Financial Statements

June/2015

Banrisul

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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’ service 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	**1H15**	**1H14**	**2Q15**	**1Q15**	**4Q14**	**3Q14**	**2Q14**	**1H15 / 1H14**	**2Q15 / 1Q15**
Financial Margin	2,140.8	1,812.1	1,088.1	1,052.7	998.5	979.3	942.9	18.1%	3.4%
Allowance for Loan Losses Expenses	710.4	337.9	305.8	404.6	237.1	209.3	141.5	110.3%	-24.4%
Gross Profit from Financial Operations	1,430.3	1,474.2	782.3	648.1	761.4	769.9	801.4	-3.0%	20.7%
Financial Income	5,033.6	3,580.3	2,104.3	2,929.3	2,330.6	2,285.8	1,821.4	40.6%	-28.2%
Financial Expenses	3,603.3	2,106.1	1,322.1	2,281.2	1,569.2	1,515.8	1,019.9	71.1%	-42.0%
Income from Services and Fees	676.0	554.9	351.1	324.9	333.1	308.4	286.4	21.8%	8.1%
Recurring Administrative Expenses(1)	1,443.2	1,305.1	723.5	719.7	747.4	689.9	672.4	10.6%	0.5%
Other Recurring Operational Expenses	198.6	159.6	97.0	101.6	101.7	86.0	69.5	24.5%	-4.5%
Other Recurring Operational Income	197.8	129.9	74.1	123.7	93.9	97.5	69.8	52.3%	-40.1%
Adjusted Net Income	339.9	360.6	192.9	147.0	177.0	215.3	222.7	-5.7%	31.2%
Net Income	339.9	227.9	192.9	147.0	248.2	215.3	150.1	49.2%	31.2%
Main Balance Sheet Accounts - R$ Million	**Jun 2015**	**Jun 2014**	**Jun 2015**	**Mar 2015**	**Dec 2014**	**Sep 2014**	**Jun 2014**	**Jun 2015/ Jun 2014**	**Jun 2015/ Mar 2015**
Total Assets	63,768.9	57,212.1	63,768.9	61,357.3	59,561.7	59,092.2	57,212.1	11.5%	3.9%
Securities (2)	16,652.8	12,654.7	16,652.8	14,645.9	14,599.0	12,719.5	12,654.7	31.6%	13.7%
Total Credit Portfolio	31,091.2	28,062.4	31,091.2	31,027.0	30,487.0	29,950.8	28,062.4	10.8%	0.2%
Allowance for Loan Losses	1,959.9	1,622.6	1,959.9	1,861.0	1,694.0	1,713.8	1,622.6	20.8%	5.3%
Past Due Loans > 60 Days	1,345.3	1,126.5	1,345.3	1,324.0	1,169.1	1,221.9	1,126.5	19.4%	1.6%
Past Due Loans > 90 Days	1,163.1	990.2	1,163.1	1,102.5	1,034.4	1,058.6	990.2	17.5%	5.5%
Funds Raised and Under Management	51,006.1	44,622.1	51,006.1	49,248.5	48,064.9	46,397.0	44,622.1	14.3%	3.6%
Shareholders' Equity	5,851.3	5,273.6	5,851.3	5,742.2	5,671.3	5,420.7	5,273.6	11.0%	1.9%
Reference Equity (3)	7,033.8	6,663.2	7,033.8	6,927.7	7,062.3	6,812.6	6,663.2	5.6%	1.5%
Average Shareholders' Equity	5,761.3	5,211.7	5,796.7	5,706.7	5,546.0	5,347.2	5,217.5	10.5%	1.6%
Average Total Assets	61,665.3	55,211.4	62,563.1	60,459.5	59,326.9	58,152.1	57,328.9	11.7%	3.5%
Average Profitable Assets	56,155.5	51,535.5	56,867.8	55,443.2	53,756.4	52,432.6	51,650.7	9.0%	2.6%
Stock Market Information - R$ Million	**1H15**	**1H14**	**2Q15**	**1Q15**	**4Q14**	**3Q14**	**2Q14**	**1H15 / 1H14**	**2Q15 / 1Q15**
Interest on Own Capital / Dividends (4)	161.4	132.7	84.4	77.0	80.3	67.7	66.6	21.6%	9.6%
Market Capitalization	3,643.9	4,396.5	3,643.9	4,498.7	5,930.1	6,011.9	4,396.5	-17.1%	-19.0%
Book Value Per Share	14.31	12.89	14.31	14.03	13.87*	13.25	12.89	11.0%	2.0%
Average Price per Share (R$)	11.39	11.62	10.56	12.23	13.91	13.26	11.84	-2.0%	-13.7%
Earnings per Share (R$)	0.83	0.56	0.47	0.36	0.61	0.53	0.37	48.2%	30.6%
Financial Index	**1H15**	**1H14**	**2Q15**	**1Q15**	**4Q14**	**3Q14**	**2Q14**		
ROAA (pa.) (5)	1.1%	1.3%	1.2%	1.0%	1.2%	1.5%	1.6%		
ROAE (pa.) (6)	12.1%	14.3%	14.0%	10.7%	13.4%	17.1%	18.2%		
Efficiency Ratio (7)	53.0%	55.9%	53.0%	53.9%	55.3%	55.2%	55.9%		
Financial Margin (8)	7.77%	7.16%	7.88%	7.81%	7.64%	7.68%	7.50%		
Recurring Operating Cost	4.5%	4.5%	4.5%	4.6%	4.6%	4.5%	4.5%		
Default Rate > 60 Days (9)	4.33%	4.02%	4.33%	4.27%	3.83%	4.08%	4.02%		
Default Rate > 90 Days (10)	3.74%	3.53%	3.74%	3.55%	3.39%	3.53%	3.53%		
Cover Ratio 60 days (11)	145.7%	144.0%	145.7%	140.6%	144.9%	140.3%	144.0%		
Cover Ratio 90 days (12)	168.5%	163.9%	168.5%	168.8%	163.8%	161.9%	163.9%		
Provisioning Index (13)	6.3%	5.8%	6.3%	6.0%	5.6%	5.7%	5.8%		
Basel Ratio - Financial Conglomerate(14)	17.7%	16.5%	17.7%	17.0%	17.8%	17.2%	16.5%		
Structural Indicators	**Jun 2015**	**Jun 2014**	**Jun 2015**	**Mar 2015**	**Dec 2014**	**Sep 2014**	**Jun 2014**		
Branches	534	522	534	531	528	524	522		
Service Stations	206	210	206	206	206	208	210		
Electronic Service Stations	569	589	569	593	594	604	589		
Employees	11,546	11,718	11,546	11,588	11,636	11,679	11,718		
Economic Indicator	**1H15**	**1H14**	**2Q15**	**1Q15**	**4Q14**	**3Q14**	**2Q14**		
Effective Selic Rate	5.94%	5.02%	3.03%	2.82%	2.78%	2.75%	2.53%		
Exchange Rate (R$/USD - end of period)	3.10	2.20	3.10	3.21	2.66	2.45	2.20		
Exchange Rate Variation (%)	16.81%	-5.98%	-3.29%	20.77%	8.37%	11.28%	-2.67%		
IGP-M (General Market Price Index)	4.33%	2.45%	2.27%	2.02%	1.89%	-0.68%	-0.10%		
IPCA (Extended Consumer Price Index)	6.17%	3.75%	2.26%	3.83%	1.72%	0.83%	1.54%		

*Revised

(1) Includes Personnel Expenses and Other Administrative Expenses.

(2) Includes Interbank Deposits and deduces Repurchase Obligations.

(3) Based on the Financial Conglomerate for the year 2014. From 2015 onwards, as set forth by CMN Resolutions No. 4192/13 and No. 4193/13, calculated based on the Prudential Conglomerate.

(4) Interest on Own Capital and Dividends paid and/or provisioned (before retention of income tax).

(5) Net Income / Average Total Asset.

(6) Net Income / Average Shareholders' Equity.

(7) 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).

(8) Net Interest Income as a percentage of Average Profitable Assets.

(9) Past Due Loans > 60 days / Total Credit Portfolio.

(10) Past Due Loans > 90 days / Total Credit Portfolio.

(11) Allowance for Loan Losses / Past Due Loans > 60 days.

(12) Allowance for Loan Losses / Past Due Loans > 90 days.

(13) Allowance for loan losses / credit portfolio.

(14) Based on the Financial Conglomerate for the year 2014. From 2015 onwards, as set forth by CMN Resolutions No. 4192/13 and No. 4193/13, calculated based on the Prudential Conglomerate.

MATERIAL FACTS

On April 16, 2015, Banrisul's new Executive Board took office. Luiz Gonzaga Mota Veras and Irany de Oliveira Sant'Anna Junior are Banrisul's new CEO and Vice-President, respectively. Other executive positions, such as Chief Information Technology, Chief Asset Management Officer, Chief Business Planning and Expansion Officer, Chief Commercial Officer, Chief Credit Officer, Chief Administrative Officer and Chief Financial and Investor Relations Officer are occupied respectively by Jorge Krug Fernando Santos, Jorge Luiz Oliveira Loureiro, Júlio Francisco Gregory Brunet, Leodir Antonio Araldi, Oberdan Celestino de Almeida, Suzana Flores Cogo and Ricardo Richiniti Hingel. Of the nine new directors, seven are Banrisul's career employees.

The new Executive Board defined as Banrisul institutional management pillars to turn it into an increasingly modern, sustainable and efficient in providing services to the community. Due to a restrictive economic environment, the Company's business policy prioritized the repricing of assets and the review of credit parameters and procedures during the first half of 2015, in addition to ongoing collection efforts of delinquent transactions, aiming to preserve margins, stabilize provision levels and improve returns.

At the beginning of the second half of the year, aligned with the Company's short and medium term policies, the Retirement Severance Plan was launched on July 27, 2015, to stimulate employees who fulfill the conditions for retirement according to the rules of the official pension plan and the supplementary pension plan offered by Banrisul Foundation to leave the Bank in favorable conditions, while allowing the Bank to better control relevant administrative expenses, with impacts on return and efficiency.

FINANCIAL HIGHLIGHTS

We report Banrisul's most relevant numbers for 2Q15 and 2H15. 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	1H15	1H14	2Q15	1Q15	4Q14	3Q14	2Q14	1H15 / 1H14	2Q15 / 1Q15
Net Interest Income	2,140.8	1,812.1	1,088.1	1,052.7	998.5	979.3	942.9	18.1%	3.4%
Allowance for Loan Losses	710.4	337.9	305.8	404.6	237.1	209.3	141.5	110.3%	-24.4%
Gross Profit from Financial Operations	1,430.3	1,474.2	782.3	648.1	761.4	769.9	801.4	-3.0%	20.7%
Income from Services and Fees	676.0	554.9	351.1	324.9	333.1	308.4	286.4	21.8%	8.1%
Recurring Administrative Expenses	1,443.2	1,305.1	723.5	719.7	747.4	689.9	672.4	10.6%	0.5%
Operating Income	481.4	277.9	293.5	187.9	367.2	318.6	168.9	73.2%	56.2%
Consolidated Net Income	339.9	227.9	192.9	147.0	248.2	215.3	150.1	49.2%	31.2%
Net Income Adjusted for Non-Recurring Events	339.9	360.6	192.9	147.0	177.0	215.3	222.7	-5.7%	31.2%

Net income totaled R$339.9 million in 1H15, 5.7% (R$20.7 million) below the recurring net income of 1H14 and 49.2% (R$112.1 million) above recorded net income of 1H14. Annualized ROAE was 12.1% in 1H15. In 2Q15, net income totaled R$192.9 million, 13.4% below the recurring net income and 28.5% above the accounting net income achieved in the same quarter last year. From 1Q15 to 2Q15, net income grew 31.2% (R$45.9 million).

Banrisul's **performance** in **1H15** was impacted by an increasing flow of credit provisions and of expansion of net interest income expansion, favored by the repricing of assets due to the increasing cycle of the Selic rate and by increase of balances. Also contributed to the performance of the period the growth of banking fees related to the acquiring business, insurance, pension and capitalization bonds, and the growth of administrative expenses, mostly from those in connection with the acquiring network and loans originated at banking correspondents.

From 1Q15 to 2Q15, bottom line was influenced by lower flow of provisioning expenses and by the expansion of net interest income in a context of lower revenues and expenses affected by FX volatility, as well as by higher fees and the relative stabilization of administrative expenses.

Net interest income of R$2,140.8 million in 1H15 increased 18.1% (R$328.7 million) from 1H14, while increased 15.4% (R$145.2 million) from 2Q14 to 2Q15 and 3.4% (R$35.4 million) from 1Q15 to 2Q15. NII expansion improved especially due to spreads on assets recovery in connection with the trend of higher Selic rate. The portfolio repricing and the growth in volumes contributed to increase on margin.

Provision for loan losses reached R$710.4 million in 1H15, increasing 110.3% (R$372.6 million) from 1H14. From 2Q14 to 2Q15, provision expenses increased R$164.3, and reduced R$98.8 million from 1Q15 to 2Q15. Although normal risk credit portfolio had preserved its representativeness over the last twelve months, the rolling over of the portfolio required additional provisions for delays at higher credit rating levels, which occurred in a period of increasing credit balance and higher write-offs, taking into account flows for 1H14 and 1H15, the balance of the loan book and the lower need of provisions expenses to handle with the cost of credit throughout the last quarter.

Fees from services reached R$676.0 million in 1H15, driven by the performance of Banrisul Cartões and insurance, pension plan and capitalization products., Of the increase of 21.8% (R$121.million) in service fees from 1H14 to 1H15, R$64.3 million were produced by the acquiring business, and R$13.3 million from insurance, pension plan and capitalization fees. Banking fees grew 22.6% (R$64.7 million) from 2Q14 to 2Q15 and 8.1% (R$26.2 million) from 1Q15 to 2Q15, favored income from the acquiring network, and with fees from banking accounts and insurance, pension plans and capitalization.

Administrative expenses of R$1,443.2 million increased 10.6% (R$138.1 million) from 1H14 to 1H15. From 2Q14 to 2Q15, administrative expenses expanded by 7.6% (R$51.1 million), and remain relatively flattish from 1Q15 to 2Q15. Other administrative expenses represented 55.7% of the increment in expenses from 1H14 to 1H15, especially impacted by the increase in the costs related with interchange expenses from acquiring business and with payroll credit origination via banking correspondents. From 2Q14 to 2Q15, other administrative expenses were responsible for 64.9% of the total costs variation, and for the same reasons that explain the performances from January to June in 2014 and 2015. From 1Q15 to 2Q15, other administrative expenses decreased by R$2.3 million, particularly reflecting the slowdown of expenses with payroll credit origination via banking correspondents, in line with new regulation for the recognition of said expenses.

Personnel expenses increased 8.6% (R$61.2 million) from 1H14 to 1H15, mainly due to the collective bargaining agreement that took place in September 2014. On 2Q15, personnel expenses grew 4.8% (R$17.9 million) from 2Q14, on account the same reasons previously cited. From 1Q15 to 2Q15, personnel expenses increased 1.6% (R$6.1 million). Services fees covered 87.4% of the recurring personnel expenses in 1H15, 9.5 pp. above the ratio recorded in 1H14.

The recurring **efficiency ratio,** calculated over the last twelve months, reached 53.0%, 2.9 pp. below the amount reached in the same period of 2014, reflecting the increase in net interest income and the bank and services fees, partly offset by higher administrative expenses.

The **reconciliation between reported and recurring net income**, to demonstrate the extraordinary events that influenced the Bank's results in 2014, the basis for comparison with 2015 performance, is presented below:

TABLE 3: ACCOUNTING NET INCOME STATEMENT X ADJUSTED NET INCOME

Extraordinary Events - R$ Million	1H15	1H14	2Q15	1Q15	4Q14	3Q14	2Q14
Accounting Net Income	339.9	360.6	192.9	147.0	177.0	215.3	222.7
Extraordinary Events	-	(132.7)	-	-	71.1	-	(72.6)
Banrisul Foundation (FBSS) Migrating/Restructuring Process(1)	-	(204.5)	-	-	-	-	(173.8)
Retirement Incentive Plan (2)	-	(64.1)	-	-	-	-	3.2
Insurance Distribution Agreement (3)	-	-	-	-	115.0	-	-
Tax Effects	-	135.9	-	-	(43.9)	-	98.0
Adjusted Net Income	339.9	227.9	192.9	147.0	248.2	215.3	150.1
Adjusted ROAA	1.1%	1.3%	1.2%	1.0%	1.2%	1.5%	1.6%
Adjusted ROAE	12.1%	14.3%	14.0%	10.7%	13.4%	17.1%	18.2%
Adjusted Efficiency Ratio	53.0%	55.9%	53.0%	53.9%	55.3%	55.2%	55.9%

(1) Restructuring of Banrisul Foundation's post-employment benefits plans concluded in the first half of 2014. The expenses to the newly created plans totaled R$288.1 million, of which R$31.9 million paid to participants of the Defined Benefit Plan (PBI) as migration incentive and R$256.2 million deposited directly into the participant's account under the Settled Defined Benefit Plan or the FBPREV II Plan (of Variable Contribution type), minimized by actuarial gains of R$83.6 million, linked to the risk share portion of the Sponsor's obligations arising from the settlement effect calculated upon the rights of the PBI plan participants who migrate.
(2) The Retirement Incentive Plan addressing employees that were entitled to retire in 2014, to which 554 employees enrolled.
(3) The agreement for the distribution of Icatu's life insurance and pension plans on an exclusive basis within Banrisul network. A joint venture will be created, and Banrisul will hold 49.99% of its capital.

The reconciliation between recorded and adjusted net income was used to calculate ROAE, assets indicators and efficiency ratio in 2014. ROAE decreased 2.2 pp. from 1H14 to 1H15 and increased 3.3 pp quarter-on-quarter. Loan loss provisions flow affected ROAE and ROAA in the first half of 2015, reflecting in the reduction of indicators. Considering the annualized quarterly indicators, minimized by the growth of expenditures on credit and administrative provisions, the performance of the net interest income and fee income signal that indicators may be on a recovery route.

OPERATIONAL HIGHLIGHTS

TABLE 4: ASSET EVOLUTION STATEMENT

Asset Evolution Statement - R$ Million	Jun 2015	Mar 2015	Dec 2014	Sep 2014	Jun 2014	Jun 2015/ Jun 2014	Jun 2015/ Mar 2015
Total Assets	63,768.9	61,357.3	59,561.7	59,092.2	57,212.1	11.5%	3.9%
Credit Operations	31,091.2	31,027.0	30,487.0	29,950.8	28,062.4	10.8%	0.2%
Securities + Interbank Transactions - Repurchase Obligations	16,652.8	14,645.9	14,599.0	12,719.5	12,654.7	31.6%	13.7%
Funds Raised and Under Management	51,006.1	49,248.5	48,064.9	46,397.0	44,622.1	14.3%	3.6%
Shareholders' Equity	5,851.3	5,742.2	5,671.3	5,420.7	5,273.6	11.0%	1.9%

At the end of June 2015, **total assets** reached R$63,768.9 million, growing 11.5% (R$6,556.8 million) from June 2014, R$4,207.2 million from December 2014 and R$2,411.6 million from March 2015. The year-on-year increase in assets was originated mostly from the increase of R$4,247.1 million in deposits; funds raised were directed into treasury operations, which increased by R$3,092.3 million, and into credit assets, which expanded by R$3,028.8 million. In the last quarter, assets increase was mainly due to the rise of R$1,508.5 million in deposits, while allocation focused on treasury, which grew by R$1,855.2 million, in an environment of higher restriction to operations and credit.

Total **credit assets** (according to the expanded concept) reached R$32,426.6 million, increasing 10.6% in the last twelve months. Considering only credit portfolio, the year-to-year increase was of 10.8% (R$3,028.8 million), especially driven by the growth of R$1,003.4 million in the commercial (non-earmarked) credit portfolio, and of R$637.3 million from the acquisition of payroll loan with recourse, pursuant to Central Bank of Brazil's Circular No. 3712 and No. 3715, of July and August 2014. Real estate lending increased R$659.9 million, long-term finance increased R$588.4 million and foreign exchange portfolio expanded R$146.4 million in twelve months. Quarter-on-quarter, loan book remained stable due to an environment of greater restraint in credit offer and demand.

Securities and interbank investments totaled R$16,652.8 million at the end of June 2015, growing R$3,998.2 million in the last twelve months. Quarter-on-quarter, their balance grew R$2,006.9 million.

Funds raised and under management, composed by deposits, *letras financeiras*, subordinated debt and investment funds, totaled R$51,006.1 million, increasing 14.3% (R$6,384.0 million) in twelve months, especially driven by the increase of R$4,247.1 million in deposits and of R$1,205.6 million in investment funds. Deposits expanded 4.3% (R$1,508.5 million) from March to June 2015, due to the increment of R$1,428.0 million in time deposits.

Shareholders' equity reached R$5,851.3 million at the end of June 2015, increasing 11.0% (R$577.7 million) from June 2014 and R$109.1 million from March 2015, by incorporating results net of payments of dividends and interest on own capital, and the reassessment of actuarial liabilities of the post-employment benefit plans adjusted to tax benefits, as per accounting procedures set forth by CPC 33 (R1).

In the first half of 2015, Banrisul paid and provisioned R$385.9 million in **taxes and contributions**. Tax withholding totaled R$458.4 million, levied directly on financial intermediation and other payments.

TABLE 5: OTHER INDICATORS

Indicators - %	1H15	1H14	2Q15	1Q15	4Q14	3Q14	2Q14
Net Interest Margin	7.77%	7.16%	7.88%	7.81%	7.64%	7.68%	7.50%
Basel Ratio (1)	17.7%	16.5%	17.7%	17.0%	17.8%	17.2%	16.5%
Loan Portfolio Normal Risk/Total Credit	90.1%	90.0%	90.1%	90.5%	91.3%	90.4%	90.0%
Loan Portfolio Risks 1 and 2/Total Credit	9.9%	10.0%	9.9%	9.5%	8.7%	9.6%	10.0%
Default Rate > 60 Days	4.33%	4.02%	4.33%	4.27%	3.83%	4.08%	4.02%
Default Rate > 90 Days	3.74%	3.53%	3.74%	3.55%	3.39%	3.53%	3.53%
Cover Ratio > 60 Days	145.7%	144.0%	145.7%	140.6%	144.9%	140.3%	144.0%
Cover Ratio > 90 Days	168.5%	163.9%	168.5%	168.8%	163.8%	161.9%	163.9%
Provision Ratio	6.3%	5.8%	6.3%	6.0%	5.6%	5.7%	5.8%

(1) During the year 2014, based on the financial conglomerate. From 2015, as provided for CMN Resolutions No. 4192/13 and No. 4193/13, based on the Prudential Conglomerate.

The NII increase from 1H14 to 1H15 was due to higher income produced by the interest-earning assets in relation to the expenses generated by interest-bearing liabilities, accompanying the trend of the Selic rate. The repricing of the credit portfolio and the growth of the balance of assets contributed to improving spreads. The quarterly NII reflect the growth of fees compared with increase of balance of assets portfolio.

The 60-day **default rate** reached 4.33% in June 2015, an increase of 0.31 pp. in the last twelve months, of 0.50 pp. in the last six months and of 0.06 pp. in the last three months. Loans in arrears totaled R$1,345.3 million in June 2015, an increase of R$218.8 million over June 2014. The 90-day default rate reached 3.74%, totaling R$1,163.1 million in loans overdue. The 90-day delinquency ratio increased 0.21 pp. year-on-year and 0.19 pp. quarter-on-quarter.

Cover ratio reached 145.7% for loans in arrears over 60 days, higher than the 144.0% in June 2014 and the 140.6% in March 2015. The 90-day cover ratio reached 168.5%, higher than the 163.9% of June 2014 and stable compared to the 168.8% of March 2015. The cover ratio was influenced by the increase in the amount of defaulted credits and the current levels of customer risk.

Total provisions reached 6.3% of outstanding credit portfolio in June 2015, 0.5 pp. above June 2014 and 0.3 pp. higher than March 2015. The balance of credit provisions increased R$337.3 million due to the growth in the outstanding balance of credit assets and NPL. The loan book by rating levels improved by 0.1 pp. in the last twelve months. From 1Q15 to 2Q15, the balance of provision expenses increased R$98.9 million, while and the representativeness of the normal risk loan portfolio decreased by 0.4 pp. in relation to the total loan book.

GUIDANCE

Expected performance indicators for 2015 - provisions, return, margin and efficiency -, disclosed publicly when the financial statements for 2014 were reported, have been maintained. However, targets for credit and commercial credit for 2015 were reviewed, due to the higher environmental risk of economic activity retraction level.

The rollover of specific credit transactions from within the corporate segment at higher rating levels reflected in the flow of loan loss provisions during the semester. However, the asset quality and ongoing credit recovery policy help support less volatile expectations for the flow of provision expenses at levels consistent with the ranges set for 2015.

Margin indicators follow a recovery path due to repricing movements of the asset portfolio, with the consequent spreads expansion in an environment of higher Selic rate. ROAE and ROAA should benefit from improving NII and the consolidation of banking fees, especially those from acquiring business and insurance, pension and capitalization products.

As to the efficiency, performed indicators confirm the trajectory of convergence to more favorable levels, as verified also on the indicators of personnel expenses covered with fees, both in line with the maturity of new business.

TABLE 6: GUIDANCE

Guidance	2015	
	Expected	1H15 Reviewed
Credit Portfolio	9% to 13%	7% to 11%
Commercial Credit - Individuals	10% to 14%	8% to 12%
Commercial Credit - Companies	8% to 12%	6% to 10%
Real Estate Loans	9% to 13%	9% to 13%
Allowance for Loan Losses Expenses/Credit Portfolio	2.5% to 3.5%	2.5% to 3.5%
Allowance for Loan Losses Balance/Credit Portfolio	5.5% to 6.5%	5.5% to 6.5%
Funding	10% to 14%	10% to 14%
Recurring Return on Average Shareholders' Equity	14% to 17%	14% to 17%
Efficiency Ratio	52% to 56%	52% to 56%
Net Financial Margin / Interest-Earning Assets	7% to 8%	7% to 8%

Porto Alegre, August 12, 2015.

Banrisul