



Banrisul forecasts a R\$10 billion loan portfolio (Valor Econômico Newspaper - 02.14.2008 issue - page C1)

Despite the unstable scenario for the financial market in 2008, Banco do Estado do Rio Grande do Sul (Banrisul) intends to close the year when it celebrates its 80th anniversary with a R\$10 billion loan portfolio. This projection corresponds to a 25% growth over the R\$8 billion balance verified at the end of 2007, when the Bank already showed a 26.2% increase when compared to the previous year.

The forecast was made yesterday by the institution's CEO, Fernando Lemos, after the Bank presented last year's record performance, which included the 153.4% increase in consolidated net profit, going to R\$916.4 million. Shareholders' equity grew 115.6%, going to R\$2.79 billion, benefitted by the net increment of R\$792 million coming from the primary offering of preferred shares concluded in July.

According to Lemos, the growth in loans in 2008 will be conducted by the individual segment, which grew 24% last year, going to R\$2.71 billion, of which R\$1.48 billion derive from payroll-deductible loans (a 41.7% increase). The positive outlook for the Rio Grande do Sul economy, motivated by the good agricultural crop, shall push the corporate loan portfolio, especially small and medium-sized companies, which had a 43.8% increase in 2007, going to R\$2.81 billion.

According to Lemos, Banrisul also forecasts a strong expansion in the real estate loan portfolio, which grew 1.7% last year, going to R\$810 million. In 2007, the Bank entered into an agreement in order to centralize financial transactions in 322 of the 496 City Halls in Rio Grande do Sul for five years, and opened a special payroll-deductible line to finance 20,000 properties to municipal employees, in the total amount of R\$500 million in the period.

In 2008, the institution plans to increase investments in technology by around 30%, going to R\$130 million, and to open 10 to 15 new branches and customer service branches in the states of Rio Grande do Sul and Santa Catarina. With 2.9 million clients, the Bank currently has a network composed of 419 branches, 276 customer service branches and 380 self-service branches.

The 2007 result was improved by the allocation of around R\$500 million in tax credits in order to adjust the equity before the IPO. According to Lemos, profitability over the Bank's average equity grew from 29.7% to 44.8% between 2006 and 2007.

Consolidated revenues with financial intermediation recorded a slight decrease of 1.5% last year, due to the reduction in interest rates, which fell to R\$2.89 billion. However, intermediation expenses decreased 4.6%, going to R\$1.47 billion, generating a R\$1.42 billion gross profit (a 1.9% increase). Tariffs yielded R\$549 million and covered for 74.2% of the payroll.

According to the CEO, besides the loan portfolio growth there was also a 3.7% reduction in delinquency rates in 2007, considering delays of over 60 days, versus 4.9% in the previous year. "It is one of the lowest rates in the history of the Bank", he declared. "A little more than 82% of the portfolio has its risk rated between 'AA' and 'C'", he says. Banrisul's total assets grew 30.9% last year, going to R\$20.48 billion, while funds raised increased by 19.8%, going to R\$17.15 billion.