 69 of SL 109/2001 and (ii) that cash payments directly to the participants/beneficiaries who had migrated, as a means of incentive, cannot be confused with supplementary pension plan contributions and bear no relation to the activities carried out by the Objectant and are therefore fully non-deductible. State of the Proceedings: We filed an objection to the tax assessment notice, but the court ruled for the other party. At the same time, we filed a voluntary appeal which is awaiting judgment. Bearing in mind that this an administrative proceeding, until an unappealable final decision is issued, the collection of the taxes remains automatically suspended.
Chance of loss	Possible
Analysis of the impact in the event of loss	Financial loss of the amounts involved, when the administrative and legal proceedings have run their course.
Provisioned amount	No amount has been provisioned, since the loss is classified as “possible”, not “probable”

CASE no. 200161040034622	
Jurisdiction	**Judicial Article of the Federal Courts of São Paulo in Santos/SP (3rd Trial Court)**
Instance	Currently pending with the Second Panel of the STJ (no. 1.458.525/SP), office of Justice Og Fernandes
Filing date	06/13/2001
Parties to the proceeding	Plaintiff: Danilo Alessandro Trombetti and Others (32) Defendant: Banco do Estado do Rio Grande do Sul S/A
Amounts, goods or rights involved	Overall amount in dispute: R$3,000.0 million; amount involved in the claim: R$93,750,000.00 – there are 32 defendants and the amount in dispute is apportioned equally for each defendant.
Key facts	The action deals with the illegality of Normative Instruction No. 38/96, which established exemption from income tax for companies that generated profits through overseas branches. The trial court ruled for the defendant. The plaintiff's appeal and official remittance were rejected. Plaintiff's Appeal to the Supreme Court rejected. Interlocutory Appeal was filed with the STF. Plaintiff's Special Appeal accepted and a ruling is pending at the STJ.
Chance of loss	Remote
Analysis of the impact in the event of loss	Restated financial loss in the action of the fraction of the amount in dispute attributed to Banrisul (R$93,750,000.00)
Provisioned amount	There was no provision at December 31, 2017.

Other

CASE no. 08700.005770/2015-58	
Jurisdiction	**Brazilian Antitrust Authority – CADE**
Instance	Superintendence-General of the CADE
Filing date	06/09/2015
Parties to the proceeding	Banco do Estado do Rio Grande do Sul S.A. (Respondent) and CADE *ExOfficio* (Claimant)
Amounts, goods or rights involved	Imposition of a penalty by the CADE, varying from 0.1% to 20% of the gross invoicing of the company, group or conglomerate obtained in 2014 in the sector of business activity in which the violation occurred (Art. 37, I, of Law No. 12.529/11); and the obligation to make redress.
Key facts	Subject Matter of the Administrative Proceeding: ascertainment of alleged violations of the economic order subject to classification under art. 36, I, II and IV, and paragraph III, IV and VII of Law No. 12.529/2011, within the scope of the exclusivity agreements for offering payroll-deductible loans entered into between financial institutions and government bodies. State of the Proceedings: Our Company submitted its defense and the CADE ruled against all preliminary arguments. The proceeding is awaiting a ruling on the merits.
Chance of loss	Remote
Analysis of the impact in the event of loss	Imposition of a penalty by the CADE, varying from 0.1% to 20% of the gross invoicing of the company, group or conglomerate obtained in 2014 in the sector of business activity in which the violation occurred; and the obligation to make redress.
Provisioned amount	There was no provision at December 31, 2017.

Labor Proceedings

CASE no. 0021215-32.2015.5.04.0014	
Jurisdiction	**14th Labor Court of Porto Alegre**
Instance	Appellate Court
Filing date	09/01/2015
Parties to the proceeding	MPT4 - Labor Prosecution Office of the 4th Region (plaintiff) and Banco do Estado do Rio Grande do Sul S.A. (defendant)
Amounts, goods or rights involved	R$400,000.00
Key facts	Matter in controversy: The Prosecutors' Office is petitioning for Banrisul to abstain from encouraging, committing or tolerating any acts of discrimination or reprisal, such as dismissal, sanctions, coercion, demotion, transfer or in any other manner retaliating against its employees on account of their having taken the Bank to court on their own, or represented in the proceedings by the employees' union. The lower court ruling imposed a penalty fine of R$10,000.00 in the event of non-compliance with the obligation stipulated, in addition to collective pain and suffering of R$400,000.00.
Chance of loss	Possible loss
Analysis of the impact in the event of loss	Payment of a penalty and the ancillary obligations requested in the complaint
Provisioned amount	There is no provision.

4.3.1. Indicate the total amount provisioned, as the case may be, for the proceedings described in article 4.3

Regarding the proceedings listed in article 4.3, our Company has set aside total provisions of R$676 million at December 31, 2017.

4.4 - Judicial, administrative or arbitration proceedings that are not confidential to which counterparties are managers or former managers, controlling or former controlling shareholders or investors

4.4. Describe the judicial, administrative or arbitration proceedings that are not confidential to which the issuer or its subsidiaries are party or whose counterparties are managers or former managers, controlling shareholders or former controlling shareholders or investors in the issuer or its subsidiaries

On the date of this reference form, there are no proceedings in which the Company and its subsidiaries are parties not disclosed in the other items of item 4 of this Reference Form, and whose adverse parties are administrators or former administrators, controlling shareholders or former controlling shareholders or investors of the Company or its subsidiaries.

4.4.1. Indicate the total amount provisioned, as the case may be, for the proceedings described in article 4.4

On the date of this reference form, there are no proceedings to which we or our subsidiaries are parties and which have not already been disclosed in the other items of article 4 of this reference form, and whose adversary parties are managers or former managers, majority shareholders or former majority shareholders or investors of our Company or its subsidiaries.

4.5 - MATERIAL CONFIDENTIAL PROCEEDINGS

4.5. In relation to material confidential proceedings to which the issuer or its subsidiaries are party and which have not been disclosed in items 4.3 and 4.4 above, analyze the impact in case of loss and state the amounts involved

On the date of this reference form, based on the relevance criterion mentioned in article 4.3, there are no relevant confidential proceedings to which the Company and/or its subsidiaries are parties that have not been disclosed in items 4.3 and 4.4 of this Reference Form.

4.6 - JUDICIAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS THAT ARE REPETITIVE OR CONNECTED, WHICH ARE NOT CONFIDENTIAL AND THAT TOGETHER ARE RELEVANT

4.6. Describe the judicial, administrative or arbitration proceedings that are repetitive or connected, based on similar facts and legal arguments, which are not confidential and that together are relevant, to which the issuer or its subsidiaries are party, discriminating between labor, tax, civil and other, and indicating (a) the amounts involved and (b) the actions of the issuer or its subsidiary that led to that contingency

Sphere	Amounts involved	Actions of the issuer or its subsidiary that led to that contingency
Labor law	At 12/31/2017: R$382.7 million (Probable) R$1,491.7 million (Probable)	The connected proceedings in which we and our subsidiaries are defendants in labor lawsuits are usually filed by employees or former employees; employees from outsourced companies, associations; unions and the Labor Prosecutors' Office, the subject-matter of which is the supposed infringement of labor rights. The issues with the greatest number of labor claims in individual lawsuits are requests for payment of "overtime', based on the interpretation of article 224 of the Consolidated Labor Laws (CLT) and, in class actions, requests for reinstatement back pay.
Civil	At 12/31/2017: R$226.1 million (Probable) R$2,655.5 million (Probable)	The Bank has been sued for indemnification for moral and material damage, challenging the effectiveness of the services provided. Most of these cases have little economic value and no significant impact, regardless of the amount, yet provisions are allocated whenever the loss is deemed probable. There are also cases postulating differences in the interest rates of savings accounts based on economic plans. The cases involving the economic plans have been classified as possible, given that, with relation to the facts, they did not have authorization to raise funds through Savings, except for the period comprised by Plano Collor II (01.31.1991). Most of the cases involve Banrisul due to the transfer of savings accounts from the defunct Caixa Econômica Estadual do Rio Grande do Sul, with exclusion based on the fact that the Bank is an illegitimate party to respond to the plaintiff after it is shown that the savings account did not migrate to the Bank. Considering that the new actions are inhibited by the statute of limitations, and the factual situation of the origin of these actions involving savings accounts, our provisioning has been duly set up.
Taxation	At 12/31/2017: R$533.9 million (Probable) R$196 million (Possible)	The provisions for tax_contingencies relate primarily to liabilities related to taxes whose legality or constitutionality is being challenged judicially or administratively, whose probability of loss is,- or in previous phases had been, considered probable, and are being constituted at the full amount in dispute. For cases that have respective escrow accounts, the amounts involved are not updated, except when there is authorization to withdraw, due to a favorable outcome. Additionally, we constituted specific provisions for judicial and administrative proceedings that, at the discretion of our management, involve amounts and issues that may have a material impact on our financial situation and/or our results. In these cases, we include specific explanatory notes in our financial statements disclosing such contingencies and provisions. The assessment of the probability of loss, even though based on specific evaluations by our legal advisors, may be revised as a result of changes to the status of the proceedings, changes in jurisprudence or other factors. These factors may affect our estimates regarding provisions for civil, labor, tax and social security risks. Our Company also currently faces R$150 million in assessments by municipalities seeking to charge services (ISS) tax on the financial revenues from credit transactions, which are being challenged in the courts and administratively, and are classified as remote chances of losses, given the understanding that this involves unconstitutional/illegal fiscal requirements.

4.6.1. Indicate the total amount provisioned, as the case may be, for the proceedings described in item 4.6

Regarding the proceedings listed in item 4.6 of this reference form, at December 31, 2017, our Company had set aside provisions of R$1,142.7 million for proceedings classified a probable losses, and R$4,343.2 million for those classified as possible losses.

4.7 - OTHER MATERIAL CONTINGENCIES

4.7. Describe other material contingencies not covered by the previous items

On the date of this reference form, we and our subsidiaries were not party to other material contingencies other than those covered in the other items of article 4 of this reference form.

4.8 - RULES OF THE COUNTRY OF ORIGIN OF THE FOREIGN ISSUER AND RULES OF THE COUNTRY IN WHICH THE FOREIGN ISSUER'S SECURITIES ARE HELD IN CUSTODY

4.8. In relation to the rules of the country of origin of the foreign issuer and rules of the country in which the foreign issuer's securities are held in custody, if different from the country of origin

Not applicable.

5 - Risk management and internal controls

5.1 - Risk management policy

5.1. In relation to the risks listed in item 4.1, state:

a. whether the issuer has a formal risk management policy; if so, state which body approved it and the date of its approval; if not, explain why the issuer has not adopted such a policy

Our Company has a formalized risk management policy, described in the "Capital and Corporate Risk Management Structures and Policies" document, covering capital management and credit, market, liquidity, operational, social and environmental risk, and which was approved by the Board of Directors' Meeting of December 1, 2016.

b. risk management policy objectives and strategies, if any.

The Company 's Capital and Corporate Risk Management Structures and Policies aim to enable continuous and integrated management of capital and credit, market, liquidity, operational, social and environmental risk. In addition, they state basic principles to comply with legal requirements and ensure that all business is conducted in accordance with current regulations.

Best market practices are adopted and profitability for investors maximized by using the best possible combination of investments in assets and use of regulatory capital. In this respect, the bank has ongoing processes in place to enhance institutional structures and policies, systems, internal controls and security standards, which are integrated with the institutions strategic market objectives.

i. risks to be hedged.

Exposures are managed and monitored by the corresponding management structures as per approved institutional policies. In this respect, the main risks managed are Credit, Market, Liquidity, Operational and Environmental risks. In addition regulatory capital is monitored through the 'Prudential Conglomerate' regulatory statement in order to mitigate risks of this nature.

ii. instruments used for hedging purposes.

The purpose of the Institution's risk management policies is to map, control and mitigate risks incurred by the institution.

In general, the management tools used to hedge risks to which the institution is exposed include mapping risks and control points in processes, compliance with internal and external regulations, defining responsibilities by business unit, risk, controls and compliance departments, and auditing. Additionally, the established governance structure strengthens senior management's involvement in the process.

Specifically in relation to credit risk mitigating instruments, the Company uses guarantees, sureties or any other form of personal guarantee, co-obligations on transferring receivables; credit derivatives; arrangements for clearing and settlement obligations; and financial collateral (demand deposits, time deposits, savings held in gold or federal government bonds, financial notes issued by the Company itself, among others).

In relation to liquidity risk, the institution concentrates a significant portion of its assets in high-liquidity financial instruments. It also monitors transactions due in less than one hundred and twenty (120) days, covering the principal cash flows projected for both assets and for liabilities, while taking in to account parameters that impact estimated cash flows from operations. The institution aims to keep its liquidity ratios compatible with its obligations based on the ratio of available assets to its cash requirements.

iii. risk management - organizational structure.

Managing capital and corporate risk is a crucial strategic tool for a financial institution. The continuous improvement of risk identification, measurement, monitoring, control and mitigation processes enables us to improve best governance practices aligned with the Institution's goals.

Capital and Corporate Risk Management structures cover:

- Procedures to enable the identification and assessment of material risks incurred by the Institution, including those not covered by Risk-Weighted Assets (RWA);

- Policies and strategies for managing capital and credit, market, liquidity, operational risk, with procedures used to maintain capital compatible with the risks incurred by the Institution and its risk appetite;
- Procedures for calculating total RWA, for its respective portions (RWA_{CPAD}, RWA_{MPAD}, RWA_{OPAD}) and R_{BAN};
- Procedures for calculating PR and Additional Principal Capital;
- Procedures for calculating Capital Ratios and defining minimum operational limits;
- Procedures for calculating the Leverage Ratio;
- Procedures for preparing the Capital Plan;
- Stress testing procedures for severe events and extreme market conditions and evaluation of their impact on capital;
- Prior analysis of risks on launching products / services and their adaptation to procedures and controls adopted by the institution;
- Compiling periodic management reports on capital adequacy and portions comprising RWA.

According to Basel Committee on Banking Supervision (BCBS) recommendations, integrated risk management should allow flexible processes and decision making while aligning the Institution's activities with Basel Capital Accord levels.

The purpose of the Basel Accords is to develop the structure of financial institutions thus ensuring the robustness and stability of the international banking system. The Basel II Accord recommends the adoption of stricter risk management practices for the banking industry that are not simply based on determining capital, while the Accord's third version concentrates on quality of financial institutions' capital and liquidity.

Under current legislation in Brazil, capital and credit, market, liquidity, operational, social and environmental risks may be managed by a single unit. The Company 's Corporate Risk Management Unit (locally UGRC) conducts this activity and integrates with all institutions in the Prudential Conglomerate statement as per CMN Resolution 4280 / 13. It also weights the potential impacts of risks associated with other companies controlled by members of the conglomerate.

The Prudential Conglomerate risk management structure consists of the following:

Figure 1: Prudential Conglomerate Risk Management Structure

Translator's note (from the top to the bottom and left to right): Board of Directors/ Control and Risk Department/Management Committees/Corporate Risk Management Unit/ Capital and Credit Risk Management/ Market and Liquidity Risk Management/ Operational Risk Management.

The Board of Directors is responsible for the information provided in publicly disclosed reports containing descriptions of management structures, and for approving i) the appointment of the officer responsible for Capital and Credit, Market, Liquidity, Operational, and Social and Environmental Risk Management; and ii) this structure.

The Control and Risk Officer must ensure that the management process determines, monitors and controls available capital and identifies, classifies, measures, monitors, controls, mitigates and reports risks associated with the Conglomerate, its senior management and regulatory bodies.

The Corporate Risk Committee's duties include approving methodologies for measuring risks, ensuring correct application of institutional policies, strategically managing capital and corporate risk and reporting risk positions to the Board of Directors and Executive Board.

The UGRC coordinates the capital and corporate risk management process.

General Responsibilities

The Corporate Risk Management Unit (UGRC) coordinates the capital and corporate risk management process developed by each of its departments:

- Capital and Credit Risk Management (GRCC);
- Market and Liquidity Risk Management (GRML);
- Operational Risk Management (GRO).

Board of Directors

The board supervises corporate business orientations, guidelines and objectives and as per the institution's risk management policies has the following duties:

a) Approving appointment of the officer in charge of capital and corporate risk management and its organizational structure.
b) Approving and revising annually or more often i) policies and strategies for managing capital and credit, market, liquidity, operational, social and environmental risks following the Executive Board's proposal, in accordance with the statutory duty thereof and pursuant to the bylaws of these collective decision-making bodies in order to determine their compatibility with the objectives of the Institution and market conditions, and; ii) the liquidity contingency plan.
c) Approving the policy for disclosure of information on risk management, ascertainment of RWA and PR adequacy.
d) Issuing an express opinion on measures to be taken for timely correction of any deficiencies in operational risk management and control.
e) Taking responsibility for information disclosed in publicly accessed reports describing the institution's risk management structures.
f) Ensuring compliance with the requirements of Regulators and Supervisors.
g)Ensuring that the Institution maintains adequate and sufficient levels of liquidity.
h) Having comprehensive and integrated understanding of risks that may impact capital.
i) Ensuring that the compensation structure adopted does not encourage behaviors incompatible with a risk level considered prudent in long-term policies and strategies adopted by the Institution.

Control and Risk Officer

As part of the Institution's Risk Management Policy, the Control and Risk officer is reasonable for ensuring that:

a) the capital and corporate risk management process will identify, classify, measure, monitor, control, mitigate and report risks related to the Conglomerate's decision-making and regulating bodies.
b) the Institution's Risk Management Policy guidelines will be followed.
c) regulators' resolutions on control of capital and credit, market, liquidity, operational, social and environmental risks will be complied with.
d) The Control and Risk Officer is responsible for the processes and controls regarding capital management structures and for managing credit, market, liquidity, operational, social and environment risks before the Bacen.
e) The Control and Risk Officer is responsible for the processes and controls regarding calculation of RWA; minimum PR, Level I and Principal Capital requirements; and for compliance with Additional Principal Capital requirements.

Corporate Risk Committee

This body proposes and decides on matters concerning the institution's risk management policies to ensure they are applied properly. Within the ambit of these policies, the Corporate Risk Committees must:

a) Resolve on the identification, classification, measurement, monitoring, control, mitigation and communication of credit, market, liquidity, operational, social and environmental risks, as well as monitoring capital management.
b) Submit the proposals for analysis and approval by the applicable management committees, the Banking Management Committee, the Board of Executive Officers, and the Board of Directors.
c) Approve methodologies used to measure risks.
d) Ensure the institution's risk management policies are applied properly.
e) Approve exposure limits for appropriate risk levels.
f) Report the Bank's risk positions and capital requirement to the Board of Executive Officers and the Board of Directors.
g) Evaluate and monitor the Institution's tendency to risk against its strategic objectives, ensuring the compliance between each other.
h) Define mechanisms for continuous improvement of risk culture.
i) Strategically manage capital and credit, market, liquidity, operational, social and environmental risk.
j) Systematically monitor the institution's delinquency levels and propose changes to risk and credit policies whenever necessary.

k) Determine the Institution's risk management policies, take other measures and exercise powers assigned by the Board of Executive Officers.

Corporate Risk Management Unit

The unit coordinates the capital management and credit, market, liquidity, operational, social and environmental risk process for all of the Prudential Conglomerate's institutions. It also weighs the potential impact of risks for other companies controlled by Conglomerate companies. Within the ambit of the institution's risk management policies, the unit must:

a) Develop and monitor policies and institutional strategies for managing capital and corporate risk.
b) Coordinate measures to fulfill requirements for monitoring and controlling corporate risks, operational limits, minimum capital required and capital ratios for the Bank and Banrisul Group companies.
c) Annually or more often revise the institution's risk management policies and submit them to the Corporate Risk Committee, Executive Board and Board of Directors for approval.
d) Identify, classify, measure, monitor, control, mitigate corporate, capital and trading portfolio risk data to report to senior officers and management advisory bodies, and control their disclosure outside the institution.
e) Respond to demands from regulators relating to the institution's exposure calculations and forward related data to the former as per specific regulations for each type of risk.
f) Institutionally represent the Company concerning capital management and corporate risk matters for relations with regulators and bodies representing Brazil's National Financial System (SFN).
g) Compile capital and corporate risk management related reports and submit them to senior management and the Central Bank whenever necessary.

c. the adequacy of operational structure and internal controls to verify the efficacy of policy adopted.

The corporate risk management structure's control activities are based on lines of defense. The first corresponds to process managers and their duties and responsibilities for ensuring compliance with applicable laws and regulations. On the second level, risk, controls and compliance units define policies and risk management methodologies, and verify conformity/compliance of processes and regulations. Finally, Internal Audit makes annual appraisals of the structure's adhesion to internal and external regulations as the last layer of the process.

The institution's management therefore believes that the operational structure and internal controls that have been adopted are adequate for monitoring the risks to which the bank is exposed.

5.2 - MARKET RISKS MANAGEMENT POLICY

5.2. In relation to the market risks reported in item 4.2, state:

a. whether the issuer has a formal policy for managing market risks: if it does, state the body that approved the policy and the date of its approval; if it does not have one, explain why the issuer has not adopted a policy

The "Capital and Corporate Risk Management Structures and Policies" document approved by the Company's Board on November 8, 2017 covers capital management and credit, market, liquidity, operational, social and environmental risk.

b. the market risk management policy's objectives and strategies, if any, including:

i. the market risks that are hedged

The Company seeks to mitigate the risk of variations in operations with interest rates, price indexes and foreign currencies.

ii. the strategy for equity (hedge) protection

The Company is permanently trying to match its active and passive positions, terms and rates to maintain exposures in equilibrium. For this purpose, it uses operations with derivative financial instruments such as a hedge of specific operations in order to offset the changes in the fair value or cash flows of items protected by hedge and mitigate the risks arising from foreign exchange fluctuations. The derivative instruments in the Swap modality are long-term, monitoring the flow and maturity of the external financing conducted by the Institution while operations of non- deliverable forwards are short term, maturing as fractions of the external financing are protected by natural hedge.

iii. the instruments used to protect equity (hedge)

The Company uses operations involving derivative financial instruments in the swap modality to hedge against exposure to foreign currency variations.

iv. the parameters used to manage these risks

Market risks include operations subject to exchange variation, interest rates and stock prices, being classified in the trading and non-trading (banking) portfolios. While measuring the market risk of the trading portfolio we use the Value at Risk (VaR) methodology for determining the exposure of the operations with risk factor of pre-fixed interest rates. The Maturity Ladder methodology is used for the calculation of the exposures in other indexers. The risk for the banking portfolio's operations is calculated using the Company's own model and the VaR methodology.

v. if the issuer operates financial instruments with diverse objectives in protection of equity (hedge) and what are those objectives

The Company did not have financial instruments in the fiscal years 2013, 2014, 2015, 2016 and 2017, with purposes that are not for equity hedging.

vi. the organizational structure of market risk management control

The organizational structure of market risk management is included in the 'Capital and Corporate Risk Management Institutional Structures and Policies 2016' document of the Institutional Manual, which is available on the Company's Intranet and Investor Relations website.

c. adjustments to the operational structure and internal controls to verify the effectiveness of the adopted policy

The corporate risk management structure's control activities are based on lines of defense. The first corresponds to process managers and their duties and responsibilities for ensuring compliance with applicable laws and regulations. On the second level, risk, controls and compliance units define policies and risk management methodologies, and verify conformity/compliance of processes and regulations. Finally, Internal Audit makes annual appraisals of the structure's adhesion to internal and external regulations as the last layer of the process.

As a result, the Company's Management understands that the operational structure and internal controls adopted are adequate to monitor the risks to which the bank is exposed.

5.3 - Description of internal controls

5.3. In relation to controls adopted by the issuer to ensure that financial statements are reliably prepared, state:

a. the principal internal controls practices and their level of efficacy, stating any imperfections and the measures taken to correct them

The Company follows the general rules and accounting principles for banks defined by the Central Bank of Brazil in the standard chart of accounts required for financial institutions by Brazil's National Financial System (COSIF). Since Banrisul is a publicly traded corporation, our financial statements follow the rules set by the Brazilian Securities Commission (CVM). The Institution also follows the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) in compliance with National Monetary Council (CMN) Resolution 3786/09.

Our bookkeeping routine systematically registers all events following the structure of the standard chart of accounts. Entries possess fields for ledger updates following the double-entry system and they originate from bookkeeping departments in the Bank, bank branches and General Management units through a system; entries may also be automatically generated by other operating systems interfacing with the accounting system. A basic control mechanism for ledger entries posted consists of an account system application that supplies reports to corroborate posts for search and reconciliation purposes.

Accounting data comprise the basis for the Bank's trial balances and balance sheets. The accounting system's daily updates includes cross check routines (current account and ledger), instructions for bookkeeping documents and steps for reconciling accounting entries. If a discrepancy is found in the records, and cannot be identified, the event is reported to Internal Audit.

The internal trial balance, with daily records, is used to monitor bookkeeping for the purpose of updating daily interim balances, enabling any corrections required to obtain correct balances on closing out each day's books. The Company 's journal and ledger bookkeeping retains posts and entries down to the lowest level so that account balances may be compiled at any time.

Monthly interim balances and balances are generated automatically by the accounting system, based on balances from the bookkeeping accounts of each branch and data from the General Management area. The accounting system has functionalities to check monthly interim balances and balances from each branch and General Management to then merge all data from branches to obtain the Company's consolidated numbers.

To close out interim balance and balance sheets, the Company has an automated system for verifying the integrity of ledger entries posted for business related events; an automatic lock (24h, 48h and 96h) restricts retroactive accounting entries; adjusting and balancing routines are run at the Accounting Unit, which also centralizes the management of provisioning posted against loans, provisions for guarantees provided, provisions for employee profit-sharing program payouts, provisioning for labor/employment claims and civil liability contingencies, PP&E depreciation, amortization of deferred items, valuation for losses on investments, managing tax calculation bases and payments, and structuring financial statements as such.

The accounting controls system automatically executes routines to check for discrepancies between the accounting system and operational systems for current accounts, registration and settlement of securities and registration and settlement of commercial loans, as well as other entries posted in the branch network. The Company systematically executes routines to reconcile operational systems' balances against ledger recognition conducted by Internal Audit, based on analytical and ancillary interchange between funding/credit operating systems with the accounting systems and periodic examination of other accounts (revenues and expenses).

In the accounting area, the preparation of trial balance sheets, balance sheets and consolidated financial statements is conducted by means of a specific tool – financial application – a systemic procedure which allows an interface with the corporate accounting system to generating structured views, including under the IFRS, as per standards defined by regulatory authorities, with tracking trails and breaks down synthetic data into analytical as a tool that speeds the return of information requested for External Audit verifications.

The Company also uses management processes for future earnings forecasts that are structured in order to support decision-making while complying with legal requirements. The budgeting process uses a methodology referenced from accounting data and has monthly routines to check estimated v. actual amounts or values; this activity together with the accounting controls comprises the support mechanism for closing out interim balances thus enabling discrepancies to be identified through synthetic and analytical views of the principal groups of accounts.

The Company also has non-ledger based internal controls structured to ensure that its financial statements reflect transactions that are accepted under Brazilian banking practices. The institution's money laundering prevention policy uses specific processes and systems to identify and monitor the activities of its clients, maintaining a team dedicated to performing activities focused on money laundering prevention, law review and the development of staff training programs. These initiatives are designed to ensure that the activities are carried out in a control environment appropriate to the prevention of risks related to money laundering and in compliance with the current law and effective standards.

In line with the Money Laundering Prevention process, the Company applies the "Know your Customers and their Activities" policy, which defines rules and procedures to help identify and gain insight on the customers' profiles and the origin of their funds in order to reduce the risks of the institution being used to legitimate funds arising from illegal activities.

Likewise, the "Know your Employee" policy establishes, indistinctly, at all hierarchical levels, the responsibility to comply with the guidelines against corruption and money laundering, as well as the duty to promote ethical values, thus preserving the integrity of the accounting events and the Company's image and reputation. The Prevention against Corruption policy establishes procedures and controls, as well as preventive measures that avoid, within the Company's scope of operations, the practice of the illegal corruption and fraud actions provided for in the Criminal Code, Laws 8666/93 and 12846/13, and other rules of Brazil's anticorruption system by its employees and third parties.

Another instrument used to support correct practices for transaction is the Code of Ethical Conduct, which provides guidelines for the Company's teams in relation to their personal and professional behavior. Its purposes is to have ethical conduct become the standard for internal relations and for relations with the Company's stakeholders: shareholders, customers, employees, unions, suppliers, competitors, the community and government. Any breaches of the Code are examined by Ethics Committee, whose procedures are governed by specific regulations.

b. the organizational structures involved

At the Company, involvement with accounting routines is decentralized, in other words bookkeeping data for accounts originate from the Company's different departments, with specialist professionals responsible for those activities. The Accounting Unit, which consolidates the data used to prepare financial reports, is managed by the Superintendent who is also the balance sheet accountant and is hierarchically subordinates to the specific Office. As part of this management structure, the Accounting Unit is attached to the Financial and Investor Relations Office.

In order to prepare financial statements to standards considered reliable, there are control points in place for activities and segregating duties, so that the two sides together - processes and people - favor correct bookkeeping and posting, adjusting and reconciling balance with traceability and accountability for accounting events at all different levels of aggregation.

Branches and General Management bodies proceed to update ledgers from accounting routines. The accounting processes run within the scope of General Management bodies are the responsibility of the units' managers. Accounting routines are defined by business managers with assistance from Accounting Unit and passed on to branches.

The Company has different localities generating accounting entries. For each locality, there are levels of access restricted by individual passwords from the systemic point of view. The authorization levels defining responsibilities for operational routines in the corporate accounting system are related to the grades of the employees' executing the routines. At the accounting localities, entries are typed and signed (signatures digitized by an authorized person) by employees in positions of responsibility whose signatures are validated by Personnel Management Unit.

The commissioned employees must analyze posts or entries containing their password and signature on a daily basis to ensure conformity. If they have not authorized a post/entry or do not agree with the data it contains, they must contact the persons involved to find solutions or cancel a post/entry if necessary. Therefore commissioned employees must run daily checks as very important task since the routine defines responsibilities for accounting posts/entries and electronic signatures are recognized rather than traditional signatures on statements of responsibility.

At the General Management area, monthly routines are executed to verify managers' conformity in relation to balances and flows of expenses and revenues related to their processes. In addition to the accountability of the business manager for accounting events generated within their spheres of competence, other instances of consolidation and evaluation are structured to ensure that financial statements are reliable, including: Accounting Unit, Internal Audit, Audit Committee, Independent Auditing, Executive Board, Fiscal Council and Board of Directors.

The Accounting Unit is responsible for formatting inputs for the financial statements. The Company ’s Accountant is jointly liable together with the Executive Board for any wrongful acts against others. Therefore any irregularities in the balance sheets imply civil and criminal liability of the individual who signs the financial statements.

Another Company department involved in accounting procedures and participating in the process of reconciling balances is Internal Audit, by auditing branches, foreign offices or branches, Head Office bodies and Conglomerate companies; auditing the information technology environment; improving operations and controls, and assisting corporate governance risk management. Internal Audit also manages contracts governing relations with independent audit firms engaged via bidding procedures.

Independent Audit is responsible for expressing an opinion on the adequacy of the financial statements in relation to Brazilian and international standards and current accounting principles and evaluating the quality and adequacy of the internal control system, including electronic data processing and risk management systems, detecting weaknesses identified and making recommendations for the improvement of the accounting system and controls, performing their duties to the high standards commensurate with the scale, characteristics and complexity of the Company.

The Audit Committee regularly examines the financial statements, maintains frequent contact with Accounting Unit and Internal Audit and with Independent Auditors on a quarterly basis in order to assess and identify any distortions in financial statements.

The Fiscal Council consists of members elected by the annual general meeting. The Company ’s Bylaws stipulates that Fiscal Council members should hold degree-level qualifications in their profession and have experience in executive positions exercise in senior management with National Financial System member institutions or other companies. In addition to its duties and powers under the Brazilian Corporate Law, the Fiscal Council must express its opinion on examinations of financial statements and their adequacy and approval.

The Company ’s Board of Directors is its joint decision-making body responsible for determining the bank’s general business policies and its long-term strategy. It is also responsible, among other duties, for nominating the Bank’s directors and supervising their mandate. The Board of Directors is the instance in charge of approving financial statements.

c. if and how the efficacy of internal controls is supervised by the issuer’s management, stating the positions held by the persons responsible for monitoring them

The process of preparing financial statements described above involves decision-making and operational instances as well as others that concurrently perform supervisory or inspection duties, as shown in the organizational chart below. Managers responsible for registering, reconciling and ensuring compliance of financial events generating financial statements and for the supervisory process with the respective positions of persons responsible for monitoring the process are shown below:

• Branch Network: Commissioned employees and authorized bookkeepers and qualified to execute ledger routines and reconcile posts/entries, as well as close out bookkeeping records in their localities. Depending on the size of a branch, its hierarchical structure may be smaller but generally comprises the following positions: General Manager; Assistant Manager; Commercial Manager; Service Manager, Market Manager; Business manager; Account Manager; Supervisor and Authorized Bookkeepers.

• Accounting Unit: Represented by the Executive Superintendent also acting as Accountant responsible for the Company’s statements; the Unit coordinates daily, monthly, quarterly, semiannual and annual statements and balance sheets, and directs branches and other General Management units for execution of tax and accounting procedures.

Controller: Represented by the Executive Superintendent, the unit is responsible for managing and monitoring institutional processes related to internal controls in order to ensure that business processes comply with the Company’s Internal Controls Policy; internal rulings, as well as regulatory compliance, so as to maintain a systematic monitoring of external legislation publications and amendments; instating policies and procedures for preventing money laundering and combating terrorist financing pursuant to Law 9613/98, as amended by Law 12683/12; measuring costs of personnel, products, services, and customer profitability.

• Other Units: Represented by their respective Executive Superintendents, coordinate and execute accounting routines for business processes under their control, signing off on reports arising from these routines and directing branches in relation to management and accounting routines relating to these businesses.

• Financial and Investor Relations Office: Represented by the Chief Financial Officer; Executive Board consisting of 9 executive officers, including the Chief Financial Finance and Investor Relations Officer; and Board of Directors consisting of 9 directors, including the Bank’s Chief Executive Officer and Vice-President, comprise the other decision making bodies directing tax and accounting practices applied in the Company.

Supervisory instances include Internal Audit, which reports directly to the Board of Directors pursuant to National Monetary Council Resolution 4588/17. Their duties include reconciling the balances of the operational systems with accounting ledgers as an important routine control to ensure reliability for financial statements.

• Audit Committee: Consists of supervisory bodies but reports directly to the Board of Directors. The Central Bank of Brazil requires Banrisul to have an Audit Committee, which consists of three members appointed by the Board of Directors. At least one Audit Committee member must have proven knowledge of accounting and auditing to be eligible for the position.

• Independent Audit firm: Engaged through the bidding process determined by Law 8666/93 for joint-stock corporations, Independent auditors are exclusively responsible for auditing services as required by CVM Instruction 381/03.

• Fiscal Council: Consists of 5 members and the same number of alternates elected annually by the Annual General Meetings. In addition to its duties and powers under the Corporate Law, the Fiscal Council reports on the adequacy of financial statements in relation to Brazilian and international rules and current accounting principles.

This internal control structure is used as a management mechanism to reach strategic goals and ensure effective and efficient use of resources, compliance with laws and regulations, and quality of information to strengthen the company's valuation.

Preparation of Financial Statements - Internal Controls

Captions:

External Audit	Board of Directors	Internal Audit
Shareholders' Meeting	Executive Board	Other General Management Units
Fiscal Council	Finance and Investor Relations Office	Inspection Bodies
Audit Committee	Accounting Unit	Deliberative and Executive Bodies
Controllership	Branch Network	

d. deficiencies in internal controls and recommendations in the detailed report prepared and sent to the issuer by the independent auditor in accordance with CVM regulations on independent auditor registration and exercise of their activities

The shortcomings in internal controls, identified by the independent auditors when our financial statements were audited, have been corrected. The recommendations for improvement put forward have been implemented or, when necessary, have been earmarked for implementation in future business years.

e. comments from the officers on the deficiencies identified in the detailed report prepared by the independent auditor and on the corrective measures adopted

The deficiencies or recommendations to improve the Company's internal control system, presented by the Independent Auditors are checked on a systematic basis. The process to handle these notes are purpose of analysis and positioning from the managers of the respective associated activities and they are monitored by the Internal Audit and Controllership areas. Matters object of recommendation, both the notes and the solutions identified by the managers, if applicable, are periodically brought to the attention of the Internal Control Management Committee and to the Audit Committee, which monitor and resolve on the implementation of control improvements, if applicable. In this respect, reconciling the efforts of our Company to implement the improvements put forward by the Independent Auditors, the shortcomings in internal controls have been overcome and corrected and the latter are now compliant with Official Circular CVM/SEP 01/2017.

5.4 - Integrity Program

5.4. Regarding the internal integrity mechanisms and procedures adopted by the issuer to prevent, detect and remedy deviations, fraud, irregularities and illegal acts committed against the public administration, national or foreign, inform:

a. if the issuer has rules, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and illegal practices against public administration, identifying, if so, the following:

i. the main integrity mechanisms and procedures adopted and their adequacy to the profile and risks identified by the issuer, informing how often risks are reassessed and policies, procedures and practices are adapted

ii. the organizational structures involved in monitoring the functioning and efficiency of the internal integrity mechanisms and procedures, indicating their attributions, if their creation was formally approved, the bodies of the issuer to which they report, and the mechanisms to guarantee the independence of their leaders, if there are any

iii. if the issuer has a formally approved code of ethics or conduct, indicating:

- **whether it applies to all officers, fiscal council members, board members and employees, and also if it covers third parties, such as suppliers, service providers, brokers and associates**
- **whether and how often officers, fiscal council members, board members and employees are trained in relation to the code of ethics or conduct and other rules related to the subject**
- **penalties applicable in the event of a violation of the code or other rules related to the matter, identifying where those sanctions are put forth**
- **body that approved the code, date of approval and, if the issuer discloses the code of conduct, locations on the worldwide computer network where the document can be consulted**

b. if the issuer has a complaint channel, indicating:

- **whether the complaint channel is internal or whether it is being handled by third-parties**
- **whether the channel is open for receiving third-party complaints or receiving complaints only from employees**
- **whether there are mechanisms of anonymity and protection of whistleblowers**
- **body of the issuer responsible for complaints**

c. if the issuer adopts procedures in merger, acquisition and corporate restructuring processes aimed at identifying vulnerabilities and risks of irregular practices in the legal entities involved

d. if the issuer does not have rules, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and illegal practices against public administration, identify the reasons why the issuer has not adopted controls in this regard

Banrisul's Code of Ethics

Available on the internet, on Banrisul's Investor Relations page, on the link:
http://ri.banrisul.com.br/banrisul/web/conteudo_en.asp?idioma=1&conta=44&tipo=8491

Introduction

This Code of Ethics shall be used as a Practical Guide of Personal and Professional Conduct by all Banrisul's collaborators, thus, enabling the continuity and the achievement of its mission, namely: "Being the financial agent to promote the economic and social development of the State of Rio Grande do Sul". Thus, Banrisul, as a financial institution subject to the Indirect Management of the State of Rio Grande do Sul, will have its relationship guided by this Code of Ethics which combines the guidelines to be observed in professional and business actions, in order to increasingly achieve high ethical standards in the performance of its activities.

Purpose

To be an institutional and formal benchmark for the personal and professional ethical conduct to be applied by all Banrisul's employees, regardless of the job or position they hold, so that it can become a standard to guide in-house relationship as well as with its public of interest: shareholders, clients, employees, union, suppliers, competitors, community and government.

Scope

This Code shall apply to the Management, employees, business partners, suppliers and service providers of the Bank, parent companies, subsidiaries and companies and those direct or indirectly under same contract and, where applicable, non-profitable entities administered by managers or employees appointed or assigned by Banrisul's companies.

Principles of Institutional Conduct

Banrisul will have its positions and actions in the relationship with several sectors of the society based on the following provisions:

- to maintain the Company's reputation solid and reliable, aware of its social and corporate responsibility, pursuing honest, fair, legal, transparent results;
- to reject attitudes driven by prejudice concerning social class, race, religion, gender, physical disability and any other form of discrimination;
- to have the commitment of ensuring institution's values and image and acting in defense of the client's and company's interests;
- to acknowledge each employee's merit and provide equal opportunities to professional development, not accepting any attitude which may affect the professional career of subordinates, based only on personal relationship or any kind of discrimination;
- to increasingly achieve competition and profitability levels without neglecting social responsibility which means valuing employees as human beings, giving priority to health, safety, environment preservation issues, and contributing to the development of regions where it operates;
- regard employees' private lives as a personal issue, as long as their activities do not jeopardize the image or interests of the Company;
- to guide, by means of principles of ethics, Banrisul's rules and procedures which, regardless any legal obligation, are focused on rejecting unauthorized conduct when establishing business relations or performing any kind of bank transaction.

In-house Relationship

At the workplace, regardless of the job or position employees hold, they must:

- maintain a good relationship with General-Management Bodies and Branches network, aiming at providing synergy between areas, thus, contributing to the efficient performance of all activities;
- feel free to give suggestions and make complaints, whenever this may result in benefits to the Institution.

Employees' Conduct

Banrisul's employees are expected to observe the following conduct, among others:

- to observe rules contained in Banrisul's Code of Ethics, applicable procedures and rules pursuant to current legislation, including Banrisul's Internal Regulations;
- ethical conduct compatible with responsibilities of the job and position they hold;
- to be permanently committed to seeking efficiency in serving clients holding or not checking accounts, thus, preserving Banrisul's image;
- to develop actions guided by respect for the market rules and bank legislation;
- to be aware of legislation applicable to transactions, business conducted at Banrisul and internal regulations ruling their duties and performance;
- to perform the position held with care, diligence and honesty, standing up for the Company's rights, assets and interests without neglecting their professional dignity;
- to respect their co-workers, so that to strengthen harmony between Banrisul's employees, however not implying collusion with error, criminal misdemeanor or acts contrary to the Bank's rules;
- to assume the total responsibility from acts practiced during the performance of their job or position;
- to observe the rules contained in the "Knowing your Employee" Policy, which aims at guiding and making all Banrisul Group's collaborators aware of acting according to ethical and moral values set by the organization, thus, avoiding it to be used in illegal practices of any type, especially, in cases of bribery and money laundering.

Unacceptable Conduct from Banrisul's employees

- to declare themselves on the Company's behalf, by disclosing data, news and information related to the bank or any company of the group which they are not duly authorized to disclose;
- to use their job position in their personal or professional relationship aiming at obtaining personal benefits or for third parties;
- to establish bonds of any nature with organizations or clients whose conduct is not compatible with the ethical or responsibility standards;

- to accept gifts from clients, suppliers, partners and competitors, except for those clearly identified and without significant commercial value;
- to convey or transfer to third parties any information, documents, financial reports, accounting records, strategies, clients records and/or programs containing classified data of Banrisul's exclusive interest;
- to allow that attitudes guided by congenialities and uncongenialities or practices of improper conduct interfere in the relationship with hierarchically superior or inferior co-workers;
- to be involved in private professional activities inside the Bank's facilities, or to represent the Company in professional activities outside its facilities;
- to infringe any rule set forth by the "Knowing your Employee" Policy.

Disciplinary Measures

In the event of any infringement to any rule set forth in this Code of Ethics, the disciplinary measures provided for in Banrisul's Staff Regulation will be applicable.

Relationship with Shareholders

The relationship with shareholders must be based on the following provisions:

- to be transparent in its policies and guidelines, in the dividends distribution and in the economic-financial statements, being well-timed and reliable in the information provided to shareholders;
- to manage businesses with a view to strengthening the financial condition, caring for its image and for the shareholders' equity;
- to be proactive in disclosing information to the market, so that rumors and speculations can be avoided.

Relationship with Clients

Banrisul's employees, in the relationship with clients, must:

- efficiently/effectively trade products and services, offering clear, reliable and timely information and answers, and committed to the clients satisfaction;
- keep the confidentiality concerning Banrisul's client record information, services and bank transactions;
- avoid treating anyone in a favorable manner due to personal interest or sentiment;
- be opened to client opinions, taking them into account in order to improve services, enhance products and qualification in services provided by the bank.

Relationship with Suppliers

The relationship with suppliers must be guided by the following provisions:

- to avoid establishing bonds of any nature with suppliers whose conduct is not compatible with ethical and responsibility standards;
- to adopt contracting procedures pursuant to the Law 8666/93 and other applicable legal provisions, ensuring the quality and economic feasibility of products purchased and services rendered.

Relationship with Partners

Banrisul and companies associated to its brand, must:

- share integrity, credibility, respect and commitment values with communities where it operates and consumers rights;
- mutually care for image and common interest in commitments agreed upon.

Relationship with Competitors

Banrisul and its employees must hold a civility behavior, avoiding any actions or practices which may typify unfair competition, or anyway adversely affect the image of competitors.

Relationship with Professional Associations

Banrisul shall maintain a respectful positioning in the relationship with professional associations and seek to solve eventual conflicts by means of negotiation.

Relationship with the Society

In the relationship with the society, Banrisul and its employees shall:

- value culture and social projects, as well as everything that may promote the development of the society;
- support actions concerned with citizenship and local and regional development, especially those focused on improving life conditions of the communities where the Company operates.

Relations with the Government

Banrisul, as the State financial agent, also operates as an effective government partner in the implementation of policies, projects and social-economic programs focused on regional development.

Relationship with the Media

Relationship guided by transparency, trustworthiness and reliability. The Company's representatives, when authorized to express an opinion on behalf of Banrisul, shall always do it from the institutional viewpoint.

Relationship with the Community and the Environment

Encourage the citizenship appreciation, actions and projects concerned with education. Grant loans observing the principles of social-environmental responsibility. Appreciate and foment environmental preservation in line with sustainable development.

Ethics Committee
Supplementary Provisions

Eventual infringements to this Code will be analyzed by the Ethics Committee as governed by specific regulation.

Resolutions of the Ethics Committee

The committee is responsible for analyzing and judging matters submitted thereto, recommending the correction of conduct or disciplinary sanctions, submitting them to the Board of Executive Officers. Any employee pointed out as violator to the Committee is entitled to defense, pursuant to regulation of the Disciplinary Committee.

Amendments

The Board of Executive Officers, whenever it deems necessary, is responsible for proposing amendments to this Code, aiming at improving it, thus, a multidisciplinary work group must be designated.

Final Provisions

The Bank's shareholders, the management, employees, suppliers and clients, other related parties and stakeholders are aware of the provisions of this Code of Ethics, which must be observed according to their respective responsibilities. The ethical conduct listed in this Code is not exhaustive and any other ethical conduct thus defined by the appropriate areas may be included therein. The Code of Ethics must take effect with this present wording, as of its date of disclosure, revoking the contrary provisions.

Ethics Committee Regulation

Available on the internet, on Banrisul's Investor Relations page, on the link:
http://ri.banrisul.com.br/banrisul/web/conteudo_en.asp?idioma=1&conta=44&tipo=8491

Composition

The ethics committee will be composed of 5 sitting members and respective deputies, 3 of them are appointed by the Board of Executive Officers and 2 are elected among the employees, comprised as follows:

- Appointed sitting members and deputies:
- Representative of the People Management Unit;
- Representative of the Legal Counsel;
- Representative of the Internal Audit.
- Elected sitting members and deputies:

- The most voted employee from the General Management;
- The most voted employee from Porto Alegre branches;

The members of the ethics committee will be impeded from participating in the analysis and the judgment of proceedings in which those involved maintain or has maintained close relationship with such members. The committee coordinator will be appointed by the Board of Executive Officers. The committee must operate with at least 5 members, otherwise, the respective deputies will be called. The election of the members representing the employees will be coordinated by the People Management Unit. The members of the ethics committee must have a two (2)-year term of office, and they may exercise up to two (2) consecutive terms of office.

Requirements

The ethics committee must be composed of employees who:

- preferably perform their activities in the city of Porto Alegre;
- have been working at the Bank for more than five years;
- over the past five years do not have in their professional records any note adversely affecting their reputation;
- are not parties in any litigation with the Bank;
- are not assigned to the Bank's external bodies, from six months prior to the start of the election process until the end of the term of office.

Duties

Pursuant to this Code of Ethics, the committee's duties are:

- to ensure the confidentiality and discretion of ethical issues information;
- to analyze information received;
- to guide, judge the proceedings and issue opinions;
- to suggest improvements and amendments to the Code of Ethics.

Procedures

Inquiries and denunciations, regardless of their origin, must be communicated to the General Ombudsman, who will analyze the fact and send it to the process. In relation to matters related to this Code, referral should be made to the Ethics Committee, through the Personnel Management Unit. The Personnel Management Unit, upon receiving each occurrence, will schedule a meeting of the Ethics Committee. The Ethics Committee will review the process, issue an opinion and suggest to the Board any action it deems necessary. The Executive Board, in possession of the opinions issued by the Ethics Committee, will deliberate on the process. The Personnel Management Unit, within 48 (forty eight) hours, shall inform the decision of the Board of Executive Officers to the parties involved in the process. Any decision of the Board of Executive Officers shall be subject to appeal; and must be sent by the interested party to the Personnel Management Unit within 08 (eight) business days, counted from the day after the date of the decision. Once the appeal is made, the Personnel Management Unit will send the Ethics Committee, within 15 (fifteen) working days, counted from the date of receipt, to state whether or not the appeal is decision of the Board of Executive Officers. The final decision will not be appealed.

Anti-corruption Policy

Available on the internet, on Banrisul's Investor Relations page, on the link:
http://ri.banrisul.com.br/banrisul/web/conteudo_en.asp?idioma=1&conta=44&tipo=54551

1. Concept of Corruption

Corruption refers to all the acts whereby undue advantage is offered to a public agent with the aim of facilitating or accelerating any institutional procedure or defrauding competition, given that free competition should be the rule for government contracts. Unlike anti-corruption laws in other countries, the Brazilian system does not allow "facilitating payments"; all kinds of payment or gifts to public agents are therefore prohibited.

1.1 Policy Aim

Provide the institution with anti-corruption procedures and controls and establish preventive measures that preclude, in Banrisul's scope of operations, the practice of the crimes of corruption and improbity in the Penal Code, In Law 8,666/93, Law 12.846/13 and the other rules in the Brazilian anti-corruption system by its employees and third parties acting on its behalf or in its interest.

2. Area of Application

All managers, employees, business partners, suppliers and service providers of the Bank, controlled companies and subsidiaries and under the same agreement, directly and indirectly, and, when applicable, non-profit entities managed by managers or employees appointed or assigned by companies that are members of the Banrisul Group, as well as all third parties acting on behalf, in the interest or to the benefit of Banrisul.

3. Rules and Regulations
3.1 Responsibilities

All managers, employees, business partners, suppliers and service providers of the Bank, controlled companies and subsidiaries and under the same agreement, directly and indirectly, and, when applicable, non-profit entities managed by managers or employees appointed or assigned by companies that are members of the Banrisul Group, as well as all third parties acting on behalf, in the interest or to the benefit of Banrisul are responsible for promoting an ethical culture and establishing an environment of permanent control and prevention of corruption, in which it is possible to monitor and identify all client and non-client transactions (individual and companies), corruption or suspicion thereof, and to enforce the internal mechanisms and procedures of integrity, auditing and incentive to reporting irregularities and the effective application of this Policy and Banrisul's Code of Ethical Conduct.

3.2 Anti-Corruption Rules

Banrisul will adopt procedures proportional to the risk of corruption related to the nature, scale and complexity of its activities, including:

- adopting due diligence procedures proportional to the risk of corruption in its activities in all the contracting of third parties representing or acting in the interest of or to the benefit of Banrisul.
- providing regular training programs with the goal of training Banrisul's employees and raising their awareness of the values and principles of this Policy.
- carrying out regular monitoring and assessments to verify the effectiveness of the controls in order to prevent non-compliance with this Policy.

All employees or third parties acting in the interest or to the benefit of Banrisul are obliged to act in an ethical an honest manner and perform their professional activities in accordance with the guidelines of Banrisul's Code of Conduct, namely:

- avoiding situations that represent a current or potential conflict of interest between their personal interests and the interests of the Company;
- refusing, in the exercise of their professional activities, any type of financial aid, tip, commission, gift, trip, donation or advantage for themselves or their family members or any other person acting on behalf, in the interest or to the benefit of Banrisul;
- properly using the Company's resources, intellectual properties, time and facilities;
- not sponsoring events or activities that may violate the Bank's rules on conflicts of interest;
- not using the Company's equipment, vehicles and facilities for personal use without prior consent and with the due refund;
- not allowing the granting of sponsorships to public agencies with the purpose of directly or indirectly facilitating direct contracts with public administration;
- not using Banrisul's name or its resources to fund the campaigns of political parties or candidates;
- not making statements on behalf of the Company, disclosing data, news and information related to Banrisul or any other company of the Group without being duly authorized to do so;
- avoiding using their job in their personal or professional relations in order to obtain benefits for themselves or for third parties;
- not establishing relationships of any nature with organizations or clients whose conduct is not compatible with the standards of ethics and responsibility;
- not accepting gifts, trips or any kid of advantage from clients, suppliers, partners and competitors;
    - if it is a gift of an amount equal to or less than one hundred reais (R$100.00) offered by a company that is not a Banrisul supplier, service provider or participant in a bid promoted by the Bank, and which is not somehow seeking a contracting advantage by offering said gift, it can be raffled among the employees in the respective sector.
    - all invitations for trips must be refused when the travel expenses are paid by third parties, even for participation in events and congresses or when the invitation is for friends and Family members of the Bank's employee.

- not transmitting or transferring to third parties any information, documents, financial reports, accounting records, strategies, client records and/or programs containing secret data of Banrisul's exclusive interest;
- not allowing behavior based on personal likes and dislikes or inadequate conduct to interfere in their relations with colleagues, irrespective of their hierarchical position;
- not engaging in private activities inside Banrisul's premises or while representing the Company in professional activities outside its premises;
- not violating any rules of the Company's compliance program, including the Code of Ethics, the Anti-Money Laundering Policy and the Know Your Employee Policy.

3.3 Unaceptable Conducts

All employees and third parties acting on behalf, in the interest or to the benefit of Banrisul are prohibited from:

- suggesting, offering, promoting or granting, either directly or indirectly, requested or not, undue advantages of any nature (financial or not) to people and public and private companies in exchange for the performance or omission of acts inherent in their attributions or facilitation of businesses, operations or activities for Banrisul or aiming at benefits for themselves or third parties; and
- suggesting, soliciting, demanding, accepting or receiving, either directly or indirectly undue advantages of any nature (financial or not) from people and public and private companies in exchange for the performance or omission of acts inherent in their attributions or facilitation of businesses, operations or activities for Banrisul or aiming at benefits for themselves or third parties.

Banrisul's Code of Ethics, Anti-money Laundering Policy and Know your Employee Policy complement this policy and also bring guidelines on preventing and fighting any and all kinds of corruption (bribes, influence peddling, favors, etc.), expressing Banrisul's conviction that all its activities or businesses should be carried out in an ethical, transparent and responsible manner.

3.4 Reporting Channel

Suspicions or evidence of corruption should be reported through the Reporting Channel available on the Intranet, where irregularities can be described and identification is optional.

3.4.1 Ethical Commission

Any violation to this Policy will be examined by the Ethics Committee, pursuant to a specific regulation.

3.4.2 Protection of Whistleblowers

Whistleblowers will be guaranteed the right to confidentiality and protection against retaliation.

3.4.3 Audi Alteram Partem Principle

Professionals who are reported for misconduct or violation of this Policy will be guaranteed full defense rights and the use of all possible evidence to ensure that no decision of the Ethics Committee is arbitrary.

3.5 Penalties

Non-compliance with any guidelines or principles established in this Policy is subject to the disciplinary sanctions in the Bank's Personnel Regulations, without prejudice to the application of the current laws.

3.6 Adhesion Instrument

All employees, after reading this Policy, will sign the Instrument of Compliance with the Banrisul Group's Anti-corruption Policy, under a specific model, which will, as of its signature, be part of the employment contract whereby employees declare they are aware of the rules and principles, as well as the responsibilities contained herein, incorporating Banrisul's other rules of conduct.
All managers, employees, business partners, suppliers and service providers of the Bank, controlled companies and subsidiaries and under the same agreement, directly and indirectly, and, when applicable, non-profit entities managed by managers or employees appointed or assigned by companies that are members of the Banrisul Group, as well as all third parties acting on behalf, in the interest or to the benefit of Banrisul will sign the Instrument of Compliance with this Policy or a compliance clause should be inserted in their respective contracts.

3.7 Training

Banrisul's employees should receive anti-corruption training on a regular basis and mandatorily when they join the Group.
All managers, employees, business partners, suppliers and service providers of the Bank, controlled companies and subsidiaries and under the same agreement, directly and indirectly, and, when applicable, non-profit entities managed by managers or employees appointed or assigned by companies that are members of the Banrisul Group, as well as all third parties acting on behalf, in the interest or to the benefit of Banrisul shall undergo training.
The training modules should contain at least the main aspects regulated by Banrisul's Code of Ethical Conduct, this Policy, the current legislation and regulations, and should address different kinds of behavior that constitute evidence of corruption.

4. Associated Regulations

This Policy should be read and interpreted jointly with Banrisul's Code of Ethical Conduct, Anti-money Laundering Policy and Know your Employee Policy and the following documents:

- Anticorruption Law - no. 12,846/13;
- Law 8,666/93;
- Administrative Improbity Law - no. 8,429/92;
- Conflict of Interest Law - no. 12,813/13;
- Anti-money Laundering Law (Law 9,613, of March 3, 1998, amended by Law 12,683, of July 9, 2012);
- Brazilian Penal Code;
- United States Foreign Corrupt Practices Act (FCPA);
- United Nations Global Compact;
- United Nation's Convention against Corruption.

5.5 - MATERIAL CHANGES

5.5. In relation to the last fiscal year, inform whether there were material changes to the main risks the issuer is exposed to or to the adopted risk management policy, also comment on any expected decrease or increase of the issuer's exposure to said risks

There were no material changes to the main market risks the institution is exposed to or to the adopted risk management policy in the last fiscal year.

5.6 - OTHER MATERIAL INFORMATION - RISKS MANAGEMENT AND INTERNAL CONTROLS

5.6. Provide other information deemed material by the issuer

On the date of this reference form, all information which our Company deems material to this section was made available in the preceding sections.

6 - History of the issuer

6.1 / 6.2 - ISSUER'S INCORPORATION AND DURATION

6.1. Regarding the incorporation of the issuer, inform:

a. date: 09/12/1928
b. form: Publicly-held company
c. Country of Incorporation: Brazil

6.2. Inform the period of duration, as the case may be

The Company 's duration is indeterminate

6.3 - BRIEF HISTORY

6.3. Brief history of issuer

The Company was incorporated in 1928 as a state-run rural and mortgage credit bank, whose core business was long- term loans backed by mortgage guarantee. In 1931, after absorbing Banco Pelotense, the Company began to operate as collector of Rio Grande do Sul State's taxes.

Since then, our Company has initiated an expansion process, with the opening of branches in several cities in the state, proceeding with its growth and consolidation process by absorbing state-run financial institutions, such as Banco Real de Pernambuco, Banco Sul do Brasil, Rio Grande do Sul State Development Bank, BADESUL and Distribuidora de Títulos e Valores Mobiliários do Estado do Rio Grande do Sul - DIVERGS.

In March 1990, the Company became a multiple-service Bank, with commercial portfolio, real estate credit and loan, financing and investment. In 1997, it absorbed Caixa Economica Estadual's branches, clients and certain assets; thus, it operates the payment of state government civil servants and provide financial services to the State of Rio Grande do Sul and other entities related thereto.

In view of its inclusion in the Program for Reducing the Presence of the State Public Sector in Banking Activity (PROES), the Company underwent a restructuring process that resulted in a capital injection of R$1,400.0 million, comprising: (i) R$700.0 million from bonds issued by the Brazilian government and the Central Bank; and (ii) R$700.0 million from actuarial liabilities from the Banrisul Foundation and amounts due to the Brazilian Development Bank (BNDES) which were assumed by the State of Rio Grande do Sul and subsequently converted into interest in the Company's capital stock.

In 2007, the Company concluded the capital injection process with the Primary and Secondary Public Offering of Class B Preferred Shares. The funds provided by the offering totaling R$800 million reinforced its capital base, allowing Banrisul to finance credit granting expansion and to implement information technology investment and commercial strategies, ensuring greater competitiveness and solidifying its role as agents supporting the development of Rio Grande do Sul's economy.

In order to comply with market requirements, the Company adhered to the Corporate Governance Level 1 of São Paulo Stock Exchange (Bovespa) and constituted the Department of Investor Relations, Capital Markets and Governance, with the purpose of maintaining and strengthening relationship with stakeholders.

The year 2009 was marked by the consolidation of the strategy of adding efficiency and quality to management, which was accomplished through the implementation of a result oriented management model. This decision implied a profound and comprehensive change across all of the Bank's channels, the modernization of its technological infrastructure, the revision of internal processes, the development of a new credit model, the restructuring of the model of sales targets and remuneration for employees, and the implementation of a financial initiative at an opportune time, which was bank's capitalization in 2007.

In 2011, we entered into partnerships with Visa, MasterCard and VerdeCard, and an agreement with the SafetyPay system for international purchases via Amazon.com. The strengthening of Rede Banricompras helps in executing the strategy of geographic diversification and in sustaining the Bank's growth. In this regard, in December 2011 the Company, signed a Memorandum of Understanding and carried out due diligence for the potential acquisition of 49.9% of what was then known as Bem-Vindo Promotora de Vendas e Serviços, a chain of stores and a structure specialized in the origination of payroll-deductible loans for social security (INSS) beneficiaries as well as federal, state and municipal government employees. The operation, conducted in partnership with MatoneInvest Holding, is part of the strategic move to leverage client relations channels, expand the credit portfolio and augment the potential for the nationwide distribution of financial products and services.

In 2012, in order to leverage customer relationship channels and the loan portfolio, as well as potential for distributing products and services, the Company acquired 49.9% of the shares of Bem Promotora de Vendas e Serviços. Additionally, in order to expand funding sources and elevate Banrisul's Basel ratio, a total ofUS$775 million in international funding was obtained from a subordinated debt issue maturing in 2022.

2013 was marked by growth of revenues from services driven by cards, insurance and acquiring. 2013 also saw the reorganization of the Banrisul Serviços Ltda. subsidiary and Banrisul Cartões S.A. was incorporated to grow card issuing and acquiring business, including benefit cards, and energize Banricompras.

In 2014, the Company launched Vero as a new brand for its multi-banner acquiring network and signed a partnership agreement with Icatu Seguros to incorporate an insurer offering life insurance and pension plans.

In 2015, the current executive board took office, with the exception of the substitution of one of our executive officers. It consists of nine members, of which seven in their capacity as Company employees, one from Central Bank of Brazil and one from the State of Rio Grande do Sul Treasury Department. Appointments were based on technical criteria and the board's focus is strengthening the Company's position in the market. Also in 2015 the Bank was authorized to join the Banrisul Icatu Participações holding company, which holds the entire share capital of Rio Grande Seguros e Previdência, the new insurer offering life insurance products and pension plans through the Bank's distribution channel. The holding company Banrisul Icatu Participações S.A. (BIPAR) was incorporated as part of the Banrisul Group in August 2015. With 49.9% of its capital, BIPAR shows how the Bank's business model is evolving by absorbing part of the income from the operation in addition to revenue in the form of commission earned on the products, as was the case previously.

In 2016, the purchase of payroll services for public servants was an important component of the marketing strategy, with due regard for customers' rights to portability. The Company and the Rio Grande do Sul State Government entered into an agreement on the assignment for consideration of services relating to the payroll of active and inactive public servants of the State's direct administration for a period of 10 years. In the second half of 2016, the Bank and the Judiciary Branch of the State of Rio Grande do Sul entered into an agreement on the purchase of services regarding the payroll of servants of the Court of Appeals for a period of 5 years. In the municipal sphere, commercial actions were also focused on the maintenance of existing agreements and establishment of new agreements for payment of municipal servants.

In 2017, the Voluntary Retirement Plan – PAV was instituted to encourage the redundancy of employees close to official retirement, on favorable conditions. During the second half of the year, the highlight was the Voluntary Redundancy Plan - PDV, intended for employees located in branches/units attached to the Regional Superintendences of other states and recognition of the entitlement to tax credits for IRPJ and CSLL taxes resulting from the legal action against "Summer Plan". At the same time, a policy was implemented to channel credit to lower risk lines, increasing the share of private individuals within the total portfolio and being much more selective when analyzing and granting new transactions. To ensure the viability of this strategy of a more aggressive posture in a mass market, new credit risk models were reviewed and implemented. In December 2017, the Bank established a strategic partnership with Icatu Seguros, aiming at the creation of a new company, for the sale of capitalization products in Banrisul's distribution channels.

6.4 - CVM REGISTRATION DATE

6.4. Date of filing with the CVM or an indication that filing is being requested

07/20/1977

6.5 - Information on bankruptcy petition filed for a material amount or a court-supervised or out-of-court reorganization

6.5. State whether there has been a bankruptcy petition filed for a material amount or a court-supervised or out-of-court reorganization has been filed, and the current status of any such filing

Up to the date of this reference form, no petition requiring the Company's bankruptcy and/or court-supervised or out-of-court reorganization was filed.

6.6 - OTHER MATERIAL INFORMATION

6.6. Provide other information deemed material by the issuer

As of the date of this reference form, all information which our Company deems material to this article was made available in the preceding sections.

7 - Issuer activities

7.1 - Description of the core activities developed by the issuer and its subsidiaries

7.1. Briefly describe the core activities developed by the issuer and its subsidiaries.

Overview

Our Company is today the largest financial institution in the state of Rio Grande do Sul, with a market share in term deposits of 51.2% in the state (and a total of 494 branches across the state), and the 6th largest Brazilian bank in number of branches, according to information from the Central Bank of Brazil in December 2017. Also, according to the Central Bank of Brazil, on the same date our Company held 10th position among the 50 largest Brazilian banks in total assets and shareholders' equity, and 8th position in funding (total deposits, open market funding and obligations for loans and on-lending), excluding the BNDES.

Staying focused on its role in the Brazil's southern region, primarily in the state of Rio Grande do Sul, our Company is present in approximately 90% of the local municipalities, with a banking network that covers 98.6% of the population of Rio Grande do Sul, based on the list of municipalities updated by the IBGE in 2010. The state of Rio Grande do Sul's share of Brazil's GDP, which had been declining over time, has returned to growth in recent years, according to date disclosed by entities such as FIERGS, IBGE, FEE and the Central Bank of Brazil. In 2012, Rio Grande do Sul had a 6.0% share of Brazil's GDP, rising to 6.2% in 2014, and estimated at 6.5%, in 2016.

Within its specific market niche, the private individual segment is our Company's preferred focus of action. As part of our business strategy, we intend to strengthen our retail presence in the personal loan segment, while increasing our presence among small and mid-size enterprises ("SMEs" which, to our mind, are those companies with sales of less than R$6.0 million).

As the financial agent for the state of Rio Grande do Sul, our Company prioritizes regional economic development, providing support to the agribusiness chain, operating as the collector of state taxes and in transfers to the state municipalities, making payments to suppliers of goods and services, as well as to active and retired public servants of the direct state government and public servants of the Appellate Court of Rio Grande do Sul, while also providing banking services to 430 of the 496 municipalities within the state.

In 2016, we and the state government signed an onerous agreement for the assignment of payroll-related services for its active and retired public servants, in the amount of R$1,250.6 million, for a term of 10 years and, in the case of the Judiciary of Rio Grande do Sul, a similar operation of R$64.0 million for a term of 5 years. In 2017, 5-year agreements were also signed involving the payrolls of active and retired public servants of the Office of the Public Defender, the Prosecution Office and the State Accounting Court, for a total of R$28.7 million. At municipal level, on December 31, 2017, negotiations had been concluded with 256 municipalities within the state to pay their public servants.

The digitization of the banking industry is a reality. Since 2001, having implemented home banking and office banking, we have made important progress in digital business. In 2017, we produced the Banrisul Digital application for mobile devices, with three channels: Minha Conta (My Account), *Office* and Afinidade (Affinity). The Home, Office, M-Banking, Minha Conta, Office (application) and Afinidade channels generated 255.9 million transactions, with a turnover of R$269.2 billion in 2017. Compared to 2016, the volume of transactions grew by 21.0%, with a 3.9% increase in revenue, the highlight being the apps on mobile devices, with growth of 150.5% in transaction volume, reflecting the increased use of these devices, as well as the emphasis on advertising and ease of operation of the digital channels. The Banrifone service received over 2.7 million calls via the electronic customer service, and 297.1 thousand personal calls; the financial turnover amounted to R$225.4 million in 2017.

We have always strived to use what we consider to be the latest in terms of information technology (IT). The growing investment in digital initiatives aims to transform our Company into a bank with end-to-end digital experiences, making it a competitive institution with consistent and efficient processes, while offering our customers a modern value proposal. The ground-breaking position our Company occupies in the IT industry within banking is reflected in the many awards received both by our institution and by our Information Technology Officer, Mr. Jorge Fernando Krug Santos, who in May 2017 was voted one of the innovative celebrities of the IT industry – Notabile Award granted by IT4CIO. As an example of our Company's recognition with the digital sphere, in June 2017 the Banrisul virtual card won the "eFinance 2017" Award offered by the Executivos Financeiros magazine.

The public share offering in 2007, when the Company joined the Level 1 corporate governance segment of B3, in addition to strengthening our capital base to finance the expansion of credit transactions, also enabled us to implement our IT investment strategy.

Our Company recently hired consulting company McKinsey to assist it in preparing the strategic planning for the next five years, allocating priority to competencies with a short-term impact, while preparing for the arrival of the new digital era.

Financial and Operational Indicators (In R$millions, unless otherwise indicated)	12/31/2017	12/31/2016	12/31/2015
Total Assets	73,287.4	69,038.5	66,937.8
Credit transactions [1]	31,369.1	30,337.4	32,013.3
Asset management [2]	10,588.5	10,013.6	8,951.5
Funding [3]	51,015.6	46,351.0	43,038.7
Deposits	47,084.6	42,539.7	38,698.3
Shareholders' equity	7,035.0	6,443.4	6,208.6
Basel Ratio [4]	17.0%	16.9%	17.8%
Number of customers	4,013,258	3,965,162	3,980,010
Number of service outlets	1,203	1,237	1,275

[1]Includes all types of credit transactions in which we operate.
[2]Asset management through investment funds, including funds managed by our brokerage house, Banrisul Corretora
[3]Includes balances of total deposits, financial and real estate securities and subordinated debt.
[4]The numerical expression representing the amount of our adjusted shareholders' equity, divided by our total risk-weighted assets, in accordance with the Basel Accord. Adjustments to shareholders' equity and the risk-weighting of assets are stipulated in Central Bank regulations.

Financial and Operational Indicators (In R$millions, unless otherwise indicated)	2017	2016	2015
Net income	1,053.0	659.7	848.8
Gross result from financial intermediation [1]	3,770.6	3,501.6	2,862.5
Other Operating Revenues	765.9	406.0	612.9
Net Margin from financial intermediation [2]	5,215.0	5,169.2	4,414.0
Recurring Cost/Income Ratio[3]	52.8%	52.1%	50.2%
Recurring Return on Average Assets (ROAA) [4]	1.3%	1.0%	1.2%
Recurring Return on Average Shareholders' Equity (ROAE) [5]	13.5%	10.3%	12.8%

[1] Corresponds to Total Revenues from Financial Intermediation, less Total Expenses from Financial Intermediation.
[2] Gross income from financial intermediation before provision for losses on credit transactions.
[3] The ratio, as a percentage, of (i) the sum of personnel expenses and other administrative expenses to (ii) the sum of the gross income from financial intermediation before provisions for doubtful credit, services revenues and banking fees, other operating revenues and other operating expenses. The cost/income ratio is not defined by the accounting practices adopted in Brazil or by other regulations. The cost/income ratio has no standardized meaning and, therefore, our definition of cost/income ratio cannot be compared to the cost/income ratio used at other companies. The cost/income ratio is used by our Management to measure operating performance. We believe that our cost/income ratio is competitive in relation to other financial institutions on the Brazilian banking market.
[4] Net income as a percentage of the average asset balance.
[5] Net income as a percentage of the average balance of shareholders' equity.

Our business

Credit granting

At December 31, 2017, our allocation of credit was focused on commercial loans which, between private individuals and businesses, accounted for 71.7% of the portfolio; in comparison with 12.2% for real estate credit, 7.6% for rural credit and 8.5% encompassing the other portfolios (long-term, leasing, foreign exchange, public sector and credits tied to transactions acquired under assignment).

The principal products of the personal loan portfolio are payroll-deductible loans to municipal, state and federal public servants, and retirees (INSS), as well as direct consumer loans (personal loans/overdrafts, among others products). Payroll-deductible loans has been the fastest-growing product year after year, having grown by 28.7% in the last 12 months. As this is one of the safest products for granting credit, and therefore with a low risk of default, our Company intends to continue channeling its sales effort for the product through different channels.

We also have as an additional source for originating payroll-deductible credit transactions, Bem Promotora de Vendas e Serviços S.A. ("Bem Promotora de Vendas"), a joint venture created in 2012 with AMCM Participações LTDA and RSR Participações Societárias LTDA. Our Company's balance of credit transactions originated through the Bem network stood at R$4,134.6 million at the close of December 31, 2017, while accumulated net income of Bem Promotora in the same period was R$3.1 million.

In the case of the business loan portfolio (which serves the SME and corporate segments), the main transactions include commercial lending via working capital loans and overdraft accounts. Because of the current economic scenario, we have adjusted our exposure and credit policy, putting the emphasis on profitability and reducing risk, to the detriment of growth and market share, to mitigate losses in the quality of our assets. In this respect, we believe that our regional presence and our vocation as a promoter of the manufacturing sectors in crisis, while fostering local economic development, will enable us to increase our market share in the years ahead, which today stands at 18.1%.

Since agribusiness is one of the primary components of the GDP of the state of Rio Grande do Sul, we intend to increase our share of loans to this industry. At December 31, 2017, approximately 7.6% of our credit transactions involved agribusiness in general. Within this context, given the industry's relevance for the GDP of Rio Grande do Sul, we intend to continue along these lines as a viable alternative for rural producers in Rio Grande to attain a larger slice of this market at the end of 2018.

Credit cards

We operate an integrated platform for third-party label credit card transactions (Visa and Mastercard), private labels (Banricompras) and the acquisition network (Vero). Credit card transactions represent a highly relevant component of our Company's consolidated results.

The base of Visa and MasterCard cards issued by us stood at around 902,000 credit cards at December 31, 2017, and it is our intention to increase por product penetration with our current customer base in the years ahead. In the year ended December 31, 2017, 53.6 million transactions occurred, amounting to R$4.4 billion. The number of transactions and the financial volume with the Visa and MasterCard labels posted growth of 14.9% and 9.3%, respectively, in relation to 2016. Revenues from credit, fees from individual credit cards and revenues from BNDES cards totaled R$326.5 million in the year ended December 31, 2017.

Created in 1998, Banricompras is a debit card payment service that allows the cardholder, our customers, to pay for purchases at accredited establishments in cash, post-dated checks or on installment plans, interest-free and no card fees. At December 31, 2017, more than 108,000 accredited establishments accepted the card. In the year ended December 31, 2017, Banricompras card transactions amounted to R$11,1 billion, recording 131.3 million transactions.

Through Banrisul Cartões S.A. ("Banrisul Cartões"), we also operate in the credit card segment using the "Vero" acquisition network and the Banricard benefits and corporate cards.

The Vero acquisition network, created in 2014, encompasses accreditation, capture, transmission, processing and financial settlement of transactions closed using the Banricompras, BanriCard, MasterCard, Visa, VerdeCard and VR Benefits cards. At the end of 2017, the Vero network had 136,300 devices capable of transacting, and 108,9000 active accredited establishments, an increase of 9.7% and 3.5%, respectively, over the figure at the end of 2016.

In the year ended December 31, 2017, the financial volume closed in Vero's in-house sales channel rose by 8.4% over 2016, excluding the sub-purchasers. Of this volume, R$11.8 billion refers to debit cards, which rose by 11.7%, and R$9.9 billion from credit cards, growth of 4.7%. When facilitators are included, the volume amounted to R$22.5 billion, 11.9% below the previous year, due to the exit of a major facilitator which began to operate in the market as a payment institution. In 2017, 261.5 million transactions were captured on the Vero in-house sales channel, a performance 7.2% higher than the previous year, excluding the sub-purchasers. In this base, the number of debit card transactions was 170.4 million, and 91.1 million in credit cards, growth of 8.8% and 4.4%, respectively, in relation to 2016. The transaction volume, including facilitators, stood at R$268.4 million in 2017, 11.3% down on 2016. Also worthy of note is the operational improvement and the reduction in costs obtained from processing and management solutions for transactions of the acquisition network, implemented in the second half of 2016.

At June 30, 2017, Vero held approximately 2% of the acquisition market in Brazil, according to information from the Brazilian Association of Credit Card and Services Companies; and approximately 14% of the acquisition market in the south of the country, with an important position in the state of Rio Grande do Sul, its flagship market.

The Banricard benefits and corporate card business ended 2017 with 9,000 active accredited customers. Revenue stood at R$1,389.1 million for the year ended December 31, 2017, up by 3.4% in relation to 2016.

The net income of Banrisul Cartões for 2017 was R$222.1 million, an increase of 7.7% over 2016, when its net income was R$206.2 million.

Insurance

Seeking to diversify revenue sources via new business lines, our Company and Icatu Seguros S.A. ("Icatu Seguros") agreed in 2014 to create Rio Grande Seguros e Previdência S.A. (Rio Grande Seguros), an insurance company dedicated to life insurance and private pension lines, which will have exclusivity for selling insurance on our channels for a term of 20 years. The insurance company is a subsidiary of the joint venture "Banrisul Icatu Participações S.A., in which Icatu Seguros holds 50.01%, and our Company 49.99%, of the equity. Rio Grande Seguros e Previdência was founded to be an insurance company that combines the tradition and experience of Icatu Seguros, with our distribution capability for these products. The net income of Banrisul Icatu Participações was R$59.0 million in 2017, an increase of 55.2% over the net income of the previous year of R$38.0 million. We believe that this alliance with Icatu Seguros represents an evolution in our business model, precisely because of the innovation in creating new sources of revenue.

Also on the question of revenue diversification, we are awaiting approval from the Central Bank of Brazil and the Superintendence of Private Insurance to create a capitalization bond company. This operation is substantially similar to the organization of Rio Grande Seguros e Previdência, with the creation of a new company ("Rio Grande Capitalização S.A." or "Rio Grande Capitalização"), a subsidiary of the joint venture Banrisul Icatu Participações S.A., in which Icatu Seguros holds 50.01% and we hold 49.99% of the equity, to develop the savings bond market. Thus, as in the case of Rio Grande Seguros, Rio Grande Capitalização will have exclusive distribution rights on capitalization bond plans through our sales channels.

Recently, the Central Bank of Brazil approved the restructuring of our insurance business, whose distribution by financial institutions enables intermediation by an insurance broker by having created "Banrisul Seguridade Participações S.A." ("Banrisul Seguridade") which will hold the entire equity of Banrisul Corretora de Seguros S.A. Previously, the Central Bank of Brazil had approved the creation of "Banrisul Corretora de Seguros S.A." ("Banrisul Corretora de Seguros"). Lastly, following this restructuring, our current revenues from insurance, private pensions and savings bonds will comprise the revenues of Banrisul Corretora de Seguros S.A.

The purpose of restructuring the insurance business is to segregate the revenues and expenses of these business lines, so as to extract and maximize the value of Banrisul Seguridade Participações S.A.

Banrisul Seguridade will be able to enter into partnerships with players in the insurance market by offering other insurance market products.

Risk Management

With our focus on offering retail products and services, we are continually striving to enhance our risk analysis and credit limit approval tools to achieve greater speed of response in granting credit.

The enhanced risk analysis and credit limit approval models have created new opportunities for growth, since not only do they enable us to be more agile in granting credit, but also in reducing losses or expanding the loan portfolio. Our loan portfolio is currently undergoing a review of the credit limits granted to our customers, which are currently lower than the limits to be found in the market. Nevertheless, non-performing loans (NPL) more than 90 days in arrears declined from 5.0% at December 31, 2016, to 3.56% at December 31, 2017, a decline of 1.44 pp. in the period.

Our Company believes it possesses strong fundamentals that allow it to benefit from any future growth in granting credit, especially its (a) solid capitalization, (b) the constant search to improve the quality of the loans granted and (c) its use of latest-generation processes, including (i) automation and integration of credit score models for private individuals and businesses; (ii) corporate risk management and internal controls at all levels; (iii) infrastructure and security systems to support the banking operations; (iv) branch monitoring systems; (v) modernization of the data center; and (vi) development of a data protection methodology.

Banking Technology

As a retail bank, we understand the need to evolve and to adapt to the trends, if we are to provide our customers with the best and most secure conditions of access to banking services.

The digital evolution is a phenomenon that has had an increasingly intense and rapid impact on the banking business. With this reality always in mind, we believe we are first movers in the use of what the most modern banking technology has to offer. This is a seminal moment for expanding and consolidating digital service channels.

Our digital products and services distribution channels encompass home banking, office banking and mobile banking. Launched in 2010, the use of mobile banking for account enquiries, services and financial transactions on cell phones has already overtaken home banking. With the popularization of smartphones, in 2103 mobile banking evolved to an application for use on cell phones. In 2016, we launched BanriSaqueDigital, an internally-developed application for use on smartphones and tablets, enabling withdrawals to be made using a virtual card. This virtual card project, where the focus is on security by combining programmed logic and on-board technology, as well as the use of a series of factors and mechanisms for both the device and the central environment, won the eFinance 2017 award in the mobile security category.

To discuss the innovation actions reflected in operational efficiency and market performance, in May 2017 we promoted the 10th International IT Forum whose theme was "The Future of the Digital Society". Around 4,000 people from both Brazil and abroad had the opportunity to rub shoulders with specialists from a range of fields.

In 2016, we created an in-house area to monitor the capture network transactions in order to mitigate fraud, the adoption of new market standards for digital certificates on web servers, full automation of the life cycle of business continuity plans and PCI DSS (*Payment Card Industry – Data Security Standards*) re-certification for the Vero acquisition environment. We also recently upgraded the technology of our systems, replacing technologies that were already falling into obsolescence.

We believe that the integrated adoption of these measures will help consolidate our position as a digital bank.

Our Competitive Advantages

Stable, diversified and low-cost funding.

We are one of the nine largest Brazilian banks in funding, excluding the BNDES, according to information from the Central Bank of Brazil in December 2017. With a stable and pulverized funding, the deposits raised from our customer base represent the main source of funding. Our extensive branch networks facilitates the raising of term, call and savings account deposits from private individuals, while our position as the financial agent for public servants provides a growing deposit base with low-cost funding. At December 31, 2017, term deposits represented 68.7%, call deposits, 7.0%, and savings account deposits 16.3% of our funding base. The fact that our widespread and diversified customer base makes our funding sources cheaper means that we are not dependent on funding from institutional investors to capitalize our Bank. In the fourth quarter of 2017, our cost of funding was 90.03% of the Selic rate, below the average for the national financial system.

A service platform with a high capacity for originating new business, flexibility to increase the volume of credit and distribution of financial products and services.

Banrisul's distribution network is the undisputed leader in Rio Grande do Sul and has extensive coverage through (i) physical channels: 1,203 outlets at December 31, 2017, including branches, service outlets and ATMs; (ii) integrated on-line presence, with Home Banking, Office Banking and Mobile Banking; and (iii) a banking correspondents network.

These supplementary channels to its branch network provide us with access to an extensive and diversified customer base of private individuals and businesses, which strengthens our new business origination capability and, consequently, diversifies our revenues. This access enables us to offer credit products and services available in our portfolio to customers in advantageous conditions in relation to our competitors, which may thus result in higher generation of revenues from services and fees.

Strong presence and brand recognition in the south of Brazil, especially in the state of Rio Grande do Sul.

The state of Rio Grande do Sul has a range of characteristics favorable to the banking industry: (i) a nominal GDP of R$381.1 billion and a GDP per capita 12.5% higher than the national average, according to IBGE data for 2015; (ii) unemployment and illiteracy rates of 9.1% and 4.5% respectively, below the national average; (iii) a default rate of 3.4%, below the national average. At December 31, 2017, our service network extended to 1,203 outlets consisting of 526 branches, of which 494 in Rio Grande do Sul, 22 in Santa Catarina, 8 in the other Brazilian states and 2 overseas; 191 banking service outlets and 486 electronic service outlets. As the financial agent for the state of Rio Grande do Sul, we are dedicated to the economic development of the state, supporting the agribusiness chain.

Making the best of the conservative lending policy.

Our 90-day default ratio stood at 3.56% at December 31, 2017, down by 1.44 pp. in relation December 31, 2016, when it was 5.00%. In addition, the balance of credit transactions more than 90 days in arrears stood at R$1,117.0 million at December 31, 2017, a reduction of 26.4% in relation to December 31, 2016, when it stood at R$1,516.7 million. We have balanced exposure to risk through distribution and the quality of our customers, with 87.8% of our credit transactions classified as normal risk, covering risk levels AA to C, at December 31, 2017.

Solid institutional relationship with government.

Our Company is the official bank and primary financial agent for the state of Rio Grande do Sul, its controlling shareholder. By law, we collect state taxes and transfer part of these funds to the municipalities within the state and, under certain arrangements, we make payments to suppliers of goods and services and active and retired public employees. In addition to the state of Rio Grande do Sul itself, we provide services to all entities of the state government and to the majority of municipalities.

These services provide a growing deposit and low-cost funding base, which ensures stable cash flows and the resilience of the business.

Results-focused management model and centralized control of its operations.

Our Company's business model seeks to focus on the profitability of each transaction, and on its global profitability, by striving to maximize the return on each customer using simulations that demonstrate the products and services we can offer them.

This business model is essential for ensuring our management is aligned with obtaining maximum efficiency in personnel, sales, service and infrastructure and remains focused on maximizing the return to shareholders.

Our Strategy

Seeking to increase the share of service revenues and bank fees in the Company's results, to strengthen customer loyalty as well as to enable coverage of its payroll with revenues and tariffs, commercial efforts are concentrated on products such as cards (increasing the base of cards issued), the merchant acquisition network (increase in the volume of transactions captured and growth of merchant acquisition revenues - MDR, also increasing the supply of credit by means of prepayment of receivables for retailers affiliated with the Rede Vero) and insurance (emphasis on the strategy of optimizing the distribution channels and making better use of the customer base), boosting the number of products consumed by customers and the revenues from the joint venture with Icatu Seguros and other commission revenues.

Focus on the cautious and sustainable growth of the credit portfolio.

Its vocation as a retail bank allows the Company to act directly in the granting of credit to individuals and legal entities (SMEs and corporates). In order to focus on the cautious and sustainable growth of its credit portfolio, the Company has invested in setting up operational procedures that allow a standardized action for attracting new customers with a specific focus on marketshare, volume and credit collection and a diversified range of products and services focused on retail products.

Bearing in mind that payroll deductible loans have a higher level of security, the Company intends to continue to focus on the offering of credit to civil servants and retirees and pensioners of the INSS (Brazilian Social Security Institute). The Company is also looking into investing in portability for its payroll deductible loans portfolio of operations generated by other financial institutions.

The Company is in the process of finalizing the credit risk model to improve customer risk sensitivity analysis, the predictability of default events and in this way attempt to reduce losses or grow the credit portfolio

Efforts to strengthen credit management by reasserting the market in which it operates, by effective investments in data and risk management, by implementing the best collection practices, by means of offering a diversified range of products and services, by standardization in the product distribution channels and especially by means of the use of digital channels, may provide the Company with sound tools for pursuing a policy of consistent growth in the credit portfolio with competitive levels of profitability.

Maintenance of its leadership position in the State of Rio Grande do Sul.

The Company intends to continue with the State of Rio Grande do Sul as being the main geographic focus for its activities. Although it has a consolidated presence and is the local leader, it is the Company's opinion that it is possible to expand its local customer base, exploit alternative niches such as, rural credit operations, and the offer of insurance, pension and capitalization products.

In this context, the Company seeks to increase its marked presence in the State of Rio Grande do Sul and to focus its activities in the individual and SME segments, on three main fronts:

- Increased efficiency and customer service quality in the mass market segment;
- Segmented model of customer service for individuals, with a specific value proposition to protect a segment that is important for the Bank's funding sources and, at the same time, capture the value potential;
- Advance in its consolidation of a means of payment and acquisition strategy (by means of Vero) in order to increase its presence and profitability in the SME segment.

Consolidation of its relationship with public entities.

On account of the fact that the Company is controlled by the State of Rio Grande do Sul, a significant part of its business strategy includes providing services and granting credit to state and municipal public sector employees. In terms of provision of services, this strategy benefits the Company by providing stability of flows and business resilience, and represents great potential for gaining new business with civil servants, particularly in the segments of payroll deductible loans, payroll deductible finance for the acquisition of goods in general, the provision of banking services and to offer insurance, life insurance, pension and capitalization products.

Continued investments in technology, as a way of reducing costs and achieving gains in scale and productivity, increase the range of products that the bank provides and ensure the security of its transactions.

The Company has been investing continuously in technological development, mainly in the modernization of its hardware and software. This investment has enabled the Company to adapt the bank's network to its new business management and operating model and to expand its data-processing capacity, thus paving the way for it to become a "digital bank.

"The benefits resulting from this investment, which have not yet been fully obtained, include the standardization and homogenization of processes, with reduced costs and gains in scale, greater ease in the monitoring of its operations, along with operational efficiency and safety.

In this context, the Company intends to continue to invest in IT in order to provide support for the Company's strategic plan of establishing actions that involve the automation of its business and processes, maintenance of the network in order for it to be fully available, and the updating of its technological assets and its portfolio of products and systems by means of the use of the Company's own methodology and resources.

Strengthening and promoting the use of digital distribution channels.

The Company follows the behavioral trends of its customers and is aware of the benefits that the use of information technology provides to their businesses. The Company aims to strengthen and promote the supply of products and services via digital distribution channels. Notwithstanding the use of technology, the Company seeks to use branches for specific purposes, in accordance with its commercial strategy, particularly for (a) increasing marketshare, (b) increasing profitability and (c) increasing cross-selling.

It is the Company's intention to continue to take a pragmatic approach that prioritizes skills with significant potential impact in the short term as it attempts to lay the foundations for the new digital age, including:

- Strengthening credit management as a key to sustainable growth;

- Collection as a strategic tool for making retail operations profitable;
- Efficiency as a central pillar for operating in retail segments; and
- IT as a major enabler of the banking sector's current and future operations.

Increased commercial productivity.

By means of its "Banrisul Mais" (Banrisul Plus) program, which includes the adoption of strategies aimed at boosting commercial productivity, the Company intends to continue its initiatives aimed at improving its commercial productivity by deploying operational initiatives such as: (a) the creation of sales script; (b) the sale of products directly by the bank attendants; (c) the adoption of standard routines/meetings at the branches; (d) an active sales approach based on information available on the CRM (customer relationship management) system.

Within the Banrisul Mais (Banrisul Plus) program, the Company sets specific targets and guidelines for different groups of branches, such as marketshare, credit and cross-selling, which helps the Company in its quest to increase its business productivity and its revenues.

7.1.A - INFORMATION ON MIXED ECONOMY COMPANIES:

7.1.a Indicate, if the issuer is a mixed-capital company:

a. public interest that justified its creation.

The public interest which based the creation of Banrisul is made explicit by its mission: to be the State's financial agent in order to promote the economic and social development of Rio Grande do Sul. In this sense, it seeks to be a solid, profitable, competitive public bank integrated with the communities and provider services with excellence.

b. the issuer's compliance with public policies, including universalization goals, indicating:

- **government programs implemented in the previous fiscal year, those defined for the current fiscal year, and those foreseen for the coming fiscal years, criteria adopted by the issuer to meet the public interest indicated in letter "a"**
- **regarding the public policies mentioned above, investments made, costs incurred and the origin of the resources involved - cash generation, transfer of funds and financing, including sources of funding and conditions**
- **estimation of the impacts of the above mentioned public policies on the financial performance of the issuer or declaration that there was no analysis of the financial impact of the above mentioned public policies**

Public sector activities

In 2017, Banrisul's commercial strategy towards the public sector remained focused in the establishment of contracts for the provision of services related to the payroll of public servants of the state and municipal scopes, aiming at the maintenance of the current ones and incorporation of new clients, considering the relevant participation of this segment in the Bank's business.

At the city level, in 2017 the Bank advanced in the negotiations for the purchase of the payroll services of the municipal servants; in the period, 79 new contracts were signed, added to the previous negotiations, which had begun in 2016, totaling 256 municipalities at the end of 2017, 51.5% of the total municipalities of the State. At the federal level, a 5-year contract was signed with the Regional Labor Court of Rio Grande do Sul, to provide payroll services and other indemnities for magistrates, active and retired servants, pensioners and interns.

At the state level, 5-year contracts were signed for the payroll of the active and retired servants and pensioners of the Public Defender's Office, the Public Prosecutor's Office and the State Court of Accounts. Also, in continuity to the partnership between Banrisul and RS State Finance Department, it was made available to individual customers of the Bank which have an active account, activated for use in Home Banking, to access services and transactions made available by State Finance Department in the restricted area of self-service.

Social and environmental responsibility

Banrisul's Social and Environmental Responsibility Policy aims to establish guidelines to guide the Institution and its affiliates in promoting business and sustainable relationships, in a manner compatible with the nature of the activities of each company and the complexity of its products and services, contributing for the development of the communities in which Banrisul operates.

In 2017, in view of the Social and Environmental Responsibility Policy adopted, Banrisul reported its sustainability actions, to the United Nations Global Pact. In the environmental sphere, the Bank participates in the State Plan for Agroecology and Organic Production, which encourages sustainable agriculture, and the Deliberative Committee of the Sustentare Program, which seeks to standardize the disposal of electrical and electronic equipment used by public companies. In the period, the process of waste disposal was also improved. In the social and cultural sphere, among other actions, the Institution, through the Banrisul Museum, promoted technical visits directed to groups of university students and participated in the National Museum Week.

c. pricing process and rules for setting tariffs

As regulated in Resolutions 3919/2010 and 4196/2013 of the Central Bank of Brazil, all costumers that have a demand or savings account are entitled to certain services free of charge. For transactions that exceed the limits determined, as well as for other surplus services, it is allowed to collect individual tariffs for each surplus service or to contract a package of services with payment of a single value for a set of services made available, the which are available in the form of standardized packages. In this sense, the prices charged by Banrisul are determined by monitoring the prices practiced by the market, so that they remain competitive and attractive to customers in the banking market.

7.2 - INFORMATION ON OPERATIONAL SEGMENTS

7.2. For each operational segment disclosed in the latest end-year financial statements or consolidated financial statements, if applicable, state the following:

a. products and services sold.

The Company has no operating segments for the purpose of its financial statements. However, the Company's management operates Retail, Corporate, Correspondent Payroll-Deductible Loan and Treasury as different operating segments.

Retail

The retail segment includes products and services linked to commercial, long-term, rural and housing credit operations as well as foreign exchange operations, for individuals and companies, including micro, small and mid-sized businesses.

Corporate

The corporate segment includes products and services linked to long-term, agricultural, housing and foreign exchange loan operations, focused on attending to large sized companies. The Company's performance in the Corporate segment is focused on taking advantage of market opportunities by means of operations with its own customers, such as payroll and payment of bills, as well as building strong commercial relations with the employees of these companies.

Correspondent payroll-deductible loan

The Correspondent payroll-deductible loan segment answers for the origination of payroll-deductible loan in a specific channel, out of Banrisul's network. The acquisition of part of the capital stock of Bem Promotora de Vendas e Serviços S.A. in March 2012, added to the Bank the possibility of expanding its performance geographical area, reaching other regions of Brazil.

Treasury

The Treasury segment is responsible for managing and controlling the Company's cash flow and managing its own investment portfolio.

b. revenue from the segment and share of Issuer's total net revenue.

The Company's business is primarily made up of products and services related to credit operations, including payroll loans originated from operations carried out by banking correspondents and Treasury operations.

Aiming at the quality of credit, the Company's preferred focus of action is on attending the individual segment, prioritizing the lines that include Payroll Deduction Loans to civil servants, on account of the fact that these are categories with lower risk and greater liquidity.

The portfolio of Marketable Securities and Derivative Financial Instruments is part of the Treasury segment and is made up for the most part of Securities Held to Maturity. As for the issuers of the securities that make up the treasury segment, the great majority of them are federal government securities.

Other important sources of revenue for the Company include revenues from the provision of services and from bank charges. Among the mains highlight are the revenues from the Vero acquisition network, checking account charges and insurance, pension plan and capitalization revenues.

Taking into account the segments indicated in item "a", the Company's revenues, along with its share of consolidated net revenues, are shown below: (i) the corporate, retail and banking correspondents segments' revenue includes revenues from credit, leasing, the sale or transfer of financial assets and foreign exchange results; (ii) the treasury segment's revenue includes revenue from marketable securities, from derivative financial instruments and from compulsory deposits; while revenues from the provision of services and bank charges come from all the segments shown.

Income Statement (R$ million)	2017	%	2016	%	2015	%
Credit and Leasing Operations plus Sales or Transfers of Financial Assets	6,635.1	56.6%	6,980.7	56.4%	6,552.7	53.5%
Foreign Exchange Result	145.1	1.2%	76.5	0.6%	451.2	3.7%
Result of Operations with Marketable Securities and Derivative Financial Instruments	2,194.1	18.7%	2,443.4	19.8%	2,959.4	24.1%
Result of Compulsory Deposits	1,004.2	8.6%	1,167.9	9.4%	841.0	6.9%
Revenues from the Provision of Services and Income with Bank Charges	1,746.5	14.9%	1,700.3	13.8%	1,444.6	11.8%
Total Revenues	**11,725.0**		**12,368.8**		**12,248.9**	

c. profit or loss from the segment and its share in issuer’s total net income.

The Company does not disclose profit or loss figures for its operating segments.

7.3 - INFORMATION ON PRODUCTS AND SERVICES CORRESPONDING TO THE OPERATIONAL SEGMENTS

7.3. In relation to products and services corresponding to the operational segments disclosed in item 7.2, describe:

a. characteristics of the production process.

The characteristics of the production process of the products and services related to the operating segments described in item 7.2 of this Reference Form will be shown below.

Commercial Credit - Individuals

Payroll Deductible Loans. The Company operates in payroll-deductible loans. The Company 's payroll-deductible loan operations are mostly geared towards state public servants and INSS retirees and pensioners. The Company also maintains agreements with city governments, private companies and entities outside the state of Rio Grande do Sul. This credit type tends to be attractive for both clients and the Bank. This type of loan is advantageous for the Bank as direct agreements with companies or public bodies reduce the liquidity risk of the operations. Since 2012, the Bank has held part of the capital of a sales promoter specializing in the distribution of payroll-deductible loans that has a presence in every regions of Brazil.

Personal non-payroll deductible loans. The Company offers personal loans that are not payroll-deductible, payable via discounts directly from checking accounts. Terms for these loans can reach 24 months and the maximum amount that clients can contract is established based on individually calculated risk. In addition to revolving credit lines with monthly payments, the Company offers specific credit lines with single payments, such as advances on end-of-the-year bonuses and income tax rebates. In addition the Company's clients have pre-approved credit lines that may be drawn on using automated procedures via ATMs, Banrifone, Home and Office Banking, M-Banking My Account and Office - Banrisul Digital

Direct consumer credit. The Company has a direct consumer credit portfolio to finance the acquisition of new or used vehicles, both Brazilian and imported. The limit for Direct Consumer Credit/Vehicles is calculated for each client based on his or her risk classification. The maximum financing limit varies according to the year in which the vehicle was manufactured, and it can reach 100% for new vehicles with payroll-deductible financing, guaranteed by the secured fiduciary sale of the vehicle.

Overdraft loans. As a product designed to increase loyalty, the Company offers its individual clients overdraft loans, consisting of a revolving limit that can be used with magnetic cards and/or checks. Part of the overdraft facility consists of a pre-approved limit for spending at Banricompras. Limits for this type of loan are established by a system using the risk classification calculation, with a minimum of R$100.00 and maximum according to the client's ability to pay. Interest rates on overdraft vary in line with client profiles.

Commercial Credit - Corporate

The Company 's corporate client base is primarily composed of micro, small and mid-sized businesses. The Company has special credit lines for micro and small companies, a segment that is considered strategic, and for mid-sized and large companies. Amounts, rates and terms for the retail segment are pre-established as product policies while conditions for mid- sized and large companies are negotiated on a case-by-case basis.

The key credit lines for companies include working capital loans and overdraft protection, bill payment and receivables prepayment.

Direct consumer credit. The Company 's direct consumer credit portfolio for companies includes financing for the acquisition of machinery and vehicles for use by the contracting company. Vehicle and machinery financing can reach up to 80% and 90% of the value of the asset, respectively, as a function of the respective year of manufacture. Terms and rates vary according to the type of asset and the company's financial standing. Guarantees required are generally a surety by the partners and the secured fiduciary sale of the asset.

Leasing

The Company offers financial leasing products in the industrial, retail and service segments, focusing on vehicles, machinery, and equipment and information technology items.

Loans to the Public Sector

The Company offers short and long-term financing to public sector entities except for the State of Rio Grande do Sul, in line with the restrictions established in the Banking Reform Law. The beneficiaries of these operations and the amounts involved must comply with the public sector credit restriction limits and the disbursement order of the National Treasury Secretary.

Real Estate Financing

The Company offers various types of real estate financing for individuals and companies, including the Business Plan for financing real estate development activities guaranteed by mortgage.

Agricultural Loans

The Company ’s financing lines for the sector include: (i) financing of costs for crops and animal breeding/maintenance activities, (ii) discounted agribusiness trade bills, (iii) financing for product storage for subsequent sale, (iv) financing programs via BNDES/FINAME onlending for machinery and equipment acquisitions, and (v) financing programs via BNDES onlending for investment under the National Family Agriculture Program – PRONAF and in the National Small Farmers’ Support Program – PRONAMP, and for corporate agriculture, with special conditions for these segments.

The Company also has products specially designed for exhibitions and fairs in which it participates, whereby it provides credit for the acquisition of livestock, machinery and equipment according to pre-approved limits and parameters. The purpose of these criteria is to expedite the operation and business at the event and in these types of loans Banrisul can grant financing with its own funds or via onlendings from BNDES/FINAME.

International and Foreign Exchange Operations

The Company offers products in the areas of (i) export financing (including Advances on Foreign Exchange Contracts and Advances on Foreign Exchange Receivables), (ii) the provision of guarantees for international operations (import letters of credit) with the receipt of counter-guarantees in Brazil; (iii) import financing (FINIMP); and (iv) the onlending of funds raised abroad (CMN Resolution 3844, which revoked CMN Resolution 2770). The conditions for foreign exchange operations, including terms, interest rates and costs with commissions are negotiated on a case by case basis in accordance with the characteristics of each operation and the profile of each client. The Company also carries out operations involving remittances abroad and manual exchange.

Acquiring and Benefit and Corporate Cards

Through its subsidiary Banrisul Cartões, the Company operates in the acquiring business as a payment institution, and as BanriCard Payment Arrangement Settlor in the issue of benefit cards.

The acquiring business includes Vero acquiring network services which comprises accreditation, capture, transmission, processing and financial settlement of transactions carried out with Banricompras, BanriCard, MasterCard, Visa, VerdeCard and VR Benefícios cards. The acquiring business´s main source of revenue comes through the discount rate (MDR) charged merchants on volume traded, followed by monthly revenues and connectivity. In this sector, our actions focus on the segment of small and medium-size merchants, as well as on facilitators. An important action in this segment was the implementation of a new internal processing solution for Visa and Mastercard transactions, which provided speed to product launches; quality and independence in transactions management; technological independence and reduction in processing costs and expenses from the acquiring business.

The Company 's goal continues to be strengthening its market position with the Vero Acquisition Network and to become a major player on the domestic market by signing strategic alliances. Both in terms of the number of transactions as well as in relation to the amount transacted, Vero's results reflect the withdrawal of a major facilitator which has begun to operate in the market as a payment institution.

The BanriCard benefit and corporate cards business covers the issue of Pre- and Post-paid cards administered through agreements, and its portfolio includes Grocery, Meals, Culture, Gift, Salary, Benefit, Fuel, Fleet Management, Expenses Management, Payments Management and Social Programs cards. The main sources of revenues of this business are the reimbursement fees charged from commercial establishments on the volume transacted, and the management fees charged from the accredited companies.

Banricompras cards are exclusive and free-of-charge for the Company’s clients who use their current account card to pay their purchases at accredited merchants in cash or by installments, without paying interest or annuity, and they have the security of using a chip card. The Banricompras cards allow its users to make purchases in more than 170 thousand establishments.

The Company also operates Visa and MasterCard credit cards directly and is responsible for the entire administration process for these cards, including billing and financial settlement. Banrisul offers an SMS messaging service to inform customers of transactions made on their card in real time, aiming at providing more safety to these customers.

Insurance, Private Pension Plans and Capitalization Bonds

In 2014, the Company and Icatu Seguros signed an agreement that provides for the exclusive distribution of social security and life insurance products for a 20-year term. 2015 saw the incorporation of Banrisul Icatu Participações S.A., the holding company in which Banrisul holds 49.9% of capital. The group of companies includes Rio Grande Seguros e Previdência S.A., the Company’s new insurer. In July 2016, the Company began selling life insurance guaranteed by Rio Grande Seguros; and starting in October 2017, it began selling Rio Grande Seguros e Previdência S.A.'s pension plans.

With the purpose of fulfilling the needs of customers regarding safety, protection and benefits, the Company invested in the improvement of its product portfolio, by means of remodeling and launching of new insurance solutions, as well as in the automation of processes and in the training of professionals. Promotions and sales campaigns were also held during the year. The Company's continuing strategy of expanding its operations in the insurance sector has enabled it to break through the R$1.0 billion mark in insurance premiums and pension and capitalization contributions in 2017; at the end of the year, the insurance business added up to a total of 2.2 million active operations.

Purchasing Consortium Management

Through our subsidiary Banrisul Consórcios, Banrisul manages purchasing consortiums for individuals and companies for the acquisition of real estate, automobiles, tractors, trucks and motorcycles, including for people who do not have checking accounts with the Bank.

Payroll System

Banrisul offers its public and private sector clients services related to payroll transfers for both salaries and benefits. Banrisul seeks to add value to its activities in this area, taking advantage of existing synergies with credit granting (especially payroll-deductible loans) to offer public and private employees to whom it makes the payments the possibility of becoming clients of the Company and taking advantage of its other services. This activity is used as a tool for capturing and cementing the loyalty of clients requiring other banking products and services.

Financial Agent of the State of Rio Grande do Sul and its Municipalities

Banrisul operates as a financial agent for the State of Rio Grande do Sul, centralizing the management of revenue and expenses in the State budget though the collection of state taxes, the transfer of funds to state municipalities, payroll services for public employees and the payment of suppliers. In addition, the Company operates as a government partner in implementing socio-economic policies, projects and programs focusing on regional development, when they exist. In relation to the municipal segment, the focus has been on offering products and services, especially concerning management solutions designed to reduce municipal operating costs and risks.

Tax collection

The Company is responsible for ICMS and IPVA collection for the State of Rio Grande do Sul, as well as the transfer of amounts to municipalities in accordance with current legislation.

In addition, the Company collects taxes and fees due to municipal governments, entities under indirect public management and water and sewage concessionaires, chiefly in Rio Grande do Sul, through our branch network, self-service channels (Banrifone, Internet and ATMs) and affiliated banking correspondents. The Company also permits automatic bill payments (debiting checking accounts) when authorized by the taxpayer.

The provision of these services provides opportunities for expanding business with public entities, federal, state and municipal employees and private individuals and corporations.

In addition, since 2015 the Company has been in second place among financial institutions preferred for benefit payments for the National Social Security Institute (INSS) in Rio Grande do Sul, being authorized to make payments in cities outside the state where it has branches, and enabling beneficiaries to access special products through the Banricompras card which may be used in thousands of establishments nationwide.

Judicial Deposits

On April 22, 2004, the State Law 12069 was enacted, amended by Law 14738/15 by means of which the Company, when requested, shall make available to the state of Rio Grande do Sul up to 95% of the amount of the judicial deposits collected from the Reserve Fund for Guarantee of Return of Judicial Deposits, in which the litigating parties are neither the State nor the Municipalities. The amount not available of the judicial deposits collected will make up the Reserve Fund

destined to ensure the refund of said deposits.

Correspondent payroll-deductible loan

The Correspondent payroll-deductible loan segment answers for the origination of payroll-deductible loan in a specific channel, out of Banrisul’s network. The acquisition of part of the capital stock of Bem Promotora de Vendas e Serviços S.A. in March 2012, added to the Company the possibility of expanding its performance geographical area, reaching other regions of Brazil. The Company does not use resources from this segment but funds raised from checking account holders..

Treasury segment

Appropriate treasury and liquidity management strategies add value and stability to financial results and contribute to the maintenance of the Institution's strength, profitability and efficiency. A portion of Banrisul's financial revenues derives from treasury operations, which seek to ensure balance between negotiable assets and current liabilities, considering different currencies, rates, indexes and operation terms.

Banrisul's marketable securities are classified as held for trading, held to maturity and available for sale, according to the investment policy and the Institution's financial capacity.

Additionally, below we will present the types of fund raising adopted by the Institution.

Fund-raising

The Bank's funding base is diversified and has plenty of liquidity. The Institution's loans-to-deposits ratio is at a level that allows funding for loans to expand at a marked pace.

The Company has also perfected the supply of products and services in order to increase and boost its funding. The funds raised by the Bank consist particularly of term deposits, which is its main source of funding, along with savings and cash deposits, financial and real estate bills and subordinated debt.

b. characteristics of the distribution process.

The various products and services are made available to Banrisul's customers via the Bank's distribution channels, including its network of branches, its banking correspondents and digital channels, as shown below. The Bank has strengthened and promoted the provision of products and services by means of the digital distribution channels. Notwithstanding this, the Institution has been using the branch network for specific purposes, in accordance with its commercial strategy, particularly in order to increase (a) marketshare, (b) profitability and (c) cross-selling.

Self-Service Network. On December 31, 2017, Banrisul's self-service network reached 1,203 points, comprising 526 branches, of which 494 in Rio Grande do Sul, 22 in Santa Catarina, 8 in other Brazilian states and 2 abroad, 191 banking service stations and 486 electronic points of service. In 2017, a standardized business plan was established, based on the standardization of daily activities and commercial and operational initiatives, which is designed to improve the customer's experience as well as to increase the Bank's efficiency and commercial productivity. The implementation process, which was initiated at the end of 2017 in pilot branches, will gradually be extended until it covers the entire Network over the course of the next year. The Institution's geographical penetration is one of its differentials: it is present in municipalities that account roughly for 90% of the State of Rio Grande do Sul's territory.

Self-service network – Bem. Our acquisition of part of Bem enables growth for product and service distribution channels, especially outside the state of Rio Grande do Sul, since Bem promoter is present in other regions of Brazil.

Banrisul – Banriponto banking correspondents. On December 31, 2017, the Network consisted of 1,291 active bank Banripontos. During the period, the migration of the operational support provided by telephone to the Network of Branches, Banripontos and Agreement to the Chat Online platform was concluded.

Digital channels. The Company provides customer service through Home Banking, Office Banking, M-Banking, My Account, Office (App), Afinidade (Affinity) and by telephone through Banrifone.

The Home Banking service channel offers comfort and security to conduct financial transactions by using a current account card with a chip device and its corresponding password. The Office Banking internet service channel is for corporate or legal entities to manage their registered current accounts online using cards with chips, secured by passwords. In May 2017, the Office App was made available, with banking services available to companies that already use Office Banking; and My Account, for individual and legal entity clients in general. In December 2017, with a view to optimizing the relationship with customers with a high relationship standard, the exclusive service channel for Afinidade (Affinity) customers was also made available. Due to these implementations, M-Banking was discontinued in October 2017. The Banrifone relationship channel allows customers to query account balances, request services and make banking transactions by telephone.

c. characteristics of markets in which the issuer operates, especially:

Evolution of the Brazilian Banking Sector

The Brazilian banking sector underwent a major structural change, shifting from a high inflation environment in the 1980s and early 1990s to an environment in which inflation was low and under control and where there was greater macroeconomic and monetary stability, starting in 1994, with the introduction of the Real Plan. Prior to 1994, the banking industry benefited from inflationary gains and was characterized by the significant presence of state-run banks, as well as a larger group of major Brazilian banks, and was also distinguished by the legal restrictions on the participation of foreign financial institutions, resulting in inefficient structures and little competitivity.

The monetary stability that was achieved since 1994 drastically reduced the floating revenues and structurally changed the operations of Brazilian banks, which began a movement to expand and direct efforts and resources to credit activities. This movement, coupled with the loss of inflationary gains, forced the banking sector to improve its efficiency ratios and increase service revenues, which as a result triggered a period of rationalization and consolidation. The Federal Government has actively monitored this process with the creation of programs designed to protect public interests, including measures to ensure the solvency of Brazilian banking institutions, reduce the participation of state-run institutions, and increase the level of competition between private banks. Last but not least, the Federal Government has reduced the restrictions on the entry of foreign banks into the Brazilian market and as a result these banks' market share has increased significantly.

As a result of this new scenario, the banking system underwent a major restructuring process, characterized by a wave of privatizations, mergers and acquisitions, as well as by the reorganization of both public and private banks, supported by PROER programs in the case of private sector institutions, and PROES programs in the case of public sector institutions.

By comparison with more developed countries, Brazil still has a low penetration rate in terms of banking products, but this rate has increased significantly over the last few years. According to data from the Brazilian banking association (the Brazilian Federation of Banks or "Febraban"), approximately 40 million Brazilians do not have access to banking services, which puts Brazil behind not just developed countries, with greater economic strength, but also emerging markets that are comparable in terms of consumer credit.

Although the Brazilian banking sector is already very solid, there are strong grounds to believe that the industry in question still enjoys great penetration potential. When the volume of domestic credit for the private sector is analyzed as a percentage of GDP, by comparison with the ten largest global economies, we can observe a considerable deficit in terms of penetration in Brazil. Therefore, taking into account the resumption of growth and the positive outlook for the economy, the expectation is that credit will recover and increase.

Competitive conditions in each market

The consolidation of the Brazilian financial sector in recent periods, with the merger of large banks and the privatization of state-run banks, has led to increased competition in the domestic banking and financial system. According to Brazilian Central Bank, in September 2015 there were 132 multiple banks, 21 commercial banks and 13 investment banks, along with a number of brokerage companies, financing companies and other financial institutions operating in the country. Between 2011 and 2016, the Brazilian economy grew less than in previous years while there was increased inflation and the *Real* lost value. In 2015, there was an intensification of the macroeconomic adjustment process with negative effects on banking activity, particularly in the demand for credit. As a result, financial institutions operating in Brazil intensified their efforts to hedge their exposure to credit risk by increasing their provisions for credit losses, altering their credit portfolio from products with larger spreads (and thus increasing the credit risk) to products with lower risk (and therefore lower spreads) and shifting to a more conservative mix of bank products. There are currently five commercial financial institutions that head up the Brazilian market in terms of asset volume, which together account for 80.1% of the credit market and 80.9% of the funding market available in the country in December 2017, according to the Brazilian Central Bank (excluding the BNDES - the National Bank for Economic and Social Development).

d. seasonality.

The Company does not show any pronounced seasonality in most of its operations. However, its rural financing activities are impacted by a few seasonal factors that affect farmers in general, or certain specific crops. Reductions in agricultural productive activity have impacts on rural financing activities.

e. main inputs and raw materials.

i. description of the relationships with suppliers, including whether or not they are subject to governmental control or regulation, with an indication of the governing bodies and of the applicable respective legislation

The Company maintains relationships with outsourced suppliers responsible for providing key components of the Company's business infrastructure, such as loan and deposit service systems, Internet connectivity, and access to the network. The terms and conditions of the relationships maintained between the Company and the suppliers are found in the contractual instruments that have been signed between the aforesaid parties. Article 37 XXI of the Federal Constitution and Federal Law 8.666/93 establish that the contracting of construction work, services, purchases and sales, as well as that the concession and permission of public services by the Public Administration be made by means of a bidding procedure or, when this is clearly unfeasible, for one of the reasons of Sole-Source Procurement Process (Article 25 of Law 8.666/93), or when the contract falls within the exhaustive list of Waiver (Article 24 of Law 8.666/93). Therefore, both direct and indirect administration should comply with this determination (article 1, sole paragraph of Law 8.666/93). The Company, due to the fact of it being a government-controlled company, the contracting of suppliers are subject to the Law on Bidding and Administrative Contracts (Federal Law 8.666/93), as well as to other related Federal and State legislation.

ii. possible dependence on a few suppliers

The Company is not dependent on strategic suppliers.

iii. possible volatility in its prices

The volatility of prices in relation to contracts with suppliers is influenced by macroeconomic factors such as: the interest rate, inflation and the exchange rate, among others.

7.4 - INFORMATION ON PRODUCTS AND SERVICES CORRESPONDING TO THE OPERATIONAL SEGMENTS

7.4. State whether there are any customers that account for more than 10% of the issuer's total net revenue.

In the years ended December 31, 2017, 2016 and 2015, the Company did not have a customer that accounted for 10% or more of its revenue in the period or year.

7.5 - MATERIAL IMPACT OF STATE REGULATIONS ON THE ACTIVITIES

7.5. Describe the material impact of state regulations on the issuer's activities, with specific comments:

a. need for government authorization to carry out activities and history of relations with the public administration concerning obtaining these authorizations.

The performance of the Institution's activities depends on prior authorization from the Brazilian Central Bank.

Regulation, supervision and relationship history

The basic structure of the Brazilian National Financial System (SFN) was established by Law 4595 of December 31, 1964, as amended ("Banking Reform Law"). The Banking Reform Law created the National Monetary Council (CMN) and the BCB, attributing to the latter powers to issue currency and control the credit system.

The National Financial System is composed of the following regulatory and oversight bodies:

Regulatory Agencies:
- CMN – National Monetary Council;
- CNSP – National Private Insurance Council;
- CNPC– National Complementary Pension Council;

Supervision Agencies:
- BCB - Brazilian Central Bank;
- CVM – Brazilian Securities and Exchange Commission;
- SUSEP – Private Insurance Superintendence;
- PREVIC – National Complementary Pension Superintendence.

Self-Regulating Entities:
- Brazilian Association of Financial and Capital Market Entities - ANBIMA;
- Brazilian Association of Credit Card and Services Companies - ABECS;
- Brazilian Federation of Banks - FEBRABAN;
- Brazilian Association of Publicly Held Companies - ABRASCA;
- B3 - Brazil, Bolsa, Balcão S.A.

The CMN, BCB and CVM regulate and oversee Brazil's banking and capital markets. The CNSP and SUSEP regulate and oversee the insurance, capitalization and open complementary pension fund markets. CNPC and PREVIC regulate and supervise closed complementary pension funds.

Historically, the Bank has maintained a friendly relationship with the abovementioned agencies and entities, and since the beginning of the Bank's activities, there has been no situation that has endangered the Bank's licenses.

National Monetary Council (CMN)

The CMN is the highest body in the National Financial System, responsible for creating monetary and credit policy with a view to Brazil's economic and social development. The main goals of its policies, among others, are:

- adapting means of payment volume to national economic needs;
- regulating the domestic value of the currency;
- regulating the international value of the currency and the equilibrium of the country's balance of payments;
- guiding the investment of financial institution resources;
- improving financial institutions and instruments;
- doing everything possible to ensure the liquidity and solvency of financial institutions; and
- coordinating monetary, credit, budget, tax and public debt policies.

The Finance Minister presides over the CMN, which also comprises the Planning, Development and Management Minister and the President of the BCB.

National Private Insurance Council (CNSP)

The CNSP is the body responsible for setting the guidelines and rules of the policy regarding private insurance. It consists of the Minister of Finance, as Chairman, representatives from the current Ministry of Justice and Citizenship, from the current Ministry of Labor, from SUSEP (the Superintendence of Private Insurance), from the BCB (Brazilian Central Bank) and from the CVM (the Brazilian Securities Commission).

National Complementary Pension Council (CNPC)

The CNPC, the former Management Board of Complementary Pension Plans, was established by Law nº 12.154/2009 and at the present is an entity of the basic structure of the Ministry of Finance, which performs the function of regulator of the complementary pension scheme operated by closed complementary pension entities.

Brazilian Central Bank (BCB)

The BCB is the body responsible for implementing the policies formulated by the CMN (National Monetary Council), being responsible for ensuring the real's purchasing power, preserving adequate economic liquidity, maintaining international reserves in a sufficient level, encouraging the formation of savings, ensuring stability and promoting the continuous improvement of the financial system, being able for this purpose, to apply the sanctions provided for by law, when necessary. Its duties include:

- issuing paper money and coins;
- ensuring that there are paper money and coins available and in good condition;
- establishing and receiving the mandatory and voluntary reserve requirements from financial and banking institutions;
- carrying out rediscount operations for loans to financial institutions;
- controlling credit;
- controlling the flow of foreign capital into the country;
- to be the depository of official reserves of gold and foreign currency
- overseeing financial institutions;
- authorizing the operation of financial institutions;
- establishing conditions for the exercise of management positions in financial institutions;
- carrying out federal bonds sale and purchase operations; and
- among others, as established in the Bank Reform Law.

The President of the BCB is appointed by Brazil's president, after Senate approval, and can be dismissed ad nutum. In addition, the BCB has committees to deal with specific issues, with highlight going to the Monetary Policy Committee (Copom), the purpose of which is to take measures in order to meet the inflation targets defined by the CMN and to establish monetary policy guidelines The Copom's activities in relation to the control of inflation targets include setting the target SELIC Rate (average rate of daily financing, backed by federal government bonds, as measured by the Special System for Settlement and Custody) and publishing reports regarding the country's economic and financial situation along with projections of the inflation rate.

Brazilian Securities and Exchange Commission (CVM)

The CVM is a government body connected to the Ministry of Finance, created by Law 6385/1976, endowed with independent administrative authority and legal personality as well as its own assets. It is responsible for implementing the policies drafted by the CMN in connection with marketable securities, with the function of supervising, regulating, disciplining and developing the marketable securities market and its participants (companies with marketable securities traded in the market, investment funds, investors, and financial agents among others). In addition, in conjunction with the CMN, it performs the tasks set forth in law for the purpose of:

- encouraging the creation of savings and their investment in marketable securities;
- promoting the expansion and efficient and regular functioning of the stock market and encouraging permanent investments in the shares of publicly-held companies under the control of Brazilian private capital;
- ensuring the efficient and regular operation of stock exchanges and over-the-counter markets;
- protecting holders of securities and market investors against non-conforming issues; illegal acts of management and controlling shareholders of listed companies or portfolio managers;
- preventing certain types of fraud or manipulation in order to create artificial demand, supply or price for securities trading in the market;
- ensuring that stakeholders have access to information regarding securities traded and the companies that issued them;
- ensuring compliance with fair commercial practices in the securities market;
- ensuring compliance with conditions for using credit determined by the CMN for the market.

Additionally, in compliance with Law 10303/2001 (which amended Brazilian Corporate Law and Law 6385/1976), the power to regulate and oversee financial and investment funds (originally regulated and supervised by the BCB) was transferred to the CVM.

Headquartered in Rio de Janeiro (RJ), the CVM is managed by a president and four directors, who may be dismissed ad nutum. These members are appointed by the Brazilian President from among candidates with unquestionable reputations and recognized skill in capital market matters, and approved by the Senate. CVM directors serve for a non-renewable term of five years, one of whom being replaced each year.

Private Insurance Superintendence (SUSEP)

SUSEP is the body responsible for controlling and supervising the insurance, open private pension, capitalization and reinsurance markets in Brazil. It is an independent agency linked to the Ministry of Finance, created by Decree-Law nº 73/1966.

National Complementary Pension Superintendence (Previc)

Previc was created by means of Law nº 12.154/2009 and is an independent agency of a special type, endowed with administrative and financial autonomy and its own assets, and which is currently linked to the Ministry of Finance. Previc acts as the oversight and supervisory entity for the activities of closed-end complementary pension entities and of the enforcement of the policies for the complementary pension scheme operated by closed-end complementary pension entities.

Regulations Applicable to the Brazilian Banking Industry

Below are the main rules of the National Financial System, applicable to Brazilian financial institutions.

Legislative reform of the National Financial System – Constitutional Amendment

On May 29, 2003, Constitutional Amendment 40 was promulgated to replace the existing restrictive constitutional provisions with overall permission for the Brazilian financial system to be regulated by complementary laws.

Corporate Structure

Financial institutions, with the exceptions provided by law, must be constituted as companies and are therefore subject to Law 6404/76 and CMN and BCB regulations, as well as oversight by the CVM if they are registered as publicly-held companies.

The capital stock of financial institutions may be divided into shares with or without voting rights, and the number of preferred shares without voting rights, or that are subject to restrictions in the exercise of this right, may not exceed 50% of the total number of shares issued.

General Restrictions and Limitations on Financial Institutions

The activities of financial institutions are subject to a series of limitations and restrictions. Generally, these limitations and restrictions refer to the granting of credit, risk concentration, investments, repo operations, foreign currency loans and trading, third-party asset management, microcredit and payroll-deductible loans.

The restrictions and requirements for banking activities established by the applicable legislation and regulations include the following:

- financial institutions may only function in Brazil with the prior authorization of the BCB and by executive decree for foreign institutions;
- financial institutions may not acquire real estate other than for their own use, except when received in settlement of loans of difficult or doubtful resolution, in which case it must be sold within a maximum of one year as of receipt, extendable twice, at the discretion of the BCB;
- financial institutions are prohibited from providing loans or advances to individuals or legal entities that retain more than 10% of their capital stock, except in certain specific circumstances upon authorization from the BCB;
- financial institutions are prohibited from providing loans or advances to any of their executive officers and members of the advisory body or board of directors or fiscal council or similar (as well as to their spouses and relatives, up to the second degree), as well as to legal entities in which the aforesaid individuals have an equity interest of more than 10%;
- financial institutions are not allowed to grant loans or advances to legal entities in which they have an equity interest of more than 10%;
- financial institutions are prohibited from carrying out repo operations, i.e. involving assets that are sold or purchased based on the occurrence of certain specific conditions, in amounts greater than 30 times their Regulatory Capital, separately or cumulatively;
- asset and portfolio management business must be segregated from other business conducted by firms in question, which must adopt operational procedures as required by CVM Instruction 558 of March 26, 2015;
- the amount of capital stock and shareholders' equity of financial institutions must always be compatible with the capital stock and minimum capitalization rules imposed by the BCB for each type of financial institution; and
- the exposure of Brazilian financial institutions and other institutions authorized to operate by the BCB in foreign currency, in gold and in transactions subject to foreign exchange variation, may not exceed 30% of Regulatory Capital, according to CMN Resolution 3.488/2007.

Restrictions on lending

Financial institutions may not grant loans or advances: (i) to their executive officers or to members of the advisory body or board of directors or fiscal council or similar councils, or to their respective spouses; (ii) to the relatives, up to the second degree, of the persons referred to in the previous item; (iii) individuals or legal entities that have an equity interest in their capital, of more than 10%, unless specifically authorized by the BCB, in each case, in the case of transactions backed by commercial effects resulting from purchase and sale transactions or pledge on goods, with limits that are fixed by the CMN, in general; (iv) to legal entities in which they have an equity interest of more than 10%; (v) to legal entities in which equity interests of more than 10% are held by any of the executive officers or managers of the financial institution itself, as well as their spouses and their relatives, up to the second degree.

It should be noted that restrictions related to operations with affiliates do not apply to operations carried out with financial institutions in the interbank market.

According to CMN Resolution 2827/01, as amended, the amount of credit of a given financial institution with public sector bodies and entities may not exceed 45% of its Regulatory Capital, except in certain operations.

In addition, along with other restrictions, the Bank is prevented from carrying out credit operations with public sector bodies and entities that are in default with any financial institution and other institutions authorized to operate by the BCB or with the Public Sector Operations Registry System – CADIP. Also, as per the Fiscal Responsibility Law, all loan contracts executed by public entities as the borrower must comply with the overall limits established by the Senate, among others, and receive prior authorization under the respective budget law or specific law.

In regard to cities (except for its non-dependent state-run companies), the BCB regulations establish that, as of December 11, 2003, new operations contracted with these public entities should comply with the maximum limit of R$200.0 million, with a further requirement that beneficiaries be in strict compliance with the registry requirements of the Finance Ministry and may not exceed the maximum limit of municipal debt established under the Fiscal Responsibility Law.

In addition, as a result of express prohibition by the Fiscal Responsibility Law, the Institution cannot grant any loans to the State of Rio Grande do Sul, its controlling shareholder.

Leasing

Leasing operations are regulated by Law 6099/1974, and by rules periodically published by the CMN. Law 6099/1974 establishes the general guidelines for the creation and functioning of leasing companies, as well as the activities that these companies are authorized to carry out. All leasing operations are subject to the control and supervision of the BCB, in accordance with the rules established by the CMN, and to which the provisions of Law nº 4.595 of December 31, 1964 and subsequent legislation related to the SFN apply, where applicable.

Administration of Purchasing Consortiums

The Purchasing Consortium System is regulated by Law 11795/2008, and by BCB Circular Letter 3432/2009, with the first of these legislating in relation to the Consortium System and the second in relation to the constitution and functioning of the consortium groups.

Foreign Investments

Foreign Banks

The Constitution of the Federative Republic of Brazil ("Federal Constitution") prohibits foreign banks from opening branches in Brazil, except when in the interest of the Brazilian government and upon authorization from the country's President and formally communicated by the BCB. Any foreign financial institution that is duly authorized to operate in Brazil by means of a branch or subsidiary will be subject to the same rules, regulations and requirements that are applicable to any Brazilian financial institution..

Foreign Investments in Brazilian Financial Institutions

Under the terms of the Federal Constitution, Article 52 of the Transitional Constitutional Provisions Act, the following are prohibited:

- the setting up, in Brazil, of new branches of financial institutions domiciled abroad; and
- any increase in the percentage interest in the capital of financial institutions with headquarters in the country, of individuals or legal entities resident or domiciled abroad. The ban to which this article refers does not apply to authorizations resulting from international agreements, of reciprocity, or which are in the Brazilian government's interest.

Individuals and legal entities resident and domiciled abroad can only invest in the voting capital of financial institutions with specific authorization from the BCB and, if applicable, the President. However, foreign investors may acquire non-voting shares issued by Brazilian financial institutions or depositary receipts representing non-voting shares issued abroad without specific authorization and as long as these shares are acquired in public trading. The launch of DR backed by shares is limited to the percentage of foreign interest that is allowed under the current legislation, in accordance with CMN Resolution 4.373/2014.

Foreign Loan Operations

The contracting of loan operations between individuals and legal entities resident or domiciled in Brazil and those resident or domiciled abroad, carried out directly or by means of the issue of securities on the international market under the terms of CMN Resolution 3.844/2010, does not require prior and express authorization from the BCB, except in the case of foreign loans where the borrower is a public entity, including federal, state, federal district and municipal governments.

The proceeds of foreign loan operations should be invested in economic activities, in line with the compatibility between operating costs and the parameters generally used in the international market. These proceeds may be acquired through direct loans or the placement of securities.

The proceeds from financial institutions' funding transactions may be passed onto individuals and non-financial companies in Brazil. In relation to onlendings, financial institutions must transfer the credit to the borrower at the same cost as that of the originally contracted debt in foreign currency and may not charge financial intermediation services or any fee other than the onlendings commission.

Therefore financial institutions transfer the effects of foreign exchange variations to the final beneficiary of the loan, given that onlendings are denominated in Brazilian currency. BCB regulations also allow financial institutions and leasing companies to obtain foreign funding and invest non-earmarked funds in the domestic market in accordance with their operational limits.

All foreign loan operations are also subject to Electronic Declaration Registration (RDE) with the BCB, by means of the Financial Operation Registration (ROF) Module, in the BCB's electronic information system (SISBCB), as well as the following foreign credit operations: (a) external borrowing, including by means of the issue of securities; (b) receiving payment for exports, with a payment term in excess of 360 days in relation to the shipment date; (c) international financing and financial leasing agreements; with a payment term of more than 360 days.

The registration of each type of operation in the RDE-ROF module must be provided by those taking foreign loans or their proxies within 30 days of the originating event. These registrations are generally granted automatically with issue of the ROF number, except when operation costs are not compatible with regular market practices and conditions or when the structure of the proposed operation does not fit the system's standards. After the inflow of funds, takers must register the payment schedule in the ROF, which is indispensable for remittances of principal and interests abroad, and for merchandise shipment, as the case may be.

Failure to register as stated above will lead to financial transfers supported by registration being blocked until irregularities are remedied, without prejudice to penalties being applied under current legislation or regulations.

Loans in foreign currency

After registering with the BCB, financial institutions may take out loans in foreign currency from funds on the international markets, without prior written approval from that entity, including the onlending of these funds in Brazil to Brazilian companies and other financial institutions. The banks carry out these onlending operations by means of loans payable in local currency with foreign currency equivalents. The terms of the onlending should mirror the terms of the original transaction. The interest rates charged on international loans should also be in line with international market practices. Over and above the original cost of the transaction, the financial institution may only charge an onlending fee.

The BCB may establish restrictions on the term, interest rate and general conditions of loans in foreign currency. These restrictions are altered in accordance with the economic environment and the monetary policy. Foreign currency exposure was set at 30% of the Regulatory Equity (PR), and may vary from 15% to 75% of the RC, along as this is authorized by the BCB, under the terms of CMN Resolution 3.488/2007.

Reserve Requirements

The BCB imposes reserve requirements on demand, time and savings deposits on financial institutions like Banrisul. Part of demand deposits and savings deposits are mandatorily allocated to real estate financing, for mandatory deposit at the Brazilian Central Bank, and for credit operations aimed at the low income population and microentrepreneurs, as a means of fomenting these sectors.

In the case of demand deposit requirements, the institutions should maintain an amount corresponding to at least 2% of the balances of demand deposits collected by the aforesaid institution, in credit operations aimed at the low-income population and micro-entrepreneurs. As for the funding from SBPE savings deposits, they should be invested, as follows: (i) at least 65% in real estate financing operations; (ii) 24.5% in mandatory deposits at the BCB; and (iii) the remaining resources in financial assets and in other transaction accepted under the terms of the current legislation and regulations.

Asset Allocation Requirements

Pursuant to CMN Resolution 2283/1996, the total funds invested in the fixed assets of Brazilian financial institutions (defined as property, plant and equipment not deriving from commercial leasing operations, unconsolidated investments and deferred expenses) may not exceed 50% of the value of adjusted shareholders' equity, calculated in accordance with BCB criteria.

In addition, pursuant to CMN Resolution 2844/01, Brazilian financial institutions may not allocate more than 25% of their Regulatory Capital to the contracting of credit and leasing transactions and for the provision of guarantees, as well as in relation to credits resulting from derivative transactions, extended to the same customer or in marketable from the same issuer (including its subsidiaries, affiliated companies and parent company).

In accordance with BCB Circular Letter 3068/2011, and supplementary regulations, securities are classified and valued in three categories – for trading, available for sale and held to maturity. Securities classified as "for trading" are valued at market value and any gains or losses recognized in income. Securities "available for sale" are marked to market and any gains or losses, when realized, are recognized in income with a corresponding entry in a specific shareholders' equity account, less tax effects.

Regulation for registration and classification of sale or transfer of assets

CMN Resolution 3.533/2008 contains alterations in the way in which the sales and transfers of assets are recorded, classified and disclosed in the banks' ledgers (under the terms of CMN Resolution 3.809/2009, as amended by CMN Resolution nº 3.895/2010, these amendments came into force in January 2012). Henceforth the accounting treatment follows the criteria of transfer of risk and, subsidiarily, of transfer of control. Therefore, sales or transfers of financial assets should be classified and recorded in accordance with the following categories:

- operations with substantial transfer of risks and benefits;
- operations with substantial retention of risks and benefits; and
- operations without substantial transfer or retention of risks and benefits.

The institution is responsible for the assessment regarding the transfer or sale of risks and rewards of ownership of financial assets and it should be made on the basis of consistent and verifiable criteria. According to Resolution nº 3.533/2008, if the assignor substantially retains the risks and benefits of the assigned assets, the aforesaid credits cannot be accounted for as off-balance sheet loans. This provision is also applicable to the following operations, among others:

- the sale of financial assets together with repurchase commitments of the same asset at a fixed price or the sale price plus any income; and
- the sale of receivables in which the seller or the assignor assumes the obligation to compensate the buyer or the assignee for any credit losses that may occur, or where the sale of which took place in conjunction with the acquisition of subordinated FIDC (credit rights investment funds) shares.

Capital and Shareholders' Equity Standards

Brazilian financial institutions must comply with CMN and BCB guidelines, comparable with those of the Basel Committee on Banking Supervision (BCBS), maintaining minimum amounts of capital and shareholders' equity as a function of their asset structures. Among these guidelines are:

Liquidity

• mandatory transfer of deposits and collateral held by multiple banks and investment banks, non holders of Bank Reserves accounts, and credit, financing and investment companies to the BCB, which controls the monetary base by adjusting banking reserves applicable to loans and deposits, regulating credit activities and imposing limits on financeable amounts, among others. The BCB has the level of reserve requirements that banks must maintain regarding demand, savings and time deposits. It also regulates the routing of part of these funds for mandatory deposit at the BCB, for credit operations aimed at the low income population and microentrepreneurs, for real estate financing operations, and, if applicable, for financial resources and in other operations accepted under the terms of the current legislation and regulations.

• positions assumed in all operations carried out on the financial and capital markets must be monitored for mismatches between payments and receipts that may affect the institutions' liquidity.

• registration of transactions involving swap-type derivatives in equity and memorandum accounts. The purpose of the swaps is predominantly to mitigate risks arising from currency exchange rate fluctuations and they are based on OTC contracts registered with B3 S.A. – Brasil, Bolsa, Balcão, having as counterparties first-line financial institutions. Transactions that use these instruments are measured at market value and any gains or losses, realized or unrealized, are recognized directly in the income statement. Initially, derivatives are recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value.

• financial institutions must at all times hold Tier I regulatory capital and Principal Capital in amounts higher than the minimum requirements stipulated in Articles 4, 5 and 6 of CMN Resolution 4193/13.

Minimum Limits and Standards

By creating the Basel Accords, the main goal of the Basel Committee on Banking Supervision (BCBS)was to develop a measurement and standardization system for minimum capital requirements, calculated by asset risk weighting. Capital requirement is one of the most used instruments by regulatory agencies to achieve international banking system's strength and stability.

Capital management must be executed continuously, aiming to adjust the Regulatory Equity to the risks incurred by the institution, comprising even those that are not included in the risk-weighted assets (RWA) calculation. In order to improve this process, the National Monetary Council (CMN) determined, through CMN Resolution 3988/2011, that financial institutions that are required to calculate RWA must have a capital management structure compatible with the nature of their operations, the complexity of their products and services and the extent of their risk exposure.

CMN Resolution 4192/2013 established a methodology for calculating the Regulatory Equity, which separates requirements into three independent capital requirements that must be constantly monitored by financial institutions. The three minimum requirements are:

- Principal Capital – CP: calculated by means of

1. the sum of the amounts corresponding: a) to the share capital made up of shares, quota-shares, or by unredeemable shares that do not have any cumulative mechanisms for dividends; b) to the capital, revaluation and profit reserves; c) to the unrealized gains resulting from the adjustments to equity valuation, except for the balance of the positive adjustment to the market value of the derivative financial instruments used for cash flow hedge; d) to the accumulated surpluses or profits; e) to the positive income accounts; f) to deposits in a linked account to cover capital deficits, established under the terms of article 6 of CMN Resolution 4.019/11; and g) to the balance of the positive adjustment to the market value of the derivative financial instruments used for cash hedge flow; and

2. deduction of the amounts corresponding: a) to the unrealized losses resulting from the adjustments to equity valuation, except for the balance of the negative adjustments to the market value of derivative financial instruments used for cash flow hedge; b) to the shares or any other instruments which it has issued, which are authorized to be included in the Principal Capital, acquired directly, indirectly or synthetically, including by means of: (i) investment fund shares, in proportion to these instruments' percentage share of the fund's portfolio; (ii) an entity similar to a financial institution or a non-financial entity, controlled; or (iii) derivative transactions, including index derivatives; c) to the accumulated losses; d) to the negative income accounts; e) to the balance of the negative adjustment to the market value of derivative financial instruments used for cash flow hedge; and f) to the prudential adjustments listed in article 5 of CMN Resolution 4192/13;

- Tier I Capital - CN1: made up of the capital sum of the principal and supplementary capital; and

  Regulatory Equity – PR: consisting of sum of Tier I of Tier II Capital - CN2: calculated by means of:

1. the sum of the values corresponding: a) to the instruments that meet the requirements established in article 20 of CMN Resolution 4.192/13; and b) to the greater difference between the provisioned amount and the loss expected on the exposures covered by internal credit risk classification systems (IRB approaches); and

2. deduction of the amounts corresponding: a) to the funding instruments issued by an institution authorized to operate by the BCB or by an institution located abroad that performs an activity equivalent to that of a financial institution in Brazil, which is not part of the conglomerate, under the terms of article 8 of CMN Resolution 4.193/13; and b) to the shares issued by the Company, authorized to be included in Tier II, acquired directly, indirectly or synthetically, including by means of: (ii) investment fund shares, proportionally to these instruments' percentage share of the fund's portfolio; (ii) entity similar to a financial institution or a non-financial entity, controlled; or (iii) derivative transactions, including index derivatives.

In addition to the above-mentioned capital requirements, the BCB established the Additional Main Capital - ACP, or buffer capital, which should consist of the same instruments as Principal Capital (PC). Additional capital is defined by CMN Resolution 4193/2013, as amended.

Based on the latest regulatory updates published by the CMN and BCB, ACP consists of the sum of the following portions:

ACP = Conservation ACP + Contracyclical ACP + Systemic ACP

Where:
Conservation ACP = Conservation Additional to Principal Capital;
Contracyclical ACP = Countercyclical Additional to Principal Capital calculated as per BCB Circular Letter 3769/2015;
Systemic ACPS = Systemic Importance Additional to Principal Capital, calculated as per BCB Circular Letter 3768/2015.

The limits of these requirements were determined by the BCB as per the timeline shown in the table below; if the percentage used in the methodology for calculating Contra cyclical ACP - ACCP for Brazil - is raised, this must be disclosed at least twelve months before it comes into effect.

	2016	2017	2018	2019
Principal Capital	4.50%	4.50%	4.50%	4.50%
Tier I	6.00%	6.00%	6.00%	6.00%
Regulatory Capital	9.875%	9.25%	8.625%	8.00%
Conservation ACP	0.625%	1.250%	1.875%	2.500%
Countercyclical ACP *	Up to 0.625%	Up to 1.250%	Up to 1.875%	Up to 2.500%
Systemic ACP	0.00%	Up to 0.500%	Up to 1.000%	Up to 2.000%
F Factor	9.875%	9.250%	8.625%	8.00%

* If the percentage used in the methodology for calculating Countercyclical ACP is raised, this should be disclosed by the BCB at least 12 months in advance

The BCB also demands that Financial Institutions maintain enough Regulatory Equity to cover interest rate risk from operations not included in the trading portfolio, RBAN (Banking Portfolio), established by CMN Resolution 3464/2007.

Financial institutions may only distribute results of any kind in amounts greater than the minimum provided by law or applicable regulations if said distribution does not compromise compliance with capital and shareholders' equity requirements.

Limits and Reducers Applied to the Regulatory Capital

The following limits and reducers are applicable to Regulatory Capital:

(a) Limit: the adjusted amount of Principal Capital is limited to two hundred percent (200%) of the capital stock (to the capital stock composed of quotas, parts of quotas, or non-redeemable shares without dividend cumulatively mechanisms).

(b) Reducer - Balances of the Instrument: over the balances of capital or debt instruments authorized to comprise Tier II with maturity, a reducer shall be applied, in accordance with the following schedule: (i) twenty percent (20%) from the 60th month to the 49th month prior to maturity; (ii) forty percent (40%) from the 48th month to the 37th month prior to maturity; (iii) sixty percent (60%) from the 36th month to the 25th month prior to maturity; (iv) eighty percent (80%) from the 24th month to the 13th month prior to maturity; and (v) one hundred percent (100%) for the 12 months prior to maturity.

(c) Reducer - Authorized Instruments: instruments authorized to compose the Regulatory Capital before CMN Resolution 4192/2013 takes effect shall have their balances recognized, for the purposes of calculating each level of the Regulatory Capital according to the rules of said Resolution, restricted to the following maximum percentages of the authorized amount for each level as of December 31, 2012: (i) ninety percent (90%), as of October 1, 2013; (ii) eighty percent (80%), as of January 1, 2014; (iii) seventy percent (70%), as of January 1, 2015; (iv) sixty percent (60%), as of January 1, 2016; (v) fifty percent (50%), as of January 1, 2017; (vi) forty percent (40%), as of January 1, 2018; (vii) thirty percent (30%), as of January 1, 2019; (viii) twenty percent (20%), as of January 1, 2020; (ix) ten percent (10%), as of January 1, 2021; and (x) zero percent (0%), as of January 1, 2022.

Classification of Loan Operations and Allowance for Doubtful Accounts

Financial institutions and other financial institutions authorized to operate by the BCB must classify their loan operations into nine categories from AA to H, in increasing order of risk, in accordance with the provisions of CMN Resolution no. 2.682. The institution that holds the credit is responsible for classifying the operation at the corresponding risk level and this should be done on the basis of consistent and verifiable criteria, supported by internal and external information, covering at least the aspects provided for in CMN Resolution no. 2.682. These aspects include the evaluation of the debtor and guarantors (based on their financial situation, degree of indebtedness, cash flow, profit generation capacity, management and quality of controls, punctuality and delays in payments, contingencies, economic activity sector and credit limit) and the credit operation itself (based on nature, purpose, collateral, particularly in relation to sufficiency and liquidity, and value). The classification of the credit operations carried out by individuals must also take into account the debtor's income and equity situation as well as other registration information.

According to the regulations, for the classification of the operation under the levels of risk established in CMN Resolution no. 2.682 at the very least the following should be reviewed:

(i) monthly, at the time of the trial balances and balance sheets, on account of the delay verified in the payment of principal or charges, and the following should be observed:

Days overdue*	15 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	More than 180 days
Minimum Classification	**B**	**C**	**D**	**E**	**F**	**G**	**H**

* For operations with remaining terms greater than 36 months, periods may be counted double.

(ii) based on the criteria indicated above and established in CMN no. Resolution 2.682: (a) every six months, for the operations of a single customer or economic group the sum of which exceeds 5% of adjusted shareholders' equity; and (b) once every twelve months, in all situations, except for credit operations contracted with a customer whose total liability is less than R$50 thousand, which can be classified through the adoption of an internal evaluation model or as a function of the overdue period, as per the table above, taking into account that the classification should correspond at least to level A risk.

Failure to comply with the above provisions implies reclassification of the debtor's operations to risk level H, regardless of other measures of an administrative nature.

The allowance for doubtful accounts must be constituted each month and may not be less than the sum resulting from the application of the following percentages, without prejudice to the responsibility of the Bank's managers for the establishment of a sufficiently large provision to cover probable losses on the realization of the receivables:

Risk classification	AA	A	B	C	D	E	F	G	H
Minimum Provision (%)	0.0	0.5	1.0	3.0	10.0	30.0	50.0	70.0	100.0*

* Those transactions classified as level H risk should be transferred to the clearing account, with the corresponding debit in the provision, six months after its classification at this level of risk, with it not being accepted for it to be recorded in a shorter period. Those transactions classified as described above should remain recorded in a clearing account for a minimum period of five years and until all the collection procedures have been exhausted

Brazilian financial institutions should ensure that their credit granting and classification policies are appropriately documented, said documentation to be available to the BCB and the independent auditors. The aforementioned documentation should indicate at least the type and levels of risk that it is willing to manage, the minimum requirements demanded for granting loans and the authorization procedure.

They must also provide, in the notes to their financial statements, a detailed breakdown of their loan portfolios by risk, separating, at the very least, operations overdue by less than 15 days and those overdue by 15 days or more. The information should also indicate, at the very least:

- a breakdown of the operations by type of client and economic activity;
- a breakdown by maturity; and
- amounts of operations that have been re-negotiated, recorded as a loss and/or recovered in the year.

The independent auditor should draft a detailed report to review the criteria adopted by the institution in relation to the classification of the risk levels and evaluation of the provisions recorded in the financial statements.

Deductibility of Overdue Credit

Loan losses with companies, including financial institutions, can be deducted as expenses for the calculation of real income, subject to the provisions of Law no. 9430 of December 27, 1996, as in force.

The limits and procedures mentioned above are valid and applicable to credit transactions in default as from the date of publication of Provisional Measure no. 656, of October 7, 2014, in other words, from October 8, 2014 onward.

Regarding agreements in default up to and including the date of publication of Provisional Measure no. 656, dated October 7, 2014, in other words, up to and including October 7, 2014, the following credits may be recorded as losses:

- with regard to which the debtor's insolvency has been declared, in a sentence rendered by the Courts;
- without guarantee, in an amount of up to R$5.0 thousand, per operation, more than six months overdue regardless of whether or not judicial recovery procedures have been initiated;
- without guarantee, between R$5.0 thousand and R$30.0 thousand per operation more than one year overdue, regardless of whether or not judicial recovery procedures have been initiated but with administrative collection in progress;
- without guarantee, more than R$30.0 thousand per operation more than one year overdue, as long as judicial recovery procedures have been initiated and are ongoing;
- with guarantee, more than two years overdue as long as judicial recovery or guarantee seizure procedures have been initiated and are ongoing; and
  against individuals declared bankrupt or companies in receivership judicial reorganization, relative to the portion exceeding the amount committed to payment, subject to the provisions of Law no. 9.430 of December 27, 1996, as in force.

For nonperforming contracts as of the date of publication of Provisional Measure no. 656, dated October 7, 2014, in other words, as of October 8, 2014, inclusive, the following credits may be recorded as losses:

- with regard to which the debtor's insolvency has been declared, in a sentence rendered by the Courts;
- without guarantee, up to R$15.0 thousand per operation, more than six months overdue regardless of whether or not judicial recovery procedures have been initiated;

- without guarantee, between R$15.0 thousand and R$100.0 thousand per operation more than one year overdue, regardless of whether or not judicial recovery procedures have been initiated but with administrative collection in progress;
- without guarantee, more than R$100.0 thousand per operation more than one year overdue, as long as judicial recovery procedures have been initiated and are ongoing;
- with guarantee, more than two years overdue, up to R$50.0 thousand, regardless of whether or not judicial recovery or guarantee seizure procedures have been initiated;
- with guarantee, more than two years overdue, more than R$50.0 thousand, as long as judicial recovery or guarantee seizure procedures have been initiated and are ongoing; and
- against individuals declared bankrupt or companies in receivership or undergoing judicial reorganization, relative to the portion exceeding the amount committed to payment, subject to the provisions of Law no. 9.430 of December 27, 1996, as in force.

Special Temporary Management Regime - RAET

The Special Temporary Management Regime or RAET, established by Decree-Law 2321/1987, allows for financial recovery and reorganization of a financial institution without, however, affecting its regular course of business or normal functioning, but it immediately results in the members of the financial institution's board of directors and Fiscal Council being removed from office. The RAET can be declared by the BCB when the following have been identified in non-federal public or private financial institutions:

- the repeated practice of operations contrary to financial and economic policy as established by federal law;
- the existence of negative shareholders' equity;
- non-compliance with the rules regarding the bank reserves account maintained in Brazilian Central Bank;
- inept or fraudulent management on the part of its management; or
- the occurrence of any situations requiring intervention, as provided for in article 2 of Law no. 6.024 of March 13, 1974.

The main purpose of an RAET is to help restore the financial condition of the institution under special management and, therefore, to avoid intervention and/or liquidation. Therefore, the RAET does not affect the business, operations, obligations or regular rights of the financial institution's, which continues to operate in the normal course of business. The measures that may be adopted by the institution include the transfer of assets, rights and obligations to other entities and the corporate restructuring of such entities, with a view to the continuity of the institution's business.

There is no minimum term for a RAET, which ceases in the case of one of the following events occurring:

- if the Federal Government takes shareholding control of the financial institution, as provided for in Decree-Law no. 2.321/1987;
- in the cases of alteration, incorporation, merger, spin-off or transfer of shareholding control of the institution;
- when, at the discretion of the Central Bank of Brazil, the institution's situation has normalized; or
- declaration of extrajudicial liquidation of the financial institution.

Insolvency Laws Concerning Financial Institutions, Intervention and Extrajudicial Liquidation

The private and public state and municipal financial institutions are subject to the intervention or extrajudicial liquidation procedures established by Law no. 6.024/1974

Intervention and extrajudicial liquidation occur when the BCB comes to the conclusion that the financial institution is in poor financial conditions or in the case of the occurrence of events that may affect the creditors' situation. Such measures are imposed by the BCB in order to prevent the entity's bankruptcy.

Intervention

The BCB should intervene in the management of any financial institution when the following abnormalities occur in the institution's business:

- the entity suffers loss, as a result of maladministration, which puts its creditors at risk;
- repeated infractions of the banking legislation are verified, which have not been regularized after the determinations of the Central Bank of Brazil, in the use of its powers of inspection; or
- in the event of any of the events mentioned in Law no. 11.101, of February 9, 2005 (Bankruptcy Law), there is a possibility of avoiding extrajudicial liquidation.

The maximum intervention period is six months, extendable once only for a further six months at the discretion of the BCB. Once it is decreed, the intervention will produce the following effects:

- suspension of the enforceability of overdue obligations;
- suspension of the lapse of the term of previously contracted obligations not yet due; and
- unenforceability of deposits already in existence at the date of its announcement.

The intervention process will cease in the following cases:

- if the stakeholders, presenting the necessary guarantee conditions, judged at the Brazilian Central Bank's discretion, take it upon themselves to carry on with the company's economic activities;
- when, at the Brazilian Central Bank's discretion, the entity's situation has normalized; or
- when the financial institution's extrajudicial liquidation or bankruptcy is declared.

The BCB may, on the basis of the intervener's report or proposal:

- determine the cessation of the intervention, in which case the intervener will be authorized to proceed with those acts that, in this context, become necessary;
- maintain the institution under intervention, until the irregularities that caused it have been eliminated, observing the aforementioned maximum period of intervention;
- order the extrajudicial liquidation of the entity;
- authorize the intervenor to request the entity's bankruptcy, when its asset is not sufficient to cover even half of the amount of unsecured credit or when extrajudicial liquidation is considered inappropriate, or when the complexity of the institution's business or the seriousness of the facts so advise.

Extrajudicial Liquidation

Extrajudicial liquidation is an administrative procedure decreed by the BCB and carried out by a receiver appointed by the BCB. The extraordinary measure is designed to terminate the activities of the financial institution affected, liquidating its assets and paying off its obligations. The BCB will liquidate a financial institution extrajudicially:

(i) by order:

- e as a result of events that compromise its economic or financial situation, particularly when it fails to meet its commitments in a timely fashion or when any of the grounds for declaring bankruptcy are characterized;
- when management seriously violates the legal and statutory rules that govern the institution's activities as well as the determinations of the National Monetary Council or of Brazilian Central Bank, in the use of its legal responsibilities; if the financial institution in question suffers a loss that subjects its unsecured creditors to abnormal risk; or
- when, after the institution's authorization to operate has been canceled, it has not begun the ordinary winding-up process within the space of ninety (90) days, or when it has initiated the aforesaid process, it is verified by Brazilian Central Bank that delays in its administration may result in losses to the creditors;

(ii) at the request of the institution's management if the respective bylaws give them this attribute, or if proposed by the intervenor, accompanied by due justification for the measure.

The declaration of extrajudicial liquidation produces the following effects:

- suspension of actions and executions initiated regarding rights and interests relative to the assets of the entity under liquidation with it not being allowed for any others to be filed, for the duration of the liquidation;
- the early maturity of all obligations of the entity under liquidation;
- the non-fulfillment of penalty clauses in unilateral contracts terminated due to the extrajudicial liquidation;
- no levy of interest, even if stipulated, against the estate, while liabilities have not been paid in full;
- interruption of the statute of limitations on the institution's obligations and responsibilities and
- the denial of monetary restatement of any liabilities, nor pecuniary fines for infraction of the penal or administrative code.

Extrajudicial liquidation will end:

- if the stakeholders, presenting the necessary guarantee conditions, judged at the Brazilian Central Bank's discretion, take it upon themselves to carry on with the company's economic activities;
- by transformation into an ordinary liquidation;
- with approval of the final accounts of the liquidator and exclusion of the appropriate public registration; or
- if the entity is declared bankrupt.

Bankruptcy Law

Law 11101/2005 regulates the judicial execution, extrajudicial execution and bankruptcy of business owners and companies, and shall apply subsidiarily to financial institutions only in relation to those matters which are not specifically governed by the intervention and extrajudicial liquidation schemes described above. Law no. 11.101/2005 has no direct effect on financial institutions, which remain subject to the intervention and extrajudicial liquidation regimes under specific legislation.

According to said Law, in the event of bankruptcy, the order of preference for the payment of credits is as follows: (i) labor credits (up to 150 minimum wages per employee) and credits arising from on-the-job accidents; (ii) credits with security interest up to the limit of the asset provided as collateral; (iii) tax credits; (iv) credits with special privileges under Brazilian law; (v) credits with general privileges under Brazilian law; (vi) secured credits; (vii) contractual fines and pecuniary penal, administrative and tax penalties; and (viii) subordinated credits.

The changes in the order of preference are considered favorable to Brazilian creditors as tax credits no longer enjoy preference over credits with financial institutions that have security interests. This should encourage the granting of credit and promote the development of the national financial sector.

In addition, the National Tax Code was amended to establish that in cases where a company is under court-supervised reorganization or bankruptcy procedures and sells assets, the acquirer will not succeed the company in regard to the latter's tax obligations prior to the sale. This change is expected to favor the reorganization of companies by permitting the sale of part of their assets.

Deposit Insurance Fund – FGC

The Deposit Insurance Fund (FGC), the charter and regulations of which were approved by CMN Resolution 2211/1995, currently governed by CMN Resolution 4.222/2013, which gave new wording to the FGC's guarantee system, is a non-profit, privately-held legal entity that administers protection mechanisms for creditors against financial institutions, the purpose of which is to provide a guarantee on financial instruments issued or obtained by the associated institutions, as set forth in the FGC's bylaws, in situations of:

- declaration of the intervention or extrajudicial liquidation of an associated institution; and
- recognition by the Brazilian Central Bank of the state of insolvency of an associated institution which, under the terms of the current legislation, is not subject to the regimes referred to in the item above.

Financial institutions contribute with an ordinary monthly contribution equivalent to a percentage of the amount of the account balances relating to the instruments indicated in CMN Resolution 4.222/2013, even if the corresponding credits are not covered by the ordinary guarantee. Any delay in making these contributions is subject to a 2% fine over the value of the contribution, plus monetary adjustment based on the Selic Rate.

The objects of the ordinary guarantee provided by the FGC are the credits represented by the following financial instruments:

- demand deposits or deposits that may be withdrawn with prior notice;
- savings deposits;
- time deposits with or without certificates;
- deposits held in accounts that cannot be transacted by check (for the registration and control of financial flows relative to services related to payrolls, amounts due, retirement payments, pensions and similar);
- bills of exchange;
- real estate notes;
- mortgage notes;
- real estate credit notes;
- agribusiness credit notes; and
- repo operations involving securities issued after March 8, 2012 by affiliated companies.

The total of each individual's credits against the same associated institution, or against all the associated institutions of the same financial conglomerate, will be guaranteed up to the sum of R$250,000.

The total of each individual's credits against the same institution associated with the FGC, or against all the associated institutions of the same financial conglomerate, in relation to the Special Deposits with Special Guarantee (DPGE), will be guaranteed up to a maximum value of R$20.0 million, subject to the provisions of CMN Resolution 4.222/2013.

The following items are not covered by the FGC's ordinary guarantee:

- deposits, loans or any other funds obtained or raised abroad;
- deposits received from residents abroad;
- operations related to programs of governmental interest established by law;
- judicial deposits;
- any financial instrument containing a subordination clause, whether authorized or not authorized by Brazilian Central Bank to be included in the regulatory capital of financial institutions and other institutions authorized to operate by the aforesaid independent agency; and
- credits: (a) belonging to financial institutions and other institutions authorized to operate by the Brazilian Central Bank, of complementary pension entities, of insurance companies, of capitalization companies, of investment clubs and investment funds; and (b) represented by investment fund quotas or that represent any equity interests in the entities referred to in item "a" or in the financial instruments belonging to them.

When the FGC's assets reach 2% of the total balances of the accounts covered by the guarantee, for the set of associated institutions, the CMN, by reasoned proposal of the Executive Board of Officers, presented to the BCB, for examination and submission to the CMN's prior authorization, may decide to temporarily suspend contributions to the fund from the associated institutions.

[Note Banrisul: The Company has chosen to exclude the topic "Reorganization Plan for Financial Institutions", since CMN Resolution 4.502/2016 is not applicable to Banrisul, bearing in mind that the exposure to GDP ratio is less than 10%.]

Cancellation of bank license

The Bank Reform Act, in conjunction with specific regulations approved by CMN Resolution 1.065/1985, establishes that a number of penalties may be imposed on financial institutions in certain situations. Among them, a financial institution may be subject to the cancellation of its license to operate and/or perform foreign exchange operations.

The cancellations are applicable, in specific circumstances established by the BCB, such as, for example, in the case of reoccurrence of:

- violation of the BCB's regulations and of the Banking Reform Law by the financial institution's management; or
- negligence on the part of the financial institution in relation to pursuing appropriate banking practices in connection with its activities.

In addition, the BCB may, in accordance with CMN Resolution 4.122/2012, cancel the operating permit of the financial institutions referred to in the aforesaid Resolution, if one or more of the following situations are observed at any whatsoever time:

- lack of regular practice of operations regarded as essential, under the terms of the rules applicable, for the types of institutions mentioned in Article 1 of the Regulation set forth in CMN Resolution 4.122/2012;
- operational inactivity;
- no location of the institution at the address informed to the BCB;
- interruption, for a period of more than 4 (four) months, without justification, of sending the statements required by the regulations in force to the BCB; or
- failure to comply with the business plan set forth in item II of article 6 of the Regulation provided for in CMN Resolution 4.122/2012, considering the investigation period referred to in article 11 of the aforesaid Regulation.

A banking license may only be cancelled after the proper administrative process has been carried out by the BCB, under the terms of and in accordance with the procedures set forth in CMN Resolution 4.122/2012.

Public employees

Article 45 of Law 8112/1990, currently regulated by Decree 8690/2016, permits discounts from payroll for the amortization of loans taken out by federal public employees. This Decree defines such discounts as optional, as opposed to mandatory discounts such as withholding income tax, social security contributions, union dues, child support and alimony payments and other legal retentions.

According to Law 10820/2003, the authorization by public employees, whose employment relationships are regulated by the Consolidated Labor Laws, for the discount of payments from their salary is irrevocable and therefore can only be canceled prior to full amortization of the loan with the permission of the lending bank or in the event that said procedure is in the interest of the public administration.

In addition to Law 8112/1990 and Decree 8690, which is specifically for federal employees, and in addition to Law 10820/2003, specific for employees under the Consolidated Labor Laws, several other state and municipal laws authorize payroll deductible loans for public employees of their respective states and cities. In general, these laws also determine (i) discount limits and (ii) that the authorization granted by the beneficiary can only be canceled with the agreement of the lender.

The imposition of limits on discounts from salaries seeks to ensure that employees maintain a sufficient portion of their income to meet basic needs. Priority is given to mandatory discounts to ensure that salaries focus on the payment of essential debts.

Private Employees

This type of credit involves installment payments deducted from payroll for private employees contracted in accordance with the consolidated labor laws (CLT) by companies that maintain operational agreements with the financial institutions in question and is governed by Law 10820/2003, which regulates the conditions for authorizing payroll deductions of loan/financing payments.

According to this Law, CLT employees may irrevocably authorize payroll deductions of amounts relative to the payment of loans granted by financial institutions when permitted by the respective contracts.

Pursuant to the same Law and the wording as per Law 13172/2015, employees may commit up to 35% of their disposable income, as defined in the regulations, of which 5% used exclusively used to repay expenses incurred by a credit card, or used for credit card withdrawals. Disposable income is the portion of base salary remaining after mandatory deductions. The sum of all deductions may not exceed 35% of disposable income, while the sum of all voluntary deductions that are authorized by the employees, including those provided for by this Law, may not exceed 40% of disposable income.

Companies must authorize the employees to take out loans from the financial institution. Until the loan or financing has been paid in full, discount authorizations may only be canceled with the prior agreement of the lender.

These discounts may also be applied to severance pay, i.e. amounts owed by the employer to employees due to labor contract terminations, once again up to the limit of 35%, of which 5% used exclusively used to repay expenses incurred by a credit card, or used for credit card withdrawals, if stipulated by the loan agreement and the company. If an employee's employment contract is terminated before the loan has been fully repaid, the beneficiary must make monthly payments directly to the lender.

Employers are responsible for the information provided and for the retention and transfer of the amounts to the institutions by the fifth business day after payment of the employee, and is jointly responsible with the debtor to the lender for amounts owed that are not retained or transferred due to its own failure or fault. It is not, however, responsible for paying off the loans granted to the employees, except in the case of contractual clauses to the contrary.

INSS Retirees and Pensioners

INSS/PRES Normative Instruction 28/2008 contains the legal basis for deducting repayment of loans granted by financial institutions to INSS retirees and pensioners from their benefits. INSS/PRES Instruction 80/2015 determines that maximum monthly amounts deducted must not exceed 35% of monthly benefit; the sum of deductions and/or amounts withheld must not exceed, at the time of obtaining the loan, after deduction of compulsory and voluntary deductions up to 30% for personal loans and up to five percent 5% for credit card transactions.

Based on Article 6, paragraph 1 of Law 10820/2003, the INSS published its own regulations for granting benefit-deductible loans to retirees and pensioners.

Regulations regarding Payroll Deductible Amounts

Pursuant to the current regulations, especially Law 10820/2003 and Law 10953/2004, and specific state and municipal legislation, as well as regulations issued by public entities, public and private employees may authorize their employers to discount directly from their salaries amounts owed for loans, financing and leasing operations as long as the respective contract permits this type of procedure. Employers should transfer the amounts discounted from payroll to the institutions that granted the credit to employees in accordance with the terms and conditions established by the respective loan, financing and/or leasing agreement.

We point out that besides the laws applying to government companies or private companies, the responsibilities of employers (consignor) and financial institutions (lender) are established by means of an agreement entered into between the parties.

Amounts may be deducted from employees' salaries for loan repayments depending on the portion that may be deducted for both public and private employees, although they are regulated by different legislation. Retirement and pension benefits from the INSS may also be discounted to amortize loans, as per INSS legislation.

Regulation regarding the risk and capital management structure

In February 2017, CMN Resolution 4.557/2017 was issued, which unifies and extends the Brazilian regulation regarding risk and capital management for Brazilian financial institutions and other institutions authorized to operate by the BCB. The rule establishes that risk management should be carried out by means of an integrated effort on the part of the entity in question (in other words, not only should the risks be analyzed individually but financial institutions and other institutions authorized to operate by the BCB should also control and mitigate the negative effects resulting from interaction between different risks). This resolution also establishes rules and requirements regarding risk management governance and the duties and responsibilities of the risk management officer.

The rule establishes different risk and capital management structures that are applicable to different risk profiles, based on the risk profiles set out in the applicable regulations. This means that a financial institution which is systemically less important may have a simplified management structure, while more complex institutions should follow stricter protocols and implement the new rules within a shorter space of time (180 days). Certain of the new rule provisions came into force on the date of its publication while others will come into force within the space of 360 days from that date. According to CMN Resolution no. 4.553, the Company is classified in segment 2.

Assignment of credit to third parties

CMN Resolution 2.836/2001 amends and consolidates the rules regarding the assignment of credits to third parties and authorizes financial institutions to assign, to institutions of the same type, credits resulting from lending, financing and leasing transactions, with or without the co-obligation of the assigning institution, with the term repurchase, of previously assigned outstanding credits, and the acquisition of credits with funds originating from foreign exchange acceptances not being permitted.

Internet and E-Commerce

In Brazil there is no specific legislation regulating e-commerce, which is therefore subject to the provisions set forth in the Consumer Protection Code, Law 8078/1990, as regulated by Decree 7962/2013, as well as other conventional regulations governing commerce and corporate transactions. However, there are some draft bills regarding the internet and e-commerce in the congressional pipeline, including Draft Bill 1589/1999 and 4509/2012. The first one stresses the legal validity of documents and electronic signature, while the latter addresses the virtual stores. The Brazilian Senate has recently approved Bill 281/12, which creates a new section in the Consumer Protection Code to deal with electronic commerce, and amends the Law for Introduction to the Rules of Brazilian Law. If approved, these bills will provide greater strength and transparency to Internet transactions. Moreover, regarding the principles, guarantees, rights and duties for Internet usage in Brazil, Law 12965/2014 was approved. Based on the current wording and a broad discussion on this issue, we believe that the impact of these instruments on the financial sector will be limited.

Anticipating this legislation, the CMN issued CMN Resolution 2817/2001, amended by CMN Resolution 2953/2002, ratifying the possibility of opening deposit accounts with banks and other financial institutions via electronic means, including the internet, ATMs, telephone and other means of communication. This regulation establishes that all financial institutions that communicate with clients through electronic means must meet certain requirements in addition to those required by CMN Resolution 2025/1993, such as: (i) disclosing, clearly and accurately, (a) the company name, (b) the condition of the financial institution as duly authorized by the BCB to operate in Brazil, (c) the telephone numbers of the financial institution, which should operate at least from 8:00 a.m. to 6:00 p.m. during business days to conclude financial market transactions, (d) the electronic addresses of the institution on the internet, as well as e-mail, and (e) a description of fees charged and their amounts; (ii) complying with the maximum limit of five days to answer questions and respond to complaints made by deposit account holders; (iii) assuming, via its executive officers, responsibility for implementing the necessary systems to ensure confidentiality and the security of the electronic communication channels provided to clients, as well as monitoring all transactions concluded through deposit accounts; and (iv) informing the BCB and the CVM, as the case may be, in the manner and at the times imposed by these authorities, of the electronic communication channels provided to clients, including web and e-mail addresses, as applicable.

Additionally, at the end of 2013, the CMN issued Resolutions 4282 and 4283 and the BCB, Circular Letters 3680, 3681, 3682 and 3683, which define the guidelines for mobile payment systems, the rules define the existence of an electronic currency as element of the Brazilian financial system. From the e-commerce viewpoint, with the use of credit and debit cards for payment, this sector has been advancing with the self-regulation which, led by ABECS (Brazilian Association of Credit Card Companies and Services), has been promoting the interoperability of issuers, acquiring networks and equipment.

Regulation of Third-Party Asset Management

Asset portfolio management services are regulated and supervised by the CVM and cover the professional exercise of activities directly or indirectly related to the functioning, maintenance and management of portfolios of financial assets, including investments made in a securities market on behalf of an investor.

The principal vehicles for asset and portfolio administration and management are investment funds (IFs) consisting of funds pooled as open-end or closed-end for the purpose of investing in financial assets, regulated by CVM Instruction 555/2014, in force since 10/01/2015, replacing CVM Instruction No. 409/2004. In terms of portfolio composition, IFs are classified as follows: fixed income, equities, multimarket (hedge funds) and foreign exchange. Fixed-income funds must as their main risk factor fluctuations in interest rates or price indices, or both; equities variation of share prices; foreign exchange, variation in currency exchange rates or exchange coupon rates; while multimarket (or hedge) funds involve a number of risk factors and there is no commitment to focus on any particular factor.

Other vehicles such as equity funds ("FIPs"), FIDC and real estate funds ("FIIs"), whose transactions originate from the capital market and are structured therein, are governed by CVM Instruction 472 of October 31, 2008, as in force, and CVM Instruction no. 576, of June 16, 2016, as in force, respectively.

Addition, asset management and administration business is self-regulated by ANBIMA's Codes of Regulations and Best Practices which state parameters by which member institutions' activities must be governed.

Regulations to ensure the security and solidity of the SFN - Facilitation of Financial Sector Consolidation

Under Law 9710/1998, the federal government introduced several rules to ensure liquidity and solvency for the National Financial System and to safeguard the interests of depositors and investors. The Program to Encourage the Restructuring and Strengthening of the National Financial System will be implemented by means of administrative, operational and corporate reorganizations which have previously been authorized by the BCB.

BCB Credit Information System (SCR)

The SCR is an instrument for recording and consulting information in relation to credit operations, guarantees and sureties provided and credit limits granted by financial institutions to individuals and legal entities in Brazil. This is the main instrument used by banking supervision to monitor financial institutions' loan portfolios. In this respect, the SCR plays an important role by ensuring stability for the financial system and preventing crises, thus providing more facilities for borrowers and transparency for society.

Financial institutions must provide information regarding the granting of credit and guarantees to their clients. This information is used to:

- strengthen BCB's capacity for oversight;
- provide information on debtors to other financial institutions (which may only access this information with the authorization of the client); and
- prepare and support macroeconomic analyses.

Therefore, in accordance with Circular no. 3.567, of December 12, 2011, if the total amount of client transactions exceeds R$200.00, financial institutions must provide the BCB with at least the following information regarding judicial decisions in relation to credit operations:

- identification of the client;
- the amount of debt maturing, matured and written off as losses under the client's responsibility;
- the amount of obligations assumed and guarantees provided by the client; and
- the level of risk.

For transactions less than or equal to R$200.00, the financial institutions must provide certain data in connection with credit operations - on an aggregate basis, including when carried out by branches and companies located abroad that have their statements consolidated under CMN Resolution 2.723, dated May 31, 2000, and supplementary regulations.

Financial institutions are responsible for systematically reporting data in relation to credit operations. They must also correct or exclude inaccurate information. Any potential judicial inquiries should be sent directly to the financial institution that provided the data about the operation.

The legal basis for the system to collect and share information between the institutions participating in the National Financial System and respect for client's privacy regarding the secrecy and disclosure of information are in compliance with the conditions set forth in Supplementary Law 105/01 and CMN Resolution 3.658, of December 17, 2008.

Brazilian Payment System

As of April 2002, the Brazilian Payment System (SPB) underwent important changes. The main goal of this process was to ensure the security and efficiency of the Brazilian financial market, reducing risks and incorporating practices recommended by the Bank of International Settlement (BIS).

The Brazilian Payment System (SPB) includes the entities, systems and procedures related to the processing and settlement of fund transfer operations, transactions with foreign currency or with financial assets and securities. The SPB's members include the services of check clearing, clearing and settlement of electronic debit and credit orders, transfer of funds and other financial assets, clearing and settlement of transactions involving marketable securities, clearing and liquidation of transactions carried out on commodities and futures exchanges, and others, collectively referred to as Financial Market Infrastructure (IMF) operators. Beginning in October 2013, with the enactment of Law 12.865, arrangements and payment institutions also began to be a part of the SPB.

The risks eliminated were, essentially, three:

- the debt balance of the banks with the BCB (negative bank reserve account);
- the absence of guarantees for the settlement of operations, and
- the settlement (COMPE) of large amounts.

The implementation of the new SPB included:

- the adoption of an appropriate legal basis;
- a reduction in the BCB's credit risk;
- the finality of payments;
- a definition of the BCB's role;
- participants with a full understanding of the risks involved in the systems in which they operate;
- a reduction in the mismatch between the contracting of operations and their financial settlement;
- clearing mechanisms to reduce risk and provide adequate contingencies; and
- the existence of two main payment and settlement systems: gross settlement in real time using reserves deposited with the BCB and deferred net settlements intermediated by clearing houses.

Accordingly, the BCB controls bank reserve accounts through the Reserve Transfer System (STR), which permits the on- line transfer of funds among financial institutions in real time.

Clearing houses were created as an option for banks that do not require the balance to be immediately available in their reserve accounts. These providers of clearing and settlement services vis-à-vis the balancing of credits and debits, permit the settlement of many operations with minimum recourse to bank reserves.

These clearing houses are divided by type of transaction:

- assets (stocks and bonds);
- derivatives (commodities);
- currency, and
- payments.

FEBRABAN Notice 062/2015, disclosed on August 03, 2015, revoked the minimum amount required to send TEDs as of January 15, 2016.

Through Circular Letter 3682/2014, the BCB exceptionally postponed the closing time of the Reserve Transfer System to beyond 11:59 p.m., considering situations of serious technical unavailability of the system.

Relationship Policy with Customers and Users of Financial Products and Services

In November 2016, the CMN issued CMN Resolution 4539/2016 which establishes principles for the relationship between financial institutions and other institutions authorized to operate by BCB, and consumers and users of financial products and services. Under the terms of this rule, the aforesaid entities should comply with the principles of ethics, responsibility, transparency and diligence, promoting the convergence of interests and the consolidation of an institutional image of credibility, security and competence.

The policy should be approved by the Board of Directors (and if there is no Board of Directors, by the Executive Board) which is also responsible for reviewing the policy at regular intervals. The CMN established a deadline of 360 days for this new regulation to come into force.

The Company drew up its Relationship Policy with Customers and Users, which includes the guidelines relevant to this matter and which is in line with the points presented in the Brazilian Central Bank's Resolution 4.539/2016.

This Policy was processed by the Committees and Executive Board, and was approved on November 8, 2017 by the Board of Directors and defined this Policy's Management Unit, which will be responsible for ensuring its implementation and for monitoring compliance with it.

Bank Consumer Defense Code

Relations between financial institutions and their clients is regulated, in general, by legislation governing commercial relations, as well as by the Brazilian Civil Code and the Consumer Defense Code (Law 8078/90). However, regulations laid down by the CMN and the BCB address specific issues related to financial activities, complementing the general provisions.

CMN Resolution 3694/2009, as amended by CMN Resolution 4283/2013, and CMN Resolution 3919/2010, as amended by CMN Resolutions 3954/2011, 4021/2011, and 4198/2013, defines measures that must be observed in the relationship between the banking client and the banks.

CMN Resolution 3694/2009 addresses the prevention of risk in contracting operations and the provision of services, requiring financial institutions and other BCB- authorized institutions to adopt and verify procedures ensuring to bank clients:

- the adjustment of products and services offered or recommended to the needs, interests and objectives of clients and users;
- the integrity, reliability, security and confidentiality of transactions carried out, as well as legitimacy of operations contracted and services rendered;
- the rendering of information necessary to the free choice and decisions made by clients and users, also explaining rights and duties, responsibilities, costs or burden, fines and eventual risks from the execution of operations and rendering of services;
- timely supply to clients or users of agreements, receipts, statements, slips and other documents related to operations and services;
- the use of clear, objective and appropriate wording to the nature and complexity of the operation or service, in agreements, receipts, statements, slips and documents destined to the public, allowing clients to understand the content and identify terms, amounts, fines, dates, locations and other conditions;
- the possibility of the timely cancellation of contracts;
- the formalization of appropriate instrument stipulating the rights and obligations for the opening, use and maintenance of postpaid payment account;
- the sending of bill to the client's domicile or user or its release only due to user's express request or authorization; and
- identification of final users, beneficiaries of payment or transfer in payer's statements and invoices, including in situations where the payment service involves financial institutions participating in different payment arrangements.

CMN Resolution 3694/2009 also states that financial institutions must disclose information regarding the refusal to accept checks and bills, among others, in a visible location on their premises or in places where their products are offered, nor may financial institutions refuse or hinder access to service channels by clients or users of their products and services, except in the case of exclusively electronic facilities.

CMN Resolution 3919/2010 establishes rules related to service fees. Compensation for services provided by financial institutions and other institutions authorized by the Central Bank of Brazil must be established in the contract executed with the client or previously authorized or requested by the customer or the user. The Resolution also prohibits the charging of fees for essential services provided to natural persons, among others, as per current regulations. In turn, CMN Resolutions no. 3.954 and no. 4.294 provide for the hiring of correspondents in Brazil.

Ombudsman

Financial institutions and other entities authorized to operate by the BCB are required to have must have an ombudsman department. In 2015, the CMN and the BCB updated the regulatory framework that regulates the ombudsman component of the entities authorized to operate by BCB, amending CMN Resolution 4.433/2015.

CMN Resolution 4.433/2015 establishes a more effective and transparent ombudsman department that is able to provide better assistance to the clients of financial institutions. Under the terms of the new regulations an ombudsman department has the following duties:

- to provide a last resort service regarding customers' complaints that have not been resolved by the conventional customer service channels;
- to act as a communication channel between financial institutions and their clients, including in the mediation of conflicts; and
- to keep management informed of its activities.

Ombudsman sharing is allowed in the following cases, subject to the limitations set forth in CMN Resolution 4.433/2015:

- an institution which is part of a conglomerate made up of at least two institutions that are authorized to operate by Brazilian Central Bank, and the ombudsman office may be set up in either of the institutions which are authorized to operate;
- an institution which is not part of a conglomerate that is made up of at least two institutions authorized to operate by the Central Bank of Brazil, and the ombudsman office may be set up: (a) in a connected company, as defined in article 1, Paragraph 1, items I and III, of Resolution no. 2.107, dated August 31, 1994; and (b) in the class association to which it is affiliated or in the stock exchange or commodities and futures exchange in which it carries out operations;
- single credit cooperative affiliated to the central cooperative, and the ombudsman office may be set up in the respective central cooperative, confederation of credit cooperatives or bank of the cooperative system; and
- a single credit cooperative not affiliated with the central cooperative, and the ombudsman office may be set up in a central cooperative, a federation of credit cooperatives, a confederation of credit cooperatives or a class association of the category.

The executive officer in charge of the ombudsman department should draw up a quantitative and qualitative report in relation to the activities developed by the ombudsman department every six months, which must be provided to the administration bodies, as well as be available to the BCB for a period of at least five years.

Independent Auditors and Audit Committee

Pursuant to CMN Resolution 3198/2004, the accounting statements of financial institutions must be audited by independent auditors duly registered with the CVM and which meet the minimum requirements to be set by the BCB. In addition, financial institutions must replace the person responsible for the auditing team (specialist, executive, manager, supervisor or other) after issuing opinions for a maximum of five full fiscal years. The return of technician in charge, officer, manager, supervisor and any other member with management duties of team involved in the audit may occur after three years as of his or her replacement date.

As a financial institution, Banrisul's financial statements are audited every six months. Quarterly information (ITR) is subject to special review by the independent auditors, as per CVM regulations.

The independent auditors must formally communicate to the BCB, within a maximum period of three business days from the date of identification, of the existence or evidence of error or fraud consisting of:

- failure to comply with legal and regulatory standards, which place the audited entity's continuity at risk;
- fraud of any whatsoever amount perpetrated by the institution's management;
- material fraud perpetrated by the entity's employees or by third parties; or
- errors that result in material misstatements in the entity's financial statements.

In accordance with Financial Institutions regulations, we have an Audit Committee, whose members may not currently be or have been in the past twelve months:

- an officer of the Institution or any of its affiliates;
- an employee of the Institution or any of its affiliates;
- the person responsible for the independent auditing team (specialist, executive, manager, supervisor or other);
- a member of the fiscal council of the Institution or any of its affiliates;
- the spouse or relative to the second degree of persons indicated in items (i) and (iii) either directly or by marriage or affinity; and
- not receive any other type of remuneration from the institution or its affiliated companies other than that related to his/her function as a member of the audit committee.

Members of the Audit Committee of publicly-held financial institutions are also prohibited from receiving any other type of compensation from the Institution or its affiliates that is not related to their function as a member of the Audit Committee. If any member of the Institution's Audit Committee is also a member of the Board of Directors of the Institution or its affiliates, he or she will be compensated for only one of these positions.

Financial institutions must also appoint an executive officer responsible for compliance with all the regulations related to the Financial Statements and Auditing. In addition to the Audit Report, the Independent Auditors should also provide a report on:

- the evaluation of the quality and adequacy of the Financial Institution's internal controls system and risk management procedures, including those regarding the electronic data processing system, detailing any deficiencies;
- a description of any noncompliance of the financial institution with the applicable regulations governing its financial statements or activities;
- the audit, expressing its opinion on the financial statements and the related notes, including regarding adjustments to bring them into line with the accounting standards issued by the CMN and the BCB.

The creation of the Audit Committee is provided for in the Institution's Bylaws. It is composed of a minimum of three members, with a maximum term of office of five years for publicly-held institutions and without any fixed term for privately-held companies.

Audit Committee members may also be members of the Board of Directors of the financial institution and must meet certain criteria to ensure their independence.

The Audit Committee must report directly to the Board of Directors and its main functions include:

- establishing the operating rules for its own operation, which should be approved by the Company's management;
- recommending the replacement of the independent auditors whenever necessary;
- reviewing, prior to their publication, the financial statements for each half, including the explanatory notes, management reports and independent auditors' report;
- evaluating the effectiveness of the independent and internal auditors, including verifying compliance with the legal provisions applicable to the institution in addition to the internal regulations and codes;
- evaluating compliance of the financial institution's management with the recommendations of the independent or internal auditors;
- establishing and disclosing procedures to receive and deal with information regarding the failure to comply with legal and normative provisions applicable to the Institution, in addition to internal regulations and codes;
- recommending to Management corrections or improvements of policies, practices and procedures identified within the scope of their duties; and
- meeting at least once a quarter with the executive officers and the independent and internal auditors to verify compliance with the recommendations of the Audit Committee;
- checking compliance with its recommendations by the institution's executive board;
- meeting with the Fiscal Council and Board of Directors, at their request, in order to discuss policies, practices and procedures identified within the scope of their respective competencies.

In addition, in accordance with the regulations, the Institution may have one single Audit Committee covering all companies of the group, being responsible for complying with the attributions and responsibilities in the scope of other Group companies.

Among the guidelines established by senior management, it is particularly worth mentioning the alignment of the Internal Control System with the goals established by the institution regarding overall business strategies and other policies.

The Internal Control Policy was set up to disseminate the control culture, as well as to ensure compliance with the standards and criteria established by the legislation and the oversight authorities, especially the BCB.

The Internal Control and Compliance area carries out its activities to ensure, together with managers, the improvement and adequacy of processes, adopt best practices and implement control procedures and ethical standards. Its work is designed to reinforce the importance of formal policies and responsibilities and ensure continuous monitoring in order to reduce and manage risks.

<u>Oversight in Other Jurisdictions</u>

CMN Resolution 2723/2000 establishes rules, conditions and procedures for the installation of branches abroad and for direct or indirect equity stakes in Brazil and abroad, by financial institutions and other institutions which are authorized to operate by the BCB, for the establishment of which the financial institutions are required to prior authorization.

Transactions with Affiliates

Pursuant to the Banking Reform Law, Law 7492/1986 and the prevailing regulations, credit may not be taken:

- by the financial institution's controller and administrators, which include the executive officers and managers;
- by individuals or legal entities who have an equity interest in their capital, of more than 10%, unless specifically authorized by the BCB, in each case, when it relates to transactions supported by commercial effects resulting from purchase or sale transactions or pledge on goods, in accordance with limits established by the CMN, in general;
- by the relatives, up to the second degree, of the individuals referred to in item (i) above;
- by legal entities in which they have an equity interest of more than 10%;
- by legal entities in which they have an equity interest of more than 10%), any of the executive officers or administrators of the financial institution itself, as well as their spouses and their relatives, up to the second degree.

On June 30, 1993, the CMN issued CMN Resolution no. 1996, which requires certain operations of this type to be reported to the Prosecutor's Office. Law 6099/1974 established exceptions to the provisions of Law 7492/1986.

Prevention of Money Laundering

Based on its institutional money laundering prevention policy, Banrisul adopts specific systems and processes to ensure that its activities are subject to adequate controls for preventing money-laundering risks, as per the legislation and regulations.

In this context, the institution maintains an exclusive team dedicated to preventing money laundering, reviewing legislation and developing training programs for all employees.

Processes related to the "Know your Client" policy have the identification and discovery of the origin of the financial resources of their clients, their activities, as well as the potential of their businesses as their main objective, and are continuously reviewed and disseminated to stress the importance of collecting information from clients with timely registration and qualification whenever a relationship is initiated, thereby minimizing the risk of having the Bank's products and services used to legitimize illegal activities.

Similarly, the "Know your Employee" policy states that all employees at all levels are responsible for complying with the money laundering prevention rules and for promoting ethical values, thereby preserving the Bank's image and reputation.

Brazilian Anti-Corruption Law

Law 12.846, dated August 1, 2013 ("Brazilian Anti-Corruption Law"), came into force on January 29, 2014, with the objective of complying with the international commitments assumed by Brazil as a result of the ratification of a number of anticorruption treaties, as well as meeting the population's demands for the creation of more effective mechanisms to combat corruption within the scope of public administration. The aforesaid law establishes that legal entities will have objective liability, regardless of guilt or fraud, for acts committed against the public administration on their behalf or for their benefit, exclusive or not. Although known as the Brazilian Anti-Corruption Law, this law not only encompasses the practice of corruption acts, but also the practice of other acts that are harmful to domestic or foreign public administration.

Companies that violate the provisions of the Brazilian Anti-Corruption Law will be subject to severe penalties, some of which may be imposed by means of administrative processes and others by judicial proceedings. In addition, the Brazilian Anti-Corruption Law also creates a leniency program under which disclosure of the violations themselves and cooperation by the companies may result in the reduction of the fines and other sanctions.

Banking Confidentiality

Brazilian financial institutions are subject to banking confidentiality rules in accordance with Complementary Law 105/2001. Banks must maintain confidentiality regarding their operations and services except in certain cases, including:

- releasing confidential information with the express consent of the interested parties;
- exchanging information among financial institutions for registration purposes;
- providing the registration details on issuers of bad checks and defaulting debtors to credit protection agencies;
- informing the appropriate authorities of any criminal or administrative violations; and
- when banks are responsible for withholding taxes, providing the Brazilian Internal Revenue Service with all the information needed to identify taxpayers and the total amounts of the respective operations.

Tax Evasion

According to said Complementary Law 105/2001, together with Decree 3724/2001, and Law 9430/1996, as amended by Law 12715/2012, the Brazilian tax authorities are authorized to require financial institutions to provide information normally protected by banking confidentiality without the need for judicial authorization as long as there is sufficient evidence that the client in question has practiced acts involving tax evasion. This evidence may include:

- declarations by the client of operations whose value is below their market value;
- loans acquired from sources that are not part of the National Financial System;
- operations involving tax shelters;
- expenses or investments that exceed the amount of declared disposable income;
- remittances abroad through non-resident accounts in amounts that exceed those declared to the appropriate authorities;
- companies whose registration with the National Taxpayer's Registry (CNPJ) has been canceled or annulled;
- the omission of net income or gains from fixed income or equity investments;
- hindering oversight, characterized by the unjustified refusal to present books and documents showing the accounts of the taxpayer, as well as failure to supply information regarding the assets, financial turnover, business or activities of the taxpayer or third parties when requested, and other hypotheses requiring requests for state intervention;
- resistance to oversight characterized by failure to provide access to the establishment, tax domicile or any other location where the taxpayer operates or retains assets in its possession or which it owns;
- evidence that the legal entity is constituted in the names of persons who are not the true partners or shareholders, or owner in the event of an individual firm;
- the carrying out of operations subject to tax without the appropriate registration in the taxpayer's registry;
- repeated infractions of tax laws;
- the sale of contraband or stolen merchandise; and
- involvement in conduct resulting in criminal charges under the legislation regarding tax crimes.

Except in the above-mentioned circumstances, information protected by banking confidentiality laws may be provided only in compliance with a court order or as part of a Congressional Enquiry Commission (CPI).

Management Succession Policy for Financial Institutions

In November 2016, the CMN issued CMN Resolution 4.538, which established that Brazilian financial institutions and other institutions authorized to operate by the BCB should implement and maintain internal policies for succession of management applicable to the highest levels of the institution's administration. According to this rule, the policy should include the procedures regarding recruitment, promotion, election, and retention based on rules that govern the identification, evaluation, training, and selection of candidates for top management positions.

The policy should be approved by the Board of Directors (and if there is no Board of Directors, by the Executive Board) which is also responsible for supervising and controlling the procedures for planning, operating, maintaining and reviewing the policy, which should undergo a review, at least once every five years. The succession policy is in the process of being implemented by Company.

Environmental Regulations

The activities we finance, particularly in the agricultural and development sectors, are subject to a comprehensive environmental legislation in the federal, state and municipal spheres. This legislation establishes obligations and responsibilities regarding environmental impacts.

Taking into account the reputational and legal responsibility risks to which we are subject in the case of financing developments or activities that do not comply with the applicable environmental issues, we have adopted internal procedures to check the legal and environmental compliance of the developments and activities we finance, including requirements for presentation of environmental licenses, as well as other documents provided for in the legislation and standards issued by the banking system regulators.

In April 2014, the CMN published Resolution 4327/2014, which provides for the implementation of the Social and Environmental Responsibility Policy (PRSA) by all financial institutions authorized to operate. According to this rule, the institutions must define specific criteria and mechanisms to assess the risks arising from operations relating to economic activities with greater potential to cause social and environmental damage.

In 2018, with CMN Resolution 4557, there was the inclusion of socio-environmental risk in the list of risks that should be managed in an integrated manner with the other relevant risks of the Institution. Therefore, it became part of the declaration of risk appetite and stress tests.

Taxation

Financial Operations Tax

Financial operations in Brazil are generally subject to Withholding Income Tax (IRRF), which may be levied definitively or in advance, and Financial Operations Tax (IOF). Revenue from financial operations earned by Brazilian companies is also subject to Social Integration Program

Contributions (PIS) and Social Contribution on Revenue (COFINS). PIS and COFINS rates are currently zero for most financial revenues earned by companies subject to the non-cumulative PIS and COFINS tax regime (4.65% as of July 2015). However, financial institutions are not included in this regime and are subject to PIS of 0.65% and COFINS of 4.0% on total revenue, with certain deductions from taxable revenue.

Revenue from financial operations carried out by legal entities, including financial institutions, should be included in taxable income for the calculation of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL).

Income Tax

In general, income tax is applicable on income or gains from financial operations carried out by individuals or companies resident and domiciled in Brazil.

In general income tax charged on earnings obtained from financial transactions by Brazilian residents, depends on: (i) the type of investment; and (ii) the term of the investment. Income tax on earnings from financial operations: (i) is regarded by Brazilian legal entities as an advance payment of the income tax owed by them; and (ii) is solely for individuals who are resident in Brazil. Investments in financial and capital markets made by individuals or legal entities resident or domiciled abroad are generally subject to the same taxation rules applicable to residents in Brazil, except for foreign investments which currently benefit from a favorable tax regime in accordance with the rules established by the CMN.

Financial Operations Tax (IOF)

Pursuant to Law 8894/1994 and Decree 6306/2007, IOF is a federal tax on different types of operations (credit, foreign exchange, insurance, securities, gold or foreign exchange instruments) at different rates. IOF rates may be altered at any time by the federal government through an Executive Decree up to the limits provided by law without congressional approval. Alterations to IOF legislation are applicable immediately, although any increase in IOF applies to future operations only.

Foreign exchange operations undertaken by authorized institutions are subject to IOF (“IOF/Exchange”) at a maximum rate of 25%, in general, this is reduced to 0.38%, with a few exceptions such as: (i) a rate of 6% for exchange operations involving loans with minimum average terms of up to 180 days; (ii) 6.38% for foreign exchange transactions for the acquisition of goods or services outside of Brazil with credit, debit or prepaid cards; (iii) 0% for foreign exchange operations related to the export of goods and services; and (iv) 0% for exchange operations of an interbank nature between SFN member institutions authorized to operate on the foreign exchange market and between these and financial institutions abroad.

IOF may also be charged on issues of marketable securities, including transactions carried out on stock exchanges or commodities and futures exchanges.

IOF also applies to credit operations, except for external credit. The IOF on credit operations is generally calculated at a daily rate of 0.0041% for transactions with legal entities and 0.0082% for transactions with individuals, up to a limit of 1.5%. There is also an additional 0.38% rate that applies to the majority of credit transactions.

IOF is incurred on insurance operations at the following rates: (i) 0% for reinsurance operations or those related to export credits, international merchandise shipments or when premiums are allocated to financing life insurance plans with survival coverage clauses, among others; (ii) 0.38% on premiums related to life insurance plans and the such-like, among others; (iii) 2.38% of the premiums paid in the case of private health insurance; and (iv) 7.38% in the case of other insurance operations. Among other specific insurance operations rural insurance is exempt from IOF.

Social Integration Program and Contribution for the Financing of Social Security (PIS and COFINS)

The PIS and COFINS, owed by financial institutions and similar entities, as defined by law, are due at the rate of 0.65% and 4% respectively. Both are cumulatively incurred on gross revenue from turnover, which is understood to be the total revenue obtained by the legal entity, deducting one-off expenses, such as expenses incurred in relation to raising funds.

Non-financial entities are taxed at the rates of 1.65% and 7.6% for PIS and COFINS, respectively, and are subject to non-cumulative incidence, which entails the deduction of certain expenses from the assessable tax base, as admitted by the legislation.

Overview of Tax Amnesty

On January 13, 2016, the Brazilian Federal Government enacted Law 13.254 / 2016, supplemented by Normative Instruction no. 1.627/2016, which introduced an amnesty program with the aim of encouraging Brazilian taxpayers to voluntarily disclose to the tax authorities, assets held abroad that had not been declared to the BCB (the so-called Special Foreign Exchange and Tax Adjustment Regime, or "RERCT") by December 31, 2014.

Under RERCT, taxpayers who declare foreign assets that had not been previously declared to the competent authorities (without the need to bring them to Brazil) (i) will be subject to income tax and a fine in the total amount of 30% over the total amount of tax due and (ii) will benefit from an amnesty with respect to any potential related criminal proceedings, provided that the origin of the assets is legal. In order to benefit from the RERCT scheme, the taxpayer should submit specific forms to the Brazilian tax authorities and the BCB. According to IN 1.627/2016, the deadline for requesting to take part in the RERCT expired on October 31, 2016.

In March 2016, the BCB issued new regulations establishing the operational procedures necessary for implementing the RERCT, which include changes to the foreign exchange regulations in order to permit the necessary remittance of funds for implementing the RERCT.

b. issuer's environmental policy and costs incurred to comply with environmental legislation and, if the case, other environmental practices, including adherence to international environmental protection standards.

The Company disclosed its first Sustainability Policy in 2012, with the aim of providing guidance for the company and its affiliated companies in relation to promoting sustainable development, seeking the balance business opportunities with social, economic and environmental responsibility.

In compliance with CMN Resolution 4327/2014 of the National Monetary Council, Banrisul's Social and Environmental Responsibility Policy ("PRSA") was approved by the Board of Directors. It also comprises the Institutional Social and Environmental Risk Management Policy, and its implementation does not involve additional costs.

The PRSA is aimed at establishing guidelines that guide the social and environmental responsibility actions of the Company's and its subsidiaries of the Banrisul Group, in a manner that is compatible with the nature of each company's activities and the complexity of its products and services, respecting the principles of relevance, proportionality and efficiency. The PRSA seeks to encourage sustainability, balancing business opportunities with social, economic, environmental and cultural responsibility, contributing to sustainable development in the regions in which the Company operates.

The Company 's credit areas seek to comply with the provisions of the environmental rules imposed by the banking system regulators for release of funds, such as requesting licensing and good standing certificates.

The Company is institutionally represented in the Management Committee of the State Plan for Agroecology and Organic Production, coordinated by the State Department of Rural Development and Cooperativism of the State of Rio Grande do Sul, in accordance with State Decree 51617 of July 2014. Banrisul's participation in said plan is focused on promoting and offering /directing credit facilities intended for the agroecology segment, and on supporting family agriculture with a focus on ecological, organic or transition agriculture, through the Banrisul Seed Program. The financial investment in 2017 was R$171,538.45.

The Bank participates in the Deliberative Committee of the Sustentare Program, in accordance with State Decree No. 53307/2016, which deals with the donation and environmentally appropriate disposal of the waste electrical and electronic equipment of the public entities of the State of Rio Grande do Sul. The Solid Waste Management Plan is being implemented, as determined by Federal Law 12305/2010 - National Policy on Solid Waste, and its costs are being evaluated.

c. material dependence on patents, brands, licenses, concessions, franchises and royalty contracts to carry out activities.

The trademarks owned by Company and its subsidiaries play an important role in the conduct of its activities, however, there is no reliance on the aforesaid assets for the performance of the Company's and its subsidiaries' activities.

7.6 - Revenues from foreign countries

7.6. In relation to the countries from which the issuer obtains material amounts of revenues, identify:

a. revenue from customers assigned to the issuer's host country and its share in the issuer's total net revenue.

The Company's relevant revenues come from customers in the host country and registered a total of R$11,698.2 million in the year ended December 31, 2017, accounting for 99.77% of the total revenue at the end of 2017.

b. revenue from customers assigned to each foreign country and its share in the issuer's total net revenue.

The Company did not obtain relevant revenues in foreign countries in which it had units over the last three years.

c. total revenue from foreign countries and its share in the issuer's total net revenue.

As per item 7.6.b, the Company did not obtain significant revenues in foreign countries over the last three years.

7.7 - EFFECTS OF FOREIGN REGULATION ON ACTIVITIES

7.7. In relation to the foreign countries mentioned in item 7.6, state the extent to which the issuer is subject to regulatory requirements of these countries and how this may affect the issuer's business.

The Company did not obtain relevant revenues abroad over the last three years.

7.8 – Social and Environmental policies

7.8. In relation to environmental policies, state:

a. whether the issuer discloses social and environmental information.

Banrisul has disclosed its social and environmental information in regular reports for public access since 1999. In addition to these reporting instruments, Banrisul publishes other information relating to social and environmental topics on its external website (www.banrisul.com.br/sustentabilidade).

b. the methodology used to prepare this information.

In the preparation of the Sustainability Report, the Company identifies actions with its functional units in order to report its progress according to the methodology of the United Nations Global Pact.

c. whether this information is audited or reviewed by an independent entity.

The Sustainability Statement is not audited by an independent entity.

d. an internet address/page on which this information may be found.

The Environmental Responsibility Policy and the Sustainability Statement can be found at: www.banrisul.com.br/sustentabilidade.

7.9 - OTHER MATERIAL INFORMATION

7.9. Provide other information deemed material by the issuer.

	Contract for Assignment of services related to payroll by means of onerous granting of the right of exclusivity no. 16/03/035	**Contract for Assignment of services related to payroll by means of onerous granting of the right of exclusivity no. 189/2016-DEC**
Subject matter	Assignment of services of the State's payroll to the Company, by means of the onerous granting of the right of exclusivity by the State.	Onerous transfer of services related to the judiciary's payroll to the Company.
Contracting Party	State of Rio Grande do Sul	Judiciary of the State of Rio Grande do Sul
Date of Execution	06/17/2016	08/04/2016
Term	10 years	5 years
Amount of the contract	R$1,250,638,220.00	R$64,000,000.00
Price Review	The first installment of the price of the contract for the period between the 61st month from the signing of the contract and the 120th month of validity based on the recalculation formula.	
Termination	Under the assumptions provided for in article 78 of Law no. 8.666/93, with the consequences indicated in article 80 of the same Law, without prejudice to the application of sanctions.	Under the assumptions provided for in article 78 of Law no. 8.666/93, with the consequences indicated in article 80 of the same Law, without prejudice to the application of sanctions.

8 - Extraordinary business

8.1 - EXTRAORDINARY BUSINESS

8.1. Indicate the acquisition or sale of any relevant asset not classified as regular operation in the issuer’s businesses

The Company has neither acquired nor sold any relevant asset not classified as regular operation in the Company’s businesses over the last three fiscal years.

8.2 - Relevant changes in the way how the issuer's businesses are done

8.2. Indicate relevant changes in the way how the issuer's businesses are done

No relevant changes in the way how the Company's businesses were made over the last three fiscal years.

8.3 - RELEVANT AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND ITS SUBSIDIARIES NOT DIRECTLY RELATED TO THEIR OPERATING ACTIVITIES

8.3. Identify relevant agreements entered into between the Company and its subsidiaries not directly related to their operating activities

The Company and its subsidiaries did not enter into any agreement not directly related to their operating activities over the last three fiscal years.

8.4 - OTHER MATERIAL INFORMATION – EXTRAORDINARY BUSINESS

8.4. Provide other information deemed material by the issuer

At the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

9 - Relevant assets

9.1 - RELEVANT NON-CURRENT ASSETS - OTHER

9.1. Describe non-current assets relevant to the development of the issuer's activities, stating in particular:

a. property and equipment, including leased assets, identifying their locations.

Description of the asset	Country of location	State of location	Municipality of location	Type of ownership
Banco do Estado do Rio Grande do Sul Building	Brazil	State of Rio Grande do Sul	Porto Alegre	Own
Bagé Branch	Brazil	State of Rio Grande do Sul	Bagé	Own
São Leopoldo Branch	Brazil	State of Rio Grande do Sul	São Leopoldo	Own
Ijuí Branch	Brazil	State of Rio Grande do Sul	Ijuí	Own
Bento Gonçalves Branch	Brazil	State of Rio Grande do Sul	Bento Gonçalves	Own
Santana do Livramento Branch	Brazil	State of Rio Grande do Sul	Santana do Livramento	Own
Canoas Branch	Brazil	State of Rio Grande do Sul	Canoas	Own
Quinze de Janeiro Branch	Brazil	State of Rio Grande do Sul	Canoas	Own
Partenon Branch	Brazil	State of Rio Grande do Sul	Porto Alegre	Own
Gravataí Branch	Brazil	State of Rio Grande do Sul	Gravataí	Own
Erechim Branch	Brazil	State of Rio Grande do Sul	Erechim	Own
Pelotas Branch	Brazil	State of Rio Grande do Sul	Pelotas	Own
Caxias do Sul Branch	Brazil	State of Rio Grande do Sul	Caxias do Sul	Leased
Passo Fundo Branch	Brazil	State of Rio Grande do Sul	Passo Fundo	Leased
São Paulo Branch	Brazil	State of São Paulo	São Paulo	Leased
Santa Cruz do Sul Branch	Brazil	State of Rio Grande do Sul	Santa Cruz do Sul	Leased
Rio Grande Branch	Brazil	State of Rio Grande do Sul	Rio Grande	Leased
Santa Maria Branch	Brazil	State of Rio Grande do Sul	Santa Maria	Leased
Judiciary Branch	Brazil	State of Rio Grande do Sul	Porto Alegre	Leased
Uruguaiana Branch	Brazil	State of Rio Grande do Sul	Uruguaiana	Leased
Novo Hamburgo Branch	Brazil	State of Rio Grande do Sul	Novo Hamburgo	Leased
Santo Ângelo Branch	Brazil	State of Rio Grande do Sul	Santo Ângelo	Leased
Borges de Medeiros Branch	Brazil	State of Rio Grande do Sul	Porto Alegre	Leased
Lajeado Branch	Brazil	State of Rio Grande do Sul	Lajeado	Leased

b. Intangible assets

Asset type	Description	Term	Events that may cause loss of rights related to these assets	Eventual consequences for of losing such rights
Brand	Banrisul Brand	December/2025	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's right.	Eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages, as well as a possible ban on the use of the trademark.
Brand	BanriCard Brand	August/2027	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's right.	Eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages, besides a possible prohibition of use of the mark.
Brand	Vero	September/2026	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's right.	Eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages, as well as a possible ban on the use of the trademark.

c. Interest companies

Banrisul Armazéns Gerais S.A.

Banrisul Armazéns Gerais S.A.					
Company name	Banrisul Armazéns Gerais S.A.				
Corporate Taxpayer's ID	92.721.232/0001-57				
Country	Brazil				
State	RS				
City	Canoas				
Activities developed	The company operates under the import and export systems – bonded warehouse, public customs warehouse (DAP) and certified customs warehouse (DAC) and general warehouse.				
Issuer's interest (%)	99.500000				
Type of Company	Subsidiary				
Registration at the Brazilian Securities and Exchange Commission (CVM)	Yes				
CVM Code	01582-2				
Reasons for acquiring and holding such interest	The investment is established and maintained in conformity with the State government policy, due to the need of maintaining warehouse public utilities.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	36.954.319,55	-0,050000	0.00	0.000000	0,00
12/31/2016	36,974,000.00	3.200000	0.00	0.000000	702,000.00
12/31/2015	35,826,000.00	6.240000	0.00	0.000000	444,000.00

Banrisul Cartões S.A.

Banrisul Cartões S.A.					
Company name	Banrisul Cartões S.A.				
Corporate Taxpayer's ID	92.934.215/0001-06				
Country	Brazil				
State	RS				
City	Porto Alegre				
Activities developed	Banrisul Cartões operates in two business segments: (i) Vero's acquiring network, which covers accreditation for commercial establishments and the capture, transmission, processing and settlement of transactions with the major card brands (Visa, MasterCard and VerdeCard) with current account cards Banrisul - Banricompras - and BanriCard cards; and (ii) BanriCard cards, which are issued by Banrisul Cartões and administered through special agreements. The BanriCard brand represents a family of benefit cards and company cards and the portfolio comprises the following product lines: food, meals, cultural activities, gifts, salary, benefits, fuel, fleet management, expense management and payment management.				
Issuer's interest (%)	99.780000				
Type of Company	Subsidiary				
Registration at the Brazilian Securities and Exchange Commission (CVM)	No				
CVM Code	-				
Reasons for acquiring and holding such interest	The investment is established and maintained in view of market opportunities and the expectations of expanding the use of cards, and business synergy with banking activity.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	705.040.083,57	31,450000	0,00	0,000000	52.624.121,11
12/31/2016	536,316,000.00	40.950000	0.00	0.000000	48,872,713.74
12/31/2015	380,509,000.00	47.630000	0.00	0.000000	38,110,648.85

Banrisul Icatu Participações S.A.

Banrisul Icatu Participações S.A.					
Company name	Banrisul Icatu Participações S.A.				
Corporate Taxpayer's ID	14.159.197/0001-10				
Country	Brazil				
State	RS				
City	Porto Alegre				
Activities developed	Marketing and selling life insurance and private pension products.				
Issuer's interest (%)	49.900000				
Type of Company	Associated company				
Registration at the Brazilian Securities and Exchange Commission (CVM)	No				
CVM Code	-				
Reasons for acquiring and holding such interest	Incorporating the holding showed how the Bank's business model has evolved. Previously it received commission on the product but will now absorb some of the income generated by the operation.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	80.152.220,96	26,120000	0,00	0,000000	14.029.104,41
12/31/2016	63,549,000.00	125.470000	0.00	0.000000	9,030,000.00
12/31/2015	28,185,000.00	0.000000	0.00	0.000000	7,261,000.00

Banrisul S.A. Administradora de Consórcios

Banrisul S.A. Administradora de Consórcios					
Company name	Banrisul S.A. Administradora de Consórcios				
Corporate Taxpayer's ID	92.692.979/0001-24				
Country	Brazil				
State	RS				
City	Porto Alegre				
Activities developed	It manages groups of purchasing consortium in general.				
Issuer's interest (%)	99.700000				
Type of Company	Subsidiary				
Registration at the Brazilian Securities and Exchange Commission (CVM)	Yes				
CVM Code	01513-0				
Reasons for acquiring and holding such interest	Investment is related to the expansion of portfolio of financing alternative options for consumer needs, synergy between business and banking activities, expectations of expansion in the market.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	243.829.881,03	4,34000	0,00	0,000000	24.870.612,68
12/31/2016	233,682,000.00	12.88000	0.00	0.000000	6,944,000.00
12/31/2015	207,016,000.00	12.12000	0.00	0.000000	6,041,537.85

Banrisul S.A. Corretora de Valores Mobiliários e Câmbio

Banrisul S.A. Corretora de Valores Mobiliários e Câmbio					
Company name	Banrisul S.A. Corretora de Valores Mobiliários e Câmbio				
Corporate Taxpayer's ID	93.026.847/0001-26				
Country	Brazil				
State	RS				
City	Porto Alegre				
Activities developed	The Company's main activity is to buy and sell shares, by itself or through third parties on the spot market, options market, forward and futures markets, manage investment clubs; acting as a broker in gold operations, funding and sale of quotas to produce films (Culture Incentive Law); acting as a broker in commodities operations at the Brazilian Securities, Commodities and Futures Exchange; to coordinate the issue of debentures in the capital markets, acting as a broker in the purchase and sale of these instruments with investors.				
Issuer's interest (%)	98.980000				
Type of Company	Subsidiary				
Registration at the Brazilian Securities and Exchange Commission (CVM)	No				
CVM Code	-				
Reasons for acquiring and holding such interest	Subsidiary merged due to the need of expanding the financial conglomerate activities, through the integration of brokerage activities in the real estate market.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	81.133.447,17	2,120000	0,00	0,000000	489.150,34
12/31/2016	79,447,000.00	1.940000	0.00	0.000000	423,894.12
12/31/2015	77,936,000.00	2.190000	0.00	0.000000	519,824.91

Bem Promotora de Vendas e Serviços S.A.

Bem Promotora de Vendas e Serviços S.A.					
Company name	Bem Promotora de Vendas e Serviços S.A.				
Corporate Taxpayer's ID	10.397.031/0001-81				
Country	Brazil				
State	RS				
City	Porto Alegre				
Activities developed	Key activities: originating loans secured by payroll deductions, selling and activating credit cards secured by payroll deductions through its own network of stores and correspondents including the reception, formalization and forwarding of credit proposals and loan agreements; managing production of loans and credit cards secured by payroll deductions; debt collection services in cases of delinquency.				
Issuer's interest (%)	49.900000				
Type of Company	Associated company				
Registration at the Brazilian Securities and Exchange Commission (CVM)	No				
CVM Code	-				
Reasons for acquiring and holding such interest	The investment is established and maintained in view of market opportunities and the expectations of expanding the use of cards, and business synergy with banking activity.				
Fiscal year	Book value	Book value - change (%)	Market value	Market value – change (%)	Amount of dividends received (Reais)
12/31/2017	14.332.625,62	9,080000	0,00	0,000000	0,00
12/31/2016	13,139,000.00	-5.600000	0.00	0.000000	399,199.86
12/31/2015	13,793,000.00	-3.900000	0.00	0.000000	1,358,208.72

9.2. OTHER MATERIAL INFORMATION

9.2. Provide other information the issuer deems relevant

Other material information applicable to this section can be found in the table below:

Edificações de Uso da Companhia								
Status	Localidade	UF	Status	Localidade	UF	Status	Localidade	UF
Próprios	ALECRIM	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	ALEGRETE	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	ALPESTRE	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	ALVORADA	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	ANTÔNIO PRADO	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	ARROIO GRANDE	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	BAGÉ	RS	Alugados	CANOAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	BARRA DO RIBEIRO	RS	Alugados	CAPÃO DA CANOA	RS	Alugados	PORTO ALEGRE	RS
Próprios	BARRACÃO	RS	Alugados	CAPÃO DO CIPÓ	RS	Alugados	PORTO ALEGRE	RS
Próprios	BARROS CASSAL	RS	Alugados	CAPÃO DO LEÃO	RS	Alugados	PORTO ALEGRE	RS
Próprios	BENTO GONÇALVES	RS	Alugados	CAPÃO DO LEÃO	RS	Alugados	PORTO ALEGRE	RS
Próprios	BLUMENAU	SC	Alugados	CAPÃO NOVO	RS	Alugados	PORTO ALEGRE	RS
Próprios	BOA VISTA DO BURICÁ	RS	Alugados	CAPELA DO SANTANA	RS	Alugados	PORTO ALEGRE	RS
Próprios	BOM JESUS	RS	Alugados	CAPIVARI DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	BOM PRINCÍPIO	RS	Alugados	CARAÁ	RS	Alugados	PORTO ALEGRE	RS
Próprios	CAÇAPAVA DO SUL	RS	Alugados	CARAZINHO	RS	Alugados	PORTO ALEGRE	RS
Próprios	CACEQUI	RS	Alugados	CARAZINHO	RS	Alugados	PORTO ALEGRE	RS
Próprios	CACHOEIRA DO SUL	RS	Alugados	CARAZINHO	RS	Alugados	PORTO ALEGRE	RS
Próprios	CACHOEIRINHA	RS	Alugados	CARLOS GOMES	RS	Alugados	PORTO ALEGRE	RS
Próprios	CAMAQUÃ	RS	Alugados	CASCAVEL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CAMBARÁ DO SUL	RS	Alugados	CASEIROS	RS	Alugados	PORTO ALEGRE	RS
Próprios	CANDELÁRIA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CÂNDIDO GODÓI	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CANGUÇU	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CANOAS	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CANOAS	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CARLOS BARBOSA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CASCA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CATUÍPE	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CAXIAS DO SUL	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CERRO LARGO	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CORONEL BICACO	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CRUZEIRO DO SUL	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	CURITIBA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	DOIS IRMÃOS	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	DOM PEDRITO	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	DONA FRANCISCA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ENCANTADO	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ENCRUZILHADA DO SUL	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ERECHIM	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ESMERALDA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ESTÂNCIA VELHA	RS	Alugados	CAXIAS DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	ESTRELA	RS	Alugados	CENTENÁRIO	RS	Alugados	PORTO ALEGRE	RS
Próprios	FARROUPILHA	RS	Alugados	CERRITO	RS	Alugados	PORTO ALEGRE	RS
Próprios	FLORES DA CUNHA	RS	Alugados	CERRO BRANCO	RS	Alugados	PORTO ALEGRE	RS
Próprios	FORTALEZA DOS VALOS	RS	Alugados	CERRO GRANDE	RS	Alugados	PORTO ALEGRE	RS
Próprios	FREDERICO WESTPHALEN	RS	Alugados	CERRO GRANDE DO SUL	RS	Alugados	PORTO ALEGRE	RS
Próprios	GAURAMA	RS	Alugados	CHAPADA	RS	Alugados	PORTO ALEGRE	RS
Próprios	GETÚLIO VARGAS	RS	Alugados	CHAPECÓ	SC	Alugados	PORTO ALEGRE	RS
Próprios	GIRUÁ	RS	Alugados	CHARQUEADAS	RS	Alugados	PORTO ALEGRE	RS
Próprios	GRAMADO	RS	Alugados	CHIAPETA	RS	Alugados	PORTO ALEGRE	RS
Próprios	GUAÍBA	RS	Alugados	CHUÍ	RS	Alugados	PORTO ALEGRE	RS
Próprios	GUARANI DAS MISSÕES	RS	Alugados	CIDREIRA	RS	Alugados	PORTO ALEGRE	RS
Próprios	HERVAL	RS	Alugados	CIRÍACO	RS	Alugados	PORTO ALEGRE	RS

Caption:
Buildings for Company Use
Status
Location
STATE
Own
Leased

10 - Management comments

10.1 - General financial and asset conditions

10.1. Officers should comment on:

a. general financial and asset conditions

International Context

On the international front, the performance of the world's main economies remained favorable throughout 2017, in a context of high liquidity and the easing of focuses of risk, particularly political ones. In fact, the US economy maintained a moderate pace of growth, accompanied by the cautious approach adopted in relation to the cycle of raising interest rates. Along the same lines, in Europe, economic and fiscal indicators registered a consistent improvement, strengthening a scenario conducive to the start of a gradual reversal of the monetary parameters on the Continent. On the other hand, the Chinese economy remained in a structural deceleration, associated with the rebalancing process that was underway, a movement which was cushioned by fiscal and monetary support actions, which contributed to maintaining economic activity at a pace compatible with the growth targets established for the country.

Domestic Context

In Brazil, notwithstanding the resurgence in the levels of uncertainty, economic activity resumed an upward trajectory, albeit a slow one, in a scenario of consistent decompression of current inflation and of inflationary expectations. This movement was determined to a large extent by the increase in household consumption, favored by the increase in the aggregate income, in the wake of the disinflation process and the modest reduction in the unemployment rate. In the same direction, the recovery of the Brazilian economy also played a role in helping to improve conditions in the credit market, particularly in the individual segment, in the face of the decrease in families' income commitment for paying off debt obligations and the easing of monetary policy, which resulted in the basic rate of interest, the Selic rate, coming down to a level of 7.0% p.a. at the end of 2017.

In line with the positive developments in the domestic situation, the economic indicators of the state of Rio Grande do Sul witnessed a consolidation of the process of a gradual recovery of activity, with highlight going to the growth in the consumption of households, as a result of the slight decrease in the unemployment rate. Similarly, the credit market also helped boost the State of Rio Grande do Sul's economy, particularly the individual segment, bearing in mind that the corporate portfolio continued to exhibit a downward trajectory, taking into account the annual comparison, still continuing to reflect the recession. On the other hand, the State of Rio Grande do Sul's foreign trade posted a favorable performance over the course of 2017, notwithstanding the fact that it reported a lower cumulative trade balance than that observed during the same period the year before, as a result of the 7.3% hike in exports and the 19.4% increase in imports.

Context of the Company's Business

The domestic economy underwent a recessive process that began in 2014 and lasted until the second half of 2017, a period in which Brazil's GDP registered a fall of almost 8%, at which point it began a process of slow recovery, ending the year 2017 with a 1% increase. The recession had a direct impact on Brazil's entire base, affecting both the public and private sectors. Among other effects, recession means a reduction in aggregate demand, which causes companies to sell less, which has a direct impact on their cash generation, affecting their break-even points, resulting in a decrease in their payment capacity.

On the consumer front, the negative effects of the recessionary scenario were confirmed by the high levels of unemployment, which rose to a figure of 13.7% of the economically active population at the start of 2017. In addition, it also needs to be stressed that the high inflation in 2015 and 2016 eroded the population's purchasing power, which hindered their demand, as well as increasing their level of indebtedness, variables that came together to undermine their payment capacity and to demand credit. At the end of 2017, the unemployment rate declined to 11.8% and inflation also registered an improvement, ending the period at a level of 2.9%.

From the point of view of the public sector, the deterioration of its accounts is at the root of the economic problems, and signs of improvement in the indicators over the medium to long-term are linked to the adjustment of the public accounts. To the extent that the Company's direct exposure to the public sector is not relevant in terms of credit, this factor has a very limited impact, being much more affected by federal government action and by the indirect effects of its economic management, which was the main driver that negatively affected the Company's business.

The economic imbalances that produced the recession had a strong impact on the domestic financial system as well as on the Company itself, leading to a deterioration in the quality of the existing portfolios and a gradual reduction in the demand for credit. Under the aforementioned conditions, and with the increased risk represented by its negative effect on companies and individuals, the Company's strategies forced it take a more selective approach in relation to the analysis and granting of new operations, which contributed for a relative nominal reduction in the stock in the year 2016 by comparison with the previous year.

The recovery of economic activity in 2017, although slow, made it possible to initiate a trajectory of improvement in the quality of credit and of growth in lending. The loan portfolio showed growth in 2017, against the balance in 2016, maintaining the selectivity in hiring. As a result, the credit revenue for the periods was affected by the variation in the portfolio's volume, although in 2015 and 2016, it had been given a boost by the trajectory of the Selic rate.

A variable that had a pronounced effect on the business was the evolution of the Selic rate, which was kept at a high level in 2015 and 2016, which on the one hand made the treasury department profitable, but on the other, made credit more expensive. The need for credit repricing occurred gradually, getting underway at the start of 2015, and occurred as and when the credit was being renewed. The increase in interest rates and the defined spreads were designed to protect against the deterioration of credit portfolios and offset the increase in provision expenses. This was also seen in the group of comparable Brazilian banks, and such issues are duly reflected in our financial statements.

On the other hand, the fall in the Selic rate during the year 2017, reduced the treasury department's result and led to a decrease in the rates of credit in the year.

The Selic rate's trajectory also has an effect on the Company's cost of funding, as it is a reference for the rate of return of the great majority of funding products. In this sense, the funding cost of products that have their remuneration linked to the Selic rate increased in 2015 and 2016, a trend that was offset in 2016 by the effect of variation in the exchange rate on subordinated debt and decreased in 2017, with an impact on the Company's results in the aforementioned; funding by means of term deposits, which is the main funding instrument, mainly occurs in the variable rates category.

With regard to the trajectory of default and of expenses with provisions, in 2016 these still continued to show growth by comparison with 2015. But in 2017, the trend in relation to arrears and expenses with provisions for credit was favorable, albeit at a high level by comparison with historical levels. The deterioration in the portfolio's quality reflected the effects of the adverse economic scenario, and the Company's management applied the criteria of Resolution no. 2.682/99, as well as its strict parameters in relation to its provisioning policy.

The recessionary cycle also led to a number of strategies being established which had an impact and which changed the Company's plan for dealing with the economic crisis, and altered its profile for the following years. Among them, the Company reduced its exposure to large companies and began to focus instead on small and medium-sized companies. At the same time, it was decided to increase the share of individuals in the total portfolio, the results of which can already be seen in the last financial statements that were presented.

In order to enable this strategy of operating in a more assertive way in a mass market, new models of credit risk were revised and part of them is already in place, which is what is making it possible for the portfolio to be redistributed safely and which should provide support for the strategy that is underway.

The process of making the Company operate effectively as a retail bank is designed to maintain the existing financial margins: insofar as the end of the recession cycle has already led to a reduction in the treasury department's revenues, given the lower profitability represented by federal securities pegged to the rate Selic, in which Company concentrates the investment of its liquidity, a reduction of credit spreads is also underway. The combination of these factors affect the formation of the financial margin.

The strategy of preserving financial margins entails a gradual allocation of cash resources to the credit portfolio, which becomes feasible with the distribution of mass credit, for which the risk models developed are a preceding condition.

Equity Highlights of the Year 2017

On December 31, 2017, the Company's assets totaled R$73,287.4 million, a 6.2% increase against the balance observed on December 31, 2016, of R$69,038.5 million. Shareholders' equity stood at R$7,035.0 million on December 31, 2017, which is a 9.2% increase compared with the figure of R$6,443.4 million seen on December 31, 2016. As of December 31, 2017, the Basel Index, based on the prudential conglomerate, was 16.98%.

On December 31, 2017, the balance of credit operations registered a figure of R$31,369.1 million, a 3.4% increase by comparison with December 31, 2016, and deposits totaled R$47,084.6 million, a 10.7% increase against the R$42,539.7 million figure seen on December 31, 2016.

Commercial credit maintained a prominent position in the total credit portfolio, accounting for 71.7% of the credit assets as at December 31, 2017. The individual commercial portfolio exhibited a 25.2% growth compared to the balance observed on December 31, 2016, while the business segment registered a 13.3% drop over twelve months.

Default in excess of 90 days affected 3.56% of the Company's credit operations as at December 31, 2017.

Equity Highlights of the Year 2016

On December 31, 2016, the Company's assets totaled R$69,038.5 million, a 3.1% increase against the balance observed on December 31, 2015, and shareholders' equity stood at R$6,443.4 million, which represents a 3.8% growth in the period. At the end of 2016, the Basel index based on the prudential conglomerate was 16.95%.

On December 31, 2016, the balance of credit operations registered a figure of R$30,337.4 million, a 5.2% decrease by comparison with December 31, 2015, and deposits on December 31, 2016 totaled R$42,539.7 million, which indicates a 9.9% growth against the figure seen on December 31, 2015.

Commercial credit maintained a prominent position in the total credit portfolio, accounting for 66.9% of the credit assets as at December 31, 2016. The individual commercial portfolio showed a 6.8% growth while loans to the corporate segment registered a 19.6% drop in relation to December 31, 2015. Also worth mentioning is the 45.6% growth in credits assigned in 2016.

On December 31, 2016, defaults in excess of 90 days affected 5.00% of the Company's credit operations.

Equity Highlights of the 2015 Year

On December 31, 2015, the Company's assets totaled R$66,937.8 million, a 12.4% increase against the balance seen on December 31, 2014, and shareholders' equity on December 31, 2015 stood at R$6,208.6 million, which is a 9.5% increase compared with the figure posted on December 31, 2014. At the end of 2015, the Basel Index, based on the prudential conglomerate, was 17.79%.

On December 31, 2015, the balance of credit operations registered a figure of R$32,013.3 million, a 5.0% increase by comparison with December 31, 2014, and deposits totaled R$38,698.3 million, which translates into a 13.4% growth by comparison with the figure seen on December 31, 2014.

Commercial credit maintained a prominent position in the total credit portfolio, accounting for 66.7% of the credit assets as at December 31, 2015. The individual commercial portfolio exhibited a 10.9% increase by comparison with December 31, 2014, while credit to the business segment showed relative stability between the end of 2015 and 2014.

On December 31, 2015, defaults in excess of 90 days affected 4.32% of the Company's credit operations.

b. capital structure

The Company maintains its share capital at a level and composition that it considers to be sufficient for conducting its operations in accordance with the appropriate capitalization standards applicable. In general, the definitions of capital used are in line with the principles and guidelines established by the Basel Committee on Banking Supervision.

Management emphasizes that the Company allocates capital to its business areas and sets limits for operations, in accordance with extensive capital framework, balance sheet and risk monitoring and management criteria.

As of December 31, 2017, the percentage of financing of operations by means of third-party capital was 90.4% of the Company's total capital, while equity capital represented 9.6%.

On December 31, 2016, the percentage of financing of operations by means of third-party capital was 90.7% of the Company's total capital, while equity capital represented 9.3%, with stability in relation to the percentage that was verified on December 31, 2015.

The table below shows the comparative table of the ratio of financing of operations by means of third-party capital:

Standard operations funding (R$ Million, except when otherwise indicated)	12/31/2017		12/31/2016		12/31/2015	
Equity Capital	7,035.0	9.6%	6,443.4	9.3%	6,208.6	9.3%
Debt Capital	66,252.4	90.4%	62,595.1	90.7%	60,729.2	90.7%
Total Capital	73,287.4	100.0%	69,038.5	100.0%	66,937.8	100.0%

c. capacity of payment in relation to the financial commitments assumed

As shown by in-company technical studies, the Company has financial capacity and intention to hold to maturity the securities classified in the “held to maturity” category as required by Article 8 of Circular Letter 3068 of November 8, 2001, of the Brazilian Central Bank (BCB).

The Company’s liquidity is favored by its funding characteristics through a retail network, especially in the state of Rio Grande do Sul, in other locations of Brazil’s south region and in other Brazilian states. In loan, main type of assets, fragmented operations were also prioritized, especially operating with individuals, micro, small and medium-sized companies. Deposits are still the main source of funding.

The treasury policy did not change during the year ended December 31, 2017. Most of net cash and cash equivalents remain invested in federal government instruments indexed to the Selic rate, Treasury bonds (LFTs), or repo operations, always pegged by federal government bonds, without any foreign exchange exposure, in these periods.

The Company participates in operations involving derivative financial instruments in the swap modality, recorded in equity and memorandum accounts, destined to the meet its own needs to manage its global exposure. The utilization of derivatives mainly aims at mitigating the risks deriving from foreign exchange fluctuations of foreign funding operation carried out by the Company, which resulted in the conversion of these rates to CDI rate variation. Thus, the derivative instruments under the swap mode are in the long run, following the flow and maturity of foreign funding, maturing to the extent foreign funding amounts have a natural hedge. The operations are based on OTC contracts registered at B3 S.A. – Brasil, Bolsa, Balcão, and have first-tier financial institutions as counterparties. The Company adopts the hedge accounting provided for in the BCB standards and the expected effectiveness since the designation of hedge instruments and during operations is in conformity with BCB standards.

The table below shows average terms of assets and liabilities in the year ended December 31, 2017 and ability to pay financial commitments:

Assets (R$ Million)	No maturity	Up to 3 months	3 to 12 months	More than 12 months	12/31/2017
Current and Long-Term Assets					
Cash and cash equivalents	801.7	-	-	-	801.7
Liquidity interbank investments	628.7	-	-	-	628.7
Marketable securities and derivatives	499.5	4,578.1	10,794.0	8,317.4	24,188.9
Loan operations, leasing and other receivables	-	5,501.0	8,441.0	17,427.1	31,369.1
Other assets	14,769.0	-	-	-	14,769.0
Permanent assets	1,529.9	-	-	-	1,529.9
Total assets	**18,228.8**	**10,079.1**	**19,235.0**	**25,744.4**	**73,287.4**
Liabilities and shareholders' equity (R$ Million)					
Current and Long-Term Liabilities					
Deposits [1]	11,874.2	2,760.5	718.0	31,731.9	47,084.6
Open market operations	-	4,852.6	-	-	4,852.6
Borrowings and onlending	-	384.1	996.7	1,557.3	2,938.2
Other obligations	6,074.2	71.2	62.0	2,544.5	8,752.0
Other liabilities	215.5	618.3	356.1	1,435.2	2,625.0
Shareholders' equity	**7,035.0**	**-**	**-**	**-**	**7,035.0**
Total Liabilities and Shareholders' Equity	**25,198.9**	**8,686.8**	**2,132.9**	**37,268.8**	**73,287.4**

[1] Classified as without maturity due to the fact that there is no contractual maturity date, and they can be redeemed at any time.

d. sources of financing for working capital and investments in non-current assets

During the last three years, the Company used its own funds and asset management to conduct its activities.

(a) Own funds – Shareholders' equity

Year ended December 31, 2017 compared with Year ended December 31, 2016

On December 31, 2017, the Company's shareholders' equity totaled R$7,035.0 million; a 9.2% increase by comparison with the shareholders' equity observed on December 31, 2016, which totaled the sum of R$6,443.4 million.

Since January 1, 2015, the calculation of the regulatory capital and risk-weighted assets has been based on the prudential conglomerate. On December 31, 2017, the regulatory capital - RC posted a figure of R$6,578.7 million, which was a R$57.2 million increase by comparison with December 31, 2016, influenced by the R$234.8 million increase in Tier I, as a result of the incorporation of the period's profit and the deduction of the prudential adjustments, and the R$177.7 million reduction in the subordinated debt recorded in Tier II.

Risk-weighted assets (RWA) totaled R$38,749.5 million on December 31, 2017, a R$270.1 million increase against the figure seen in December 31, 2016, mainly on account of the R$1,079.6 million increase in the of operational risk portion - RWA_{OPAD}, due to the entry of new semesters in the calculation base. The credit risk portion - RWA_{CPAD} posted a R$608.9 million decrease, on account of the decrease in exposure and the allocation in lower risk operations, while the market risk portion - RWA_{MPAD} showed a reduction of R$200.6 million.

On December 31, 2017, taking into account the realized values of the RC and of the risk-weighted assets - RWA, the Basel Index came out at a figure of 16.98%, with a 0.03 p.p. increase in relation to the 16.95% index observed on December 31, 2016. For the principal capital and Tier I capital, the indexes were 14.7% as of December 31, 2017, both higher than the minimum required, with a 0.5 pp. increase in relation to December 31, 2016.

Year ended December 31, 2016 compared with Year ended December 31, 2015

At the end of the year ended December 31, 2016, the Company's shareholders' equity totaled R$6,443.4 million; a 3.8% increase by comparison with the shareholders' equity figure registered in the same period of 2015, when it stood at R$6,208.6 million.

However, the Company's funds allocated to different investment alternatives continued to be based on risk and return analysis. Leverage indicators were similar to the average of Brazil's major banks and, like other Brazilian institutions, the Company was compelled to adjust its capital adequacy ratio based on level of risk, a methodology developed in July 1988 by the Basel Committee on Banking Supervision and implemented with amendments determined by the Brazilian Central Bank.

As of January 1, 2015, as per CMN Resolutions 4192/13 and 4193/13, calculations of regulatory capital and risk weighted assets are based on prudential conglomerate statements. In addition, continuing with the implementation of Basel III's guidelines, the Central Bank of Brazil issued Circular Letter 3748/15 defining the methodology for calculating leverage ratios that come into effect from October.

In January 2016, the Brazilian Central Bank started to require the ascertainment of additional principal capital, calculated in accordance with CMN Resolution 4193/13.

Risk weighted assets total exposure (RWA_{TOTAL}) reached R$38,479.4 million at the end of 2016, of which the highlight amount was credit risk (RWA_{CPAD}) at R$30,172.6 million. Compared to the R$41,536.5 million recorded in December 31, 2015, RWA_{TOTAL} declined by 7.4%, mainly as a result of the reduction of the RWA_{CPAD} portion due to the retraction in credit transactions and renewal of swap contracts in 2016.

At the end of the year ended December 31, 2016, taking into account the realized values of the regulatory capital and of the risk-weighted assets - RWA, the Basel Index totaled 16.9%, with a 0.9 p.p. decrease by comparison with the 17.8% index observed in 2015. The principal capital and tier I capital closed 2016 at 14.2%, both being higher than the minimum required, but showing a 0.6 p.p. drop against the 14.8% figure seen in 2015.

(b) Asset Management

A fragmented funding policy privileges small and medium-sized investors, rather than institutional investors, such as pension funds and investment funds, which ensures reducing financial cost and diversified sources of financing or fragmented funding, a policy meeting the funding needs to grant new loans.

In the last three fiscal years, the main sources of funding were: (i) deposits, (ii) open market operations, (iii) borrowings and onlendings, (iv) financial bills, and (v) subordinated debt.

The following table shows the balances of third-party funds in the last three years, as well as the variations between the dates indicated:

		2017 x 2016			2016 x 2015		
(R$ Million, except when indicated)	**12/31/2017**	**R$**	**%**	**12/31/2016**	**R$**	**%**	**12/31/2015**
Total Deposits	47,084.6	4,544.9	10.7%	42,539.7	3,841.3	9.9%	38,698.3
Demand deposits	3,553.9	550.3	18.3%	3,003.6	(170.3)	-5.4%	3,173.9
Savings deposits	8,312.5	704.2	9.3%	7,608.2	34.6	0.5%	7,573.7
Time deposits	35,069.1	3,471.2	11.0%	31,597.9	4,390.0	16.1%	27,207.9
Interbank Deposits	149.1	-180.8	-54.8%	329.9	(412.9)	-55.6%	742.8
Open market operations	4,852.6	-600.8	-11.0%	5,453.4	(1,735.4)	-24.1%	7,188.7
Financial bills (1)	2,037.8	58.9	3.0%	1,978.9	(369.8)	-15.7%	2,348.8
Borrowings and onlendings (2)	2,938.2	-636.3	-17.8%	3,574.5	(940.5)	-20.8%	4,515.0
Subordinated debt	1,893.1	60.8	3.3%	1,832.4	(159.3)	-8.0%	1,991.6
Other (3)	7,446.0	229.8	3.2%	7,216.2	1,229.5	20.5%	5,986.7
Asset Management	**66,252.4**	**3,657.3**	**5.8%**	**62,595.1**	**1,865.8**	**3.1%**	**60,729.2**

1 Financial and Mortgage Bills.
2 Includes Borrowings and Onlendings in Brazil – Official Institutions and Onlendings Abroad (short and long terms).
3 Includes Interbank and Interdepartmental Accounts, Derivative Financial Instruments, Financial and Development Funds and Other Liabilities.

Third-party funds totaled R$66,252.4 million on December 31, 2017, which was a 5.8% increase compared with December 31, 2016, when a R$62,595.1 million figure was recorded, influenced in particular by the increase in the balance of term deposits.

Third-party funds registered a figure of R$62,595.1 million on December 31, 2016, a 3.1% increase compared with December 31, 2015, when a R$60,729.2 million figure was recorded, influenced in particular by the increase in the balance of term deposits.

(b.i) Total Deposits

Deposits are the Bank's main funding instrument.

On December 31, 2017, deposits totaled R$47,084.6 million, accounting for 71.1% of third-party sources. The balance of deposits showed a 10.7% growth against the R$42,539.7 million amount observed for the year ended December 31, 2016.

On December 31, 2016, deposits registered a figure of R$42,539.7 million, accounting for 68.0% of third-party sources. The balance of deposits showed a 9.9% growth by comparison with the sum of R$38,698.3 million that was recorded at the end of the year 2015.

(b.i.a) Demand Deposits

On December 31, 2017, demand deposits totaled R$3,553.9 million, an 18.3% increase in relation to December 31, 2016, when the comparable figure was R$3,003.6 million.

On December 31, 2016, demand deposits totaled R$3,003.6 million, a 5.4% drop against the R$3,173.9 million figure seen on December 31, 2015.

(b.i.b) Savings Deposits

On December 31, 2017, savings deposits stood at R$8,312.5 million, which was a 9.3% increase by comparison with December 31, 2016, when the comparable figure was R$7,608.2 million.

On December 31, 2016, savings deposits stood at R$7,608.2 million, with relative stability against the R$7,573.7 million figure seen on December 31, 2015.

(b.i.c) Time Deposits

Time deposits are contracted with clients of the entire branch network, under fixed or floating interest rates.

On December 31, 2017, term deposits showed a total of R$35,069.1 million, an 11.0% increase compared to December 31, 2016, when the comparable figure was R$31,597.9 million.

On December 31, 2016, term deposits totaled R$31,597.9 million, which was a 16.1% increase by comparison with the R$27,207.9 million figure seen on December 31, 2015.

(b.i.d) Interbank Deposits

On December 31, 2017, interbank deposits stood at R$149.1 million, which was a 54.8% decrease in relation to the R$329.9 million figure posted on December 31, 2016.

On December 31, 2016, interbank deposits exhibited a figure of R$329.9 million, a 55.6% drop by comparison with the R$742.8 million result registered on December 31, 2015.

(b.ii) Open Market Operations

Repo operations with other financial institutions are used to manage the liquidity position. This is a one-day trade through the purchase or sale of federal government bonds, whose profitability is defined upon trade, based on the repurchase or resale commitment, where applicable. Their spreads usually decrease, in order to increase the sources of funds and improve the Company's cash management liquidity.

Funding through repo operations mostly complement financial intermediation transactions. Open market operations are transactions contracted at an average rate corresponding to 100% of CDI variation.

On December 31, 2017, the balance of funding in the open market showed a figure of R$4,852.6 million, accounting for 7.3% of third-party capital, which translated into an 11.0% reduction compared with the amount verified on December 31, 2016.

On December 31, 2016, the balance of funding in the open market totaled R$5,453.4 million, accounting for 8.7% of third-party capital, which represented a 24.1% decrease against the R$7,188.7 million figure calculated on December 31, 2015.

(b.iv) Financial Bills

The funds in bills consist of financial and real estate bills. In August 2013, the Company concluded the first issue of financial bills, totaling R$1,600.0 million. The first series of notes matured in August 2015; the second, in August 2016; and the third, in August 2017.

On December 31, 2017, funds in bills totaled R$2,037.8 million, accounting for 3.1% of third-party capital, which denoted a 3.0% increase by comparison with the balance posted on December 31, 2016.

On December 31, 2016, resources in bills totaled R$1,978.9 million, accounting for 3.2% of third-party capital, which denoted a 15.7% decrease in relation to the R$2,348.8 million amount observed on December 31, 2015.

(b.iii) Borrowings and Onlendings

Onlendings funds are obtained from BNDES (Brazilian Development Bank), FINAME (government agency for machinery and equipment financing), Federal Savings Bank and FINEP, in accordance with programs established by these financial institutions. The funds are transferred to clients under same term and funding rate conditions, plus intermediation commission.

Based on this strategy, foreign funding only occurs in case of borrower already identified in Brazil, without arbitration between foreign exchange rates and foreign exchange risk.

The Company also trades its funds raised abroad to conduct foreign exchange commercial operations. These operations incur in foreign exchange variation with interest rates lower than those practiced in the domestic market.

On December 31, 2017, obligations with loans and transfers totaled R$2,938.2 million, accounting for 4.4% of third-party capital, which was a 17.8% decrease by comparison with the balance as of December 31, 2016.

On December 31, 2016, obligations with loans and transfers totaled R$3,574.5 million, accounting for 5.7% of third-party capital, which represented a 20.8% reduction against the R$4,515.0 million balance observed on December 31, 2015.

(b.v) Subordinated Debt

In 2015, the Company repurchased some of these debt securities in order to reduce funding costs in the context of narrower spreads and ensure the notes' liquidity given the context of Brazil's weakening currency and higher level of country risk. The partial repurchase amounted to US$251.8 million and did not impact regulatory capital's tier II capital.

On December 31, 2017, the balance of subordinated debt equaled R$1,893.1 million, accounting for 2.9% of third-party capital, which was a 3.3% increase by comparison with the balance as of December 31, 2016.

On December 31, 2016, the balance of subordinated debt totaled R$1,832.4 million, accounting for 2.9% of third-party capital, which represented an 8.0% reduction against the R$1,991.6 million balance observed on December 31, 2015.

e. sources of funding for working capital and investments in non-current assets to cover liquidity deficit

The Company has a Liquidity Contingency Plan aiming at identifying, in advance, and adjusting its capacity of dealing with domestic or international liquidity crises, minimizing their potential effects on going concern, its capacity of generating income and its image.

The Liquidity Contingency Plan and Treasury and Liquidity Management Policy systematize parameters that identify adverse situations, units' responsibilities and the departments involved in its execution, as well as the procedures to be observed in order to recover a proper liquidity level.

In order to recover liquidity levels, the Company's Treasury Committee must immediately propose to the Chief Financial Officer the following measures, severally or cumulatively:

(a) Realignment of interest rates levied on loan operations, so that to consider the new risk level;
(b) Interest rates increase in funding instruments, to reverse volume reductions seen in funding products;
(c) to access the Institutional Investors market, by means of the issue of assets (financial bills, for example), in a public or private way, with a view to leveraging the volume of funding;
(d) Implementation of sales, marketing initiatives, including new products, strengthening the Company's brand aiming at mitigating risks to reputation and image;
(e) Tightening of loan operations for a better cash control;
(f) Improvement of relationship with other financial institutions aiming interbank deposit certificates;
(g) Total or partial sale of tradable assets;
(h) Total or partial sale of loan portfolio classified as trading book, in accordance with the Market and Liquidity Risk Management Policy and;
(i) Ultimately have access to the discount window with the Brazilian Central Bank.

f. levels and characteristics of indebtedness, also describing:

i. relevant loan and borrowings agreements

The Company offers several types of loans granted with funds from BNDES, FINAME, FINEP and Federal Savings Bank, the responsibility of which is to transfer these funds to the final beneficiaries, by means of contractual remuneration. In special shared operations, the Institution is in line with other financial institutions for such purpose, and each agent is liable for the specific amount invested into the credit to the project.

In accordance with Provisions Applicable to BNDES Agreements (BNDES Resolution 665/87, as in force), the Company is jointly liable to BNDES for the payment of the installments of the financing contracted, even if not settled by the final beneficiaries, as well as for committing to assign credit to BNDES, if it so determines, and requesting that final beneficiaries pledge security interest on behalf of the Bank, in the minimum amount of 130% of principal, except in cases when BNDES waives such security interest or sets different indices for its establishment, among other obligations for the Company, as set forth in the "Provisions Applicable to BNDES Contracts", in particular in Chapter II - Onlending Agreements.

The Company also has a private pension plan managed by Fundação Banrisul de Seguridade Social, or Banrisul Social Security Foundation. Under this plan, the Company has a remaining debt of R$67.2 million, R$71.8 million and R$71.0 million on December 31, 2017, 2016 and 2015, respectively. This debt is paid plus interest rate of 6% p.a. and adjusted by the IGP-DI, with monthly payments and final maturity in 2028.

ii. other long-term relationships with financial institutions

There are no other relevant long-term relationships with financial institutions.

iii. subordination level of debts

There is no subordination level in the Company's debts. However, the obligations recorded in current liabilities are organized according to origin, in the event of composition with creditors, pursuant to Law 11101, Article 83, which classifies credits, prioritizing those deriving from labor laws, followed by credits with security interest and tax credits. Thereafter, other credits are considered, pursuant to the aforementioned law.

In the event that it is necessary to draw up a list of creditors, in compliance with the order set forth in the aforementioned law, as of December 31, 2017, 2016 and 2015, the Company would have,:

(R$ Million, except when indicated)	12/31/2017	%	12/31/2016	%	12/31/2015	%
Tax, labor and pension plan liabilities	1,725.2	2.6%	1,633.0	2.6%	1,345.8	2.2%
Labor [1]	652.7	1.0%	639.0	1.0%	550.7	0.9%
Tax and pension plan	1,072.5	1.6%	994.0	1.6%	795.1	1.3%
Collection and payment of taxes and related charges	61.8	0.1%	63.0	0.1%	53.4	0.1%
Sundry liabilities [2]	62,390.6	94.2%	59,027.8	94.3%	57,313.1	94.4%
Other liabilities	2,074.8	3.1%	1,871.3	3.0%	2,016.9	3.3%
Subordinated debt	1,893.1	2.9%	1,832.4	2.9%	1,991.6	3.3%
Social and statutory	181.6	0.3%	38.9	0.1%	25.3	0.0%
Current Liabilities	**66,252.4**	**100.0%**	**62,595.1**	**100.0%**	**60,729.2**	**100.0%**

[1] Provisions for labor claims and for vacations and other charges.

[2] For the most part includes deposits, funding on the open market, funds from acceptance and the issue of securities, interbank and interbranch relationships, loan and transfer obligations, derivative financial instruments, foreign exchange portfolio, securities trading and intermediation, financial and development funds, retailers' obligations to pay acquisition, transactions with cards payable

iv. any restrictions imposed to the issuer, especially, in relation to indebtedness limits and new debts, dividend distribution, divestment, issue of new securities and sale of controlling interest, and whether the issuer has been complying with the restrictions

Long-term operations are subject to statutory contract limits. Pursuant to Article 14 of the Company's Bylaws, "long-term operations carried out with BNDES onlendings are restricted to 80% of the Company's shareholders' equity".

The Company is also subject to the limits imposed by BNDES for the utilization of funds based on reference shareholders' equity and rating analysis made by an external institution. In case of onlendings, funds are fully transferred to clients, under same terms and rates, plus financial intermediation commission. BNDES does not impose specific restrictions in relation to the Company besides the usual limit required. However, BNDES has covenants relating to financial agents in general, which can be seen in "Provisions Applicable to BNDES Agreements" (BNDES Resolution 665/87), and further ruling updates issued by BNDES referring to suspensive conditions of the financial cooperation and each amount of credit.

For onlendings operations of *Programa Saneamento para Todos* (sanitation for all program), we follow the rules set forth in the Development Manual (FGTS' Oversight Council which establishes these rules) issued by Federal Savings Bank (CEF) ruling this financing. We established an agreement so that CEF is the Operational Technical Agent (ATO), draft approved by our legal department and signed by Banrisul and CEF executive boards, for supervision and procedures to release funds for the works financed in this Program. A study is conducted periodically for the Company's risk re-rating with CEF, with distribution of limit amount for new agreements.

Indebtedness Levels

The table below shows the balances of the funds raised with third parties as of December 31, 2017, 2016 and 2015.

(R$ Million)	12/31/2017 Without Maturity	12/31/2017 Up to 3 months	12/31/2017 3 to 12 months	12/31/2017 More than 12 months	12/31/2017	12/31/2016	12/31/2015
Total Deposits	**11,874.2**	**2,760.5**	**718.0**	**31,731.9**	**47,084.6**	**42,539.7**	**38,698.3**
Demand [1]	3,553.9	-	-	-	3,553.9	3,003.6	3,173.9
Savings [1]	8,312.5	-	-	-	8,312.5	7,608.2	7,573.7
Interbank		56.5	25.4	67.2	149.1	329.9	742.8
Time [2]	7.8	2,704.1	692.6	31,664.6	35,069.1	31,597.9	27,207.9
Open market operations	**-**	**4,852.6**	**-**	**-**	**4,852.6**	**5,453.4**	**7,188.7**
Own portfolio	-	4,852.6	-	-	4,852.6	5,453.4	7,188.7
Liabilities from Loans and Onlending transactions	**-**	**384.1**	**996.7**	**1,557.3**	**2,938.2**	**3,574.5**	**4,515.0**
Funds from Acceptance and Issuance of Securities	**-**	**618.3**	**356.1**	**1,063.5**	**2,037.8**	**1,978.9**	**2,348.8**
Subordinated debt	**-**	**71.2**	**62.0**	**1,759.9**	**1,893.1**	**1,832.4**	**1,991.6**
Short Term					**22,693.9**	**21,925.4**	**25,356.1**
Long Term					**36,112.5**	**33,453.5**	**29,386.4**

[1] Classified as without maturity, as there is no contractual maturity date.

[2] It includes the terms established in investments.

Years ended December 31, 2017, December 31, 2016 and December 31, 2015

Total Deposits

Time deposits are raised with individuals or companies, under fixed or floating interest rates corresponding to 97.69% and 2.31% of total portfolio, respectively, on December 31, 2017; to 96.96% and 3.04% of total portfolio, respectively, on December 31, 2016; and to 95.83% and 4.17% of total portfolio on December 31, 2015. The average funding rate for floating rate deposits corresponds to 84.23% of CDI variation in 2017 (versus 84.34% in 2016 and 82.35% in 2015) and 7.68% p.a. for fixed rate deposits in 2017 (versus 9.29% p.a. in 2016 and 9.27% p.a. in 2015).

Open Market Operations

Repo operations in own portfolio - open market, carried out with financial institutions had an average funding rate of 100% of CDI variation in 2017, 2016 and 2015.

Liabilities from Loans and Onlending transactions

Borrowings: For the most part loan obligations are made up of loans abroad. Borrowings abroad are represented by funds raised from foreign banks for investment in foreign exchange operations with foreign exchange variation of related currencies, plus interest rates between 1.60% and 5.03% p.a. in the year ended December 31, 2017 (1.62% and 5.27% p.a. in the year ended December 31, 2016, and 0.85% and 4.04% p.a. in the year ended December 31, 2015), with maximum maturity up to 1,219 days in 2017, 1,584 days in 2016 and 1,601 days in 2015, and balances of R$715.4 million, R$951.9 million and R$1,632.5 million on December 31, 2017, 2016 and 2015, respectively.

Onlendings: Domestic onlendings are basically represented by funding from official institutions (BNDES, FINAME, Federal Savings Bank and FINEP). The funds are transferred to clients, under same terms and funding rates, plus financial intermediation commission. As guarantee of these funds, guarantees received in related loan operations were transferred.

On December 31, 2017, these liabilities had monthly maturities up to January 2032, with financial charges levied on floating rate operations of 0.40% to 14.87% p.a., besides index variations (TJLP, URTJ-01, U.S. dollar, Currency Basket, UPRD and Selic), and fixed rate liabilities up to 20.09% p.a.

On December 31, 2016, these liabilities had monthly maturities up to January 2030, with financial charges levied on floating rate operations of 0.40% to 14.87% p.a., besides index variations (TJLP, URTJ-01, U.S. dollar, Currency Basket, UPRD and Selic), and fixed rate liabilities up to 20.09% p.a.

On December 31, 2015, these liabilities had monthly maturities up to May 2030, with financial charges levied on floating rate operations of 0.40% to 14.87% p.a., besides index variations (TJLP, URTJ-01, U.S. dollar, Currency Basket, UPRD and Selic), and fixed rate liabilities up to 19.79% p.a.

The following table shows the balances of domestic and foreign onlending transactions on the dates shown:

(R$ Million)	12/31/2017	12/31/2016	12/31/2015
Onlending in Brazil – Official Institutions	2,215.8	2,612.7	2,852.3
Foreign Onlendings	5.7	7.9	27.1
Total	2,221.5	2,620.6	2,879.4
Short Term	**665.8**	**761.3**	**791.8**
Long Term	**1,555.7**	**1,859.3**	**2,087.6**

Funds from Acceptance and Issuance of Securities

The balance of funds from acceptance and the issue of securities totaled R$2,037.8 million on December 31, 2017, R$1,978.9 million in 2016 and R$2,348.8 million in 2015. In August 2013, Company made an issue of financial bills, carried out in 3 series, with final maturities within 2, 3 and 4 years, respectively, counted as from the date of issuance. The financial bills are pegged to the DI rate, limited to a rate of up to 108%, 109% and 110% of the accumulated variation of the DI Rate, paid on a half-yearly basis. The financial bills of the first series were settled in August 2015, for the amount of R$746.9 million, those of the second series were settled in August 2016, for the amount of R$934.4 million, and those of the third series were settled in August 2017, for the amount of R$31.8 million.

Subordinated Debt

The partial repurchase of the subordinated debt, in the amount of US$248.96 million, was carried out in September 2015 for 80% of the face value, or US$199.17 million. In October 2015, there was a new partial repurchase of the obligation, in the amount of US$2.85 million, for 77% of the face value, or US$2.2 million. Due to this repurchase, in September 2015, the Institution paid the interest previously agreed upon and accrued until the date of settlement regarding the portion of the subordinated debt that was repurchased, and settled the derivatives contracted regarding the repurchased portion. The balance of subordinated debt showed a figure of R$1,893.1 million on December 31, 2017, R$1,832.4 million in 2016 and R$1,991.6 million in 2015.

g. limits of financing agreed and percentages already used

The Company ’s long-term debt operations are subject to statutory contracting limits. As per Article 14 of Banrisul’s Bylaws, long-term operations carried out with funds deriving from BNDES onlendings are restricted to 80% of the company’s Shareholders’ Equity. In case of onlendings operations, amounts may be gradually released up to the limit of the contracted amount.

As of December 31, 2017, the amount contracted with the BNDES was R$2,019.7 million, of which 99.1% had been released. On December 31, 2016, the amount contracted with the BNDES was R$2,442.0 million of which 98.5% had been released. As of December 31, 2015, the amount contracted with the BNDES was R$2,720.1 million, of which 97.8% had been released.

h. significant alterations in each item of financial statements

(i) Statement of Income

Years Ended December 31, 2017, 2016 and 2015

The following table presents a summary of the consolidated income statements for the years ended December 31, 2017, 2016 and 2015.

(R$ Million)	Year ended 12/31/2017	Interest %	Year ended 12/31/2016	Interest %	2017 X 2016	Year ended 12/31/2015	Interest %	2016 X 2015
Revenues from financial intermediation	**9,978.5**	**100.0%**	**10,668.4**	**100.0%**	**-6.5%**	**10,804.3**	**100.0%**	**-1.3%**
Revenue from loans [1]	6,635.1	66.5%	6,980.7	65.4%	-5.0%	6,552.7	60.6%	6.5%
Income from securities and derivatives operations	2,194.1	22.0%	2,443.4	22.9%	-10.2%	2,959.4	27.4%	-17.4%
Income from foreign exchange operations	145.1	1.5%	76.5	0.7%	89.7%	451.2	4.2%	-83.1%
Income from reserve requirements funds	1,004.2	10.1%	1,167.9	10.9%	-14.0%	841.0	7.8%	38.9%
Financial intermediation expenses	**(6,207.9)**	**-62.2%**	**(7,166.9)**	**-67.2%**	**-13.4%**	**(7,941.8)**	**-73.5%**	**-9.8%**
Funding	(4,369.6)	-43.8%	(5,213.9)	-48.9%	-16.2%	(5,380.6)	-49.8%	-3.1%
Loans, assignments and onlendings	(393.9)	-3.9%	(285.4)	-2.7%	38.0%	(1,009.8)	-9.3%	-71.7%
Provision for loans	(1,444.4)	-14.5%	(1,667.6)	-15.6%	-13.4%	(1,551.4)	-14.4%	7.5%
Gross income from financial intermediation	**3,770.6**	**37.8%**	**3,501.6**	**32.8%**	**7.7%**	**2,862.5**	**26.5%**	**22.3%**
Other operating revenue/expenses	**(2,176.0)**	**-21.8%**	**(2,396.7)**	**-22.5%**	**-9.2%**	**(1,824.2)**	**-16.9%**	**31.4%**
Fee income/Bank fees	1,746.5	17.5%	1,700.3	15.9%	2.7%	1,444.6	13.4%	17.7%
Personnel expenses [2]	(1,942.1)	-19.5%	(1,817.5)	-17.0%	6.9%	(1,684.4)	-15.6%	7.9%
Other administrative expenses	(1,782.7)	-17.9%	(1,644.3)	-15.4%	8.4%	(1,396.4)	-12.9%	17.8%
Tax expenses	(453.8)	-4.5%	(447.9)	-4.2%	1.3%	(396.3)	-3.7%	13.0%
Equity in earnings of subsidiaries and associated companies	31.1	0.3%	28.9	0.3%	7.7%	6.2	0.1%	365.8%
Other operating revenue [3]	765.9	7.7%	419.5	3.9%	82.6%	635.4	5.9%	-34.0%
Other operating expenses	(540.9)	-5.4%	(635.7)	-6.0%	-14.9%	(433.4)	-4.0%	46.7%
Operating income	**1,594.6**	**16.0%**	**1,104.9**	**10.4%**	**44.3%**	**1,038.3**	**9.6%**	**6.4%**
Income before taxes	**1,594.6**	**16.0%**	**1,104.9**	**10.4%**	**44.3%**	**1,038.3**	**9.6%**	**6.4%**
Income tax and social contribution [4]	(417.4)	-4.2%	(346.1)	-3.2%	20.6%	(82.9)	-0.8%	317.4%
Employee profit sharing	(123.6)	-1.2%	(98.5)	-0.9%	25.5%	(106.2)	-1.0%	-7.2%
Minority interest	(0.6)	0.0%	(0.6)	0.0%	4.4%	(0.5)	0.0%	23.1%
Net Income for the year	**1,053.0**	**10.6%**	**659.7**	**6.2%**	**59.6%**	**848.8**	**7.9%**	**-22.3%**

[1] Includes revenues from Sale or Transfer operations of Financial Assets and leasing.

[2] The figure for December 31, 2015 includes an amount of R$48.5 million in relation to the incentives granted and provisioned under the PDA - Termination via Retirement Plan with the corresponding charges; the figure for December 31, 2017 includes the amount of R$89.2 million in relation to the incentives granted and provisioned under the PAV - Voluntary Retirement Plan and a sum of R$4.7 million related to the incentives granted and provisioned under the PDV - Voluntary Redundancy Plan.

[3] The figure for December 31, 2017, includes an amount of R$60.0 million related to the payment of the investment agreement signed with Icatu Seguros S.A. on December 20, 2017, for the sale of capitalization products in Banrisul's distribution channels; and the sum of R$252.1 million in relation to the recognition of the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) tax credit, related to the final decision of the judicial process that gave the Bank the right to fully apply the January 1989 IPC, "Summer Plan". The figure for December 31, 2016, includes a sum of R$13.5 million and the figure for December 31, 2015, the amount of R$22.5 million, related to a supplementary amount regarding the agreement entered into between the Company and Icatu Seguros for distribution, under exclusivity for a period of 20 years, of Personal Insurance and Pension Plans products through the Company's channels. The payment was made and the agreement was executed on December 11, 2014, after being approved by CADE and the Central Bank.[4] [4] As of December 31, 2017 the sum of R$76.7 million, as of December 31, 2016 the amount of R$6.1 million and as of December 31, 2015 the amount of R$10.7 million, refer to fiscal benefit in relation to the events PDA, PAV, PDV, Insurance Distribution Agreement, Capitalization Securities Distribution Agreement and Tax Credit - Summer Plan

As of December 31, 2015, the sum of R$105.5 million refers to the application of MP (provisional measure) 675/15, converted into Law no. 13.169/15, which establishes an increase in the rate of Social Contribution on Net Income (CSLL), from 15% to 20%, to last until December 2018.

The comparison between the main income accounts for the years ended December 31, 2017 and December 31, 2016 is shown below.

Fiscal Year Ended December 31, 2017 compared to the Fiscal Year Ended December 31, 2016

Revenues from Financial Intermediation

In the year ended December 31, 2017, revenues from financial intermediation added up to a total of R$9,978.5 million, which represented a decrease of 6.5% or of R$689.9 million by comparison with 2016, when the figure posted was R$10,668.4 million. The decline in revenues from financial intermediation during the period was due to the drop in income from marketable securities and derivatives, coupled with the result from compulsory investments of R$413.0 million, and the R$345.6 million decrease in revenues from credit operations, leasing and from the sale or transfer of financial assets, which was partially offset by the R$68.6 million increase in income from foreign exchange operations. The trajectory of financial intermediation revenues was affected by the decrease in the effective Selic rate and by the foreign exchange variation.

Revenues from Loan, Leasing and Sale or Transfer of Financial Assets

In the year ended December 31, 2017, revenues from credit operations, leasing and the sale or transfer of financial assets totaled R$6,635.1 million, which was decrease of 5.0% or of R$345.6 million against the amount recorded in 2016, when the comparable figure was R$6,980.7 million. The drop in these revenues over the twelve-month period was mainly due to the decrease of R$293.9 million in commercial credit revenues, which was affected by the fall in the effective Selic rate, which in particular led to a fall in the prices of operations aimed at individuals, due to the fact of them being fixed rate operations, as well as the decline in the balance of the commercial portfolio for legal entities, in a context of growth in commercial credit for individuals. The downward trend in the credit revenues was also influenced by the R$70.6 million decrease in the revenues from recovery of loans written off to loss, in light of the base comparison effect, and by the R$51.2 million reduction in revenues from real estate loans, which was partially offset by the R$14.6 million growth in the revenue from rural credit.

Income from Securities and Derivatives Operations

In the year ended December 31, 2017, the result of operations with marketable securities and derivative financial instruments totaled R$2,194.1 million, which was 10.2% or R$249.3 million less than the amount recorded in 2016, when the comparable figure was R$2,443.4 million. The trajectory in the Treasury department's income in the period was due to the R$505.4 million decrease in income from marketable securities, due to the fall in the effective Selic Rate, which dropped from a figure of 14.02% in 2016 to 9.94% in 2017, which was mitigated by the R$256.1 million increase in income from derivative financial instruments, on account of the foreign exchange variation and the mark-to-market of the derivative agreements, in accordance with the hedge accounting method used to reduce the impact of foreign exchange variation on external funding.

Income from Foreign Exchange Operations

In the year ended December 31, 2017, income from foreign exchange operations totaled R$145.1 million, which was an increase of 89.7% or of R$68.6 million by comparison with the amount recorded in 2016, when the figure was R$76.5 million. Foreign exchange income in the twelve-month period reflected a 16.54% appreciation in the currency in 2016 against the 1.50% devaluation observed in 2017. The Company's foreign exchange transactions are matched to foreign currency funding; accordingly, the variation in revenues is proportionally offset by the variation in expenses from loans and onlending obligations in foreign currency.

Income from Reserve Requirements Funds

In the year ended December 31, 2017, income from compulsory investments totaled R$1,004.2 million, which was 14.0% or R$163.7 million less than the sum recorded in 2016, when the comparable figure was R$1,167.9 million. To a great extent, the decrease in income from compulsory investments in the period was due to the drop in the effective Selic Rate, in a context of growth in the balance of credits linked to reserve requirements in Brazilian Central Bank.

Financial Intermediation Expenses

Financial intermediation expenses for the year ended December 31, 2017, totaled R$6,207.9 million, which was a decrease of 13.4% or of R$959.0 million against the amount registered in 2016, when the comparable figure was R$7,166.9 million. The decrease in financial intermediation expenses in the period was the result of the drop in the level of funding expenses in the market, on account of the fall in the effective Selic rate and of the provisioning expenses for loan operations, with this movement being partially offset by the increase in expenses with loans, assignments and onlending, affected by the foreign exchange variation observed during the period.

Funding Operations Expenses

In the year ended December 31, 2017, funding expenses in the market came to a total sum of R$4,369.6 million, which was 16.2% or R$844.3 million less than the amount posted in 2016, when the comparable figure was R$5,213.9 million. The decrease in funding expenses in the period was largely due to the R$538.1 million drop in term deposit expenses and the R$285.4 million reduction in repo operation expenses, and the R$104.3 million decrease in expenses with funds in bills, and the R$90.8 million drop in savings expenses, with this trend being partially offset by the R$198.0 million increase in subordinated debt expenses, affected by the obligation's cost, foreign exchange variation and mark-to-market. The decrease in the effective Selic Rate, which is used to index most of the funding, was a determining factor for the trajectory of expenses during the period.

Loans, Assignment and Onlendings Expenses

In the year ended December 31, 2017, expenses with loans, assignments and transfers added up to a total of R$393.9 million, which was an increase of 38.0% or of R$108.5 million by comparison with the amount reported in 2016, when the comparable figure was R$285.4 million. To a great extent the upward trend in these expenses during in the period was due to the increase in expenses with foreign currency transfers, which was affected by the foreign exchange variation.

Expenses related to Provision for Loan Operations

In the year ended December 31, 2017, expenses related to provisions for credit operations totaled R$1,444.4 million, which was 13.4% or R$223.2 million less than the R$1,667.6 million amount posted in 2016. The decrease in expenses related to provisions for credit in the period was influenced by the rollover of the portfolio by rating and by the decrease in the delays.

Gross Income from Financial Intermediation

In the year ended December 31, 2017, gross income from financial intermediation posted a figure of R$3,770.6 million, which was an increase of 7.7% or of R$269.1 million by comparison with the R$3,501.6 million amount observed in 2016, influenced by the R$959.0 million reduction in financial intermediation expenses, which was offset by the R$689.9 million drop in financial intermediation revenues.

Fee income/Bank fees

In the year ended December 31, 2017, revenues from the provision of services and bank charges totaled R$1,746.5 million, which is 2.7% or R$46.2 million greater than the amount recorded in 2016, when the figure was R$1,700.3 million. The trend in relation to revenues from the provision of services and bank charges in the period was significantly influenced by the R$ 34.8 million increase in revenues from checking account charges, the R$28.0 million increase in insurance, pension plan and capitalization revenues, the R$10.0 million increase in revenues from automatic debit to accounts, and the R$ 8.6 million increase in revenues from purchasing pool management fees, which was offset by the R$52.3 million decrease in revenue from the merchant acquisition network, reflecting the effect of the decrease in turnover as a result of withdrawal of a major facilitator, which began to operate in the market as a payment institution.

Personnel Expenses

In the year ended December 31, 2017, expenses with personnel totaled R$1,942.1 million, a 6.9% or R$124.6 million increase by comparison with the R$1,817.5 million figure registered for expenses in 2016, mainly as a result of the costs with incentives in relation to the Voluntary Retirement Plan - PAV, the category's collective bargaining agreements of 2016 and 2017, with a decrease in the payroll from the second half of 2017 onward, on account of the departure of employees under the scope of the PAV.

Other Administrative Expenses

In the year ended December 31, 2017, other administrative expenses totaled R$1,782.7 million, which was an 8.4% or R$138.4 million increase against the comparable figure in 2016, mainly due to the R$47.6 million increase in expenses with third-party services, largely on account of the banking correspondent business, the R$40.3 million increase in expenses with amortization and depreciation, due to the amortization of the purchase of public servants' payroll services, the R$35.8 million increase in expenses with specialized technical services, particularly in connection with consultancy services, and the R$12.1 million hike in expenses with advertising, promotion and publicity, as a result of the institutional advertisements in the media.

Tax Expenses

In the year ended December 31, 2017, tax expenditures registered a figure of R$453.8 million, which represented an increase of 1.3% or R$5.9 million by comparison with the R$447.9 million figure observed in 2016. The growth in tax expenses was influenced by the 0.9% increase in the financial margin and the 2.7% growth in revenues with charges and services revenues, the main calculation bases of the tax.

Other Operating Revenue

In the year ended December 31, 2017, other operating revenues equaled a total of R$765.9 million, which was 82.6% or R$346.4 million higher than the R$419.5 million figure registered in 2016. The increase in other operating revenues in the period was mainly due to the recognition of IRPJ and CSLL tax credits, as a result of legal proceedings that established the company's right to fully apply the IPC for January 1989, the Summer Plan, as a monetary adjustment of the Balance Sheet and its subsequent effects, in the sum of R$252.1 million; of the payment related to the investment agreement signed between the Company and Icatu Capitalização, in the amount of R$60.0 million, with a view to operating capitalization bonds for a period of 20 years and the establishment of a capitalization company; as well as accounting for the R$23.4 million profit on the sale of assets and equity interest.

Other Operating Expenses

In the year ended December 31, 2017, other operating expenses totaled R$540.9 million, which was 14.9% or R$94.8 million less than the R$635.7 million figure recorded in 2016. To a great extent the decrease in other operating expenses during the period was due to the flow of expenses with discounts granted in renegotiations, which was R$101.7 million lower, and the R$57.5 million reduction in foreign exchange adjustment expenses (in 2016 posted against income; and in 2017, posted against equity), which was partially offset by the R$26.4 million increase in expenses with provisions for assets not for own use.

Income Tax and Social Contribution

In the year ended December 31, 2017, income tax and social contribution totaled R$417.4 million, which was a of 20.6% or R$71.3 million increase by comparison with the R$346.1 million figure observed in 2016.

Net Income

In the year ended December 31, 2017, net income posted a figure of R$1,053.0 million, which represented an increase of 59.6% or R$393.3 million by comparison with the R$659.7 million observed in 2016. The growth in the period is largely a reflection of the R$269.1 million increase in the gross income from financial intermediation, and the R$346.4 million greater flow of other operating revenues, with this trajectory being mitigated by the R$138.4 million increase in administrative expenses and the R$124.6 million increase in personnel expenses.

Fiscal Year Ended December 31, 2016 compared to the Fiscal Year Ended December 31, 2015

Revenues from Financial Intermediation

In the year ended December 31, 2016, financial intermediation revenues totaled R$10,668.4 million, 1.3% or R$135.9 million down on the R$10,804.3 million recorded in 2015. The downward trajectory of financial intermediation expenses in 2016 compared to 2015 resulted from the R$374.8 million reduction in revenue from foreign exchange transactions, and from the R$189.2 million income from marketable securities and derivatives coupled with income from compulsory investments, which was partially offset by the R$428.0 million increase in revenues from credit transactions, leasing agreements, and sale or transfer of financial assets.

Revenues from Loan, Leasing and Sale or Transfer of Financial Assets

In the year ended December 31, 2016, revenues from loan, leasing and transfer of financial assets totaled R$6,980.7 million, 6.5% or R$428.0 million more than the R$6,552.7 million recorded in 2015. The upturn in revenues from loans, leasing and the sale or transfer of financial assets during the twelve-month period came mainly from the R$526.1 million increase in commercial credit revenues, particularly from personal loans; recovery of credits written-off as loss, in the amount of R$158.7 million; and real estate credit, in the amount of R$42.0 million, which were partially offset by the R$280.9 million reduction in revenues from long-term financing, particularly regarding financing agreements denominated in foreign currency.

Income from Securities and Derivatives Operations

In the year ended December 31, 2016, income from securities (TVM) and derivatives operations totaled R$2,443.4 million, 17.4% or R$516.0 million down on the R$2,959.4 million recorded in 2015. Treasury income in 2016 against 2015 resulted from the retraction in income from derivative financial instruments, due to the exchange of swaps in January 2016, foreign exchange variation and the mark-to-market of swap contracts, in accordance with the hedge accounting method used to reduce the impact of foreign exchange variation on external funding, which was partially offset by the increase in TVM income, due to the growth in the accumulated effective SELIC Rate and increase in the balance of operations in the period.

Income from Foreign Exchange Operations

In the year ended December 31, 2016, income from foreign exchange operations totaled R$76.5 million, 83.1% or R$374.8 million less than the R$451.2 million recorded in 2015. Foreign exchange income in the twelve-month period reflected a 47.01% devaluation in foreign exchange in 2015, against exchange appreciation of 16.54% in 2016. The Company 's foreign exchange transactions are matched to foreign currency funding; accordingly, the variation in revenues is proportionally offset by the variation in expenses from loans and onlending obligations in foreign currency.

Income from Reserve Requirements Funds

In the year ended December 31, 2016, income from reserve requirements funds totaled R$1,167.9 million, 38.9% or R$326.8 million more than the R$841.0 million recorded in 2015. The increase in income from reserve requirements was mainly due to higher income linked to time deposits and increase in earnings from credits linked to additional reserve requirements, due to the increase in the balance of deposits.

Financial Intermediation Expenses

In the year ended December 31, 2016, financial intermediation expenses totaled R$7,166.9 million, 9.8% or R$774.9 million down on the R$7,941.8 million recorded in 2015. The reduction in intermediation expenses in the 12-month period was caused by lower expenses from loans, transfers and onlending, which dropped R$724.4 million, particularly foreign currency onlending, as a result of exchange rate variation; lower market funding expenses, which decreased R$166.7 million, due to the partial settlement of the subordinated debt in the second quarter of 2015, exchange rate variation and mark-to-market of the obligation, partially offset by the increase in the balance of time deposits and increase in the Selic Rate; and R$116.2 million increase in expenses from provision for credit transactions, due to the growth in payments in arrears for over 60 days and the rollout of credit transactions by rating.

Funding Operations Expenses

In the year ended December 31, 2016, funding operations expenses totaled R$5,213.9 million, 3.1% or R$166.7 million less than the R$5,380.6 million recorded in 2015. The reduction in market funding expenses in the 12-month comparison was particularly due to the effect of the partial settlement of the subordinated debt, foreign exchange variation and mark-to-market, in the amount of R$958.4 million, which was partially offset by higher expenses from time deposits, of R$717.5 million, and repurchase transactions of

R$127.4 million, due to the growth in the balance of time deposits and the increase in the effective Selic Rate, which rose from 13.27% in 2015 to 14.02% in 2016.

Loans, Assignment and Onlendings Expenses

In the year ended December 31, 2016, loan, assignment and onlendings expenses totaled R$285.4 million, 71.7% or R$724.4 million down on the R$1,009.8 million recorded in the same period the year before. The decrease in loan, assignment and onlending expenses was mainly due to lower expenses from onlending transactions in foreign currency, impacted by foreign exchange appreciation in the period.

Expenses related to Provision for Loan Operations

In the year ended December 31, 2016, expenses related to provision for loan operations totaled R$1,667.6 million, 7.5% or R$116.2 million up on the R$1,551.4 million recorded in 2015. The increase in expenses from provision for credit transactions was affected by the provision for recovery of credits written-off as loss from corporate segment transactions, through the renegotiation of such transactions - which were again included in the credit portfolio and require a provision – and the rollout of the portfolio by rating, within a context of reduction in credit assets and increase in payments in arrears for over 60 days.

Gross Income from Financial Intermediation

In the year ended December 31, 2016, gross income from financial intermediation totaled R$3,501.6 million, which was a 22.3% or R$639.0 million increase against the R$2,862.5 million figure posted during the same period in 2015, affected by the R$774.9 million decrease in financial intermediation expenses, which was offset by the R$135.9 million reduction in financial intermediation revenues.

Fee income/Bank fees

In the year ended December 31, 2016, fee income and bank fees totaled R$1,700.3 million, 17.7% or R$255.7 million up on the R$1,444.6 million recorded in 2015. The growth in income from the provision of services and banking fees in the 12-month period was particularly influenced by the growth of R$156.5 million in revenues from the acquiring business; R$43.1 million in checking account bank fees; and R$30.5 million in insurance, pension plans and savings bonds.

Personnel Expenses

In the year ended December 31, 2016, payroll expenses totaled R$1,817.5 million, 7.9% or R$133.1 million more than the R$1,684.4 million recorded in 2015, as a result of the collective bargaining agreement of 8% for the category, plus a bonus of R$3.5 thousand per employee, the effect of which was reduced by the dismissal of employees as a result of the Plan for Dismissal through Retirement – PDA.

Other Administrative Expenses

In the year ended December 31, 2016, other administrative expenses totaled R$1,644.3 million, 17.8% or R$247.9 million more than the R$1,396.4 million recorded in 2015, as a result of higher expenses for third party services, which amounted to R$108.2 million, due to the growth in expenses from the acquiring business; amortization and depreciation expenses of R$95.2 million, due to the recognition of expenses from the purchase of payroll services for state servants and goodwill from investment; and expenses of R$35.4 million with advertising, promotions and publicity, mainly due to a strategy focused on our presence in the media.

Tax expenses

In the year ended December 31, 2016, tax expenses related to revenues totaled R$447.9 million, which represented a 13.0% or R$51.6 million increase by comparison with compared with the R$396.3 million figure registered in 2015. The increase in the tax expenses reflects the 17.1% growth in the financial margin and the 17.7% increase in revenues from charges and services, the main calculation bases of the tax.

Other Operating Revenue

In the year ended December 31, 2016, other operating revenue came to R$419.5 million, 34.0% or R$215.9 million down on the R$635.4 million recorded in 2015. The decrease in other operating revenues in the twelve-month period was mainly due to the partial repurchase of the subordinated debt in 2015, which, at that time, resulted in additional revenues of R$173.8 million, and the R$94.9 million reduction in revenues from foreign exchange adjustments, influenced by foreign exchange appreciation in 2016 against the devaluation recorded in 2015.

Other Operating Expenses

In the year ended December 31, 2016, other operating expenses totaled R$635.7 million, 46.7% or R$202.3 million up on the R$433.4 million recorded in 2015. The growth in other operating expenses in 2016 against 2015 was particularly due to the increase in discounts granted in renegotiations, of R$121.1 million; expenses from foreign exchange adjustments, of R$57.5 million, due to foreign exchange appreciation in the period; and expenses from provisions for civil lawsuits, of R$23.7 million.

Income Tax and Social Contribution

In the year ended December 31, 2016, income tax and social contribution totaled R$346.1 million, which was an increase of 317.4% or R$263.2 million compared to the R$82.9 million figure posted during the same period of 2015, when a tax credit in the amount of R$105.5 million was recorded as a result of the increase in the rate of Social Contribution on Net Income (CSLL).

Net Income

In the year ended December 31, 2016, net income totaled R$659.7 million, 22.3% or R$189.1 million down on the R$848.8 million recorded in 2015. The period's performance reflects the R$247.9 million increase in other administrative expenses; the R$133.1 million increase in personnel expenses, which was affected by the category's collective agreement; the R$215.9 million reduction in other operating revenues; the R$202.3 million increase in other operating expenses; as well as the R$639.1 million growth in the gross income from financial intermediation; and the R$255.7 million increase in revenues with services and bank charges; in addition to the R$263.2 million effect of income tax and social contribution.

(ii) Consolidated Balance Sheet

The following table gives a summarized version of the consolidated balance sheet as of December 31, 2017, 2016 and 2015.

Assets (R$ Million, except when indicated)	12/31/2017	Interest %	12/31/2016	Interest %	12/31/2017 X 12/31/2016	12/31/2015	Interest %	12/31/2016 X 12/31/2015
Current assets	**45,932.1**	**62.7%**	**33,396.1**	**48.4%**	**37.5%**	**31,916.8**	**47.7%**	**4.6%**
Cash and cash equivalents	801.7	1.1%	937.5	1.4%	-14.5%	864.3	1.3%	8.5%
Liquidity interbank investments	628.7	0.9%	1,808.2	2.6%	-65.2%	530.2	0.8%	241.0%
Marketable securities and derivatives	17,231.0	23.5%	5,825.3	8.4%	195.8%	4,410.3	6.6%	32.1%
Interbank and interdepartmental accounts	11,288.2	15.4%	9,967.5	14.4%	13.3%	8,459.2	12.6%	17.8%
Loan operations	10,442.0	14.2%	9,981.8	14.5%	4.6%	12,815.7	19.1%	-22.1%
Provision for loan operations	(502.2)	-0.7%	(369.1)	-0.5%	36.1%	(356.1)	-0.5%	3.6%
Leasing operations	19.9	0.0%	24.8	0.0%	-19.6%	28.3	0.0%	-12.4%
Provision for leasing operations	(1.1)	0.0%	(1.3)	0.0%	-13.7%	(1.5)	0.0%	-12.4%
Other receivables	6,054.8	8.3%	5,235.9	7.6%	15.6%	5,239.5	7.8%	-0.1%
Provision for other receivables	(106.0)	-0.1%	(113.9)	-0.2%	-6.9%	(162.1)	-0.2%	-29.7%
Other values and goods	75.1	0.1%	99.6	0.1%	-24.6%	89.2	0.1%	11.7%
Long-term assets	**25,825.4**	**35.2%**	**34,058.9**	**49.3%**	**-24.2%**	**34,731.3**	**51.9%**	**-1.9%**
Marketable securities and derivatives	6,957.9	9.5%	15,636.6	22.6%	-55.5%	16,175.6	24.2%	-3.3%
Interbank and interdepartmental accounts	957.2	1.3%	893.7	1.3%	7.1%	821.4	1.2%	8.8%
Loan operations	18,048.1	24.6%	17,168.2	24.9%	5.1%	17,504.8	26.2%	-1.9%
Provision for loan operations	(2,172.8)	-3.0%	(2,141.6)	-3.1%	1.5%	(1,729.6)	-2.6%	23.8%
Leasing operations	24.2	0.0%	29.5	0.0%	-17.9%	31.1	0.0%	-5.0%
Provision for leasing operations	(4.8)	0.0%	(5.4)	0.0%	-9.8%	(4.7)	0.0%	12.9%
Other receivables	2,015.6	2.8%	2,433.7	3.5%	-17.2%	1,834.1	2.7%	32.7%
Provision for other receivables	(68.4)	-0.1%	(64.9)	-0.1%	5.4%	(52.6)	-0.1%	23.4%
Other values and goods	68.5	0.1%	109.0	0.2%	-37.2%	151.3	0.2%	-27.9%
Permanent assets	**1,529.9**	**2.1%**	**1,583.5**	**2.3%**	**-3.4%**	**289.7**	**0.4%**	**446.6%**
Investments	116.9	0.2%	102.9	0.1%	13.6%	86.8	0.1%	18.5%
Property and equipment	181.8	0.2%	171.2	0.2%	6.2%	185.7	0.3%	-7.8%
Intangible assets	1,231.2	1.7%	1,309.4	1.9%	-6.0%	17.2	0.0%	7523.6%
Total Assets	**73,287.4**	**100.0%**	**69,038.5**	**100.0%**	**6.2%**	**66,937.8**	**100.0%**	**3.1%**

Liabilities and Shareholders' Equity (R$ Million, except when indicated)	12/31/2017	Interest %	12/31/2016	Interest %	12/31/2017 X 12/31/2016	12/31/2015	Interest %	12/31/2016 X 12/31/2015
Current liabilities	**28,983.5**	**39.5%**	**27,746.2**	**40.2%**	**4.5%**	**30,286.2**	**45.2%**	**-8.4%**
Deposits	**15,352.7**	**20.9%**	**13,780.9**	**20.0%**	**11.4%**	**14,007.7**	**20.9%**	**-1.6%**
Demand deposits	3,553.9	4.8%	3,003.6	4.4%	18.3%	3,173.9	4.7%	-5.4%
Savings deposits	8,312.5	11.3%	7,608.2	11.0%	9.3%	7,573.7	11.3%	0.5%
Interbank deposits	81.9	0.1%	174.5	0.3%	-53.1%	171.7	0.3%	1.6%
Time deposits	3,404.5	4.6%	2,994.5	4.3%	13.7%	3,088.4	4.6%	**-3.0%**
Open market operations	**4,852.6**	**6.6%**	**5,453.4**	**7.9%**	**-11.0%**	**7,188.7**	**10.7%**	**-24.1%**
Funds from acceptance and issuance of securities	**974.4**	**1.3%**	**848.8**	**1.2%**	**14.8%**	**1,597.9**	**2.4%**	**-46.9%**
Interbank and interdepartmental accounts	**181.0**	**0.2%**	**185.6**	**0.3%**	**-2.5%**	**235.1**	**0.4%**	**-21.1%**
Loans and onlendings	**1,380.9**	**1.9%**	**1,711.1**	**2.5%**	**-19.3%**	**2,418.4**	**3.6%**	**-29.2%**
Derivative financial instruments	**34.5**	**0.0%**	**174.5**	**0.3%**	**-80.3%**	**34.3**	**0.1%**	**409.5%**
Other liabilities	**6,207.4**	**8.5%**	**5,591.9**	**8.1%**	**11.0%**	**4,804.1**	**7.2%**	**16.4%**
Collection and payment of taxes and related charges	61.8	0.1%	63.0	0.1%	-1.9%	53.4	0.1%	17.9%
Foreign exchange portfolio	29.4	0.0%	13.7	0.0%	114.6%	13.7	0.0%	0.1%
Social and statutory	181.6	0.2%	38.9	0.1%	366.9%	25.3	0.0%	54.0%
Tax and pension plan	538.6	0.7%	477.8	0.7%	12.7%	302.9	0.5%	57.7%
Securities trading and intermediation	99.3	0.1%	2.1	0.0%	4677.7%	0.8	0.0%	166.9%
Financial and development funds	804.2	1.1%	884.3	1.3%	-9.1%	675.2	1.0%	31.0%
Subordinated debt	133.2	0.2%	131.2	0.2%	1.5%	143.3	0.2%	-8.5%
Sundry liabilities	4,359.2	5.9%	3,980.9	5.8%	9.5%	3,589.4	5.4%	10.9%
Long-term liabilities	**37,268.8**	**50.9%**	**34,848.9**	**50.5%**	**6.9%**	**30,443.0**	**45.5%**	**14.5%**
Deposits	**31,731.9**	**43.3%**	**28,758.8**	**41.7%**	**10.3%**	**24,690.6**	**36.9%**	**16.5%**
Interbank deposits	67.2	0.1%	155.4	0.2%	-56.7%	571.1	0.9%	-72.8%
Time deposits	31,664.6	43.2%	28,603.4	41.4%	10.7%	24,119.5	36.0%	18.6%
Funds from acceptance and issuance of securities	**1,063.5**	**1.5%**	**1,130.2**	**1.6%**	**-5.9%**	**750.8**	**1.1%**	**50.5%**
Loans and onlendings	**1,557.3**	**2.1%**	**1,863.4**	**2.7%**	**-16.4%**	**2,096.6**	**3.1%**	**-11.1%**
Derivative financial instruments	**371.7**	**0.5%**	**424.0**	**0.6%**	**-12.3%**	**123.7**	**0.2%**	**242.8%**
Other liabilities	**2,544.5**	**3.5%**	**2,672.5**	**3.9%**	**-4.8%**	**2,781.3**	**4.2%**	**-3.9%**
Tax and pension plan	526.5	0.7%	508.1	0.7%	3.6%	484.2	0.7%	4.9%
Financial and development funds	0.0	0.0%	0.0	0.0%	-	34.2	0.1%	-
Subordinated debt	1,759.9	2.4%	1,701.2	2.5%	3.5%	1,848.3	2.8%	-8.0%
Sundry liabilities	258.2	0.4%	463.3	0.7%	-44.3%	414.5	0.6%	11.8%
Shareholders' equity	**7,035.0**	**9.6%**	**6,443.4**	**9.3%**	**9.2%**	**6,208.6**	**9.3%**	**3.8%**
Total liabilities and shareholders' equity	**73,287.4**	**100.0%**	**69,038.5**	**100.0%**	**6.2%**	**66,937.8**	**100.0%**	**3.1%**

Fiscal Year Ended December 31, 2017 compared to the Fiscal Year Ended December 31, 2016

Total Assets

On December 31, 2017, total assets came to R$73,287.4 million, composed of (i) 42.8% of loan operations, (ii) 33.9% of marketable securities and short-term interbank investments, (iii) 16.7% of interbank and interdepartmental accounts and (iv) 6.6% of other assets. Regarding duration, assets with maturities up to 360 days consist, for the most part, of marketable securities, derivative financial instruments and interbank liquid investments (38.9%), interbank and interbranch relationships (24.6%), and credit and leasing operations (21.7%). Regarding long-term assets (above 360 days), the highlights are credit and leasing operations (61.5%) and marketable securities and derivative financial instruments (26.9%). In December 2017 assets exhibited a 6.2% or R$4,248.9 million increase by comparison with December 31, 2016, when they totaled R$ 69,038.5 million, largely influenced by the R$4,544.9 million growth in deposits, which was partially offset by the R$636.3 million decrease in loans and onlending and the R$600.8 million reduction in funding on the open market. With regard to the allocation of funds, the treasury department posted an increase of R$1,547.6 million, compulsory deposits in the Central Bank registered a R$1,204.2 million increase and the credit portfolio showed a R$ 1,031.7 million growth during the period.

Securities and Derivative Financial Instruments

On December 31, 2017, investments in securities, including derivative financial instruments, added to short-term interbank investments less repo operations, totaled R$19,965.0 million, 12.1% or R$2,148.3 million up year-on-year. The growth in the treasury department's balance, net of the repo obligations, was caused by the increase in the balance of deposits and of funds in bills, in a context of growth in reserve requirements and in the credit portfolio.

Interbank and Interdepartmental Accounts

On December 31, 2017, interbank and interdepartmental accounts totaled R$12,245.3 million, 12.7% or R$1,384.2 million up year-on-year. To a great extent, the period's trend was influenced by the growth of credits linked to the compulsory deposits with the Central Bank, particularly in light of the increase in the balance of term deposits.

Loan Operations

On December 31, 2017, the Company's loan portfolio totaled R$31,369.1 million, 3.4% or R$1,031.7 million more than on December 31, 2016. The expanded credit portfolio, which includes co-obligations and risks from collateral provided, recorded R$31,930.4 million, 2.2% or R$687.4 million up year-on-year.

On December 31, 2017, the increase in the balance of credit operations was largely due to the R$3,202.5 million growth in the commercial credit aimed at individuals, in light of the increase in payroll deductible loans. This trend was partially offset by the R$1,009.1 million decrease in commercial credit aimed at legal entities, due to the R$421.0 million decrease in long-term financing, the R$387.2 million reduction in credits linked to operations acquired by means of assignment, and the R$181.1 million drop in rural credit.

Breakdown of Loans by Company Size

On December 31, 2017, the corporate segment loan operations totaled R$9,969.5 million, compared to R$11,706.6 million on December 31, 2016, and accounting for 31.8% of total loan portfolio. Out of total credit to the corporate segment, 59.5% are allocated to micro, small and medium-sized companies.

Breakdown of Loans by Activity Sector

On December 31, 2017, in the breakdown of loan portfolio by activity, the private sector reached 99.8% of loan assets, compared to 99.7% on December 31, 2016. he loan portfolio by activity is chiefly composed of individuals (52.7% of the total), housing, which accounts for 12.2% of total credit, the manufacturing sector, which represents 10.5% of the Bank's credit assets, and services, which represents 9.9% of the total credit portfolio by activity. The major highlight on December 31, 2017 goes to the expansion of credit operations aimed at individuals, which was mitigated by the decrease in credit operations aimed at the commerce, industry and services sectors.

Breakdown of Loans by Portfolio

The breakdown by portfolio shows free funds invested in loan assets. Commercial portfolio, leasing, credits restricted to operations acquired through assignment and the public sector are originated from free resources from deposits and equity capital, and accounted for 74.1% of total loan portfolio on December 31, 2017. Long-term loan, rural, real estate and foreign exchange portfolios mostly derive from specific sources of funds, comprising directed credit and accounted for 25.9% of the balance in the same period.

Commercial portfolio totaled R$22,488.4 million on December 31, 2017, or 71.7% of the Bank's total loan balance. In relation to commercial loan breakdown, the individuals segment corresponded to 70.7% of the commercial portfolio balance and 50.7% of the Bank's total loan operations on December 31, 2017. The corporate segment accounted for 29.3% of the commercial loan balance and 21.0% of total loan in the same period.

The mortgage portfolio totaled R$3,828.9 million on December 31, 2017, 1.1% or R$44.2 million down year-on-year. The mortgage amount includes R$36.1 million referring to the mortgage assignment operation with co-obligation.

Rural loan balance totaled R$2,383.4 million on December 31, 2017, down by 7.1% or R$181.1 million in twelve months, and accounting for 7.6% of the Bank's loan portfolio on December 31, 2017.

Long-term loans totaled R$1,231.4 million on December 31, 2017, a 25.5% or R$421.0 million decline in twelve months.

Foreign exchange portfolio totaled R$674.7 million on December 31, 2017, 13.6% or R$106.1 million down year-on-year.

Breakdown of Loan by Rating

On December 31, 2017, usual risk loan operations rated from AA to C, pursuant to Resolution 2682/99 of the Brazilian National Monetary Council, accounted for 87.8% of loan portfolio. The index had a 0.8 p.p. upturn year-on-year.

Provision for Loan Operations

On December 31, 2017, provisions for loan operation losses totaled R$2,776.6 million, accounting for 8.9% of the loan portfolio. This index increased by 0.2 p.p. over December 31, 2016. The year-on-year variation in the balance of provisions for loan operations reflects the rollover of the portfolio by rating and the increase in the balance of the credit portfolio.

On December 31, 2017, provision for loan losses had the following breakdown, pursuant to Resolution 2682/99 of the Brazilian National Monetary Council and additions:

(i) R$1,008.9 million for operations with amounts overdue by more than 60 days;
(ii) R$1,680.5 million for falling due agreements or with amounts overdue by less than 60 days;
(iii) R$87.2 million referring to the provision exceeding the minimum required by Resolution 2682/99 of the Brazilian National Monetary Council, recorded due to a periodical analysis of the client's quality conducted by Management, aiming at covering any events not mentioned in clients' rating model.

Total Deposits

As of December 31, 2017 total deposits stood at a figure of R$47,084.6 million, which is 10.7% or R$4,544.9 million greater than the balance observed on December 31, 2016. The increase in deposits during the twelve months, was particularly influenced by the growth of term deposits.

Demand Deposits

Demand deposits totaled R$3,553.9 million on December 31, 2017, 18.3% or R$550.3 million up in twelve months.

Savings Deposits

Savings deposits totaled R$8,312.5 million on December 31, 2017, 9.3% or R$704.2 million up year-on-year.

Time Deposits

Time deposits are the Bank's main funding instrument, and reached R$35,069.1 million on December 31, 2017; 11.0% or R$3,471.2 million more than on December 31, 2016.

Funding on the Open Market

On December 31, 2017, the balance of funding on the open market registered a total of R$4,852.6 million, which was a decrease of 11.0% or R$600.8 million by comparison with the R$5,453.4 million figure posted on December 31, 2016.

Funds from acceptance and issue of securities

On December 31, 2017, the balance of financial and real estate bills totaled R$2,037.8 million, which was an increase of 3.0% or R$58.9 million against the R$1,978.9 million figure observed on December 31, 2016.

Obligations due to loans and onlending

On December 31, 2017, the balance of loans and onlending totaled R$2,938.2 million, which represented a decrease of 17.8% or R$636.3 million against the R$3,574.5 million figure reported on December 31, 2016. To a large extent the period's trajectory reflects the R$397.0 million decrease in the balance of obligations due to onlending in the country.

Derivative Financial Instruments

On December 31, 2017, the balance of derivative financial instruments stood at R$406.2 million, a decrease of 32.1% or R$192.4 million by comparison with the R$598.6 million figure seen on December 31, 2016.

Other obligations

On December 31, 2017, the balance of other obligations totaled the sum of R$8,752.0 million, an increase of 5.9% or R$487.5 million by comparison with the R$8,264.4 million figure posted on December 31, 2016, with this growth mainly being affected by the R$ 121.8 million increase in dividends and bonuses payable, the R$113.6 million increase in the provision of post-employment benefits, and the R$97.3 million increase in the trading and intermediation of securities. In addition, subordinated debt, which accounted for 21.6% of the balance of other obligations as of December 31, 2017, totaled R$1,893.1 million, which was an increase of 3.3% or R$60.8 million compared to the figure reported in December 2016, reflecting the foreign exchange variation that occurred in the period.

Shareholders' Equity

On December 31, 2017, the Company's shareholders' equity totaled R$7,035.0 million, 9.2% or R$591.6 million up on the R$6,443.4 million recorded on December 31, 2016. The change in shareholders' equity is related to the incorporation of the results generated, net of payments of dividends and interest on shareholders' equity, in addition to the R$ 51.2 million remeasurement of the actuarial liabilities, which occurred in December 2017, in connection with post-employment benefits (CPC 33 - R1), as well as on account of the adjustment in the foreign exchange variation over the assets of overseas branches, as determined by Resolution no. 4.524/16 of the National Monetary Council..

Fiscal Year Ended December 31, 2016 compared to the Fiscal Year Ended December 31, 2015

Total Assets

On December 31, 2016, total assets came to R$69,038.5 million, composed of (i) 43.9% of loan operations, (ii) 33.7% of marketable securities and short-term interbank investments, (iii) 15.7% of interbank and interdepartmental accounts and (iv) 6.7% of other assets. Regarding duration, assets with maturities up to 360 days include interbank and interbranch accounts (29.8%), credit and leasing transactions (28.9%), and securities, derivative financial instruments and short-term interbank investments (22.9%). Regarding long-term assets (above 360 days), the highlights are securities and derivative financial instruments (45.9%), and credit and lease transactions (44.2%).

Total assets increased by 3.1% or R$2,100.7 million compared to the R$66,937.8 million recorded on December 31, 2015, as a result of the growth in funding activities. Considering the composition of assets, there was a greater share of treasury assets, compulsory funds, reduction in credit assets and increase in deferred assets, due to the acquisition of the payroll for State servants. The expansion of assets in the period was mainly due to the R$3,841.3 million increase in deposits, which was partially offset by a reduction of R$1,735.4 million in open market funding, and of R$940.5 million in obligations arising from loans and onlending. Regarding allocation, treasury recorded a R$2,154.0 million increase; interbank accounts grew R$1,598.2 million, as a result of the increase in compulsory deposits with the Central Bank; deferred assets increased by R$1,292.3 million; and the credit portfolio recorded a reduction of R$1,675.8 million, reflecting greater selection in the concession of transactions.

Securities and Derivative Financial Instruments

On December 31, 2016, investments in securities, including derivative financial instruments, added to short-term interbank investments less repo operations, totaled R$17,816.7 million, 27.9% or R$3,889.3 million more than on December 31, 2015. In the twelve-month period, the evolution of treasury balance, net of repurchase obligations, was impacted by the increase in deposits, within a context of growth of compulsory deposits and deferred assets, due to the acquisition of the payroll for state servants, and a reduction in the credit portfolio.

Early in 2016, derivative contracts used as hedge for the subordinated debt were settled, and new swap transactions were carried out. The new derivative contracts were referenced to the updated notional value of the obligation. This transaction resulted in an inflow of R$1.2 billion to Treasury.

Interbank and Interdepartmental Accounts

On December 31, 2016, interbank and interdepartmental accounts totaled R$10,861.1 million, a 17.0% or R$1,580.5 million upturn year-on-year. In the twelve-month period, the balance of interbank and interdepartmental transactions rose, influenced by the increase in loans linked to compulsory deposits with the Central Bank, due to the expansion of the time deposits balance.

Loan Operations

On December 31, 2016, the Company's loan portfolio totaled R$30,337.4 million, 5.2% or R$1,675.8 million down on December 31, 2015. The expanded credit portfolio, which includes co-obligations and risks from collateral provided, recorded a decrease of 6.5%, or R$2,187.3 million against December 31, 2015. In the second half of 2016, receivables from credit and debit cards started to be classified in transactions with credit characteristics, as established by the Brazilian Central Bank. After adjusting previous periods for comparison purposes, total credit evolution was negative by 8.3%, or R$2,740.3 million, in the twelve-month period.

In said period, the decrease in credit balance was particularly due to the drop of R$1,860.3 million in the corporate commercial portfolio; of R$686.1 million in long-term financing; and of R$160.3 million in rural credit. This trend was partially offset by the expansion in the amount of R$809.3 million in individual commercial credit, as a result of the reclassification in 3Q16 and 4Q16, respectively, of receivable from credit and debit cards, and credits linked to assigned transactions, in the amount of R$325.4 million.

Breakdown of Loans by Company Size

On December 31, 2016, the corporate segment loan operations totaled R$11,706.6 million, or 38.6% of total loan portfolio. Out of total credit to the corporate segment, 60.2% are allocated to micro, small and medium-sized companies, which fell by R$1,518.1 million over December 31, 2015, as well as the balance of credit to large companies, which declined by R$1,248.1 million.

Breakdown of Loans by Activity Sector

On December 31, 2016, in the breakdown of loan portfolio by activity, the private sector reached 99.7% of loan assets. The loan portfolio by activity is chiefly composed of individuals (45.3% of the total), housing, which accounts for 12.8% of total credit, and the manufacturing sector, which represents 12.6% of the Bank's credit assets. In the year-on-year comparison, there was a reduction in credit for the manufacturing, commerce and services sector, which was partially offset by the increase in personal loans, due to the reclassification of credit and debit card receivables to the credit portfolio.

Breakdown of Loans by Portfolio

The breakdown by portfolio shows free funds invested in loan assets. Commercial portfolio, leasing, credits restricted to operations acquired through assignment and the public sector are originated from free resources from deposits and equity capital, and accounted for 70.8% of total loan portfolio on December 31, 2016. Long-term loan, rural, real estate and foreign exchange portfolios mostly derive from specific sources of funds, comprising directed credit and accounted for 29.2% of the balance on December 31, 2016.

On December 31, 2016, commercial portfolio totaled R$20,295.0 million, or 66.9% of the Company's total loan balance. In relation to commercial loan breakdown, the individuals segment corresponded to 62.5% of the commercial portfolio balance and 41.8% of the Company's total loan operations on December 31, 2016. The corporate segment accounted for 37.5% of the commercial loan balance and 25.1% of total loan in the same period.

On December 31, 2016, the mortgage portfolio totaled R$3,873.1 million, up by 1.1% or R$43.9 million in twelve months. The mortgage amount includes R$44.8 million referring to the mortgage assignment operation with co-obligation.

On December 31, 2016, rural loan balance totaled R$2,564.5 million, 5.9% or R$160.3 million down year-on-year, accounting for 8.5% of the Company's loan portfolio on December 31, 2016.

On December 31, 2016, long-term loan totaled R$1,652.3 million, 29.3% or R$686.1 million down in twelve months.

Foreign exchange portfolio totaled R$780.8 million on December 31, 2016, 14.2% or R$129.5 million less than on December 31, 2015.

Breakdown of Loan by Rating

On December 31, 2016, usual risk loan operations rated from AA to C, pursuant to Resolution 2682/99 of the Brazilian National Monetary Council, accounted for 87.0% of loan portfolio. The index had a decline of 3.0 p.p. year-on-year.

Provision for Loan Operations

On December 31, 2016, provisions for loan operation losses totaled R$2,638.6 million, accounting for 8.7% of the loan portfol io. This index increased by 1.7 p.p. over December 31, 2015. The year-on-year variation in the balance of provisions for loan operations reflects the expansion of the volume of loans in arrears and credits offset as loss, within the context of credit portfolio reduction.

On December 31, 2016, provision for loan losses had the following breakdown, pursuant to Resolution 2682/99 of the Brazilian National Monetary Council and additions:

(i) R$1,255.2 million for operations with amounts overdue by more than 60 days;
(ii) R$1,276.1 million for falling due agreements or with amounts overdue by less than 60 days;
(iii) R$107.4 million referring to the provision exceeding the minimum required by Resolution 2682/99 of the Brazilian Nation al Monetary Council, recorded due to a periodical analysis of the client's quality conducted by Management, aiming at covering a ny events not mentioned in clients' rating model.

Demand Deposits

On December 31, 2016, demand deposits totaled R$3,003.6 million, 5.4% or R$170.3 million down year-on-year.

Savings Deposits

On December 31, 2016, savings deposits totaled R$7,608.2 million, relatively flat, or R$34.6 million up on December 31, 2015.

Time Deposits

Time deposits are the Bank's main funding instrument, reaching R$31,597.9 million on December 31, 2016, 16.1% or R$4,390.0 mi llion up on December 31, 2015.

Funding in the open market

On December 31, 2016, the balance of funding in the open market totaled R$5,453.4 million, a decrease of 24.1% or R$1,735.4 m illion by comparison with the R$7,188.7 million figure registered as of December 31, 2015.

Funds from acceptance and issue of securities

On December 31, 2016, the balance of financial and mortgage bills totaled R$1,978.9 million, 15.7% or R$369.8 million down in twelve months. he trends shown by financial and mortgage bills in the twelve-month period reflect the maturity of the second series of issues carried out in August 2013, in the amount of R$934.4 million.

Obligations due to loans and onlending

On December 31, 2016, the balance of obligations due to loans and onlending equaled R$3,574.5 million, a decrease of 20.8% or R$ 940.5 million in relation to the R$4,515.0 million figure posted as at December 31, 2015.

Financial Instruments and Derivatives

On December 31, 2016, the balance of derivative financial instruments was R$598.6 million, which was an increase of 279.0% or R$440.6 million against the R$158.0 million figure reported on December 31, 2015.

Other obligations

On December 31, 2016, the balance of other obligations totaled R$8,264.4 million, which was an increase of 9.0% or R$679.1 mi llion by comparison with the R$7,585.3 million figure seen on December 31, 2015, mainly as a result of the 399.8% or R$281.8 million increase in the provision for post-employment benefit, the 25.2% increase in the rate of Social Contribution on Net Income (CSLL), which translated into a figure of R$198.7 million, and the increase of 24.6% or R$174.8 million in obligations for the financial and development fund. In addition, subordinated debt, which accounted for 22.2% of the balance of other obligations as of Decembe r 31, 2016, totaled R$1,832.4 million, which was an 8.0% or R$159.3 million decrease by comparison with the figure observed on December 31, 2015, reflecting the exchange variation that occurred during the period.

Shareholders' Equity

On December 31, 2016, the Company's shareholders' equity totaled R$6,443.4 million, 3.8% or R$234.9 million up on December 2015, due to the inclusion of results, less payment of dividends and interest on equity, and the remeasurement of actuarial liabili ties, related to post-employment benefits (CPC 33 - R1), which resulted in a negative adjustment of R$277.6 million in 2016, the impact of which, net of tax effects, was R$164.0 million.

10.2 - OPERATIONAL AND FINANCIAL RESULT

10.2. The executive officers must comment on:

a. General financial and equity conditions

i. description of any relevant revenue component.

Total Revenue Breakdown

Year Ended December 31, 2017 x Year Ended December 31, 2016 x Year Ended December 31, 2015

The table below shows total revenue breakdown for the years ended December 31, 2017, 2016 and 2015.

Total Revenue (R$ Million, except when indicated)	2017	Int.%	2016	Int.%	2015	Int.%	2017 / 2016	2016 / 2015
Revenue from financial intermediation	9,978.5	85.1%	10,668.4	86.3%	10,804.3	88.2%	-6.5%	-1.3%
Revenue from loan operations[1]	6,635.1	56.6%	6,980.7	56.4%	6,552.7	53.5%	-5.0%	6.5%
Income from securities operations[2]	2,194.1	18.7%	2,443.4	19.8%	2,959.4	24.2%	-10.2%	-17.4%
Other financial revenue [3]	1,149.3	9.8%	1,244.3	10.1%	1,292.3	10.5%	-7.6%	-3.7%
Fee income/Bank fees	1,746.5	14.9%	1,700.3	13.7%	1,444.6	11.8%	2.7%	17.7%
Total Revenue	**11,725.0**	**100.0%**	**12,368.7**	**100.0%**	**12,249.0**	**100.0%**	**-5.2%**	**1.0%**

[1] It includes income from Leasing and sale or transfer of financial assets.

[2] It includes income from derivative instruments.

[3] It includes income from foreign exchange operations and from reserve requirements funds.

In the year ended December 31, 2017, the Company's main revenues are those from financial intermediation, which totaled R$9,978.5 million, with the comparable figure for the year ended December 31, 2016, being R$10,668.4 million, and for the year ended December 31, 2015, R$10,804.3 million. These revenues represented 85.1%, 86.3% and 88.2%, respectively of the total revenues in 2017, 2016 and 2015.

Revenues from the provision of service and bank charges also represent a significant element in the Company's total revenues. At the end of 2017, these revenues added up to a total of R$1,746.5 million, by comparison with the R$1,700.3 million figure observed in 2016 and the R$1,444.6 million posted in 2015. The percentage share of participation of revenues from the provision of service and bank charges in relation to total revenues was 14.9% in 2017, 13.7% in 2016 and 11.8% in 2015

Commercial Loan Breakdown by Product – Balance, Revenue and Fee

The table below shows the breakdown of the commercial loan portfolio, the main revenue item, on December 31, 2017, 2016 and 2015 by product type.

Commercial loan (R$ Million, except when indicated)	2017			2016			2015		
	Balance [1]	Revenue [2]	Fee [3]	Balance [1]	Revenue [2]	Fee [3]	Balance [1]	Revenue [2]	Fee [3]
Individuals	**15,890.6**	**3,998.7**	**2.75%**	**12,688.1**	**3,762.4**	**2.89%**	**11,878.9**	**3,292.9**	**2.63%**
Credit and Debit Cards[4]	1,748.7	150.3	7.83%	1,536.1	165.3	10.27%	116.7	99.7	10.10%
Overdraft	479.8	790.9	11.98%	542.1	840.0	11.64%	538.5	727.4	10.17%
Payroll Deductible Loans	11,026.2	2,318.3	2.01%	8,568.3	1,908.5	2.05%	8,309.8	1,797.4	1.96%
Non-Payroll Deductible Loans	1,779.2	571.2	4.68%	1,103.7	694.1	3.78%	2,076.4	542.6	3.52%
Others	856.6	168.1	1.60%	937.9	154.5	1.58%	837.4	125.9	1.30%
Legal Entities	**6,597.8**	**1,554.6**	**1.88%**	**7,606.9**	**2,084.7**	**2.15%**	**9,467.2**	**2,028.1**	**1.84%**
Working Capital [5]	4,449.3	897.0	1.58%	5,179.1	1,204.7	1.77%	6,651.9	1,195.4	1.55%
Debtor Accounts	696.2	437.9	4.45%	965.1	649.5	4.43%	1,387.6	598.3	3.40%
Compror/Vendor	67.2	18.9	1.83%	97.6	25.5	1.93%	152.5	39.2	1.46%
Credits Abroad	111.6	7.2	-	154.1	10.2	-	270.1	12.6	-
Discounting of Receivables	135.5	61.4	2.44%	199.7	96.1	2.64%	285.9	109.1	2.15%
Others	1,138.0	132.1	1.04%	1,011.2	98.8	1.21%	719.1	73.5	1.10%
Total	**22,488.4**	**5,553.2**	**2.44%**	**20,295.0**	**5,847.2**	**2.58%**	**21,346.1**	**5,321.0**	**2.26%**

[1] Balance on the last day of the year.

Year-to-date revenue.

[3] Average price of the average debtor balance.

[4] Of the balance, R$1,506.4 million relates to purchases with credit cards and Banricompras as of December 31, 2017, R$1,314.0 million as of December 31, 2016; and R$242.3 million relates to credit cards - revolving credit (total reported in revenue and average rate) as of December 31, 2017, R$222.1 million as of December 31, 2016 and R$116.7 million as of December 31, 2015.

[5] Product regrouping.

Comparative Commercial Loan by Product 2017 x 2016 - Balance, Revenue and Fees

Commercial Loan – On December 31, 2017, personal commercial loan, reflecting the Company's policy of focusing on lower risk lines, totaled R$15,890.6 million, 25.2% or R$3,202.5 million up year-on-year. The trend observed in the twelve months in the commercial credit portfolio aimed at individuals was particularly influenced by the R$2,457.9 million increase in payroll deductible loans and the R$675.5 million increase in personal loans.

On December 31, 2017, payroll deductible loans totaled R$11,026.2 million, accounting for 69.4% of the commercial portfolio aimed at individuals and 49.0% of commercial credit, and exhibited a 28.7% or R$2,457.9 million increase against the figure posted in December 31, 2016. Out of the total sum of payroll deductible loans, R$6,809.3 million corresponds to the Banrisul network's balance, R$4,134.6 million refers to credit originated in banking correspondents, and R$82.3 million refers to credits acquired with co-obligation.

On December 31, 2017, commercial credit aimed at legal entities posted a figure of R$6,597.8 million, which was a 13.3% or R$1,009.1 million decrease by comparison with the figure seen on December 31, 2016. The business segment's commercial portfolio consists for the most part of working capital lines, which account for 67.4% of the commercial credit provided to legal entities and 19.8% of commercial credit. To a large extent the trend observed in the period in the commercial credit portfolio aimed at legal entities was the result of the R$729.7 million decline in the balance of working capital lines. The decrease in the portfolio regarding legal entities reflected the adjustments to the exposure and credit policy, in addition to the domestic economic scenario.

Commercial Loan Revenues - In the year ended December 31, 2017, revenues generated by commercial loan totaled R$5,553.2 million, 5.0% or R$293.9 million down on the R$5,847.2 million recorded in 2016.

Revenues from commercial credit aimed at individuals totaled R$3,998.7 million in the year ended December 31, 2017, which was an increase of 6.3% or R$236.2 million against the R$3,762.4 million result observed in 2016. The upward trend in the period in relation to revenues from commercial credit aimed at individuals was mainly due to the increase in revenues from payroll deductible loans, due to the growth in the balance, which was offset by the decrease in revenues from personal credit and bank overdrafts.

Revenues from commercial credit aimed at legal entities totaled R$1,554.6 million in the year ended December 31, 2017, which was a 25.4% or R$530.1 million decrease by comparison with the R$2,084.7 million figure posted in 2016. With regard to revenues from commercial credit aimed at the business segment, the decrease in the period was due to the drop in revenues from working capital and debtor accounts. The decline in these revenues was affected by the decrease in the balance and in the effective Selic rate, which had a marked impact on the prices of the business segment's fixed-rate operations.

Commercial Loan Fees - In the year ended December 31, 2017, commercial loan monthly average fees were down by 0.14 p.p. the average rate in 2016. Commercial credit products aimed at legal entities exhibited a 0.27 percentage-point decrease in the average monthly rates in the period, while the average monthly rates of commercial credit products aimed at individuals registered a 0.14 p.p. decrease by comparison with the average rates seen in 2016.

Comparative Commercial Loan by Product 2016 x 2015 - Balance, Revenue and Fees

Commercial Loan - On December 31, 2016, personal commercial loan totaled R$12,688.1 million, 6.8% or R$809.3 million up on December 31, 2015. The trend in relation to commercial credit aimed at individual was particularly influenced, by the increase of R$1,419.3 million in credit and debit card balances, due to the reclassification of purchases to be invoiced through credit cards (R$737.1 million in the year ended December 31, 2016), as well as in debit card receivables (R$576.8 million in the year ended December 31, 2016), in payroll-deductible loans in the amount of R$258.5 million, which was partially offset by the R$972.7 million reduction in personal credit, mainly due to the settlement of the payment of the 13th salary advance to state servants in 2015.

Taking into account the adjustments for reclassification of the credit and debit cards in previous periods, the evolution of personal commercial loans was negative by 2.0%, or R$255.2 million in the twelve-month period.

On December 31, 2016, payroll-deductible loans totaled R$8,568.3 million, accounting for 67.5% of the personal commercial portfolio and 42.2% of commercial loan, with an increase of 3.1% or R$258.5 million in twelve months.

On December 31, 2016, corporate loans totaled R$7,606.9 million, 19.6% or R$1,860.3 million down year-on-year. The corporate commercial loans portfolio comprises primarily working capital lines, accounting for 68.1% of corporate commercial loans and 25.5% of total commercial loans. The trajectory of the corporate commercial portfolio was mainly influenced by a retraction of R$1,472.9 million in the balance of working capital facilities in the twelve-month period.

Commercial Loan Revenues - In the year ended December 31, 2016, revenues generated by commercial loan totaled R$5,847.2 million, 9.9% or R$526.1 million more than in 2015. The increase in commercial loan revenues was influenced by a growth in the effective Selic Rate, with particular impact on the increase in prices of transactions in the corporate segment, which are post-fixed, and by repricing of new transactions.

The growing trajectory of revenues from personal commercial loans in the twelve months of 2016 against 2015 was mainly due to the expansion in overdraft facility revenues, increase in revenues from payroll-deductible loans, and growth in revenues from personal loans.

Referring to income from corporate segment commercial loan, the increase was due to earnings from debtor accounts.

Commercial Loan Fees - Commercial loan monthly average fees were up by 0.32 p.p. in 2016 vs 2015. Corporate commercial loan products went up by 0.31 p.p. in the average monthly rate in the year, and the average monthly rates for personal commercial loans increased by 0.26 p.p. in the same period. The average monthly rates of corporate commercial loan are mainly influenced by the trend of benchmark interest rate (Selic) and by competitiveness conditions, while the average monthly rates for individuals bear the fixed operations inventory effect.

Breakdown of Fee income and Bank fees

Year Ended December 31, 2017 x Year Ended December 31, 2016 x Year Ended December 31, 2015

The following table shows the composition of revenues from the provision of services and bank charges for the years ended December 31, 2017, 2016 and 2015.

Fee income and Bank fees (R$ Million, except when indicated)	2017	2016	2015	2016 / 2015	2015 / 2014
Funds Management	79.9	81.8	84.3	-2.3%	-2.9%
Credit Card	48.4	41.8	29.3	16.0%	42.6%
Social Security Commissions	194.6	156.0	128.2	24.7%	21.7%
Account debits	60.5	50.6	41.8	19.8%	20.8%
Acquisition Network and Benefit Cards	601.5	653.8	497.3	-8.0%	31.5%
Revenues from Collection and Custody Services	63.2	61.1	58.8	3.4%	3.9%
Revenues from Purchasing Pool Management Fee	58.3	49.7	40.6	17.2%	22.4%
Tax Collection Services	53.6	48.9	48.8	9.6%	0.2%
Bank Fees from Current Accounts	478.7	443.9	400.7	7.8%	10.8%
Other Revenues	107.8	112.7	114.7	-4.4%	-1.8%
Total Revenues from Services and Fees	**1,746.5**	**1,700.3**	**1,444.6**	**2.7%**	**17.7%**

Revenues from fee income and bank fees were positively influenced, especially by the increase in revenues from checking account charges and insurance, pension plan and capitalization revenues.

In the year ended December 31, 2017, revenues from acquisitions and benefit cards, which accounted for 34.4% of the revenues from charges and services in 2017, totaled R$601.5 million, which was a drop of R$52.3 million by comparison with the previous year, reflecting the effect of the decrease in revenues of a major facilitator, which began to operate in the market as a payment institution. In 2016, revenues from acquisition and benefit cards totaled R$653.8 million, which was a R$156.5 million increase compared to the previous year's revenues, which added up to a total of R$497.3 million. These revenues accounted for 38.5% of revenues from fees and services in 2016 and 34.4% in 2015.

ii. *factors that materially affected operating results*

Delinquency in Loan Operations

In addition to the interest rate variation, late payments affect the Company's results. The increase in the level of default in the loan portfolio may result in higher losses from loans transactions, and adversely affect the results of operations and financial condition. On December 31, 2017, the company's 60-day default ratio registered a figure of 3.99%, which was 1.64 p.p. lower than on December 31, 2016, when it stood at 5.63%. In addition, the balance of credit operations more than 60 days overdue totaled R$1,251.9 million on December 31, 2017, which was a 26.7% decrease against the R$1,708.2 million figure observed on December 31, 2016. The default rate at the end of December 2016 of 5.63% represented a 0.63 p.p. increase compared to the ratio seen on December 31, 2015, which was 5.00%, and the balance of operations more than 60 days overdue posted a R$107.1 million increase in the period.

The Company follows the criteria defined by the Brazilian Central Bank for classifying loan transactions by levels of risk and rules for establishing provisions for doubtful accounts. Normal credit risk operations, rated from AA to C, accounted for 87.8% of the Company's total credit operations as at December 31, 2017, by comparison with the 87.0% figure observed in 2016 and the 90.0% figure seen in 2015. In the year ended in 2017 credit operations written off to losses came out to a total R$1,284.6 million, which was a R$5.8 million increase by comparison with the R$1,278.8 million figure posted in 2016. In 2016, credit operations written off against losses registered a R$287.2 million increase against the year ended in 2015, when they totaled R$991.6 million. The provisioning expenses for credit operations added up to a total of R$1,444.4 million in 2017, which was a R$223.2 million decrease in relation to 2016, when the comparable figure was R$1,667.6 million. In the year ended in 2016, provisioning expenses for credit operations exhibited a R$116.2 million increase by comparison with the R$1,551.4 million figure reported in 2015.

Reserve Requirements

Revenues and expenses from financial brokerage are also affected by the volume of interest-bearing assets and liabilities, which may be affected by changes imposed by the Central Bank as a mechanism to control liquidity of the Brazilian financial system, through compulsory deposits.

The compulsory deposits enforceability incurs on the volume of deposits, at rates established by applicable rules, and proceeds deriving therefrom are deposited at the Brazilian Central Bank, earning interest rates (except for demand deposits). On December 31, 2017, the Company recorded R$11,078.1 million in compulsorily collected deposits, in cash or through federal government bonds to the Brazilian Central Bank, a R$1,204.2 million increase on the R$9,873.9 million recorded on December 31, 2016. In 2016 the balance of compulsory investments in Brazilian Central Bank showed a R$1,535.1 million increase compared to the R$8,338.8 million figure posted on December 31, 2015. Income from compulsory investments totaled R$ 1,004.2 million in 2017, which was a R$163.7 million decrease by comparison with 2016, largely due to the reduction in the effective Selic rate, in a context of growth in the balance of credits linked to compulsory deposits with the Central Bank of Brazil. In the year ended December 31, 2016, income from compulsory investments totaled R$1,167.9 million, which was a R$326.8 million increase against the R$841.0 million figure observed in 2015.

Amendments to the Tax Laws

Furthermore, the Company's results are influenced by amendments to tax laws and tax regimes affecting the operations and clients businesses. These amendments include changes in tax rates and levy of temporary taxes, the proceeds of which are earmarked for specific purposes. Law 13169/15 changed the CSLL rate for the financial industry, raising it from 15% to 20% in the period from September 1st, 2015 to December 31, 2018. Under the new rules, although the increase in tax rate generates increased expenses, the immediate effect is the updating of tax stock for amounts of intertemporal additions that will become deductible by 2018, calculated based on the new tax rate and resulting in a tax gain of R$105.5 million in 2015.

Purchase of Payrolls

The purchase of payroll services for public servants is an important component of the Bank's marketing strategy, with due regard for customers' rights to portability.

The purchase of payroll services influenced the Institution's expenses in 2016 and 2017, due to the amortization of the asset throughout the term of the agreement. The effect on income for the was R$76.7 million in 2016 and R$152.7 million in 2017. Also, the allocation of funds to unprofitable (intangible) assets hinders the generation of revenues that would otherwise be ascertained if the funds had been allocated to treasury. The investment enables the maintenance of the relationship with civil servants, providing the realization of businesses that will generate revenues from credit and services.

b. revenue variations attributable to changes in prices, foreign exchange rates, inflation, volume and introduction of new products and services.

Interest Rates

Overall, higher interest rates result in higher revenues from loan operations due to higher spreads. Nevertheless, higher interest rates may negatively affect results and loan portfolio by reducing demand for credit and increasing client delinquency risk.

On the other hand, lower interest rates reduce revenues from loan operations due to lower spreads. Thus, lower interest rates may result in a reduction in revenues and, accordingly, worsen results. This revenue decline may eventually be offset by a loan volume growth, due to a higher demand for credit, provided that there is funding and capital to meet said demand without significantly increasing the delinquency levels of operations.

According to data from the Brazilian Central Bank, on December 31, 2017, 2016 and 2015, the spread of the financial system's credit operations, calculated on the basis of the interest rates of the loans granted in the month, was, respectively, 18.89 percentage points, 22.67 percentage points and 18.50 percentage points, while, on December 2017, 2016 and 2015 the effective Selic rate was 9.94%, 14.02% and 13.27%, respectively.

Inflation

Net income can be adversely affected by higher inflation rate in Brazil, which can result in higher costs and reduce operating margins, if inflation is not followed by an increase in interest rates. Moreover, inflation may contribute to increase market volatility, due to economic uncertainties, lower expenditures by population, lower growth of real income and reduced consumer's confidence, factors that may have a negative impact over operating results.

The inflation calculated by IGP-M (General Market Price Index) was -0.53% in 2017, 7.19% in 2016 and 10.54% in 2015, while prices calculated by IPCA went up 2.95% in 2017, 6.29% in 2016 and 10.67% in 2015.

Spread

The operating result can be affected by changes in spread, as seen in the table of assets generating revenue and interest bearing liabilities, where revenues from interest-bearing assets in relation to interest-bearing liabilities expenses, which represent the funding, are stated. Average spread came to 7.37%, 7.65% and 6.93% in 2017, 2016 and 2015, respectively.

The factors that may influence spread include: change in borrowing costs due to variation in the benchmark interest rate, competition among financial institutions and delinquency arising from periods of crisis or economic growth.

Foreign Exchange

The Company operates in foreign exchange operations with the sole purpose of meeting clients' needs in products, services and credit for import and export operations. For these operations, the Company raised funds with international financial institutions. Therefore, assets and liabilities denominated in foreign currency are similar, providing us with a natural hedge. Except for capital of branches abroad, totaling US$87.0 million on December 31, 2017, US$82.8 million on December 31, 2016 and US$79.3 million on December 31, 2015, the Company was not subject to foreign exchange rate exposure with own funds and did not carry out leverage operations in foreign currency.

c. impact of inflation, price variation in main inputs and products, foreign exchange and interest rates, operating results and the issuer's financial result, when relevant.

The Company 's analytical margin was determined based on average balances of assets and liabilities, calculated by means of the algebraic sum of the balances included in the monthly trial balances of the months that make up the respective periods analyzed divided by the respective number of months.

Loan operations include advances from foreign exchange contracts and leasing operations, which are stated at present value, net of leasing agreements. Income from loan operations overdue by more than 60 days, regardless of their risk level, are only recognized as revenue when effectively received.

Average balances of liquidity interbank investments, funds applied or raised in the interbank market, correspond to the redemption amount, less unearned revenues or unexpired expenses corresponding to future periods.

Average deposit balances, open market operations, borrowings and onlendings include charges payable until the closing date of financial statements, recognized on a pro rata die basis. Referring to expenses related these items, those referring to deposits include expenses for contributions to Credit Guarantee Fund – FGC.

The table below shows assets generating revenue and interest-bearing liabilities, related financial intermediation revenue amounts over assets and financial intermediation expenses over liabilities, as well as effective average rates in the years ended 2017, 2016 and 2015.

(R$ Million, except when indicated)	2017 Average balance	2017 Revenue Expense	2017 Average rate	2016 Average balance	2016 Revenue Expense	2016 Average rate	2015 Average balance	2015 Revenue Expense	2015 Average rate
Profitable assets	**62,637.3**	**9,978.5**	**15.93%**	**59,418.4**	**10,668.4**	**17.95%**	**57,373.7**	**10,804.3**	**18.83%**
Loan operations	27,786.4	6,780.2	24.40%	28,410.6	7,057.2	24.84%	29,762.4	7,003.9	23.53%
Resale commitments	693.0	100.0	14.44%	958.1	144.1	15.04%	554.4	64.7	11.66%
Securities and derivative financial instruments	22,004.0	2,043.4	9.29%	19,940.0	2,271.7	11.39%	19,299.0	2,894.2	15.00%
Interbank deposits	605.6	50.1	8.27%	265.0	27.6	10.40%	6.8	0.2	3.39%
Other profitable assets	11,548.3	1,004.8	8.70%	9,844.8	1,167.9	11.86%	7,751.2	841.3	10.85%
Reserve requirements	10,618.9	940.6	8.86%	8,984.6	1,095.4	12.19%	6,961.3	774.2	11.12%
Other	929.4	64.2	6.91%	860.1	72.5	8.42%	789.8	67.2	8.50%
Unprofitable assets	**8,134.8**	**-**	**-**	**8,145.3**	**-**	**-**	**6,323.4**	**-**	**-**
Total assets	**70,772.1**	**9,978.5**	**14.10%**	**67,563.8**	**10,668.4**	**15.79%**	**63,697.1**	**10,804.3**	**16.96%**
Interest-bearing liabilities	54,651.3	(4,763.5)	8.72%	51,813.4	(5,499.3)	10.61%	49,588.4	(6,390.4)	12.89%
Interbank deposits	218.2	(18.7)	8.56%	447.8	(53.7)	12.00%	886.4	(85.7)	9.67%
Savings account	7,911.4	(496.6)	6.28%	7,515.6	(587.4)	7.82%	7,643.9	(575.8)	7.53%
Time deposits	33,618.6	(2,953.8)	8.79%	29,111.4	(3,485.2)	11.97%	24,815.4	(2,761.7)	11.13%
Open market operations	4,979.7	(521.6)	10.47%	5,727.0	(807.0)	14.09%	5,363.1	(679.6)	12.67%
Subordinated debt	1,805.1	(200.9)	11.13%	1,898.5	(2.9)	0.15%	2,384.9	(961.3)	40.31%
Borrowings and onlendings	3,253.1	(304.6)	9.36%	3,914.9	(172.8)	4.41%	4,458.0	(817.1)	18.33%
In the country	2,411.3	(152.3)	6.32%	2,760.7	(134.2)	4.86%	2,799.5	(132.8)	4.74%
Abroad	841.8	(152.4)	18.10%	1,154.2	(38.6)	3.35%	1,658.4	(684.3)	41.26%
Other	2,865.1	(267.3)	9.33%	3,198.2	(390.2)	12.20%	4,036.8	(509.2)	12.61%
Non-interest bearing liabilities	**9,443.4**	**-**	**-**	**9,318.1**	**-**	**-**	**8,166.8**	**-**	**-**
Shareholders' Equity	**6,677.4**	**-**	**-**	**6,432.3**	**-**	**-**	**5,941.9**	**-**	**-**
Liabilities and Shareholders' equity	**70,772.1**	**(4,763.5)**	**6.73%**	**67,563.8**	**(5,499.3)**	**8.14%**	**63,697.1**	**(6,390.4)**	**10.03%**
Spread [1]			**7.37%**			**7.65%**			**6.93%**
Margin [2]		**5,215.0**	**8.33%**		**5,169.2**	**8.70%**		**4,414.0**	**7.69%**

1 The Spread is obtained from the difference between the Average Rate of Total Assets and the Average Rate of Total Liability and Shareholders' Equity.

2 The Relative Margin is obtained from the division between the sum of Revenues from the Profitable Assets deducted from the sum of Expenses for Interest Bearing Liabilities by Profitable Assets.

Year ended December 31, 2017 x Year ended December 31, 2016

In the year ended December 31, 2017, the trend in relation to the margin on profitable assets declined against 2016. Average profitable assets showed a 5.4% growth while interest bearing liabilities increased by 5.5%. The absolute margin for the year ended December 31, 2017 was relatively stable while the relative margin showed a 0.37 p.p. decrease by comparison with the figure calculated in 2016.

The decrease in the effective Selic rate in the period was reflected in the reduction in the rates of the profitable assets and interest bearing liabilities. In addition to the basic interest rates of the economy that are used as a reference for operations in the financial sector, the structure of assets and liabilities as well as the agreed terms and interest conditions are key factors in the make-up of the margin obtained each period.

In the year ended December 31, 2017, the representativeness of credit assets in the total of average profitable assets showed a 3.4 p.p. drop by comparison with 2016, coming out to a figure of 44.4%. Treasury operations exhibited a 1.0 pp. hike in their share of total profitable assets, increasing from a figure of 35.2% in the year ended December 31, 2016 to 36.2% in the year ended December 31, 2017. Compulsory deposits increased their share of total average profitable assets by 1.9 p.p., posting a figure of 17.0% in the year ended December 31, 2017.

With regard to interest bearing liabilities, the average balance of term deposits represented 61.5% of these liabilities in the year ended December 31, 2017, by comparison with the 56.2% figure observed the year before. Savings deposits remained stable in terms of their representativeness of interest bearing liabilities, totaling 14.5% in the year ended December 31, 2017. Funding on the open market exhibited a 9.1% share of interest bearing liabilities in the year ended December 31, 2017, which was a 2.0 p.p. decrease against the year 2016.

In the year ended December 31, 2017, together the results of these changes caused a 0.28 p.p. decrease in the spread, which totaled 7.37%.

Year ended December 31, 2016 x Year ended December 31, 2015

In the year ended December 31, 2016, margin on income-bearing assets increased over 2015. The average income-bearing assets grew by 3.6% and income-bearing liabilities moved up by 4.5%. The margin in the year 2016 increased by 17.1%, and the relative margin increased by 1.01 p.p. in relation to 2015. The evolution of the financial margin of profitable assets, comparing 2016 and 2015, reflects the portfolio's repricing policy, as well as the structure of profitable assets and onerous liabilities. The lower flow of expenses and revenues from fee variations, due to the impact of the replacement of swap agreements, foreign exchange variation, and partial settlement of the subordinated debt in 2015; and the increase in variations arising from the volume of profitable assets, in a context of reduction of credit assets, resulted in the growth of the margin on profitable assets.

The increase in the effective Selic rate during the period reflected the increased rates of profitable assets and burdensome liabilities, but this trend was offset by foreign exchange variation in the period. In addition to base interest rates referencing the operations in the financial sector, the structure of assets and liabilities and also contractual terms are decisive factors composing the margin earned in each period.

Credit assets percentage in total average profitable assets decreased 4.1 p.p. in 2016 in comparison to 2015, reaching 47.8%. The share of treasury transactions in total interest-bearing assets increased by 0.6 p.p., from 34.6% in 2015 to 35.2% in 2016. Compulsory payments increased their share in total interest-bearing assets by 3.0 p.p., reaching 15.1% in 2016.

Referring to interest-bearing liabilities, the average balance of time deposits accounted for 56.2% of these liabilities in 2016, versus 50.0% in 2015. Savings deposits reduced its percentage over interest-bearing liabilities by 0.9 p.p. to 14.5% in 2016. Open market funding accounted for 11.1% of onerous liabilities in 2016, 0.3 p.p. up year-on-year. Among other onerous liabilities, acceptance and issue of securities declined by 0.7 p.p. to 4.5% in 2016.

All these changes resulted in an increase of 0.72 p.p. in spread, reaching 7.65% in 2016.

10.3 - EVENTS WITH RELEVANT EFFECTS, OCCURRED AND EXPECTED, IN THE ISSUER'S FINANCIAL STATEMENTS

10.3. The Executive officers must comment on the relevant effects caused or expected to be caused by the events below in the issuer's financial statements and results:

a. introduction or sale of operating segment.

In the years ended December 31, 2017, 2016 and 2015, there was no introduction or divestiture of any of the Company's operating segments.

b. creation, acquisition or disposal of corporate interest.

Historically, the Company's engagement in the insurance market was Banrisul's commercial area focus. Since 2011, the insurance segment was subject of study aiming to increase revenue. After four years seeking a partner company, the Company decided to sign a partnership agreement with Icatu Seguros at the end of 2014 to exclusively distribute Company life insurance and pension plan products through 20 years.

In 2015, the holding company Banrisul Icatu Participações S.A.- BIPAR, in which the Company holds an equity interest of 49.9%, was completed. This is a partnership that represents an evolution in the business model followed by the Bank. The Bank's economic group includes Rio Grande Seguros e Previdência S.A., the Company's new insurer, whose purpose is to increase the Bank's market share and consolidate the Rio Grande brand as a trustworthy and reliable insurer. In July 2016, Rio Grande Seguros started to operate through the Company's branch network.

In the same way, with a view to putting Banrisul in a prominent position in terms of the commercialization of these products in the state of Rio Grande do Sul and in Brazil's Southern Region, on December 20, 2017, the Company established a strategic partnership with Icatu Seguros, by means of an investment agreement to create a new company that will have exclusivity in the marketing of capitalization products in the Bank's distribution channels for a period of 20 years. The new capitalization company will be a subsidiary of BIPAR. The operation is still awaiting approval by Bacen and SUSEP.

c. non-recurring events or operations.

Year ended December 31, 2017

Voluntary Retirement Plan

In February 2017 the Company launched the Voluntary Retirement Plan (PAV), which is offered to employees who have retired under the National Institute of Social Security (INSS) or who are eligible for it. During the period, 664 employees left the Bank under the PAV. The costs paid and/or provisioned under the scope of the PAV amounted to a total sum of R$89.2 million.

Voluntary Termination Plan

On October 16, 2017, the Company's management approved the Voluntary Redundancy Plan (PDV), for the 484 employees stationed on the deadline date of September 30, 2017, at the agencies/units linked to the Santa Catarina and Other States Regional Superintendencies in view of the restructuring of the Company's business in those regions. The option to join the Plan had a timescale from October 16, 2017 to December 8, 2017 and the redundancies will be implemented during the period between November 1, 2017 and March 15, 2018. The total cost with the PDV was R$4.7 million; during the period, 56 employees joined the Plan.

Year ended December 31, 2016

Payment of the 13th Salary Advance for 2016

The operations in relation to payment of 2016's 13th salary advance exhibited a balance of R$170.8 million on the contractual maturity date. The reversals totaled R$42.4 million, covering 19,274 customers.

In January 2017, the Company complied with preliminary injunctions approved within the scope of lawsuits filed by entities representing state servants' categories in the State of Rio Grande do Sul, which determined the reversal of amounts debited regarding payment of the 13th Salary advance for 2016, due on December 20, 2016. The Company is taking the appropriate measures to get the injunctions reversed. Nevertheless, when the State makes payment of the civil servants' 13th salary, these values will be regularized.

Payroll of Servants of the Judiciary Branch of Rio Grande do Sul

On October 4, 2016, the Bank and the Judiciary Branch of Rio Grande do Sul entered into an agreement for payment of servants of the Court of Appeals. The transaction amounted to R$64.0 million, being effective for a period of 5 years. The amount was settled in two installments maturing in October 2016 and April 2017.

Payroll of Servants of the State of Rio Grande do Sul

In 2016, the purchase of payroll services for public servants was an important component of the Bank's marketing strategy, with due regard for customers' rights to portability. On June 17, 2016, the Company and the Rio Grande do Sul State Government entered into an agreement on the assignment for consideration of services relating to the payroll of active and inactive public servants of the State's direct administration. The transaction amounted to R$1,250.6 million, being effective for a period of 10 years.

Year ended December 31, 2015

Subordinated Debt

In the second half of 2015, a transaction for repurchase of subordinated debt issued in 2012 in the amount of US$775.0 million was carried out in two tranches - US$500.0 million in February and US$275.0 million in December 2012, for a period of 10 years. The partial settlement aimed to reduce the funding cost, in an environment of restricted spreads, and to provide liquidity to the notes given the scenario of currency devaluation and expansion of country risk. The partial repurchase transaction reached US$251.8 million and generated revenues of R$173.8 million.

Termination due to Retirement Plan

Early in the second half of 2015, the Company implemented a plan to encourage termination of employees entitled to government and supplementary retirement, with the purpose of reducing relevant administrative expenses. The Termination due to Retirement Plan - PDA received 501 applications from July 27, 2015 to September 25, 2015. Taking into account withdrawals, terminations totaled 471 employees. The costs paid and provisioned under PDA totaled R$48.5 million. Net of tax benefits, PDA expenses affected income by R$28.8 million.

10.4 - Relevant changes in the accounting practices - Qualifications and emphases in the opinion of the Auditor

10.4. Officers must comment on:

a. relevant changes in the accounting practices.

Year ended December 31, 2017

Foreign Currency Conversion

The Company has two branches abroad, whose financial statements are translated into US dollars. The statements of entities domiciled abroad (none of which have the currency of a hyperinflationary economy), whose functional currency is different to the presentation currency, are translated into the presentation currency in accordance with the following criteria: a) assets and liabilities are converted by the rate at the balance sheet date; and b) revenues and expenses are translated at the average monthly exchange rate.

The Company's financial statements are presented in Reais, which is its functional and presentation currency. For overseas branches, the Company defined the functional currency, as established by the National Monetary Council Resolution no. 4524/16.

Adjustments to foreign exchange variation resulting from the conversion process are recorded in the converted financial statements of the overseas investee as a component of Shareholders' Equity under the heading Adjustments to Equity Valuation. Prior to the change in the accounting criteria, foreign exchange variation adjustments of overseas investments were recognized in the income statement under the heading Other Operating Income (Expenses).

Measurement of the Components of Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment - The Company maintains recorded under property, plant and equipment assets for own use, which mainly consist of land and buildings. As established by National Monetary Council Resolution no. 4535/16, since January 1, 2017, real estate for own use is shown at historical cost minus depreciation, along with all other items of property, plant and equipment. Historical cost includes expenses directly attributable to the acquisition or construction of the assets. The residual values and the useful life of the assets are reviewed and adjusted, if it is appropriate to do so, at the end of each year. By legal determination, on an annual basis the Company carries out a review of useful life and issues the corresponding report. Up to the previous year, property, plant and equipment for own use was valued at acquisition cost, minus the respective depreciation account, the value of which was calculated by the straight-line method, in accordance with the estimated economic useful life of the assets.

Intangible Assets The Company holds agreements for the provision of banking services and software acquisition, recorded in intangible assets. National Monetary Council Resolution no. 4.534/16 established that, starting on January 1, 2017, intangible assets are to be recognized at cost and that the amortization of assets with a defined useful life is to be recognized over the useful life estimated by the straight-line method. The rights by acquisition of payrolls are amortized over the contractual term elapsed, with there being no change in relation to the legislation in force the year before. With regard to software, in the aforementioned regulations, it was established that: a) software licenses are capitalized based on the costs incurred to acquire them and get them ready to be used. These costs are amortized over the estimated useful life of the software, from three to seven years; b) the costs associated with the maintenance of software are recognized as expenses, as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognized as intangible assets; c) the directly attributable costs, which are capitalized as part of the software product, include the costs of employees allocated to software development and an appropriate portion of the applicable indirect costs. The costs also include financing costs incurred during the software development period; d) other development expenses that do not meet these criteria are recognized as an expense, as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Software development costs recognized as assets are amortized over their estimated useful lives. In the year before, the standard determined the amortization of this item by the straight-line method over the estimated useful life.

Year ended December 31, 2015

Correspondents' Remuneration Payment and Accounting

As from 2015, the Company adopted the amendment to CMN Resolution 4294/13, governing the contracting of domestic correspondents, and BCB Circular Letter 3738/14, which establishes the procedures for booking the remuneration of domestic correspondents, came into effect as per section 1 of the aforementioned Circular. Up until 2015, the origination cost in relation to the fee paid to banking correspondents was deferred by the effective rate of the contract.

b. material effects of changes in the accounting practices.

Year ended December 31, 2017

Conversion of Foreign Currency

In the year ended December 31, 2017, R$4.8 million was recorded in Shareholders' Equity, under the heading Adjustments to Equity Valuation, in relation to the foreign exchange variation adjustments resulting from the conversion process.

Measurement of the Components of Property, Plant and Equipment and Intangible Assets

In light of CMN Resolutions no. 4.534/16 and 4.535/16, in the year ended December 31, 2017, a R$17.3 million adjustment was recorded in income regarding property, plant and equipment, and a R$4.0 million adjustment in income regarding intangible assets.

Year ended December 31, 2015

Correspondents' Compensation Payment and Accounting

Transactions closed using the Bem Promotora de Vendas e Serviços S.A. channel, in 2015, at the time under the rules issued by the normative instruments previously mentioned, generated expenses of R$30.0 million recorded under other administrative expenses. On December 31, 2015, R$30.0 million still remained to be deferred, booked as assets, referring to these same transactions.

c. independent auditors' qualified report or emphasis of matter.

There was no qualification or emphasis in the auditor's reports for the years ending in 2017, 2016 and 2015.

10.5 - CRITICAL ACCOUNTING POLICIES

10.5. Officers must indicate and comment on critical accounting policies adopted by the issuer, mainly exploring the accounting estimates made by management on uncertain and relevant issues to describe the financial conditions and results requiring subjective or complex judgments, such as provisions, contingencies, revenue recognition, tax credits, long- lived assets, useful life of non-current assets, pension plans, foreign currency translations adjustments, environmental recovery costs, assets impairment test criteria and financial instruments.

The consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil.

The preparation of these financial statements necessarily involves assumptions and estimates extracted from past results and factors that the Company considers reasonable and relevant. The factors affecting Management's estimates in relation to financial statements are uncertain, per se.

Derivative Financial Instruments

these are classified, on their acquisition date, according to Management's intention of using them as a hedge instrument or not, pursuant to the Circular Letter 3082/02 of the Brazilian Central Bank. Derivative operations carried out as requested by clients, on their own account, or not complying with the hedge criteria (mainly derivatives applied to manage the global risk exposure), are recorded at the market value, with realized and unrealized gains and losses, directly recognized in the statement of income.

Firstly, derivatives are recognized by fair value on the date a derivative agreement is executed and, subsequently, re-measured at their fair value. The method to recognize the resulting gain or loss depends if the derivative is designated or not a hedge instrument, in cases of adopting the hedge accounting. If this is the case, the method depends on the nature of item that has been hedged. The Company adopts the hedge accounting and designates derivatives to hedge against subordinated debt as fair value hedge of recognized assets or liabilities or firm commitment (market risk hedge).

When the operation starts, the Company documents the relation between hedge instruments and hedged items, as well as the risk management goals and strategy for several hedge operations. The Company also documents its evaluation, both in the beginning of hedge and continuously that derivatives used in hedge operations are highly effective to offset variations at fair value or at cash flows of hedged items.

The total fair value of a hedge derivative is classified as non-current asset or liability, when the remaining maturity of hedged item exceeds 12 months, and as current asset or liability when the remaining maturity of hedged item is lower than 12 months.

Market risk hedge – Derivative financial instruments destined to offset risks arising from the exposure to market value variation of hedged item are classified into this category.

The Company considered in this category derivatives contracted aiming at hedging the foreign currency variation deriving from the issue of debt denominated in U.S. dollars totaling 523.2 million, maturing on February 2, 2022. On December 31, 2017, the sole derivatives effective refer to swaps.

The variations in derivatives fair value designated and qualified as market risk hedge are recorded in the statement of income, with any variations in the fair value of hedged assets or liabilities, attributable to the hedged risk. Gain or loss related to this operation is recognized in the statement of income as gross profit from financial intermediation.

Loan, Leasing Operations and Other Receivables with Characteristics of Credit Granting

All loan, leasing operations and other operations with characteristics of credit granting have their risks classified in accordance with the judgment of the Company's management's, and according to criteria established by Brazilian Central Bank (BCB), with this classification being the financial institution's responsibility and it should be carried out based on consistent and verifiable criteria, backed by internal and external information, taking into account the market conditions, past experience and specific risks in relation to operations, debtors and guarantors, observing the parameters set forth by CMN Resolution 2682/99, which requires a periodic portfolio analysis and their classification into nine levels in increasing order of risk, from AA to H.

The risk classification of credit operations, leases and other operations with credit granting characteristics should be reviewed at the frequency established by CMN Resolution no. 2.682/99, depending on the level of risk classification. The Bank should keep its policies and procedures for granting and classifying credit operations properly documented, and these documents should be available to the BCB and the independent auditor.

Loan, leasing operations and other operations with characteristics of credit granting are recorded at present value, calculated *on a daily pro rata basis* based on the index and interest rates, and adjusted until the 60th day in arrears. After this term, revenue is recognized in profit or loss when the operations are effectively received.

The risks of renegotiated asset operations are defined according to criterion of CMN Resolution 2682/99, i.e. should be kept at least at the same risk level as they were at before the renegotiation, bearing in mind that those operations recorded as loss should be classified as H-level risk. Risk reclassification is permitted for lower-risk category, when there is significant amortization of the operation or when relevant new factors justify a change in the level of risk. Eventual gains deriving from renegotiation only will be recognized as revenue when effectively received.

Provision for Loan Operations Losses, Leasing and Other Receivables with Characteristics of Credit Granting

Recorded in an amount deemed as sufficient to cover any losses, supported by client's risk rating, in view of the periodic analysis of client's quality and not only based on minimum accrual percentages required by CMN Resolution 2682/99, in the event of delinquency.

On December 31, 2016, the total amount of provision for loan operations losses, leasing and other receivables exceeds the minimum amount that would be required only considering the rating of operations and based on the number of days in arrears, as provided for in CMN Resolution 2682/99. This procedure has been adopted by The Company's Management since the edition of said rule in order to deal with possible events not mentioned in clients' rating model based on the respective overdue periods.

Permanent Intangible Assets

These correspond to rights acquired on intangible assets intended for company maintenance or exercised for this purpose. The intangible assets are mainly composed of the acquisition of rights on the provision of banking services (payroll services), which are amortized in accordance with contractual terms, and software, which is amortized at the straight-line method throughout its estimated useful life. Intangible assets are adjusted for impairment, when applicable.

Rights Per Acquisition of Payrolls: (i) Public Sector - refer to agreements signed in relation to the assignment of services related to payroll through the onerous granting of a right of exclusivity with the State of Rio Grande do Sul, the Judiciary of the State of Rio Grande do Sul, town halls and other public bodies. Studies were conducted both internally as well as by experts and no evidence of impairment was identified in relation to these assets. (ii) Private Sector - relates to agreements signed with the private sector, which are valid for a period of five years, and are amortized over the contractual term elapsed. No impairment losses were identified for these assets.

Provisions, Contingent Assets and Liabilities and Legal, Tax and Social Security Obligations

Provisions, contingent assets and liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined by CPC 25, which was approved by CMN Resolution 3823/09.

- Contingent assets- these are not recognized in the financial statements, except when there is evidence ensuring their realization over which appeal no longer applies.

- Provisions and contingent liabilities- the provision for contingent liabilities is shown in the financial statements when, based on the opinion of legal counsels and Management, the risk of loss of a legal or administrative proceeding is deemed as probable, and probable outflow to settle the obligations and when the amounts involved are measurable with sufficient security. Contingent liabilities classified as possible losses are not recognized in the accounts and should only be disclosed in the Company's financial statements, and those of remote losses do not require any provision or disclosure to be made.

- Legal, tax and social security liabilities – These are recorded as liabilities regardless of evaluation as to the probability of losses.

Long-Term Post-Employment Benefit Obligations

Retirement Obligations – the Company sponsors Fundação Banrisul de Seguridade Social - FBSS (Banrisul Social Security Foundation) and Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul – Cabergs (Employee Assistance Fund of the Bank of the State of Rio Grande do Sul) which ensure the supplementary retirement and health insurance benefits to its employees.

(i) Private Pension Plans – the Company sponsors "defined benefit" and "variable contribution" plans.

A defined benefit plan is different from a defined contribution plan. Usually, defined benefit plans establish the retirement benefit that employees will receive when they retire, normally depending on one or more factors, including age, time of service and compensation.

Liabilities recognized in the balance sheet related to defined benefit pension plans correspond to the present value of the defined benefit liabilities on the balance date less the fair value of the plan's assets. Defined benefit liabilities are calculated by independent actuaries annually using the projected unit credit method. The present value of defined benefit liabilities is determined by discounting future estimated cash outlays, using interest rates compatible with market yields, which are denominated in the currency in which the benefits will be paid and whose terms are close to those of the respective private pension plan obligation.

The actuarial evaluation is prepared based on assumptions and interest rates, inflation projections, benefits increase, life expectancy, and the effect of any cap on the employer's portion of the cost of future benefits, employee or third-party contributions that reduce the final cost of these benefits for the entity, etc. The actuarial evaluation and its assumptions and projections are updated yearly, at the end of each fiscal year. Actuarial gains and losses arising from adjustments based on experience and changes in actuarial premises are directly recorded in equity, as equity valuation adjustments, when incurred.

The cost of benefits granted by defined benefit plans is established separately for each plan, through the projected credit unit method. Past cost of services, when occur, is recognized immediately in profit or loss.

Variable contribution plans comprise defined contribution benefits, which include regular retirement, early retirement and funeral grant. In this case, the Company does not have additional payment obligations other than the contribution made. Contributions are recognized as employment benefit expenses, once they are due. Early contributions are recognized as asset as cash refunds or reduction in future payments are available. Additionally, there are defined benefits, including disability retirement, proportional benefit, illness benefits, annual allowance, minimum benefit and pension due to death.

(ii) Health Plans - these benefits are ensured by Cabergs, which offers general medical assistance benefits and whose funding is established through adhesion agreement.

The Company also offers post-employment medical assistance benefit to its employees. The costs expected from these benefits are accumulated during the employment period using the same accounting technology applied to defined benefit pension plans. Actuarial gains and losses arising from adjustments based on experience and changes in actuarial premises are debited or credited to equity, under Equity Valuation Adjustments. These obligations are annually assessed by qualified independent actuaries.

The plan assets are not available to the Company's creditors and cannot be directly paid to it. The fair value is based on information about market price and, in the case of quoted securities, in the market quotes. The value of any defined benefit asset recognized is restricted to the sum of any past cost of service not yet recognized and at present value of any economic benefit available as reduction in future employer contributions to the plan.

(iii) Retirement Bonus - retired employees receive a retirement premium proportional to their fixed monthly compensation in effect at the time of retirement.

Additionally, the result of the actuarial assessment may generate an asset to be recognized, which is recorded by the Company only when:

- it controls a resource, which is the capacity to use the surplus to generate future benefits;
- this control is the result of past events (contributions paid by the Institution and services provided by the employee); and
- future economic benefits are available for the institution as a reduction of future contributions or cash reimbursements, either directly to the Institution or indirectly to offset any deficit in another post- employment benefit plan (pursuant to the applicable law).

Commitments related to these three types of post-employment benefits are assessed and reviewed by qualified independent actuaries every year.

10.6 - RELEVANT ITEMS NOT MENTIONED IN THE ISSUER'S FINANCIAL STATEMENTS

10.6. Officers must describe relevant items not mentioned in the issuer's financial statements, indicating:

a. assets and liabilities held by the issuer, directly or indirectly, not mentioned in the balance sheet (off- balance sheet items).

Judicial Deposits

The Company is the receiving agent of the Court Deposits Management System of the State of Rio Grande do Sul - as provided for in State Law 11667/2001. According to State Law no. 12.069/2004, as amended by Law no. 14.738/2015, the amount received integrates a specific "reserve fund," and 95% of funds received, except for those in which the litigant is a Municipality or State, are made available for the State, while the remaining amount is reserved by the State in order to provide liquidity to the System.

On December 31, 2017, 2016 and 2015, the amount of judicial deposits made by third parties in the Company was R$10,775.0 million, R$10,360.2 million and R$10,316.9 million, respectively.

Sureties and Guarantees

Sureties and guarantees tendered to clients, which are subject to financial charges and rely on beneficiaries' guarantees, totaled R$455.3 million, R$776.3 million and R$1,348.7 million on December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, 2016 and 2015, the Company had set up a provision for possible losses in the sum of R$21.8 million, R$14.0 million and R$10.7 million, respectively.

b. other off-balance sheet items.

There are no other relevant off-balance sheet items on December 31, 2017, 2016 and 2015, in addition to the above described items..

10.7 - Comments on items not included in the financial statements

10.7. In relation to each off-balance sheet item indicated in item 10.6, Officers must comment on:

a. how such items change or are likely to change revenues, expenses, operating result, financial expenses or other items of the issuer's financial statements.

Judicial Deposits

On the updated balance of these deposits, calculated on a daily basis, the Company receives an administration fee for the services of agent for collection of funds of the Judicial Deposits Management System of the Judiciary of the State of Rio Grande do Sul - established under the provisions of State Law no. 11.667/2001. In this sense, the variation in the amount of judicial deposits registered may have an impact on the revenues from this service.

Sureties and Guarantees

The provision is made in accordance with the risk classification of the customers guaranteed by the Company. The obligation assumed by Company in providing the surety must be matched with a Counter-Guarantee Agreement, signed between the Company and the guaranteed party, establishing conditions, responsibilities and obligations, including in case of failure to comply with the obligation assumed by the guaranteed party, with third parties (beneficiaries of the surety). Upon expiration of the bank letter of guarantee and once the obligation has been fulfilled by our client before the beneficiary, the provision will be reversed.

b. nature and purpose of operation.

Judicial Deposits

State Law no. 11.667/2001 determines that judicial deposits, under the scope of the Judiciary of the State of Rio Grande do Sul, shall be collected by the Company for the Reserve Fund for Guarantee of Reimbursement of Judicial Deposits.

Sureties and Guarantees

Letters of guarantee are guarantees in favor of (guaranteed) customers and are intended to ensure compliance with the obligation assumed by them, by virtue of an agreement signed with third parties (beneficiaries of the surety) and are granted to clients who have a relationship history and who fit in with the company's risk policy.

c. nature and amount of obligations assumed and rights generated in favor of the issuer as a result of the operation.

Judicial Deposits

State Law no. 12.069/2004 establishes that it is the Company's responsibility to maintain individualized control for each judicial deposit made, plus the remuneration that was originally attributed to it. Therefore, in the provision of collection agent services of judicial deposits, the Company provides control services such as the remuneration of the judicial deposits (rate, monetary restatement, specific form and criteria), registration/receipt of amounts, withdrawal of judicial deposits (court orders) and the provision of information (statements) to the parties and their respective attorneys.

Sureties and Guarantees

The surety letters generate analysis fees for the Company and, during their term of validity, surety maintenance commission.

As of December 31, 2017, guarantees and sureties provided to customers added up to a total of R$455.3 million, and the provision for possible losses was R$21.8 million.

10.8 - Business Plan

10.8. Officers must indicate and comment on the main elements of the issuer's business plan, specifically exploring the following topics:

a. investments, including:

i. quantitative and qualitative description of on-going and projected investments.

Technological Modernization

The Company 's investments in technological modernization totaled R$227.7 million in 2017. Banrisul's IT strategies and equity investments are aimed at ensuring security, performance and comfort in accessing banking services. The improvement and modernization projects and actions related to the IT infrastructure have generated savings, better utilization of resources and increased information security. During the period, Internet capacity and access protection was boosted, with the expansion of the customer service and the implementation of an volumetry Anti-DDoS service, as well as the purchase and replacement of equipment and systems guaranteeing improved performance and security for the work environment, as well as providing greater speed in terms of customer service.

With regard to the development of systemic solutions, we highlight the consolidation of a digital services platform, using virtual card technology, aimed at mobile applications, as well as the improvement of Banrisul's systems development processes. Other highlights of 2017 were the implementation of the Vero Pay solution, the online registration of securities by means of Mobile and Internet Banking devices, and the acceptance of the Elo brand in the Vero Network. The period also saw the coming online of the new collection platform, which modified the treatment given to bank payment slips, and entails the centralization in a single base of bank payment slips issued in the country, as well as the implementation of the card settlement system, which centralizes the cards receivables settlement process in a clearing.

The initiatives in the IT security area in 2017, included the security recertification of the Payment Card Industry's PIN Security Program V2 - PCI for the Vero Network; security actions related to the issue of cards; the Vero network's certification with the 3.2 version of the PCI DSS standard. In addition, an awareness campaign was carried out, in line with the International Safer Internet Day Campaign, aimed at customers and employees, with a focus on the importance of adopting good practices in relation to the use of mobile devices and Internet Banking. The period saw the definition of the security requirements for Banrisul's consolidation as a Digital Bank and the implementation of continuous improvement procedures aimed at monitoring the transactions acquired by the Vero network, including transactions under the Elo banner starting in December 2017.

In order to keep the company's technology structure at an appropriate level, an investment of R$190.3 million is envisaged in 2018. For 2018, the main expenses with regard to technology are in the maintenance of continuous IT infrastructure operations (mainframe, software and network core) and communication services.

Renovation of Customer Service Network

In 2017, the Company invested R$25.6 million in network renovations and expansions, including the renovation of sites and new facilities, with wider and modern structures within accessibility standards. Banrisul network comprises 98.6% of Rio Grande do Sul's population, besides rendering services in several other Brazil's states, especially in Santa Catarina and Paraná.

At the end of December 2017, the Company's customer service network totaled 1,203 service points, distributed in 526 branches, of which 494 are located in the state of Rio Grande do Sul, 22 in the state of Santa Catarina, 8 in other Brazilian states and two abroad, 191 banking service points and 486 ATMs.

In order to keep the Company's service structure at an appropriate level, an investment of R$50.7 million is planned for 2018. For the most part investments are aimed at updating and conserving the Company's physical structure and maintaining the distribution network by means of reforms, extensions and revitalizations in buildings, furniture and property security resources.

ii. sources of financing for the investments.

To implement the investments mentioned above, the Company uses own funds obtained from statutory and expansion reserves. The Company 's Bylaws provide for the recognition of a reserve for technologic modernization, which has been fully recorded based on 25% of adjusted net income. The Bank also records an expansion reserve, which is demonstrated in the capital budget document, presented together with the financial statements made available to the regulatory authorities, as provided for the Brazilian Corporate Law.

iii. relevant on-going and projected divestments.

Not applicable to the Company.

b. provided already disclosed indicate the acquisition of plants, equipment, patents or other assets that should materially affect the issuer's production capacity.

In 2015, the constitution of the Banrisul Icatu Participações S.A., holding company was finally concluded, in which the Compa ny holds 49.9% of the equity. The creation of Rio Grande Seguros e Previdência S.A., which is part of the group, represents an evol ution in the Bank's business model, which henceforth incorporates part of the income generated by the operation. The insurance company has exclusive rights on commercializing life insurance and private pension products through the Banrisul distribution cha nnels, for which condition Icatu disbursed R$115.0 million in 2014. For the incorporation of the holding, Icatu Seguros S.A. injected R$22.5 m illion in Banrisul in 2015. In July 2016, Rio Grande Seguros started to operate in the Company's branch network.

In 2017, the Company signed an investment agreement with Icatu Seguros, providing for exclusivity of the capitalization bonds product for a period of 20 years. In consideration, Icatu paid the Company the sum of R$60.0 million and will set up a capitalizat ion company in which the Company will have a 49.99% equity interest. The company should be established before the end of 2018, once the authorizations have been obtained from the Central Bank and the Superintendency of Private Insurance.

c. new products and services indicating:

i. the description of researches in progress already disclosed.

ii. total amounts spent by the issuer in researches for development of new products or services.

iii. projects under development already disclosed.

iv. total amounts spent by the issuer in the development of new products or services.

Regarding new product research and development and improvements to existing products, the Company has been conducting several projects to incorporate new technological innovations, whereby in 2017 we booked an amount of approximately R$9.8 million considering only the value of labor. Investments ot ehc Company include: Virtual Cards, Banricompras Veropay, Cards applicati on, Affinity Client application, corporate credit card, Digital Channel, Digital Deposit, mass Credit Limit Distribution Model for individuals, among others.

10.9 - OTHER FACTORS WITH SIGNIFICANT INFLUENCE

10.9. Comment on other factors significantly impacting the operating performance and neither identified nor commented in other items of this section:

On December 31, 2017, a R$252.1 million tax credit for Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) was recognized in relation to the final decision of the legal process which granted the Company the right to fully apply the January 1989 IPC, "Summer Plan", as an index factor for the monetary correction of its balance sheet, with the consequent utilization of the depreciation and amortization installments in relation to the aforementioned monetary correction of property, plant and equipment and deferred assets, notwithstanding the fact that the effects of this additional monetary adjustment are deducted from the IRPJ and CSLL calculation basis for the subsequent balance sheets. This decision was subject to a proof of claim recognized by a final court decision already accepted by Brazil's Federal Revenue Service and is being offset against debits of taxes and contributions under its management.

11 - Projections

11.1 - Disclosed projections and assumptions

The words "believe", "may", "may", "should", "estimate", "continue", "anticipate", "intend", "expect", "potential" in this section are intended to identify estimates and perspectives for the future. Projections and prospects for the future include information regarding results, strategy, financing plans, competitive position, industry environment, potential growth opportunities, future regulatory effects and the effects of competition. Such projections and prospects for the future refer only to the date on which they were expressed.

Given the risks and uncertainties described herein, the projections may not materialize and therefore do not constitute a guarantee of future performance. Furthermore, the future results and performance of the Institution may differ materially from those anticipated in its estimates based on, but not limited to, the risk factors mentioned in this Reference Form, many of which are beyond the control or forecasting capacity by part of the Bank. In addition, such estimates are based on assumptions that may not materialize. In view of these uncertainties and limitations, investors should not make their investment decisions solely on the basis of the estimates and prospects for the future contained in this Reference Form.

11.1. The projections must identify:

a. purpose of the projection

We have disclosed to the market the following growth estimates:

Credit: percentage of growth expected in the year of total credit portfolios, commercial credit for individuals and legal entities and real estate.

Loan portfolio provisioning levels: Expected percentage of credit provision expense in relation to the average balance of the portfolio and the balance of provisioning of loans in relation to the portfolio balance at the end of the period.

Funding: percentage of growth expected in the year in total funding.

Profitability: The expected percentage of the division of net income for the period by the average shareholders' equity.

Efficiency: The expected percentage of the sum of personnel expenses and other administrative expenses, divided by the net financial margin added to service revenues and other operating income, discounted from other operating expenses, accumulated in twelve months.

Margin: expected percentage of the net financial margin split (gross income from financial intermediation plus provisioning expenses) by average profitable assets.

b. period projected and projection validity

Projections indicate expected values for the current year. In the disclosure of results for each year (last quarter of each year), the expected indicators for the following year are disclosed. The period of validity of the projections is the current year. The revised projections are disclosed quarterly.

c. projection assumptions, pointing out which of them may be influenced by the issuer's Management and those beyond its control

Among the assumptions that are beyond the issuer's control, there are those of a macroeconomic nature: basic interest rate (Selic), TJLP, TR, price indices, exchange variation and default levels, variables whose behavior is independent of the issuer's interference, but whose prospective evolution is evaluated in the Bank through trend studies developed by the specialized technical area of the Institution, with the support of external consulting.

Assumptions influenced by the issuer's action are: asset volumes (growth), prices of assets and liabilities (fees), spreads, default levels (maximum limits in relation to the portfolio), revenue and expenditure management, variables whose evolution is subject to management from the bank. It is also assumed that projected volumes and / or estimated expenditures for the expansion and / or technological modernization, reforms and extensions, as well as expansion of the distribution network (capital budget - fixed investments) are also used.

d. guidance

Guidance	2018 Expected	2018 Reviewed
Credit Portfolio	5% to 9%	3% to 7%
Non-direct Lending - Individuals	5% to 9%	5% to 9%
Non-direct Lending - Companies	5% to 9%	-5% to -1%
Real Estate Loans	0% to 4%	3% to 7%
Allowance for Loan Losses Expenses/Credit Portfolio	3.5% to 4.5%	3.5% to 4.5%
Allowance for Loan Losses Balance/Credit Portfolio	8% to 9%	8% to 9%
Funding	8% to 12%	8% to 12%
Recurring Return on Average Shareholders' Equity	11% to 14%	12.5% to 15.5%
Efficiency Ratio	51% to 55%	50% to 55%
Net Financial Margin / Interest-Earning Assets	7% to 8%	7.5% to 8.5%

11.2 - MONITORING AND CHANGES IN DISCLOSED PROJECTIONS

11.2. If the issuer disclosed, over the last three fiscal years, its indicators growth projections:

a. inform which projections have been replaced by new ones included in the form and those repeated in the form

The indicators regarding Credit Portfolio, Non-direct Lending to Companies, Real Estate Loans, Recurring Return on Average Shareholders' Equity, Efficiency Ratio and Net Financial Margin/Interest-Earning Assets changed for the year 2018. The other indicators (Non-direct Lending to Individuals, Allowance for Loan Losses Expenses/Credit Portfolio, Allowance for Loan Losses Balance/Credit Portfolio and Funding) remain unchanged.

The projections for 2018 include the same indicators that were provided and monitored during the last three fiscal years and were first published along with the financial statements for the first quarter of 2018.

For the year 2017, the projections were disclosed in the financial statements related to 4Q16 and revised in June 2017.

b. regarding projections for periods already elapsed, compare projected data with indicators effective performance, clearly indicating the reasons for deviations in projections

Guidance 2017

Guidance	2017	
	Actual	Expected
Credit Portfolio	3.4%	3% to 7%
Non-direct Lending - Individuals	20.5%	14% to 18%
Non-direct Lending - Companies	-13.3%	-10% to -6%
Real Estate Loans	-1.1%	1% to 5%
Allowance for Loan Losses Expenses/Credit Portfolio	4.6%	4.5% to 5.5%
Allowance for Loan Losses Balance/Credit Portfolio	8.9%	8.5% to 9.5%
Funding	9.7%	10% to 14%
Recurring Return on Average Shareholders' Equity	13.5%	9% to 12%
Efficiency Ratio	52.8%	49% to 53%
Net Financial Margin / Interest-Earning Assets	8.3%	7.5% to 8.5%

Credit Portfolio

The balance of credit operations increased by 3.4%, within the levels established by the Guidance. Credit growth was mainly due to a 20.5% increase in personal commercial credit (including asset sales/transfers), a partially offset by the 13.3% reduction in corporate credit. The decrease in the corporate portfolio reflected the adjustments in the credit exposure policy, in addition to the national economic scenario.

The expansion of commercial credit operations to individuals was mainly due to the growth of payroll loans and the advance payment of the 13th salary of state employees.

The real estate loan portfolio had a balance of R$3,829 million at the end of December 2017, a decrease of 1.1% or R$44 million compared to December 2016, below the estimated estimate for the year. In the period, there was a change in the national mortgage financing policy of the Housing Finance System, in relation to the utilization value of FGTS for the acquisition of new residential properties during 2017.

Portfolio Quality

The flow and inventory of provisions as a proportion of the loan portfolio were within the expected projection range for 2017. The allowance for loan losses totaled R$2,777 million in the last month of 2017, representing 8.9% of consolidated loan portfolio, at the levels set out in the Guidance.

Provision for credit operations totaled R$1,444 million in the twelve months of 2017. The behavior of the flow of provisions in relation to the percentage of the portfolio converged to the expected signaling to the market.

Funding

Deposits and managed funds reached R$57,673 million in December 2017, 9.7% more than in the same month of the previous year, mainly explained by the expansion of the balance of deposits. However, time deposits were slightly lower than expected.

Profitability, Efficiency and Margin Indicators

The return on average equity reached 13.5% in 2017, above the expectations disclosed to the market, influenced by the stability of the financial margin, the reduction of expenses of PDD, the growth of revenues from tariffs and services and the increase in administrative expenses .

The recurring result of R$912 million in 2017 was 39.8% higher than the recurring performance registered in the previous year. The accumulated net income of R$1,053 million reflects the following extraordinary events: (1) Voluntary Retirement Plan - PAV, instituted to encourage the dismissal of employees eligible for official retirement under favorable conditions; (2) Voluntary Termination Plan - PDV, intended for employees who are full, in agencies / units linked to the Regional Superintendencies of Santa Catarina and other States; (3) recognition of the IRPJ and CSLL tax credit claim related to the lawsuit as a result of the Summer Plan, and (4) the creation of an agreement with Icatu Seguros, to market capitalization products in Banrisul's distribution channels. In addition, these events generated a net positive effect of R$141 million in the statement of income for the period.

The efficiency index reached 52.8% in December 2017, 0.7 pp. higher than the December 2016 indicator and within the projected range. The unfavorable trajectory of the indicator in the comparison between 2017 and 2016 can be explained by: stability of the financial margin, deceleration of service and tariff revenues and increase of administrative expenses, especially in relation to the purchase of the servers' payroll.

Net interest income on profitable assets reached 8.3% in 2017, within the projected range, and 0.4 pp. lower than the 2016 index. The stability resulted from the reduction of interest expenses minimized by the reduction of interest income, in a context of falling interest rates and growth of assets in treasury.

Guidance 2016

Guidance	2016	
	Actual	Expected
Credit Portfolio	-2.6%	-4% to 0%
Non-direct Lending - Individuals	17.2%	4% to 8%
Non-direct Lending - Companies	-19.6%	-19% to -15%
Real Estate Loans	1.1%	1% to 5%
Allowance for Loan Losses Expenses/Credit Portfolio	5.5%	4.5% to 5.5%
Allowance for Loan Losses Balance/Credit Portfolio	8.7%	7.5% to 8.5%
Funding	10.3%	10% to 14%
Recurring Return on Average Shareholders' Equity	10.3%	9% to 12%
Efficiency Ratio	52.1%	49% to 53%
Net Financial Margin / Interest-Earning Assets	8.7%	7.5% to 8.5%

Credit Portfolio

The balance of credit operations decreased by 2.6%, within the expected range for 2016, considered the adjustment of the advance payment operation of the 13th salary of the state employees, removed from the comparison basis (2015), settled in June 2016.

The expansion of commercial credit operations to individuals was mainly due to the reclassification of credit and debit card operations and the expansion of the payroll portfolio. The retail business portfolio, including the credits purchased on sale, increased by 17.2%, above the forecast period for the period. The advance payment of the 13th salary of the state employees of 2015, contracted at the end of that year and settled in June 2016, was removed from the information base considered for Guidance purposes.

The decrease in the corporate loan portfolio reflected the Bank's strategy of adjusting the exposure to conjunctural risks that marked the year. The evolution of corporate credit was below the expected range.

The real estate loan portfolio totaled R$3,873 million in 2016, an increase of R$43.9 million or 1.1% over the year 2015, within the estimated forecast for 2016.

Portfolio Quality

The roll-out of credit operations, especially in the corporate segment, at higher rating levels reflected in the increase in the balance and the flow of PDD in proportion to the portfolio in 2016. The allowance for loan losses amounted to R$2,639 million in the last month of 2016, representing 8.7% of the consolidated loan portfolio, showing an increase of 1.7 pp. compared to the December 2015 index. The provision balance indicator in proportion to the portfolio was above the Guidance target range.

The provision expenses for credit operations totaled R$1,668 million in the twelve months of 2016. The flow of provision expenses recorded an increase of 7.5% or R$116 million, in relation to the previous year. The behavior of the flow of provisions in relation to the percentage of the portfolio converged to the expected signaling to the market in September 2016.

Funding

Deposits and managed funds amounted to R$52,553 million in December 2016, a balance of 10.3% or R$4,903 million higher than in the same month of the previous year, a growth mainly explained by the expansion of the balance of deposits. Guidance on deposits and investment funds was achieved. Considering the funds in letters and subordinated debt, the balance reached was R$56,365 million, 8.4% or R$4,374 million higher than in 2015.

The collection of time deposits increased by R$4,390 million or 16.1% in twelve months, constituting the main instrument for increasing funding.

Profitability, Efficiency and Margin Indicators

The return on average equity reached 10.3% in 2016, within the expectation of the market in September 2016, with a reduction of 2.5 pp. in relation to 2015, reflecting a scenario that associates a smaller flow of other operating income / expenses, an increase in administrative expenses, growth in expenses with PDD, and an increase in net interest income and service revenues and bank fees.

The recurring result of R$652 million in 2016 was 14.0% lower than in 2015. The accumulated net income of R$660 million reflects the following extraordinary event: payment of the insurer's capital, as well as the resulting tax effects. This event had a positive net effect of R$7 million in the result for the period.

The efficiency ratio reached, in December 2016, 52.1%, 1.9 pp. above the December 2015 indicator and within the Guidance range. The efficiency trajectory reflects the comparison basis (the indicator for the twelve months of 2015 was favored by the partial liquidation of the subordinated debt and the exchange variation); the purchase of the payroll of the state public servants, which generated greater flow of administrative expenses; the increase in net interest income and the increase in revenues from banking services and fees.

Net interest income on profitable assets reached 8.7% in 2016, above the projected range, and 1.0 pp. above the 2015 indicator. The increase in net interest income on profitable assets reflects the preservation of spreads resulting from portfolio repricing and the strong credit collection policy.

Guidance 2015

Guidance	2015	
	Actual	Expected
Credit Portfolio	5.0%	7% to 11%
Non-direct Lending - Individuals	7.6%	8% to 12%
Non-direct Lending - Companies	-0.1%	6% to 10%
Real Estate Loans	16.7%	9% to 13%
Allowance for Loan Losses Expenses/Credit Portfolio	4.8%	3.5% to 4.5%
Allowance for Loan Losses Balance/Credit Portfolio	7.0%	6% to 7%
Funding	10.8%	10% to 14%
Recurring Return on Average Shareholders' Equity	12.8%	14% to 17%
Efficiency Ratio	50.2%	52% to 56%
Net Financial Margin / Interest-Earning Assets	7.7%	7% to 8%

Credit Portfolio

The balance of credit operations increased by 5.0%. The expansion of commercial credit operations to individuals was mainly due to the increase in personal credit. The decrease in the commercial corporate loan portfolio reflected the Bank's strategy of reducing credit exposure with a special focus on the corporate segment.

The evolution of commercial credit for individuals, corporate entities and total portfolio fell below the expected intervals for the financial year of 2015. The retail trade portfolio, excluding receivables from the sale, grew by 10.9% within the expected range of 2015.

The real estate loan portfolio totaled R$3,829 million in 2015, an increase of R$549 million or 16.7% over the year 2014, above the estimated estimate for 2015. Among the actions implemented in the twelve months, the adoption of a professional certification policy for real estate correspondents and employees working in the business, adjustments in product policy in the face of market changes, as well as compliance with Bacen Circular No. 3,757, which addresses mandatory savings deposits.

Portfolio Quality

The roll-out of credit operations, especially in the corporate segment, at higher rating levels reflected the increase in the balance and the PDD flow as a proportion of the portfolio in 2015. The allowance for loan losses amounted to R$2,252 million in the last month of 2015, representing 7.0% of the consolidated loan portfolio and an increase of 1.4 pp. compared to the December 2014 index. The provision balance indicator in proportion to the portfolio converged to the ceiling of the Guidance interval.

Provision for credit operations totaled R$1,551 million in the twelve months of 2015. The provision expenses increased by 97.8% or R$767 million, compared to the previous year. The performance of the rollover of credit operations, especially in the corporate segment, at higher rating levels reflected the increase in the balance and the flow of PDD in proportion to the portfolio of the year. The behavior of the flow of provisions in relation to the percentage of the portfolio frustrated the expectation signaled to the market in September of 2015.

Funding

Deposits and managed funds totaled R$47,650 million in December 2015, a balance of 10.8% or R$4,645 million higher than in the same month of the previous year, mainly explained by the expansion of the balance of deposits. Guidance on deposits and investment funds was achieved. Considering the resources in letters and subordinated debt, the balance reached was R$51,990 million, 8.2% or R$3,925 million higher than in 2014.

Time deposits increased by R$4,685 million or 20.8% in twelve months, being the main instrument to increase funding.

Profitability, Efficiency and Margin Indicators

The return on average equity reached 12.8% in 2015, below the expectation of the market, with a reduction of 1.1 pp. in relation to 2014, influenced by the increase in expenses with provision for credit, although the performance of net interest income, revenues from tariffs and services and the trend in administrative expenses was favorable.

The recurring result of R$759 million in 2015 was 0.7% higher than in 2014. The accumulated net income of R$849 million reflects the following extraordinary events: (i) creation of the Retirement Plan - PDA, implemented to facilitate the dismissal of employees eligible for retirement until 12/31/2015; (ii) provision of funds by Icatu Seguros S.A. for the payment of capital of the holding company Banrisul Icatu Participações S.A; (iii) increase of 5 pp. in the rate of Social Contribution on Net Income (CSLL); (iv) tax effects on non-recurring events. In addition, these events had a positive net effect of R$90 million in the result of the period.

The efficiency index reached 50.2% in December 2015, 5.1 pp. below the indicator of December 2014 and below the Guidance interval, which indicates a favorable performance. The improvement in the indicator can be explained by the favorable performance of net interest income, service and tariff revenues, the positive effect of the partial repurchase of subordinated debt and exchange variation, which offset the growth in administrative expenses.

Net interest income on profitable assets reached 7.7% in 2015, within the projected range, and 0.5 pp. higher than the 2014 index. The increase in net interest income on profitable assets reflects the contribution of revenues generated by the increase in rates and volumes of profitable assets at a higher level than the expenses incurred by the variation of balances and prices of onerous liabilities, in a context increase in basic interest rates, exchange devaluation and widening arrears.

c. as to projections related to periods still in progress, inform if projections remain valid on the delivery date of this reference form and, where applicable, explain why projections were removed or replaced

The 2018 Guidance has been included in this form and constitutes the current projection for the current period.

12 - Shareholders' Meeting and Management

12.1 - Description of the administrative structure

12.1. Describe issuer's management structure as set forth in its bylaws and internal rules and regulations, indicating:

a. duties of the board of directors and of the permanent bodies and committees that report to the board of directors, stating:

i. if they have their own internal regulations, informing the body responsible for the approval, date of approval and, if the issuer discloses these regiments, places on the worldwide computer network where these documents can be consulted

ii. if the issuer has a statutory audit committee, informing, if it is positive, its main attributions, how it works, and whether it meets the requirements of the regulations issued by the CVM regarding the matter

iii. how the board evaluates the work of the independent auditor, indicating whether the issuer has a policy of contracting for extra-audit services with the independent auditor, and informing the body responsible for approving the policy, date of approval and, if applicable the issuer discloses the policy, locations on the worldwide computer network where the document can be consulted

b. in relation to the members of the statutory board, their attributions and individual powers, indicating if the board of directors has its own internal regulations, and informing, if so, the body responsible for approval, date of approval and, if the issuer discloses the regiment, the world of computers where the document can be consulted

c. date of installation of the fiscal council, if it is not permanent, stating whether it has its own internal regulations, and, if so, indicating the date of its approval by the fiscal council and, if the issuer issues the regiment, places on the worldwide computer network where the document can be consulted:

d. if there are mechanisms to evaluate the performance of the board of directors and of each body or committee reporting to the board of directors, informing, if it is positive:

i. the periodicity of the evaluation and its scope, indicating whether the evaluation is made only in relation to the body or also includes the individual evaluation of its members

ii. methodology used and the main criteria used in the evaluation of the

iii. how the results of the evaluation are used by the issuer to improve the functioning of this body; and

iv. whether external consulting or advisory services have been contracted

As provided for in Chapter IV of the Bank's Bylaws, the Board of Directors and the Executive Board are responsible for the management of Banco do Estado do Rio Grande do Sul S/A.

a - Board of Directors

The Board of Directors shall be composed of at least 07 and at most 09 members, elected at a General Meeting of the Company and removable at any time, with a unified term of office of 02 allowed a maximum of 03 consecutive renewals.

The members of the Board of Directors are elected without specific designation, and the controlling shareholder, Rio Grande do Sul State, shall designate, among them, the Chairman and the Vice-Chairman.

In accordance with Article 28 of the Company's Bylaws, the Board of Directors is responsible for:

1. appoint the Company´s executive officers and confer on them their respective duties in accordance with the provisions of these Bylaws;
2. remove the Company´s executive officers in consultation with the controlling shareholder, the state of Rio Grande do Sul;
3. lay down the general business guidelines of the Company, in compliance with the governmental strategy of the controlling shareholder, as well as to analyze and approve the annual business plans and the long-term strategic plans presented by the Executive Board;
4. monitor the activities of the Executive Officers, examine at anytime the Company's books and documents, request information about contracts signed or are about to be signed, and any other acts;
5. decide on convening the general meeting of the shareholders when they deem appropriate or in the case of Article 132 of the Brazilian Corporate Law;
6. opine on Management´s report and accounts, approving the allocation of net income;

7. opine on the provision of guarantee by the Company, when the amount is more than 5% of the Company´s net equity in the last half-yearly balance sheet;
8. fix, annually, the sum of subsidies and grants to be distributed by the Executive Board, in compliance with the provisions of these Bylaws;
9. approve the plans and promotional budgets of the Company and its subsidiaries;
10. appoint and remove the independent auditors, in compliance with these Bylaws;
11. organize and amend the Bylaws of the Board of Directors;
12. set the maximum debt limit per client, including business group, as a percentage of the Bank´s net equity, while the Executive Board may approve credit and risk limit operations up to the limit of 3% of aforementioned net equity;
13. authorize the Company to buy back its shares under the terms of Article 6 (six) of these Bylaws, for cancellation or to be held in treasury for sale at a future date;
14. establish annually the marketing budget based on technical criteria for market monitoring and control, and focused on marketing and institutional strategy, on building and in strengthening customers and community relationship, subject to the limits established by law;
15. elect and dismiss the members of the Audit, Compensation and Risk Committees;
16. approve the operational rules of the Audit, Compensation and Risk Committees, as amended, and to have knowledge of the activities of the committees for their reports; and
17. establish Management compensation.

Audit Committee

The Company 's Audit Committee is permanent, in compliance with the requirements of the National Monetary Council, consisting of three members appointed by the Board of Directors at the first meeting to be held after the Annual Shareholders Meeting, with a two-year term of office, and who can be removed from office at any time, with reappointment being allowed up to the maximum legally permitted period.

The Audit Committee must report directly to the Board of Directors.

Appointment to membership of the Audit Committee is open to individuals resident in Brazil, with a higher education qualification and technical training compatible with the attributions of the position, in addition to fulfilling the conditions for holding office on statutory bodies of financial institutions and other institutions authorized to function by the Central Bank of Brazil. - At least one member of the Audit Committee must have proven knowledge of accountancy and auditing that qualify him/her for the position.

The Audit Committee holds regular meetings, in accordance with the operational rules of its operation, and extraordinary meetings, when necessary, validly deliberating, whenever present to all its members.

Pursuant to Section 53 of the Company's bylaws, it is the remit of the Audit Committee to:

1. establish the operating rules for its own functioning, which must be approved by the Board of Directors in writing and placed at the disposal of the shareholders;
2. prepare an annual workplan, containing a schedule of activities, with definition of the nature and extent of the information required to conduct the works and carry out the activities;
3. submit the technical report to the Company's management about the firm to be hired to provide independent audit services, as well as recommend the replacement of the firm providing such services, if it deems necessary, subject to the legal norms governing the Company´s rules for contracting;
4. review, before publication, the quarterly and half-yearly financial statements, including the notes, management´s report and report of the independent auditor;
5. evaluate the effectiveness of the independent and internal audits, including with regard to compliance with the legal and normative provisions applicable to the institution, in addition to the internal regulations and codes;
6. evaluate the Bank management´s compliance with the recommendations made by the independent and internal auditors;
7. establish and report the procedures for receipt and treatment of information about noncompliance with the legal and normative provisions applicable to the Company, in addition to the internal regulations and codes, including the estimate of specific procedures for protecting the provider and the confidentiality of the information;
8. recommend to the Bank´s Executive Board, rectification or improvement in policies, practices and procedures identified within the scope of its duties;
9. meet at least once a quarter with the Company's Executive Board, with the Independent Audit firm and with the Internal Audit to check compliance with its recommendations or inquiries, including those relating to the planning of the respective audit work, formalizing the proceedings of such meetings in minutes;
10. meet the Fiscal Council and the Board of Directors based on their request, to discuss the policies, practices and procedures identified within the scope of their respective powers;

11. invite to participate in its meetings members of the management, employees, service providers or other collaborators holding relevant information or in case the items of the agenda are pertinent to their area of operation;
12. annually assess the performance and general efficacy of the Committee by means of a self-evaluation, sending the result of this work to the Board of Directors;
13. carry out other functions established by the Brazilian Central Bank and by applicable law; and
14. prepare, at the end of the semesters ended June 30 and December 31, a document called the audit committee report containing the following information: (i) the activities exercised in the period within the scope of its powers; (ii) evaluation of the effectiveness of the institution´s internal control systems, with the focus being on compliance with norms laid down by the Brazilian Central Bank, and pointing out the shortcomings detected; (iii) description of the recommendations submitted to the Executive Board, with those not followed and the respective justification; (iv) evaluation of the effectiveness of the independent audit and internal audit, including with regard to checking of compliance with legal and normative provisions applicable to the institution, besides the internal regulations and codes, with evidence of shortcomings detected; and (v) evaluation of the quality of the financial statements relating to the respective periods, with the focus on the application of accounting practices adopted in Brazil and compliance with the norms of the Brazilian Central Bank, evidencing any shortcoming detected.

Eligibility and Compensation Committee

The Eligibility and Compensation Committee, appointed by the Board of Directors of the Bank, which operates on behalf of the Company and its subsidiaries, consists of three members, individuals who are resident in Brazil, with a graduate professional background and technical qualification that is compatible with the attributions of the job, in addition to fulfilling the conditions for performance in positions of statutory bodies of financial institutions and other that are authorized to operate by the Central Bank of Brazil, with a term of office of three years, subject to removal from office at any time, yet eligible for reappointment up to the maximum legally permitted period.

Pursuant to Article 63 of the Bylaws of the Company, it is incumbent upon the Compensation Committee:

1. To assist the controlling shareholder in the analysis of requirements for indication and evaluation of the Management, members of the Fiscal Council and Statutory Committees;
2. To prepare the compensation policy for the Administrators of the Company and its subsidiaries, proposing the various forms of fixed and variable compensation to the Board of Directors of the Bank and its subsidiaries, as well as the benefits and specific recruitment and severance packages;
3. To supervise the implementation and operation of the compensation policy for the Administrators of the Bank and its subsidiaries;
4. To review the compensation policy of the Administrators of the Bank and its subsidiaries on an annual basis, recommending any relevant corrections or improvements to the respective Boards of Directors;
5. To propose to the Board of Directors of the Bank and its subsidiaries the total compensation of the Administrators to be submitted to the respective Annual Shareholders' Meetings, pursuant to Article 152 of Brazilian Corporate Law 6404 of 1976;
6. To evaluate future scenarios, both internal and external, and their possible impacts on the compensation policy of the Administrators of the Bank and its subsidiaries;
7. To analyze the compensation policy of the Administrators of the Bank and its subsidiaries in relation to market practices, with a view to identifying any significant discrepancies and proposing any necessary adjustments;
8. To ensure that compensation policy of the Administrators of the Bank and its subsidiaries is permanently compatible with the institutions' risk management policy, targets and current and expected financial situation;
9. To request clarification from the Boards of Executive Officers of the Bank and its subsidiaries or any of their members;
10. To invite employees with proven knowledge of their field to provide additional clarifications; and
11. To obey any other attributions determined by the Brazilian Central Bank.

Risk Committee

The Company's Risk Committee will consist of at least 03 and at most 05 members, with a term of two years, appointed and removable by the Board of Directors of the Company at any time, in accordance with the National Monetary Council rules.

The Risk Committee shall hold ordinary meetings once a month, in accordance with its operational rules, and extraordinary meetings whenever required.

Pursuant to Article 67 of the Bylaws of the Bank, the Risk Committee shall coordinate its activities with those of the Audit Committee and shall have powers to:

1. propose, at least annually, recommendations to the Board of Directors with respect to the matters mentioned in Article 48, item II of National Monetary Council Resolution 4557;
2. assess the risk appetite established in the Risk Appetite Statement of the Company and the strategies for its management, considering the risks individually and in an integrated manner;

3. supervise the activities and the performance of the officer appointed by the Company to manage risks (CRO);
4. supervise the Executive Board's compliance with the terms of the Risk Appetite Statement of the Company;
5. assess the level of adherence of the risk management framework processes to the established policies; and
6. keep records of its resolutions and decisions.

Committees assisting the Executive Board

The Company also has bodies to assist the Executive Board, namely: a) Banking Management Committee, b) Economic Management Committee, c) Business Management Committee, d) Administrative Management Committee, e) Internal Controls Management Committee, f) Information Technology Management Committee, g) Credit Committee, h) Personnel Management Committee, i) Marketing Management Committee, j) Asset Pricing Committee, k) Investment Committee, l) Corporate Risk Committee, m) Treasury Committee, n) Credit Restructuring Management Committee, o) Corporate Risk Management Committee.

Each Committee shall have at least four and at most 12 members. Members of the Committees will be the Unit Superintendents, Superintendent of Advisory Boards and the Controller, named by the Executive Board, and, by appointment of the Executive Board, administrators of companies in which Banrisul participates with 50% or more of the capital stock. The Banking Management Committee will consist of Directors and Coordinators of other Committees.

Subject to specific internal regulations, to committees that act as bodies assisting the board of directors on matters pertaining to its respective area, after being submitting them to the Executive Board for discussion. The Executive Board may establish the authority of the Committees, within the limit of which they shall have resolution powers.

The Company's decisions are made on a joint basis for all decision levels.

b – Board of Executive Officers

The Company 's Executive Board, with executive duties, is composed of a Chief Executive Officer, a Vice-President and up to seven Officers, shareholders or not, resident in Brazil, and who have technical skills that are compatible with the duties of the position, which should be demonstrated on the basis of academic background or professional experience or on matters deemed to be relevant, by means of documents.

One of the Executive Officers shall be exclusively in charge of the Asset Management Department, pursuant to the regulations of the National Monetary Council and the Brazilian Securities and Exchange Commission, and shall not be accountable for other activities affecting the Department.

One of the members of the Executive Board will be responsible for the Investor Relations Department, which may be accumulated with functions of the Executive Board, under the terms of the regulations issued by the Brazilian Securities and Exchange Commission.

The Chief Executive Officer, the Vice-President and other members of the Executive Board shall be elected or reelected by the Board of Directors for a term of three years.

The Chief Executive Officer and the Vice-President shall necessarily be chosen among the Directors.

One of the members of the Executive Board shall be selected from among employees with more than ten years of service provided directly to the Bank and who have technical skills that are compatible with the duties of the position, which should be demonstrated on the basis of academic background or professional experience or on matters deemed to be relevant, by means of documents.

The positions of Vice-President and Director may be accumulated with the duties of the Executive Board.

The term of office of the occupants of positions on the Executive Board will last until such time as their replacements take office.

Pursuant to Article 36 of the Bank's Bylaws, the Executive Board's responsibilities and duties are:

1. complying with and ensuring that the Bank's fundamental laws and the decisions of the Shareholders' and the Board of Directors' meetings are complied with;
2. proposing to the Board of Directors, by the Board of Directors' last ordinary meeting of the previous year, the Company's business and operations plan for the following year;
3. organizing the Bank's internal service regulations and amending them when convenient;
4. authorizing the provision of guarantees, the sale of assets and the transfer or waiving of rights, subject to the applicable provisions of the Bylaws;
5. establishing general and uniform norms for the appointment, promotion, punishment, dismissal, leaves, absences, salaries, bonuses and other benefits for employees who do not occupy positions of trust, delegating the authority for execution of these norms;

6. creating, changing and removing positions of trust, determining the amounts of their respective commissions and benefits, and appointing, punishing, dismissing, granting leave to the holders of such positions;
7. distributing and investing the profits earned, respecting, within the limits of each half-year's earnings, the compulsory requirement for distribution of fixed and minimum dividends set forth by these Bylaws and the other legal norms and regulations about dividends in kind;
8. creating and removing agencies and representations in any location in the country and abroad;
9. preparing, reviewing and present to the Board of Directors on an annual basis, by the Board of Directors' last ordinary meeting of the previous year, a long-term strategic plan containing an analysis of risks and opportunities for, at least, the next five (5) years, indicating the main guidelines about the management policy, human resources, investments and technology, products and services

Is it incumbent upon the CEO:

1. coordinating the Executive Board meetings, exercising, in addition to his vote, the casting vote in case of a tie in decisions;
2. ensuring that the decisions taken in Shareholders', Board of Directors' and the Board of Executive Officers' meetings are carried out, and ensuring that the Bank's basic principles are complied with;
3. representing the Bank, both actively and passively, in court or in its relations with third parties, in order to contract loans, sell assets and properties, waive and renounce rights;
4. constituting the Bank's attorneys-in-fact, specifying in the instrument the actions or operations they can practice and the duration of such power of attorney which, in case of judicial power of attorney, may be for an indefinite period;
5. appointing the Company's representatives;
6. submitting to Shareholders' Meetings the annual report on the Company's operations and the Executive Board's management, evidenced by the respective financial statements, after consulting the Board of Directors on such documents;
7. exercising other duties assigned thereto by the Board of Directors;
8. appointing and removing the Ombudsman.

According to the Company's Bylaws, in case of vacancy, absence or temporary impediment of the Chief Executive Officer, the Vice-President shall replace the former, in which case the latter shall validly perform the aforementioned acts.

When the Vice-President is unable to replace the Chief Executive Officer, any of the Executive Officers, whether or not these have a specific designation, shall temporarily or permanently replace the Chief Executive Officer, in which case the Executive Officer shall validly perform the acts under the replaced Executive Officer's responsibility.

The vacancy, absence or temporary impediment referred to in the Bylaws do not depend on notice or notification to third parties and may be characterized by the replacement's simple signature in the acts under the replaced Executive Officer's responsibility.

The Bylaws do not assign individual duties and powers to the remaining Executive Officers.

c – Fiscal Council

The Company 's Fiscal Council is permanent and composed of five members and an equal number of alternate member members elected annually by the Annual Shareholders Meeting. In order to be eligible to be a member of the Fiscal Council individuals have to be resident in the country, have professional training at a senior level and experience in the performance of executive functions in the senior management of institutions that are part of the National Financial System or of other companies.

The Fiscal Council, in addition to the duties and powers assigned thereto by the Brazilian Corporate Law, must meet when convened by the Board of Directors or the Executive Board and submit a report on the matters submitted thereto.

d. mechanisms for evaluation for the performance of each body or committee and of its members, identifying the method used

There are no mechanisms for evaluating bodies or committees.

12.2 - RULES, POLICIES AND PRACTICES REGARDING SHAREHOLDERS' MEETINGS

12.2. Describe the rules, policies and practices regarding Shareholders' Meetings, showing:

a. call notice period

The Company's Shareholders' Meetings are called at least 15 days prior to the meeting at first call and eight days prior to the meeting at second call, pursuant to the Brazilian Corporate Law.

b. powers

The powers comply with the legal requirements, and subsidiarily, with the Company's bylaws.

c. addresses (physical or electronic) in which the documents regarding the Shareholders' Meetings will be available to shareholders

The documents regarding the meetings' Agenda shall be made available to Shareholders at Banrisul's Head office and on its IR website, at www.banrisul.com.br/ri – Corporate Governance - Meetings of Statutory Bodies – Meetings – AGM/EGM, as well as on the websites of B3 S.A. – Brasil, Bolsa, Balcão. (www.b3.com.br) and the CVM (www.cvm.gov.br).

d. identification and management of conflicts of interests

The rules established by Brazilian legislation apply to the Company, without adopting any specific mechanism for identifying conflicts of interest at the General Meetings.

e. request of powers of attorney by the management for exercising voting rights

As presented in the Management Proposal. Public requests for power of attorney to exercise voting rights are carried out in accordance with the rules established in CVM Instruction 481/09, as amended.

f. formalities needed to accept the powers of attorney granted by shareholders, indicating whether the issuer requires or waives notarized signature, consular certification and sworn translation and whether the issuer admits powers of attorney granted by shareholders via electronic means

In accordance with Paragraph 1 of Article 126 of Law 6404/76, shareholders may be represented by their respective attorneys-in-fact. Aiming to organize the Shareholders' Meeting, the power of attorney and the other corporate acts, duly certified, with notarized signature, subject to sworn translation, if applicable, evidencing that the representation is regular may, at the shareholder's discretion, be deposited at the Company's head office, located at Rua Capitão Montanha, 177, 4o andar - Secretaria Geral, in this capital city, preferably within 48 hours prior to the date when the Shareholders' Meeting is expected to be held.

g. necessary formalities for acceptance of the absent vote bulletin, when sent directly to the company, designating if the issuer requires or waives signature certification, notarizing and consular certification

Shareholders may participate in the Shareholders' Meetings held in 2017 through absent voting, as per CVM Instruction 481/09, as amended.

Shareholders choosing to exercise their absent voting rights must send their vote bulletin directly to the Company together with the following documents:

a) Physical copy of the Vote Bulletin: available in a printable version on the Investor Relations website http://ri.banrisul.com.br - Corporate Governance – Shareholders' Meetings. The bulletin should be fully completed, all its pages should be initialed, and the last page should be signed by the shareholders or their legal representatives. All signatures must be duly notarized; and

b) Identification and/or Representation Documents: corporate shareholders should sent notarized copies of the latest restated versions (and amendments thereto) of their articles of association, bylaws or regulations, evidence of election of the administrators or managers, as the case may be, and their identity cards with a picture of their legal representatives. Individuals should send a notarized copy of their identification documents with a picture of the shareholder. Documents issued abroad should be legalized or apostilled, together with their respective sworn translation.

All documents referred to above have been received by the Company at the address - Banco do Estado do Rio Grande do Sul - Rua Caldas Junior, 108, 7º andar, Centro, Porto Alegre/RS, 90018-900, A/C Investor Relations Unit – as set forth in the Manual of the Meetings.

Once the documents referred to in items "a" and "b" above have been received, the Company will notify the shareholder of their receipt and their acceptance, as the case may be, pursuant to CVM Instruction 481/09, as amended, through the electronic address indicated on the ballot paper.

The information on possible disregard of the Bulletin and related documents will be sent by the Company through the electronic address provided by the shareholder in the Bulletin, along with the necessary guidelines for its rectification. In this case, the Bulletin eventually rectified by the shareholder and the relevant documentation shall also be received by the Company by the deadline stated in the Manual of the Meetings.

h. if the company makes available an electronic system of receipt of remote voting forms or remote participation forms

The Company does not provide its own electronic system for the receipt of a Distance Voting Bulletin.

i. instructions for the shareholders or group of shareholders to include resolution proposals, platforms or candidates to be members of the board of directors and of the Audit Committee in the distance voting bulletin

As from the year 2017, the appointment of candidates or inclusion of proposals in the distance voting bulletin are made as provided for in articles 21-L to 21-K of CVM Instruction No. 481/09, as amended, in accordance with the percentages informed in the tables included in Exhibit 21-L-I and 21-L-II of said Instruction.

Requests for inclusion of candidates or proposals were sent in writing to the Investor Relations Officer within the legal terms and included the documents mentioned in article 21-M, II of Instruction 481/09, as amended.

j. if the company makes available forums and pages on the internet aimed at receiving and sharing shareholders' comments on the Shareholders' Meetings' agendas

There is none.

k. other information that is necessary for absent participation and for the exercise of distance voting

Regarding Shareholders' Meetings, shareholders who choose to exercise absent voting rights should send their Bulletins duly completed to the Bookkeeper, Custodian, or directly to the Company, in accordance with the information detailed in the Management's Proposal to be voted by the shareholders and included in the Manual of Shareholders' Meetings available on the websites of Banrisul (http://ri.banrisul.com.br); CVM (http://www.cvm.gov.br/); and B3 S.A. – Brasil, Bolsa, Balcão (http://www.b3.com.br).

12.3 - Rules, policies and practices regarding the Board of Directors

12.3. Describe the rules, policies and practices regarding the Board of Directors, showing:

a. number of meetings held in the last fiscal year, discriminating between number of annual and special meetings

During 2018, 12 ordinary and 15 extraordinary meetings were held.

b. provisions of the shareholders' agreement, if any, which establish a limitation to or condition for exercising the directors' voting rights

There is no shareholders' agreement for Banrisul.

c. rules for identifying and managing conflicts of interest

Within the ambit of the Board of Directors, the Company identifies and manages the conflicts of interest basing itself on applicable legal standards, in particular to the provisions of article 156 of the Brazilian Corporate Law.

d. if the issuer has a policy of appointment and filling positions of the board of directors formally approved, informing, if so:

i. body responsible for approving the policy, date of approval and, if the issuer discloses the policy, locations on the worldwide computer network where the document can be consulted

ii. main features of the policy, including rules on the procedure for nominating members of the board of directors, the composition of the board and the selection of its members

12.4 - DESCRIPTION OF THE COMMITMENT CLAUSE FOR CONFLICT RESOLUTION THROUGH ARBITRATION

12.4. The commitment clause, if any, included in the Bylaws for resolution of conflicts between shareholders and between the latter and the issuer by means of arbitration

The commitment clause is provided for in the Company's Bylaws, as follows:

"Art. 92 - Disputes related to Regulations of Level 1 Corporate Governance Practices, these Bylaws, any shareholders' agreements filed at the Company's head office, provisions of Law 6404/76, norms of the National Monetary Council, Brazilian Central Bank, the CVM, regulations of the BOVESPA and other norms relating to the functioning of the capital markets in general, or arising from such norms, shall be resolved by means of arbitration held according to the Regulation of the Market Arbitration Panel instituted by the BOVESPA."

12.5/12.6 - Composition and professional experience of management and the fiscal council

12.5. In relation to each of the issuer's managers and fiscal council members, indicate, in table format:

a. information about:

i. main professional experience during the last 5 years, indicating:

- the company's name and sector of business
- position
- whether or not the company is part of (i) the issuer's economic group or is controlled by one of the issuer's shareholders who has a direct or indirect stake equal to or greater than 5% of a single class or type of security of the issuer

ii. indication of all management positions that he/she holds in other companies or organizations in the third sector

b. Description of any one of the following events that occurred in the last 5 years:

i. any criminal conviction
ii. any conviction in CVM's administrative proceedings and the penalties applied
iii. any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him/her from engaging in any professional or commercial activity

12.6. In relation to each of the individuals who acted as members of the Board of Directors or the Fiscal Council in the last year, give details, in table format, of the percentage of attendance at the meetings held by the respective body during the aforesaid period, which took place after he/she had taken up their position

Board of Executive Officers

Name	**Ricardo Richiniti Hingel**
Individual Taxpayer's ID (CPF)	238.182.470-72
Date of birth	02/14/1957
Profession	Economist
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Asset Management Officer
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Asset Management Officer (since 2018). Banrisul: Chief Financial and Investor Relations Officer (2007 to 2010 and 2015 to 2018). Banco BTG Pactual S.A: Regional Executive Officer (04/2010 to 12/2011). Academic background: Graduated in Economics from the Economics School of the Federal University of Rio Grande do Sul in 1979.

As informed, Ricardo Richiniti Hingel is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Osmar Paulo Vieceli
Individual Taxpayer's ID (CPF)	267.411.800-87
Date of birth	09/29/1958
Profession	Bank Employee
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Chief Commercial Officer
Election date	11/07/2016
Investiture date	12/05/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Regional Superintendent in the Southern region, 1999 to 2011; Regional Superintendent in the Central region, 2001 to 2008; Regional Superintendent in the Serra region, 2008 to 2016. Academic background: Graduated in Economics from Universidade de Santa Cruz do Sul and postgraduate in MBA in Banking Services Management at Instituto Brasileiro de Gestão de Negócios (IBGEN).

As informed, Osmar Paulo Vieceli is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Julio Francisco Gregory Brunet
Individual Taxpayer's ID (CPF)	291.549.870-91
Date of birth	07/17/1956
Profession	Economist
Management body	Belongs only to the Executive Board
Elective position held	12 - Chief Investor Relations Officer
Description of other jobs/positions	
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	Planning and Service Channels Officer

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul's Planning, Service Channels and Investor Relations Officer. Chairman of the Board of Directors of Banrisul Armazéns Gerais since April 2015. Degree in economics from the Federal University of Rio Grande do Sul; Degree in Electrical Engineering from PUCRS and Master in Economics - PUCRS Regional Development, also held the positions of: Economic Analyst in Iochpe Investment Bank; Economist in the area of Public Finance of Economics and Statistics Foundation; Presidency Advisor for Economic Affairs in Corsan; International Cooperation Coordinator in the Special International Affairs Secretary for the RS, Auditor of Public Finance and Fiscal Agent of the Treasury of the State at the Finance Secretary of the RS; Technical Planning in the Department of Coordination and State Planning. Gazetted officer for Technical positions in Department of Planning Coordination and Planning and Fiscal Agent of the State Treasury.

As informed, Julio Francisco Gregory Brunet is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Jorge Fernando Krug Santos
Individual Taxpayer's ID (CPF)	395.712.110-87
Date of birth	03/26/1959
Profession	Systems Analyst
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Information Technology Officer
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage of Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Information Technology Officer; Executive Superintendent of the IT Security Unit at Banrisul, 2007-2015. Academic background: Graduated in System Analysis from PUCRS with a graduate degree in Software Engineering from the University of the State of Rio Grande do Sul.

As informed, Jorge Fernando Krug Santos is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Oberdan Celestino De Almeida
Individual Taxpayer's ID (CPF)	210.989.210-20
Date of birth	01/15/1959
Profession	Economist
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Credit Officer
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage of Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Credit Officer; Regional Superintendent, 1988-1999 and 2003-2011. Academic background: Graduated in Economics from Universidade de Ijuí (Unijui), with an MBA in Banking Management from the Federal University of Rio Grande do Sul (UFRGS).

As informed, Oberdan Celestino De Almeida is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Suzana Flores Cogo
Individual Taxpayer's ID (CPF)	538.611.830-72
Date of birth	10/18/1969
Profession	Attorney
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Chief Administrative Officer
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Chief Administrative Officer; Chief Financial and Administrative Officer at Banrisul Icatu Participações S.A., and at Rio Grande Seguros S.A. From 2015 up to the present date. Brazilian Institute of Corporate Governance: Sitting member of the Commission of Governance in Financial Institutions since 2009. Academic background: Graduated in Law from Universidade de Passo Fundo (UPF), 1993; with a graduate degree in Economic Law and Corporate Law from the Graduate School in Economics of the Getulio Vargas Foundation, 2000.

Suzana Flores Cogo is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Jorge Luiz Oliveira Loureiro
Individual Taxpayer's ID (CPF)	250.281.030-20
Date of birth	08/13/1957
Profession	Economist
Management body	Belongs only to the Executive Board
Elective position held	19 - Other Officers
Description of other jobs/positions	Chief Financial Officer
Election date	05/09/2016
Investiture date	08/09/2016
Term of office	Until the 1st BDM to be held following the ASM of 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Chief Financial Officer (since 2018). Banrisul: Asset Management Officer (2016 to 2018). Fundação Banrisul de Seguridade Social: Chief Financial Officer, 1999-2011. Academic background: Graduated in Economics from PUCRS, 1980; with a graduate degree in Economic Engineering and Banking Administration from FEE, 1986; a graduate degree in Banking Administration from the Brazilian Association of the Commercial State Banks (ASBACE), 1986, and a graduate degree in Strategic Management from the Social Security Affairs Development Institute (IDEAS), 2006.

As informed, Jorge Luiz Oliveira Loureiro is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Board of Directors

Name	Luiz Gonzaga Veras Mota
Individual Taxpayer's ID (CPF)	287.319.640-87
Date of birth	12/13/1958
Profession	Economist
Management body	Belongs to the Executive Board and Board of Directors
Elective position held	31 - Vice Chairman of the Board of Directors and CEO
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2019.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	CEO of Banrisul

Professional Experiences / Representation of any convictions / Independence criteria

CEO of Banrisul since April 2015. He is also CEO of Banrisul Cartões S.A. and member of the Board of Directors of Banrisul, of the Board of Directors of Rio Grande Seguros and of the Deliberative Board of Sebrae/RS. He has been President of the Association of Banks in the State of Rio Grande do Sul since July 2017 and has been a member of FEBRABAN's Board of Directors since March 2017. He has held the positions of Asset Management Officer and Chief Financial Officer at Banrisul; and Director at Companhia União de Seguros Gerais. At Banrisul since 1979, he was head of Real Estate Credit, Risk Management, Finance and Organization and Methods Departments; Regional Superintendent and Executive Superintendent of the Commercial Retail Unit and of the Financial Unit. He acted as Coordinator of the Technology and Business Committees, Funding and Allocation of Resources and Economic Management, and integrated the Committees of Credit, Commercial Management and Corporate Risks. He is an Economist, postgraduate in Administration and Finance, with specializations in Accounting, Banking Administration and Marketing.

As informed, Luiz Gonzaga Veras Mota is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended

Name	Irany de Oliveira Sant'Anna Júnior
Individual Taxpayer's ID (CPF)	339.511.440-68
Date of birth	02/24/1960
Profession	Federal Public Servant
Management body	Belongs to the Executive Board and Board of Directors
Elective position held	34 – Member (Sitting Member) and Deputy CEO
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	Vice President of Banrisul

Professional Experiences / Representation of any convictions / Independence criteria

CEO of Banrisul Administradora de Consórcios since April, 2015. Deputy CEO and Board Member of Banrisul. Chairman of the Board of Directors of Banrisul Cartões S.A. At the Central Bank of Brazil, he served as Deputy Chief of the Banking Supervision Department (2013/2015); Technical Manager of the Banking Supervision Department for the Southern Region (2009/2013); Supervisor (1998/2009); Inspector (1995/1998); Inspection Analyst (1994/1995). Economic and Financial consultant and independent investment agent at Fininvest CFI and Bozano Simonsen DTVM (1984/1993); Advisor to the Board of Formac (1982/1983). Economist graduate in UFRGS.

As informed, Irany de Oliveira Sant'Anna Júnior is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended

Name	João Verner Juenemann
Individual Taxpayer's ID (CPF)	000.952.490-87
Date of birth	02/16/1940
Profession	Accountant
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	-
Other jobs and positions held at the issuer	Member of the Audit Committee

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Board Member; Coordinator of the Audit Committee (since 2015) and member of the Compensation Committee (2015-04/2018). Brazilian Corporate Governance Institute: Member of the Nominating Committee of the Board of Directors (2011/2017) and Member of the Board of Directors (2005/2018). Dimed S.A. Distributor of Medications: Coordinator of the Audit and Risk Committee (2016/2018) and effective member of the Fiscal Council (2009-2015). Tupy S.A .: Member of the Audit and Risk Committees (2009/2017). Kablin S.A .: Effective member of the Fiscal Council (2017). Saraiva S.A. Book Publishers: Effective member of the Fiscal Council (2014/2017). Paquetá Calçados Ltda: Member of the Audit and Risk Committees (2016/2017). College of Vowels of the FACPC - Foundation of Support to the Accounting Pronouncements Committee: President (2015/2017). Forjas Taurus S.A .: Board Member and coordinator of the Audit and Risk Committee (2014/2016). Institute of Management Development S.A. (Falconi Consultores de Resultados): Chairman of the Fiscal Council (2011/2016). Sonae Sierra Brasil S.A .: Effective member of the Fiscal Council (2014/2015). Plascar Participações Industriais SA: Effective member of the Fiscal Council (2013/2015). Banco Indusval SA: Effective member of the Fiscal Council (2012/2015). Minerva S.A: Effective member of the Fiscal Council (2012). Academic background: Graduated in Accounting and Actuarial Sciences from PUCRS, 1962 and Business Administration from UFRGS, 1971, with Post Graduation in Auditing by UFRGS, 1965.

As informed, João Verner Juenemann is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Marco Antônio Mayer Foletto
Individual Taxpayer's ID (CPF)	480.083.380-91
Date of birth	03/24/1970
Profession	Accountant
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2019
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Postgraduate in Global Business Management by IBMEC/SP (2008) and in Business Management by UFRGS (2006). Bachelor Degree in Accounting from UFRGS (2001). Executive carreer built in Brazil, Mexico, USA and India, in multinational companies in auto parts, aviation, machinery and equipment, steel and technology industries, acting in Internal Audit, Risk Management, Compliance, Controllership and Finance. Currently, he is the Independent Board Director of Banrisul and Transpetro, Independent Member and Chairman of the Audit Committees of Corsan and Transpetro and Audit Committee Independent Member of Hospital de Clínicas of Porto Alegre. Previously, he worked as Business Development Consultant focused on innovation and technology (2017-2018). Supervisory Board Member at INDG S.A. (Falconi) from 2015 to 2017. CFO at Superbac Biotech (2016). Audit Director at CSN (2015-2016). Chief Financial Officer at RSB Transmissions (2014-2015). Board Director and Controller at Gerdau India (2012-2014). Audit Director at TAM (2009-2010). Internal Audit Corporate General Manager at Gerdau (2004-2009). Global Compliance Senior Manager - Netherlands and Mexico (2003-2004) and Senior Manager of Finance, Logistics and Purchasing (2002-2003) at York International. Cost Controller at Dell (1999-2002). Controller at Iochpe-Maxion (1992-1998).

As informed, Marco Antônio Mayer Foletto is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Dílio Sérgio Penedo
Individual Taxpayer's ID (CPF)	024.211.787-20
Date of birth	07/05/1942
Profession	Engineer
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/11/2018
Investiture date	08/07/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2019
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul S.A: Board Member (since 2009). TEKNO S.A. - Industry and Commerce: Administration Advisor (since 2016). EMBRATEL Participações and EMBRATEL SA: Board of Directors (1995 - 2015). Education: Electronic Engineer, graduated from the Polytechnic School of the Catholic University of Rio de Janeiro. Specializations in the area by the Center National d'Études des Télécommunications - CNET of Paris, France and by the Center for Telecommunications Studies of PUC-RJ.

As informed, Dílio Sérgio Penedo is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Ademar Schardong
Individual Taxpayer's ID (CPF)	199.486.200-97
Date of birth	11/27/1955
Profession	Lawyer
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	Member of the Risk Committee

Professional Experiences / Representation of any convictions / Independence criteria

He has worked for 35 years in the executive career of the Sicredi System (President of the Central Sicredi Sul 1986-1995, President of the Sicredi Cooperative Bank 1995-2015, President of the Sicredi Confederation 2008-2015, President of the Sicredi Foundation 2008-2015). He is currently the Business Consultant and Director of Icatu Holding S/A (since 2017) and RG Seguros e Previdência S/A. (since 2017). Graduated in Law from Lutheran University of Brazil (2002); studying the Master's Degree in Business and Business Law from Unisinos. IBGC Certified Management Advisor.

As informed, Ademar Schardong is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Claudio Coutinho Mendes
Individual Taxpayer's ID (CPF)	373.256.207-72
Date of birth	01/31/1957
Profession	Economist
Management body	Belongs only to the Board of Directors
Elective position held	22 - Board of Directors Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

He has worked as Chief Financial Officer at the National Bank for Economic and Social Development - BNDES (2016-2017); as Co-founder and Co- Director at Mare Investimentos Ltda. (2010-2016); as Founder and President of Banco CR2 de Investimentos S.A. (2000-2013); as Asset Manager (1986-1987), Sales Manager (1988-1989), Vice President of Sales (1989-1991) and Partner - Vice President (1991-1999) at Banco BBM S.A .; as Investment Manager at Schahin Cury Corretora (1985-1986); as Engineer of Seaports and Marine Construction Projects at Dolfim Engenharia S.A. (1982-1984). He holds a Bachelor's Degree in Civil Engineering from UFRJ (1982) and in Economics from UERJ (1986).

As informed, Claudio Coutinho Mendes is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Márcio Gomes Pinto Garcia
Individual Taxpayer's ID (CPF)	610.808.537-15
Date of birth	05/25/1960
Profession	Economist
Management body	Belongs only to the Board of Directors
Elective position held	22 - Board of Directors Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Márcio Garcia holds a PhD from the Economics Department, Stanford University (1991), Master of Economics from Stanford (1990) and PUC-Rio (1987) and production engineer from the School of Engineering of UFRJ (1982). He is an Associate Professor at the Department of Economics of PUC-Rio. He has held the chief position of the Department of Economics (1999-2002), postgraduate coordination (1997-2000) and graduation coordination (1991-1993). His areas of research are international finance (open macroeconomics) and monetary and fiscal economics, working mainly on the following topics: capital flows, capital flows controls, exchange rate, exchange rate intervention, inflation, monetary policy, public debt and the financial system . During 2013, he was visiting scholar at the Sloan School of Management (MIT) and at NBER, with a postdoctoral fellowship from CNPq. In 2014, he was Tinker Visiting Professor at Stanford University. In 2002/3, he held postdoctoral degrees at the Economics Department, Stanford University. His recent article FX INTERVENTIONS IN BRAZIL: SYNTHETIC CONTROL APPROACH, published in 2017 in the Journal of International Economics, won the Haralambos Simeonidis Award from ANPEC for best article. He is a researcher at CNPq and Cientista Nosso Estado, from FAPERJ. He is a member of the Bellagio Group.

Márcio Gomes Pinto Garcia is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Ramiro Silveira Severo
Individual Taxpayer's ID (CPF)	004.630.420-77
Date of birth	01/25/1985
Profession	Economist
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Ramiro Silveira Severo has been a Strategy Consultant/Manager (since 2016), was Case Team Leader (2014 - 2015) and Analyst/Consultant (2008 - 2010 and 2012 - 2014) at Bain & Company; Management Advisor at the Planning and Management Secretariat (2007 - 2008) and at the Extraordinary Secretariat of Irrigation (2007) in the Government of the State of Rio Grande do Sul. He holds a degree in Economics from the Federal University of Rio Grande do Sul (2008) and an MBA from Columbia Business School - NY (2012).

Ramiro Silveira Severo is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Jorge Luís Tonetto
Individual Taxpayer's ID (CPF)	468.990.140-68
Date of birth	12/16/1966
Profession	State Public Servant
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

He held the position of Municipal Secretary of Finance of Porto Alegre from 2014 to 2016, being Tax Audit of State Revenue of the Secretariat of Finance of RS since 1993. He was Technical Director of ABRASF and GEFIN/CONFAZ. He is Professor of Economics in International Finance and Economics of the Public Sector in the Economics course of PUCRS. He has experience in the areas of Public Finance, Economics, Public Administration and Information Technology. He is currently Deputy Secretary of State Finance of RS. He holds a bachelor's degree in Economics from the Pontifical Catholic University of Rio Grande do Sul (1991) and a degree in Juridical and Social Sciences from the same University (1992). He holds a postgraduate degree as a specialist in Economic Integration and International Tax Law (FGV/ESAF/European Union) and also in Teory and Operation of Modern National Economy (George Washinton University). He holds the titles of Specialist in Systems Management (UFRGS) and Specialist in Political Science (PUCRS).

Jorge Luís Tonetto is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Rafael Andréas Weber
Individual Taxpayer's ID (CPF)	705.825.720-53
Date of birth	05/23/1974
Profession	Business Manager
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

He is Equities Manager at Austro Asset Management (since 2017); was Research Manager at GF Asset Management (2004 - 2017); Junior Credit Analyst at Banco Santander Brasil (1999 - 2004). He holds a Bachelor's degree in Business Administration from São Judas Tadeu/RS (1999), a post-graduate degree in Finance, Investments and Banking from PUC/RS (2019) and a Master's Degree in Business Administration from Unisinos/RS (2009) .

As informed, Rafael Andréas Weber is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Adriano Cives Seabra
Individual Taxpayer's ID (CPF)	016.480.547-81
Date of birth	06/19/1972
Profession	Electronic Engineer
Management body	Belongs only to the Board of Directors
Elective position held	27 - Board of Directors Independent Member (Sitting member)
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021.
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	No

Professional Experiences / Representation of any convictions / Independence criteria

Opus Investimentos - Manager of Resources (Manager and head of analysis Sep/2011 to Jan/2015). Fides Asset Management - Fund Manager (Manager and Head of Analysis Mar/2015 to Jun/2015). Even Construtora S.A. (Board Member - May/2015 to Nov/2015). Sabepar (Board Member – From Apr/2017). Cesp (Board Member - From Apr/2017). Copasa (Fiscal Council Member - From Apr/2017).

As informed, Adriano Cives Seabra is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Fiscal Council

Name	Bruno Pinto de Freitas
Individual Taxpayer's ID (CPF)	577.316.240-72
Date of birth	03/11/1966
Profession	Lawyer
Management body	Fiscal Council
Elective position held	43 - C.F.(Efetivo)Eleito p/Controlador
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Bruno Pinto de Freitas is the Chief of Staff of the Rio Grande do Sul State Government (since 2017), was Legal Advisor to the Presidency at the Court of Audit of the State of Rio Grande do Sul (2015-2019), Fiscal Counselor at the State Servants Pension Plan Foundation (2016 - 2018), Senior Advisor to the Civil Service Secretariat in the State Government of RS (2015), General Ombudsman in the Public Defender's Office of the State of RS (2013 - 2014 and 2011 - 2012), Legal Director at the Ombudsman's Office of Public Defender Offices in Brazil (2013 - 2014), Parliamentary Director at the Ombudsman's Office of Public Defender Offices in Brazil, Deputy Chief of Staff in the Government of the State of Rio Grande do Sul (2009 - 2010) in the Government of the State of Rio Grande do Sul (2007 - 2009), Lawyer at the Law Firm Pinto de Freitas Advocacia (1996 - 2007), Legal Prosecutor at the Federal University of Santa Maria (1994 - 1997), Lawyer in the Law Firm Genro, Magnago & Skrebsky (1992 - 1994). He holds a degree in Juridical and Social Sciences from the Federal University of Santa Maria (1992) and a postgraduate drgree in State Law from the Federal University of Rio Grande do Sul (2014).

As informed, Bruno Pinto de Freitas is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Rogério Costa Rokembach
Individual Taxpayer's ID (CPF)	489.955.410-91
Date of birth	01/01/1950
Profession	Accountant
Management body	Fiscal Council
Elective position held	43 - C.F.(Efetivo)Eleito p/Controlador
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

He is a member of the Advisory Board of the Regional Accounting Council of RS, Coordinator of the Audit Committee of External Audit Program for Audit Quality in Brazil (since 2012), Expert Accountant of the Arbitrator or Assistant in judicial expertise and in arbitration proceedings, Certified Fiscal Counselor by the IBGC, currently a member of the Paludo Participações SA (since 2011) and SESCONRS (since 2010), Ibracon Board Member (since 2015), Board Member of Finansinos Crédito, Financiamento e Investimento (since 2016). He is Partner-Leader of Rokembach + Lahm, Villanova & Cia Auditories (since 1997). He was President of the Regional Accounting Council (2006 - 2009), member of the Advisory Board of the Brazilian Accounting Foundation (2010-2017) and Audit and Training Manager of Coopers & Lybrand, Biederman. Graduated in Accounting from the Catholic University of Rio Grande do Sul (1989), Post-Graduation in Accounting and Systems Auditing and in Business Administration and Strategy.

As informed, Rogério Costa Rokembach is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Marco Aurélio Santos Cardoso
Individual Taxpayer's ID (CPF)	024.765.277-69
Date of birth	03/09/1972
Profession	Economist
Management body	Fiscal Council
Elective position held	43 - C.F.(Efetivo)Eleito p/Controlador
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Since November 2016 he has held the position of superintendent of credit for BNDES. In the institution he was responsible for several capital market operations in the fixed income area. In 2009, he headed the Bank's International Market Department. From 2009 to 2016, assigned to the city of Rio de Janeiro, held positions of Secretary of Finance (2012-2016) and undersecretary of the Municipal Treasury (2009-2012). With a degree and master's degree from the UFRJ and a specialization in Finance from the Thunderbird School of Global Management in the USA, he worked for nine years in the private sector in the financial areas of Alcan, Arthur Andersen and Banco BBM.

As informed, Marco Aurélio Santos Cardoso is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Cláudio Morais Machado
Individual Taxpayer's ID (CPF)	070.068.530-87
Date of birth	09/13/1943
Profession	Accountant
Management body	Fiscal Council
Elective position held	40 – Chairman of F.C. Elected by Controller
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2018
Elected by the controller	Yes
Number of Consecutive Mandates	15
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Tupy S.A: Sitting member of the Fiscal Council since 2010. Companies of the Everest Hotel Group: member of the Fiscal Council since 2010. Projeto Pescar NGO: member of the Fiscal Council since 2012. Retired Federal Public Employee. Academic background: Graduated in Accounting; postgraduate degree with specialization in public, corporate/financial accounting, auditing and finance and Master's Degree in Business Sciences, the latter from the Fernando Pessoa University, Porto/Portugal. Member of the Fiscal Council certified by the Brazilian Institute of Corporate Governance (IBGC).

As informed, Cláudio Morais Machado is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Fernando Ferrari Filho
Individual Taxpayer's ID (CPF)	627.544.917-91
Date of birth	12/08/1957
Profession	Economist
Management body	Fiscal Council
Elective position held	43 - F.C. (Sitting Member) Elected by Controller
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2018
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Public Federal Server. Federal University of Rio Grande do Sul: Professor of Economics, since 1987. National Council of Scientific and Technological Development (CNPq): Researcher, since 2001. Academic background: Graduated in Economics from the State University of Rio de Janeiro (UERJ), 1980; Master in Economics from the Federal University of Rio Grande do Sul (UFRGS), 1983; PhD in Economics from the University of São Paulo (USP), 1992; Postdoctoral degree from the University of Tennessee, 1995-1996, and University of Cambridge, 2011-2012.

As informed, Fernando Ferrari Filho is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Massao Fábio Oya
Individual Taxpayer's ID (CPF)	297.396.878-06
Date of birth	11/07/1981
Profession	Accountant
Management body	Fiscal Council
Elective position held	44 - F.C. (Sitting Member) Elected by preferred shareholders
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Member of the Solution Corporate Governance and Consulting Ltda: Provides business consulting services in the areas of accounting, corporate and corporate governance (since 2009) São Paulo State Sanitation Company - Sabesp: Chief Fiscal Counselor (04/13 to 04/14 and since 04/15), São Martinho SA: Fiscal Council member (Alternate - 07/13 to 07/17 and Member since 07/17) State Bank of Rio Grande do Sul SA: Fiscal Council member (02/11 to 06/11; from 04/15) Companhia de Ferro Ligas da Bahia - Ferbasa: Fiscal Council member (Alternate-04/13 to 04/17 and Member since 04/17), Pettenati Indústria Têxtil SA: Senior Fiscal Counselor (since 10/14 and 10 / 10 to 10/12) Rossi Residencial SA: Member of the Fiscal Council (since 04/17) WLM Indústria e Comércio: Member of the Fiscal Council (since 10/11) Alpargatas SA: Alternate Fiscal Council Member (since 04/17) Schulz SA: Alternate Fiscal Counselor (since 04/17) Companhia Paranaense de Energia - COPEL: Fiscal Council (04/15 to 04/17) Eucatex S.A. Indústria e Comércio: Fiscal Council Member (Alternate-04/13 to 04/15 and Member from 06/15 to 03/16) EZ TEC Empreend. E Participações SA: Alternate Fiscal Counselor (04/12 to 04/17) Companhia Providencia Ind. And Com. SA: Chief Fiscal Counselor (04/14 to 03/16) Cristal Pigmentos do Brasil SA: 13) WLM Indústria e Comércio SA: Member of the Fiscal Council (since 10/11) Bicycles Monark SA: Member of the Fiscal Council (since 04/15) Companhia de Saneamento do Paraná - Sanepar: Fiscal Counselor (04/11 to 04/12) CSU Cardsystem SA: Alternate Fiscal Counselor (04/12 to 04/13) Mangels Industrial SA: Alternate Fiscal Counselor (04/12 to 04/13) M & G Polister SA: Alternate Fiscal Counselor (04/13 to 04/15) Tegma Gestão Logística SA: Alternate Fiscal Counselor (04/14 to 04/15) Mills Estruturas e Serviços de Engenharia SA: Alternate Fiscal Counselor (04/14 to 04/16) TIM Participações SA: Fiscal Council Member (09/11 to 01/12 and 03/12 to 04/12) Bardella SA - Mechanical Industries: Fiscal Council Member (04/13- 04/15) General Shopping SA: Fiscal Council Member (10/12-04/13) Education: Accounting Sciences - MBA in Financial Management and Controlling.

As informed, Massao Fábio Oya is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Maria Carmen Westerlund Montera
Individual Taxpayer's ID (CPF)	362.882.927-53
Date of birth	01/28/1952
Profession	Economist
Management body	Fiscal Council
Elective position held	45 - F.C. (Sitting Memb.) Elected by Minor. common shareholders
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2018
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

BR Insurance Brokerage Firm S.A: Member of the Audit and Risk Committee, since 01/2017. Tupy S.A .: Member of the Audit and Risk Committee, since 2009; Member of the Board of Directors, 2006 - 2013, and Member of the Management and People and Governance Committee, 2009 - 2016. AES Tiête S.A: Member of the Fiscal Council, since 2015, and 2011-2013. Eletropaulo Metropolitana Electricity of São Paulo: Alternate member of the Fiscal Council, since 2015, and effective member of 2011 - 2014. BNDESPAR: Economist of the Department of Management and Monitoring of the Portfolio, 2005-2013. Academic Background: Economist by the Faculty of Political and Economic Sciences of Rio de Janeiro, Candido Mendes University and Bachelor of Arts by PUC/RJ, specializing in Capital Markets at EPGE/FGV/RJ and Executive MBA at COPPEAD/UFRJ. Continuing Education in Corporate Governance.

As informed, Maria Carmen Westerlund Montera is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Otávio Martins da Cunha
Individual Taxpayer's ID (CPF)	712.468.600-82
Date of birth	07/22/1973
Profession	Entrepreneur
Management body	Fiscal Council
Elective position held	45 - F.C. (Sitting Memb.) Elected by Minor. common shareholders
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	-
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Otávio Martins da Cunha is Managing Director at Austro Asset Management (since 2012), was Auditor and Independent Accounting Expert (2004 - 2010). He holds a degree in Accounting from the Catholic University of Pelotas (1999) and a Specialization in Business Management from the Federal University of Rio Grande (1999).

As informed, Otávio Martins da Cunha is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Bruno Queiroz Jatene
Individual Taxpayer's ID (CPF)	574.787.082-34
Date of birth	01/08/1976
Profession	Data Processing Technologist
Management body	Fiscal Council
Elective position held	46 - F.C. (Alternate Memb.) Elected by Controller
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Public Servant at Secretarat of Finance of the State of Rio Grande do Sul, Fiscal State Revenue Auditor (since 2010); Undersecretary of the State Treasury (since 01/2019); Deputy Assistant Secretary of State Treasury (2018); Head of the Financial Planning and Administration Division of the Sate Cash Flow (2016-2018); Head of the Economic and Tax Studies Section of the Division of Studies and Quality of Expenditure (2015-2016); Advisor to the State Treasury Office (2015); Deputy Assistant Secretary for State Accounting and Auditing (2013-2014); Office of the Controller and General Audit of the State (2010-2013); RBS Communication Group - Database Marketing, CRM and Trainee Coordinator (2000-2003) Magazine Liliani - Marketing and Sales Director (2006-2008). Colombo - General Manager of Sales, Regional Sales and Consumer Relations (2004-2006) Individual Consultant in the Precision Marketing segment (2003-2004). Has a degree in Data Processing Technology from the University of Amazônia (1997), Specialization in Computer Networks at the Federal University of Pará (1998), MSc in Computer Science (2000), MBA in Business Management from the Getúlio Vargas Foundation (2003), Specialization in Contemporary Economics and Public Management by UFRGS (2014), Specialization in Theory and Operation of a Modern National Economy by George Washington University - USA (2015).

As informed, Bruno Queiroz Jatene is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Tanha Maria Lauermann Schneider
Individual Taxpayer's ID (CPF)	297.382.370-68
Date of birth	01/12/1960
Profession	Accountant
Management body	Fiscal Council
Elective position held	46 - F.C. (Alternate Memb.) Elected by Controller
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	1
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Executive Officer of Ibracon – Independent Auditors Institute – 6th Region RS. Independent Auditor. Owner of the independent auditing company named LAUERMANN SCHNEIDER AUDITORES ASSOCIADOS SS. Member of the Continued Professional Education Commission of the Independent Auditors of Brazil - Federal Accounting Council, Period of management 2014 and 2015. Vice-President of Services of the Commercial and Industrial Association of Novo Hamburgo, Estância Velha and Campo Bom, Period of Management 2014 and 2015. Academic background: Bachelor's degree in Accounting Sciences; postgraduate degree in Controllership, and Master's Degree in Accounting sciences

As informed, Tanha Maria Lauermann Schneider is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Urbano Schmitt
Individual Taxpayer's ID (CPF)	255.350.130-72
Date of birth	02/06/1956
Profession	Accountant
Management body	Fiscal Council
Elective position held	43 - F.C. (Sitting Member) Elected by Controller
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2018
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Retired State Public Servant. Municipal Management Secretary of Porto Alegre. Academic background: Bachelor's degree in Accounting from the University of Caxias do Sul-UCS and in Legal Sciences from the Vale do Rio dos Sinos University (UNISINOS).

As informed, Urbano Schmitt is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Fernando Antonio Viana Imenes
Individual Taxpayer's ID (CPF)	201.365.956-34
Date of birth	07/28/1951
Profession	Accountant
Management body	Fiscal Council
Elective position held	46 - F.C. (Alternate Memb.) Elected by Controller
Description of other jobs/positions	
Election date	04/28/2017
Investiture date	03/01/2018
Term of office	Until investiture of the members elected in the ASM to be held in 2018
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Member of the Administrative Court of Tax Appeals - since March/2017. Fiscal Council member of Banrisul Cartões S.A. since April /2015. Fiscal Council member of Banrisul S/A Corretora de Valores Mobiliários e Câmbio since June /2015. Lecturer in the areas of ethics, finance, negotiation, organizational, planning. Board of Trade of the State of Rio Grande do Sul: Voting Member (2009-2015). Academic background: Graduated in Administration/Accounting and Economics from PUCMG, 1979.

As informed, Fernando Antonio Viana Imenes is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Vicente Jorge Soares Rodrigues
Individual Taxpayer's ID (CPF)	172.994.110-91
Date of birth	10/16/1953
Profession	Accountant
Management body	Fiscal Council
Elective position held	46 - F.C. (Alternate Memb.) Elected by Controller
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	Yes
Number of Consecutive Mandates	2
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul S.A: Banrisul employee from 1972 to 2015. Executive Manager at the Accounting Department, 2000-2015. Academic background: Graduated in Accounting and Actuarial Sciences from Faculdade Porto Alegrense/RS and technician in Accounting from Escola ACM (Associação Cristã de Moços).

As informed, Vicente Jorge Soares Rodrigues is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Maria Elvira Lopes Gimenez
Individual Taxpayer's ID (CPF)	136.012.018-10
Date of birth	05/18/1970
Profession	Economist
Management body	Fiscal Council
Elective position held	47 - F.C. (Alternate Memb.) Elected by preferred shareholders
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Economist, partner with Corporate Governance Solution and Consultoria Ltda/Jorge Lepeltier Consultores Associados, acting as Financial and Administrative Supervisor, also providing business advisory services in the areas of accounting, corporate and corporate governance, acting on Public Company Tax Councils. She is currently Assistant Fiscal Counselor at the following companies: Banco do Estado do Rio Grande do Sul SA, Bicicletas Monark SA, WLM Indústria e Comércio SA, Pettenati Indústria Têxtil SA, Whirlpool SA, Cristal Pigmentos do Brasil SA and Companhia de Ferro Ligas da Bahia - Ferbasa. Previously, he was a member of the Fiscal Council of AES Tietê S.A. and Alternate of Providência Ind. And Com. S.A. and Companhia de Saneamento do Estado de São Paulo/Sabesp.

As informed, Maria Elvira Lopes Gimenez is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Cesar Conter Leite
Individual Taxpayer's ID (CPF)	994.252.200-00
Date of birth	01/26/1982
Profession	Entrepreneur
Management body	Fiscal Council
Elective position held	48 - F.C. (Alternate Memb.) Elected by Minor. common shareholders
Description of other jobs/positions	
Election date	04/25/2019
Investiture date	Awaiting approval by the Central Bank.
Term of office	Until investiture of the members elected in the ASM to be held in 2021
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Cesar Conter Leite is Chief Operating Officer at Austro Asset Management (since 2015); was Manager of BRS Educação Financeira Profissional (2012-2015). He holds a degree in Computer Science from the Pontifical Catholic University of Rio Grande do Sul (2007).

As informed, Cesar Conter Leite is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Leopoldo Henrique Krieger Schneider
Individual Taxpayer's ID (CPF)	004.710.620-49
Date of birth	22/08/1942
Profession	Accountant
Management body	Fiscal Council
Elective position held	48 - F.C. (Alternate Memb.) Elected by Minor. common shareholders
Description of other jobs/positions	
Election date	04/27/2018
Investiture date	
Term of office	Until investiture of the members elected in the ASM to be held in 2019
Elected by the controller	No
Number of Consecutive Mandates	0
Percentage Attendance	0.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Employee of Banco do Brasil (1963 - 1971). President of COOBRASIL (1971 - 1973). Administrative Manager of the Gerdau Group (1973 - 1982). Administrative Director of the Central of Cooperatives of RS (1982 - 1983). Managing Director of Tintas Renner S.A. (1983 - 1992). Director and Market Relations Manager of Renner Herrmann S.A. (1990 - 1992). Administrative and Financial Director of Sport Clube Internacional (2000). Director of TeleHumana S.A. (2006). Consultant Counsel of BSF Engineering (2007 - 2009), Soprano Electromagnetic (2012 - 2013), Alisul Alimentos (since 2012), Kresil Paints (since 2008). (2011 - 2012), Everest Hotels (since 2010), INDG S.A. (2011 - 2012), and a member of the Board of Directors of Renner Participações (2010 - 2014), Josapar (2008 - 2011), Tupy S.A. Education: Graduated in Accounting Sciences from the Federal University of RS. Specializations in the areas of Audit, Accounting, Controllership and Taxes..

As informed, Leopoldo Henrique Krieger Schneider is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

12.7/12.8 - COMMITTEES COMPOSITION

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as of the audit, risk, financial and compensation committees, even if such committees or structures are not statutory

12.8. In relation to each of the individuals who acted as member of the statutory committees, as well as of the audit, risk, financial and compensation committees, even if such committees or structures are not statutory, give details, in table format, of the percentage of attendance at the meetings held by the respective body during the aforesaid period, which took place occurred he/she had taken up their position.

Audit Committee

Name	**Antoninho Scottá**
Individual Taxpayer's ID (CPF)	253.746.050-20
Date of birth	06/13/1957
Profession	Administrator
Committee type	Audit Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	10/08/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	2
Percentage Attendance	100%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Audit Committee Member (since 05/2016). ARS Consultoria Empresarial Ltda.: Executive Officer (since2009). Vinícola Miolo Ltda.: Financial/Administrative Manager (08/2009-2012). Academic background: Bachelor's degree in Business Administration from the University of Caxias do Sul -UCS- 1983, with a Specialization in Finance from UCS, 1994.

As informed, Antoninho Scottá is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	**João Carlos Bona Garcia**
Individual Taxpayer's ID (CPF)	345.333.380-20
Date of birth	06/03/1946
Profession	Lawyer
Committee type	Audit Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	10/08/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	2
Percentage Attendance	100%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

President of Military Court of Justice/RS. Secretary of Public Works in the Municipality of Passo Fundo/RS. Sub-Chief Civil House for Interior Affairs of the State of Rio Grande do Sul/RS - Pedro Simon Administration. Professor at the University of Passo Fundo/RS. Professor at the Alto Taquari University/RS. President of the Foundation for the Development of Human Resources of the Government of the State of Rio Grande do Sul. Director of H.R. of the Special Programs and Rural Credit of Banrisul. President of the Amnesty Commission of Former Political Prisoners of Rio Grande do Sul/RS. President of the Union of Banks of the State of Rio Grande do Sul. Head of the Civil House of RS - Antônio Brito Administration. Former Administrative, Financial and Supervisory Director of Companhia Nacional de Abastecimento – CONAB. Financial Director of the International Association of Military Justices. Fiscal Council member of the Company of Warehouses and Warehouses General of São Paulo – CEAGESP. Board Member of the Brazilian Agricultural Research Corporation – EMBRAPA. Academic background: Bachelor's degree in Law; Graduate degree at the University of Paris I – Sorbonne.

As informed, João Carlos Bona Garcia is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	João Verner Juenemann
Individual Taxpayer's ID (CPF)	000.952.490-87
Date of birth	02/16/1940
Profession	Accountant
Committee type	Audit Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	10/08/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	2
Percentage Attendance	71.43%
Other jobs and positions held at the issuer	Member of the Board of Directors. Coordinator of the Audit Committee.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul: Board Member; Coordinator of the Audit Committee (since 2015) and member of the Compensation Committee (2015-04/2018). Brazilian Corporate Governance Institute: Member of the Nominating Committee of the Board of Directors (2011/2017) and Member of the Board of Directors (2005/2018). Dimed S.A. Distributor of Medications: Coordinator of the Audit and Risk Committee (2016/2018) and effective member of the Fiscal Council (2009-2015). Tupy S.A .: Member of the Audit and Risk Committees (2009/2017). Kablin S.A .: Effective member of the Fiscal Council (2017). Saraiva S.A. Book Publishers: Effective member of the Fiscal Council (2014/2017). Paquetá Calçados Ltda: Member of the Audit and Risk Committees (2016/2017). College of Vowels of the FACPC - Foundation of Support to the Accounting Pronouncements Committee: President (2015/2017). Forjas Taurus S.A .: Board Member and coordinator of the Audit and Risk Committee (2014/2016). Institute of Management Development S.A. (Falconi Consultores de Resultados): Chairman of the Fiscal Council (2011/2016). Sonae Sierra Brasil S.A .: Effective member of the Fiscal Council (2014/2015). Plascar Participações Industriais SA: Effective member of the Fiscal Council (2013/2015). Banco Indusval SA: Effective member of the Fiscal Council (2012/2015). Minerva S.A: Effective member of the Fiscal Council (2012). Academic background: Graduated in Accounting and Actuarial Sciences from PUCRS, 1962 and Business Administration from UFRGS, 1971, with Post Graduation in Auditing by UFRGS, 1965.

As informed, João Verner Juenemann is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Compensation Committee

Name	Arnaldo Bonoldi Dutra
Individual Taxpayer's ID (CPF)	932.755.608-91
Date of birth	11/08/1952
Profession	Lawyer
Committee type	Compensation Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	06/22/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2021.
Number of Consecutive Mandates	2
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	Member of the Board of Directors of Banrisul Cartões S.A.

Professional Experiences / Representation of any convictions / Independence criteria

Albino Advogados: Senior Partner (since 2008). Bonoldi Dutra Advogados: Managing Partner (2008 to 2010). Banco Santander do Brasil: Corporate and Compliance Legal Executive Officer (2003 to 2008). BM&FBovespa: Member of the Arbitration Chamber (2001 to 2009). Brazilian Institute of Corporate Governance: Vice-coordinator of the Corporate Governance Committees of Financial Institutions and Corporate Risk Management. Getulio Vargas Foundation/SP: Professor of Banking Law. Academic background: Lawyer, Graduated in Law from PUCSP (1979); with a post-graduate degree in Corporate Law from USP, in Financial Accounting Administration from FEA-USP and in Business Administration from FAAP; he also attended the Harvard Law School's Program of Instruction for Lawyers..

As informed, Arnaldo Bonoldi Dutra is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Jose Luiz Castro Mendel
Individual Taxpayer's ID (CPF)	184.331.200-00
Date of birth	29/11/1953
Profession	Bank Employee
Committee type	Compensation Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	06/22/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2021.
Number of Consecutive Mandates	2
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	Member of the Board of Directors of Banrisul S.A. Administradora de Consórcios.

Professional Experiences / Representation of any convictions / Independence criteria

Banrisul Cartões: Vice-Chairman of the Board of Directors (2015 to 2017). Secretary of State for Public Works, Irrigation and Urban Development of RS: Director of Department (2011/2014). Banrisul: (1976 to 2010): Executive Superintendent in the Service and Services Unit (2005 to 2010); Executive Manager at the Service and Services Unit (2003 to 2005). Academic background: Graduated in Geology from UNISINOS (1987); with a post-graduate degree in Business Management from Faculdade IBGEN (2006).

As informed, Jose Luiz Castro Mendel is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Guisepe Lo Russo
Individual Taxpayer's ID (CPF)	007.086.348-26
Date of birth	11/25/1959
Profession	Lawyer
Committee type	Compensation Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	06/20/2018
Investiture date	06/22/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2021.
Number of Consecutive Mandates	0
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	Member of the Board of Directors of Banrisul Cartões S.A.

Professional Experiences / Representation of any convictions / Independence criteria

Partner at AGM Consulting and E-Mind Solutions (2008 - 2017); Managing Director and Board Member at Check Express Group S.A. (2005 - 2007); Graduation in Law - SBC Law School, Graduation in Communication - Methodist Institute of Higher Education, Managing People - Development Center - Citicorp, Product Management - ESPM; Administration of Financial Institutions - Banking - Fundação Getúlio Vargas, Post-graduation in Marketing - ESPM.

As informed, Guisepe Lo Russo is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Risk Committee

Name	Carlos Eduardo Schonerwald da Silva
Individual Taxpayer's ID (CPF)	892.068.860-53
Date of birth	08/28/1977
Profession	Professor
Committee type	Risk Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	01/10/2018
Investiture date	02/01/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	0
Percentage Attendance	96.55%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

Federal University of Rio Grande do Sul - UFRGS: Professor (since 2017). Federal University of Rio de Janeiro - UFRJ: Adjunct Professor (2010 - 2017). Institute of Applied Economic Research - DF - IPEA: Visiting Researcher (2013 - 2015), PNPD Scholar (2009 - 2010). Economic Commission for Latin America and the Caribbean - ECLAC: Economic Consultant (2008 - 2010). University of Vale dos Sinos River - UNISINOS: Assistant Professor PLII (2008 - 2010). Academic degree: Professor, Graduate in Economics from PUCRS (2001), Master in Development Economics from PUCRS (2004) and PhD in Economics (Ph.D.) from the University of Utah, USA (2008).

As informed, Carlos Eduardo Schonerwald da Silva is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	João Zani
Individual Taxpayer's ID (CPF)	163.412.280-15
Date of birth	04/12/1954
Profession	Professor
Committee type	Risk Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	01/10/2018
Investiture date	02/01/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	0
Percentage Attendance	100.00%
Other jobs and positions held at the issuer	No.

Professional Experiences / Representation of any convictions / Independence criteria

University of Vale dos Sinos River - UNISINOS: Director of Administration (2009 to 2017) and Director of the Academic Unit of Continuing Education (2007 to 2009). Bank of the State of Rio Grande do Sul S.A .: Board Member (2003 to 2010). Academic Background: Professor, Graduated in Economic Sciences by UCS, with MBA in Marketing, Accounting, Economics and Finance. He holds a Master's degree in Administration with a focus in finance from PUCRJ, a Sanduíche Doctorate from NYU (New York University) and a Ph.D. in Administration with a focus in finance from UFRGS.

As informed, João Zani is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	José Luis Campani Lourenzi
Individual Taxpayer's ID (CPF)	361.066.150-04
Date of birth	02/13/1963
Profession	Bank Employee
Committee type	Risk Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	01/10/2018
Investiture date	02/01/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	0
Percentage Attendance	89.66%
Other jobs and positions held at the issuer	Executive Superintendent at Banrisul

Professional Experiences / Representation of any convictions / Independence criteria

Banco do Estado do Rio Grande do Sul: Executive Superintendent at the Corporate Risk Management Unit (since 2010). Coordinator of the Interdepartmental Corporate Risk Committee (since 2010). Executive Superintendent in the Commercial Unit of Retail (2006-2010). Coordinator of the Trade Committee (2006 to 2010). Education: Bachelor in Accounting Sciences from São Judas Tadeu College (1986), with a post-graduate degree in Finance from the Federal University of Rio Grande do Sul (1988), and in Business Studies with a specialization in Accounting and Auditing from Universidade Fernando Pessoa, in Portugal (2001), MBA in Continuous Training Program in Banking Management by UFRGS (2012) and Master in Business Sciences from Universidade Fernando Pessoa, Portugal (2008).

As informed, José Luis Campani Lourenzi is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

Name	Ademar Schardong
Individual Taxpayer's ID (CPF)	199.486.200-97
Date of birth	11/27/1955
Profession	Lawyer
Committee type	Risk Committee
Description Other Committees	
Position	Sitting Member
Description of other positions	
Election date	01/10/2018
Investiture date	10/24/2018
Term of office	Until investiture of the members elected at the first BDM to be held following the ASM of 2020.
Number of Consecutive Mandates	0
Percentage Attendance	100%
Other jobs and positions held at the issuer	Board of Directors Member

Professional Experiences / Representation of any convictions / Independence criteria

He has worked for 35 years in the executive career of the Sicredi System (President of the Central Sicredi Sul 1986-1995, President of the Sicredi Cooperative Bank 1995-2015, President of the Sicredi Confederation 2008-2015, President of the Sicredi Foundation 2008-2015). He is currently the Business Consultant and Director of Icatu Holding S/A (since 2017) and RG Seguros e Previdência S/A. (since 2017). Graduated in Law from Lutheran University of Brazil (2002); studying the Master's Degree in Business and Business Law from Unisinos. IBGC Certified Management Advisor.

As informed, Ademar Schardong is not subject to any criminal conviction or conviction in an administrative proceeding at the Brazilian Securities and Exchange Commission (CVM) and the applicable penalties, nor any final and unappealable conviction, in the judicial or administrative sphere, that has suspended or disqualified him from engaging in any professional or commercial activity, and declares that he is not considered a politically exposed person, under the terms of CVM Instruction no. 301 of April 16, 1999, as amended.

12.9 - Existence of conjugal relationship, common-law marriage or family relationship up to the second degree between related to the issuer's, subsidiaries' and controlling companies' managers

12.9. Inform the existence of conjugal relationship, common-law marriage, or family relationship up to the second degree between:

a. the issuer's managers

b. the issuer's managers and the managers of the issuer's direct or indirect subsidiaries

c. the issuer's managers or the managers of its direct or indirect subsidiaries and of the issuer's direct or indirect controlling companies

d. the issuer's managers and the managers of the issuer's direct and indirect controlling companies

As at the date of this Reference Form, there is no conjugal relationship, common law marriage or degree of kinship up to the 2nd degree related to the Company's, subsidiaries' or controlling companies' managers.

12.10 - Relations of subordination, service provision or control between managers and subsidiaries, controlling shareholder and other

12.10. Inform about relations of subordination, service provision or control maintained over the last 3 years, between the issuer's managers and:

a. company directly or indirectly controlled by the issuer, except for those in which the issuer, directly or indirectly, holds the entire capital stock
b. the issuer's direct or indirect controlling company
c. if relevant, any supplier, customer, debtor or creditor of the issuer, of its subsidiary or of its controlling companies' or the of the subsidiaries of any of these parties

12.11 - AGREEMENTS, INCLUDING INSURANCE POLICIES, THAT PROVIDE FOR THE PAYMENT OR REIMBURSEMENT OF EXPENSES MADE BY THE MANAGERS

12.11. Describe the provisions of any agreements, including insurance policies, that provide for the payment or reimbursement of expenses made by the managers, in the exercise of their duties, to remediate any damages caused to third parties or the issuer, penalties enforced by state authorities, or any covenants intended to close administrative or judicial actions

The Bank contracts civil liability insurance of Board members, Executive Officers and/or Managers, pursuant to the information below:

- Insurance Company: XL Seguros Brasil S.A.
- SUSEP Case: 15414.002296/2012-51
- Policy number: 03.10.1.000884
- Insurance policy's effectiveness period: from midnight March 9, 2017, to midnight March 9, 2018
    - Contract amended on 03/07/2018 for extension of validity for 12 months, as of 09/03/2018
- Liability limit: R$ 50,000,000.00
- Premium: 900,000.00

Guarantees and Conditions:

a) Insured(s)/Principal: Banco do Estado do Rio Grande do Sul – CNPJ 92.702.067/0001-96;

b) Companies:

- Banco do Estado do Rio Grande do Sul S.A.
- Banrisul S/A Corretora de Valores Mobiliários e Câmbio
- Banrisul S/A Administradora de Consórcios
- Banrisul Armazéns Gerais S.A.
- Banrisul Cartões S.A.
- and their subsidiaries and affiliates;

c) Geographic Coverage: worldwide;

d) Retroactivity limit: Unlimited for acts and unknown facts before the effective date of the policy;

e) Date of previous or pending cases: As from midnight of March 9, 2015;

f) Complementary term: 3 years;

g) Supplementary term:

- 12 months - 75% of net premium
- 24 months - 100% of net premium
- 36 months - 115% of net premium;

h) Collateral:

- payment to the insured person; and
- reimbursement to the company.

i) Deductibles: payment to the person insured and reimbursement to the company: none;

j) Policy Coverage and Maximum Indemnity Limits (LMI):

- Principal Coverage – civil liability insurance for Directors, Officers and/or Managers (D&O) - LMG – R$50,000,000.00;
- Basic Coverages – covenants, including the Conduct Adjustment Agreement (TAC) and the Deed of Commitment (TC) – LMI - R$100% LMG;
- Extensions – blocking of checking account (online attachment)– 100% LMG
    - notification clauses (coverage for claims expected) – 100% LMG
    - coverage for spouse, estate, heirs and legal representatives – 100% LMG

k) Basic and additional exclusion:

- Conduct (willful acts)
- Complaints and circumstances prior to the date of continuity

- Program manager or pension fund
- Liability for property damage and bodily injury, except exception as the provisions of the coverage extension for liability for bodily injury if contracted
- Pollution, except in the case of the extension of coverage for pollution, contracted case - Errors and omissions, except for the provisions in the extension of coverage for errors and omissions, contracted case
- Claims in the United States of America filed by insured persons, except for the provisions of the Insured vs. Insured clause
- Fines and other penalties
- Acts against the Public Administration - absolute exclusion
- Specific Subject: Defenses of the administrators in the Court of Auditors of the State - TCE and in the Accounting and Audit General of the State – CAGE; "Lava-Jato" Operation of the Federal Police

l) Conditions of the Policy

General Conditions of Liability Insurance for Directors, Executive Officers and/or Administrators (D&O) of the above specified coverages.

12.12 - Other material information

12.12. Provide other information the issuer deems material

As at the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the preceding items.

13 - Management compensation

13.1 - Description of compensation policy or practice of the Board of Directors, Statutory and Non-Statutory Board of Executive Officers

13.1. Describe the compensation policy or practice of the Board of Directors, Statutory and Non-Statutory Board of Executive Officers, Fiscal Council, Statutory Committees, Audit, Risk, Financial and Compensation Committees, discussing the following aspects:

a. objectives of the compensation policy or practice, informing if the compensation policy has been formally approved, body responsible for its approval, date of approval and, if the issuer discloses the policy, locations in the internet where the document can be consulted

b. composition of the compensation:

- **i. description of the elements of compensation and each one's objectives**
- **ii. in relation to the last 3 years, what is the each element proportion of the total compensation**
- **iii. methodology for calculating and adjusting each of the compensation elements**
- **iv. reasons that justify the composition of the compensation**
- **v. the existence of members who are unpaid by the issuer and the reason for that fact**

c. key performance indicators that are taken into account in determining each element of the compensation

d. how compensation is structured so as to reflect the growth of the performance indicators

e. how the compensation policy or practice is aligned with the issuer's short-, medium- and long-term interests

f. existence of compensation supported by direct or indirect subsidiaries, controlled companies or controlling companies

g. existence of any compensation or benefit linked to the occurrence of any particular corporate event, such as the divestiture of the issuer's corporate control

h. practices and procedures adopted by the board of directors to define the individual compensation of the board of directors and board of executive officers, indicating:

- **i. the issuer's bodies and committees that participate in the decision-making process, identifying how they participate**
- **ii. criteria and methodology used to determine the individual compensation, indicating whether studies are used to verify market practices and, if so, the criteria for comparison and the scope of these studies**
- **iii. how often and how the board of directors assesses the adequacy of the issuer's compensation policy**

The purpose of the Company's Compensation Policy is to establish the compensation criteria for managers, so that they can be able to conduct business in an efficient and sustainable manner. This policy takes into consideration the value they generate to the organization, the risks arising from the activities, the conditions of the market in which Banrisul operates, and the interests of the shareholders.

Managers' compensation includes global annual amounts established by the Shareholders' Meeting. The Board of Directors is responsible for regulating the use of the compensation budget and the apportionment of this budget among the members of the Board of Directors and the Board of Executive Officers, in accordance with legal provisions and limits. The members of the Boards of Executive Officers of the Issuer and its affiliates are entitled to Profit Sharing – PLR, which is calculated based on the norms set forth by the Board of Directors, taking into account the criteria for payment of PLR to the employees provided for in the Collective Bargaining Agreement for Bank Employees.

Banrisul's former executive officers will be entitled to the prerogatives provided for in the Personnel Regulations.

The issuer's Managers are not entitled to receive variable compensation.

The Executive Officers of the Company and its subsidiaries are entitled to a package of benefits that includes meal and grocery voucher, healthcare plan, private pension plan and insurance. These benefits may change according to the profile of each Officer. For managers coming from staff positions, the benefits plans started when they were employees will be maintained.

Board of Directors

Board of Directors	
a. Compensation policy or practice objectives	The compensation of Banrisul's Board of Directors is determined by the Shareholders' Meeting, and it is not the Bank's practice to accumulate remunerated Management positions. In this regard, members of the Board of Directors composing the Board of Executive Officers or the Audit Committee only receive the compensation assigned to the positions held in these bodies, and not that one assigned to members of the Board of Directors. The Vice Chairman of the Board of Directors and a Board member hold the positions of Chief Executive Officer and Vice Chief Executive Officer of Banrisul's Board of Executive Officers.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100%
iii. Calculation and adjustment methodology of each compensation element	Not applicable.
iv. Reasons justifying the compensation breakdown	A Our Management compensation is composed of a fixed amount that is similar to that provided by similar mixed capital companies.
v. Existence of members not compensated by the issuer and the reason for that	The Directors who are members of the Board of Executive Officers of Banrisul, and the Director who is a member of the Audit Committee are not compensated in the scope of the Board of Directors. They receive the compensation defined for the Board of Executive Officers and the Audit Committee respectively.
c. Main performance indicators considered when defining each compensation element	Not applicable.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	Not applicable. Management compensation is only composed of a fixed amount.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total Management compensation is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		100		100		100
Notes	-	-	-	-	-	-

Board of Executive Officers

Board of Executive Officers	
a. Compensation policy or practice objectives	The compensation of members of the Board of Executive Officers is determined at the Shareholders' Meeting, pursuant to corporate governance principles, and it consists of fees and representation allowances, the amounts of which are defined by the Board of Directors. Officers withdrawn from our staff or coming from government entities may choose to still receive their position-related compensation, which will be added by the representation allowance. Members of the Board of Executive Officers receive profit sharing, according to the terms of the collective bargaining agreement of bank employees' category, which is calculated over compensation.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees and Salary of representation: fixed monthly compensation. Profit Sharing Plan (PLR): this is calculated according to the same criteria defined by the collective bargaining agreement of bank employees' category.
ii. Percentage of each element in total compensation	Fees: 50% of fixed compensation; Salary of representation: 50% of fixed compensation; PLR: variable calculated according to the same criteria defined by the collective bargaining agreement of bank employees' category.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	There are no managers who do not receive compensation from the Issuer.
c. Main performance indicators considered when defining each compensation element	Not applicable.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	Not applicable. Management compensation is composed of a fixed amount, entertainment pay at a fixed percentage and profit sharing (PLR) calculated according to the same criteria defined by the collective bargaining agreement of the bank employees' category, based on fees amount.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total Management compensation is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		97.63		97.33		96.40
Bonus	-	-	-	-	-	-
PLR		2.37		2.67		3.60
Other	-	-	-	-	-	-
Total Compensation - Executive Board		**100%**		**100%**		**100%**
Notes	-	-	-	-	-	-

Fiscal Council

Our Fiscal Council operates permanently, with powers and duties conferred thereto by laws and its compensation is defined at the Annual Shareholders' Meeting, pursuant to Paragraph 3, Article 162 of the Brazilian Corporate Law.

Fiscal Council	
a. Compensation policy or practice objectives	The compensation of members of the Fiscal Council is established by the Annual Shareholders' Meeting, pursuant to Article 162, Paragraph 3 of the Brazilian Corporate Law.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Not applicable. All members are compensated.
c. Main performance indicators considered when defining each compensation element	No variable compensation, only fixed compensation without a linked index.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	The monthly compensation attributed to Fiscal Council members was defined by the Annual and Extraordinary Shareholders' Meeting in which they were elected and, for each acting member, it should not be lower than ten percent of the compensation received in average by each Officer, excluding benefits, entertainment pay and profit sharing.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total compensation of Fiscal Council members is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		100		100		100
Notes	-	-	-	-	-	-

Audit Committee

Audit Committee	
a. Compensation policy or practice objectives	Our Audit Committee works permanently, being composed of three members appointed by our Board of Directors, pursuant to the Brazilian Central Bank requirements. The monthly compensation of members of our Audit Committee is determined by our Board of Directors.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Not applicable. All members are compensated.
c. Main performance indicators considered when defining each compensation element	The members of the Audit Committee do not receive variable compensation.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	The monthly compensation assigned to the Committee members was defined considering the amount paid to members of the Board of Executive Officers as fees and is in line with the Bank's interests in the short, medium and long terms, to the extent they represent compensations compatible with the domestic market, stimulating the Committee members to improve practices and to be in line with the Bank's interests.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total compensation of Audit Committee members is supported by Banrisul..
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		100		100		100
Notes	-	-	-	-	-	-

Compensation Committee

Compensation Committee	
a. Compensation policy or practice objectives	We have a permanent Compensation Committee composed of three members, appointed by our Board of Directors, who fulfill the conditions for the exercise of positions and statutory bodies of financial institutions and other institutions authorized to operate by the Central Bank of Brazil. The monthly remuneration of the members of our Compensation Committee is set by the Board of Directors.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Not applicable. All members are compensated.
c. Main performance indicators considered when defining each compensation element	The members of the Compensation Committee do not receive variable compensation.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	The monthly remuneration attributed to the members of the Committee aligns with both the short-, medium- and long-term interests of the Bank insofar as they represent compensations compatible with the local market, stimulating the Committee member to improve practices and alignment with the Bank's interests.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total compensation of Compensation Committee members is supported by Banrisul..
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		100		100		100
Notes	-	-	-	-	-	-

Risk Committee

Risk Committee	
a. Compensation policy or practice objectives	We have a permanent Risk Committee composed of at least three and a maximum of five members, appointed and removed by the Board of Directors of the Company at any time, in accordance with the provisions of the rules of the National Monetary Council. The monthly remuneration of the members of our Risk Committee is fixed by the Board of Directors.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	One member is not remunerated under the Risk Committee; receives the compensation as Executive Superintendent of Banrisul.
c. Main performance indicators considered when defining each compensation element	The members of the Risk Committee do not receive variable compensation.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	The monthly remuneration attributed to the members of the Committee aligns with both the short-, medium- and long-term interests of the Bank insofar as they represent compensations compatible with the local market, stimulating the Committee member to improve practices and alignment with the Bank's interests.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total compensation of Risk Committee members is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	None.

Type	2017	%	2016	%	2015	%
Salary or compensation		100		100		100
Notes	-	-	-	-	-	-

13.2 - Total compensation of the board of directors, statutory board of executive officers and fiscal council

13.2. In relation to the compensation recognized in income for the last 3 years and the forecast compensation for the current year, of the board of directors, the statutory executive board and the fiscal council, draw up a table with the following content:

a. body
b. total number of members
c. number of paid members
d. compensation broken down between:
- **i. fixed annual compensation, broken down between:**
  - **salary or fees**
  - **direct and indirect benefits**
  - **compensation for participation on committees**
- **ii. variable compensation, broken down between:**
  - **bonus**
  - **profit sharing**
  - **compensation for participation in meetings**
  - **commissions**
- **iii. post-employment benefits**
- **iv. benefits due to the termination of office**
- **v. share based compensation, including options**

e. amount, by body, of the compensation of the board of directors, the statutory executive board and the fiscal council
f. total compensation of the board of directors, the statutory executive board and the fiscal council

Fiscal year ending 12/31/2018 Annual amounts - Estimate				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Total number of members	9	9	5	**23**
No. of compensated members	6	9	5	**20**
Fixed annual compensation				
Salary	1,101,600.00	7,451,470.00	690,000.00	**9,243,070.00**
Direct and indirect benefits	0	0	0	**0**
Attendance at committees	0	0	0	**0**
Other	0	0	0	**0**
Description of other fixed compensation				
Variable compensation				
Bonus	0	0	0	**0**
Profit sharing	0	136,294.98	0	**136,294.98**
Attendance at meetings	0	0	0	**0**
Commissions	0	0	0	**0**
Other	0	0	0	**0**
Description of other variable compensation				
Post-employment	0	0	0	**0**
Termination of the position	0	0	0	**0**
Based on stocks (including options)	0	0	0	**0**
Note	Values referring to the forecast for payment this year. In relation to the respective amount, we inform that of the nine members of the Board of Directors, only six are remunerated, considering that two are members of the Executive Board of Banrisul and 1 is part of the Audit Committee. We inform that the estimated value for INSS contributions - employer's burden, according to Circular CVM 02/2018, is R$250,063.20.	Values referring to the forecast for payment, this year, regarding representation fee and compensation. We hereby inform that the estimated amount for INSS contributions - employer's burden, according to Circular CVM 02/2018, is R$1,691,483.69. As for the PLR, the estimate is based on the amount received in 2017.	Values referring to the forecast for payment this year, considering the formation of the Board until April, and amount approved in the Annual General Meeting, paid as of May. We inform that the estimated value for INSS contributions - employer's burden, according to Circular CVM 02/2018, is R$156,630.00	
Total compensation	**1,101,600.00**	**7,587,764.98**	**690,000.00**	**9,379,364.98**

Fiscal year ended 12/31/2017 Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Total number of members	9	9	5	**23**
No. of compensated members	6	9	5	**20**
Fixed annual compensation				
Salary	705,600.00	5,631,743.38	482,000.00	**6,819,343.38**
Direct and indirect benefits	0	0	0	**0**
Attendance at committees	0	0	0	**0**
Other	0	0	0	**0**
Description of other fixed compensation				
Variable compensation				
Bonus	0	0	0	**0**
Profit sharing	0	136,294.98	0	**136,294.98**
Attendance at meetings	0	0	0	**0**
Commissions	0	0	0	**0**
Other	0	0	0	**0**
Description of other variable compensation				
Post-employment	0	0	0	**0**
Termination of the position	0	0	0	**0**
Based on stocks (including options)	0	0	0	**0**
Note	Amounts paid in the year. In relation to the respective amount, we inform that of the nine members of the Board of Directors, only six are remunerated, considering that two are members of the Executive Board of Banrisul and 1 is part of the Audit Committee. The value of INSS contributions - employer's burden, according to Circular CVM 02/2018, was R$160,171.20.	Amounts paid in the year. The value of INSS contributions - employer's liens, according to Circular CVM 02/2018, was R$1,392,924.85.	Amounts paid in the year. The value of INSS contributions - employer's liens, according to Circular CVM 02/2018, was R$109,414.00.	
Total compensation	**705,600.00**	**5,768,038.36**	**482,000.00**	**6,955,638.36**

Fiscal year ended 12/31/2016 Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Total number of members	9	9	5	**23**
No. of compensated members	6	9	5	**20**
Fixed annual compensation				
Salary	633,214.08	3,880,604.51	431,902.60	**4,945,721.19**
Direct and indirect benefits	0	0	0	**0**
Attendance at committees	0	0	0	**0**
Other	0	0	0	**0**
Description of other fixed compensation				
Variable compensation				
Bonus	0	0	0	**0**
Profit sharing	0	106,241.88	0	**106,241.88**
Attendance at meetings	0	0	0	**0**
Commissions	0	0	0	**0**
Other	0	0	0	**0**
Description of other variable compensation				
Post-employment	0	0	0	**0**
Termination of the position	0	0	0	**0**
Based on stocks (including options)	0	0	0	**0**
Note	Amounts paid in the year. In relation to the respective amount, we inform that of the nine members of the Board of Directors, only six are remunerated, considering that two are members of the Executive Board of Banrisul and 1 is part of the Audit Committee. The value of INSS contributions - employer's burden, according to Circular CVM 02/2018, was R$143,739.60.	Amounts paid in the year. The value of INSS contributions - employer's liens, according to Circular CVM 02/2018, was R$894,202.80	Amounts paid in the year. The value of INSS contributions - employer's liens, according to Circular CVM 02/2018, was R$98,041.80.	
Total compensation	**633,214.08**	**3,986,846.39**	**431,902.60**	**5,051,963.07**

Fiscal year ended 12/31/2015 Annual amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Total number of members	8.75	8.67	5	**22.42**
No. of compensated members	7	8.67	5	**20.67**
Fixed annual compensation				
Salary	521,207.10	3,560,043.26	385,374.60	**4,466,624.96**
Direct and indirect benefits	0	0	0	**0**
Attendance at committees	0	0	0	**0**
Other	0	0	0	**0**
Description of other fixed compensation				
Variable compensation				
Bonus	0	0	0	**0**
Profit sharing	0	132,636.58	0	**132,636.58**
Attendance at meetings	0	0	0	**0**
Commissions	0	0	0	**0**
Other	0	0	0	**0**
Description of other variable compensation				
Post-employment	0	0	0	**0**
Termination of the position	0	0	0	**0**
Based on stocks (including options)	0	0	0	**0**
Note	We inform that of the nine members of the Board of Directors, only seven were remunerated, since two members came from the Executive Board of the Institution.	Amounts paid in the year.	Amounts paid in the year.	
Total compensation	**521,207.10**	**3,692,679.84**	**385,374.60**	**4,599,261.54**

13.3 - Variable compensation of the board of directors, Statutory board of executive officers and fiscal council

13.3. In relation to the variable compensation of the last three fiscal years and the compensation estimated for current fiscal year of the board of directors, the statutory executive board and the fiscal council, draw up a table with the following content:

a. body
b. total number of members
c. number of paid members
d. in relation to the bonus:
- **i. minimum amount provided for in the compensation plan**
- **ii. maximum amount provided for in the compensation plan**
- **iii. amount provided for in the compensation plan if the targets were met**
- **iv. amount effectively recognized in the results of the last 3 years**

e. in relation to profit sharing:
- **i. minimum amount provided for in the compensation plan**
- **ii. maximum amount provided for in the compensation plan**
- **iii. amount provided for in the compensation plan if the targets were met**
- **iv. amount effectively recognized in the results of the last 3 years**

Not applicable to the Board of Directors and to the Supervisory Board. For the Executive Board, Profit Sharing – PLR is calculated based on the rules set forth by the Board of Directors, taking into account the criteria for payment of PLR to the employees provided for in the Collective Bargaining Agreement for Bank Employees.

Fiscal year 2018 (Estimate)			
Body	**Board of Directors**	**Statutory Board of Executive Officers**	**Fiscal Council**
Total number of members (average from January to December)	9	9	5
Regarding bonus:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	n/a	n/a
Regarding profit sharing:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	136,294.98*	n/a
* Estimate based on the amount received in 2017Amount to be recognized upon the Collective Bargaining Agreement, in September 2018 (approximate expected individual amount).			

Fiscal year 2017			
Body	**Board of Directors**	**Statutory Board of Executive Officers**	**Fiscal Council**
Total number of members (average from January to December)	9	9	5
Regarding bonus:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	n/a	n/a
Regarding profit sharing:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	136,294.98	n/a

Fiscal year 2016			
Body	**Board of Directors**	**Statutory Board of Executive Officers**	**Fiscal Council**
Total number of members (average from January to December)	9	9	5
Regarding bonus:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	n/a	n/a
Regarding profit sharing:			
Minimum amount established in the compensation plan	n/a	n/a	n/a
Maximum amount established in the compensation plan	n/a	n/a	n/a
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a
Amount effectively recognized in the income statement	n/a	106,241.88	n/a

13.4 - Share-based compensation plan of the Board of Directors and the Statutory Board of Executive Officers

13.4. Referring to the share-based compensation plan of the Board of Directors and the Statutory Board of Executive Officers, in force in the last fiscal year and estimated for current fiscal year, describe:

a. general terms and conditions
b. main objectives of the plan
c. the way in which the plan contributes to these objectives
d. how the plan fits in with the issuer's compensation policy
e. how the plan aligns the managers' and the issuer's interests in the short-, medium- and long-term
f. maximum number of shares covered
g. maximum number of options to be granted
h. conditions for the acquisition of shares
i. criteria for setting the purchase or strike price
j. criteria for setting the exercise period
k. form of settlement
l. restrictions on the transfer of shares
m. criteria and events that, when verified, will lead to the suspension, alteration or extinction of the plan
n. effects of the manager's departure from the issuer's bodies over his/her rights under the share-based compensation plan

Not applicable. We do not have a share-based compensation plan.

13.5 - SHARE-BASED COMPENSATION OF THE BOARD OF DIRECTORS AND STATUTORY BOARD OF EXECUTIVE OFFICERS

13.5. Referring to the share-based compensation recognized in profit or loss for the last three fiscal years and the compensation estimated for current fiscal year of the Board of Directors and Statutory Board of Executive Officers, draw up a table with the following content:

a. body
b. total number of members
c. number of paid members
d. in relation to each grant of stock options:
- **i. grant date**
- **ii. number of options granted**
- **iii. period for the options to become exercisable**
- **iv. maximum period for exercising the options**
- **v. period of restriction on the transfer of shares**
- **vi. weighted average strike price of each of the following groups of options:**
  - **outstanding at the start of the year**
  - **forefeited during the year**
  - **exercised during the year**
  - **expired during the year**

e. fair value of the options on the date of each grant
f. potential dilution in case of the exercise of all the options granted

Not applicable. We do not have a share-based compensation plan.

13.6 - Information about the outstanding options of the Board of Directors and Statutory Board of Executive Officers

13.6. Referring to the outstanding options of the Board of Directors and Statutory Board of Executive Officers at the end of the last fiscal year draw up a table with the following content:

a. body
b. number of members
c. number of paid members
d. in relation to options not yet exercisable
- **i. number**
- **ii. date on which they will become exercisable**
- **iii. maximum period for exercising the options**
- **iv. period of restriction on the transfer of shares**
- **v. weighted average strike price**
- **vi. fair value of the options on the last day of the year**

e. in relation to the exercisable options
- **i. number**
- **ii. maximum period for exercising the options**
- **iii. period of restriction on the transfer of shares**
- **iv. weighted average strike price**
- **v. fair value of the options on the last day of the year**
- **vi. fair value of the total of the options on the last day of the year**

Not applicable. We do not have a share-based compensation plan.

13.7 - Options exercised and shares related to the share-based compensation of the Board of Directors and Statutory Board of Executive Officers

13.7. Referring to the options exercised and shares related to the share-based compensation of the Board of Directors and Statutory Board of Executive Officers over the last three fiscal years, draw up a table with the following content:

a. body
b. number of members
c. number of paid members
d. in relation to the options exercised give details of:
i. number of shares
ii. weighted average strike price
iii. total value of the difference between the strike value and the market value of the shares related to the options exercised
e. in relation to the shares delivered give details of:
i. number of shares
ii. weighted average acquisition price
iii. total value of the difference between the acquisition value and the market value of the shares acquired

Not applicable. We do not have a share-based compensation plan.

13.8 - Information necessary to understand the data disclosed in items 13.5 to 13.7, such as the explanation of the pricing method of shares and options

13.8. Summary of the information necessary to understand the data disclosed in items 13.5 to 13.7, such as the explanation of the pricing method of shares and options, indicating, at least:

a. pricing model
b. data and assumptions used in the pricing model, including the weighted average price of the shares, strike price, expected volatility, the option's useful life, expected dividends and the risk-free interest rate
c. method used and the assumptions made to incorporate the expected effects of early exercise
d. way of determining the expected volatility
e. whether any of the option's other characteristics was incorporated in the measurement of its fair value

Not applicable. We do not have a share-based compensation plan.

13.9 - INVESTMENTS IN SHARES, QUOTAS AND OTHER CONVERTIBLE SECURITIES, HELD BY ADMINISTRATORS OF FISCAL COUNCIL – BY BODY

13.9. Give details of the number of shares or quotas direct or indirectly held in Brazil or abroad and other securities convertible into shares or quotas issued by the issuer, its direct or indirect controlling shareholders, subsidiaries or jointly-owned subsidiaries, by members of the Board of Directors, Statutory Board of Executive Officers or Fiscal Council, grouped by body

Shareholder	Registered Common	%	Registered Preferred Class A	%	Nominative Preferred Class B	%	Total shares
Board of Directors	1	0.0000049	0	0.0000000	100	0.00004990	101
Statutory Board of Executive Officers	55	0.00002682	16	0.00045543	414	0.00020658	485
Fiscal Council	300	0.00014630	90	0.00256179	100	0.00004990	490
Total	205,058,582	100.00%	3,513,164	100.00%	200,402,731	100.00%	408,974,477

13.10 - Information about private pension plans conferred to members of the Board of Directors and Statutory Officers

13.10. Regarding the effective private pension plans conferred to members of the Board of Directors and Statutory Officers, provide the following information in the form of a table:

a. body
b. number of members
c. number of paid members
d. name of the plan
e. number of managers who are eligible to retire
f. conditions for early retirement
g. up-to-date value of the contributions accumulated in the pension plan until the end of the last year, minus the portion related to contributions made directly by the managers
h. total accumulated value of the contributions made during the last year, minus the portion related to contributions made directly by the managers
i. whether there is a possibility of early redemption and what the conditions are

	Board of Directors	Board of Executive Officers	Total
Members	9	9	18
Number of compensated members	0	7	7
Number of managers eligible for retirement	0	6	6
Number of managers eligible for early retirement	0	6	6
Up-to-date amount of the contributions accumulated in the pension plan until the end of the last year, minus the portion related to contributions made directly by the managers.		3,029,023.07	3,029,023.07
Total accumulated amount of the contributions made during the last year, minus the portion related to contributions made directly by the managers.		663,511.42	663,511.42
Name of the plans:	Paid-in Benefit Plan - CNPB no. 2013.0021- 65 (Defined benefit plan); FBPrevII - CNPB no. 2013.0022-38 (Variable contribution) and FBPrevII Benefit Plan - CNPB no. 2013.0022-38 (Variable contribution)		
Requirements for early retirement:			
Paid-in Benefit Plan	55 years old + retired via INSS pursuant to Article 27 of the Benefit Plan Regulations.		
FBPrevII Benefit Plan	55 years old, pursuant to Article 40 of FBPrev II Plan Regulations		
Possibility and conditions of early redemption	FBPrevII Benefit Plan: to anticipate 10% of the balance of its Basic or Applicable Account according to the plan's regulation (articles 36, 41, 46 and 57). Early redemption is only allowed when the participant is eligible and requests the benefit.		

13.11 - Maximum, minimum and average individual compensation of the board of directors, the statutory executive board and the fiscal council

13.11. In table format, indicate, for the last 3 years, in relation to the board of directors, the statutory executive board and the fiscal council:

a. body
b. number of members
c. number of paid members
d. value of the highest individual compensation
e. value of the lowest individual compensation
f. average value of individual compensation (total compensation divided by the number of paid members)

	Statutory Board of Executive Officers			Board of Directors			Fiscal Council		
Annual amounts	2017	2016	2015	2017	2016	2015	2017	2016	2015
Number of members	9	8.57	8.5	9	9	8	5	5	5
No. of compensated members	9	8.57	8.5	6	6	7	5	5	5
Highest individual compensation (Reais)	645,314.92	468,475.65	347,215.01	117,600.00	105,535.68	96,343.72	96,400.00	86,380.52	77,074.92
Lowest individual compensation (Reais)	507,567.44	33,016.36	117,821.61	117,600.00	105,535.68	15,196.18	96,400.00	37,500.00	37,504.14
Average individual compensation (Reais)	640,893.15	352,782.23	198,761.48	117,600.00	105,535.68	43,636.68	96,400.00	86,380.52	77,074.92

Notes	
	Statutory Board of Executive Officers
2017	In the respective period the Statutory Executive Board had 9 members, the average amount calculated is R$640,893.15, taking into account fees, representation fees and profit sharing.
2016	Average compensation of the Statutory Board of Executive Officers– the average amount ascertained is R$352,782.23 divided by 8.57 members, including fees and the representation allowance. We inform that from Sept. 1, 2016 to Nov. 31, 2016, the Statutory Board of Executive Officers had 8 members. In the other months, this body had 9 members.
2015	Average compensation of the Statutory Board of Executive Officers– the average amount ascertained is R$198,761.48, divided by 8.50 members. We inform that from Jan. 1, 2015 to Apr. 15, 2015, this body had 8 members. From Apr. 16, 2015 to Dec. 31, 2015, this body had 9 members.
	Board of Directors
2017	Regarding the members of the Board of Directors, only 6 receive compensation, while 2 members belong to the Statutory Board of Executive Officers and 1 member belongs to the Audit Committee.
2016	Regarding the members of the Board of Directors, only 6 receive compensation, while 2 members belong to the Statutory Board of Executive Officers and 1 member belongs to the Audit Committee.
2015	Regarding the members of the Board of Directors, only 7 receive compensation, while 2 members belong to the Statutory Board of Executive Officers.
	Fiscal Council
2017	The average compensation of the Fiscal Council was R$482,000.00 divided by 5.00 members.
2016	The average compensation of the Fiscal Council was R$431,902.60 divided by 5.00 members.
2015	The average compensation of the Fiscal Council was R$385,374.60 divided by 5.00 members.

13.12 - Instruments structuring compensation or indemnification methods for the Management in the event of withdrawal or retirement

13.12. Describe the contractual arrangements, insurance policies or other instruments structuring compensation or indemnification methods for Management in the event of withdrawal or retirement, indicating the financial consequences to the issuer

Not applicable. We do not have contractual arrangements, insurance policies or other instruments structuring compensation or indemnification mechanisms for Management in the event of withdrawal or retirement.

13.13 - PERCENTAGE IN THE TOTAL COMPENSATION HELD BY MANAGERS AND MEMBERS OF THE FISCAL COUNCIL THAT ARE RELATED PARTIES TO THE CONTROLLING SHAREHOLDERS

13.13. In relation to the last three fiscal years, indicate the percentage of total compensation of each body recognized in the issuer's results, referring to members of the board of directors, the statutory board of executive officers or the fiscal council, who are related parties to the direct or indirect controlling shareholders, as defined by the accounting rules addressing this matter

Body	2017	2016	2015
Board of Directors	66.66%	66.66%	58.80%
Statutory Board of Executive Officers	0.00%	0.00%	0.00%
Fiscal Council	0.00%	0.00%	29.20%

In 2017:

a) Regarding the Board of Directors, Luiz Antônio Bins, Chairman of the Board of Directors, held and still holds the position of Deputy State Finance Secretary of the State of Rio Grande do Sul, while Carlos Antonio Búrigo, João Gabbardo dos Reis and Flávio Pompermayer held and still hold the positions of General Secretary of the Government of the State of Rio Grande do Sul, Health Secretary of the State of Rio Grande do Sul and Technical Executive Officer of the Financial Coordination Board of the State of Rio Grande do Sul, respectively;

b) No other member of our Board of Executive Officers holds a similar position or is qualified as a related party to our controlling shareholder; and

c) Regarding the Fiscal Council, no member holds a similar position or is qualified as a related party to our controlling shareholder.

In 2016:

a) Regarding the Board of Directors, Luiz Antônio Bins, Chairman of the Board of Directors, held and still holds the position of Deputy State Finance Secretary of the State of Rio Grande do Sul, while Carlos Antonio Búrigo, João Gabbardo dos Reis and Flávio Pompermayer held and still hold the positions of General Secretary of the Government of the State of Rio Grande do Sul, Health Secretary of the State of Rio Grande do Sul and Technical Executive Officer of the Financial Coordination Board of the State of Rio Grande do Sul, respectively;

b) No other member of our Board of Executive Officers holds a similar position or is qualified as a related party to our controlling shareholder; and

c) Regarding the Fiscal Council, no member holds a similar position or is qualified as a related party to our controlling shareholder..

In 2015:

a) Regarding the Board of Directors, Luiz Antônio Bins, Chairman of the Board of Directors, held and still holds the position of Deputy State Finance Secretary of the State of Rio Grande do Sul, while Carlos Antonio Búrigo, João Gabbardo dos Reis and Flávio Pompermayer held and still hold the positions of General Secretary of the Government of the State of Rio Grande do Sul, Health Secretary of the State of Rio Grande do Sul and Technical Executive Officer of the Financial Coordination Board of the State of Rio Grande do Sul, respectively.

b) No other member of our Board of Executive Officers holds a similar position or is qualified as a related party to our controlling shareholder.

c) Regarding the Fiscal Council, Mr. André Luiz de Paiva Filho held the position of Deputy Finance Secretary of the State of Rio Grande do Sul, while Messrs. Djedah de Souza Lisboa and Nilvo Luiz Alves da Silva performed duties in the Public Administration of the State of Rio Grande do Sul.

13.14 - Compensation of managers and members of the Fiscal Council, grouped by body, received for any reason other than the position they hold

13.14. In relation to the last three fiscal years, indicate the amounts recognized in the issuer's results, as compensation of members of the Board of Directors, statutory board of executive officers or the fiscal council, grouped by body, for any reason rather than the position they hold, such as commissions and consultancy or advisory services rendered

The Board of Directors has 1 member who is also a member of the Audit Committee and receives compensation only for the position held in this committee.

13.15 - COMPENSATION OF MANAGERS AND MEMBERS OF THE FISCAL COUNCIL RECOGNIZED IN THE RESULT OF THE DIRECT OR INDIRECT CONTROLLING SHAREHOLDERS, JOINT VENTURES AND SUBSIDIARIES OF THE ISSUER

13.15. In relation to the last three fiscal years, indicate the amounts recognized in the result of the direct or indirect controlling shareholders, joint ventures and subsidiaries of the issuer, as compensation of members of the board of directors, statutory board of executive officers or the fiscal council, grouped by body, specifying how these amounts were assigned to these individuals

Were not recognized in the results of companies under common control and subsidiaries of the issuer, items such as remuneration of members of the board of directors, statutory board or fiscal council of the issuer.

13.16 - OTHER MATERIAL INFORMATION

13.16. Provide other information the issuer deems material

All members of the Board of Directors, Board of Executive Officers and Fiscal Council are covered by the directors and officers liability insurance (D&O), and the maximum indemnity threshold is R$50.0 million.

14 – Human resources

14.1 - Description of the human resources

14.1. Describe the issuer's human resources, including the following information:

a. Headcount (total, by groups based on activity performed and by geographic location)

	2017	2016	2015
	By Group		
Board of Executive Officers	2,765	2,905	2,918
Regional Bodies	45	59	57
Branches	7,706	8,250	8,123
	By Geographical Location		
Board of Executive Officers	2,765	2,905	2,918
Headquarters Superintendence	200	217	213
Center Superintendence	766	801	777
Frontier Superintendence	641	676	653
Greater Porto Alegre - North Superintendence	841	876	866
Greater Porto Alegre - South Superintendence	772	841	837
Eastern Region Superintendence	842	909	867
Northwestern Region Superintendence	580	607	602
Santa Catarina Region Superintendence	286	349	367
Serra Region Superintendence	854	903	901
South Region Superintendence	616	654	656
Alto Uruguai Region Superintendence	686	714	685
Other States Superintendence	147	214	218
Abroad	2	2	2
Northern Superintendence	518	546	536
Total Employees	**10,516**	**11,214**	**11,098**

b. Number of outsourced workers (total, by groups based on the activity performed and by geographic location).

	2017	2016	2015
	By Activity		
Surveillance	1,628	1,727	1,630
Cleaning services	891	907	911
General services	453	457	462
Elevator operators	7	13	17
Telephone operators	5	5	5
Receptionists	-	-	12
Lobby staff	41	42	34
Forklift operator	2	2	2
Motorcycle courier/transport/employees	11	11	11
Drivers/transport/employees	6	6	4
	By Geographical Location		
Board of Executive Officers	586	600	620
Rio Grande do Sul branch network	2,340	2,412	2,331
Branch network - other states	124	158	137
Total Employees	**3,050**	**3,170**	**3,088**

c. Turnover Rate.

Our turnover rate is calculated as follows: [(number of admissions + number of dismissal)/2]/number of employees.

2017	2016	2015
4.48%	2.20%	2.96%

14.2 - RELEVANT CHANGES - HUMAN RESOURCES

14.2. Comment on any relevant change to the figures provided in item 14.1 above.

The Voluntary Retirement Plan, instituted by Resolution no. 4962, was opened in the first half of 2017, aimed at employees who had retired under the National Social Security Institute (INSS), or were eligible to do so. The termination of the 648 employees who joined the plan took place between the beginning of March and the end of June.

On account of the Retirement Plan, a number of branches registered a marked considerable reduction in their workforce. In order to continue to provide our customers with a good service, as of July, the bank began the hiring of 117 employees from the competitive examination for the position of bank clerk.

As of November 2017, due to the restructuring of the Bank's business outside the state of Rio Grande do Sul, a Voluntary Redundancy Plan aimed at employees allocated to Superintendencies of Santa Catarina and other States was established by means of Resolution no. 5004. The termination of those employees who joined the PDV will be implemented by 03/15/2018.

14.3 - DESCRIPTION OF THE COMPENSATION POLICIES FOR THE ISSUER'S EMPLOYEES

14.3. Describe the compensation policies for the issuer's employees, informing:

a. payroll and variable compensation policy.

Brazil's National Federation of Banks (FENABAN) and banking category professional associations through the nationwide Collective Bargaining Agreement, with few statewide particularities negotiated in the Additional Collective Bargaining Agreement of the State of Rio Grande do Sul.

Variable compensation occurs periodically, according to the Bank's needs and aims at establishing the relation between Banrisul's commercial and global performances and employee compensation. The model structure provides three (3) types of compensation, payment of which is contingent upon achieving performance minimum score on result targets measured in terms of contribution margin, established for referred periods.

Performance	Payment schedule	Eligibility
Banrisul Global	Every six months	All employees.
Commercial	Every six months	Sales team only.
Commercial in Funding	Monthly	Only Business Operators with individuals portfolios, who have goals.

Besides variable compensation, employees may also qualify for financial bonuses or other physical awards according to the results attained by achieving goals in the promotion of specific campaigns or competitions, as per Banrisul's business strategy.

b. benefits policy

Banrisul's employees receive the following benefits: private pension plans, health and dental insurance plan, profit sharing plan, jobs bonus, meal voucher, undergraduate and graduate study subsidy, food vouchers, 13th bonus food voucher, day care/baby sitter assistance, assistance for special-needs children, funeral assistance, nighttime transfer assistance, transportation ticket, mileage in their business area, group life insurance, loan when returning from vacation, regular attendance bonuses and a residence program for managers and controllers. In addition to these benefits, Banrisul also provides mobile phones and vehicles to its officers.

c. characteristics of share-based compensation plans for non-managerial employees.

No share-based compensation plan is in place.

14.4 - DESCRIPTION OF THE RELATIONSHIP BETWEEN THE ISSUER AND LABOR UNIONS

14.4. Describe the relationship between the issuer and labor unions, indicating any stoppages or strikes in the past three fiscal years.

Banrisul's employees are represented by the Union of Bank Employees affiliated to the Federation of Bank Employees of Rio Grande do Sul, the National Confederation of Financial Sector Employees) and the Central Workers Union. Each year, with reference date in September, the salaries paid to our employees are subject to collective negotiation between Brazil's National Federation of Banks (FENABAN) and banking category professional associations, by means of nationwide Collective Bargaining Agreement, with few statewide particularities negotiated in the Additional Collective Bargaining Agreement of the State of Rio Grande do Sul.

The salary adjustment of its employees for the 2016/2017 period was set at a floor 08% over August 2016. For the 2017/2018 period, the salary adjustment was set at a floor of 2.75% over the salary for the month of August 2017.

Banrisul also participates in negotiations on the salaries of bank employees on a yearly basis in order to discuss their claims on several issues relating to the category. Strikes have occurred during the salary negotiations for the years 2015 and 2016. There were no strikes in 2017.

Whenever required, Banrisul meets the labor unions for the category to negotiate any conflicts in the scope of labor relations.

Banrisul recognizes the rights of employees to freedom of association and collective bargaining, pursuant to the constitutional and labor laws that govern the matter

14.5 - OTHER MATERIAL INFORMATION

14.5. Provide other information the issuer deems as material.

At the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

15 - Control and economic group

15.1 / 15.2 - SHAREHOLDING POSITION

15.1. Identify the shareholder or group of controlling shareholders, indicating in relation to each of them:

a. name
b. nationality
c. individual taxpayer registration number (CPF)/corporate taxpayer registration number (CNPJ)
d. number of shares held, by class and type
e. percentage held in relation to the respective class or type
f. percentage held in relation to the total share capital
g. if it participates in a shareholders' agreement
h. if the shareholder is a legal entity, provide a list containing the information referred to in sub-items "a" through "d" regarding its direct and indirect controlling shareholders, including controlling shareholders who are individuals, even if this information is treated as confidential by virtue of legal transaction or by the legislation of the country in which the partner or controlling shareholder is established or domiciled
i. if the shareholder is a resident or domiciled abroad, the name or corporate name and the registration number in the Individual Taxpayers' Register or in the National Registry of Legal Entities of their agent or legal representative in the Country
j. date of the last alteration

15.2. In table format, provide a list containing the information below about the shareholders, or groups of shareholders that act together or that represent the same interest, which have a stake equal to or greater than 5% of the same class or type of shares and which are not listed in item 15.1:

Shareholder	Type of Person	Shareholder's individual taxpayer registration number (CPF)/corporate taxpayer registration number (CNPJ)	Nationality	State	Party to a shareholder's agreement	Controlling Shareholder	Latest amendment	Foreign Shareholder
Governo do Estado do Rio Grande do Sul	Legal Entity	87.934.675/0001-96	Brazil	RS	No	Yes	04/08/2019	No
Kapitalo Investimentos	Legal Entity	11.180.009/0001-48	Brazil	SP	No	No	03/14/2018	No

Shareholder	Common shares		Preferred Shares		Class B Preferred Shares		Class A Preferred Shares		Total	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Governo do Estado do Rio Grande do Sul	201,225,359	98.13%	751,479	0.37%	0	0.00%	751,479	54.48%	201,976,838	49.39%
Kapitalo Investimentos	0	0.00%	10,330,500	5.07%	10,330,500	5.10%	0	0.00%	10,330,500	2.53%
Ações em Tesouraria	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Outros	3,836,773	1.87%	192,830,366	94.56%	192,202,435	94.90%	627,931	45.52%	196,667,139	48.08%
Total	205,062,132	100.00%	203,912,345	100.00%	202,532,935	100.00%	1,379,410	100.00%	408,974,477	100.00%

15.3 - Capital distribution

15.3. In table format, describe the distribution of capital, as determined at the last general shareholders' meeting:

a. number of shareholders – individuals

b. number of shareholders – corporate

c. number of institutional investors

Annual Shareholders' Meeting of April 27, 2018	Total
Number of shareholders – individuals	57,406
Number of shareholders – corporate (except for corporate shareholders who are institutional investors)	3,977
Number of institutional investors	799

d. number of outstanding shares, by class and type

Outstanding shares corresponding to all shares of the issuer with the exception of the controlling shareholder, related parties, issuer's management and treasury shares:

Type and Class of Share	Shares Not Outstanding [1]	Outstanding Shares (Free Float) [2]	% Outstanding Shares	Total Shares
Common shares	**201,225,416**	**3,836,716**	**1.87%**	**205,062,132**
Preferred shares	**751,696**	**203,160,649**	**99.63%**	**203,912,345**
Class A Preferred Shares	751,596	627,814	45.51%	1,379,410
Class B Preferred Shares	100	202,532,835	100.00%	202,532,935
Total	**201,977,112**	**206,997,365**	**50.61%**	**408,974,477**

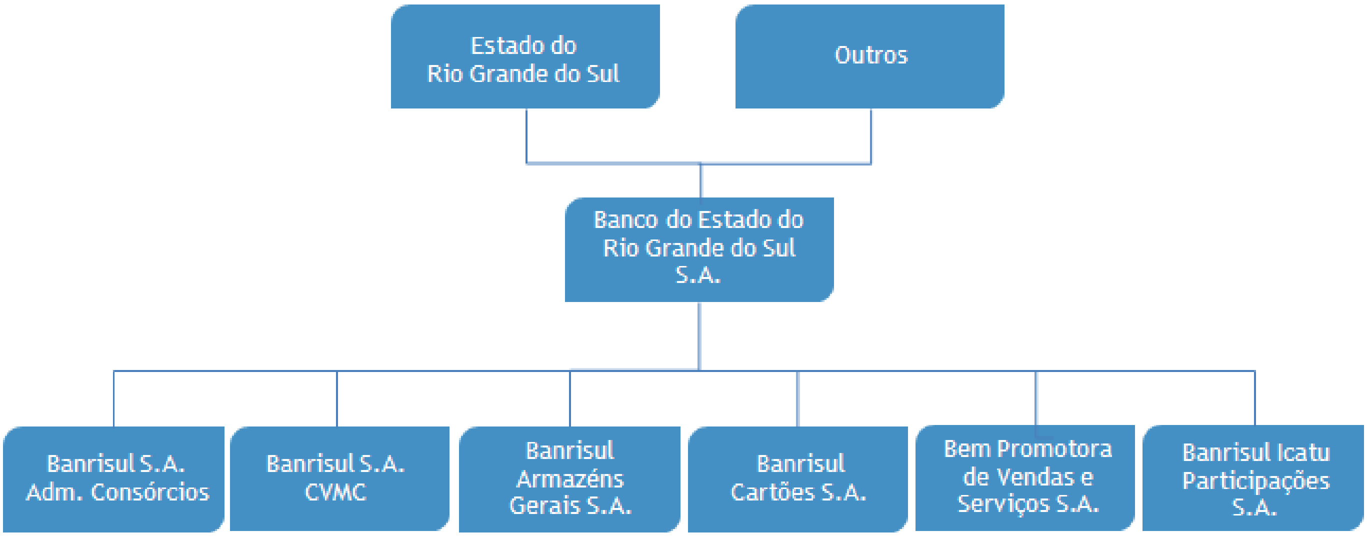
[1] Consists of shares held by the State of Rio Grande do Sul and Banrisul's Managers.

[2] Total shares issued by Banrisul, except those identified in option 1, above.

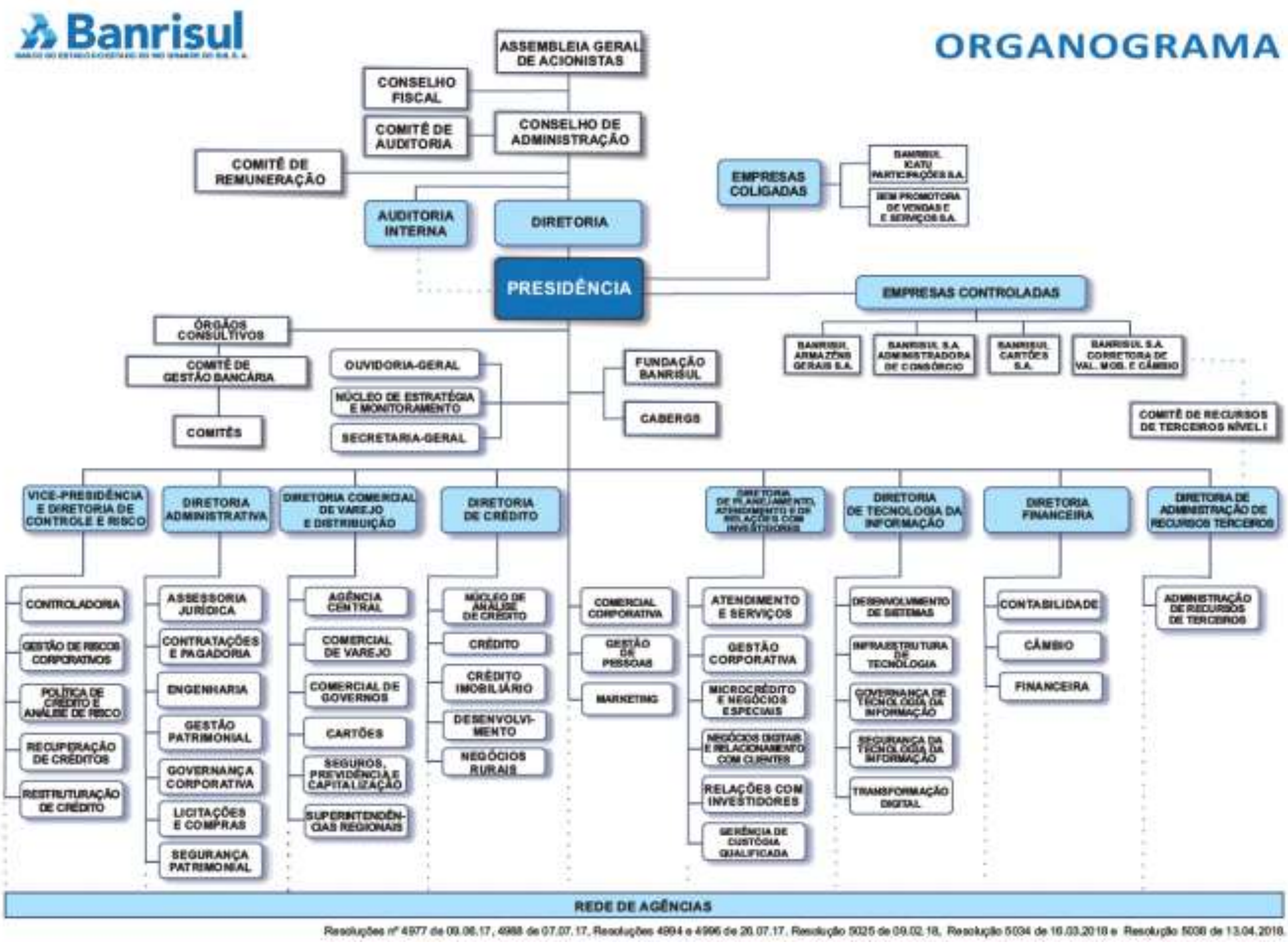
15.4 - ORGANIZATION CHART OF SHAREHOLDERS AND THE ECONOMIC GROUP

15.4. Present the shareholders' organizational chart of the issuer or the economic group to which it belongs, indicating:

Organizational Chart of the Banrisul Group



Organizational Chart of Banco do Estado do Rio Grande do Sul S.A.



15.5 - Shareholders' agreement filed at the issuer's head office, or to which the controlling shareholder is a party

15.5. Regarding any shareholders' agreement filed at the issuer's head office, or to which the controlling shareholder is a party, to regulate the exercise of voting rights or the transfer of shares issued by the issuer, indicate:

a. parties
b. date of signing
c. period of validity
d. description of the clauses relating to the exercise of voting rights and of control
e. description of the clauses relating to the appointment of directors, members of statutory committees or managers
f. description of the clauses relating to the transfer of shares and the priority to acquire them
g. description of the clauses that restrict or bind the voting rights of members of the board of directors or other supervisory and control bodies

The Company is corporation controlled by the state of Rio Grande do Sul. There is no Shareholders' Agreement filed at the Company's headquarters.

15.6 - Relevant changes in the interest of members of the issuer’s controlling interest and management

15.6. Indicate relevant changes in the interest of members of the issuer’s controlling interest and Management

There has been no relevant change in the interest of members of the Company’s controlling interest and Management in the last three fiscal years.

15.7 - PRINCIPAL CORPORATE TRANSACTIONS

15.7. Describe the group's principal corporate transactions with material effect for the issuer, such as merger, consolidation, spin-off, absorption of shares, sale and acquisition of controlling interest, acquisition and sale of important assets, indicating the involvement of the issuer or any of its subsidiaries or affiliates:

a. event

In December 2014, Banrisul was authorized by the Brazilian Central Bank and Brazil's Antitrust Agency (CADE), respectively, to hold interest in the capital stock of a holding company which would control an insurance company with exclusive rights to sell life insurance and social security products via Banrisul's distribution channels.

Given such approvals, on December 11, 2014, Banrisul and Icatu entered into a specific instrument in which Banrisul undertook to sell exclusively, for a period of 20 years, Icatu's life insurance and social security products. This instrument was effective until both parties have obtained SUSEP's authorization, pursuant to Article 9 of the CNSP Resolution 166/07, for Banrisul to hold indirect interest in the capital stock of the insurance company, currently called Rio Grande Seguros e Previdência S.A., after which all the rights and obligations from said instrument, including Icatu's exclusive right in Banrisul's life insurance and pension products were transferred to this new insurance company, without interruption of the exclusivity period.

In August 2015, the incorporation of the holding company Banrisul Icatu Participações S.A. was formalized. The Company holds a 49.9% interest in the business, which represents an evolution in the Bank's business model. Banrisul Icatu Participações S.A. controls Rio Grande Seguros e Previdência S.A., an insurance company that has exclusiveness in the trading of personal insurance and private pension products through the Bank's distribution channels for 20 years. Banrisul's income was impacted by the net profit of R$12.4 million registered by BIPAR in 2015. In July 2016, Rio Grande Seguros started to operate through Banrisul's branch network. Net income was R$59.0 million in 2017.

b. main business conditions

Establishment of a joint venture between the Company and Icatu for operating in the life insurance and pension market. Rio Grande Seguros e Previdência S.A., the joint venture's operating vehicle has exclusivity in Banrisul's life insurance and pension products for a period of 20 years.

The Insurer has exclusiveness in the trading of personal insurance and private pension products through the Bank's distribution channels. For this reason, Icatu disbursed R$115.0 million in 2014. Icatu Seguros S.A. invested R$22.5 million in Banrisul due to the incorporation of the holding. This non-recurring event has positively affected income in 2015 by R$13.5 million after taxes.

c. companies involved

Banco do Estado do Rio Grande do Sul S.A., Icatu Seguros S.A., Banrisul Icatu Participações S.A. (the holding company in which Banrisul has 49.9% equity interest, with the remainder of the shares being held by Icatu) and Rio Grande Seguros e Previdência S.A. (the joint venture's operating vehicle, which is controlled by Banrisul Icatu Participações S.A.).

d. effects resulting from the operation on the shareholding structure, especially on the interest of the controlling shareholder, shareholders with more than 5% of the capital and shareholders who are members of the issuer's management

There were no effects.

e. shareholding structure before and after the operation

The shareholding structure of Banco do Estado do Rio Grande do Sul S.A. has not been changed. Shareholding structure of Banrisul Icatu Participações S.A after the operation:

- Banco do Estado do Rio Grande do Sul S.A.: 49.99%
- Icatu Seguros S.A.: 50.01%

f. mechanisms adopted to ensure fair treatment amongst shareholders

Not applicable.

15.8 - OTHER MATERIAL INFORMATION

15.8. Provide other information deemed as material by the issuer

As at the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

16 – Transactions with related parties

16.1 - Description of the issuer's rules, policies and practices regarding transactions with related parties

16.1. Describe the issuer's rules, policies and practices regarding transactions with related parties, as defined in the accounting norms applicable to this subject, indicating if there is a formal policy adopted by the issuer and the locations where it can be consulted.

At present, the Company provides banking services for the state of Rio Grande do Sul (its controlling shareholder) as well as for bodies of the Direct and Indirect Public Administration, by means of signing agreements that have substantially

the same terms and conditions practiced with other clients.

The main services provided are current account deposits, and tax, fee and duty collection services.

With regard to the controlling shareholder, these services are rendered pursuant to provisions of the Agreement on Assignment of Payroll Services through Onerous Concession of Exclusivity Rights No. 16/04/035 of June 17, 2016.

Article 115 of the Brazilian Corporate Law prohibits our shareholders from voting on resolutions referring to Appraisal reports of assets with which they concur to establishing our share capital, the approval of their accounts as managers, as well as any other matters, which may benefit them in particular, or with conflicting interests with ours.

In addition, our Management is impeded from intervening in any corporate operation with conflicting interests with ours, pursuant to Article 156 of the Brazilian Corporate Law.

Pursuant to Law 4595 of December 31, 1964 and Law 7492 of June 16, 1986, the financial institutions are not authorized to grant loans or advances or guarantee transactions of their controlling shareholders, associated companies or affiliates, managers or their relatives or companies in which these persons hold interests exceeding 10% of share capital.

Therefore, we do not provide any loans or advances to referred persons. We also did not tender any collateral to these related parties (including over the last three fiscal years). Nevertheless, all our managers are Banrisul's account holders and they are eligible to use banking services excluding loan operations.

Lastly, we do not have additional rules, besides those set forth by the Brazilian Corporate Law and banking regulations, explained above, for the purpose of ruling the approval of related party transactions.

16.2 - Description of the issuer's rules, policies and practices regarding transactions with related parties

16.2. Except for the transactions carried out between the issuer and companies in which it, directly or indirectly, holds all of the share capital, provide details, in relation to transactions with related parties that, according to accounting standards, should be disclosed in the issuer's individual or consolidated financial statements and which have been signed during the last year or which are in force in the current year:

a. name of the related parties
b. relationship of the parties with the issuer
c. transaction date
d. object of the contract
e. if the issuer is a creditor or debtor
f. amount involved in the deal
g. existing balance
h. amount corresponding to the interest of the aforesaid related party in the business, if it is possible to measure it
i. related guarantees and insurance
j. duration
k. conditions of termination or cancellation
l. when this relationship is a loan or other type of debt, also provide details of:
i. nature and reasons for the operation
ii. interest rate charged

Related party name	State of Rio Grande do Sul
Relation with the issuer	Controlling shareholder
Subject-matter of the agreement	Contract for Assignment of Services Related to the Payroll by Onerous Granting of Exclusivity Right no. 16/04/035
Transaction date	06/17/2016
Amount involved in the business(Reais)	R$1,250,638,220.00
Interest rate (%)	0.00
Outstanding balance	Not applicable
Amount corresponding to the interest of the aforesaid related party in the business if it is possible to measure it	Not possible to assess
Warranties and insurance	Not applicable
Duration	120 months
Conditions for termination	The Agreement may be terminated in the cases provided for in art. 78 of Law 8666/93, with the consequences indicated in art. 80 of the same Law, subject to the application of sanctions.
This relationship is a loan or other type of debt	No
Nature and reason for the transaction / Other material information	-
Contractual position of the issuer (Creditor/Debtor/Other)	Other
Specify	Not applicable

Related party name	CABERGS – Savings fund for the employees of Banco do Estado do Rio Grande do Sul
Relation with the issuer	Sponsored entity
Subject-matter of the agreement	Health Plan Operator
Transaction date	12/31/2016
Amount involved in the business(Reais)	46,903,320.01
Interest rate (%)	0.00
Outstanding balance	Not applicable
Amount corresponding to the interest of the aforesaid related party in the business if it is possible to measure it	Not possible to assess.
Warranties and insurance	Not applicable
Duration	Undetermined
Conditions for termination	
This relationship is a loan or other type of debt	No
Nature and reason for the transaction / Other material information	-
Contractual position of the issuer (Creditor/Debtor/ Other)	Other
Specify	Not applicable

16.3 - IDENTIFICATION OF THE MEASURES TAKEN TO DEAL WITH CONFLICTS OF INTEREST AND DEMONSTRATION OF STRICTLY COMMUTATIVE CHARACTER OF AGREED CONDITIONS OR OF THE PROPER COMPENSATORY PAYMENT

16.3. In regard to each transaction or set of transactions mentioned in section 16.2 above that occurred in the last fiscal year:

a. identify the measures taken to deal with conflicts of interest.

The Company adopts the corporate governance practices recommended by laws and regulations in order to avoid and to deal with conflicts of interest.

Referring to the Agreement on the Assignment of Payroll Services through Onerous Concession of Exclusivity Rights No. 16/04/035, any legal disagreement related to the construal or execution of the Agreement that rules the institutional relationship between Banrisul and the state of Rio Grande do Sul (State), with regard to the system used to pay the State's public servants salary, as well as the rendering of other banking services of specific interest of the State's direct and indirect administration, shall be solved by the Central Courthouse of the Judicial District of Porto Alegre, except for cases of arbitration.

Appraisal reports are prepared by experts in lease agreements and renewals.

b. evidence the strictly arm's length nature of the conditions agreed upon or the proper compensatory payment.

The Company 's operations carried out with related parties observe the market practices adopted for the same type of agreement between non-related parties, neither causing any benefit nor damage to either related party.

16.4 - OTHER MATERIAL INFORMATION

16.4. Provide other information deemed as material by the issuer.

The Company carries out banking transactions with related parties, such as deposits in checking account (unremunerated), interest-bearing deposits, funding in the open market, loans (except for key management personnel) and service agreements. These transactions are carried out at normal market values, terms and average rates, in force on the respective dates, and on an arm's length basis.

In item 16.2 of this Reference Form, the Company listed the principal transactions with related parties, without prejudice to this, the table below takes into account all transactions with the Company's related parties:

Banrisul				
	Assets (Liabilities)		Revenues (Expenses)	
	2017	2016	01/01 to 12/31/2017	01/01 to 12/31/2016
Government of the State of Rio Grande do Sul	**(784,111)**	**(505,285)**	**(35,148)**	**(33,527)**
Other Credits (1)	15,422	15,294	-	-
Demand Deposits	(589,738)	(452,595)	-	-
Funding in the Open Market (2)	(118,324)	(49,402)	(33,704)	(31,963)
Other Obligations (3)	(91,471)	(18,582)	(1,444)	(1,564)
Subsidiaries and Investment Fund	**(1,057,013)**	**(963,199)**	**65,592**	**48,536**
Other Credits	93,590	71,190	101,184	91,514
Demand Deposits	(12,147)	(25,042)	-	-
Term Deposits	(27,868)	(257,678)	(1,942)	(33,995)
Funding in the Open Market (2)	(153,573)	(157,275)	(2,705)	(5,678)
Funds from acceptance and Issue of securities	(258,754)	-	(25,820)	-
Other Obligations	(698,261)	(594,394)	(5,125)	(3,305)
Banrisul Social Security Foundation	**(68,371)**	**(72,643)**	**(19,908)**	**(18,909)**
Other Obligations	(68,371)	(72,643)	(19,908)	(18,909)
Total	**(1,909,495)**	**(1,541,127)**	**10,536**	**(3,900)**

(1) The amount of R$15,422 refers to the assigned employees.
(2) These funds are remunerated at 100% of the Selic rate.
(3) Out of the amount of R$91,471, R$8,958 refers to the attached employees.

Banrisul - Consolidated				
	Assets (Liabilities)		Revenues (Expenses)	
	2017	2016	01/01 to 12/31/2017	01/01 to 12/31/2016
Government of the State of Rio Grande do Sul	**(766,960)**	**(479,719)**	**(33,047)**	**(30,826)**
Cash and Cash Equivalents	15,336	23,393	2,042	2,640
Other Credits (1)	17,237	17,467	59	61
Demand Deposits	(589,738)	(452,595)	-	-
Funding in the Open Market (2)	(118,324)	(49,402)	(33,704)	(31,963)
Other Obligations (3)	(91,471)	(18,582)	(1,444)	(1,564)
Banrisul Social Security Foundation	**(68,371)**	**(72,643)**	**(19,908)**	**(18,909)**
Other Obligations	(68,371)	(72,643)	(19,908)	(18,909)
Total	**(835,331)**	**(552,362)**	**(52,955)**	**(49,735)**

(1) Out of the amount of R$17,237, R$15,422 refers to the assigned employees.
(2) These funds are remunerated at 100% of the Selic rate.
(3) Out of the amount of R$91,471, R$8,958 refers to the attached employees.

17 – Capital stock

17.1 - Information on Capital Stock

17.1. Draw up a table containing the following information regarding the share capital:

a. issued capital, separated by class and type
b. subscribed capital, separated by class and type
c. paid-in capital, separated by class and type
d. term for payment of capital not yet paid in, separated by class and type
e. authorized capital, giving details regarding the number of shares, value and date of authorization
f. equity convertible securities and conditions for conversion

Paid-in Capital	
Date of authorization or approval	04/25/2019
Payment term	-
Capital amount	5,200,000,000.00
Number of common shares	205,062,132
Number of preferred shares	203,912,345
Number of class A preferred shares	1,379,410
Number of class B preferred shares	202,532,935
Total number of shares	408,974,477

Authorized capital	
Date of authorization or approval	03/25/2008
Payment term	-
Capital amount	0.00
Number of common shares	300,000,000
Number of preferred shares	300,000,000
Total number of shares	600,000,000

17.2 - INCREASES IN CAPITAL

17.2. In relation to the increases in the issuer's capital, indicate

a. date of the decision
b. body that decided the increase
c. issue date
d. total amount of the increase
e. number of securities issued, separated by class and type
f. issue price
g. form of payment:
 i. cash
 ii. if goods, description of the goods
 iii. if rights, description of the rights
h. criteria used to determine the value of the issue (article 170, paragraph 1, of Law no. 6.404 of 1976)
i. indication as to whether the subscription was private or public
j. percentage that the increase represents in relation to the share capital immediately prior to the capital increase

Date of resolution	Body approving the increase	Total amount of issue	Type of increase
03/31/2009	Extraordinary Shareholders' Meeting	300,000,000.00	Without issue of shares
04/30/2010	Extraordinary Shareholders' Meeting	300,000,000.00	Without issue of shares
04/29/2011	Extraordinary Shareholders' Meeting	300,000,000.00	Without issue of shares
04/30/2012	Extraordinary Shareholders' Meeting	300,000,000.00	Without issue of shares
04/30/2013	Extraordinary Shareholders' Meeting	250,000,000.00	Without issue of shares
04/30/2014	Extraordinary Shareholders' Meeting	250,000,000.00	Without issue of shares
04/30/2015	Extraordinary Shareholders' Meeting	250,000,000.00	Without issue of shares
04/29/2016	Extraordinary Shareholders' Meeting	250,000,000.00	Without issue of shares
04/28/2017	Extraordinary Shareholders' Meeting	250,000,000.00	Without issue of shares
04/25/2019	Extraordinary Shareholders' Meeting	803,280,929.46	Without issue of shares Aguardando homologação do BACEN.

17.3 - INFORMATION ON SHARE SPLITS, REVERSE SPLITS AND BONUSES

17.3. In regard to share splits, reverse splits and bonuses, inform in table form

a. date of the decision

b. number of shares prior to approval, separated by class and type

c. number of shares after approval, separated by class and type

There was no restructuring operation in the last three fiscal years.

17.4 - Information on Capital Reduction

17.4. In relation to the reductions in the issuer's capital, indicate:

a. date of the decision
b. date of the reduction
c. total reduction in value
d. number of shares canceled by the reduction, separated by class and type
e. amount refunded per share
f. form of refund

<table>
<tr><th>Date of Approval</th><th>Date of Reduction</th><th>Reduction Value</th><th>Shares Cancelled</th></tr>
<tr><td>04/10/2018</td><td>06/16/2018</td><td>353,280,929.46</td><td>Without cancellation of shares</td></tr>
<tr><th colspan="2">Refund Method</th><th colspan="2">Capital Reduction Rationale</th></tr>
<tr><td colspan="2">The return to shareholders of part of the value of their shares subject to the capital reduction occurred in local currency payment of R$0.86382146 per share.</td><td colspan="2">Maximize the results of the subsidiary Banrisul Cartões SA ("Cartões"), in particular, on account of its financial results and the growth potential of the payment medium segment, with a capital reduction and refund of the share value through preferred shares of Cartões.
As the process of Cartões was not completed by December 15, 2018, the refund to the shareholders of the value of their shares subject to capital reduction was given in cash.</td></tr>
</table>

17.5 - OTHER MATERIAL INFORMATION

17.5. Provide other information that the issuer deems material:

As of the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

18 – Securities

18.1 - Share rights

18.1. Describe the rights of each class and type of share issued:

a. right to dividends
b. right to vote
c. convertibility into another class or type of share, indicating:
  i. conditions
  ii. effects on share capital
d. capital reimbursement rights
e. right to take part in a public offering for disposal of control
f. restrictions on free-float
g. conditions for altering the rights guaranteed by these securities
h. possibility of redemption of shares, indicating:
  i. redemption hypotheses
  ii. formula for calculating the redemption value
i. other relevant characteristics
j. foreign issuers should identify the differences between the characteristics described in items "a" to "i" and those normally attributed to similar securities issued by domestic issuers, differentiating which are specific to the security described and which are imposed by rules of the issuer's country of origin or by the country in which its securities are kept

Common Shares	
Tag-along right	100.000000
Right to dividends	Common shares entitle their holders to the following rights, after payment of the fixed dividend due to the Class A Preferred Shares: (i) a non- cumulative dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; (ii) the right to participate in the distribution of any other dividends or cash bonuses distributed by the company after paying to the holders of class A and B preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of class B preferred shares. Article 85, I, II and III of the Bylaws
Voting right	Full
Convertibility	No
Capital reimbursement rights	Yes
Description of capital reimbursement characteristics	No reimbursement priority, no premium.
Right to take part in a public offering for sale of control	No
Free-float restrictions	No
Redeemable	No
Redemption situations and formula to calculate redemption amounts	-
Conditions to change the rights ensured by these securities:	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two-thirds (2/3) of the voting capital, but may be installed on second call with any number.
Other relevant characteristics:	Registered common and preferred shares will be held as book-entry shares in deposit accounts, on behalf of their holders, at the Company, which bears the depositary institution's legal charges, without issuing certificates.

Class A Preferred Shares	
Tag-along right	100.000000
Right to dividends	A Class A preferred shares entitle their holders to the right to receive, as a compulsory dividend, in each year, a percentage equivalent to 25% of the year's net income, having priority in terms of receipt non-cumulative, preferred, fixed dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; and the right to participate in the distribution of any other dividends or cash bonuses distributed by the company after paying to the holders of common shares and class B preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of common shares and class B preferred shares, plus ten percent (10%) over the amount paid to these shares. – under the terms of article 8 and article 85 of the Bylaws
Voting right	No
Convertibility	Yes
Convertibility condition and effects on capital stock	Class A preferred shares will be converted into common shares or class B preferred shares, at any time, at the shareholder's discretion, by means of notice to the company. Upon shareholder's request.
Capital reimbursement rights	Yes
Description of capital reimbursement characteristics	Reimbursement priority, no premium.
Free-float restrictions	No
Redeemable	No
Redemption situations and formula to calculate redemption amounts	-
Conditions to change the rights ensured by these securities:	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two- thirds (2/3) of the voting capital, but may be installed on second call with any number.
Other relevant characteristics:	Participation in capital increases stemming from the capitalization of reserves, under equal conditions of common and class B preferred shares. The right guaranteed under the terms of Article 85 of the Bylaws.

Class B Preferred Shares	
Tag-along right	100.000000
Right to dividends	Class B preferred shares entitle their holders to the following rights, after payment of the fixed dividend due to the Class A Preferred Shares: (i) the receipt of non-cumulative dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; (ii) right to participate, after payment to Class A preferred class B preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of common class B preferred shares. Article 85, I, II and III of the Bylaws after payment of the dividends of the
Voting right	No
Convertibility	No
Capital reimbursement rights	Yes
Description of capital reimbursement characteristics	Reimbursement priority, no premium.
Right to take part in a public offering for sale of control	Yes
Free-float restrictions	No
Redeemable	No
Redemption situations and formula to calculate redemption amounts	-
Conditions to change the rights ensured by these securities:	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two-thirds (2/3) of the voting capital, but may be installed on second call with any number.
Other relevant characteristics:	Participation in capital increases stemming from the capitalization of reserves, under equal conditions of common and class A preferred shares. The right guaranteed under the terms of Article 85 of the Bylaws.

18.2 - DESCRIPTION OF EVENTUAL STATUTORY RULES THAT LIMIT THE VOTING RIGHTS OF SIGNIFICANT SHAREHOLDERS OR THAT FORCE THEM TO HOLD A PUBLIC OFFER

18.2. Describe, if any, the bylaws provisions restricting relevant shareholders' voting right or requiring them to conduct a tender offer

There are no Bylaw provisions restricting relevant shareholders' voting right.

There are Bylaws provisions requiring tender offers under certain circumstances: (a) in cases where there is assignment for consideration of rights to subscribe for shares and other securities or rights related to equity convertible securities that results in the sale of control of the company; (b) in the event of an indirect divestiture, in other words, divestiture of the control of the company's controlling shareholder(s), in which case the controlling shareholder(s) that is selling will be obliged to declare to BOVESPA the value attributed to the company in this sale and to attach documentation proving this; (c) decision to discontinue Level 1 Special Corporate Governance Practices and; (d) deregistering as a publicly-held company.

The aforementioned public offering should also be carried out in compliance with the constitutional provisions and the need for a referendum indicated in article 85 of the bylaws.

18.3 - DESCRIPTION OF EXCEPTIONS AND SUSPENSIVE CLAUSES RELATING TO EQUITY OR POLITICAL RIGHTS PROVIDED FOR IN THE BYLAWS

18.3. Describe exceptions and suspensive clauses relating to equity or political rights provided for in the Bylaws

Banrisul’s Bylaws do not contain any exceptions or suspensive clauses relating to equity or political rights.

18.4 - TRADING VOLUME AND HIGHEST AND LOWEST PRICES OF SECURITIES TRADED

18.4. In the form of a table, provide details of the volume of trading as well as the daily average and the highest and lowest quoted prices of securities traded on a stock exchange or organized over-the-counter market, in each of the quarters of the last 3 years

Fiscal year ended 12/31/2017						
Quarter	**Share**	**Market**	**Financial trading volume (R$)**	**Highest price (R$)**	**Lowest price (R$)**	**Average price (R$)**
03/31/2017	ON	B3 S.A.	2,635,288	35.70	11.33	21.28
	PNA	B3 S.A.	1,630,702	35.40	11.20	20.67
	PNB	B3 S.A.	1,289,710,663	19.02	10.67	15.02
06/30/2017	ON	B3 S.A.	369,407	25.00	18.00	20.36
	PNA	B3 S.A.	48,602	22.00	19.00	20.92
	PNB	B3 S.A.	925,912,992	16.38	11.70	13.87
09/30/2017	ON	B3 S.A.	519,629	21.00	17.02	18.93
	PNA	B3 S.A.	55,883	22.00	18.99	21.12
	PNB	B3 S.A.	818,413,402	17.64	13.29	15.69
12/31/2017	ON	B3 S.A.	1,322,136	27.77	20.93	25.32
	PNA	B3 S.A.	344,422	28.26	19.75	25.47
	PNB	B3 S.A.	1,160,781,020	17.39	13.00	14.84

Fiscal year ended 12/31/2016						
Quarter	**Share**	**Market**	**Financial trading volume (R$)**	**Highest price (R$)**	**Lowest price (R$)**	**Average price (R$)**
03/31/2016	ON	B3 S.A.	125,612	10.10	5.78	8.02
	PNA	B3 S.A.	40,314	10.00	6.17	7.87
	PNB	B3 S.A.	479,545,170	8.25	4.13	5.72
06/30/2016	ON	B3 S.A.	56,348	12.00	8.17	9.53
	PNA	B3 S.A.	37,296	12.88	9.20	11.71
	PNB	B3 S.A.	589,298,061	9.18	7.35	8.36
09/30/2016	ON	B3 S.A.	81,259)	15.97	9.05	12.78
	PNA	B3 S.A.	114,124	24.89	10.18	16.16
	PNB	B3 S.A.	599,692,666	11.95	8.58	10.70
12/31/2016	ON	B3 S.A.	66,102	13.99	11.33	12.27
	PNA	B3 S.A.	47,705	13.00	11.20	12.41
	PNB	B3 S.A.	552,625,437	13.60	9.82	11.60

Fiscal year ended 12/31/2015						
Quarter	**Share**	**Market**	**Financial trading volume (R$)**	**Highest price (R$)**	**Lowest price (R$)**	**Average price (R$)**
03/31/2015	ON	B3 S.A.	23,625	13.50	9.32	11.87
	PNA	B3 S.A.	21,264	13.50	11.07	12.11
	PNB	B3 S.A.	776,261,397	14.53	10.60	12.23
06/30/2015	ON	B3 S.A.	161,647	10.49	9.00	9.67
	PNA	B3 S.A.	0	11.07	11.07	11.07
	PNB	B3 S.A.	616,360,827	11.98	8.91	10.56
09/30/2015	ON	B3 S.A.	162,994	9.53	6.50	8.33
	PNA	B3 S.A.	93,307	11.07	6.00	8.54
	PNB	B3 S.A.	673,869,983	9.89	5.57	8.10
12/31/2015	ON	B3 S.A.	118,397	13.41	6.50	8.52
	PNA	B3 S.A.	24,959	6.95	6.06	6.75
	PNB	B3 S.A.	757,880,492	6.70	5.37	5.90

18.5 - Other securities issued in Brazil

18.5. Describe other securities issued in Brazil that are not shares and have not expired or been redeemed, indicating:

a. identification of the security
b. number
c. overall nominal value
d. date of issue
e. debit balance outstanding on the closing date of the last year
f. restrictions on circulation
g. convertibility in shares or conferring the right to subscribe for or buy the issuer's shares, giving details of:
  i. conditions
  ii. effects on share capital
h. possibility of redemption, stating:
  i. redemption hypotheses
  ii. formula for calculating the redemption value
i. when the securities are debt securities, indicate, when applicable:
  i. maturity, including the conditions for early maturity
  ii. interest
  iii. guarantee and, if in rem, description of the asset that is the subject matter of the guarantee
  iv. in the absence of collateral, if the credit is unsecured or subordinated
  v. occasional restrictions enforced to the issuer regarding:
    • the distribution of dividends
    • the disposal of certain assets
    • the contracting of new debts
    • the issue of new securities
    • ownership transactions involving the issuer, its controlling shareholders or subsidiaries
  vi. the trustee, indicating the main terms of the agreement
j. conditions for altering the rights guaranteed by these securities
k. other relevant characteristics

As at the date of this reference form there are no other publicly offered securities issued in Brazil other than the shares issued by Company to be disclosed.

18.6 - BRAZILIAN MARKETS IN WHICH SECURITIES ARE ADMITTED TO TRADING

18.6. Indicate Brazilian markets where the issuer's securities are accepted for trading

The Company 's shares are traded on B3 S.A. – Brasil, Bolsa, Balcão, under the ticker symbols BRSR3, BRSR5 and BRSR6.

18.7 - INFORMATION ABOUT CLASS AND TYPE OF SECURITIES TRADED ON FOREIGN MARKETS

18.7. In regard to each class and type of securities accepted for trading on foreign markets, indicate:

a. country
b. market
c. management entity of the market in which the securities are admitted to trading
d. date of admission to trading
e. if there is any, indicate the trading segment
f. date on which first listed in the trading segment
g. percentual of the volume of trading abroad in relation to the total volume of trading of each class and type in the last year
h. if any, the proportion of deposit certificates abroad in relation to each class and type of shares
i. if any, depositary bank
j. if any, custodian institution

No securities accepted for trading on foreign markets..

18.8 - Securities issued abroad

18.8. Describe securities issued abroad, when relevant, indicating, if applicable:

a. identification of the security, indicating the jurisdiction
b. number
c. overall nominal value
d. issue date
e. outstanding debtor balance on the closing date of the last year
f. restrictions on circulation
g. convertibility into shares or conferring the right to subscribe for or buy the issuer's shares, giving details of:
- **i. conditions**
- **ii. effects on share capital**

h. possibility of redemption, indicating:
- **i. redemption hypotheses**
- **ii. formula for calculating the redemption value**

i. when the securities are debt securities, indicate:
- **i. maturity, including the conditions for early maturity**
- **ii. interest**
- **iii. guarantee and, if in rem, description of the asset that is the subject matter of the guarantee**
- **iv. in the absence of collateral, if the credit is unsecured or subordinated**
- **v. occasional restrictions enforced to the issuer regarding:**
- **vi. conditions to change the rights ensured by these securities**
- **vii. other material characteristics**

Security	Securities Deposit Certificates	Securities Deposit Certificates
Security identification	Level 2 subordinated debt	Level 2 subordinated debt
Date of issue	02/02/2012	02/02/2012
Maturity date	02/02/2022	02/02/2022
Number (Units)	0	0
Global nominal value (correct)	R$869,000,000.00	R$577,225,000.00
Debt balance outstanding (correct)	R$869,000,000.00	R$48,665,315.00
Free-float restriction	Yes	Yes
Description of restrictions	They may only be acquired by accredited investors	They may only be acquired by accredited investors
Convertibility	No	No
Redemption	Yes	Yes
Redemption situations and calculation of redemption amounts	i) Redemption assumption: the issuer shall not be entitled to redeem all securities prior to maturity date, except in cases of changes in the tax treatment; ii) Formula for calculation of redemption amount: the basis of calculation is 100% of principal plus accrued and unpaid interest rates, and all other amounts due in the Indenture.	i) Redemption assumption: the issuer shall not be entitled to redeem all securities prior to maturity date, except in cases of changes in the tax treatment; ii) Formula for calculation of redemption amount: the basis of calculation is 100% of principal plus accrued and unpaid interest rates, and all other amounts due in the Indenture.
Characteristics of debt securities	i) The maturity date is 02/02/2022; ii) The interest rate is: 7.375% p.a.; iii) Collateral, and, if in rem, description of the underlying object: none; iv) In the absence of collateral, if the credit is unsecured or subordinated: Level 2 subordinated debt; v) Occasional restrictions enforced to the issuer regarding: • the distribution of dividends: none; • the disposal of certain assets: requirement of consent of investors holding two thirds of the financial amount issued regarding the disposal of assets representing share control and increasing the risk of non-fulfillment of the commitments undertaken; • the contracting of new debts: none; • the issue of new securities: none; • ownership transactions involving the issuer, its controlling shareholders or subsidiaries: none;	i) The maturity date is 02/02/2022; ii) The interest rate is: 7.375% p.a.; iii) Collateral, and, if in rem, description of the underlying object: none; iv) In the absence of collateral, if the credit is unsecured or subordinated: Level 2 subordinated debt; v) Occasional restrictions enforced to the issuer regarding: • the distribution of dividends: none; • the disposal of certain assets: requirement of consent of investors holding two thirds of the financial amount issued regarding the disposal of assets representing share control and increasing the risk of non-fulfillment of the commitments undertaken; • the contracting of new debts: none; • the issue of new securities: none; • ownership transactions involving the issuer, its controlling shareholders or subsidiaries: none;
Conditions to change the rights ensured by these securities	Amendments to the deed and/or consent of securities holders.	Amendments to the deed and/or consent of securities holders.
Other material characteristics	N/A	N/A

18.9 - Public offerings carried out by the issuer or by third parties, including controlling shareholders, subsidiaries and associated companies, relating to securities issued by the Company

18.9. Describe tender offers carried out by the Company or by third parties, including controlling shareholders, subsidiaries and associated companies, relating to securities issued by the Company

The Company did not make a public offering in the last three years.

18.10 - ALLOCATION OF PUBLIC OFFERINGS RESOURCES AND EVENTUAL DEVIATIONS

18.10. In the event that the issuer has organized a public offering of distribution of securities, indicate:

a. how the resources resulting from the offering were used
b. if there were significant deviations between the effective investment of the resources and the proposed investment disclosed in the prospectus of the corresponding distribution
c. in the case of deviations, the reasons for the aforesaid deviations

There were no public offerings in the last three fiscal years.

18.11 - DESCRIPTION OF TENDER OFFERS CONDUCTED BY THE COMPANY RELATING TO SHARES ISSUED BY THIRD PARTIES

18.11. Describe tender offers conducted by the Company relating to shares issued by third parties

There were no tender offers relating to shares issued by third parties in the last three fiscal years.

18.12 - OTHER MATERIAL INFORMATION

18.12. Provide other information deemed as material by the issuer

As of the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

19 – Repurchase plans /treasury

19.1 - INFORMATION ABOUT REPURCHASE PLANS OF SHARES OF THE ISSUER

19.1. Regarding repurchase plans of shares of the issuer, provide the following information: (...)

As at the date of this Reference Form, the Company does not have a plan for the repurchase of shares issued by it.

19.2 - MOVEMENT OF TREASURY SECURITIES

19.2. Regarding treasury securities, in table format, segregating by type and class indicate: (...)

As at the date of this Reference Form, the Company does not have shares in treasury.

19.3 - OTHER MATERIAL INFORMATION - REPURCHASE/TREASURY

19.3. Provide other information deemed as material by the issuer

Under the terms of the CVM's regulations and of its by-laws, the Company is not permitted to hold shares in treasury that represent more than 5% of each class of shares in free-float in the market.

20 – Trading policy

20.1 - Information on the securities trading policy

20.1. Indicate whether the issuer has adopted a policy regarding trading in securities that it has issued by the direct or indirect controlling shareholders, executive officers, members of the board of directors, of the fiscal council and of any body with technical or advisory functions, created by statutory provision, giving details of:

a) Date of approval:

08/20/2007

b) Connected Persons:

Controlling Shareholders; Members of Banrisul's Board of Directors and Members of the Boards of Directors of Banrisul's Subsidiaries and/or Affiliates; Members of Banrisul's Board of Executive Officers and Members of the Boards of Executive Officers of Banrisul's Subsidiaries and/or Affiliates; Members of Banrisul's Audit Committee and Members of the Audit Committees of Banrisul's Subsidiaries and/or Affiliates; Members of Banrisul's Fiscal Council and Members of the Fiscal Councils of Banrisul's Subsidiaries and/or Affiliates; Members of Banrisul's Compensation Committee and Members of the Compensation Committees of Banrisul's Subsidiaries and/or Affiliates; Employees in Banrisul and Employees in its Subsidiaries and/or Affiliates; Employees in Banrisul and Employees in its Subsidiaries and/or Affiliates holding commercial and/or professional relationships with third parties (independent auditors, consulting services and/or service providers); and Interns of Banrisul and Interns of Banrisul's Subsidiaries and/or Affiliates.

c)Main characteristics:

Banrisul's Policy on Trading in its own Securities was analyzed by the Corporate Risk Committee on November 22, 2012, approved by the Executive Board on November 26, 2012 and by the Board of Directors on December 11, 2012, in compliance with the provisions set out in Article 15 of the CVM Instruction 358 of January 3, 2002, which covers the trading of securities issued by the Company.

At a meeting held on June 30, 2002, the Board of Directors resolved to assign to the Investor Relations Officer the authority to apply Banrisul's Securities Trading Policy. If there is a need for further clarification, the Investor Relations Officer will be available to provide it. In addition, the Investor Relations Unit is responsible for monitoring, controlling and verifying compliance with the aforesaid Policy, extended to affiliated companies and/or subsidiaries.

It is the responsibility of the Personnel Management Unit to notify each of the Related Parties of Banrisul's Securities Trading Policy, who will give confirmation of their awareness by electronic access (Standardized Form), declaring that they are fully aware of all the terms of the Securities Trading Policy and giving an undertaking to observe them.

The respective document (form) will be the responsibility of and will be filed in the Personnel Management Unit, which is responsible for updating the Personnel Regulations, including the penalties and responsibilities approved in Banrisul's Securities Trading Policy.

Connected Persons shall keep the confidentiality of information related to all and any material act or fact they become aware of, subject to the penalties of the Personnel Regulation in the event of non-compliance.

Insider information and/or Material Fact comprise all and any decision and/or information that may influence the quote of securities issued by Banrisul, resolved at:

a) Shareholders' Meeting;
b) Board of Directors' Meeting;
c) Board of Executive Officers' Meeting;
d) Audit Committee's Meeting;
e) Fiscal Council's Meeting;
f) Compensation Committee's Meeting; and
g) Meeting of the Board of Executive Officers' technical and advisory bodies, in compliance with Bylaws provisions of Banrisul, its subsidiaries and/or associated companies.

The Personnel Regulation of Banrisul, as well as the regulations of the subsidiaries and/or affiliated companies, establishes applicable penalties for Connected Persons in the case of noncompliance with the Policy that implies obtaining an advantage for themselves or for others and/or a lack of care so that subordinates and third parties who they trust keep this information confidential and not use it. Any person who violates Banrisul's Securities Trading Policy will be obliged to fully reimburse for all losses incurred by Banrisul and all and any related person directly or indirectly deriving from such non-compliance.

d)Forecast for black-out periods and description of the procedures adopted to supervise trading during such periods

Trading in securities issued by the company prior to the disclosure to the market of any material act or fact that has occurred in its business is prohibited. In addition, Related Parties are prohibited from trading to buy or sell securities issued by the Company under the following circumstances:

a) 30 days prior to the disclosure of the Quarterly (ITR) and Annual (DFP) Financial Information and corporate events, according to the disclosure dates available on the websites of the Company and of the Brazilian Securities and Exchange Commission (CVM);
b) in period less than or corresponding to 90 days for buyers; and
c) whenever a person becomes aware in advance of a material act or fact disclosed by Banrisul.

The supervision of trading during such periods is carried out by means of checking the list of Related Parties and cross-referencing the data with the list of persons who carried out transactions in the securities issued by the company. Once it is ascertained that a transaction was carried out by a Connected Person during the black-out period, this information is forwarded for audit and analysis by the control department. Once the failure to comply with the aforementioned prohibitions has been confirmed, the Connected Person will be subject to the penalties established in Banrisul's and the Controlled Companies' and/or Affiliated Companies' Personnel Regulations. In cases in which the irregularity is identified, the Related Party will be obligated to make full redress for any losses that Banrisul and any related parties may suffer, whether these result directly or indirectly from the aforementioned occurrence.

e) Locations in which the policy can be consulted

The Securities Trading Policy of Banrisul is published at the CVM and has been available on the Bank's Investor Relations website (www.banrisul.com.br/ri) since December 18, 2012, as updated. It establishes Banrisul guidelines and procedures applicable to the direct or indirect controlling shareholders, executive officers, members of the board of directors, fiscal council and any statutory bodies with technical or advisory duties, also applicable to its employees, ensuring transparency for all stakeholders.

20.2 - Other material information

20.2. Provide other information deemed as material by the issuer.

As at the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

21 – Disclosure policy

21.1 - DESCRIBE THE RULES, REGULATIONS OR INTERNAL PROCEDURES REGARDING THE DISCLOSURE OF INFORMATION

21.1. Describe the rules, regulations or internal procedures adopted by the issuer to ensure that information to be publicly disclosed is collected, processed and reported precisely and appropriately

Pursuant to Article 16 of CVM Instruction 358/02, Banrisul adopts the Information Disclosure Policy, which consists of disclosing relevant information and keeping the confidentiality of information not yet publicly disclosed.

Except for said Disclosure Policy, described in item 21.2, Banrisul does not adopt any other rule, regulation or internal procedure relating to the disclosure of information.

21.2 - DESCRIPTION OF THE DISCLOSURE POLICY OF MATERIAL ACT OR FACT AND PROCEDURES REGARDING CONFIDENTIALITY MAINTENANCE OF RELEVANT INFORMATION NOT DISCLOSED

21.2. Describe the disclosure policy on material act or fact adopted by the issuer, indicating the communication channel or channels used to disseminate information on material acts and facts and procedures related to the confidentiality of relevant information not yet disclosed, and the locations in which the policy can be consulted

In accordance with the Disclosure Policy adopted by the Company, information regarding material acts and facts should be disseminated through publication in widespread circulation newspapers usually employed by Banrisul and can be published as a summary, indicating the addresses in the worldwide web – Internet, where full content will be available to investors, in content, at least, corresponding to that one sent to CVM and, where applicable, to the stock exchange and organized over-the-counter market entities where Banrisul securities are accepted for trading.

The Company's Disclosure Policy can be accessed at the following addresses: (i) the Company's headquarters: Rua Capitão Montanha, nº 177, 4th floor, Centro, Porto Alegre, RS, Brazil, CEP 90010-040; and (ii) internet: the Company's website (www.banrisul.com.br/ri); the CVM's website (www.cvm.gov.br) and B3's website (www.bmfbovespa.com.br).

The disclosure and information on material act or fact, including the summarized information referred to below, shall be clear and accurate, in language accessible to investors

Relevant information is taken to include any decision of our controlling shareholder, resolution of our Shareholders' Meeting or Management, or any other political-administrative, technical, business or economic-financial act or fact occurred or related to our business, that may considerably influence (i) the quoted price of the Company's securities or referenced to them; (ii) our investors' decision to buy, sell or hold our securities; or (iii) the investors' decision to exercise any rights inherent to the condition as holders of securities issued by the Company or referenced to them

The Controlling Shareholder, executive officers, members of the Board of Directors and the Fiscal Council signed a Statement of Adhesion, wherein they undertake to abide by Banrisul's policy provisions, which will be filed at its head offices while such person maintains a relationship with the Company and during, at least, five years after withdrawal.

According to the Company's, policy, its controlling shareholder, executive officers, members of the Board of Directors and the Fiscal Council have the following duties and responsibilities: (i) inform any material act or fact they are aware of to the Investor Relations Officer, who will disclose such information; (ii) keep the confidentiality of information related to the material act or fact to which they have privileged access due to their position or title, until it is disclosed to the market, as well as ensure that subordinates and reliable third parties keep confidentiality, being jointly liable in the event of non-compliance; (iii) communicate to the CVM, to the Company and to the stock exchange the number, characteristics and form of acquisition of the securities issued by the company and by its subsidiaries and parent companies, which are publicly-held companies, or referenced to them, which they hold, as well as the changes in their positions. The communication should contain at least the following information: (a) name and identification of the person communicating the information, indicating the registration number in the National Register of Legal Entities or in the Individual Taxpayers' Register; (b) the number, by type and class, in the case of shares, and other characteristics in the case of other securities, in addition to the identification of the issuing company; and (c) the form, price and date of the transactions. Therefore, they should do this immediately after taking office or when presenting the documentation for the company's registration as a publicly held company, and within a maximum period of ten (10) days after the end of the month in which there is a change in the positions held by them, indicating the balance of the position in the period. They should also indicate the securities that are owned by a spouse, from whom they are not legally separated, or by a companion, or by any persons included as dependents in their annual income tax return, and by directly or indirectly controlled companies. Item (iii) above is also applicable to the Company's employees.

In addition, any individual or legal entity, or group of persons, acting jointly or representing a single interest, which achieves a direct or indirect equity interest, that corresponds to 5% or more of a type or class of shares representing a publicly held company's capital, has a duty and responsibility: (i) to send to the CVM, immediately after the aforementioned equity interest level is reached, and, if applicable, to the stock exchange and the organized over-the-counter market entity in which the securities issued by the company are admitted to trading, as well as to disclose, under the terms of this document, a statement containing (a) the name and qualification of the acquirer, indicating the registration number in the National Register of Legal Entities or in the Individual Taxpayers' Register; (b) the objective of the equity interest and the number intended; (c) the number of shares, subscription bonuses, as well as rights to subscribe for shares and stock options, by type and class, already held, directly or indirectly, by the acquirer or by a person connected to him or her; (d) the number of debentures convertible into shares, already held, directly or indirectly, by the buyer or by a person connected to him or her, giving details regarding the number of shares subject to the possible conversion, by type and class; and (e) giving an indication of any agreement or contract governing the exercise of voting rights or the purchase and sale of securities issued by Company.

The obligation to disclose the abovementioned information also applies to any person or group of persons representing a single interest, holding an equity interest equal to or greater than the referred to percentage, each time that the aforesaid equity interest reaches 5% of the type or class of shares representing the company's share capital. The obligations set forth herein also extend to the acquisition of any rights over the shares and other securities mentioned in this article. They should also give notification of the divestiture or cancellation of the shares and other securities mentioned in this article, or of rights over them, each time the aforesaid divestiture or cancellation reaches the referred to percentage. The requirement to disclose this information by means of the press will be waived if CVM understands that the level of diffused control of the company's shares in the market, and the buyer's statement that its purchases are not intended to change the composition of control or the company's administrative structure, provided that effective publicity is guaranteed by means of disclosure regarded as satisfactory by the CVM.

The Investor Relations Officer is liable for monitoring and enforcing the disclosure policy and use of information about material act or fact, as well as disclosing and notifying to the Brazilian Securities and Exchange Commission (CVM) and, where applicable, to the stock exchanges and organized over-the-counter market entities where our securities are accepted for trading, about any relevant act or fact occurred or related to our business, deemed as Relevant Information, as well as ensure the broad and immediate dissemination of relevant information in all the markets where these securities are accepted for trading, concurrently with the disclosure of such information in any media, including press information or at professional associations, investors, analysts meetings or with a selected public, in Brazil or abroad.

If the Company's Controlling Shareholder, executive officers, members of the Board of Directors and the Fiscal Council are personally aware of a material act or fact and verify Investor Relations Officer's omission in complying with his information and disclosure duty, these persons only will be held harmless from responsibility, if they immediately inform such material act or fact to the CVM.

Exceptionally, Banrisul may not immediately disclose the material act or fact if the Company's controlling shareholder or Management understands that such disclosure will jeopardize Banrisul's legitimate interest. However, if information goes beyond Banrisul's control or in the event of unusual fluctuation in the quote, price or amount traded of Banrisul securities, the aforementioned persons will be required to directly or through the Investor Relations Officer immediately disclose the material act or fact to the market.

21.3 - MANAGERS RESPONSIBLE FOR THE IMPLEMENTATION, MAINTENANCE, EVALUATION AND SUPERVISION OF THE INFORMATION DISCLOSURE POLICY

21.3. Inform the managers responsible for implementing, maintaining, evaluating and monitoring the information disclosure policy

Banrisul's Investor Relations Officer is liable for implementing, maintaining, evaluating and monitoring the information disclosure policy, as decided at a meeting of the Board of Directors of the Banco do Estado do Rio Grande do Sul S.A., which was held on July 30, 2002. It establishes rules of conduct in relation to two aspects: (i) the disclosure and use of information about the relevant act or fact; (ii) the disclosure of information in the trading of Securities issued by Banrisul S.A.

Controlling Shareholders, executive officers, members of the Board of Directors and Fiscal Council shall formalize their commitment to the provisions set forth herein through the Statement of Adhesion, which shall be filed at Banrisul's head offices while such person maintains a relationship with Banrisul, and during, at least, five years after withdrawal, pursuant to CVM Instruction 358/2002, Article 16, Paragraph 1.

21.4 - OTHER MATERIAL INFORMATION

21.4. Provide other information deemed as material by the issuer

As at the date of this Reference Form, all the information that the Company deems to be relevant to this section has been provided in the previous items.

Banrisul