



 **Banrisul**

**2013**

**SUSTAINABILITY**

**REPORT**



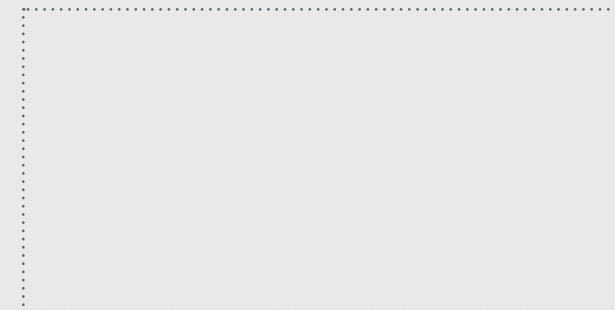
## How to use this report

"This report is a translation into English form the original previously issued in Portuguese".



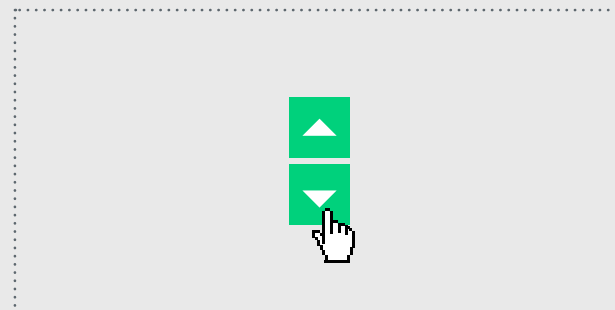
### Navigate through the lateral menu

This document has a lateral menu for easy localization of the chapters in this report. You can also use the summary to navigate through the chapters.



### Check the definition of GRI indicators

Texts have buttons that take you to a contextualized GRI indicator. Place the mouse on this button to check the respective definition.



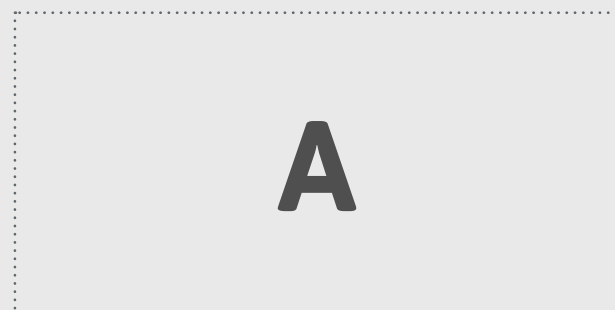
### Navigate through the buttons

You can navigate through the pages using the buttons located in the bottom right corner of the document. You can use the scroll button of your mouse.



### See the information of the summary

By clicking on an indicator, you are directed to the GRI summary, located at the end of the report. These pages have various pieces of information, in addition to indicating other pages where the theme is mentioned.



### Expand the content

By using the buttons (CTRL) + (+) and (CTRL) + (-) you can minimize and maximize the content, without losing the quality of reading of the fonts.



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104

## Message from the CEO

Created to foster the development of Rio Grande do Sul, Banrisul completed 85 years of existence in 2013 with branches installed in nine Brazilian States plus the Federal District. As a first step to adopt sustainability management throughout the value chain, in 2013 the Bank joined the Global Compact, one of the largest international corporate responsibility networks, and the Millennium Development Goals. According to the, Global Compact, Banrisul commits expand and encourage initiatives to ensure human rights, good work conditions, respect for the environment and fighting corruption.

### Growth of Rio Grande do Sul State

The state of Rio Grande do Sul went through a positive period in 2013, with good soybean and corn crops, the expansion of the naval hub, investments in wind power, biofuels, as well as the increased business growth in traditional sectors such as family and corporate farming with a major breakthrough in the use of technologies that improved the productivity and sustainability standards of this activity. Accompanying this trend of diversifying econo-

mic activity, combined with a scenario of fiercer competition in the financial market, Banrisul has been investing in the strategy to broaden its product portfolio and in more long-lasting market alternatives. The Banricompras Network, now operating Visa, MasterCard, VerdeCard and Banricompras transactions, ended the year with 139 thousand accredited merchants.

**“Expand and encourage initiatives that guarantee human rights.”**

Túlio Zamin

Net income reached **R\$791.6 million** in 2013, and today Banrisul is among Brazil’s ten largest banks, the seventh in number of branches. Between January and December, Banrisul opened 44 new branches, 41 new electronic sales points and two service points. In 2013, profitability on average shareholders’ equity came to 16.2% (versus 18.1% in 2012), ending the year at R\$5.1 billion, lower than in 2012. This reduction, however, is part of our strategy of focusing on

The logo for Banrisul's 85th anniversary. It features the number '85' in a large, stylized font. The '8' is composed of two overlapping loops, one in a light green color and one in a light blue color. The '5' is a solid light blue. Below the number, the word 'anos' is written in a lowercase, sans-serif font, also in light blue. The entire logo is enclosed in a thin, dotted rectangular border.

In 2013 Banrisul completed 85 years.

long-term relationships and products, despite the lower margins in the short-term.

### Financial Balance

Assets totaled R\$53.2 billion, of which R\$27.8 billion in credit operations. Funds raised and under management totaled **R\$42.4 million**, 20% up on 2012. As in previous years, in 2013 there was also the collective bargaining agreement

with the bank employee unions of the country’s financial institutions. Despite the longer negotiation period, which lasted 42 days, the Board of Executive Officer’s position has always been to seek dialogue and mediation to find the appropriate balance between Unions’ demands and the institution’s limits.

The year was also marked by structural investments in new solutions to support business growth and increase operational efficiency.

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## Message from the CEO

With that in mind, Banrisul spent **R\$299.5 million** on the implementation of new corporate systems geared towards technological modernization, expansion and improvement of the network's operating system, such as the automation of **58 back office processes**, the improvement of the institution's technological environments' access and security controls, and the revitalization of the branch network with renovations and accessibility adjustments. All these measures were taken to promptly and safely comply with our operational expansion strategy and ensure Banrisul's competitive advantages.

### Investments in people

Another investment that was crucial to improve the consistency and quality of the services rendered to the communities where Banrisul operates was hiring **1,094 new employees**. We consider it to be a major investment as we associate the branch network expansion project to the good quality of services with new employees. In this sense, our institution has been investing to modernize Human Resources' processes and value professionals who join the Bank. Various specialization courses

were offered in 2013. The **Renova RH** project renewed Human Resources' routines, aligning the system with the best market practices. The internal learning model was also improved and, since April 2013, the institution relies on the distance-learning program, which facilitates the development of employees based on meritocracy, without the need to leave their place of residence and work.

The logic that permeates the businesses with consistent structures is quality and not the volume of operations. For this reason, we began the construction of a transversal sustainability vision in our day-to-day operations, encouraging our employees, for example, to give financial advice on the most suitable products and services to clients.

### Getting inside the communities

In 2013, the Bank continued its project of interacting with the communities where it operates, including participating in public policy forums in the state of Rio Grande do Sul, such as the Digital Inclusion State Committee, the Investment Project Evaluation and Legal Framework Board and the State Transversal Initiatives Center. Beyond encouraging regional investment, the

Bank has been creating the support, in partnership with decision makers, for strategies aimed at the social, economic and environmental development of the state. It is worth mentioning the initiatives such as the Programa Sementes (seed program), Mais Água Mais Renda (more water more income) and Mais Ovinos no Campo (more sheep in the field).

### Vision of the Future

We pursue transformations that are possible and necessary for Banrisul to become a reference in social, economic and environmental responsibility. In this sense, the Sustainability Master Plan was created to consolidate integrated sustainability processes into the Bank's businesses.

We have the bases for the Bank's activities drawn in our strategic planning and we trust that by choosing to diversify our portfolio and establish long-term relationships with clients, we will further boost our results in the coming years. In this trajectory, Banrisul's management will be committed to continue being worthy of the trust of government bodies and its employees, shareholders, community, suppliers and clients.



Túlio Zamin, Banrisul's CEO.



# PRESENTATION





## Presentation

### The report

This Sustainability Report gathers information on Banrisul's economic, social and environmental performance between January 1 and December 31, 2013, in accordance with the **G4 version** of the Global Reporting Initiative (GRI) guidelines and the "in accordance" option chosen was **Core**. The Bank's sustainability report is an annual publication and its latest issue was published in 2013 relating to 2012 operations.

**\*Essential:** it contains the essential elements of a sustainability report, as it provides the background based on which an organization communicates the impacts of its economic, environmental and social and governance performance.

**Comprehensive:** It requires additional disclosure of information on the organization's strategy, analysis, governance, and ethics and integrity.

### External audit

To qualify the sustainability process and give more credibility to the report, Banrisul, with the ratification of the senior management, decided submit the publication to limited external audit, by Deloitte Touche Tohmatsu. The scope and limits of the aspects did not change compared to the previous report. However, the adoption of the G4 version of the GRI can affect comparability between indicators. Any re-writing of data or measurement methods is described throughout the text, under each indicator. The accounting data, assured by the audit firm Ernst Young & Terco, are consolidated for the entire Banrisul Group, include the subsidiaries and are not impacted by the change of corporate name of Banrisul Serviços and by the integration of Rede de Adquirência Banrisul to the management of vouchers. Data related to the Bank's, social and environmental performance, in turn, only include Banrisul S.A.

### Stakeholders

Given that Banrisul has developed a process to determine and map priority stakeholders and has asked for their opinion to help prepare last year's sustainability report, the Company opted for a structured internal analysis process in this reporting cycle. This process approached four GRI G4 principles: Sustainability Context, Materiality, Completeness and Inclusion of Stakeholders. The Bank opted for this process because we understand it is necessary to align issues internally before asking for the opinion of external stakeholders again. The external view came from media and sector analyses in the identification stage presented ahead. The entire process had the support of a specialized consulting firm.



### Material themes

Material themes are those that can reasonably be considered important for reflecting the economic, environmental and social impacts of the organization or influencing the decisions of stakeholders.

## Identification

With the support of the consulting firm contracted, the Company made an extensive survey of topics potentially relevant to the management of Banrisul's sustainability. **Four activities** were developed in this stage.

### Media research

Extensive research on the internet about Banrisul and the financial sector in order to identify which were the most important and readily recalled topics in the financial sector in 2013.

### Sectoral analysis

Analysis of the most relevant sustainability themes presented by financial sector companies in their financial reports. For this process, we analyzed reports from three major Brazilian financial institutions, in addition to the sustainability report of the Brazilian Federation of Banks (FEBRABAN) and the May 2013 study made available on GRI's website, Sustainability Topics for Sectors: What do Stakeholders Want to Know? – Banks, Diverse Financials, Insurance

### 2012 Materiality

Analysis of the points raised at the **interviews** conducted in the 2012 materiality process and their results.

### Aspects of GRI G4

Crossing between topics raised in the previous processes and aspects brought by **GRI G4** and GRI's Financial Services Sector Supplement.

### Relevant themes

After this process of raising possible material themes, we analyzed the limits of each of the **36 topics** mapped. This analysis identified possible impacts of each of the themes, in addition to defining if this impact occurred within or outside the organization.



### Consulting

For this process, the consultants of the contracted company with experience in GRI guidelines and the financial sector gathered and evaluated each of the 36 subjects taking into account preset criteria. We considered the themes which were relevant for the sector, frequently appeared in the media research and were aligned to the Organization's strategy as internal. The themes considered external, in turn, were those which were critical and identified as a potential risk to the value chain. Analysis was validated and revised in a face-to-face meeting with Banrisul's Strategic Environmental Management Group, which helped with an institutio-

nal vision of the possible impacts of each of the themes for the Bank.

### Validation

For this stage, the two principles observed in a more structured manner were the **Sustainability Context**, comprising the analysis of the sector and the institution, and Stakeholder Inclusion, the result of a multiple vision generated by comprehensive media research and the view of the employees as surveyed by the Bank's social and environmental team.

## 2012 Materiality

In 2012, the materiality matrix involved face-to-face interviews with internal stakeholders (internal managers and senior management) and telephone interviews with external stakeholder groups defined as priority (clients, suppliers, community, government, majority and minority shareholders).

For the prioritization of these stakeholders we took into account six criteria: responsibility, influence, proximity, dependence, representation and strategic interests. The choice of these aspects was based on international standard **AA1000 SES** (AA1000 Stakeholder Engagement Standard). As a result, seven categories of stakeholders gained priority status: communities, clients, minority shareholders, government shareholder, suppliers, government and internal public. For each of these categories, we identified key people for face-to-face and distance interviews (by phone). In this interview process, respondents answered open-ended questions and were encouraged to give their point of view on key issues for Banrisul's sustainability management.



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## Prioritization of themes

After reviewing the list of possible material themes, they were analyzed based on two major approaches – Influence on Evaluations and Decisions of Stakeholders and Importance of Economic, Social and Environmental Impacts – the **relevance** of each of the 36 possible themes raised in the identification process. The analysis on the first approach was made based on three equal issues, which included aspects of image perception, relevance to the sector and frequency of appearance of the theme in the media, analyzed for each of the 36 themes and with four possibilities of analysis. The analysis of the Importance of Economic, Social and Environmental Impacts was based on four pre-established questions and four possibilities of analysis, which helped to evaluate the probability, gravity, risks and the opportunity that the theme brought to the organization.

The entire process was previously structured by Banrisul and the **consulting** firm contracted and evaluated in consensus in a face-to-face meeting. In order to prioritize the 36 themes, we took into account all the documents and materials analyzed on the identification pro-

cess, as well as the evaluation made to check the impact and limit of each theme.

After this consensual analysis and the consolidation of results, **six themes** were classified as priority (see six first themes from the list of relevant topics). These six themes were analyzed jointly by the consulting firm and Banrisul, and we came to the consensus that they in fact reflected the reality of the Bank, which is in the process of structuring and adopting sustainability in its management. Additionally, the team involved opted for adding **financial education** to the material themes, as they understood that it is a theme on which the Brazilian financial institutions are moving forward and an agenda that Banrisul needs to understand and use to guide its management.

For this phase, the two principles observed in a more structured manner were Materiality, through this structured process of analysis which included the evaluation of the Influence on the Evaluations and Decisions of Stakehol-

ders, the Importance of Economic, Social and Environmental Impacts and the Inclusion of Stakeholders, included in this process with the analysis of interviews conducted for the 2012 materiality process, as well as the multiple vi-

sion, brought by the media research, and the vision of the internal public, brought by the analysis of Banrisul's social and environmental Team.



**INCLUSION OF THE THEME**

**FINANCIAL EDUCATION**

## Validation of themes

The third step in the 2013 materiality process was to present the process to Banrisul's Board of Executive Officers for their validation. After the analysis of the materiality result and the inclusion of Financial Education, the entire materiality process was presented to the **Board of Executive Officers** in a face-to-face meeting. The executive officers then analyzed the list of 36 possible themes and the result of the seven themes listed as priority. During the materiality validation process, Banrisul's Board of Executive Officers suggested to include Climate Change as the Bank has products related to environmental disasters, such as emergency credit lines.

For this phase, the two principles observed in a more structured manner were **Completeness**, with the analysis of the executive officers responsible for preparing Banrisul's strategy regarding the adequacy of the materiality process, and the Inclusion of **Stakeholders**, included in the process by the Bank's Board of Executive Officers.



## Material themes

After the validation of the material themes by Banrisul's Board of Executive Officers, a **workshop** was held with the Bank's employees who would be responsible for discussing and monitoring the indicators related to the material themes. At this meeting, in addition to the presentation of the entire materiality process and its results, we took advantage of this oppor-

tunity to validate and complement the relevance of each of the themes and their impacts for Banrisul.

As a result of this process, the following themes were defined as material (including their relevance and impacts) for the 2013 report:

### Validated material themes

## Material themes

### Technology and Innovation

Privacy and security of client data and new technologies with social and environmental bias

- Investments in technology and innovation are a trend in the industry (security, agility, comfort, reduction of costs with materials and consumption, capillarity, accessibility).
- The theme is directly connected to client satisfaction and reputation.
- The theme is aligned with Banrisul's business strategies.
- It directly impacts confidentiality of client information.
- It guarantees market competitiveness, the expansion of the client base and business portfolio and cost reduction.
- It promotes the development of new products.
- It avoids frauds and losses for the Bank.
- It promotes accessibility to clients.

### Client satisfaction

- It is a measure of the awareness of the organization regarding consumers' needs and preferences.
- The theme is essential for the long-term success of the organization.
- It raises ideas on how the organization can change its management, through learning due to possible failures.
- It introduces the mechanisms of complaints that the organization uses to ensure the protection of clients' rights.
- The aspect is relevant for the sector due to industry leadership in complaint rankings, as well as bank portability
- It promotes the development and adequacy of systems to improve client service.
- Necessary to assess clients' perception about the Bank's products.
- Important to capture clients' perceptions about new products.

### Security in branches

Includes training of security personnel

- It demonstrates the influence of the organization in promoting initiatives to improve the access to financial services for all its clients.
- Focuses on initiatives adopted by the financial institution which provide services to improve the access of people at disadvantage.
- Training of security personnel can help prevent risks of lawsuits and to the organization's reputation.
- The aspect is relevant for the sector due to the strong influence of financial institutions in these issues and the importance of branch security for most banks.
- It guarantees the security of employees and clients.

### Involvement with governments

Governmental and non-governmental partnerships for local development; influence on the development of public policies; infrastructure support/investment

- It presents financial aid and transactions between the government and the Bank.
- It measures indirect impacts generated by the business, such as social and economic changes in local region/community (strengthening local community through projects/programs).
- It identifies the Bank's support in local development, as well as the influence in promoting initiatives to improve the access to financial services.
- It presents information about product portfolio and the client base, which can be the starting point for the process of engagement with stakeholders.
- The aspect is relevant for the sector due to the great importance of banks in promoting local development and offering social and environmental products/services.



## Material themes

### Satisfaction of the internal public

Includes strikes, demonstrations and *turnovers*

- It demonstrates the strategy of the organization when hiring employees and its ability to attract and retain employees with various qualifications.
- It presents the organization's inclusive hiring practices and its practices of prevention against discrimination.
- It identifies the employee turnover rate, which may reflect their dissatisfaction
- It shows investments in human resources, minimum benefits offered by the organization and retirement plans.
- Shows the organization's planning in relation to the development of skills and qualification of its staff, contributing to employee satisfaction.
- It presents the organization's investment on its employees, crucial to organizational development
- It reveals how the organization works to monitor, maintain and improve the skills of their employees.
- It reveals if there is transparency in performance analysis and career development.
- It reveals the mechanisms of the organization to identify complaints related to labor practices.
- It shows employee performance

### Audit practices

Traceability of social and environmental impacts of the Bank's products, risk management and evaluation of social and environmental impacts of financial products; and the impact on biodiversity of loans granted.

- It has the objective of presenting the organization's intention to consider social and environmental impacts in the development and offer of products and services.
- The policies for evaluating and monitoring social and environmental impacts may influence the impacts caused by products and services offered.
- It presents the processes used by the organization to assess social and environmental impacts and how this is considered in the decision making process.
- It identifies the ability of the organization to manage social and environmental risks and its ability to minimize their impacts.
- It shows the positioning of the Bank in relation to the theme, especially as a public bank.
- It addresses the challenge to think about product innovation and create more products with a social and environmental bias.
- It involves the need to create a culture of traceability and monitoring after credit granting.
- It covers the analysis about what would be the impacts for the Bank if the institution was a signatory of the Ecuador Principles.

### Financial education

- Financial education and suitability of products and services are elements that help overcome the country's cultural and economic differences
- It is possible to teach the population about the conscious use of money and financial products in order to create family financial planning without excessive indebtedness and generating reserves.
- The aspect is relevant for the sector due to the development of financial markets and banking inclusion, as well as demographic, economic and political changes. Financial education is important to assist people in planning and managing their income, savings, and investments to achieve a more stable financial life.
- It is essential in the training of employees

### Climate change

Impact of climate change and natural disasters in the business of the Bank .

- Possibility of leading to risks, such as increased costs or other factors that affect competitiveness.
- Possibility of directly impacting economic sustainability through the rural/agricultural sector (sector in which Banrisul has great penetration in Rio Grande do Sul)
- Possibility of generating opportunities, such as the creation of new products/services (emergency credit lines).
- The aspect is relevant to the sector due to the financial impacts on the businesses of the Bank on account of natural disasters (emergency credit lines).
- Joint obligation and responsibility of the Bank in credit granting.
- Possibility of generating risks and fines to the Bank due to delinquency.
- Natural disasters can bring risks to the business, such as reducing funds available for the next cycle.
- Government's demand for new products, such as emergency credit lines of the Brazilian Development Bank (BNDES).
- It demonstrates the Bank's position in relation to the theme through its products.



## Material themes

These themes guided the establishment of material indicators and aspects for the **2013 Sustainability Report**. In addition to these themes, we took into account content that supports the management of the Bank, such as: transparency and disclosure of results; fighting fraud, bribery and corruption; Code of Ethics and its management; contributions to political parties; corporate profile; corporate governance; risk management; strategy, goals and management of sustainability; Legal Framework of the sector; and fines and legal compliance.

The table in the upcoming pages shows the result of this process, the limits of material issues, their relevance and respective impacts. Based on the relevance of the theme for the Bank, we defined the indicators that Banrisul would need to report and others which might be part of its sustainability management process.

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***Definition of impact indicators, focused on sustainability management.***



## Material themes, limits and impacts

Material subject	Aspects related to GRI-G4	Internal Impact/Limit	External Impact/Limit	Chapter
Technology and innovation (privacy and security of client data and new technologies with social and environmental bias)	Client privacy	Quality of services rendered, confidentiality of client information, development of new products, frauds and losses for the Bank, competitiveness of the Bank, accessibility to clients.	-	
Customer satisfaction	Labeling of products and services	Client retention and loyalty; complaints and quality in customer services; fines and losses for the Bank.	-	
Security in branches (includes training of security personnel)	Security practices	Respect to human rights, security of employees and clients.	Respect to human rights, security of employees and clients.	
	Mechanisms for complaints related to human rights	Communication and relationship Mechanisms.	Communication and relationship Mechanisms.	
Involvement with governments (governmental and non-governmental partnerships for local development, influence on the development of public policies and infrastructure support/investment)	Economic performance	Responsibility of the Bank in promoting local development.	-	
	Indirect economic impacts	Responsibility of the Bank in promoting local development.	-	
	Public policies	Transparency of the involvement with the government.	-	
	Local communities	Responsibility of the Bank in promoting local development, banking inclusion, access of people at disadvantage.	-	

## Material themes, limits and impacts

Material subject	Aspects related to GRI-G4	Internal Impact/Limit	External Impact/Limit	Chapter
Satisfaction of the internal public, strikes and demonstrations and turnover	Employment	Employee satisfaction and turnover.	-	
	Training and education	Personnel training and employee satisfaction, attraction and retention	-	
	Mechanisms for complaints related to labor practices	Communication and relationship Mechanisms	-	
Audit practices and traceability of social and environmental impacts of the Bank's products, risk management and evaluation of social and environmental impacts of financial products and the impact on biodiversity of loans granted by the Bank	Product portfolio (aspect specific to the sector)	-	Businesses that generate social and environmental benefits	
	Audit (aspect specific to the sector)	-	Risks to the organization's reputation Avoiding negative social and environmental impacts.	
Financial education	Labeling of products and services	Reduction of delinquency	Reduction of client indebtedness.	
Impacts of climate changes and natural disasters for the Bank's business	Economic performance	Imminent future challenge for Banrisul Opportunity for product portfolio	Reduction of clients' social and environmental risks	

## Other engagement processes

Banrisul maintains structured processes in various business areas for listening to its stakeholders, addressing internally the issues received and responding to the stakeholders. In activities related to **agricultural capital**, accredited technicians forward specific demands of rural producers by e-mail or telephone, explaining the activity developed by their clients. In some cases, branch employees notify corporate teams about the crops that are being developed by clients. The Bank then checks to see if the support for said activity is provided for in list of the Central Bank of Brazil (Bacen), including it in its portfolio. In the Commercial area, the institution has a partnership with the Rio Grande do Sul state government in the project to **regularize properties** of the extinct Companhia Metropolitana de Habitação do Rio Grande do Sul (COHAB/RS), with a special and exclusive credit line for registering irregular housing units.

Another example of partnership was developed in **Microcredit**, which created a line for members of the military brigade as a result of a demand sent by its members to the Secretariat of Solidarity Economy and Support to Micro and Small Business (SESAMPE). The product aims to enhance and encourage the access of family

members of these professionals to income-generating activities and employment. In 2013, 55 operations total were carried out, totaling R\$261.1 thousand. Still in the context of income generation, Banrisul financed the construction of the **Popular Mall** in the city of Cruz Alta (RS), responding to a request of the Association of Street Vendors of Cruz Alta.

In 2013, the Bank launched the **RS Supplier-Portal** ([www.portalnecedoresrs.com.br](http://www.portalnecedoresrs.com.br)), which facilitates communication with suppliers of products and services to state government bodies, Banrisul itself and large private companies. Launched in May, the channel streamlines requests for the anticipation of the funds related to contracts signed, performed\* or not. In addition to attracting new clients, this portal helps the institution to fulfill its role as a development agent that fosters the economy, streamlining the access to corporate credit. The RS Supplier Portal ended 2013 with the following accredited public companies: Centrais de Abastecimento do Estado do Rio Grande do Sul S/A (CEASA/RS), Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D), Companhia Estadual de Geração e Transmissão de Energia Elétrica (CEEE-GT), Companhia Riograndense

de Artes Gráficas (CORAG), Companhia Riograndense de Saneamento (CORSAN), Companhia Riograndense de Mineração (CRM),

Companhia de Processamento de Dados do Estado do Rio Grande do Sul (PROCERGS) and Companhia de Gás do Rio Grande do Sul (Sul-gás), in addition to the privately held company

AGRALE S.A. and companies of the Banrisul Group.



Façade of Shopping Popular, a project financed by Banrisul in the city of Cruz Alta/Rio Grande do Sul.

\* Performed contracts are those in which the supplier has already fulfilled the consideration necessary to the existence and enforceability in relation to the accredited party (such as the delivery of goods in a purchase and sale operation or the provision of the service to which the credit in question refers).





1957



2013

**ABOUT BANRISUL**



## Profile

Banco do Estado do Rio Grande do Sul S.A. (**Banrisul**) is a publicly-held company controlled by the State of Rio Grande do Sul and linked to the Secretariat of Finance as an Indirect Public Administration body. Founded in 1928, it acts as a multiple Bank, guided by its mission, vision and values, its code of ethics and personnel regulation, all available on the intranet and handed to new employees in printed copies. In 2013, Banrisul strengthened its commitment to sustainability by becoming a signatory of the Global Compact and the Millennium Development Goals.

Throughout the year, the Bank has broadened its portfolio, offering products and services (such as **cards and insurance**) targeted for the various income and consumption profiles of its clients. The portfolio, which in the past emphasized the more expensive products, opened space for new items, with longer terms and more in line with clients' consumption needs. At the end of the period, Banrisul had **12,189 employees** (including executive officers) and a portfolio of more than 600 products and services. According

to data from the Central Bank of Brazil (Bacen), in December 2013 Banrisul was the **11th in the ranking** of the National Financial System (SFN) in total assets, the 11th Bank in shareholders' equity and the 7th in total deposits and in number of branches, excluding the BNDES.

There was no change to the capital structure of the Banrisul Group. However, in 2013, the operations of Banrisul's acquiring network were integrated with the activities of the administrator of vouchers. With the restructuring, Banrisul Serviços Ltda. had its corporate name changed to **Banrisul Cartões S.A.** Since then, there has been no significant change in relation to the location of suppliers, supply chain structure or the relationship with suppliers.

### Banrisul Group

Banrisul belongs to the Banrisul Group, which also includes four subsidiaries, Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio,

Banrisul Armazéns Gerais S.A. and Banrisul Cartões S.A., in addition to an associated company, Credimatone Promotora de Vendas e Serviços S.A. GRI indicators only include Banrisul's data. The financial statements are presented in consolidated terms. The sponsored companies Fundação Banrisul de Seguridade Social and Caixa de Assistência aos Empregados Banrisul are also part of the Banrisul Group.

### More information

To learn more about the subsidiaries and associate company of Banrisul S.A., see page 29 of the Bank's financial statements. This document also includes Banrisul's main results:

### Banrisul S.A.

Banrisul S.A. CVMC  
99.0% of the total

Banrisul Cartões S.A.  
99.8% of the total

Banrisul S.A. Adm. de Consórcios  
99.7% of the total

Banrisul Armazéns Gerais S.A.  
99.5% of the total

Credimatone Prom. Vendas e Serv. S.A.  
49.9% of the total

### Corporate structure

State of Rio Grande do Sul  
ON (99.6%), PNA (77.0%), PNB (13.0%)

Total 57.0%

Others Investors  
ON (0.4%), PNA (23.0%), PNB (87.0%)

Total 43.0%

ON: common shares, PNA: preferred shares – Class A, PNB: preferred shares – Class B





**Mission**

To be the financial agent that promotes social and economic development in Rio Grande do Sul state.

**Vision**

To be a public, profitable, solid and competitive bank, integrated to the communities to which it provides services with excellence.

**Principles and Values**

Transparency, ethics, commitment, integration and effectiveness.

**Markets served**

Banrisul operates with a special focus on the State of Rio Grande do Sul, with Regional Superintendencies in the state capital (Headquarters, Grande POA Norte, Grande POA Sul) and in the interior of the state (Alto Uruguai, Centro, Fronteira, Leste, Norte, Noroeste, Serra, Sul. In addition, Banrisul acts as an official bank and main financial agent of the Rio Grande do Sul state, its controlling shareholder. As enforced by law, it collects state taxes and transfers part of these funds to state municipalities and, in accordance with an agreement with the state government. Banrisul makes payments to suppliers of goods and services, as well as to active and retired government employees.

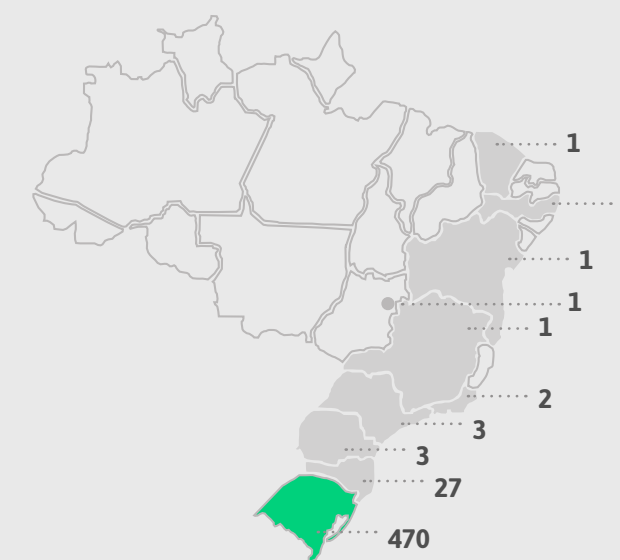
With a specific Superintendence in the state of Santa Catarina, Banrisul's structure is expanding. The Bank expects to increase from the current 27 to 30 branches until the end of 2014. The Garopaba Service Point will become a branch, and the cities of Videira and Rio do Sul will receive new branches. The Bank also has 21 Banripoints installed in 13 municipalities and other 40 Electronic Service Stations in 15 municipalities. Banrisul also maintains the Other States Superintendence, which serves Paraná,

São Paulo, Rio de Janeiro, Minas Gerais, the Federal District, Bahia, Pernambuco and Ceará. In 2013, were opened 44 branches (19 new and 25 service stations transformed into branches).

**Service stations**

- 512 branches
- 215 banking service posts
- 597 electronic service points
- 1,324 pontos de atendimento no Brasil

Banrisul is present in 479 of the 494 municipalities in the state of Rio Grande do Sul, through branches, PABs, PAEs and Banripoints (bank correspondents). This service network covers 99.45% of the GDP and 99.34% of the population. Abroad, the Bank is represented by branches in Miami (United States) and the Cayman Islands (the Caribbean).



**Learn More**

To learn more about Banrisul's history access:

## Economic and financial data



**The agribusiness sector's expressive performance was crucial to the improvement in the economic scenario.**

In 2013, the international environment was determined by the dilution of risk elements in the world's most important economies. In the U.S. economy, despite the strong fiscal contraction, the consistent recovery trajectory predominated, resulting in a global movement of capital relocation and the consequent appreciation of the U.S. dollar, under the prospect of beginning the process of reversing the **expansionary monetary policy**.

In Europe, after the intense financial clean-up, a slow and gradual economic recovery began, which was not yet free of risks, especially those associated with the fragile banking system. In China, despite higher domestic consumption, indicators reinforced expectations of growth close to the target set by the Chinese

government, which contributed to the weaker global risk aversion.

In this scenario, the Brazilian economy recorded moderate growth, supported particularly by **the resumption of investments**. Consumption was somehow moderate in a context where the labor market began to show signs of accommodation, despite the historically low levels of unemployment and high returns. Even though the price indices have registered important downturns, accumulated inflation and inflationary expectations proved stubborn and remained above the mid-point of the target. The Monetary Policy Committee of the Central Bank of Brazil once again adjusted the basic interest rate, to 10.0% per year at the end of 2013. Credit performed moderately in the period, in

line with sluggish economic growth, with business and consumer confidence performing irregularly and debt remaining high. This scenario, combined with market uncertainties, especially in relation to fiscal policy, contributed to the depreciation of the real against the U.S. dollar, accentuating the overall trend.

In Rio Grande do Sul, the **agricultural sector's** expressive performance was crucial to improve economic conditions. The Rio Grande do Sul's GDP grew 5.8% in comparison to 2012, while the Brazilian GDP grew 2.3%. The service sector maintained its positive performance, led the favorable behavior of trade and transport. Despite its important improvement, industrial activity struggled to resume growth due to high labor costs and infrastructure bottlenecks. The strong

advance of farming and agriculture contributed to the greater dynamism of the trade balance in 2013. In comparison with the previous year, the trade balance **expanded 313.4%**, fueled by the **44.3%** growth and **9.1%** growth in exports and imports, respectively, chiefly soybean exports.

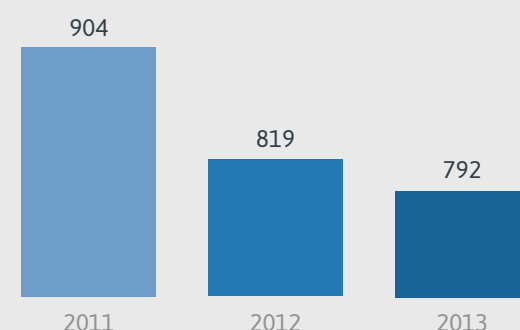
## Main results

In 2013, Banrisul's net revenue totaled **R\$4,370.8 million**. Of the total allocated to active operations, R\$48,061.0 million corresponded to third-party capital (90.7%) and R\$5,149.7 million, own capital (9.3%), totaling R\$53,210.7 million. Net income stood at **R\$791.6 million**, and return on average shareholders' equity increased by 16.2%, less than in 2012, reflecting the purpose of consolidating the expansion of the Bank's area of operation, in a context of weaker credit growth, expansion of services and, consequently, higher flow of administrative expenses

Of the period's net income, R\$244.9 million went to the payment of interest on equity, R\$69.4 million to the payment of dividends and R\$477.3 million to retained profits. The wealth generated by Banrisul, measured by the concept of value added, reached R\$2,912.1 million. In December 2013, Banrisul's shareholders' equity totaled R\$5,147.9 million, **11.1%** more than in the previous year. Total assets amounted to R\$53,210.7 million, **13.8%** higher than in the same period in 2012, due to the expansion of the loan portfolio.

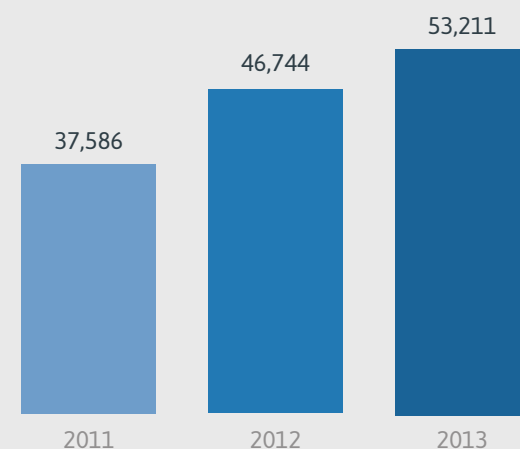
### Net income

In million R\$



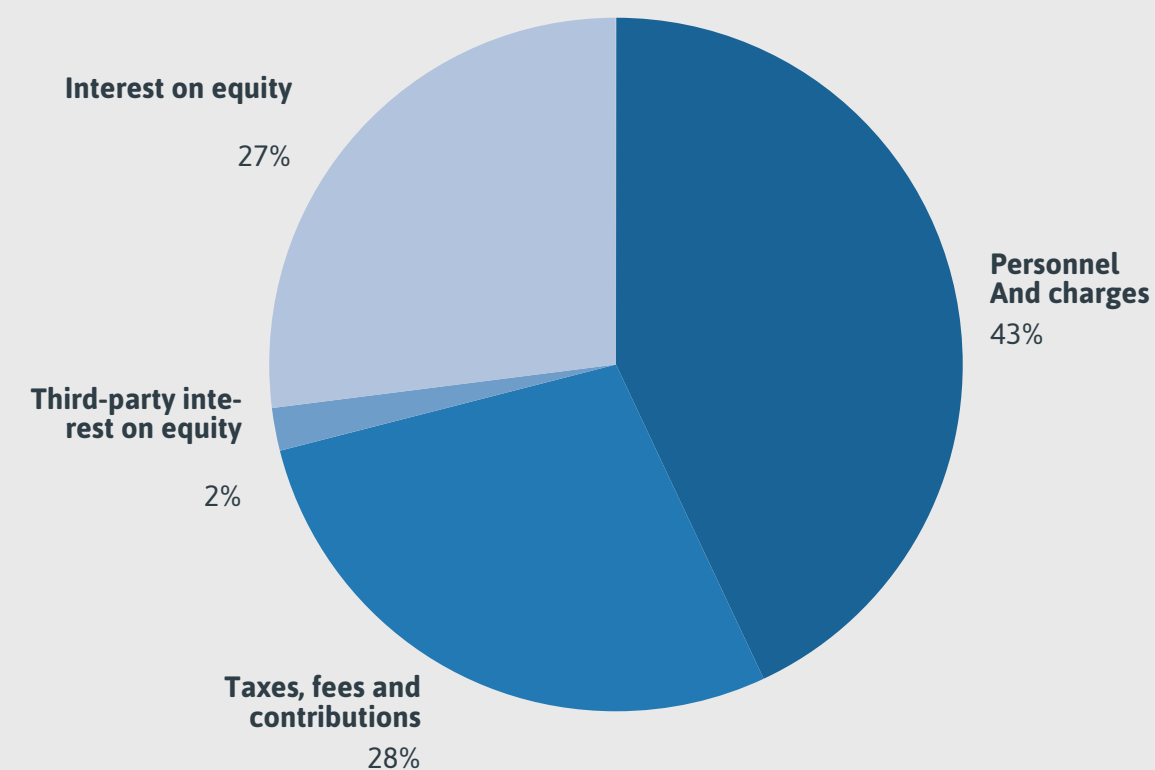
### Total assets

In million R\$



### Statements of value added

DVA



## Loan portfolio

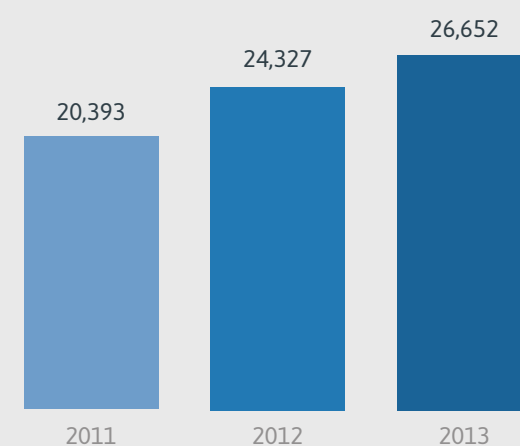
The balance of the loan portfolio, including joint obligations and risks from guarantees granted, grew 10.2% or R\$2,564.5 million in 12 months. Excluding guarantees granted, Banrisul's credit operations totaled R\$26,652.0 million in December 2013, an increase of 9.6% or R\$2,325.0 million over the same month in the previous year. Accounting for 35.9% of this growth, the commercial portfolio increased from R\$17,697.7 million to R\$18,531.8 million, up by **4.7%** or R\$834.1 million in one year.

Banrisul's portfolio is concentrated in lower-risk operations, which contributes to the predictability of results and the strategy of diversification of products and services to clients. At the close of 2013, operations classified as Normal Risk, which include levels AA to C, totaled R\$23,865.9 million, corresponding to **89.5%** of the total portfolio. Operations classified as Risk 1, which include levels D to G, totaled R\$2,061.4 million, corresponding to 7.7% of the portfolio. Risk 2, composed exclusively of Level H operations, totaled R\$724.7 million or 2.8% of the total.

At the close of 2013, funds raised and under management amounted to R\$**42,420.2** million. Total deposits came to R\$30,644.6 million in December 2013, **14.6%** up on December 2012. Time deposits, which make up 46.9% of the funds raised and under management, totaled R\$19,904.0 million, **16.5%** up on December 2012. The Bank maintained its funding policy diversified.

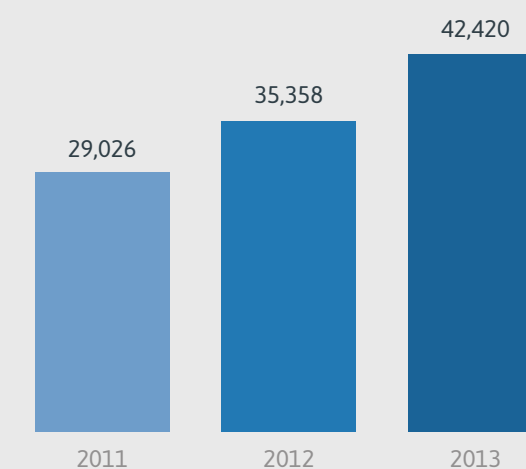
### Loan operations

In million R\$



### Funds raised and under management\*

In million R\$



\*The concept of Funds Raised and Under Management was changed in 2013.



**Agricultural financing was crucial to the volume of loan portfolios.**



## Efficiency Ratio and Basel III

The Efficiency Ratio, which measures the percentage volume of revenues used to cover administrative expenses, came to 52.9% in 12 months, 5.4 p.p. more than in 2012, due to the lower financial margin, impacted by the **reduction in interest rates** and the higher administrative expenses, due to initiatives related to the Bank's expansion strategy, reflected in the increase in the number of employees and the expansion and improvement of service channels. These variations were partially offset by the increase in revenue from services and bank fees, fueled by the expansion in other insurance, private pension, capitalization and acquiring services, as well as due to the favorable variation in other operating revenues/expenses.

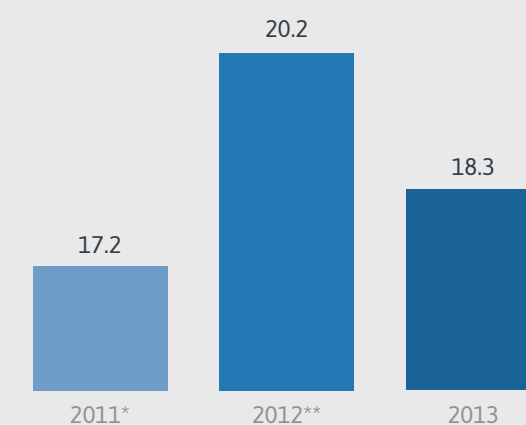
In March 2013, the National Monetary Council (CMN) issued a set of norms for the implementation of the Basel III guidelines in Brazil, effective as of October 2013. In December 2013, the minimum limit of capital required was 11% for the Basel Ratio (Reference Equity), 5.5% for the Tier I Ratio and 4.5% for the Main Capital Ratio.



In December 2013, Banrisul's Basel Ratio was **18.3%**, higher than the minimum required by the Brazilian regulating agency, of 11%. In comparison with December 2012, Reference Equity increased 3.6%, reflecting the appropriation of result in the period and the reduction by 10% in the subordinated debt. For Main Capital and Tier I, the ratio was 14%, above the minimum required of 4.5% and 5.5%, respectively.

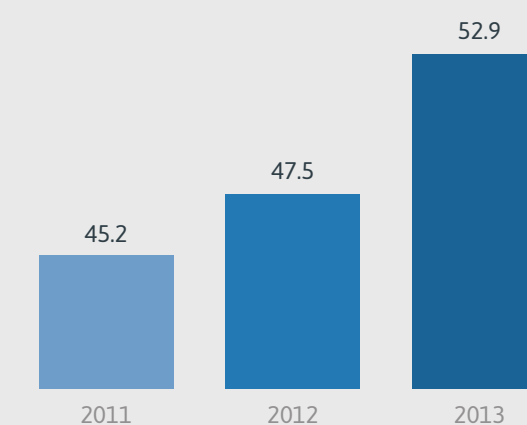
### Basel Ratio

In %



### Efficiency Ratio

In %



\*Refers to the consolidated figure. \*\*Restated by the same criteria of Dec 2013 (Financial Conglomerate).



## 2014 Guidance

The performance goals forecasted for 2014 are referenced in the resumption of growth of corporate and individual credit. The expected increase in real estate credit is lower than the performance registered in 2013, vis-à-vis the effect from the comparison basis, fueled by the significant growth recorded in the year. We expected average return on equity and financial margin on profitable assets in intervals lower than those practiced in 2013, in a context of adjustment to lower interest rates suitability and spreads by all Brazilian financial institutions. The efficiency ratio should remain pressed until the adjustments to the workforce and recent investments produce the expected expansion in business and revenue.

### Learn More

For further information, see page 15 of Banrisul's financial statements

Banrisul Guidance (%)	2013 Estimated	2013 Actual figures	2014 Estimated
<b>Total loan portfolio</b>	11 to 16	10.2	12 to 16
Individual commercial credit	12 to 17	7.2	12 to 16
Corporate commercial credit	4 to 8	2.0	10 to 14
Real estate credit	15 to 20	20.7	9 to 13
Provision for loans/ loan portfolio	3 to 4	2.6	3 to 4
Balance of provisions for the loan portfolio	6 to 8	6.0	6 to 8
<b>Total funding</b>	13 to 18	20.0	12 to 17
Time Deposits	18 to 23	16.5	15 to 19
Return on average shareholders' equity	15 to 19	16.2	14 to 18
Efficiency Ratio	47 to 51	52.9	48 to 53
Net financial margin on profitable assets	8 to 9	7.8	7 to 8.5



## Corporate Governance

Banrisul is listed in the **Level 1** Governance listing segment of the BM&Fbovespa and, therefore, committed to adopt differentiated corporate governance practices and disclose information in addition to that required by law. The Bank voluntarily adopts the following rules set out for companies with shares listed in the Novo Mercado listing segment of the **BM&Fbovespa**, which are included in its Bylaws:

### Rules

- At least 20% of the members of the Board of Directors are **independent**.
- It is mandatory to carry out public offering under certain circumstances.
- The same conditions offered to the controlling shareholders are extended to all shareholders in case of sale of control of the Bank.
- Banrisul, its controlling shareholders, administrators and members of the Fiscal Council must comply with the Regulations of the Market Arbitration Chamber of the **Bovespa**



The compensation of Banrisul's administrators is established by the Shareholders' Meeting, in accordance with the corporate governance principles and the rules established by the controlling shareholder. Since 2010, Banrisul complies with Resolution **4/2009**, of the Corporate Governance Committee of State-Owned Companies of the State of Rio Grande do Sul. The compensation policy of the Board of Executive Officers also has to comply with Article 2 of State Law **13,670/2011**, which establishes the maximum amount of the subsidy to the Appellate Judges of the Appellate Court of State of Rio Grande do Sul.

Until fiscal year 2010, the compensation of the executive officers in the workforce included profit sharing, pursuant to the terms of the collective bargaining agreement of the bank employee category, calculated as a fixed percentage based on the beneficiary's salary. Since the fiscal year 2011, in accordance with the amendment to the Bylaws, **Article 19**, profit sharing can be paid to all the members of the Board of Executive Officers. The executive officers included in the workforce or those who are state government employees can choose to continue to receive their functional compensation and maintain the supplementary private pension plan which they had as employees.

The executive officers have a fixed monthly compensation and also receive a **fixed representation** allowance, whose amount is established by the Board of Directors at 50% of the compensation of the respective position. There are no contractual adjustments, insurance policies or other instruments that will structure compensation mechanisms or indemnification for the administrators in case of termination or retirement. There are also no performance criteria related to the economic, environmental and social objectives applied to the compensation policy of board members and executive officers.

## Governance Structure

### Board of Directors

Banrisul's Board of Directors is the decision making-body responsible for determining the overall business policies and supervising the management of the Bank's executive officers, among other duties. All Banrisul's policies in force are issued by the Bank's governance, as determining the strategies and guidelines is of responsibility of the Board of Directors and the Board of Executive Officers. These responsibilities are provided for in the Institution's Bylaws. The resolutions of the Board of Directors are taken by majority of vote of the members present at a given meeting. The Bank's Bylaws establish the number of board members as a minimum of five and maximum of nine members, elected at the annual shareholders' meeting for a two-year mandate, reelection permitted. They can be removed from their position at any time by the shareholders convened in a meeting.

The election of the members of the Board of Directors obeys the following rules: (i) common shareholders totaling 15% or more of the Bank's voting capital and preferred shareholders totaling 10% or more of its total capital have the right to elect separately a member of the Board

### Board of Directors' members on December 31, 2013

**Odir Alberto Pinheiro Tonollier**

Túlio Luiz Zamin

Aldo Pinto da Silva

Dílio Sérgio Penedo (independent member)

Erineu Clóvis Xavier (independent member)

Flávio Luiz Lammel

Francisco Carlos Bragança de Souza (independent)

Marcelo Tuerlinckx Danéris

Olívio de Oliveira Dutra

**Beginning of mandate** 30/04/2013

**End of mandate** Until the 2015 Annual Shareholders' Meeting

of Directors, (ii) at least 20% of the members of the Board of Directors must be independent. The controlling shareholder, the State of Rio Grande do Sul, will appoint, among the board members elected, the chairman and the vice-chairman of the Board of Directors.

The chairman of the Board of Directors will mandatorily by the State Finance Secretary and the vice-chairman will be the CEO of Banrisul. The meetings of the Board of Directors are held at least monthly. In the event of a vacant position, the Board of Directors will evaluate the

### Learn More

Access Banrisul's IR website to view the résumé of the members of the Board of Directors:

position of the State of Rio Grande do Sul and choose a substitute to take over the position until the next annual shareholders' meeting. Pursuant to the Brazilian Corporation Law, members of the Board of Directors are prohibited to vote in meetings or act in operations or businesses where there is a conflict with the interests of Banrisul. Two board members will have executive positions: Túlio Luiz Zamin and Flávio Luiz Lammel.



## Fiscal Council

Banrisul's Fiscal Council is a permanent body independent from management, responsible for monitoring the managerial activities and the financial statements, with the duty to inform its conclusions to shareholders. Pursuant to Law 6,404/76 and the Bank's Bylaws, the Fiscal Council is composed of **five sitting members** and five alternates. Preferred shareholders without the right to vote will have the right to elect, in a separate voting, one member of the Fiscal Council and the respective alternate. Minority shareholders will have the same right. The Economics, Accounting and Management Regional Councils will have the right to appoint a representative from a list of three names for one of the positions of the Fiscal Council allocated to the majority shareholders. The controlling shareholder is entitled to choose **one member** and the respective alternate from the appointed names.

### Members of the Fiscal Council

#### Sitting members

André Luiz Barreto de Paiva Filho  
Bruno Luciano Radtke  
Cláudio Morais Machado  
João Victor Oliveira Domingues  
Rafael Rodrigues Alves da Rocha

#### Alternates

Aniger Lorena Ribeiro de Oliveira  
Eduardo Ludovico da Silva  
Felipe Rodrigues da Silva  
Flávio José Helmann da Silva  
Leandro Pires Barcelos

## Board of Executive Officers

The executive officers of Banrisul are the legal representatives responsible for the day-to-day management of the Bank and the implementation of general guidelines and policies established by the Board of Directors. Pursuant to the Brazilian Corporation Law, the members of the Board of Executive Officers must reside in the country, and may or may not be shareholders. Up to one third of the positions of the Board of Directors may be occupied by members of the Board of Executive Officers. The executive officers are elected by the Board of Directors of the Bank for three-year mandates. They can be removed at any time.

The appointment of the executive officers must follow the requirements below: (i) the names appointed to compose the Board of Executive Officers must be previously approved by the Legislative Assembly of the State of Rio Grande do Sul; (ii) the CEO and the deputy CEO of the Board of Executive Officers will also be members of the Board of Directors; (iii) one of the positions in the Board of Executive Officers will be occupied by a Bank employee with more than ten years of service directly to Banrisul; and (iv) the positions of vice-chairman and member of the Board of Directors to Banrisul; and (iv) the positions of vice-chairman and member of the Board of Directors may be accumulated with Executive functions. In the event of a vacant position in the Board of Executive Officers, the Board of Directors will choose a replacement until the end of the mandate of the person replaced

### Board of Executive Officers

<b>Túlio Luiz Zamin</b>	CEO	<b>Joel dos Santos Raymundo</b>	Chief IT Officer
<b>Flávio Luiz Lammel</b>	Deputy CEO	<b>Jone Luiz Hermes Pfeiff</b>	Chief Commercial Officer
<b>Guilherme Cassel</b>	Chief Credit Officer	<b>Julimar Roberto Rota</b>	Asset Management Officer
<b>Ivandre de Jesus Medeiros</b>	Chief Service and Operating Officer	<b>Luiz Carlos Morlin</b>	Chief Control and Risk Officer
<b>João Emilio Gazzana</b>	Chief Financial and Investor Relations Officer		

The executive officers responsible for Banrisul's environmental and economic topics are the Chief Financial and IR Officer and the Executive Manager of the Strategic Social and Environmental Management Group, respectively (see more information on the Sustainability Management chapter). Both executives respond directly to the **CEO** and work with other directors in meetings and committees. When necessary, the CEO submits the issues to the Board of Directors. There are 173 employees and 17 areas under the Financial and IR Department and 27 employees under the Strategic Group for Social and Environmental Management.

### Support Bodies

Banrisul has 16 bodies supporting the Board of Executive Officers (see chart). Each committee has a minimum of four and a maximum of 12 members, except for the Compensation Committee, which has three members. The coordinator of each committee is responsible for calling and presiding over the meetings of the respective body, complying with the specific rules and has the powers to give his/her opinion about matters pertinent to the respective area, subsequently submitting the matters to the Board of Executive Officers. The coordinators of the committees are appointed by the Board of Executive Officers and have participatory representation in monthly meetings of said body

### Committees

Bank Management Committee  
 Administrative Management Committee  
 Commercial Management Committee  
 Internal Controls Management Committee  
 Marketing Management Committee  
 People Management Committee  
 Information Technology Management Committee  
 Economic Management Committee  
 Social and Environmental Management Committee  
 Acquirers and Cards Committee  
 Credit Committee  
 Investment Committee  
 Asset Pricing Committee  
 Corporate Risk Committee  
 Treasury Committee  
 Compensation Committee

### Audit Committee

Directly linked to the Board of Directors, the Audit Committee is composed of **three members** appointed by the Board of Directors itself, which has the power to remove said members at any time. The members of the Audit Committee serve a one-year mandate, renewal permitted for the same period, with the previous authorization of the **Central Bank of Brazil**. At the end of the half-years ended June 30 and December 31, the Audit Committee prepares a document called Report of the Audit Committee, which is made available to the Central Bank of Brazil and the Board of Directors for a minimum of five years.

### Members of the Audit Committee

<b>João Acir Verle</b>	Qualified Member
<b>Orion Herter Cabral</b>	Member
<b>Valdir Heck</b>	Member

**Beginning of the mandate** 08/05/2013

**End of mandate** 1st Board of Directors' meeting after the 2014 Annual Shareholders' Meeting

For further information on Banrisul's corporate governance access:

## Strategic Planning

The Strategic Planning launched in 2011 was implemented with the purpose of streamlining Banrisul's strategic issues. The Bank adopted a methodology for evaluating proposals and monitoring projects based on **Banrisul's Strategic Map**, whose purpose is to guide the areas in the development of their projects.

One of the objectives of the Strategic Planning is **"Guaranteeing Long-Term Sustainable Growth"** (learn more about some of the social and environmental programs and sustainable products in the Sustainability Management chapter). These operating principles influence the Institution's stakeholders by considering aspects such as conservation of natural resources throughout our operations. As a result, despite not being formally adopted, the Caution Principle is an integral part of Banrisul's analytical procedures

During the development of the Strategic Planning, coordinated by the Strategy and Monitoring Center, all Superintendences of Banrisul were involved in a brainstorming process that gathered more than **50 strategic goals** distributed in four pillars. After discussing and refining the findings, the Center came to **27 strategic** objectives validated by the Board of Executive Officers and subsequently by the Board of Directors.

These objectives were the basis for the goals established, which are now part of the variable compensation of the executive officers and will be periodically monitored by the Board of Directors. The results are also discussed by the Board of Executive Officers, which prioritizes the feasibility of achieving the established objectives within the pre-determined period. At this time, the Strategic Planning did not cover the review of the Mission, Vision and Values already determined for the Bank.





## Ethics

### Conduct and Management Practices

Among the policies that guide the ethical operations of Banrisul are the code of Ethical Conduct, the Policy for Preventing and Fighting Money Laundering and Financing Terrorism, the Get to Know your Clients and their Activities Policy, the Policy Get to Know your Employee and the Personnel Internal Regulations. Additionally, the Policy and the Sustainability Master Plan (detailed in Sustainability Management chapter) will serve to guide the activities of employees and the practices of the Bank.

**Banrisul's Code of Ethical Conduct** is committed to serve as a practical guide to personal and professional conduct to all employees in the internal relationship with stakeholders: shareholders, clients, employees, unions, suppliers, competitors, government and community. The document establishes, among other aspects, the rejection to any form of prejudice and discrimination due to ethnic origin, color, sex, religion, ideology, nationality or social origin or any other form of discrimination which may involve employees, outsourced employees, suppliers of products and services and clients.

Among the employees' duties is the compliance with the Get to Know your Employee Policy, which guides and helps all employees to act in accordance with ethical and moral values established by the organization

The Addendum to the 2013/2014 Collective Bargaining Agreement established that Banrisul's internal education processes will include policies related to the prevention to moral and/or sexual harassment and discrimination due to gender, race, sexual orientation and persons with disabilities in the workplace. The Bank still does not have any specific mechanism for complaints related to labor practices, but it provides a direct complaint **channel for reporting of employees** who believe they are being harassed. By this means, employees can also report evidences and/or suspected irregularities or illegal practices identified in the Organization's environment. We guarantee anonymity to the informant, identification being optional while filling out the form. Any violations to the Code are examined by an Ethics Committee, which can recommend to the Board of Executive Officers to take measures for correction of conduct

**“Rejection to any form of prejudice and discrimination.”**

or disciplinary sanctions to offenders. The **Ethics Committee** is composed of five sitting members and their alternates, three of whom appointed by the Board of Executive Officers and two elected among employees.

In line with laws and regulations in force, Banrisul adopts the Policy for Preventing and Fighting Money Laundering and Financing Terrorism, as well as procedures that aim to maintain a control structure to avoid that the institution is used for illicit activities. Financial transactions that might indicate the existence of crime, due to their characteristics, must be communicated to the Controllershship, which, after technical analysis, and if evidences are confirmed, informs the Council for Financial Activities Control (COAF) for investigation. Banrisul does not receive any type of return from the COAF about evidences forwarded.

The area for Preventing Money Laundering (PLD) linked to the Controllershship constantly monitors, through a specific system, the operations carried out by bank clients to identify situations that can lead to the evidences provided for in the regulations in force. Aiming at qualifying employees for compliance with policies and legal and regulatory procedures on Preventing Money Laundering, the Bank offers face-to-face courses as part of the training offered by the People Management Unit. In 2013, 234 employees were trained. We are preparing content for **distance learning**, along with questions and knowledge tests to reinforce learning. The training aims to assist in maintaining a permanent control environment, where all employees are responsible for observing and identifying possible illegal actions related to money laundering crimes within the institution.

Inserted in the Policy for Preventing and Fighting Money Laundering is the **Get to Know your Clients** and their Activities Policy which establishes the rules and procedures to assist in the identification and analysis of clients' profile, evaluating the identity (who they are), activity (what they do) and consistency of the origin and money transactions of clients (individuals and corporate clients). The goal is to reduce the risks of the institution being used to legitimize resources from illicit activities.

The **Get to Know Your Employee Policy**, in turn, covers managers and employees and establishes the Bank's responsibility to know its employees, through monitoring behavioral aspects, standards of living and their operating results, paying attention to unusual and significant changes. If there is evidence of corruption, the information regarding the workforce is forwarded to the People Management Unit. If the evidence is proven correct, the People Management Committee applies the disciplinary measures provided for in the Bank's regulations. The Bank's Legal Counsel is responsible for civil and criminal lawsuits, recorded in a system Bank or other companies are a party.

### **“Policies against corruption.”**

In administrative agreements, an administrative process is opened for determining contractual irregularities. If there is proof, the penalties envisaged in contractual terms and in accordance with the Law 8,666/93 are applied. The penalties are recorded in the Register of Suppliers Prohibited from Participating in Bidding Processes and Contracting with the State Public Administration (CFIL/RS) and in the Supplier Payment System (BMP). If there are any signs of crime, the Prosecutor's Office can be notified to take the appropriate measures. However, Banrisul understands that this management needs to be improved to ensure effective control.

In 2013, there were no penalties related to corruption or money laundering.

With the publication of Law No. 12,846/2013 (anti-corruption), which became effective on January 29, 2014, Banrisul began internal meetings to evaluate the areas that will be covered by the theme and map the procedures and standards that the Bank already has and the needs to make adjustments due to the new regulatory framework. However, the matter is still being discussed in meetings of the Brazilian Federation of Banks (Febraban) and awaits definitions that will be disclosed through a **State Decree**. As a result, the impacts from this Law are in the initial phase of studies.

#### **Irregularity cases**

	<b>2013</b>	<b>2012</b>
Warnings	133	90
Alerts	384	256
Severe reprimands	57	40
Terminations with cause	12	14
Terminations without cause	14	67
Suspensions	48	20
<b>Total</b>	<b>648</b>	<b>506</b>

In 2013, the increase in the number of certain measures, such as suspensions, is related to administrative processes regarding the issue of bad checks by employees.

#### **Treatment of Cases of Transgression**

In the case of disciplinary transgressions, warning administrative measures, severe reprimands, suspensions and terminations (Article 52 of the Personnel Regulations) are resolved by the Personnel Management Committee and by the Board of Executive Officers through administrative proceedings initiated by the Audit area. Alerts are not administrative measures and can be applied also by branch managers.

## Risks

### Supplier management

Banrisul's acquisitions and contracting processes are carried out in accordance with Law **8,666/93**, which establishes the general rules on bidding and administrative agreements for the acquisition of goods and services. The contracting processes in which the bidding can be waived occur based on value (below the pre-es-

tablished value), or in cases of emergency or natural disaster. Agreements will only be approved upon a justification for contracting the service, reasons for choosing the supplier, justification for price and the preliminary analysis of the Bank's Legal Counsel. The Legal Counsel analysis is not necessary in cases in which the bidding process is waived due to value. Small expenses

are paid on demand by simply presenting the invoice proving the expense. Banrisul's contracting processes are divided into three categories: services (cleaning, surveillance, concierge etc. or isolated services); continuous supply materials (such as paper); and leasing (equipment and buildings). These agreements are monitored by an integrated system of purchases and

payments for administrative management, which guarantees improved management of costs, optimization of processes and value transport routines and improved accuracy, reliability and information tracking. As a result, the decision-making process is facilitated, as it streamlines the access of employees to reports with consolidated information.

Essential Suppliers	Contracted	Location (by region)	Payments made	Risks of the sector*
Money supply and value transportation	5	SP, BH, GO	R\$ 36,881,545	Intensive use of labor and risk of forced labor
IT services and processing of credit cards	115	Porto Alegre, RS interior, SC, PR; SP, RJ, BA, BH, PE, CE, DF	R\$ 178,242,192	Risk of environmental impact
Preparation of cash	3	SP, BH, GO	R\$ 14,695,509	Intensive use of labor
Alarm and monitoring	1	Porto Alegre	R\$ 3,404,996	Unscheduled
Communication	6	Porto Alegre, SC, SP, RJ	R\$ 29,570,936	Unscheduled
Mail	1	Porto Alegre, RS interior, SC, PR; SP, RJ, BA, BH, PE, CE, DF	R\$ 16,660,792	Unscheduled
Cleaning	8	Porto Alegre, SC, PR, SP, RJ	R\$ 19,563,556	Risk of forced labor
Marketing	5	Porto Alegre	R\$ 41,723,903	Unscheduled
Specialized technical services	96	Porto Alegre, RS interior, SC, PR; SP, RJ, BH, BA, PE, CE, DF	R\$ 37,659,762	Unscheduled
Surveillance	11	Porto Alegre, RS interior, SC, PR; SP, RJ, BA, BH, PE, CE, DF	R\$ 69,684,909	Risk of forced labor
<b>Total</b>	<b>251</b>	-	<b>R\$ 448,088,100</b>	-

\* The characteristics of risks inherent to the sector were defined based on an analysis conducted by Banrisul's internal team.



At the end of 2013, the Administrative Agreement Management area managed approximately 1,259 agreements. Banrisul had a total of 25 thousand registered suppliers. Payments from suppliers with administrative agreements only totaled R\$622.57 million in 2013, 72% of which went to the **essential supplier** chain (see table). In 2013, the contracting of construction and engineering services and various agreements (administered by the Procurement and Bidding area) amounted to approximately R\$39 million.

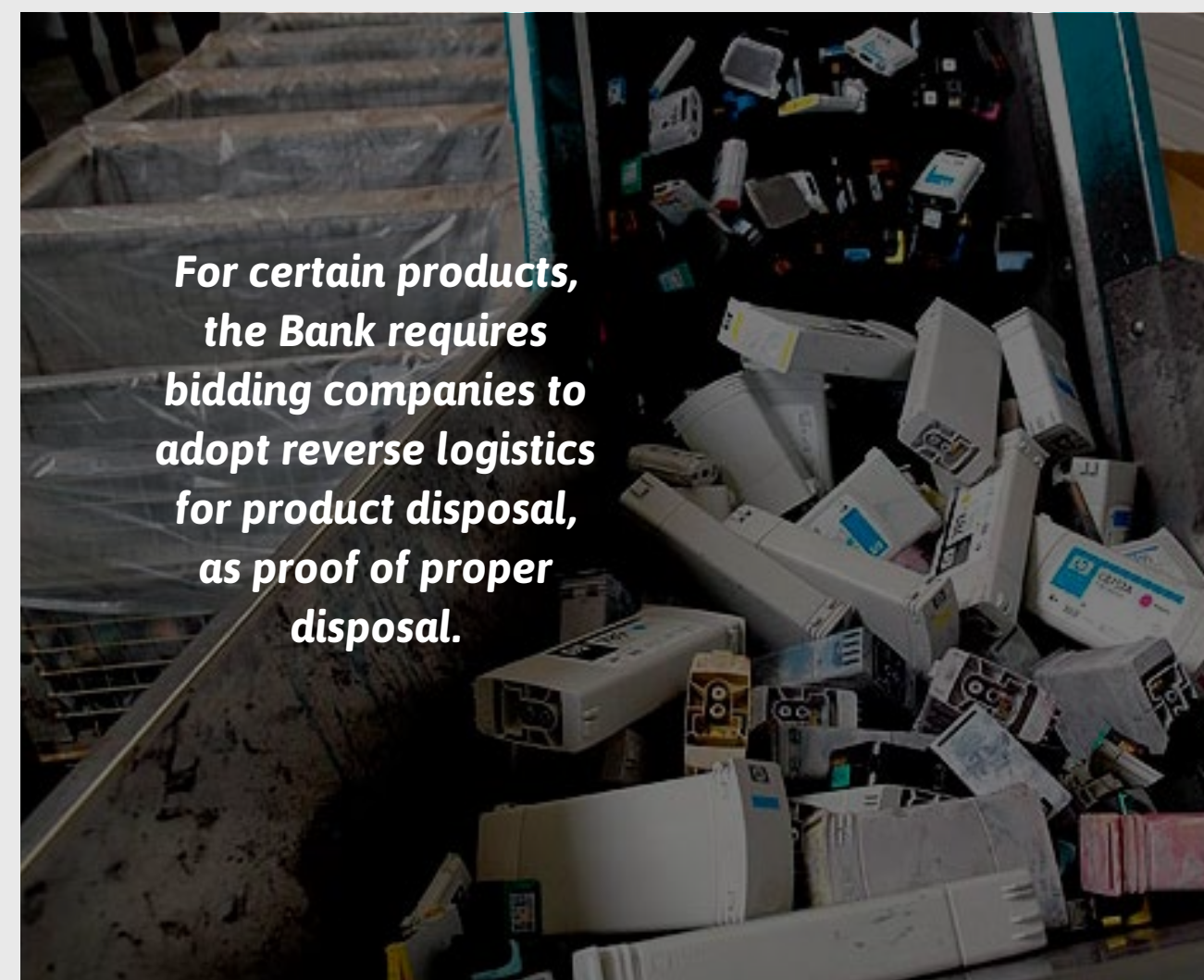
The management of agreements is the responsibility of the Controllership and the Asset Management Unit, responsible also for the application of penalties or terminations, preceded by the establishment of an administrative process. Issues related to social and labor risks are present and taken into consideration when signing agreements with suppliers. The legislation requires proof of compliance with **labor laws**, in accordance with Law 12,440/2011, such as the necessary documentation for contracting.

Banrisul's agreements have legal mechanisms that require proof of legal, fiscal and labor compliance from bidding companies. Article 27 of Law 8,666/93, among other provisions, obliges bidding companies to formally declare that they do **not employ individuals younger** than 18 years on night shifts, dangerous or unhealthy work and do not employ individuals younger than 16 years. In addition, agreements have clauses establishing the payment and presentation of certificates proving compliance with the Severance Fund (**FGTS**) and Social Security (**INSS**), and clearance certificates from debt related to labor charges and federal, state and municipal taxes.

Material suppliers can have their products evaluated during bidding processes, when samples are requested from the winning bidder to be approved, as well as after contracting, when the object is received. For certain products, the Bank requires bidding companies to adopt reverse logistics for **product disposal**, as proof of proper disposal.

The Controllership oversees ongoing services agreements to avoid or minimize **labor risks**. The works are monitored by the Engineering Unit, which carries out inspections to verify

the execution of services and compliance with required security issues provided for by law and in the bidding process.



Every month, the Agreement Supervision area monitors and checks the labor documentation of agreements involving the assignment of manpower. For this purpose, we verify collective bargaining agreements, contractual clauses, documentary analysis of registration records, terminations, holiday vouchers, work leave, payrolls, paychecks, clocking in/out records, benefit control, record in Work and Social Security Card (CTPS), payment of overtime and Christmas bonus of outsourced personnel.

These agreements have mandatory clauses, pursuant to State Decree **43,183/04**, which requires the monthly presentation of payment receipts, clocking in/out records, collection of FGTS and other documents. Banrisul is audited by Bacen regarding operational risk in outsourced labor litigation.

Banrisul fully complies with the Regulatory Standard (NR) 6/Ordinance 3,214/78, through the provision of training and supervision of the use of Personal Protective Equipment (**PPE**) to employees of contractors. The administration

of branches and General-Management bodies are responsible for monitoring the use of PPE and requesting a copy of the delivery receipt of these materials to contracted companies, as well as copies of invoices of cleaning products, filing said documents for five years to avoid labor liabilities.

In all agreements, suppliers are aware of declarations and clauses with which they commit to comply and, in the event of noncompliance, Banrisul will apply penalties (such as agreement termination), if necessary, after opening the related administrative processes. We have not identified any essential suppliers that may present significant risks of cases of **child labor** in administrative agreements maintained by the Bank. Although there is risk of forced or compulsory labor in certain specific procedures of our suppliers, contractual clauses ensure these risks will not occur with essential suppliers. There are clauses that protect the Bank from being co-responsible in these cases, but structured mechanisms for the proactive management of social risks have not yet been implemented by the Bank

## Risk management

Banrisul's corporate risk management is carried out in an integrated manner, streamlining processes and decision-making. It is aligned with the requirements of the **best practices** and the standards defined by the Central Bank, in accordance with the Basel Capital Accords. The constant improvement in the processes to identify, measure, monitor, control and mitigate risks improves the compliance with good governance practices aligned to the objectives, strategies and policies of the Bank.

Banrisul has a Board dedicated to addressing corporate risk issues and strengthening internal controls through the **Corporate Risk Management and Controllership Units**. One of the main duties of the Control and Risk Department is overseeing the implementation of methodologies and procedures for monitoring and evaluating corporate risks and controls, particularly activities to strengthen client security. The Board of Executive Officers and the Board of Directors periodically receive and analyze

corporate risk management reports. These are detailed monthly, quarterly, semi-annual and annual reports related specific risks such as capital, credit, market and other risks. Risk policies are revised annually and submitted to the analysis of senior management.

Since 2011, the Corporate Risk Committee approves the methodologies applied when measuring risks, ensures the correct application of the risk management policies and approves exposure limits based on the appropriate level of risk. The Bank adopts a specific management **policy for each type of risk**.

The Corporate Risk Management Unit is responsible for the management of the risks inherent to processes and capital management. This area responds to the Control and Risk Management Department, and results and structures, which are of responsibility of the Board of Directors, are disclosed on the website **www.banrisul.com.br**. In addition, the Internal Audit checks the compliance with the normative requirements of the Central Bank of Brazil related to risks.

## Main types of risk

### Credit risk

It was defined as the possibility of losses associated with the non-compliance by the borrower or counterparty with their respective **financial obligations** under the agreed terms, the depreciation of the loan agreement arising from the deterioration in the borrower's risk rating, the reduction in gains or remuneration, the advantages granted in renegotiation and the recovery costs. Exposure to credit risk is mitigated through the structuring of guarantees and pricing, appropriate to the level of risk to be incurred due to the characteristics of the borrower and the operation at the moment of granting. The Bank manages, limits and controls concentrations of credit risk.

### Liquidity risk

It is defined as the possibility of the Institution being unable to meet its obligations without affecting its day-to-day operations and without incurring in significant losses; and the possibility of the institution being unable to negotiate a position at market price, due to any **discontinuity in the market**. At Banrisul, the liquidity risk management structure envisages policies and strategies to manage said risk, diversify funding sources and define liquidity contingency plans capable of addressing stress situations on the market. For the effective management of liquidity risk, Banrisul considers the operations carried out in the financial and capital market, as well as possible contingent or unexpected exposures; and liquidity risk individually in the countries where the Bank operates and in the currencies to which it is exposed

### Operational risk

It is defined as the possibility of losses resulting from failure, deficiency or inadequacy of **internal processes**, people and systems, or from **external events**. The definition includes the legal risk associated with the inadequacy or deficiency in agreements signed by the Institution, as well as the sanctions due to violation of legal provisions and claims for damages to third parties arising from activities carried out by the institution. Banrisul's Institutional Operational Risk Management Policy aims to give the Bank the parameters, guidelines, principles, models and methods to identify, evaluate, monitor, control, and mitigate operational risks and the internal and external disclosure of Banrisul's levels of exposure to operational risk. It aims, thus, to maintain the confidence in all business levels, with the reduction of the exposure to risks and effective losses. With the aim of involving all employees of the Banrisul Group, the policy envisages shared participation in the control of operational risk: all outsourced service providers and employees of the Banrisul Group are responsible for adopting behavioral measures to avoid exposure to risk, within the limit of their responsibilities. The coordination of the operational risk management process is of responsibility of the Operational Risk Management Department.

### Market risk

It is defined as the possibility of losses resulting from the fluctuation in the market values of positions held by a financial institution. The evaluation and control of the Bank's and the Conglomerate's Market Risk occurs through the model of **Value at Risk (VaR)** for the Trading Book and Banking Book Portfolios, and the **Maturity Ladder** model, to the foreign exchange rates, price indexes and interest rate.



## Main types of risk

### Risks related to climate change

The main risks arising from climate change are the compromising of agricultural production and default from the beneficiaries. Bad weather, for example, leads to a greater demand for indemnification of the **Proagro** (Rural Activity Guarantee Program) and for renegotiation of debts due to the impossibility of payment within the period established. This situation implies the reduction of funds for the next harvest. Clients' credit limit will also be reduced, as their ability to pay is partially committed. The existing rural credit lines are in accordance with the interest and the adapting of the activity to the region (see more in the Sustainability Management chapter). These lines are created and/or extinct according to the demand for periods and regions. As the financial agent, Banrisul follows the **Agricultural Zoning of Climatic Risk (ZARC)** and its instructions regarding the adequate period and location for planting. Zoning influences the development of credit lines and the choice of crops, but is only a determining factor on the payment of insurance, if necessary. As a result, climatic risks that may result in production losses are quantified when managing the crops. This study results in the list of municipalities suitable to certain crops, according to their respective planting calendars.

### Capital management

Capital management is defined as a continuous process of monitoring and control of the capital held by the institution; evaluation of the capital requirements to cope with the risks to which the Bank is subject; and planning of goals and capital requirements, considering Banrisul's strategic objectives.

### Social and environmental risk

It is defined as the possibility of losses arising from social and environmental damage. Based on the publication of Public Hearing Notice 41/2012, of June 13, 2012, of the Central Bank of Brazil, Banrisul is getting ready to prepare a social and environmental risk management policy. This policy should consider the development of systems, routines and procedures which enable us to identify, classify, evaluate, monitor, mitigate and manage the social and environmental risk in our activities and operations, as well as register data on losses, and evaluate the potential impacts to the Institution. After the Bank's technical areas analyze and approve the policy, it will be submitted to the Board of Executive Officers and the Board of Directors. The involvement of Banrisul's various operational and business areas will further incorporate the theme to our institutional culture and social and environmental risk **management strategies**.

\* Agricultural Zoning of Climatic Risk (ZARC) is a risk management and agriculture policy instrument based on a methodology validated by the EMBRAPA (Brazilian Agricultural Research Corporation) and adopted by the Ministério da Agricultura (Ministry of Agriculture) to minimize the risks related to climate phenomena. ZARC allows each municipality to identify crops' best planting period in different types of soil and cultivation cycles.



**RELATIONSHIP**

**WITH THE INTERNAL**

**PUBLIC**

## Practices in people management

The alignment of people management to Banrisul's strategic objectives is reflected in the increased hiring in 2013, the revision of the **career plan**, the new performance assessment model (still in preparation) and the programs for the promotion of quality of life for employees. Similarly, the selection for managerial positions and positions in strategic areas combined with employee training and development contribute to the achievement of the Bank's results.

In the pursuit of the satisfaction of its internal public, great efforts were made to meet the requests of its employees. These efforts were intensified during the negotiation of the **collective bargaining** agreement, but did not prevent the extension of the strike, which was the longest in recent years. The agenda presented by the unions covered various topics, and the negotiation was conducted with caution, considering the financial impact of each action. Advances were made through dialogue, some of them detailed on the following pages.

Concerned with the best way to manage human capital, Banrisul adopts management practices that are up-to-date with the market and, by offering **corporate education** programs, it seeks to increase the levels of satisfaction

of its employees and offer excellent service to clients. The most important people management routines in 2013 were:

### Routines

- Study of new people management **software**, enabling the modern, agile and efficient management of HR routines (implementation scheduled for 2014).
- Creation of the **Voluntary Conciliation Commission (CCV)**, enabling employees who no longer work for the company to negotiate out of court labor rights they deem eligible to, without judicial intervention, streamlining labor settlements for both parties.
- Implementation of **Systemic Work Hours Control Agent**, considerably reducing inconsistencies in clocking in/out records.

Banrisul has no complaint mechanism specifically related to labor practices. However, a complaint channel was made available on the intranet, allowing complaints to be handled confidentially.

In 2013, a total of 23 complaints were registered through that channel, of which ten can be classified as complaints related to labor practices; they include complaints related to the working environment and professional relationship (problems with the conduct of management and/or colleagues) – of these ten complaints related to labor practices, five had a response from the People Management and Audit areas.

**The trainings implemented by the People Management area are aimed at improving and consolidating the employee's career.**





## Internal public profile

	Male	Female
Indefinite period	6,528	5,652
Determined period *	12	5
<b>Total</b>	<b>6,540</b>	<b>5,657</b>

Given time - Board , interns and contractors : can not target gender outsourced employees.

Number of employees by type of agreement	2011	2012	2013
Indefinite period	10,225	11,447	12,180
Determined period *	4,454	2,723	2,775
<b>Total</b>	<b>14,679</b>	<b>14,170</b>	<b>14,955</b>

\* Only considers Officers and interns because it was not possible to segment the outsourced employees .

-Board of Executive Officers: officers of the Bank  
 -Management: Regional Superintendences and Executive Officers, Executive Managers and Branch network managers.  
 -Department Head / Coordination: Level "C" of the General-Management

-Technical / Supervision: Chart "B", Chart TI-I (only commissioned employees) and Chart TI-II.  
 -Administrative: other commissioned and non-commissioned employees of the General-Management  
 -Operational: other commissioned and non-commissioned employees of the Branch Network.

	2011	2012	2013
Outsourced	2,600	2,635	2,758
Apprentices	0	0	0
Trainees	0	0	0
Interns *	1,845	79	8
<b>Total</b>	<b>4,445</b>	<b>2,714</b>	<b>2,766</b>

\* All interns work part-time basis according to specific legislation. In segmentation by gender, there were 3 men and 5 women occupying the intern position at the Bank in the 2013 closure.

Number of employees by position level *	2011	2012	2013	2013 Male	2013 Female
Board of Executive Officers	9	9	9	9	0
Manager	977	1,067	1,163	813	350
Head of department/ Coordination	132	156	143	100	43
Technical/ Supervision	635	643	712	513	199
Administrative	1,528	1,885	2,099	1,119	980
Operational	6,953	7,696	8,063	3,983	4,080
<b>Total</b>	<b>10,234</b>	<b>11,456</b>	<b>12,189</b>	<b>6,537</b>	<b>5,652</b>

\* It does not include interns.

NOTE: Human resources management is conducted through a dynamic system and reported data reflect the information gathered on April 02, 2014.

## Internal public profile

	2011	2012	2013	2013 Male	2013 Female
North Region	0	0	0	0	0
Northeast Region	27	36	37	21	16
Midwest Region	9	10	10	3	7
Southeast Region	102	141	147	87	60
South II Region (SC, PR)	436	399	432	233	199
South I Region (RS)	9,660	10,870	11,563	6,193	5,370
<b>Total</b>	<b>10,234</b>	<b>11,456</b>	<b>12,189</b>	<b>6,537</b>	<b>5,652</b>

\* It does not include interns and outsourced personnel.

	2011	2012	2013	2013 Male	2013 Female
Younger than 30 years	2,039	2,428	2,373	1,308	1,065
From 30 to 50 years	4,952	5,474	6,367	3,144	3,223
Older than 50 years	3,243	3,554	3,449	2,085	1,364
<b>Total</b>	<b>10,234</b>	<b>11,456</b>	<b>12,189</b>	<b>6,537</b>	<b>5,652</b>

\* It does not include interns and outsourced personnel.

## Young Apprentice Program



In accordance with Law 10,097/2000, Banrisul's Young Apprentice Program supports the technical and professional training of young people to help them entering the labor market. The program contributes to the professional

development of adolescents, with workplace activities that give them their first professional experience. In 2013, the program benefited 504 young people.

NOTE: Human resources management is conducted through a dynamic system and reported data reflect the information gathered on April 02, 2014.

## Turnover and transfers

The admission of new employees occurs through a civil service exam, governed by the Regulation of Civil Service Exams, in accordance with State Law 10,228/1994, State Decree 43,911/2005 and State Decree 44,300/2006 amended by State Decree 46,656/2009, as well

as the instructions in the notice. The only rule regarding age is that applicants must be 18 years or older. There is no defined goals for hiring people. It occurs based on work demand.

	Male		Female		Total	
Younger than 30 years	248	47%	229	40%	477	44%
From 30 to 50 years	261	50%	322	57%	583	53%
Older than 50 years	18	3%	16	3%	34	3%
<b>Total**</b>	<b>527</b>	<b>48%</b>	<b>567</b>	<b>52%</b>	<b>1,094</b>	

	Male		Female		Total	
Technical/ Supervision	76	89%	9	11%	85	
Administrative	52	50%	52	50%	104	
Operational	399	44%	506	56%	905	
	<b>527</b>	<b>48%</b>	<b>567</b>	<b>52%</b>	<b>1,094</b>	

\*Given that admission depends on a civil service exam, new employees are hired as bookkeepers, working for the General Management or the branch network. The only exception to this rule is regarding the members of the Board of Executive Officers.

\*\* The difference between the total number of employees hired informed in the Financial Statements (1,093) and the total presented in this indicator was caused by a failure when assessing this information, related to September, when of the preparation of the financial statements. The correct figure is 1,094.

\*\*\* It does not include interns.

Employees hired by region	2013	%
North Region	0	0
Northeast Region	2	0.2%
Midwest Region	0	0
Southeast Region	7	0.6%
South II Region (SC, PR)	51	4.7%
South I Region (RS)	1,034	94.5%
<b>Total**</b>	<b>1,094</b>	<b>100%</b>

Employees terminated by position level	2011	2012	2013
Board of Executive Officers	0	0	0
Manager	70	47	35
Head of department/ Coordination	0	3	10
Technical/ Supervision	0	12	19
Administrative	88	49	51
Operational	252	285	251
	<b>410</b>	<b>396</b>	<b>366</b>

Turnover by age group (%)	2011	2012	2013
Younger than 30 years	0.91	0.95	0.71
From 30 to 50 years	0.88	1.11	1.09
Older than 50 years	2.22	1.40	1.20
<b>Total</b>	<b>4.01</b>	<b>3.46</b>	<b>3.00</b>

NOTE: Human resources management is conducted through a dynamic system and reported data reflect the information gathered on April 02, 2014.



## Turnover and transfers

Employees terminated by age group*	2011	2012	2013
Younger than 30 years	93	109	87
From 30 to 50 years	90	127	133
Older than 50 years	227	160	146
<b>Total</b>	<b>410</b>	<b>396</b>	<b>366</b>

\* Does not include interns.

Employees terminated by gender*	2011	2012	2013
Male	286	270	239
Female	124	126	127
<b>Total</b>	<b>410</b>	<b>396</b>	<b>366</b>

\* Does not include interns.

	2011	2012	2013
Board of Executive Officers	0	0	0
Manager	0.68	0.41	0.29
Head of the department/ Coordination	0	0.03	0.08
Technical/ Supervision	0	0.10	0.15
Administrative	0.86	0.43	0.42
Operational	2.46	2.49	2.06
	<b>4.01</b>	<b>3.46</b>	<b>3.00</b>

\*Rates for men and women were calculated based on the total number of employees in 2013 (12,189).

\*\*The total of 12,175 employees informed in Bannrisul's financial statements does not include eight executive officers, one CEO and six employees of Bannrisul Processamento de Dados (BDP), a company that was incorporated into Bannrisul. The financial statements include one employee in December 2013, whose termination became without effect due to a judicial decision issued in February 2014, retroactively to the date of the termination.

Employees terminated by region*	2011	2012	2013
North Region	0	0	0
Northeast Region	4	3	2
Midwest Region	0	0	0
Southeast Region	10	10	5
South II Region (SC, PR)	14	31	14
South I Region (RS)	382	352	345
<b>Total</b>	<b>410</b>	<b>396</b>	<b>366</b>

\* Does not include interns.

Turnover by gender (%)	2011	2012	2013
Male	2.79	2.36	1.96
Female	1.21	1.10	1.04
<b>Total</b>	<b>4.01</b>	<b>3.46</b>	<b>3.00</b>

Rate of employee turnover by region (%)	2011	2012	2013
North Region	0	0	0
Northeast Region	0.04	0.03	0.02
Midwest Region	0	0	0
Southeast Region	0.10	0.09	0.04
South II Region (SC, PR)	0.14	0.27	0.11
South I Region (RS)	3.73	3.07	2.83
<b>Total</b>	<b>4.01</b>	<b>3.46</b>	<b>3.00</b>

NOTE: Human resources management is conducted through a dynamic system and reported data reflect the information gathered on April 02, 2014

## Turnover and transfers

Through the **Sistema Promove (Promote System)**, employees may apply to opened positions and request to be transferred to other locations. In 2013, the system was redesigned to increase transparency in the employee transfer processes. With implementation scheduled for 2014,

the system will allow employees to view the available positions, their classification in the waiting list and know which employees applied for the position.

Transfers by type of transfer in 2013	Commissioned	Non commissioned
Provisional transfer	514	563
Assignments	7	3
Transfers	1,055	956
Commissionings	733	-
Changes of nomenclature	101	-
Decommissionings	32	-
Opened positions for interns/ Projeto Pescar students	-	23
Readaptations	1	-
Leave due to personal interests	10	16
<b>Total</b>	<b>2,453</b>	<b>1,561</b>



## Relationship with the unions

The collective bargaining agreement covers 100% of Banrisul's employees. The 2013 collective negotiations included, in addition to the general agenda of the bank employee category – such as pay rise and working conditions –, specific claims of Banrisul's employees, including the discussion of the proposal for the new **Position and Salary Plan** presented by Banrisul in July.

This broader scope of claims led to the extension of the strike in 2013, mainly in specific groups, such as IT and Call Center. The Superintendence of the Personnel Management Unit coordinated the dialogue with the unions, guaranteeing respect for entities and the claims of the category in order to prepare a proposal that ended the partial strike already lasting 42 days. The collective negotiations ended in October and the most important results are listed below:

### Main results

- Extension from six to 12 months of the supermarket allowance for employees on leave due to accident or illness

### Main results

- Proportional attendance allowance in the year of admission
- Nursery school/nanny allowance for six months on leave due to work accident
- Adoption leave of 60 days for employees who are single or are in a stable same-sex relationship.
- Additional profit sharing (PLR) increased from 1.0% to 1.8% of net income in 2013, for all employees.
- Banrisul's minimum wage of R\$1,686.95 as of the implementation of the new position and salary plan.
- Migration of Banrisul's Foundation plans and implementation of the new career plan in the month following the regulatory promotions
- First promotion of non-eligible employees in the year following the implementation of new position and salary plan.

<b>Higher annual compensation in 2013 (R\$)<sup>1</sup></b>	<b>336,409.21</b>
<b>Average annual compensation in 2013 (R\$)<sup>2</sup></b>	<b>74,285.98</b>
<b>Proportion (%)</b>	<b>353</b>

1. Total of monthly salaries, representation allowance, Christmas bonuses and profit sharing, pursuant to State Law 13,670, which establishes the criteria for positions' compensation maximum amount. | 2 Total average monthly value (including Christmas bonus and profit sharing) paid by the Bank to employees in one year, excluding the highest salary

## Career plan

In 2013, we published the proposal of the new Position and Salary Plan, after several meetings with unions to discuss employees' most important claims. We also held seminars for clarifying employees' doubts. During the collective negotiations we agreed on resuming the parity commission of the **Position and Salary Plan** and scheduling the implementation of the Plan for 2014.

The need to revise Banrisul's Career Plan, which already had more than 30 years, was a highly valued theme in collective negotiations between the Bank and employees' representatives and mobilized the 2013 salary campaign. In 2011, we created a parity work group, with representatives of Banrisul and unions, to discuss and create a new model, which was consolidated in 2012 and submitted to approval in 2013 for implementation in 2014. The Bank's employees were also heard in the process of creating the plan.

The implementation of the new model is scheduled for after consolidating the migration of **Banrisul Foundation's** benefit plans and 2013 standard promotions. The new model values time of service (an important claim for Union representatives) as well as performance and engagement. The 2013 collective negotiations added to the new Career Plan the increase in categories' minimum wage.

The pay rise agreed in the 2013/2014 Collec-

tive Bargaining Agreement was of 8%, except for Banrisul's Minimum Wage, which increased 8.5%. The pay rise of Banrisul's highest annual compensation was of approximately 5% in the same period, determined based on the change to the maximum compensation established by State Law 14,215/2013.

Together with the discussion of the new Position and Salary Plan, we developed a project for restructuring the Behavioral Performance Assessment to be presented to employees in 2014. The performance assessment for the branch network, implemented in 2012, was expanded during 2013 and will involve 9,041 employees as of the first half of 2014, compared with 2,299 employees in the previous year. The next step will be to extend the Objective Evaluation Policy for all employees with the implementation of the Performance Evaluation Policy for the General Management (learn more on the section Performance Evaluation).



## Quality of life

In order to increase employee satisfaction and foster a healthy work environment, Banrisul has quality of life programs. These initiatives involve actions on the Bank's units, the creation of groups for sports activities and awareness campaigns.

### Grupo de Corrida Banrirunners (Banrirunners Race)

Began in 2012 with 50 participants and currently has **300 members**. Guided by physical education professionals, the Group trains in public parks and participates in street circuits. Participants go through physical and cardiology assessment.



### Grupo de caminhada Vida em Movimento (Life in Movement Hiking Group)

The Hiking group began in Porto Alegre (RS) in 2012 and in 2013 it reached the cities of Novo Hamburgo, Santa Cruz do Sul, Estrela and Lajeado (RS), totaling **180 members** who train on the same days and hours of the running group, contributing to better integrate employees.

### Ginástica laboral (Labor Gymnastics)

Implemented in 1999, the labor gymnastics is taught by professionals registered with the Regional Council of Physical Education (CREF/RS), hired by companies participating in the bidding process. In the pauses promoted by classes, employees relax muscles, reduce muscle tension and prevent repetitive strain injury (RSI).

### Programa de Desenvolvimento Psicossocial (PROPSI)

(Psychosocial Development Program)

The program promotes psychosocial health, strengthening interpersonal relations and improving the working environment. One of its initiatives is the Psychosocial Development Course for **Managers**, created for assistant branch managers. The course started as a pilot project in the Fronteira Regional Superintendence in 2012 and was implemented in the Regional Superintendences Centro, Serra, Leste and Grande Porto Alegre Norte in 2013. Two classes were held by Superintendence, totaling 40 hours and involving 211 participants.

## Quality of life

### Campanha de Prevenção do Câncer de Próstata e Câncer de Pele

(Campaign for Prevention of Prostate and Skin Cancer)

In November 2013, the Specialized Service in Safety Engineering and Occupational Medicine (SESMT) began the prostate and skin cancer prevention campaigns. The campaigns were promoted on Banrisul's distance learning website and made available on the Bank's intranet until January 2014, reaching a total of 1,822 accesses.

### Palestras e Eventos da CIPA do Edifício Sede

(Lectures and Events of the Headquarters' accident Prevention Committee)

Physical and mental health was the theme of several lectures taught by specialized professionals and promoted by the CIPA of the Bank's headquarters in 2013. In October, during the Internal Week for **Accident Prevention** (Sipat) of Banrisul's headquarters, we offered glucose, cholesterol, and triglycerides tests, blood pressure measurement and nutritional and clinical guidelines.

### Outubro Rosa (Pink October)

Banrisul's Outubro Rosa project for prevention of **breast cancer** was coordinated by SESMT and the partnership between Banrisul's accident prevention committee (CIPA) and the Rio Grande do Sul Breast Institute. The internal campaign for the prevention and promotion of healthy lifestyle included the distribution of a pink bow with the Bank's logo and was promoted in the Bank's intranet. The project promoted a flash mob on October 31 releasing pink balloons from the top of Banrisul's headquarters.

### Comunicações de Acidente de Trabalho (CATs) (Work Accident Reporting)

In 2013, Banrisul issued 166 CATs related to various topics. Of the 166 CATs, 19 referred to typical accidents, 38 to traffic accidents, 36 to bone and joint diseases, 61 to post-traumatic acute stress disorder and 12 to conversions of INSS. The Bank held **prevention** campaigns (H1N1 and skin, prostate and breast cancers), work accidents, training of representatives of the accident prevention committees of Regional Superintendences, prevention lectures and Sipat and Banrisul Young Apprentice Program.

Program	Coverage	Purpose	Description	Action
Program for the Prevention, Diagnosis and Treatment of problems related to the Use of Alcohol and Other Drugs (PAD)	Employees and their family members	Education, training, advisory, prevention, risk control and treatment	It offers help to employees who have problems related to alcohol and other drugs, seeking to improve their quality of life and resume functional performance	In 2013, a total of 325 employees, among supervisors and assistant branch managers, attended the lectures on alcohol and drugs. Five employees made use of PAD for evaluation and/or clinical admission due to chemical dependence.
Program for Attention and Monitoring of Employees in Stress Situations (PASS)			It implements preventive and health support measures for employees in occupational stress situations, particularly those due to robbery or kidnapping.	A total of 1,255 employees attended lectures on post-traumatic acute stress disorder and information related to the PASS program. A total of 122 employees from 25 branches were oriented about these themes, and employees who were victims of robbery or kidnapping were assisted and referred



## Banrisul Foundation

The Social Security Banrisul Foundation (FBSS) is a closed private pension entity, established on January 29, 1963 by Banco do Estado do Rio Grande do Sul with the primary purpose of complementing the benefits granted by Social Security to its employees, in addition to the implementation of assistance programs promoted by its maintainers. The Foundation administers the benefit plans in the modalities determined benefit and variable contribution pension plans for more than 17,000 participants and beneficiaries linked to five sponsoring companies. The assets of the benefit plans are autonomous and not linked to any other body or entity.

Banrisul, FBSS, Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul, Banrisul Cartões and Badesul Desenvolvimento – Caixa Estadual - Development Agency/RS sponsor the Pension Fund. The Banrisul Foundation receives monthly contributions from sponsors and participants, calculated based on the employees' monthly compensation, as well as income earned with the investment of their capital. After the implementation of Banrisul-prev, currently called FBPREV, the Benefit Plan I was closed for new adhesions.

### Benefit Plan I (PBI)

The benefits assured by PBI, in the defined benefit modality, cover retirement, pension due to death, sickness allowance, imprisonment allowance, funeral allowance and annual allowance. The regular contribution of an active participant, corresponding to a portion of the contribution salary, is complemented by Banrisul with the equivalent of **7.94%** of the monthly salary.

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***The restructuring of the PBI was approved by PREVIC, in accordance with Ordinance 718, of December 20, 2013.***

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For this plan, Banrisul had a remaining portion of contracted debt amounting to **R\$67.3 million** on December 31, 2013. Said debt is paid with accrued interest of 6% p.a. and restated by the variation of the general price index (IGP-DI), through monthly restatements and payments, maturing in 2028. The current value of obligations of defined benefit pension plans is obtained by actuarial calculations, which use a set of economic assumptions and economic, financial and biometric projections. The discount rate is one of the assumptions used in determining the net cost (revenue) for these plans. Any changes to these assumptions will affect the accounting value of pension plans' obligations. On December 31, 2013, net actuarial liabilities totaled **R\$449.7 million**.

Aiming at diversifying the options for participants and beneficiaries of PBI, Banrisul, in partnership with FBSS, is creating new plans in the variable contribution pension plans and paid defined benefit modalities, which will receive the funds from PBI participants and beneficiaries who voluntarily opt for paying in and mi-

grating their actuarial reserves. The restructuring of PBI was approved by Superintendência Nacional de Previdência Complementar (PREVIC) as per the publication of Ordinance 718, of December 20, 2013.

### Tripartite Commission

In 2011 Banrisul created a Tripartite Commission, made up of representatives of FBSS, Banrisul's Board of Executive Officers, the Federation of Financial Institution Employees of Rio Grande do Sul (Fetrafi-RS), the Bank Employees' Union of Porto Alegre and Region (SindBancários) and the Association of Banrisul's Retired Employees (Afaban), for discussing the restructuring Benefits Plan I. PBI's historical financial imbalance reflects the incorporation of real gains without the adequate complementation of contribution, changes caused by economic plans and lawsuits that compromised the sustainability of the plan.



The creation of the Tripartite Commission reflected also in changes to the Foundation's bylaws, with the purpose of promoting a shared management model. Among the governance advances that reflect the democratization process in the management of the plans is the creation of Advisory Boards for each type of benefit plans of the Foundation, integrated by two representatives of participating members or beneficiaries and two members representatives of the sponsors, creating the instances of policy-making and management monitoring.

### **FBPREV**

The benefits provided by this Plan, in the variable contribution modality, covering benefits with determined contribution characteristics, such as regular retirement, early retirement and funeral allowance, and benefits with defined benefit characteristics, which are retirement due to disability, proportional benefit, sickness allowance, annual allowance minimum benefit and pension due to death. The regular contribution of the participant is composed of three installments, equivalent to a percentage of the contribution salary. Participants can make voluntary contributions in addition to the regular contribution. Banrisul contributes with

the same value of participants' regular contributions. The amount that Banrisul allocated for this Plan in 2013 was equivalent to 2.98% of the monthly employee participation. On December 31, 2013, net actuarial liabilities totaled R\$492 thousand.

We expect beneficiaries to migrate to the new plans in 2014, which will bring greater security to active and inactive employees related to the future of their post-employment benefits. The Bank's assets will gain stability and there will be a guarantee that guidance is delivered to the market.

### **Retirement Incentive Plan (PAI)**

In 2014, the Bank will implement the Retirement Incentive Plan (PAI). This is a benefit program created to provide better conditions upon termination through financial incentives and a restructuring of the Supplementary Pension System of the Banrisul Foundation.

PAI will be temporarily implemented for termination of employees eligible for retirement according to Banrisul Foundation's rules until December 31, 2014. The foundation stipulates the financial benefit of 0.43 salary per year of

service to the Bank (10% as incentive due to termination and 90% as payment of labor charges, related to the last 60 months). In order to pay the benefit, the Plan will also consider the month fractions of time of service until December 31, 2013, discounting Licenses due to Private Reasons.

Among the labor charges that comprise the benefit are: salary, additional salary, salary difference, bargaining agreement complement, remuneration complement, residual personal allowance, allowance, annual payment, fixed commission, commission complement, special RP (Personnel Regulation) additional and compensatable FG (Bonus Position) additional in force on December 31, 2013, excluding any other payments.

### **Financial incentive program for employees entitled to retirement.**

### **More information**

More information about FBSS and Banrisul's pension plans can be found in the 2013 financial statements (Note 23) or on the Foundation's website.



## Professional qualification

### Training

In 2013, trainings averaged 52.47 hours per employee, considering a total of 11,908 active employees. The training process follows the guidelines of the People Management Policy, which aims to:

#### Guidelines

- Provide the Bank with qualified personnel to perform duties and assume responsibilities.
- Qualify the workforce to cope with the changes and the needs arising from the expansion of businesses or the launch of new products or services.
- Develop training programs geared towards employee qualification, preparing them for positions or functions of greater responsibility in the succession process.
- Promote internal instructors' training course for training in branches and training of the General Management's workforce.
- Develop the intermediate leadership, aiming to improve their performance
- Promote training programs for the business management area.

- Maintain a permanent exchange of experiences with governmental or private national organizations, in the field of vocational training.
- Carry out courses targeted to operational and commercial areas of the Bank, within the required needs.
- Implement training programs, aimed at the qualification of future officers of the Bank.

One of the highlights was the implementation of the distance learning platform. This year, we concluded the development of all Payment Department modules (payroll, vacations, terminations and social benefits) and presented the new access portal to the managerial group. The system already operates in parallel and its implementation is scheduled for 2014. In addition to the modules already developed, Banrisul analyzes the possibility of implementing other modules such as Occupational Health and Training. In distance training, we evaluate satisfaction and learning level. In other short-term trainings, in general, we carry out research to identify needs and evaluate participants' satisfaction.

### Training hours

	2011	2012	2013***	2013 Male	2013 Female
	468,064	909,717	624,815	373,572	251,244
	10,074	11,244	11,908	6,373	5,535
Hours per employee	46.46	80.91	52.47	58.62	45.39

\* It includes only training hours in the year, regardless if the course started in previous years or has still not ended.

\*\*Of the 12,189 registered employees in 2013, 281 remained on leave during the year due to: police investigation, assigned with compensation to the Bank Employees' Union, assigned to the State government with compensation, private license without compensation, work-accident/insurance leave, health treatment leave- benefit, military service leave, assigned with compensation to the Federation of Bank Employees, special leave without compensation, assigned without compensation and assigned with compensation to the Banrisul Foundation.

\*\*\* In 2013, the reduction in training hours was caused by the improvement of the internal control methodology.

	Hours	Employees	H/Employees
Board of Executive Officers	24	9	2.67
Manager	40,723	1,145	35.47
Head of department/ Coordination	1,950	135	14.44
Technical/ Supervision	28,096	695	40.43
Administrative	43,140	2,055	20.99
Operational	510,883	7,869	64.92
<b>Total</b>	<b>624,815</b>	<b>11,908</b>	<b>52.47</b>

2013 Goals	Status
Training of 150 internal instructors	Extended to 2014
Training of 250 employees in the First Management course	Only one class was held, with 19 participants.
Training of managers, focused on improving managing skills for small, medium and large size branches	Project concluded in December 2013; to be implemented in 2014
Graduation of 150 supervisors, 150 business managers and 150 business operators to start in the position	Participated in the Graduation Programs to start in the position: 106 supervisors, 65 business managers and 147 business operators
Training of 300 employees in the Brazilian Sign Language (Libras)	Implementation of the Program extended to March 2014
Integration of 500 new employees	A total of 1,090 new employees participated in the Program
Refreshment course for employees of the Branch Network and General Management	In 2013, we had a total of 38,111 participations in qualification and refreshing training, including the Branch Network and the General Management
Qualification of executive managers and coordinators of the General Management focused on improving managing skills	Project concluded in December 2013; to be implemented in 2014
Implementation of the Banrisul distance learning platform	Concluded in May 2013
Certify all employees who work in the commercial area with the CPA10 or CPA20 certifications	Goal 100% attained

***The distance learning modality is aligned with the market's demand, which is disseminating and optimizing employees' time.***





Banrisul offers training throughout its employees' career. The **New Employees'** Integration Program, for example, is geared towards the skills and abilities necessary for the good performance in the area of operation and interpersonal relationships. The employees selected for admission in new positions participate in the specific Training Program, which offers theoretical knowledge and supervised practice for activities of Operators and Business Managers, Account Managers, Supervisors, Auditors, Banriscompras Assistants and First Management

Training programs are provided with tools to check the satisfaction with the training received, level of learning, change in behavior and impacts on the performance of new positions. Among these tools, it is worth mentioning the **profile analysis** and research of **degree of knowledge**; the knowledge tests and other evaluation activities, such as the final panel, the adviser's evaluation on changes in behavior; and the evolution of the performance in the new position.

In addition to corporate training, the Bank financially supports **higher qualification and language** learning of its employees. The per-

centages and maximum value of scholarships are reported in a transparent manner to the entire workforce. Banrisul has no formal programs for managing the end of careers, such as transition and assistance to facilitate the continued employability in the event of retirement or termination of the employment agreement. The Bank envisages the granting of leave to meet private interests, upon evaluation.

### **Financial support for higher education and the language courses.**

#### **2014 Goals**

- **Train**

150 internal instructors.

More than 300 employees in Libras

50% of the managers to improve their managing and leadership skills

approximately 260 employees to start in the positions of Supervisor, Business Managers Business Operators and Account Managers, meeting the Company's needs.

- **Expand**

The average number of distance learning hours per employee to 12 hours.

- **Implement**

A program of excellence in service, initially training 30% of the workforce



## Performance evaluation

The performance evaluation is held in November of each year. It is prepared in a virtual environment and monitored by the evaluated person, who can analyze each of the performance factors. If the employee does not agree with the result of the evaluation, he/she should talk to the evaluator to come to a consensus. If the employee is absent, he/she must be notified in a timely manner about the evaluation.

Article 72 of the Bank's Personnel Regulations establishes that all employees who have worked for at least 60 days will be evaluated, between November 1 of the preceding year and October 31 of the current year. A total of 94.5% of all employees received performance evaluation in 2013. Employees on vacation, occupational accident leave, maternity leave or INSS leave are not immediately evaluated – the evaluation of these employees is conducted after they return. The evaluation sheets are not available for licensed employees or employees assigned to bodies external to the Bank for more than 60 days, due to them being on leave.

The Performance Policy for the Branch System considers six indicators (including performance evaluation), with different weights, based on the employee's area of expertise. In order to prepare the ranking by position, the score obtained is added to the result of the knowledge test, the certifications required for each position and the score due to training courses. Employees are then classified as Superior Eligible, Eligible and Not Classified.

The document stipulates that employees of the branch network with Superior Eligible and Eligible status should apply to higher positions. The Not Classified employees undergo corrective measures for recovering their performance. Those who fail to recover are downsized in grade, and may lose the position. This policy must be implemented in the General Management in 2014.



Employees who received performance evaluation	2011		2012		2013	
	Total	%	Total	%	Total	%
Male	5,328	91.9	5,707	91.4	6,161	94.2
Female	4,155	91.6	4,704	90.3	5,358	94.8
	<b>9,393</b>	<b>91.8</b>	<b>10,411</b>	<b>90.9</b>	<b>11,519</b>	<b>94.5</b>

\* Not considered interns and outsourced employees.

Employees evaluated in 2013 by position level	N°	%
Board of Executive Officers	-	-
Manager	1,147	98.6
Head of department/ Coordination	134	93.7
Technical/ Supervision	601	84.4
Administrative	2,001	95.3
Operational	7,636	94.7
<b>Total</b>	<b>11,519</b>	<b>94.5</b>





**CUSTOMER  
SATISFACTION**



## Relationship with the client

### Service network

Banrisul offers more than 600 types of products and services to its clients through its service network. Present in **491 Brazilian municipalities**, this network totaled 1,323 service points at the end of the year. Of the 44 operating branches in 2013, 25 operated as banking service posts. We still expect to open approximately 90 branches until the end of 2014. In addition, the Bank was counting on 1.6 thousand Banripontos, online bank correspondents, with a focus on expanding this number.

In the acquirers segment, the Banricompras Network had approximately 139 thousand accredited merchants at the end of 2013 and financial volume of transactions came R\$10,550.2 million, **48.4%** more than in 2012. The strengthening and consolidation of Banricompras Network were boosted in 2013, influenced by Banrisul's positive performance as issuer of credit and debit cards due to various commercial initiatives and partnerships with associations and professionals, among which is the partnership signed with the Ordem dos Advogados do Brasil (OAB-RS).

Also in 2013, in partnership with the company PAX (world's third largest producer of point-of-sales (POS) terminals) and with the support of VISA, the Banricompras Network launched the first **mobile payment** solution for smartphone or tablet, with **Chip and Pin** safe technology, through the PinPad equipment (electronic device for passwords) with Bluetooth connection.

### Banking inclusion

Aligned to the mission of fostering the development of the communities of the State of Rio Grande do Sul, Banrisul established as one of its strategic planning guidelines the expansion of the service network in 2013, which contributed directly to increase banking inclusion and develop the economy of the communities. In 2013, the Bank opened nine new branches and transformed 19 services oposts into bran-

ches in the regions below-average urbanization rate in Rio Grande do Sul. In addition, Banrisul installed 11 new electronic service points and accredited 86 new bank correspondents. With these measures, the Bank increased **from 1,486 to 1,587** (6.8% up) the number of access points in these municipalities, between Branches, Service Posts, Electronic Service Points and Banripontos (accredited companies to offer access to banking products and services maintained by Banrisul).



**EXPANSION OF THE  
SERVICE NETWORK**

COREDE	Branch		Post		PAE		Banripoint		Number of points		% of total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Alto da Serra do Botucaraí	7	8	4	3	3	3	13	14	27	28	1.04	1.00
Alto Jacuí	9	11	3	3	5	5	28	35	45	54	1.74	1.92
Campanha	6	8	4	2	11	11	41	42	62	63	2.40	2.24
Campos de Cima da Serra	4	6	7	4	3	4	10	15	24	29	0.93	1.03
Celeiro	11	13	6	4	4	4	23	34	44	55	1.70	1.95
Central	18	21	10	7	24	24	63	63	115	115	4.45	4.09
Centro-Sul	12	13	5	4	6	9	53	56	76	82	2.94	2.91
Fronteira Noroeste	13	15	7	6	7	7	52	58	79	86	3.05	3.06
Hortênsias	6	6	2	2	8	5	16	19	32	32	1.24	1.14
Jacuí Centro	7	8	2	2	7	8	27	27	43	45	1.66	1.60
Medio Alto Uruguai	14	14	8	8	3	3	40	46	65	71	2.51	2.52
Missões	13	16	10	7	10	10	49	56	82	89	3.17	3.16
Nordeste	11	11	3	3	2	3	30	31	46	48	1,78	1.71
Noroeste Colonial	18	8	4	4	13	13	31	33	56	58	2.16	2.06
Norte	13	21	10	9	7	9	51	55	86	94	3.32	3.34
Rio da Várzea	8	8	2	2	8	9	28	33	46	52	1.78	1.85
Sul	25	25	11	9	37	43	96	110	169	187	6.53	6.65
Vale do Caí	12	14	5	3	6	7	38	42	61	66	2.36	2.35
Vale do Jaguari	7	7	2	2	7	6	30	31	46	46	1.78	1,63
Vale do Rio Pardo	16	18	10	8	21	22	99	108	146	156	5.64	5.54
Vale do Taquari	20	22	14	13	14	14	86	82	136	131	5.26	4,66
<b>Total of access points</b>	245	273	129	105	208	219	904	990	1,486	1,587	57.44	56.40
<b>Evolution %</b>	28		(24)		11		86		101		(1.04)	
<b>%</b>	11.43		(18.60)		5.29		9.51		6.80		(1.82)	

### Type of access point

#### Evolution

Branch	28
Post	(24)
PAE	11
Banripoint	86

<b>Number of points</b>	<b>101</b>
<b>% of Total</b>	<b>(1.04)</b>

The number of points in those regions declined from 129 to 105. Although the number of posts reduced by 24, five posts were discontinued in municipalities already served by a Banrisul branch. The remaining 19 refer to posts whose physical and service structures were renovated and now have a branch status.

Of the 28 new branches registered in these regions, nine represent new points of service, while 19 come from these posts turned into branches. However, the share of the total points of service declined, due to the higher number of service points in the other regions of the state (which does not fit the criterion adopted of below average urbanization index), where there was an increase by 126 in the number of points of service, from 1,101 to 1,227, up by 11.44%.

Banrisul's goal is to be present in all munici-



palities in the state. In this respect, the regions evaluated (slightly more densely populated or in economic disadvantage) had 29 municipalities that did not have any type of bank service point in 2012. In 2013, six new municipalities gained some kind of service point, **reducing the number of municipalities** not served by the Bank to 23.

For 2014, the Bank has the goal of covering 100% of the municipalities with some kind of service point.

## Accessibility

In 2013, Banrisul advanced on adjusting the branches with the accessibility equipment to comply with the Conduct Adjustment Term signed with the Prosecutors' Office. In compliance with State legislation, 434 branches provide electronic passwords, distinguishing preferred service and regular clients, but it is still necessary to implement this system in 76 branches to fully meet law requirements. These are small branches, which were previously service posts, where, due to non-existent municipal legislation, service is permitted without electronic passwords or through the issue of paper passwords.

Regarding the opening of branches and transforming posts in branches, the Bank fully complies with the applicable legislation. In other cases, adjustments occur on demand, to comply with specific legislation. The Bank is aware of the adjustments necessary for each of the branches in compliance with municipal legislation. However, as the compliance process is intrinsically linked to the outcome of the bidding process, schedules with dates and responsibilities can only be defined after the bids.

The deadline for the end of the adjustments of the branch network and PABs, initially established for December 31, 2013, was extended due to bidding processes for purchasing equipment and technical issues for various projects and their works. We expect all adjustments to branches to be completed in the first half of 2015. The new PABs are already being equipped in accordance with the law. Service posts that are already operating will only be adapted after the completion of branches' accessibility works.

The Bank offers its employees training in **Libras** for service to clients with hearing and/or speech impairment. The Bank already has more than 600 trained employees, but the number declined due to retirements and transfers, reaching **431 trained** professionals at the end of 2013. All Banrisul's branches have an ongoing project to have at least two employees trained in Libras per branch – one cashier and another one in the service platform.



Banrisul has the **TSPC-CAS** product for speech and/or hearing-impaired clients, a hardware and software solution for service to clients and non-clients. From a specific terminal, clients can call a toll-free number (0800 648 1907) to be directed to an attendant and establish communication using the keyboard.

In addition, in March 2013, Banrisul began the exclusive **chat service** to credit card clients. The new channel provides the same services and information on the service by phone, ensuring accessibility for people with hearing and speech disabilities.

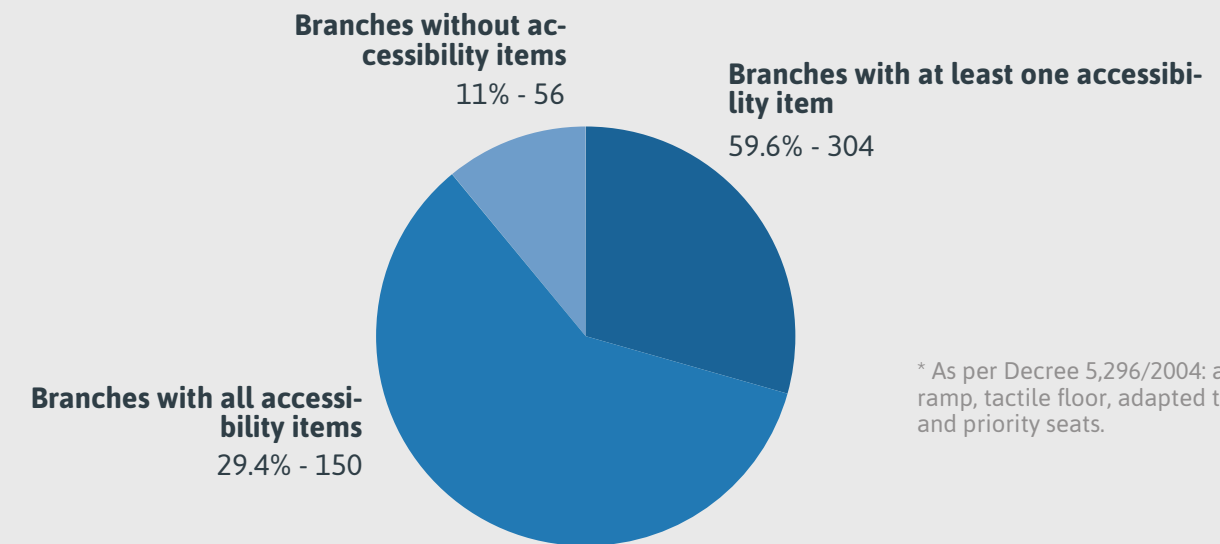
The Bank offers **2,854** self-service terminals (ATMs) and **359** check dispensers adapted for wheelchair clients or visually impaired clients in branches and service posts (in accordance with ABNT NBR 15250/2005 and ABNT NBR 9050/2004), in accordance with Decree No. 5,296/2004. Although the Bank does not conduct periodical research to identify improvements in access to financial services, it maintains relationships with organizations representing persons with disabilities. An example of this is the relationship with the Rio Grande do Sul Association for the Blind (ACERGS), from which resulted the adapting of self-service equipment with headphones available to clients. Another initiative focused on people with disabilities or

reduced mobility is the installation of **ramps** in all Banrisul's spaces in fairs and events.

In 2013, 150 branches received an adapted workstation, identified with the accessibility symbol. This location offers priority assistance to impaired people, elderly aged 60 years and older, pregnant women, nursing mothers and people with infants. The other branches will receive the adapted bureaus based on the bid/works forecast schedule.



### Accessibility in branches \*



\* As per Decree 5,296/2004: access ramp, tactile floor, adapted toilets and priority seats.

### Seats available for clients

	Current no.	Number still missing
Adapted branches	399	111
Multi-chair sets	4,179	366

## Products and services

Banrisul offers products and services to individuals and corporations of the **retail segment**. As a multiple Bank, Banrisul's product and service portfolio is diversified, including credit, investment and services portfolios. Additionally, the subsidiaries of the Bank operate in the stock market and Tesouro Direto and benefits cards (food, meal, salary, fleet management and present).

In 2013, Banrisul promoted a change in its revenue sources, previously concentrated in its credit operations, expanding the offer of services, with a **more comprehensive and segmented portfolio** for different client profiles. This change is linked to a vision of business sustainability, as well as investments in automation and training of employees. In the commercial area, the Bank invested in capacity-building to promote a **cultural change**, based on the view that each branch is an individual company with goals and objectives to be achieved, thus stimulating the pursuit for new clients. One of the results of this decision was the expansion of service revenue from 3% to 22% in 2013.

### Credit

In these operations, the Bank works with the concept of **conscious credit**, orienting clients to seek products best suited for their profile, such as the payroll-deductible loans. This concept allows you to establish longer relationships with clients considering their conditions to take out loans. Mortgage is an example: with annual growth of 20%, this modality brings gains in the long-term (due to the establishment of new relationships with clients and their commitment in the long-term), although in the short-term it offers a reduced profit margin.

### Insurance, pension plan and capitalization

Since 2011 Banrisul has been expanding its product portfolio and distribution channels. Personal insurance (life and financial protection), followed by residential and vehicle insurance, were the fastest growing products. In 2013, the Bank marked its presence entering the private pension segment, launching BanrisulPrev and of BanrisulPrev Afinidade, created for individual clients. Throughout the year, the Bank also launched the products **Lar Protegido and Empresa Protegida**, equity protection insurance that meet the growing demand in this segment given the losses and damages caused by severe climate conditions. In the life insurance segment, we began to offer the new group life insurance aimed at employees and family of micro and small enterprises, Vida Empresarial Mais. In addition, the Bank promoted actions to increase the knowledge of employees and clients on insurance products as an important financial protection instrument.

At the end of 2013, Banrisul registered 1.5 million active insurance, pension and capitalization operations, **108.1%** more than in 2012. In 2013, revenue totaled R\$85.1 million, **46%** up on the previous year.

### Main brands, products and services

- Network Bem-Vindo Banrisul
- Time and demand deposits
- Individual and corporate account debit
- Investment funds
- Rural credit
- Credit cards
- Insurance and capitalization
- Real estate credit
- Foreign exchange
- Consortium
- Long-term financing
- Microcredit | BNDES Card
- Banricompras Card
- Acquirer/Banricompras network
- General credit

## Service channels

Banrisul offers the following channels of interaction and relationship with clients: customer service (SAC), Ombudsman, social media (Facebook and Twitter), branch network, Business Correspondents and Banrifone. Clients' opinions are considered for developing and managing commercial initiatives and creating or improving products and services.

Relationship modalities include three channels of **Internet Banking** (Office, Home and M-Banking) and nine receptive phone channels (Banrifone, Branches' Call Center, Customer Service Consortium, SAC Banrisul, SAC Consortium, SOS, Virtual Branch Support, the Banricompras network and Banrisul Serviços), used by the Bank to collect overdue bills, carry out information campaigns and offer products and services. These channels were centralized in the same environment, bringing agility and synergy while addressing clients' demands. Channel automation also reduced the number of complaints and increased agility to respond to the demands that are forwarded through social media.

**SAC Banrisul**, an important channel for clients and non clients, registers and forwards complaints and suggestions received to the responsi-

ble areas and provides information and executes teleblocking services. All complaints registered are required to receive a return within five business days. In 2013, SAC Banrisul registered approximately **250 thousand** information calls, 13 thousand blockings, 8 thousand complaints, 300 cancellations, 100 suggestions and 40 compliments.

The Customer Relationship Unit has the role of evaluating phone and Internet Banking services and providing standardized and reliable information to clients. The Bank carries out **six monitoring** events per month per attendant in its relationship channels. Six aspects of the service provided are evaluated (voice and language, service routines, attention and focus, information and services, sufficiency of the service portal and technical quality of calls). Attendants receive feedback of evaluations and, if we verify clients are not satisfied with the service, employees go through new training sessions. In 2013, the service conformity goal was of 900 points. The result obtained was **100.98%** (908.86 points).

Banrisul's Ombudsman represents the citizen inside the Bank, ensuring strict compliance with legal and regulatory standards relating to consumer rights. The problems reported by clients are described in monthly management report made available to managers and the Board of Executi-

ve Officers to create opportunities for adjusting and improving our products, services and customer service.

The Ombudsman makes available a spontaneous customer satisfaction survey on Banrisul's website with data that can be consolidated at any time. The survey is conducted when the client accesses the service form to register a demand. In 2013, the Ombudsman received 12,321 records through the form. We plan to make chan-

ges to the survey for 2014 so that clients can also give their opinion on product quality, services at branches and commonly used channels, as well as on the quality of the services provided.





In 2013, the Ombudsman established the specific goal to reduce the response time by 15 days (CMN Resolution 3,849) to 13 days. In the second half, 94% of the protocols were answered within the established target, versus 87% in the previous semester. We created a new goal for the first half of 2014, reducing the response time by 5% to 12 days.

In addition, Banrisul is developing a customer satisfaction survey system in various service channels (Banrifone, Internet Banking, Mobile Banking, and ATMs, among others), with implementation expected for the end of 2014. The new system envisages quantitative surveys in Banrisul's service channels, applying a qualitative survey to better understand a client's eventual bad evaluation, when necessary. These surveys may include the entire group of services, structures, Bank systems, addressing both clients and employees on a daily basis, thus allowing constant improvement and evaluation. As this is a complex system still under development, it is not possible to determine an implementation date – the Bank expects to implement the system at end of 2014.

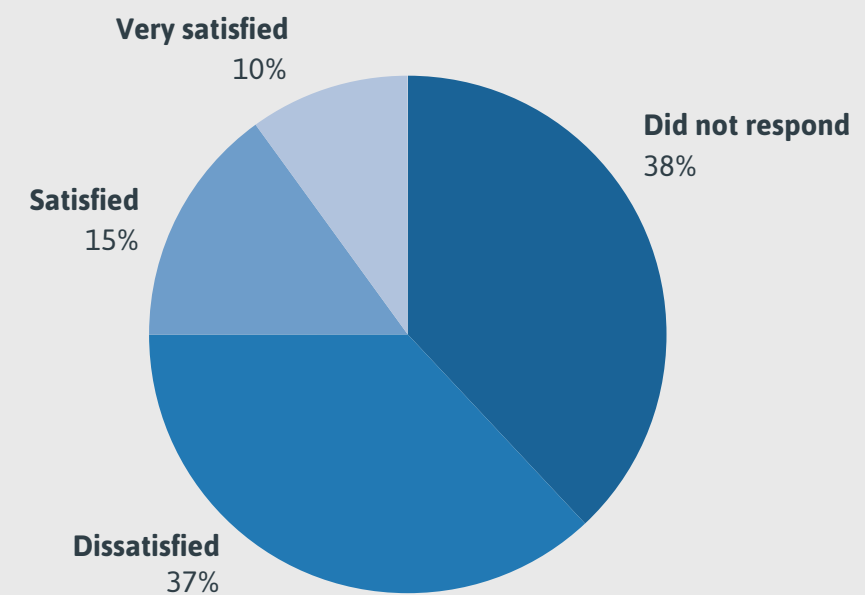
### Customer satisfaction

Performance in the ranking of Bacen complaints

In 2013 as a whole, Banrisul's index was 0.87, the third best among the seven largest banks with more than one million clients, monitored by the monthly complaint list of the Central Bank of Brazil. The average index among the seven banks was 1.09; the best average index was 0.64 and the worst, of 2.09.

In order to monitor the issues registered at the Central Bank of Brazil, Banrisul counts with the Complaint Registry System via Central Bank (RDR), which registers the demands, forwards them to managers for clarification and responds to Bacen and the client within the defined time limits. This process can also lead to the adjustment of the internal regulations and the strengthening of guidelines in branches to avoid recurring problems.

### Result of the 2013 online satisfaction survey



## Customer privacy and compliance

Regarding relationships with clients, Banrisul's employees are instructed to act in compliance with the institution's **Code of Ethics**, which deals with client privacy as follows: "employees must keep confidentiality about the clients' registration information, services and banking operations at Banrisul".

In 2013, Banrisul had only one demand related to "Banking Confidentiality – Unauthorized Breach", classified only as a complaint to the Central Bank of Brazil. Of the 231 complaints registered in 2013, none was related to banking confidentiality. In 2013 the Ombudsman registered 20 events related to banking confidentiality, of which 16 were complaints.

Some of them were considered unfounded, others are in progress, and the only report classified as an unfounded complaint involved a privacy violation event related to **operational failure** in the customer identification procedure, in a telephone contact made by an attendant. In this occasion, the attendant left a message to the related person about the need for making a deposit in a particular account. However, this procedure was not authorized. The branch management was instructed to review its custo-

mer service procedures and strengthen to employees the need for keeping confidentiality of information, which should not be disclosed to people who are not the holder of the account or proven representative.

In 2013, the Bank paid **R\$623.6 thousand** in infraction notices attributed to branches and service posts due to non-compliance with laws and regulations related to products and services. These figures exclude compensation for moral damage and correspond to **59 lawsuits**, none of which considered significant. The highest amount paid, of R\$84,976.71, refers to an administrative fine in São Leopoldo (RS).

Banrisul monitors the compliance with laws and regulations also by companies that provide services to the Bank. This monitoring happens whenever contract managers report possible deviations. In case of noncompliance, an administrative process is opened to investigate the facts and ensure the supplier's right to defense. In most cases, the contractor promptly resolves the irregularity without the need of applying contractual fines. In 2013, there were no records of breaches of laws and regulations by contractors.

The Ombudsman can also be used to forward complaints related to human rights. However, the current control system does not provide efficient filters capable of clearly identifying all complaints on the subject, only cases of discrimination.

In 2013, the Ombudsman received a client complaint about a failure to provide service because of the client's alleged sexual orientation. The employee responsible for the service apologized to the client and received a verbal warning, and so did the branch, due to the severity of the case. The procedures and the treatment

given by the Ombudsman to the case were adopted in accordance with the Regulations of the Ethics Committee



## Security in branches

Banrisul has more than 1,500 security guards, a number that varies according to the closing and opening of service posts. The companies contracted to provide property security are responsible for monitoring the validity of the Security Guard National Professional Card (CNVs), mandatory for all working in this profession. This document ensures that security guards are qualified in accordance with Law 7,102/83, Ordinance 3,233/2012 DG/DPF and established education and training programs (see table).

Banrisul does not have a procedure for the internal audit of these suppliers, thus not guaranteeing 100% of employees trained, although provided for in the contract. This supervision is carried out by the Federal Police, which annually visits all service posts and, in the event of irregularities, notifies the respective company and the Bank for regularization. In 2013, no irregularities were registered.

People who act as security guards work only and exclusively in this service. Asking security guards to perform tasks that are not part of their responsibilities (opening doors, organizing queues etc.), not only keeps them from doing their job, but make them vulnerable to possible criminal activity, weakening personal and pro-

perty security. When requested/addressed to, security guards must instruct the client to go to the reception or management to get the information he/she needs. In the event anyone uses offensive language, security guards are instructed to remain polite and communicate the situation to the administration, discreetly and quickly. These steps prevent security guards' attention to be diverted.

If an accident occurs with these professionals in the workplace, the administration of the branch should call the Mobile Emergency Care Service (SAMU), immediately contacting the contracted company. The Bank has a specific key for e-mails through which the administration of branches and service posts should register any non-conformities related to surveillance services. This way, it is possible to evaluate the full execution of those services. There was no record of non-conformities in 2013



### Themes of training programs for security guards

- Applied legislation and human rights (20 hours)
- Private security notions (8 hours)
- Human relations at work (10 hours)
- Public security system and organized crime (10 hours)
- Fire fighting and prevention (6 hours)
- First aid (6 hours)
- Physical education (12 hours)
- Surveillance (14 hours)
- Radio communications (10 hours)
- Electronic security notions (10 hours)
- Notions of forensic and preliminary interview techniques (8 hours)
- Progressive use of force (8 hours)
- Crisis management (8 hours)
- Self defense (20 hours)
- Arms and shooting (24 hours)



## Technology and innovation

In 2013, the consolidation of Banrisul's technological modernization process provided the infrastructure support necessary to expand our portfolio of products and services. Aligned with the expansion trend observed in electronic and self-service channels, investments were allocated to high **availability and security** technological infrastructure. One of the main IT projects in the period was developing and enabling security in transactions made by clients through their mobile phones, a channel which registered **growth of 250%** last year, with 1.7 million transactions. Another highlight is the project for electronic management of documents, which aims to improve and expand the electronic handling of documents, thus eliminating paper in various banking processes, such as checks, opening accounts, record update, etc.



To ensure that branch employees will have more time to serve clients, Banrisul has been investing in process automation and **installation of relationship softwares**. This proposal should contribute to increase satisfaction rates, improving agility and quality in customer services. With this in mind, Banrisul automated 58 back office routine processes (such as registration and account opening), reducing operational work in branches. In addition, the automation of banking services reduced physical displacements and the risk of robberies at branches.

In 2013 we completed the implementation of the **Customer Relationship Management (CRM)**, a system that gathers, in the same interface, all the necessary information and offers the same

level of access to all managers to plan their schedule and customer relationship strategy.

### Cash management

Banrisul innovated by providing ATMs with **recycling modules**, in which the client makes deposits in cash without the use of an envelope. These deposits auto-feed the ATM for cash withdrawals, reducing the need for supplying cash and transportation with armored cars. The equipment will also facilitate the work of correspondent banks, as they will no longer need to go to a branch to make the deposits received.

### IT Security

Concerned about IT security, Banrisul acts in preventing threats and vulnerabilities, researching and defining the adoption of technologies that increase security to clients and the Bank. In addition, the Bank standardizes processes and supports improvements in internal controls, training and raising awareness of internal and external publics through training, campaigns and events. The protection mechanisms are improved continuously to ensure information security and prevent the leakage of confidential and strategic information, as well as the access to inappropriate content.

Banrisul's **Information Security Policy** establishes the guidelines and general and specific standards for information security. In the scope of information leakage, the document brings together the specific guidelines for safely treating information in various segments, internal and external processes. The Policy also brings recommendations for the contracting process and the relationship with external parties that may transmit, store, process or have access to critical and confidential information of the Bank. The Personnel Regulation, in turn, establishes the administrative measures necessary to protect information or data, given that any

breach or failure to observe security regulations is a severe offense.

Seeking greater precision in the control of access to the internet, we adopted a new navigation security mechanism, with better classification of websites and real-time threat analysis. Internal projects raised employees' access control, with the use of authentication with smart card and the implementation of new internal control and management systems.

We also acquired an additional protection solution to ensure security of Internet Banking transactions. In the card segment, Banrisul is certified with the certification Payment Card Industry – Data Security Standards (**PCI-DSS**), which ensures its adherence to strict security criteria of the payment card industry worldwide (secure data network, protection of information of credit card holders, vulnerability management, strong access control, and information security policy, among others).

In 2013, the Bank's Internal Audit conducted several works for verifying the adequacy and effectiveness of controls related to information systems, processes and IT infrastructure. The verification evaluated aspects such as security, access management, segregation of functions, audit trails, integrity in relationship systems, information classification, contingency planning, and processing routines, among other controls.

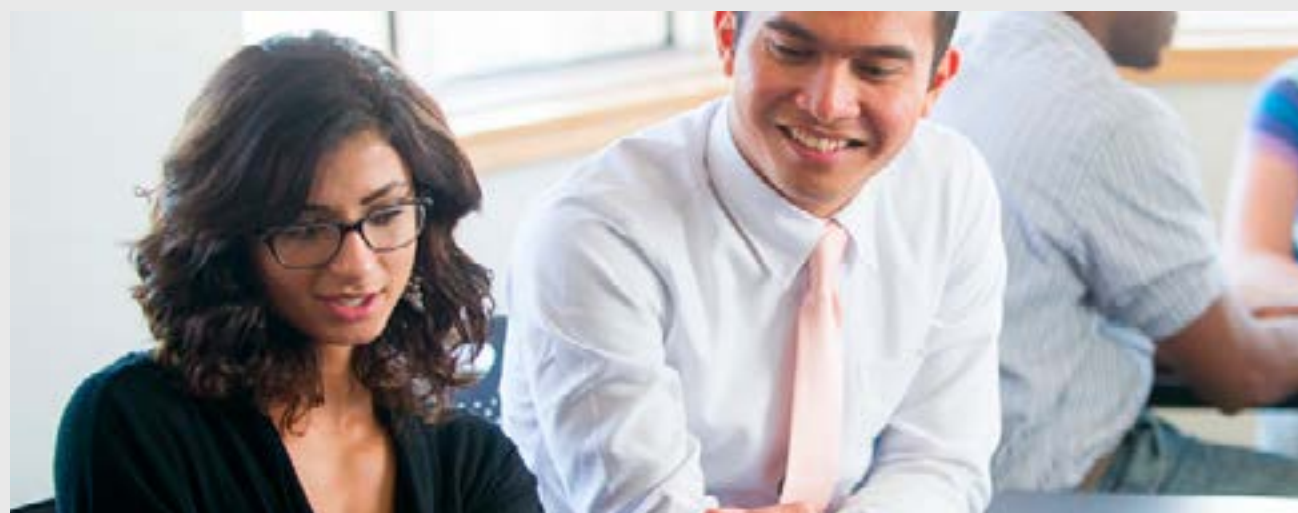
In relation to suppliers, the Controllershship – Administrative Agreements Management Department began to review drafts of agreements and monitor service managers. The Process Supervision area monitors irregularities and proposes improvements in existing contractual clauses, which are always analyzed together with service managers and the Legal Advisory area. Possible irregularities are handled through administrative processes, which impose penalties and sanctions envisaged in contractual clauses and Law 8,666/93 to those involved.

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### Good practices in IT security and confidentiality of information

- Improvement in e-mail filter and approval of a new security mechanism for internet browsing.
- Use of two-factor authentication with smart card to access workstations, business systems, use of Internet Banking, ATMs and external networks..
- Acquisition of two new security solutions, undergoing implementation, to increase even more the security of transactions made by Internet Banking clients
- Use of digital signature through smart cards to ensure the integrity, confidentiality and authenticity of electronic documents.
- Encryption on servers and data channels for maintaining the confidentiality of data stored and transmitted, involving data channels with POS, ATMs, branches and remote work through Virtual Private Network (VPN).
- Definitions and recommendations in relation to security mechanisms against attacks on ATMs.
- Definition and implementation of safety requirements for the Mobile Banking environment
- Use of a Security Information and Event Management (SIEM) solution to focus and correlate logs of PCI assets.
- Formalization of hardening processes (security checklists), only for PCI assets.
- Identity management solution which manages access privileges granted throughout employees' working life, based on user profiles and meeting the requirements of regulators, PCI and auditors

## Financial education



Banrisul's sales teams are instructed to offer financial guidance to clients, preventing excessive indebtedness and strengthening the savings/investment culture. The practice is carried out by the branch network through personal contact (customer service) with clients. To this end, Banrisul offers its employees a limit granting **system for credit** management, providing greater safety and agility and a better adjustment of clients to the Bank's predefined credit policy. In addition to these procedures, a personal finance course was made available in the distance learning platform in December 2013, which had 483 enrollments in the same month.

The granting of limits is supported by credit score statistical tools, which calculate risk in an automated manner, based on the **client's score**, in line with Risk and Credit Policies. In the cases of imminent indebtedness, clients can count on credit lines to renegotiate their debts and adjust their commitment of monthly income to the payment of their debt. For clients who are civil servants and have excess debt, the Bank offers a credit line that will help restore their financial balance. This credit line offers extended deadlines and differentiated rates..

### Banrisul's website

Improvement in the electronic mail filter and ratification of a new mechanism on its website, Banrisul offers guidance to clients, employees and communities about the importance of financial education for the development of society. The Bank publishes financial management tips related to its products in appropriate and accessible language to young people on Espaço Jovem, an area specifically tailored to this public. The tips address concerns with the management of revenue, expenses and financial planning to promote the conscious use of funds since the beginning of people's financial life.

### Microcredit initiatives

Financial education initiatives include lectures and courses on microcredit and micro financing offered to municipal administration servers and employees of Organizações da Sociedade Civil de Interesse Público (Oscips) - Civil Society Organizations of Public Interest. The courses are carried out in partnership with the State Government and Sebrae and aim to offer technical support to productive microcredit institutions for the adequate provision of services to low-income entrepreneurs, in addition to providing parti-

cipants with knowledge and practices on microcredit, microfinance and business analysis. The service to micro and small entrepreneurs should be provided by agents qualified to carry out a social and economic survey, provide educational guidance on business planning and determine management and credit requirements geared to the development of the project. This knowledge is used by the agents when carrying out microcredit operations and in the dialogue that will be maintained during the contract period, as the objectives of the program also include the best use and application of resources and the growth and sustainability of economic activity. Six editions of the training course for microcredit agents, with **108 students** were held, as well as three editions of the microfinance course, with 22 students.

Banrisul also participated in four lectures at **Regional Microcredit Seminars** invited by Sebrae. The seminars aim to guide the appropriate access of formal or informal micro and small entrepreneurs to the resources available to the segment and provide business rounds at the end of each event, with direct and personalized service to each of the participants of the event.





**SUSTAINABILITY**

**MANAGEMENT**



## Activities

Banrisul's **Sustainability Policy**, created in 2012, establishes guidelines that direct the actions of the Bank and its subsidiaries regarding the promotion of sustainable development, seeking to balance business opportunities with social, economic-financial and environmental responsibility. The policy has certain premises:

### Premises

- The **dissemination** of the principles of sustainability in the organizational culture and employee engagement with sustainability.
- **Ethics** and transparency in the relations established by Banrisul, avoiding any form of unlawful act, such as corruption and bribery.
- Compliance with **laws** and regulations taking into account the good practices of social and environmental responsibility.
- Adherence to **voluntary** commitments that continuously improve corporate governance practices.

At Banrisul, sustainability management is part of the operational focus of the Strategic and Social and Environmental Management Group and includes the preparation of the Sustainability Report and the adhesion and monitoring of voluntary commitments.

Another relevant initiative within the scope of this area is the structuring of work groups focusing on products and processes for the preparation of the **Master Plan** for Sustainability. This document will serve as a manual of good practices and sustainability principles to be adopted by the Bank in the credit, procurement, personnel management, and engineering areas, among others. The Strategic Group also coordinates the various projects related to the environment, internal and external communities, tax incentives, participation in public policy committees and historical heritage.

Results are measured through **databases** created in different areas, which analyze the monitoring and evolution of various indicators related to sustainability. The most relevant challenges in internal processes are related to: defining and including social and environmental criteria in credit granting, in the processes of purchasing and contracting of services; streamlining operational procedures in order to

promote maximum efficiency in the use of natural resources and materials derived therefrom; and promoting measures to encourage the reduction, reuse, recycling and proper disposal of waste, seeking to minimize potential negative environmental impacts.

Some social and environmental initiatives and operating practices have contributed to change the **productivity** of organizations, sectors or the economy where the Bank operates. As this theme is still under development, Banrisul still does not have efficient mechanisms to measure indirect economic impacts.

### 2013 initiatives

- Consolidation of a multidisciplinary team to assist and promote management for sustainability
- Development of environmental programs internally and with the communities in which Banrisul is inserted.
- Expansion of the network for the mobilization of **Sustainability Agents** in all Regional Superintendences.
- Preparation of the second **Sustainability Report**, with assurance (2012 fiscal year).
- Adherence to the **Global Compact** and the **Millennium Development Goals**.
- Expansion of the capillarity of **Funcriança and Fundo do Idoso projects** (funds for children and the elderly)
- Expansion and consolidation of the **Seed Program**, totaling approximately 200 million seeds distributed since 2008 to family farmers, indigenous people, quilombolas, and farmers' associations, among others.

### Agentes de Sustentabilidade (Sustainability Agents)



2013 SOCIAL

RESPONSIBILITY AWARD

They promote the engagement of **the internal public** through education for sustainability. The program has approximately 100 agents who, in addition to their activities in the Bank, disseminate knowledge and sustainable practices that could bring gains to all stakeholders. In addition to interacting with colleagues, agents work with communities and clients, helping in the development of personal and community projects.

In 2013, 32 projects were developed in 28 branches in different municipalities, reaching 5.5% of the Bank's service network. The program was recognized in the **2013 Social Responsibility Award** of the Legislative Assembly of Rio Grande do Sul, in the Government Entities category. The award was shared with the Social and Environmental Diagnoses Project of the University to communities, also developed by Banrisul.

### Seminário Sustentabilidade, a semente da transformação (Seminar - Sustainability, the seed of transformation)

Created and produced by the Strategic and Social and Environmental Management Group, the internal event aimed to engage GRI representatives on sustainability. To this end, the se-

minar addressed issues such as: what is sustainability and what it represents, both to Banrisul and in a global context.



SUSTAINABILITY

SEMINAR



### Programa Sementes (Seed Program)



Involves the distribution of seeds and seedlings of native trees (adapted to each biogeographical region of Rio Grande do Sul), and those derived from ecological horticulture (approximately **220 million** from 2008 until the end of 2012). The strengthening of family-based agriculture, the incorporation of safety aspects and food sovereignty, and the encouraging of the creation of agro forestry systems and the empowerment of communities represent fundamental strategies in the development of the program. The actions of the program also focus on gathering more information about the direct and indirect benefits of the consumption of or-

ganic products.

Within a vision of sustainable rural development, the seedlings are requested through projects, letters and documents which prove the need to distribute them to farmers, farmers' associations, ecological farmers' cooperatives, schools, indigenous communities, quilombolas, university extension projects, ecological fairs and environmental events related to agro ecology and the rural sector. The projects are carried out in partnership with various entities\* and rural schools. One of the focuses in 2013 was the encouragement for the donation and subsequent exchange of seeds between far-

mers, considering that seeds' social networks play a key role in community management of biodiversity, generating access to seeds and acting in partnership with institutions that support and manage locally the access to biodiversity and information.

Approximately **50 projects** were carried out in the year, in association with the most varied entities. The monitoring of impacts, as well as in other projects, is carried out through reports and follow-up meetings. The on-site monitoring must occur in a more continuous manner in order to understand the coverage and complexity that each project involves. We intend to boost the partnership with the Rural Credit area, as well as with external institutions.

\* Brazilian Association of Agroecology, Rio Grande do Sul State Commission of Organic Production – Ministry of Agriculture, Livestock and Food Supply, Rio Grande do Sul Secretariat of Rural Development, Fishing and Cooperatives, Rio Grande do Sul Rural Extension Agency (Emater/RS), municipal administrations, State Agriculture Research Foundation (FEPAGRO), Agronomy School/ UFRGS/UFPEL/UFMS, Nutrition School/Unisinos and ecological agriculture non-governmental organizations.

### Reciclar (Recycling Program)



Collaborates with the **management of waste** linked to adjusting consumption, reuse and the appropriate disposal of waste. Consequently, social inclusion, employment and income generation and environmental education are promoted through the distribution of waste and shared spaces for exchanging knowledge and experiences with partners and the society. In 2013, workshops were held in seven cities (Rio Grande, Porto Alegre, Tapes, Vacaria, Santa Cruz do Sul, Dois Irmãos and Passo Fundo).

### Programa Diagnósticos Socioambientais (Social and Environmental Diagnoses Program)

Through partnerships with universities, city governments and other institutions, since 2008 Banrisul develops this initiative, which addresses environmental, social and **cultural issues through thematic**, informational and itinerant exhibitions. In 2013, the exhibitions were held in five municipalities, involving two river basin

committees, universities and municipal departments for the environment. Since its inception the program involved 60 branches, 13 state and/or municipal events, 7 sponsored events, 3 schools and a total audience estimated at more than 20 thousand people.



### Projeto Coletor de Pilhas (Battery Collecting Project)



Since its implementation in 2008, the initiative already collected **7.8 tons of batteries**, whose chemical composition (presence of heavy metals) impact both human health and the

environment. There are 36 collection points, covering 7% of the branch network, plus 3 posts for the internal public, reaching approximately 4.2 million people in 21 municipalities. The collector was produced in 100% recyclable cardboard material, in accordance with environmental regulations. The action is carried out in partnership with government agencies such as the State Prosecution Office, the Judiciary, the Porto Alegre Municipal Environmental Department (Smam) and the State Environmental Protection Foundation (Fepam). Empresa Brasileira de Correios e Telégrafos (ECT) is responsible for the weekly collection and part of the process of final disposal of batteries. The reprocessing of material is of responsibility of Suzaquim.

### Banribike

The program encourages employees of Banrisul's headquarters to use **bicycles** as means of transport, offering a safe parking space. The program, launched in 2010, is aligned to the Porto Alegre Integrated Bike Master Plan and

contributes to mitigate the worsening effects of climate change and strengthen the voluntary commitments undertaken by Banrisul.

### Voluntariado (Volunteering)

It mobilizes employees in social institutional **campaigns** (winter-wear, flood, Christmas etc.) and undertakes initiatives focused on education, such as the digital inclusion for seniors course, in partnership with Banricoop which in

2013 held two classes, with 26 participants. The program is assisted by the NGO Parceiros Voluntários (voluntary partners), which is supported by Banrisul, among other sponsors



### Projeto Pescar (Fishing Project)



Created in 2004, through a partnership with Fundação Projeto Pescar, it aims at the personal and professional development of young people and first employment. Banrisul was the **first government-owned institution** in the country to create a teaching facility inspired in Projeto Pescar. Since then, approximately 200 young people, aged between 16 and 19 years, attended the Professional Initiation in Administrative Services Course. The selection occurs in the

low income communities in the south of Porto Alegre, near the project's unit. In 2013, nineteen youngsters concluded the Administrative Assistant Course, taught by volunteer instructors from the Bank itself. Instructors also act in the employability group, accompanying graduated students for two years and helping them enter the formal job market.

### RS Mais Digital (More Digital RS)

The program was established by Decree 50,800/2013 of Rio Grande do Sul State Government and promotes **digital inclusion** and access to new technologies. Banrisul is a member of the Digital Inclusion State Committee, which evaluates projects of the civil society for the allocation of computers. Also participating in the Committee are the Secretariat of Education, the Secretariat of Culture, the Secretariat of Justice and Human Rights (SJDH), the Secretariat of Rural Development, Fishing and Cooperatives and PROCERGS.

### POD Criança (Child Opportunities and Rights Program)

The program is run by the Secretariat of Justice and Human Rights, in partnership with Banrisul, and has the objective of allocating resources to the State Fund for the Child and Adolescents (FECA) to finance projects approved by the State Council for the Rights of Children and Adolescents (CEDICA). In accordance with Law 13,069/2008, state civil servants and Banrisul's employees can make payroll-deductible **donations**, with special terms and installment conditions. In 2013, the program raised R\$323,882.55

### Funcriança and Fundo do Idoso (Child's Fund and the Elderly's Fund)



Banrisul supports various social entities through the project, enabling actions in support of quality of life. This participation goes beyond the direct support to entities, encouraging the structuring of projects and strengthening of **municipal funds**. In 2013, 45 institutions of 26 municipalities in Rio Grande do Sul were benefited, with a total of amount of R\$2,657,713.46.



## Participation in associations



Banrisul takes part in more than 70 associations and national and international bodies for the debate of topics essential to the financial sector, among which are **Febraban**, the Brazilian Association of Financial and Capital Market Entities (**ANBIMA**) and secretariats and ministries of the government, at federal and state levels. We highlight, for example, the Bank's representation in Febraban's Commission for Social Responsibility and Sustainability. The Bank has also always participated in policies, programs, and state and national events in the area of sustainable rural development.

Several projects supported by Banrisul integrate the Technical Chamber of Agroecology, linked to the State Council for Sustainable Rural Development (**CEDRS**), established

by Decree 48,787/2012. With 34 institutions, CEDRS guides actions within the scope of the Basic Ecological Agriculture Program of the Department of Family Agriculture of the Rural Development Secretariat of Rio Grande do Sul (**DAFSDR**). In November 2013, Banrisul participated in the Organizing Committee of the VIII Agroecology Brazilian Congress, held in Porto Alegre. The Bank also participates in meetings of the Parliamentary Commission on Health and Environment of the Legislative Assembly and the Institutional Commission for Environmental Management of the Rio Grande do Sul Prosecutor's Office relating to the development of the Brazilian Solid Waste Policy at state level. In addition, it participates in meetings for implementing the Environmental Agenda in the Public Administration (A3P), a voluntary action proposed by the **Ministry for the Environment** that seeks to incorporate the principles of social and environmental responsibility in the activities of the public administration

## Pacts and initiatives

### Global Compact

In October 2013, Banrisul joined the Global Compact, as one of the strategies to incorporate sustainability principles and practices in its organizational culture and businesses, as well as contributing to the communities in which it is inserted.

### Millennium Development Goals

In 2013, the Bank formally joined the National Citizenship and Solidarity Movement (ODM/RS Center), which aims to stimulate, expand and measure the participation of the Brazilian society in order to reach, by 2015, the 8 Millennium Development Goals, established by the ONU in 2000. Banrisul commits to answer goals 7 and 8: Environmental Sustainability – quality of life and respect for the environment and all working for development.

### Green Protocol

In 2009, Banrisul joined the Green Protocol, letter of intent signed by several banks which commit themselves to undertake joint efforts to create policies and practices that promote sustainable development. The Green Protocol encourages financing through credit lines and programs that meet the quality of life of the population, in addition to the sustainable use of natural resources.

## Responsibility in credit granting

The Bank does not have tools for targeted analysis especially related to the result of social and environmental investments. Credit analysis is geared towards compliance with the rules required by the credit line/segment of the activity and loyalty to the project.

The institution follows BNDES' social and environmental **policy for business** lines linked to BNDES, as it still does not have its own social and environmental risk policy. Financing with social and environmental risks are in accordance with the requirements of legally constituted official bodies, as required by BNDES, whose projects are prepared with the respective environmental licenses, which are part of the **mandatory documentation**.

Given that they are transfers to long-term projects, each release of funds requires up-to-date **environmental licenses**, based on the technical criteria and commitments of companies with the respective environmental agencies. Borrowers cannot be listed in the Record of Employers who have submitted workers to conditions considered as forced labor issued by the Ministry of Labor and Employment (MTE).

We pursue transformations that are possible and necessary for Banrisul to become a reference in social, economic and environmental responsibility. A key step is the organization and preparation of the Bank's Sustainability Master Plan, whose mission is to integrate sustainability processes to our businesses. In this trajectory, Banrisul's management will be committed to continue being worthy of the trust of its employees, shareholders, governments, community, suppliers and clients.

The Development Unit manages the financing lines transferred by Banrisul to companies, obtained from federal agencies and intended for implementation, expansion, modernization and innovation projects of partner companies. To this end, it oversees and makes sure that credit limits made available to **Banrisul** by **BNDES** are available and in force, through **Caixa Econômica Federal** and Financiadora de Estudos e Projetos (**Finep**), subject to periodic risk rating. Banrisul has prioritized the support to micro, small and medium enterprises, generating development and boosting income and employment opportunities in the communities where it

operates, as well as providing increased quality of life and social and economic development for the state of Rio Grande do Sul.

Banrisul is part of the Investment Project Evaluation and Legal Framework Board in the State of Rio Grande do Sul, through tax **incentives** authorized by State law. It also participates in the definitions, implementation and monitoring of the strategic initiatives of the State Transversal Initiatives Center (NEAT), which deals with the Program for Strengthening Local Production Chains and Arrangements.

In 2013, Banrisul continued with the financings under the **Sanitation for All Program**, releasing additional R\$6.73 million. But the highlight was **Finame-PSI** (Federal Government Investment Support Program, operated by BNDES) and the **BNDES Card**. These programs totaled transfers of R\$713.5 million and accounted for 74.5% of total financing in 2013. The Bank reached the milestone of 13.2 thousand BNDES Cards issued and made available approximately R\$1.038 billion since the product was launched. Disbursements grew by 46.6% over 2012, and the number of transactions increased by 67%, with the average ticket remaining close to R\$13.4 thousand.

Another highlight in 2013 was Banrisul's entry in the Guaranteed Investment Fund (GIF), managed by BNDES, creating another alternative for guaranteeing onlending financing to micro, small or medium-sized companies, which will be able to use it to complement the structuring of guarantees for financing their investment projects.

Banrisul accredited with Finep for transferring funds to innovation projects, within the **Inovacred Program**, allocating R\$80 million for financially supporting innovation projects of companies in Rio Grande do Sul.

### Banrisul Salary Card

Debit prepaid card that allows companies to pay its employees even if they do not have a current account. It is an encouragement to formal work that helps on the inclusion of low-income individuals, despite the lack of access to banking services, while reducing bureaucracy for employers. We monitor the product's performance, acceptance and customer satisfaction through contact with accredited companies. In 2013, the Salary Card was already being used by more than 445 companies and 30 thousand people. During this period, more than 6.2 million transactions were made.

### Emergency Corporate Card

Modality offered to legal entities installed in municipalities where the Civil Defense has declared state of emergency. The purpose of the line is to provide working capital and restore the business of micro and small enterprises in Rio Grande do Sul and Santa Catarina which had damages due to rains, windstorms, thunderstorms and flooding. The product is linked to the Legal Entity Credit Policy.

### Emergency Personal Loans

Individuals residing in Rio Grande do Sul municipalities affected by windstorms, floods, rain or other natural phenomena are also served by a specific Banrisul credit line. The modality, granted as an emergency, is exclusive to cities where the Civil Defense of Rio Grande do Sul has declared state of emergency. In 2013, a total of 51 operations totaling R\$523.2 thousand were contracted.

### Accessibility CPB

Banrisul Personal Loan (CPB) for purchasing goods and/or services to improve the daily lives of people with disabilities. In 2013, two operations totaling R\$20.5 thousand were contracted.

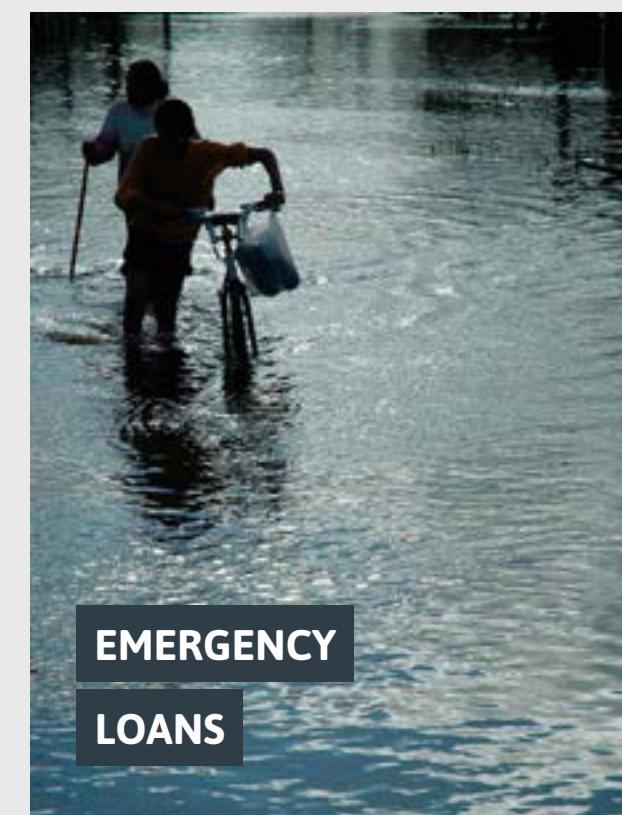
### Sustainability CDC

To stimulate the production and commercialization of sustainable items, Banrisul created the Sustainability Direct Consumer Credit (CDC), which finances products such as solar thermal collectors and solar and wind power equipment, as well as lamps and other efficient energy consumption products. The line also includes kits for vehicular natural gas (VNG), white line items, such as air conditioning and fridges, and water tanks for collection and reuse of rainwater. The product is in line with the Credit Policy. In 2013, one operation totaling R\$3 thousand was contracted.

### Sanitation for all

It makes funds from Caixa Econômica Federal available to communities in three of the largest municipalities in the interior of Rio Grande do Sul (Caxias do Sul, Pelotas and Novo Hamburgo), whose population totals almost 800 thousand inhabitants. With great impact on people's quality of life, the program has a

long-term perspective (it can last up to 20 years) and involves the entire infrastructure of the municipalities. In 2013, expenses with this program amounted to R\$6.73 million, equivalent to 5.49% of the total R\$122.60 million for previous years' contracts. There was no new loans contracted in 2013.



**EMERGENCY  
LOANS**



## Rural Loans

Banrisul **rural credit** lines were created to encourage rural investments, favor the timely and adequate funding of production and sale of agricultural products, as well as to encourage the introduction of rational methods in the production system. When allocated to family farmers or rural family entrepreneurs, these lines seek to encourage income generation and the best use of labor through the financing of activities and agricultural and non-agricultural rural services.

Banrisul Rural Credit supervisors who work in the interior of the state provide support to branches of their regional areas and constantly monitor the operations granted or prior to contracting, as the case may be. In addition, accredited technicians, who are professionals working in the agricultural area, provide the technical support necessary for the good development/execution of the project financed.

Banrisul requires the presentation in advance of an environmental license in order to grant various types of rural financing, particularly in accordance with Resolution 237/97 of the National Environment Council (CONAMA) and Resolutions of the Environmental State Council (CEMA).

The Bank also complies with the **Climate Risk Agricultural Zoning** program and its instructions as for the planting season, type of soil and crops suitable to the region, determining factors for the granting or not of the loan requested.

### **Rural credit generates social benefits and encourages the well-being of the community.**

The rural credit internal regulations also prohibit the contracting or renewal of rural credit operations, including offering guarantees, for individuals or legal entities registered in the Record of Employers who have submitted workers to conditions considered as forced labor. In addition, certain credit lines require a statement signed by the client attesting to the non practice of discriminatory acts, forced labor and moral and sexual harassment.

Banrisul complies with the provisions of the Normative Instructions, **BNDES'** Administrative Organizational Standards, the Rural Credit Manual and the Resolutions of the Central Bank of Brazil.



### **Encouragement to the introduction of rational methods in the production system.**

Despite not having a specific policy for monitoring environmental impacts of operations after the implementation of the project, Banrisul supervises the compliance with requirements of the credit/segment line of activity.

In addition to directly impacting economic development, rural credit generates social benefits and promotes the well-being of society from the rural environment to urban areas, which is why rural credit lines, especially those focused on sustainable agricultural production, can also be considered programs/actions related to the preservation/impact on **biodiversity**.

These lines include the ABC Program, the Program for Reducing GHG Emissions in Agriculture, the More Water, More Income Program, which seeks to encourage the appropriate use of water reserves in rural properties, the Pronaf ECO line, for investments in renewable energy and environmental sustainability, and the Agroecology Pronaf line, for financing of agro-ecological or organic production systems. However, the Bank still does not have the practice of monitoring the environmental impacts of projects over time

One of the goals of the Rural Business Unit for 2013 was to add 12 operations under the More Water, More Income Program. We reached 306% of the goal proposal (until November 2013) due to the addition of 46 operations in relation to the initial base (69). Data on the goals were not assured due to current internal controls. Another goal was to add 1,350 rural credit operations (increase of 3%), excluding the operations of the More Water, More Income Program, and in the last half year (until November 2013), a total of 47,075 operations were added (contracted-reimbursed) in relation to the reference base (in the month, the base totaled 45,170), i.e. 1,905 operations, achieving 141% of the proposed goal. Data on the goals were not assured due to current internal controls.

For 2014, Banrisul will continue increasing the granting of financing under the More Water, More Income Program, expanding investments related to biofuel production and in the More Quality Milk Program, which will encourage dairy activity in the state. This program seeks to facilitate the access to new technologies of a group estimated at more than 40 thousand dairy farmers in the state through subsidies and partnerships with cooperatives, industries, entities and the banking system. By facilitating

Region <sup>1</sup>	Sector	Size <sup>2</sup>	Contracted amount	% in relation to the contracted amount
RS Porto Alegre <sup>3</sup>	Agricultural	Pronaf <sup>4</sup>	1,538,326.11	0.09
		Pronamp <sup>5</sup>	2,247,589.91	0.13
		Other	45,702,116.02	2.72
Inland of RS	Agricultural	Pronaf	241,552,432.25	14.38
		Pronamp	137,245,876.87	8.17
		Other	971,828,276.78	57.85
Santa Catarina	Agricultural	Pronaf	1,381,825.76	0.08
		Pronamp	1,891,694.95	0.11
		Other	135,257,149.75	8.05
Other States	Agricultural	Pronaf	-	0.00
		Pronamp	-	0.00
		Other	141,392,193.90	8.42
<b>Total<sup>6</sup></b>			1,680,037,482.30	100.00

1. Regionalization based on the municipality of the branch.

2. Within size, Others may include small and medium-sized producers not registered in the Pronaf and Pronamp programs.

3. Includes Porto Alegre and metropolitan region.

4. National program for Strengthening Family Agriculture.

5. National Program for Support to the Medium-sized Rural Producer.

6. The total number of loans contracted in 2013 was obtained through information from March 19, 2014.

investments in the acquisition of milking machines and expansion coolers, the program creates conditions to double production with higher quality and better remuneration over the next ten years. The program's goal is to increase by 15% the total financed amount in contracted operations in the first half compared to the

same period in 2013, in the origins of the Rural Credit Manual of the Central Bank MCR 6.2 (mandatory resources) and 6.4 (rural savings resources). Another goal is to automate 100% of the control of allocation of operations in a virtual platform and begin contracting opera-

tions with funds transferred by the new system in production (Wiew) for at least one credit line.

Credit line <sup>1</sup>	Quantity Contracted (%)	Contracted amount	% in relation to total rural businesses
Pronaf Estiagem Sul	1.00	1,501,746.51	0.14
Pronaf Agroindústria	0.06	9,675,152.40	0.89
Pronaf ECO	0.65	1,570,214.55	0.15
Pronaf Mais Alimentos	10.66	63,338,115.54	5.85
Pronaf Mulher	0.05	239,100.06	0.02
Pronaf Agroecologia	0.00	-	0.00
Pronaf Jovem	0.00	-	0.00
Pronamp	20.84	141,385,161.73	13.06
ABC	0.09	2,596,533.28	0.24
Moderinfra	0.15	4,575,622.09	0.42
Moderagro	0.46	15,211,402.82	1.41
Moderfrota	0.03	461,500.00	0.04
PROCAP-AGRO	0.06	50,700,00.00	4.68
PCA	0.00	-	0.00
Pronaf Agricultural Funding	63.12	165,438,664.28	15.29
Pronaf Family Agroindustry Funding	0.14	11,471,655.86	1.06
Credit to cooperatives	0.36	146,871,774.08	13.57
Commercialization <sup>2</sup>	2.32	467,262,590.68	43.17
<b>Total</b>	<b>100.00</b>	<b>1,082,299,233.88</b>	<b>100.00</b>

1. The total number of loans contracted in 2013 was obtained through information from March 19, 2014.

2. Excludes the product Advances to Cooperative members, which was considered in the total of the Credit to Cooperatives line.





## Rural credit lines

### More Water, More Income Program

This is the State Program for Expansion of Irrigated Agriculture, coordinated by the Secretariat of **Agriculture, Livestock** and Agribusiness of Rio Grande do Sul State (SEAPA), aimed at supporting the implementation or expansion of water supply projects associated with agricultural irrigation systems, in order to prevent the effects of droughts and increase the income of producers in the state, also with financial subsidy by the State Government. This line is part of the Pronaf More Food and includes modalities that fall into other credit lines offered by Banrisul. In 2013, loans contracted totaled approximately R\$8.86 million. The line has great relevance, as droughts in Rio Grande do Sul cause great losses to farmers and municipalities in the state. In the last 10 years, Rio Grande do Sul's crops have recorded a productive potential commitment of 70%, contributing to the need for supplemental irrigation in crops varying from 80 mm to 300 mm.

### More sheep in the field program

Developed by the State Secretariat of Agriculture, Livestock and Agribusiness, in partnership with Banrisul, the program offers resources for the purchase of breeding and reproducing stock and for the retention of ewes, young sheep and reproducing stock as an alternative to diversification and integration with other rural activities. In 2013, Banrisul financed more than R\$22.97 million through 879 operations. The program represents the resumption of sheep farming in the state by increasing the number of females in properties and consequently expanding production, influencing in the establishment of future public policies in the sector.

### Pronaf Jovem

Financing line intended for production, storage, transport or agricultural or non-agricultural services in the rural properties or nearby rural community areas with the goal of training young family farmers to be able to implement their own income generation projects and reduce rural exodus.



### Pronaf Mulher

It is a Pronaf Investment line created to finance specific projects of interest to the **women farmers** and their families. In 2013, Banrisul financed more than R\$239.1 thousand through eight operations, whose projects contribute to increase family income.

### Pronamp

Credit Program for financing of goods and services necessary in rural projects, increasing income and job generation in rural areas for medium-sized farmers. In 2013, Banrisul financed R\$141.4 million through 100 operations.

### Moderfrota

Program aimed at renovating the **agricultural** fleet (harvesters, agricultural tractors and implements). In 2013, financing volume reached R\$461.5 thousand through five operations.

## Rural credit lines

### PROCAP-AGRO

Credit Line aimed at promoting the recovery or restructuring of assets and the improvement of the financial situation of **cooperatives** of agricultural production, agro industrial, aquaculture or fishing. In 2013, financing volume reached R\$50.7 million through 10 operations.

### PCA

Program for the Construction and Expansion of Warehouses supports investments to expand **storage** capacity, offering rural producers and cooperatives better conditions for selling its products, allowing the product to remain stored as long as necessary for sales to be completed at better conditions.

### Agricultural and Livestock Pronaf Funding

It finances the creation of family agriculture projects, as well as the inputs necessary for the formation of annual cycle crops and livestock production. In 2013, financing volume reached R\$165.4 million through 10 thousand operations.

### Pronaf Agribusiness

Credit Line for financing of activities that increase income from the production and services developed by **Pronaf beneficiaries**, including in infrastructure, aiming at the processing and sale of agricultural production, forest, extraction or artisanal products and exploration of rural tourism. In 2013, Banrisul financed R\$9.7 million through nine operations.

### Pronaf Family Agribusiness Funding

Pronaf Line which finances processing and industrialization of own and/or third party production with the objective of facilitating the integration of family agriculture products to the consumer market, offering support for leveraging and better compensate producers. In 2013, financing volume reached R\$11.5 million through seven operations

### Credit to Cooperatives

Financial assistance to agricultural production cooperatives to provide advances to cooperative members for products delivered for sale and the purchase of inputs and goods to be supplied to members (such as machinery, seeds and seedlings) or to provide services exclusively on **rural exploration**.

### Commercialization

It aims at helping rural producers or their cooperatives **to sell their products**. In 2013, financing volume reached R\$467.3 million through 58 operations.



## Rural credit lines

### Pronaf Estiagem Sul (National Program for Family Agriculture Drought South)

Due to the strong drought in the South of Brazil in 2012, Banrisul has released more than R\$1.5 million in 150 operations under this line of credit to producers who declared state of emergency or state of public calamity recognized by the Ministry of National Integration. The purpose of this line was financing projects for **the rebuilding and revitalization** of family production units, in addition to encouraging good practices in the use, management and conservation of soil and water.

### Pronaf ECO (National Program for Family Agriculture ECO)

Credit line for investments in **renewable energy** and environmental sustainability, targeting the use of renewable energy technologies, environmental technologies (water, effluent and waste treatment station, composting and recycling), water storage, small hydropower plants (SHPs) and forestry, among others. In 2013, Banrisul financed R\$1.6 million through 101 operations.

### Pronaf Mais Alimentos (National Program for Family Agriculture More Food)

Pronaf line designed to foster production and **productivity increase** and cost reduction, aiming at raising rural family income. In 2013, loans contracted totaled approximately R\$63.34 million through 1,506 operations.

### Pronaf Agroecologia (National Program for Family Agriculture Agroecology ABC Program)

Pronaf Investment line intended for financing of agro **ecological production** systems. This credit line is opened, but there is no demand.

### Programa ABC (Low Carbon Agriculture)

Credit Program which aims to promote the reduction of greenhouse gas emissions from agricultural activities and contribute to reduce deforestation. It is intended for large-size clients or clients that do not fit into the other types of beneficiary categories (target audience). Under this financing, Banrisul financed approximately R\$2.6 million in 2013 through 15 operations with projects to implement forest nurseries and integrated crop, livestock and forestry produc-

tion systems, stimulating the adjustment of producers to the organic agriculture system, the direct planting and recovery of degraded pastures, as well as the implementation of commercial forests and the recovery of permanent preservation areas and legal reserves.

### Moderinfra

Financing aimed at supporting the development of **sustainable irrigated agriculture**, as well as expansion and storage capacity and construction of facilities for storing machinery and agricultural implements. It is intended for large-size clients or clients that do not fit into the other types of beneficiary categories. In 2013, Banrisul financed R\$4.6 million through 20 operations.

### Moderagro

Program aimed at financing production, processing and product storage projects from agricultural and soil recovery activities. It is intended for large-size clients or clients that do not fit into the other types of beneficiary categories (tar-

get audience). In 2013, Banrisul financed R\$14.6 million through 67 operations.





## Inland of Rio Grande do Sul

Portfolio by region <sup>1</sup>	Product	Sector <sup>2</sup>	Amount contracted (R\$ thousands)	% of the total portfolio
Inland of RS	Banrisul Business Credit (CEB)	Private sector trade	713,742.2	2.2733
		Private sector industry	523,611.2	1.6677
		Other private sector services	414,127.9	1.3190
	Banrisul Working Capital (CGB)	Not reported	53.8	0.0002
		Private sector trade	741,551.5	2.3618
		Private sector industry	323,337.9	1.0298
		Other private sector services	103,090.1	0.3283
	Overdraft services	Individual	5,056,234.2	16.1041
	Payroll loans	Individual	2,487,072.6	7.9213
	Secured account	State government industrialized activity	25.6	0.0001
		Municipal government Direct Administration	28.5	0.0001
		Not reported	850.7	0.0027
		Private sector trade	2,280,049.3	7.2620
		Private sector industry	1,013,821.9	3.2290
		Other private sector services	916,431.3	2.9188
	Discount	Not reported	0.9	0.0000
		Private sector trade	850,934.0	2.7102
Private sector industry		684,658.5	2.1806	
Other private sector services		258,121.6	0.8221	
Private sector individual		3,028.8	0.0096	
<b>Total Inland of RS</b>			<b>16,370,77.6</b>	<b>52.1409</b>

1. According to the city where branch is located.

2. Sector Not Informed includes clients without information of activity or sector in files.

3. Porto Alegre Region includes only the city of Porto Alegre.

4. Listed only products corresponding to 85% of the Bank's commercial loan portfolio.

5. Total credit hiring for 2013 obtained as of March 19, 2014.

## Other States

Portfolio by region <sup>1</sup>	Product	Sector <sup>2</sup>	Amount contracted (R\$ thousands)	% of the total portfolio
Other States	CEB	Private sector trade	108,621.8	0.3460
		Private sector industry	536,602.8	1.7091
		Other private sector services	825,242.1	2.6284
	CGB	Private sector trade	60,520.6	0.1928
		Private sector industry	139,214.4	0.4434
		Other private sector services	45,494.2	0.1449
	Overdraft services	Individual	46,320.2	0.1475
	Payroll loans	Individual	6,170.4	0.0197
	Secured account	Municipal government Direct Administration	22.7	0.0001
		Not reported	2.6	0.0000
		Private sector trade	86,085.8	0.2742
		Private sector industry	156,385.8	0.4981
		Other private sector services	291,760.4	0.9293
	Discount	Private sector trade	43,387.9	0.1382
		Private sector industry	69,295.5	0.2207
Other private sector services		16,859.3	0.0537	
<b>Other States Total</b>			<b>2,431,986.5</b>	<b>7.7459</b>

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4. Listed only products corresponding to 85% of the Bank's commercial loan portfolio.

5. Total credit hiring for 2013 obtained as of March 19, 2014.

## Porto Alegre

Portfolio by region <sup>1</sup>	Product	Sector <sup>2</sup>	Amount contracted (R\$ thousands)	% of the total portfolio
Porto Alegre	CEB	Private sector trade	219,567.8	0.6993
		Private sector industry	347,255.9	1.1060
		Other private sector services	581,160.0	1.8510
	CGB	Private sector trade	203,808.9	0.6491
		Private sector industry	18,029.0	0.0574
		Other private sector services	64,543.5	0.2056
	Overdraft services	Individual	1,560.980.5	4.9717
	Payroll loans	Individual	2,275.482.6	7.2474
	Secured account	Not reported	122.4	0.0004
		Private sector trade	486,222.3	1.5486
		Private sector industry	176,613.3	0.5625
		Other private sector services	614,170.8	1.9561
	Discount	Private sector trade	184,084.2	0.5863
		Private sector industry	25,083.1	0.0799
Other private sector services		56,259.2	0.1792	
Private sector individual		1,116.2	0.0036	
<b>Porto Alegre total<sup>3</sup></b>			<b>6,814,499.9</b>	<b>21.7042</b>

1. According to the city where branch is located.

2. Sector Not Informed includes clients without information of activity or sector in files.

3. Porto Alegre Region includes only the city of Porto Alegre.

4. Listed only products corresponding to 85% of the Bank's commercial loan portfolio.

5. Total credit hiring for 2013 obtained as of March 19, 2014.



## Santa Catarina

Portfolio by region <sup>1</sup>	Product	Sector <sup>2</sup>	Amount contracted (R\$ thousands)	% of the total portfolio
SC	CEB	Private sector trade	82,710.4	0.2634
		Private sector industry	67,421.0	0.2147
		Other private sector services	74,284.3	0.2366
	CGB	Private sector trade	105,569.6	0.3362
		Private sector industry	121,940.6	0.3884
		Other private sector services	26,346.1	0.0839
	Overdraft services	Individual	112,693.1	0.3589
	Payroll loans	Individual	35,019.5	0.1115
	Secured account	Not reported	0.3	0.0000
		Private sector trade	196,097.6	0.6246
		Private sector industry	118,665.1	0.3779
		Other private sector services	124,848.7	0.3976
	Discount	Private sector trade	74,609.3	0.2376
		Private sector industry	103,070.3	0.3283
Other private sector services		81,174.6	0.2585	
Private sector individual		42.2	0.0001	
<b>Santa Catarina Total</b>			<b>1,324,492.7</b>	<b>4.2185</b>

## Total

<b>Listed Products Total<sup>4</sup></b>		<b>26,941,751.7</b>	<b>85.8095</b>
<b>Bank Portfolio Total<sup>5</sup></b>		<b>31,397,174.4</b>	<b>100</b>

1. According to the city where branch is located. | 2. Sector Not Informed includes clients without information of activity or sector in files. | 3. Porto Alegre Region includes only the city of Porto Alegre. | 4. Listed only products corresponding to 85% of the Bank's commercial loan portfolio. | 5. Total credit hiring for 2013 obtained as of March 19, 2014.

## Microcredit



Banrisul supports entrepreneurship and leveraging of small businesses through the Rio Grande do Sul **Microcredit Program**, carried out in partnership with Rio Grande do Sul state government. The program offers financing of between R\$100.00 and R\$15 thousand, for working capital or investment, with interest of 0.41% per month payable in up to 24 months. The resources are guaranteed by the Micro Business, Rural Micro Producer and Small Business Support Fund (FUNAMEP)

The program benefits mainly **informal entrepreneurs**, which account for 90.77% of financings contracted and 88.83% of the total amount financed by the program. Low interest rates, compatible redemption term and easy contracting are some of the factors that explain the preference of small entrepreneurs. Approximately 36.77% of the entrepreneurs benefitted are service providers, 43.23% are merchants, 11.53% are industry workers and 8.47% are family farmers.

The funds allocated to microcredit come from the **Bank itself**, of which 2% come from demand deposits, approximately R\$71 million via BNDES, and the remainder through microcredit interfinancial deposit (DIM). FUNAMEP guarantees up to 70% of operations.

In addition to the Rio Grande do Sul Microcredit Program, which represents approximately 80% of the total amount of microcredit financing, there is a Banrisul line which began operating at the end of 2013.

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**Easy for informal entrepreneurs to contract low interest rates.**

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## Involvement with the Government

Banrisul maintains a Business Unit to provide differentiated services to the public institutions of executive authorities and other public agencies at the federal, state and municipal levels, promoting strategic partnerships and providing the appropriate business solutions for this segment.

With a structure composed of an Office of Public Sector Relations (serving the municipal sector and indirect state administration) and an Office of Judicial Relations (serving the Judicial branch, as well as the Public Ministry and direct state administration), the Governments Business Unit handles approximately 1,858 public entities and operates in partnership with the branch network in the implementation of prospecting, retention and loyalty strategies for public servants.

The strategy to expand and strengthen commercial and institutional relationships with the public sector was bolstered in 2011 by the institution of the Government Business Manager, a professional specializing in commercial relations with the public sector.

Since 2005, all public sector retirees and pension holders of the Direct Administration of the Executive Branch must update their registration information during their birthday mon-

th. In 2013, there were 130,747 updates carried out throughout the Bank's network. Beginning in December 2013, Banrisul also initiated the re-registration of public sector retirees from the Judicial Branch, Public Ministry and Legislative Assembly. Each year, public sector retirees, pension holders and legally qualified beneficiaries must go to any Banrisul branch in order to update their registration information.

In May 2013, a new online communications channel was introduced, aimed at companies supplying products and services to Banrisul and its affiliates, as well as state owned enterprises. Using this channel, suppliers can request advance payments on contracts receivable, whether or not they have been performed\*, and monitor the progress of their request. By the end of December 2013, a total of R\$5.8 million in advance credit had been made available to these suppliers.

During the first half of 2013, work continued on initiatives to sign new payroll loan agreements, as well as commercial initiatives to incentivize the portability of the payrolls of public servants who receive their salaries from other financial institutions.

In the second half of 2013, efforts were focused on renewing tax collection agreements,



primarily with municipalities, driven by the proximity to the end of the year and the need for clients to define and organize the collection actions for the 2014 Property Taxes (IPTU) and Tax on Services (ISQQN).

Banrisul, as a user of the Procurement System, carried out 314 trading sessions, totaling R\$124.37 million in purchased goods and contracted services, which represented a R\$33.10 million reduction from the best proposal, a savings of 21.02%. Banrisul receives no financial assistance from governments for the execution of its activities. The Bank works in partnership with governments and non-governmental or-

ganizations, through tax incentives with the following areas of focus: Culture (Rouanet Law); Sport (Sports Incentive Law); Children (Funcriança) and the Elderly (Fund for the Elderly) and its own incentives focused on Education. These investments complement each other and make up the Bank's social investment strategy, which seeks to generate long-term benefits for society.

\* Performed contracts are those in which the supplier has already fulfilled the consideration necessary to the existence and enforceability in relation to the accredited party (such as the delivery of goods in a purchase and sale operation or the provision of the service to which the credit in question refers).



## Allocation of funds from fiscal incentives



**Lei Rouanet – Rouanet Law**

2012	2013
R\$ 5,849,280.00	R\$ 5,786,610.33



**Fundo do Idoso - Elderly Fund**

2012	2013
R\$ 1,650,000.00	R\$ 1,226,761.61



**Funciança - Child's Fund**

2012	2013
R\$ 1,656,961.72	R\$ 1,430,951.85



**Lei de Incentivo ao Esporte - Law Sports Incentive**

2012	2013
R\$ 1,695,813.80	R\$ 1,433,785.89



# GLOBAL COMPACT



## Global Compact



The Global Compact is an initiative developed by the former UN Secretary-General, Kofi Annan, aiming to mobilize the international business community to adopt, in its business practices, fundamental values that are internationally accepted in the areas of human rights, labor relations, environment and anti-corruption, reflected in ten principles. This initiative has the participation of United Nations agencies, companies, trade unions, non-governmental organizations and other partners necessary to build a more inclusive and equitable global market.

### Human Rights



1. Support and respect the **protection** of internationally proclaimed human rights.



2. Make sure that they are not **complicit** in human rights abuses



3. Uphold the freedom of **association** and the effective recognition of the right to collective bargaining.

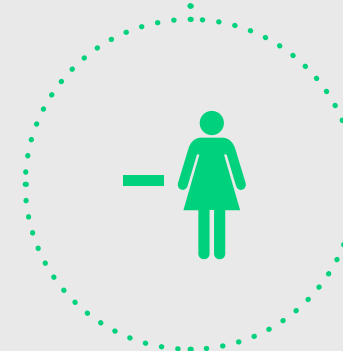


4. The elimination of all forms of forced and **compulsory** labor.

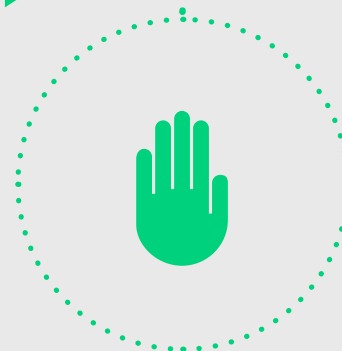


5. The effective **abolition of child** labor

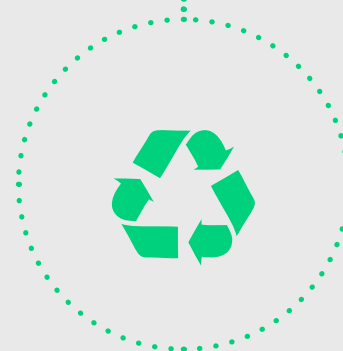
### Environment



6. Eliminate **discrimination** in respect of employment and occupation



7. Businesses should support a **precautionary** approach to environmental challenges.



8. Undertake initiatives to promote greater environmental **responsibility**



9. Encourage the development and diffusion of environmentally friendly **technologies**.




10. Businesses should work against **corruption** in all its forms, including extortion and bribery.






Pacto Global Rede Brasileira  
WE SUPPORT

## Human Rights

Principle 1	Description	Reported GRI indicators	Page
	Businesses should support and respect the protection of internationally proclaimed human rights		35, 58, 62, 63, 87

### Other Banrisul actions aligned with the Global Compact




- Human Resources Policies that include actions to comply with the Bank's Personnel Regulations, performance evaluations, regulatory promotions, training, the management of ongoing programs, such as: 'Programa Permanente de Eficácia no Trabalho (PROGET)' - Permanent Workplace Efficiency Program, 'Programa de Doação de Sangue (PROSANGUE)' - the Blood Donation Program, 'Programa de Prevenção e Tratamento de Problemas Relacionados ao Uso de Álcool e Outras Drogas (PAD)' - Program for the Prevention and Treatment of Problems Related to the Use of Alcohol and Other Drugs and the 'Programa de Prevenção, Diagnóstico e Tratamento de Doenças Profissionais e Acidentes de Trabalho (PROAT)' - Program for the Prevention, Diagnosis and Treatment of Occupational Illnesses and Workplace Accidents; and the concession and administration of the existing benefits, such as transportation subsidies, daycare/nanny assistance, meal subsidies or food aid and food staples, attendance allowance (ABA) and the residency program for managers, which are the main groups of actions that establish the reciprocal Bank/employee relations.
- Implementation of the Reinsertion Card, a service for occupants of the State's prison system.

Principle 2	Description	Reported GRI indicators	Page
	Make sure that they are not complicit in human rights abuses.	MANAGEMENT OF HUMAN RIGHTS (Code of Ethics and Conduct; Complaint Channel)	31, 39



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## Labor

Principle 3	Description	Reported GRI indicators	Page
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.		45
Principle 4	Description	Reported GRI indicators	Page
	4. The elimination of all forms of forced and compulsory labor.		35
Principle 5	Description	Reported GRI indicators	Page
	5.5. The effective abolition of child labor.		35

### Other Banrisul actions aligned with the Global Compact

- Information about the work schedule adopted by the bank (“the bank resolves to maintain the Alternative System, provided for in Decree 1.510/2009 to control the working hours of its employees”)
- To be entitled to the Attendance Allowance (ABA), attendance during the calendar year prior to its concession will be considered. For the effects of the Attendance Allowance, attendance is workplace attendance by the employee during the entire calendar year, only allowing for absences provided for by law.  
In accordance with the Collective Bargaining Agreement, Addendum to the 2013/2014 Collective Bargaining Convention, only the employees who joined the bank by January 2013 will be granted the Attendance Allowance in proportion to the amount of time worked during the year of their entry. For every 73 consecutive workdays completed, one Attendance Allowance day will be granted. Pursuant to the 2011/2012 Collective Bargaining Convention, the Bank grants a Maternity Leave extension.
- As agreed through Collective Bargaining Conventions: the paid availability of employees invested in union offices – sitting and alternate – who are in full exercise of their duties with the Executive Board, the Fiscal Council and Representative Delegates for the Federation, with all of the rights and benefits of the job, as if they were in office, observing, however, for each entity, the number of executive officers released and the conditions of application established in the Addendums to the Collective Bargaining Agreements, which form part of this instrument. There was a commitment by the bank to facilitate the conduct of a unionization campaign by the unions, every twelve (12) months, at a date, time and location previously agreed upon with the management of the bank. Should the need arise, the bank will conduct meetings with union entities for the category in which impasses are being discussed.



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## Labor

Principle 6	Description	Reported GRI Indicators	Page
	The elimination of discrimination in respect of employment and occupation		31, 40, 41, 42, 43, 50, 53, 62, 63

### Other Banrisul actions aligned with the Global Compact




- Work schedule adopted: Alternative System, provided for in Decree no. 1,510/2009.
- About licenses:
  - The Attendance Allowance benefit takes into account employee attendance during the previous calendar year, allowing for absences only as provided for by law.
  - In accordance with the Collective Bargaining Agreement, Addendum to the 2013/2014 Collective Bargaining Convention, only the employees who joined the Bank by January 2013 will be granted the Attendance Allowance in proportion to the amount of time worked during the year of their entry. For every 73 consecutive workdays completed, one Attendance Allowance day will be granted.
  - As agreed in the 2011/2012 Collective Bargaining Convention, the Bank concedes a maternity leave extension for an additional 60 days after the end of maternity leave, if the employee so desires
- As agreed through Collective Bargaining Conventions:
  - The paid availability of employees invested in union offices – sitting and alternate – who are in full exercise of their duties with the Executive Board, the Fiscal Council and Representative Delegates for the Federation, with all of the rights and benefits of the job, as if they were in office, observing, however, for each entity, the number of executive officers released and the conditions of application established in the Addendums to the Collective Bargaining Agreements, which form part of this instrument.
  - There was a commitment by the bank to facilitate the conduct of a unionization campaign by the unions, every twelve (12) months, at a date, time and location previously agreed upon with the management of the bank.
  - Should the need arise, the bank will conduct meetings with union entities for the category in which impasses are being discussed, and will participate in the Collective Bargaining Conventions on an annual basis.





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## Environment


Principle 7	Description	Reported GRI indicators	Page
	Businesses should support a precautionary approach to environmental challenges.		34, 37, 64, 68, 79, 81
Principle 8	Description	Reported GRI indicators	Page
	Undertake initiatives to promote greater environmental responsibility.		34, 68, 70, 73
Principle 9	Description	Reported GRI indicators	Page
	Encourage the development and diffusion of environmentally friendly technologies.		34, 64, 68, 74 - 79, 81

### Other Banrisul actions aligned with the Global Compact

- Restructuring the Data Center and implementing best practices related to their climate control.
- Continuous server virtualization, minimizing energy consumption
- Mapped and controlled final destination for all of the electronic waste that UIT produces, in addition to technical verifications.
- Update of the Technology Park (replacing the work stations and equipment in general, such as the cabled, printers, air conditioning, etc).
- Exponential and increasing reduction of electronic waste (Toners, Printer Ribbons, Coils, Cables in general, Computers, Laptops, Printers, No break batteries, among others).
- Printing policy adopted and progressively improved over the last 4 years
- Historical extract functionality, eliminating the issue of the paper copy and the storage of information on microfiche.
- Functionality for payroll deposits through online banking.
- Capture of transactions with Visa and MasterCard, on its own network of equipment installed in commercial establishments. This process allows one piece of equipment to be used to process Banricompras, MasterCard, Visa and VerdCard, contributing to the reduction of machines and the consequent lower use of natural resources for their production.
- Procedures for the collection of toners together with SINI INFORMÁTICA.
- Selection of efficient lamps and fixtures.
- Project aimed at energy savings in lighting through the replacement of 110W HO Fluorescent lights with 34W HO LEDs.



## Anti-corruption

Principle 10	Description	Reported GRI Indicators	Page
	Businesses should work against corruption in all its forms, including extortion and bribery.		20, 31, 32, 102



## GRI Content Summary

Essential "agreement" option

General standards content	Item	Pages	General Standards Content	External verification
General standards content		5	Economic, social and environmental goals are considered strategic/sensitive information.	✓
Organizational Profile		19		✓
		58, 59		✓
		104		✓
		20		✓
		19		✓
		20	The segmentation by type of client and beneficiaries is being reviewed for the next cycle.	✓
		19, 20, 22, 23, 24, 55		✓
		40, 41		✓
		45		✓
		33, 34, 35	Current controls include outsourced suppliers.	✓
		19, 55		✓
		30, 35		✓



## GRI Content Summary

Essential "agreement" option

General Standards Content	Item	Pages	Reasons for Omissions	External verification
Organizational Profile		73		✓
		73	Partial information due to the improved management for the next cycle.	✓
Identified Material Aspects and Boundaries		19		✓
		7, 8, 10, 11, 14		✓
		14, 15, 16		✓
		8, 10, 14, 15, 16		✓
		8, 10, 14, 15, 16		✓
		7		✓
		7		✓
Engajamento de stakeholders		7, 9		✓
		7, 9		✓
		8, 9, 10, 11, 60		✓
		10, 11, 17	Following the process of adherence to the G4 methodology, in the next cycle, the identification of main topics and concerns by stakeholder will be expanded.	✓

## GRI Content Summary

Essential "agreement" option

General Standards Content	Item	Pages	Reasons for Omissions	External verification
Report Profile		7		✓
		7		✓
		7		✓
		104		✓
		7		✓
		7		✓
Governance		27, 28, 29		✓
		29		No
		27, 28, 29, 35		No
		27		No
		27, 30		No
		27		No
		36		No

## GRI Content Summary

Essential "agreement" option

General Standards Content	Item	Pages	Reasons for Omissions	External verification
Governance		26		No
		45		No
		45		No
Ethics and Integrity		20, 31		✓



## Specific Standards Content

Management pillars	Material issues	Related aspects	Means of management (chapters)	GRI Indicator	Pages	Reasons for omissions	External verification	
Technology and Innovation	Technologies and innovations (privacy and security of customer information and new technologies with social and environmental focus)	Customer Privacy	- Customer Privacy and Compliance; - Technology and Innovation; - IT Security		62, 65	-	✓	
Customer Satisfaction	Customer Satisfaction	Labeling of Products and Services	- Satisfaction Evaluation		60, 61	-	✓	
		Conformity	- Customer Privacy and Compliance		62	-	✓	
	Branch security (includes training security personnel)	Non-Discrimination	- Customer Privacy and Compliance - Security in Branches		62, 63	-	✓	
		Security Practices	- Security in Branches		63	-	✓	
		Human Rights Grievance Mechanisms	- Customer Privacy and Compliance		62	-	✓	
	Financial Education	Product and Service Labeling	- Financial Education		66	-	✓	
Internal public	Satisfaction of the workforce, strikes and protests and turnover	Economic Performance	- Benefits Plan I (PBI) - FBPREV		48, 49	-	✓	
		Employment	- Turnover and Transfers		42, 43	-	✓	
		Training and Education				50	-	✓
				- Training		52	-	✓
						53	-	✓
		Complaint Mechanisms Related to Labor Practices	- People Management Practices		39	-	✓	

## Specific Standards Content

Management Pillars	Material issued	Related aspects	Means of Management (chapters)	GRI Indicator	Pages	Reasons for omissions	External verification
Social and environmental risk management	Auditing practices and the traceability of the social and environmental impacts of its products, risk management and the evaluation of the social and environmental impacts of financial products and the impact of lending on biodiversity.	Portfolio of Products (specific sectorial aspect)	- Responsibility in Credit Granting		74	-	✓
					73	-	✓
					77, 85, 86	-	✓
					74, 75, 76, 77, 78, 79, 80, 81, 86	-	✓
					74, 75, 76, 77, 78, 79, 81	-	✓
		Audit (specific sectorial aspect)	-		-	Information not available. The bank does not have an auditing practice to evaluate social and environmental risk policies.	✓
		Active Participation	-			-	✓
		Child labor	- Management of Suppliers		35	Partial information due to improved management for the next cycle.	✓
		Forced or Slave Labor	- Management of Suppliers		35	Partial information due to improved management for the next cycle.	✓
	Impacts of climate change and natural disasters on the Bank's business	Economic Performance	- Main Risk Types - Rural Credit		37, 79, 81	-	✓

\*\*\* Banrisul does not conduct a social and environmental evaluation of its assets. It does have a corporate governance policy of investments to the fund, which aims to provide medium and long-term profitability to shareholders, investing their funds in the shares of companies that belong to the Differentiated Corporate Governance Stock In.

## Specific Standards Content

Management Pillars	Material issues	Related aspects	Means of Management (chapters)	GRI Indicator	Pages	Reasons for omissions	External verification
Community	Involvement with governments (Governmental and non-governmental partnerships for local development; Influence in the development of public policies; and support/ investment in infrastructure).	Economic Performance	- Involvement with Governments		87	-	✓
		Indirect Economic Impacts	-		68, 74-81, 86	-	✓
		Local Communities	- Involvement with Governments - Banking Inclusion - Accessibility		87	Missing data – not monitored.	✓
					55, 56	-	✓
			57, 58	-	✓		
Public Policies	-		102		✓		

Other relevant issues	Related Aspects	Means of Management (chapters)	Indicador GRI	Páginas	Razões para omissões	External verification
Transparency and Disclosure of Results	Economic Performance	- Economic Scenario - Main Results - 2014 Guidance		19	-	Information verified by EY
Combating fraud, bribery and corruption	Combating Corruption	- Conduct and Management Premises		31, 32	-	✓

\*\* To identify and evaluate the impacts, expectations and needs of communities, the methods used are relationships with stakeholders and the participation of Banrisul in the state and municipal committees, where it is possible to dialogue with numerous public and private institutions. However, there is no structured mapping and impacts evaluation of these stakeholders. Instead, there are internal practices aimed at stakeholders

\*\*\* Being a mixed-capital company, the Bank does not provide direct or indirect contributions to political parties, in accordance with Article 31 of Law 9.096/95, which does not allow pecuniary aid in any form or guise..



## Independent Auditors' Report



### INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE GRI (G4) INDICATORS INCLUDED IN THE 2013 SUSTAINABILITY REPORT

To the Management and Shareholders of  
Banco do Estado do Rio Grande do Sul S.A.  
Porto Alegre - RS

#### Introduction

We have been engaged by the management of Banco do Estado do Rio Grande do Sul S.A. ("Bank") to submit our limited assurance report on the compilation of the information related to GRI indicators, included in the Bank's 2013 Sustainability Report for the year ended December 31, 2013.

#### Management's Responsibilities

The Bank's management is responsible for the fair preparation and presentation of the information on GRI indicators, included in the 2013 Sustainability Report in accordance with the criteria set forth by the Global Reporting Initiative (GRI), G4 version, and for such internal controls as Management determines is necessary to enable the preparation of such information that is free of material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the information related to GRI indicators, included in the 2013 Sustainability Report based on our limited assurance engagement conducted in accordance with Technical Bulletin (CT) 07/2012, approved by the Federal Accounting Council (CFC), and prepared in accordance with NBC TO 3000 – Assurance Engagements Other Than Audits or Reviews, issued by the Federal Accounting Council (CFC), which is equivalent to ISAE 3000, issued by the International Federation of Accountants (IFAC), applicable to non-historical information. Those standards require that we comply with ethical requirements, including independence requirements, and conduct our work to obtain limited assurance that the overall information related to GRI indicators, included in the 2013 Sustainability Report, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) primarily consists of making inquiries of the Bank's management and other Bank's professionals responsible for preparing the information related to GRI indicators, included in the 2013 Sustainability Report and applying analytical procedures to obtain evidence that enables us to express a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires that we perform additional procedures in the event matters come to our attention that cause us to believe that the information related to GRI indicators included in the 2013 Sustainability Report taken as a whole may contain material misstatements.

The procedures selected were based on our understanding of the compilation and presentation of the information related to GRI indicators included in the 2013 Sustainability Report, and other engagement circumstances, as well as on our consideration of areas where material misstatements might exist. These procedures comprised the following:

- plan our work, considering the significance, volume of quantitative and qualitative information and operating systems and internal controls based on which the information related to GRI indicators included in the the Bank's 2013 Sustainability Report was prepared;
- understand the computation method and the procedures performed for compiling the indicators by interviewing the managers responsible for preparing the information;
- apply analytical procedures on the quantitative information and making inquiries about qualitative information and its relationship with the indicators disclosed in the information related to GRI Indicators included in the 2013 Sustainability Report; and
- match financial indicators to the financial statements and/or accounting records.

Deloitte Touche Tohmatsu

Our limited assurance engagement was also conducted in accordance with the guidelines and criteria on the Global Reporting Initiative (GRI) framework, G4 version, applicable to the preparation of the information related to GRI indicators included in the 2013 Sustainability Report.

We believe that the evidence we have obtained during our work is sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### Scope and Limitations

The procedures applied in a limited assurance engagement are substantially less in scope than those applied to an assurance engagement that is intended to provide an opinion on the information related to GRI indicators included in the 2013 Sustainability Report. Consequently, these procedures do not enable us to obtain assurance that all matters that might be identified in an assurance engagement intended to provide an opinion came to our attention. Had we performed an engagement intended to provide an opinion, we could have identified other matters and material misstatements that might exist in the information related to GRI indicators included in the 2013 Sustainability Report. Accordingly, we do not express an opinion on this information.

Non-financial data is subject to more inherent limitations than financial information, due to the nature and variety of the methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, significance and accuracy of the data are subject to individual assumptions and judgments. Additionally, we neither conduct any work based on prior-period information nor in relation to future projections and goals.

#### Basis for Qualified Conclusion on the Compilation of the Information Related to GRI Indicators

G4-10, LA1, LA9 and LA11

The information generated by the HR system relating to the indicators of Organizational and Social Profile - Labor Practices and Decent Work is flexible and subject to changes on a daily basis. The 2013 information was extracted on December 31, 2013, but such matrix was manually handled which does not ensure the integrity of the information furnished.

G4-18 and G4-19

The stakeholder's engagement and definition of material matters did not classify the matter "Supplier" as material; accordingly, the indicators related to such significant matter were not reported.

#### Qualified Conclusion

Based on our work described in this report, except for the matters described in the 'Basis for Qualified Conclusion on the Compilation of Information Related to GRI Indicators' paragraph, nothing has come to our attention that causes to believe that the information related to GRI indicators included in the 2013 Sustainability Report is not compiled, in all material respects, in accordance with the guidelines set by the Global Reporting Initiative (GRI), G4 version.

#### Other Matters

##### Guidelines and specifications

Based on the guidelines set by the Global Reporting Initiative (GRI), G4 version, the Bank declares that it agrees with the Core/Critical specifications in its Sustainability Report for the year ended December 31, 2013, which contains critical performance indicators and the financial sector supplement indicators.

##### Financial indicators

The financial indicators included in the 2013 Sustainability Report were extracted from the Bank's financial statements for the year ended December 31, 2013, which were audited by another auditor, whose audit report thereon dated February 18, 2014 did not contain any modification.

São Paulo, January 23, 2015

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes  
CRC n.º 2 SP 011609/O-8

Marcelo de Figueiredo Senkas  
Engagement Partner  
CRC n.º PR 045179/O-9 S-RS

2

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**Banrisul Communication Relations**

**Banrisul Corporate Management Unit**

.....

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Message




# Banrisul

**MATERIALITY MATTERS**

 **Global Reporting Initiative™**

AT THE TIME OF PUBLICATION THE G4-17 TO G4-27 DISCLOSURES WERE CORRECTLY LOCATED IN THIS G4 CONTENT INDEX AND FINAL REPORT.

2014 

 THE GLOBAL COMPACT

Pacto Global Rede Brasileira  
WE SUPPORT