

## **Banrisul commemorates its 80<sup>th</sup> anniversary with profit of R\$308.2 million in the first six months**



The chairman of the board of directors of Banrisul and treasury secretary of Rio Grande do Sul state, Aod Cunha, and the Bank's CEO, Fernando Lemos, received the press today (12) in the city of Porto Alegre to present the Bank's results for the first quarter of 2008. At the event, Aod Cunha congratulated the Bank's employees for the excellent performance they achieved in the first six months of this year "Banrisul plays a pivotal role in the economic and social spheres of Rio Grande do Sul state and has created the conditions to support larger and bolder steps, as demonstrated by the initial public offering carried out last year." Cunha said that the institution has maintained robust growth, with performance underpinned by three main aspects: profitability, loan portfolio growth and low delinquency. "Through this strategy," he said, "Banrisul fosters economic growth in the state with responsibility and security."

According to CEO Lemos, Banrisul's net income of R\$308.2 million in the first six months of 2008 reflects the Bank's consolidation, which included the bold and correct decision of Governor Yeda Crusius to capitalize the institution. Last year, the bank raised R\$800 million by listing its shares on the stock exchange, increasing the volume of available credit as well as the investments

in technology. "The operation was a great success, and today Banrisul is the best public-sector bank in Brazil, with net equity of R\$3 billion," he said. Lemos highlighted the strong growth in the loan portfolio of 45% from the end of June 2007, to R\$10 billion. According to the CEO, demand for credit remains very robust, driven by the agribusiness industry. "Furthermore, in this first half of the year, the Bank began funding its rural credit operations through savings deposits."

## **MANAGEMENT AND CREDIT MODEL**

Lemos said implementing the management model created the support needed to leverage credit and achieve one of the lowest levels of delinquency among Brazil's major banks, of 3.2%. Loan operations in the Individuals segment grew by 38.2% over the last 12 months to R\$3.4 billion, mainly driven by payroll loans, which expanded by 72.8%.

At the close of June, the Corporate loan portfolio stood at R\$3.7 billion, growing by 75.3% in relation to June 2007, led by the growth of 87.6% in working capital credit lines to R\$2.8 billion. The Bank's capital adequacy ratio guarantees the expansion in the Bank's loan portfolio without jeopardizing solvency and prudent strategies. Banrisul's capital adequacy ratio stood at 22.2% in June, which compares with the ratio of 11% required by the Brazil's central bank.

## **PROFITABILITY**

Annualized return on average equity was 22.8% in the period. ROAE in the first half of 2007 was directly impacted by the recognition of tax credits and deferred tax debits of R\$528.5 million, compared with R\$86.2 million in the same six months of 2008.

## **BANRICOMPRAS**

During the event, Fernando Lemos characterized Banricompras as the card of everyone in Rio Grande do Sul state. Banricompras registered financial

volume of R\$1.4 billion in the first half of 2008, through 25.2 million transactions at more than 66,000 affiliated merchants. This strong performance confirms the success of Banrisul's own card brand, which competes head-to-head with other credit and debit cards, including international brands.

### **BANRISUL – 80 YEARS**

CEO Lemos said that Banrisul arrives at its 80-year milestone as a modern, leading-edge company that can effectively compete in the heavily disputed Brazilian market. "This history forged over the years by the state bank for Rio Grande do Sul ensures the solidity for it to effectively fulfill its expanded mission, which is always to provide all clients with the best possible service."