

Banrisul's shareholders' equity reaches R\$ 2.7 billion

Banrisul's non-voting public offering was the largest operation performed by a bank in all of Latin America, and the second largest by a public company in Brazil. That statement came from Banrisul's CEO, Fernando Lemos, during a speech he made at the "Cardápio de Negócios" (Business Menu) event, promoted by ADVB-RS, when he celebrated the bank's success in the share placement operation that resulted in raising over 1 billion dollars. 'It was the consolidation of a whole transformation process within the institution, in which the highly-qualified staff played a fundamental role', he said.

Mr. Lemos stated that new models were implemented in the credit, commercial, technological, operational and management areas, and that they have allowed Banrisul to keep a profitability over shareholders' equity of around 30%, similar to or even higher than that of the best private banks in the country. 'In 2003, when we started this restructuring, the Selic rate was close to 30%, but the Bank's technical team realized that the basic interest would drop fast.' He commented that the company then started to prepare for the new economic scenario that would take shape soon afterwards. 'Banrisul, as a public institution, was able to realize that it had to change its management model and go through a complete update, in order to keep operating strongly in the State's economy.'

Fernando Lemos attributes the success of the IPO to the wise decision made by the governor Yeda Crusius, and the State Treasury secretary Aod Cunha, that it was the right moment to proceed with a big fund raising. 'Banrisul's capitalization has brought a much higher economic/financial structure, allowing us to grow even further towards providing qualified service to the population of Rio Grande do Sul, and giving us a greater leverage and investment power in the State.'

Banrisul's CEO mentioned the difficult moment the State Government is going through. 'But judging from the experience I've had at the Bank, I know that when problems are detected and tackled correctly and efficiently, as governor Yeda Crusius is doing, success is not far ahead.' He stated that if the governor manages to implement the public management process at the Executive Branch, the State will reap very positive benefits in the coming years, as it is happening now to Banrisul. 'If Rio Grande do Sul goes through this renovation, in a short while we will be harvesting the fruit of the State's restructuring', he pointed out.

At the event, Lemos disclosed the figures that show the institution's extraordinary growth. Between 2003 and 2007, total assets increased by 72%, reaching the R\$20 billion mark. Shareholders' equity grew by 248%, increasing from R\$778.9 million to R\$2.7 billion. He explained that it is now almost five times what it was when he took over the bank's management. 'All that stems from the process developed within the company, and from the adjustments in the management model, which is now more efficient and professionalized.'

He emphasized that Banrisul's calling is aimed at three areas: individuals (loans and fund raising), small and medium-sized companies, and the small and medium-sized rural producer. He stated that the Bank's clients, approximately 2.9 million, account for 70% of the State's population who use banking services. 'However', he said, 'we don't have 70% of the banking businesses, which leads us to conclude that we need to strengthen this commercial partnership'. In order to change that scenario, the Bank began to offer more products and services, aiming at growing at its own client base.

Mr. Lemos pointed out that the Bank's portfolios soared from 2003 to 2007. Fund raising increased from R\$9 billion to R\$15.6 billion. Loan volume grew by 54%, achieving the current R\$7 billion. 'Today we control all the loan operations on a daily

basis, breaking them down by portfolio, segment, crop, operation, branch and operator, and determining the level of profitability they provide to the institution'. The executive officer said that giving credit means promoting the economy, which spurs development. 'And Rio Grande do Sul's public bank is committed towards being the main thrust of the regional economic sector, and, in addition, promoting social responsibility actions that make Rio Grande do Sul an increasingly good place to live in'.

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