FINANCIAL STATEMENTS

June/2018

Banrisul

INDEX

ÍNDICE DE TABELAS

PRESS RELEASE

This Press Release contains forward-looking statements, which not only relate to historic facts but also reflect the targets and expectations of the Company management. The terms “anticipate”, “desire”, “expect”, “project”, “plan”, “intend” and similar words are intended to identify statements that necessarily involve known and unknown risks.

Known risks include uncertainties which are not limited to the impact of competitive services and pricing, acceptance of services by the market, Banrisul’s and its competitors’ services transactions, regulatory approval, currency fluctuations, changes in the mix of the portfolio of services and other risks described in the Company's reports. This Press Release is up to date and Banrisul may or may not update it with new information and/or future events.

TABLE 1: ECONOMIC AND FINANCIAL INDICATORS

Main Income Statement Accounts - R$ Million	1H18	1H17	2Q18	1Q18	4Q17	3Q17	2Q17	1H18/ 1H17	2Q18/ 1Q18
Net Interest Income	2,684.4	2,514.0	1,337.1	1,347.3	1,427.6	1,273.4	1,281.5	6.8%	-0.8%
Allowance for Loan Losses Expenses	582.7	715.6	277.7	304.9	353.0	375.8	339.9	-18.6%	-8.9%
Gross Profit from Financial Operations	2,101.7	1,798.4	1,059.4	1,042.4	1,074.7	897.6	941.6	16.9%	1.6%
Financial Income	4,656.9	5,178.9	2,513.4	2,143.5	2,452.9	2,346.6	2,603.7	-10.1%	17.3%
Financial Expenses	2,555.1	3,380.6	1,454.0	1,101.2	1,378.2	1,449.1	1,662.1	-24.4%	32.0%
Income from Services and Fees	933.5	839.4	468.4	465.2	467.0	440.1	423.9	11.2%	0.7%
Recurring Administrative Expenses (1)	1,859.2	1,816.5	928.8	930.4	913.6	900.8	930.5	2.4%	-0.2%
Other Operational Expenses	287.8	242.8	152.9	134.9	156.9	141.2	130.7	18.5%	13.4%
Other Recurring Operational Income	198.6	206.5	105.9	92.6	117.2	130.1	95.5	-3.9%	14.4%
Recurring Net Income	505.9	367.5	262.0	244.0	323.7	220.5	184.1	37.7%	7.4%
Net Income	505.9	316.2	262.0	244.0	516.4	220.5	187.7	60.0%	7.4%
Main Balance Sheet Accounts - R$ Million	**Jun 2018**	**Jun 2017**	**Jun 2018**	**Mar 2018**	**Dec 2017**	**Sep 2017**	**Jun 2017**	**Jun 2018/ Jun 2017**	**Jun 2018/ Mar 2018**
Total Assets	75,331.2	70,502.8	75,331.2	71,783.5	73,287.4	71,322.4	70,502.8	6.8%	4.9%
Securities (2)	20,827.1	19,132.5	20,827.1	19,206.7	19,965.0	19,475.4	19,132.5	8.9%	8.4%
Total Credit Portfolio	32,007.0	30,905.4	32,007.0	31,780.1	31,369.1	30,492.0	30,905.4	3.6%	0.7%
Allowance for Loan Losses	2,658.4	2,708.0	2,658.4	2,777.0	2,776.6	2,700.0	2,708.0	-1.8%	-4.3%
Past Due Loans > 90 Days	1,082.2	1,458.2	1,082.2	1,084.7	1,117.0	1,311.3	1,458.2	-25.8%	-0.2%
Funds Raised and Under Management	62,963.8	59,361.6	62,963.8	62,005.6	61,604.1	60,668.3	59,361.6	6.1%	1.5%
Shareholders' Equity	7,034.9	6,603.0	7,034.9	7,198.3	7,035.0	6,731.1	6,603.0	6.5%	-2.3%
Prudential Conglomerate Reference Equity	5,963.4	6,169.9	5,963.4	6,166.5	6,578.7	6,320.6	6,169.9	-3.3%	-3.3%
Average Shareholders' Equity	7,035.0	6,523.2	7,116.6	7,116.6	6,883.1	6,667.1	6,544.0	7.8%	0.0%
Average Total Assets	74,309.3	69,770.6	73,557.4	72,535.5	72,304.9	70,912.6	69,696.3	6.5%	1.4%
Average Profitable Assets	66,089.7	61,631.2	65,833.0	66,346.5	64,112.0	63,174.5	62,147.6	7.2%	-0.8%
Stock Market Information - R$ Million	**1S18**	**1S17**	**2T18**	**1T18**	**4T17**	**3T17**	**2T17**	**1S18/ 1S17**	**2T18/ 1T18**
Interest on Own Capital / Dividends (3)	200.9	162.8	116.4	84.5	174.4	83.0	81.7	23.4%	37.8%
Market Capitalization	6,032.3	5,373.9	6,032.3	8,289.9	6,093.7	7,214.3	5,373.9	12.3%	-27.2%
Book Value Per Share	17.20	16.15	17.20	17.60	17.20	16.46	16.15	6.5%	-2.3%
Average Price per Share (R$)	17.36	14.45	17.35	17.38	14.84	15.69	13.87	20.1%	-0.2%
Earnings per Share (R$)	1.23	0.76	0.64	0.59	1.26	0.55	0.45	61.8%	8.5%
Financial Index	**1S18**	**1S17**	**2T18**	**1T18**	**4T17**	**3T17**	**2T17**		
ROAA (pa.) (4)	1.4%	1.1%	1.4%	1.4%	1.8%	1.2%	1.1%		
ROAE (pa.) (5)	14.9%	11.6%	15.6%	14.4%	20.2%	13.9%	11.7%		
Efficiency Ratio (6)	51.8%	54.3%	51.8%	52.5%	52.8%	54.7%	54.3%		
Net Interest Margin on Profitable Assets	8.29%	8.32%	8.38%	8.37%	9.21%	8.31%	8.51%		
Recurring Operating Cost	4.9%	5.2%	4.9%	5.1%	5.0%	5.1%	5.2%		
Default Rate > 90 Days (7)	3.37%	4.72%	3.37%	3.43%	3.56%	4.30%	4.72%		
Cover Ratio 90 days (8)	245.7%	185.7%	245.7%	256.0%	248.6%	205.9%	185.7%		
Provisioning Index (9)	8.3%	8.8%	8.3%	8.7%	8.9%	8.9%	8.8%		
Basel Ratio (Prudential Conglomerate)	15.0%	15.7%	15.0%	15.6%	17.0%	16.5%	15.7%		
Structural Indicators	**Jun 2018**	**Jun 2017**	**Jun 2018**	**Mar 2018**	**Dez 2017**	**Set 2017**	**Jun 2017**		
Branches	517	532	517	518	526	530	532		
Service Stations	187	200	187	189	191	196	200		
Electronic Service Stations	461	478	461	486	486	480	478		
Employees	10,705	10,503	10,705	10,732	10,516	10,591	10,503		
Economic Indicator	**1S18**	**1S17**	**2T18**	**1T18**	**4T17**	**3T17**	**2T17**		
Effective Selic Rate	3.18%	5.66%	1.56%	1.59%	1.76%	2.26%	2.55%		
Exchange Rate (R$/USD - end of period)	3.86	3.31	3.86	3.32	3.31	3.17	3.31		
Exchange Rate Variation (%)	16.56%	1.51%	16.01%	0.48%	4.42%	-4.24%	4.41%		
IGP-M (General Market Price Index)	5.40%	-1.97%	3.86%	1.48%	1.62%	-0.15%	-2.68%		
IPCA (Extended Consumer Price Index)	2.60%	1.18%	1.89%	0.70%	1.14%	0.59%	0.22%		

(1) Includes Recurring Personnel Expenses and Other Administrative Expenses.
(2) Includes Interbank Deposits and deduces Repurchase Obligations.
(3) Interest on Own Capital and Dividends paid, credited and/or provisioned (before retention of income tax).
(4) Net Income / Average Total Asset.
(5) Net Income / Average Shareholders' Equity.
(6) Efficiency Ratio for the last 12 months. Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Operational Income – Other Operational Expenses).
(7) Past Due Loans > 90 days / Total Credit Portfolio.
(8) Allowance for Loan Losses / Past Due Loans > 90 days.
(9) Allowance for Loan Losses / Credit portfolio.

BUSINESS ENVIRONMENT

In connection to the new management model adopted since 2017, improvements in credit risk models for the individual and corporate retail segments and in processes of credit origination and recovery aim at improving risk-adjusted net interest income and capturing new business opportunities, all supported by effective management of credit exposure and risk-based pricing models, seeking to improve risk-adjusted financial margin and the capture of new business.

Within the commercial strategy with individuals, targeting is grounded on high liquidity operations, especially payroll loans to the public sector. In addition, Banrisul has fostered performance and positioning within the corporate segment, by launching, in the first half-year of 2018, a program aimed at micro and small enterprises, which also seeks to strengthen the use of Vero's acquiring network and the prepayment of receivables, the use of corporate account, corporate credit card and the supply of Vero Mobile equipment.

FINANCIAL HIGHLIGHTS

The summary of Banrisul's results for the 1H18 and 2Q18 are presented below. The Analysis of Performance, Management Report, Financial Statements and the Accompanying Notes are available at the Bank's website www.banrisul.com.

TABLE 2: KEY ITEMS OF THE INCOME STATEMENT

Result - R$ Million	1H18	1H17	2Q18	1Q18	4Q17	3Q17	2Q17	1H18 / 1H17	2Q18/ 1Q18
Net Interest Income	2,684.4	2,514.0	1,337.1	1,347.3	1,427.6	1,273.4	1,281.5	6.8%	-0.8%
Allowance for Loan Losses	582.7	715.6	277.7	304.9	353.0	375.8	339.9	-18.6%	-8.9%
Gross Profit from Financial Operations	2,101.7	1,798.4	1,059.4	1,042.4	1,074.7	897.6	941.6	16.9%	1.6%
Income from Services and Fees	933.5	839.4	468.4	465.2	467.0	440.1	423.9	11.2%	0.7%
Recurring Administrative Expenses	1,859.2	1,816.5	928.8	930.4	913.6	900.8	930.5	2.4%	-0.2%
Operating Income	862.9	485.0	442.2	420.7	789.4	320.3	302.4	77.9%	5.1%
Net Income	505.9	316.2	262.0	244.0	516.4	220.5	187.7	60.0%	7.4%
Recurring Net Income	505.9	367.5	262.0	244.0	323.7	220.5	184.1	37.7%	7.4%

Net income amounted to R$505.9 million in 1H18, 60.0% above 1H17. In 2Q18, net income amounted to R$262.0 million, 39.6% above 2Q17 and 7.4% above 1Q18. **Recurring net income** increased 37.7% from 1H17 to 1H18, 42.3% from 2Q17 to 2Q18 and 7.4% from 1Q18 to 2Q18.

Banrisul's **performance** from 1H17 to 1H18 reflects the increase of net interest income, the lower flow of provision expenses, increases in banking service fees and recurring administrative expenses and the unfavorable evolution of other operating expenses/income.

Comparing 2Q18 to 1Q18, the performance was mainly influenced by a flattish NII, stable fee revenues and administrative expenses, the reduction of provision expenses and a worse performance of other operational expenses/income.

Net interest income of R$2,684.4 million in 1H18 increased 6.8% (R$170.5 million) year-on-year. NII in 2Q18 amounted to R$1,337.1 million, stable from 1Q18.

Increasing **NII** from 1H17 to 1H18 resulted from the reduction of interest expenses, partially offset by lower interest income in an environment of falling interest rates. From 1Q18 to 2Q18, NII performance reflects the increase of financial expenses, partially offset by the increase in interest income.

Provision for loan losses reached R$582.7 million in 1H18, decreasing 18.6% (R$132.9 million) from 1H17 because of lower delinquency rates and the rollover of the credit portfolio by risk ratings. In 2Q18, provision expenses amounted to R$277.7 million, decreasing 8.9% (R$27.2 million) from 1Q18, influenced by the aforementioned conditions.

Banking Fees totaled R$933.5 million in 1H18, increasing 11.2% (R$94.1 million) from 1H17, particularly driven by MDR revenues (produced by the acquiring network), current account fees and fees from credit cards and insurance, pensions and capitalizations products. In 2Q18, revenues from banking fees reached R$468.4 million and were mostly flat from 1Q18.

Administrative expenses totaled R$1,859.2 million in 1H18, increasing 2.4% (R$42.8 million) year-on-year. In relation to 1Q18, administrative expenses of R$928.8 million in 2Q18 were mostly stable.

Personnel expenses increased R$30.9 million in 1H18, growing 3.3% over the (recurring) personnel expenses of 1H17, mainly due to last year's collective agreement. In 2Q18, personnel expenses increased 1.6% (R$7.6 million) from 1Q18 due to employee's vacations, event that produces a seasonal decrease in expenses at the beginning of the year.

Other administrative expenses increased 1.3% (R$11.8 million) from 1H17 to 1H18, especially impacted by the expenses related to business growth. From 1Q18 to 2Q18, other administrative expenses decreased 2.0% (R$9.2 million).

The reconciliation between reported and recurring net income is presented below, due to extraordinary events that were recorded throughout 2017. ROAE, ROAA and efficiency ratio are based on the recurring net income.

TABLE 3: ACCOUNTING NET INCOME STATEMENT X RECURRING NET INCOME

Extraordinary Events - R$ Million	1H18	1H17	2Q18	1Q18	4Q17	3Q17	2Q17
Recurring Net Income	505.9	367.5	262.0	244.0	323.7	220.5	184.1
Extraordinary Events	-	(51.3)	-	-	192.7	-	3.6
Voluntary Retirement Plan (1)	-	(93.2)	-	-	4.0	-	6.5
Voluntary Dismissal Plan (2)	-	-	-	-	(4.7)	-	-
Capitalization Distribution Agreement (3)	-	-	-	-	60.0	-	-
Tax Credit – *Plano Verão* (4)	-	-	-	-	252.1	-	-
Tax Effects (5)	-	41.9	-	-	(118.7)	-	(2.9)
Net Income	505.9	316.2	262.0	244.0	516.4	220.5	187.7
Recurring ROAA	1.4%	1.1%	1.4%	1.4%	1.8%	1.2%	1.1%
Recurring ROAE	14.9%	11.6%	15.6%	14.4%	20.2%	13.9%	11.7%
Recurring Efficiency Ratio (6)	51.8%	54.3%	51.8%	52.5%	52.8%	54.7%	54.3%

(1) Voluntary Retirement Plan, implemented in February 2017 and offered to employees retired and eligible for the national pension plan (INSS); 664 employees left the Bank under the Plan.
(2) Voluntary Dismissal Plan, launched in October 2017 and focused on employees working in branches in the state of Santa Catarina and other states outside Rio Grande do Sul; 56 employees left the Bank.
(3) Agreement for the distribution of capitalization products, in accordance with a partnership signed between Banrisul and Icatu Seguros.
(4) Accounting recognition of the amount received in 2014 related to the agreement for the distribution of life insurance and pension plans products of Icatu Seguros in Banrisul channels. In 2015, the establishment of the holding company Banrisul Icatu Participações S.A. was completed, in which Banrisul holds 49.9% of the capital.
(5) Tax benefit related to the Voluntary Retirement Plan – PAV, the Insurance Distribution Agreement and Tax Credits.
(6) Based on the last 12 months.

Recurring ROAE reached 14.9% in 1H18, 3.3 pp. above 1H17, as the result of increasing NII, decreasing provision expenses, increasing banking fees, higher administrative expenses and the worse performance of other operational expenses/income.

Recurring efficiency ratio (calculated on the last twelve months accumulated until June 2018) reached 51.8% in 1H18 from 54.3% in 1H17, reflecting the increasing financial margin and banking fees, and flat behavior of administrative expenses.

OPERATIONAL HIGHLIGHTS

TABLE 4: ASSET EVOLUTION STATEMENT

Asset Evolution Statement - R$ Million	Jun 2018	Mar 2018	Dec 2017	Sep 2017	Jun 2017	Jun 2018/ Jun 2017	Jun 2018/ Mar 2018
Total Assets	75,331.2	71,783.5	73,287.4	71,322.4	70,502.8	6.8%	4.9%
Credit Operations	32,007.0	31,780.1	31,369.1	30,492.0	30,905.4	3.6%	0.7%
Securities + Interbank Transactions - Repurchase Obligations	20,827.1	19,206.7	19,965.0	19,475.4	19,132.5	8.9%	8.4%
Funds Raised and Under Management	62,963.8	62,005.6	61,604.1	60,668.3	59,361.6	6.1%	1.5%
Shareholders' Equity	7,034.9	7,198.3	7,035.0	6,731.1	6,603.0	6.5%	-2.3%

Total assets reached R$75,331.2 million in June 2018, growing 6.8% (R$4,828.4 million) from June 2017 and 4.9% (R$3,547.7 million) from March 2018. The year-on-year asset increase reflected mainly the R$3,996.9 million growth in funding (deposits, resources from financial bills and the subordinated debt). As to asset allocation, it is worth pointing out the increase of R$2,178.2 million in treasury, of R$1,262.7 million in the stock of reserve requirements deposited at the Central Bank of Brazil, and of R$1,101.6 million in the loan book. In the last quarter, the asset trend mainly reflected the increase of R$1,770.6 million in open market funding and of R$1,394.6 million in funds raised. As for asset allocation, treasury increased R$3,391.0 and credit, R$226.9 million, whereas reserve requirements decreased R$236.2 million.

Total **credit assets** (expanded concept) reached R$32,506.0 million in June 2018, increasing 3.3% in twelve months. Excluding sureties and guarantees, loan book increased 3.6% year-on-year, especially driven by the growth of R$2,237.9 million in non-earmarked credit to individuals (including sales and transfer of financial assets), trend minimized by the reduction of R$753.5 million in corporate non-earmarked loans and by the reduction of R$459.4 million in long term financing. From March 2018 to June 2018, credit portfolio was mostly stable, increasing R$226.9 million specially due to the increase of R$337.2 million in credits linked to acquired portfolio with recourse and of R$193.3 million in individuals non-earmarked credit, while partially offset by the decrease of R$329.0 million in corporate non-earmarked credit.

TABLE 5: STATEMENT OF THE CREDIT PORTFOLIO

Credit Operations - R$ Million	Jun 2018	% Total Credit	Mar 2018	Dec 2017	Sep 2017	Jun 2017	Jun 2018/ Jun 2017	Jun 2018/ Mar 2018
Foreign Exchange	743.4	2.3%	651.4	674.7	653.6	713.5	4.2%	14.1%
Commercial	22,897.7	71.5%	23,033.5	22,488.4	21,397.7	21,455.6	6.7%	-0.6%
Individuals	16,588.7	51.8%	16,395.4	15,890.6	14,751.1	14,393.1	15.3%	1.2%
Payroll	11,820.4	36.9%	11,451.7	11,026.2	10,692.7	10,269.6	15.1%	3.2%
Other	4,768.2	14.9%	4,943.7	4,864.3	4,058.4	4,123.5	15.6%	-3.5%
Companies	6,309.0	19.7%	6,638.1	6,597.8	6,646.6	7,062.5	-10.7%	-5.0%
Working Capital	4,234.0	13.2%	4,444.4	4,449.3	4,384.5	4,771.1	-11.3%	-4.7%
Other	2,075.0	6.5%	2,193.7	2,148.5	2,262.1	2,291.4	-9.4%	-5.4%
Long-term Financing	1,069.3	3.3%	1,152.1	1,231.4	1,409.8	1,528.7	-30.1%	-7.2%
Real Estate Financing	3,974.2	12.4%	3,908.5	3,828.9	3,808.6	3,821.1	4.0%	1.7%
Agricultural Financing	2,319.1	7.2%	2,380.7	2,383.4	2,362.5	2,425.3	-4.4%	-2.6%
Other (1)	1,003.4	3.1%	654.0	762.3	859.7	961.1	4.4%	53.4%
Total of Credit-like Transactions	**32,007.0**	**100.0%**	**31,780.1**	**31,369.1**	**30,492.0**	**30,905.4**	**3.6%**	**0.7%**

(1) Includes leasing, credits linked to acquired portfolio and public sector.

Securities and interbank investments totaled R$25,795.0 million, increasing 8.9% (R$1,694.6 million) year-on-year, with net balance of R$20,827.1 million at the end of June 2018 (deducted of repurchase transactions). The evolution of the treasury portfolio in the period was influenced by the expansion of deposits in an environment in which reserve requirements and loan portfolio increased. From March 2018 to June 2018, the balance of securities and interbank investments, net of repo operations, increased 8.4% (R$1,620.4 million), impacted by the increase of deposits in a context of increasing credit portfolio and decreasing reserve requirements.

Funds raised and under management, composed by deposits, bank notes, subordinated bond and third-party funds, totaled R$62,963.8 million, increasing 6.1% (R$3,602.2 million) in twelve months, especially driven by the increase of R$3,620.1 million in deposits. In the last quarter, funds raised and under management increased 1.5% (R$958.2 million) because of the growth of R$958.7 million in deposits and of R$240.6 million in subordinated debt, partially offset by the decrease of R$436.4 million in funds under management.

Shareholders' equity reached R$7,034.9 million at the end of June 2018, increasing 6.5% (R$431.9 million) from June 2017 and decreasing 2.3% (R$163.3 million) from March 2018, on account of the incorporation of results after the payments of interest on own capital and dividends, the R$353.3 million capital reduction approved at the General Shareholders' Meeting and ratified by the Central Bank of Brazil, the reassessment of actuarial liabilities on post-employment benefits pursuant to the procedures set forth by CPC 33 (R1), and the exchange rate adjustments upon the equity of foreign branches, as put forth by National Monetary Council resolution No. 4524/16. In the last quarter, the trend reflects the incorporation of results after the payment of interest on own capital and dividends, the reduction of capital and the exchange rate adjustments on equity of foreign branches.

Banrisul paid and provisioned R$671.3 million in **taxes and contributions** in 1H18. Tax withholding totaled R$547.3 million, levied directly on financial intermediation and other payments.

TABLE 6: OTHER INDICATORS

Indicators - %	1H18	1H17	2Q18	1Q18	4Q17	3Q17	2Q17
Net Interest Margin	8.29%	8.32%	8.38%	8.37%	9.21%	8.31%	8.51%
Basel Ratio (Prudential Conglomerate)	15.0%	15.7%	15.0%	15.6%	17.0%	16.5%	15.7%
Loan Portfolio Normal Risk / Total Credit	87.9%	87.7%	87.9%	87.4%	87.8%	88.0%	87.7%
Loan Portfolio Risks 1 and 2 / Total Credit	12.1%	12.3%	12.1%	12.6%	12.2%	12.0%	12.3%
Default Rate > 90 Days	3.37%	4.72%	3.37%	3.43%	3.56%	4.30%	4.72%
Cover Ratio > 90 Days	245.7%	185.7%	245.7%	256.0%	248.6%	205.9%	185.7%
Provision Ratio	8.3%	8.8%	8.3%	8.7%	8.9%	8.9%	8.8%

From 1H17 to 1H18, **NIM** resulted from the reduction of the Selic rate, with a direct effect on financial income and expenses, as well as from the increase, albeit small, of profitable assets as a proportion of total assets, specially treasury.

The **90-day default rate** reached 3.37% in June 2018, decreasing 1.35 pp. in twelve months and 0.06 pp. in the last three months. The balance of 90-day past due credit reached R$1,082.2 million in June 2018, decreasing 25.8% in twelve months and stable in the last quarter. **Coverage ratio** reached 245.7% in June 2018 (90-day past due portfolio), compared to 185.7% in June 2017 and 256.0% in March 2018. The trend of the 90-day coverage ratio in the last quarter was influenced by the decrease in the balance of provision for loan losses, in a context of stable overdue credit.

Total provisions reached 8.3% of the outstanding credit portfolio in June 2018, 0.5 pp. under June 2017 and 0.4 pp. under March 2018. The balance of credit provisions decreased R$49.6 million in twelve months due to the decrease in overdue credit and the rollover of risk rating levels, in a context of increasing credit portfolio. The portfolio of normal risk loans increased 0.2 pp. in relation to June 2017. In the last quarter, the balance of provision expenses decreased R$118.6 million and the share of normal risk loan portfolio in relation to the total loan book increased 0.5 pp.

GUIDANCE

Guidance was prepared based on the settlement in cash of Banrisul's capital reduction related to the process of obtaining the registration of Banrisul Cartões as a publicly held company. Should the capital reduction be paid in shares issued by Banrisul Cartões, in the likelihood of an IPO of the subsidiary still in 2018, the resulting impacts from said event will be treated as extraordinary.

The expected growth of the loan portfolio was revised in relation to that disclosed in 1Q18. Non-earmarked credit to individuals remains within expected range; guidance of non-earmarked credit to companies was reduced, as economic growth differs from the expected pace. On the other hand, real estate loans were revised to a higher level.

Expected trend for provisions and funding maintained. Performance, ROAE, efficiency ratio and financial margin were revised on account of observed lower costs of funding and improvements in banking fees.

TABLE 7: GUIDANCE

Guidance	2018	
	Projected [1]	Revised 1H18
Credit Portfolio	5% to 9%	3% to 7%
Non-direct Lending - Individuals	5% to 9%	5% to 9%
Non-direct Lending - Companies	5% to 9%	-5% to -1%
Real Estate Loans	0% to 4%	3% to 7%
Provision Expenses / Credit Portfolio	3.5% to 4.5%	3.5% to 4.5%
Balance of Loan Losses / Credit Portfolio	8% to 9%	8% to 9%
Funding	8% to 12%	8% to 12%
Recurring Return on Average Shareholders' Equity	11% to 14%	12.5% to 15.5%
Efficiency Ratio	51% to 55%	50% to 54%
Net Financial Margin / Interest-Earning Assets	7% to 8%	7.5% to 8.5%

(1) Disclosed in 1Q18.

Porto Alegre, August 14, 2018.

Banrisul