

# FINANCIAL STATEMENTS

MARCH, 2009



 **Banrisul**  
BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.

## Message from the CEO



Banrisul, a leading financial institution in the regional market, is committed to the development of the state and the country.

The economic scenario has changed. The financial crisis that spread through the economy affected the world system and was reflected in the performance of financial institutions both in Brazil and around the world. The model of results used at Banrisul has prepared us to safely and responsibly make the adaptations necessary for daily business management.

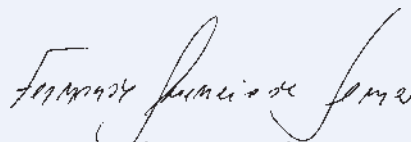
Banrisul enjoys financial balance due to its capacity to secure diverse funding and solid treasury structure tied to on federal bonds. The Basel II Ratio of 19.1% and Leverage Ratio of only 3.8% prove the Bank's comfortable position in the market. In 1Q09, Net Income amounted to R\$106.5 million.

Credit, our main asset, is a tool that will allow economic activity to recover. In the past year, the performance of the Bank's Credit Portfolio has been positive despite the fact it suffered with the effects of the international crisis and

declined in 1Q09. On March 31, 2009, the balance of operations totaled R\$11.8 billion, an increase of 33.6% year-on-year. The Commercial Portfolio went from R\$6.5 billion to R\$8.7 billion. Year-on-year, Commercial Credit operations for Individuals and Commercial Credit operations for Companies increased by 33.9% and 35.6%, respectively

At the end of March 2009, Total Assets reached R\$26.5 billion, an increase of 22.5% year-on-year. Funds Raised and Under Management, totaling R\$19.4 billion, increased 10.2% in the same period. Time Deposits, the main funding instrument for credit operations, increased by 22.9% in the period.

The prestige the Bank has earned in the past years increases awareness of the importance improving the quality of services offered and expanding corporate and social responsibility initiatives. The vision of sustainability applied to all of the Bank's activities demonstrates the responsibility of building a promising future for new generations.



Fernando Guerreiro de Lemos  
CEO





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## Press Release

### Bovespa: BRSR3, BRSR5 , BRSR6

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 that are not limited to the price and service war impact, acceptance of services by the market, service transactions of either the Company or its competitors, regulatory approval, currency fluctuation, changes in the service mix and other risks described in the Company's reports. This Press Release is updated until the present date and Banrisul is not obliged to update it upon new information and/or future events.

### Thursday, May 14, 2009 Earnings Result for the 1<sup>st</sup> Quarter of 2009

We report Banrisul's important numbers for the 1<sup>st</sup> Quarter of 2009. The Analysis of Results, Management Report, Financial Statements and the Accompanying Notes are available at the Bank's site ([www.banrisul.com.br/ir](http://www.banrisul.com.br/ir)).

Results (R\$ Million)	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
Net Financial Margin	435.5	571.2	606.7	39.3%	6.2%
Allowance for Loan Losses Expenses	(40.7)	(55.7)	(150.2)	268.8%	169.6%
Gross Profit from Financial Operations	394.8	515.5	456.5	15.6%	-11.5%
Income from Services Rendered	143.3	138.7	142.2	-0.7%	2.6%
Revenue from Credit Operations and Leasing	479.0	716.6	710.0	48.2%	-0.9%
Personnel and Other Administratives Expenses	(331.7)	(381.7)	(378.9)	14.2%	-0.8%
Interest on Own Capital / Dividends	(87.1)	(81.0)	(47.1)	-45.9%	-41.8%
Consolidated Net Income	120.9	171.9	106.5	-11.9%	-38.0%

**Net Income** in 1Q009 totaled R\$106.5 million, R\$14.4 million lower than the 1Q08 amount of R\$120.9 million, and R\$65.4 million lower than the 4Q08 amount of R\$171.9 million. Despite the increase in revenues from credit and treasury operations, recent performance was impacted by the greater necessity for allowance for loan losses, due to the further slowdown in production levels, with a strong impact in the production commercialization

and income domestic and their effects on default levels. Given the effects of higher provisions, the Return on **Average Shareholders' Equity (ROAE)** reached 14.4% in 1Q09.

In 1Q09, Banrisul collected and provisioned R\$120.2 million in taxes and contributions. Taxes withheld and paid, levied directly on financial intermediation and other payments, amounted to R\$95.3 million.

Highlights (R\$ Million)	Mar/08	Dec/08	Mar/09	Mar/09 Mar/08	Mar/09 Dec/08
Total Assets	21,630.1	25,205.4	26,501.5	22.5%	5.1%
Total Credit Operations	8,860.7	11,453.6	11,833.8	33.6%	3.3%
Securities <sup>(1)</sup>	6,331.9	8,563.6	9,114.0	43.9%	6.4%
Funding	17,622.0	19,058.2	19,422.9	10.2%	1.9%
Stockholders' Equity	2,821.7	3,079.1	3,139.2	11.3%	1.9%

Securities + Interbank Investments - Matched Transactions





**Consolidated Total Assets** totaled R\$26,501.5 million in March 2009, 22.5% more than in March 2008 and 5.1% over December 2008. The Return on Average Total Assets (ROAA) reached in 1.7% in March 2009.

Banrisul's **Credit Operations** totaled R\$11,833.8 million in March 2009, growth of 33.6% over March 2008 and 3.3% over 4Q08.

Investments in **Securities** totaled R\$9,114.0 million at the end of March 2009, 43.9% higher than in March 2008 and 6.4% higher than in December 2008. This amount includes Liquid Interbank Transactions but excludes Total Liabilities from Matched Transactions.

**Funds Raised and Under Management** totaled

R\$19,422.9 million in March 2009, a 10.2% growth over March 2008 and 1.9% over December 2008. The growth of R\$1,800.9 million, in the past twelve months comes mainly from the increase in time deposits, which jointly represent 83.0% of the growth during the period. In the past three months, time deposits and funds under management added R\$799.2 million to the total funding.

**Shareholders' Equity** of Banrisul was R\$3,139.2 million, up 11.3% over March 2008 and 1.9% in over December 2008. Banrisul's Basel Ratio in March 2009 was 19.1% in March 2009, 8.1 p.p. over the minimum set by the Central Bank of Brazil.

Indexes (%)	1Q08	4Q08	1Q09
Net Income / Average Stockholders' Equity (ROAE)	18.4%	24.7%	14.4%
Net Income / Average Total Assets (ROAA)	2.3%	2.7%	1.7%
Operating Cost	5.9%	5.8%	5.7%
Efficiency Ratio	56.1%	56.8%	55.3%
Cover Rate	284.2%	259.5%	227.8%
Default Rate (1)	3.5%	3.3%	4.0%
Basel Ratio (2)	24.2%	20.1%	19.1%

<sup>(1)</sup> > 60 days / Total Credit Operations

<sup>(2)</sup> In 2009, calculated pursuant New Capital Accord criteria (Basel II)

Credit operations overdue for more than 60 days and that do not generate revenue totaled R\$473.9 million in March 2009, representing a default ratio of 4.0% of the total credit portfolio.

The Cover Ratio, which is the ratio between the allowance for loan losses and the balance of operations overdue, was 227.8%, showing the reduced level of exposure to risk.

Financial Margin (R\$ Million)	1Q08	4Q08	1Q09
Net Financial Margin	435.5	571.2	606.7
Gross Profit from Financial Operations	394.8	515.5	456.5
Average Profitable Assets <sup>(1)</sup>	19,050.7	23,095.3	23,947.0
Net Financial Margin <sup>(2)</sup>	9.5%	10.3%	10.5%
Gross Profit from Financial Operations <sup>(3)</sup>	8.6%	9.2%	7.8%

<sup>(1)</sup> Average Assets in the period in analysis

<sup>(2)</sup> Net Financial Margin / Average Profitable Assets (Annualized)

<sup>(3)</sup> Gross Profit from Financial Operations / Average Profitable Assets (Annualized)

**Net Financial Margin** in March 2009 was R\$606.7 million, up 39.3% (R\$171.2 million) more than 1Q08 and 6.2% (R\$35.5 million) more than in 4Q08. The increase in Financial Margin last quarter in comparison with the earlier quarter

is explained by the volume of credit hired at pre-fixed rates and to an environment of reduction in funding expenses due to the decline of Selic rate, besides the effects of renovating the loan portfolio at market rates.



Credit Operations	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
<b>Private Sector</b>	<b>8,671.8</b>	<b>11,263.0</b>	<b>11,643.2</b>	<b>34.3%</b>	<b>3.4%</b>
<b>Foreign Exchange</b>	<b>329.3</b>	<b>447.1</b>	<b>494.5</b>	<b>50.1%</b>	<b>10.6%</b>
<b>Commercial Credit</b>	<b>6,489.1</b>	<b>8,448.5</b>	<b>8,745.4</b>	<b>34.8%</b>	<b>3.5%</b>
Credit Card	66.7	77.9	82.5	23.7%	5.8%
Foreign Credit	78.3	97.0	95.0	21.4%	-2.1%
Loan and Discounted Receivables - Individuals	2,965.1	3,707.5	4,038.4	36.2%	8.9%
Loan and Discounted Receivables - Companies	3,125.8	4,307.5	4,302.1	37.6%	-0.1%
Customer Financing - Individuals	141.4	141.6	129.5	-8.4%	-8.6%
Customer Financing - Companies	111.8	116.8	98.0	-12.3%	-16.1%
<b>Long-term Financing</b>	<b>335.8</b>	<b>447.8</b>	<b>427.4</b>	<b>27.3%</b>	<b>-4.6%</b>
<b>Real Estate Financing</b>	<b>840.8</b>	<b>961.3</b>	<b>989.2</b>	<b>17.7%</b>	<b>2.9%</b>
<b>Leasing</b>	<b>58.6</b>	<b>106.9</b>	<b>101.2</b>	<b>72.7%</b>	<b>-5.3%</b>
<b>Agricultural Financing</b>	<b>618.2</b>	<b>851.4</b>	<b>885.5</b>	<b>43.2%</b>	<b>4.0%</b>
<b>Public Sector</b>	<b>188.8</b>	<b>190.6</b>	<b>190.6</b>	<b>0.9%</b>	<b>0.0%</b>
<b>Loan and Discounted Receivables</b>	<b>99.9</b>	<b>87.8</b>	<b>88.1</b>	<b>-11.9%</b>	<b>0.3%</b>
<b>Long-term Financing</b>	<b>88.7</b>	<b>101.7</b>	<b>101.6</b>	<b>14.5%</b>	<b>-0.1%</b>
<b>Leasing</b>	<b>0.2</b>	<b>1.1</b>	<b>0.9</b>	<b>360.6%</b>	<b>-12.6%</b>
<b>Total</b>	<b>8,860.7</b>	<b>11,453.6</b>	<b>11,833.8</b>	<b>33.6%</b>	<b>3.3%</b>

The increase of the Loan Portfolio is basically due the growth in the Commercial Portfolio, up 34.8% over March 2008. In the last quarter, the 3.5% (R\$296.9 million) growth in the Commercial Portfolio was mainly driven by the Individuals segment.

Credit to Individuals totaled R\$4,250.3 million in March 2009, up 33.9% (R\$1,077.1 million) on March 2008 and 8.2% (R\$323.3 million) on December 2008. Credit to Companies totaled R\$4,495.1 million at the end of March 2009, up 35.6% (R\$1,179.2 million) year on year and down 0.6% (R\$26.3 million) in the past quarter.

## Highlights

In March 2009, the Annual and Extraordinary General Meeting approved a 15% increase in the dividends for the fiscal year 2009, totaling 40% of Net Adjusted Income.

Investments in hardware, software and asset maintenance totaled R\$42.5 million in the first quarter of 2009.

## Awards

- January 2009. Banrisul is a finalist at 'IT Executives of 2009' awards.
- January 2009. Banrisul's fixed income funds among the best in Brazil.
- February 2009. Banrisul is one of the 500 most valuable brands in the global financial market.
- March 2009. Banrisul wins Top 5 ranking.
- March 2009. Banrisul is the winner at Agronegócio 2009.
- March 2009. Banrisul is one of the most prestigious corporate brands in Rio Grande do Sul.

Porto Alegre, May 14, 2009.





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# ANALYSIS OF PERFORMANCE

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FOLLOWING IS THE ANALYSIS OF THE  
PERFORMANCE OF BANCO DO ESTADO DO RIO  
GRANDE DO SUL S.A. IN THE FIRST QUARTER OF 2009.



## Financial Highlights

- Brazil's financial system remained sluggish in 1Q09. After being impacted by the reduction in loan terms and more selective concession, the circumstances in the last quarter of 2008, resulting from the crisis that gripped the international financial markets, volume of operations fell in 1Q09 due to the slowdown in domestic economic activity, which was hampered by reduced credit availability. According to market expectations, domestic economic activity and inflation will continue to decline gradually.
- Unlike most financial institutions, Banrisul did not witness the liquidity crunch or any significant increase in default levels at the end of 2008, thanks to its solid retail presence and low funding costs. In the beginning of 2009, the lower dependence on institutional funding and exposure to vehicle financing enabled the Bank to operate with low liquidity and credit risks, which brought it excellent results. For 2009, it plans to continue its strategy of acquiring the payroll loans from other banks, increase the volume of credit offered to large companies on account of lower competition and increase business volumes through Banricompras.
- Consolidated Net Income totaled R\$106.5 million in 1Q09, R\$14.4 million lower than the 1Q08 amount of R\$120.9 million, and R\$65.4 million lower than the 4Q08 amount of R\$171.9 million. Despite the increase in revenues from credit and treasury operations, recent performance was impacted by the greater necessity for allowance for loan losses, due to the further slowdown in production and income domestic levels and their effects on default levels.
- The result in 1Q09 corresponds to a 14.4% Return on Average Stockholders' Equity. In March 2009, Shareholders' Equity totaled R\$3,139.2 million, which was 11.3% higher than in March 2008 and 1.9% higher than in December 2008.
- Gross Profit from Financial Operations in 1Q09, amounting to R\$456.5 million, was 15.6% more than in the same period last year. Compared to 4Q08, Gross Profit from Financial Operations in 1Q09 declined by R\$59.0 million. The performance in 1Q09 reflects the increase in revenues from credit and treasury operations in comparison with 1Q08 and the increased allowance for loan losses in comparison with 4Q08.
- Consolidated Assets totaled R\$26,501.5 million in March 2009, 22.5% more than in March 2008 and 5.1% over December 2008. The growth in Assets in twelve months reflects the strong credit growth in line with the dynamic economic scenario in Brazil till 3Q08. In the fourth quarter, the worsening of the international financial crisis resulted in a slowdown in credit growth. However, the Bank's comfortable liquidity situation enabled it to expand its treasury operations, which reflected in the growth of Total Assets.



- Banrisul's credit operations totaled R\$11,833.8 million at the end of March 2009, growth of 33.6% over March 2008 and 3.3% over 4Q08. The Commercial Portfolio totaled R\$8,745.4 million, a 34.8% growth in twelve months and 3.5% growth in the past three months. Commercial credit operations for companies totaled R\$4,495.1 million at the end of March 2009, a 35.6% growth over March 2008 and 0.6% reduction from December 2008. Commercial Credit operations for individuals totaled R\$4,250.3 million in March 2009, 33.9% higher than in March 2008 and 8.2% higher than in December 2008.
- Funds Raised and Under Management totaled R\$19,422.9 million in March 2009, a nominal 10.2% growth over March 2008 and 1.9% over December 2008. Deposits totaled R\$14,283.1 million in March 2009, up 14.5% over March 2008 and remaining stable in relation to December 2008. Assets managed totaled R\$5,139.8 million, 0.2% down from March 2008 and 7.0% more than in December 2008.
- In 1Q09, Banrisul collected and provisioned R\$120.2 million in taxes and contributions. Taxes withheld and paid, levied directly on financial intermediation and other payments, amounted to R\$95.3 million.



## Banco do Estado do Rio Grande do Sul S.A.

Banrisul was established on September 12, 1928. It is a mixed-capital company constituted as a *sociedade anônima* (corporation). Its controlling shareholder is the state of Rio Grande do Sul, which owns 57.0% of the capital stock.

As a multiple-service bank, Banrisul operates in commercial banking, credit, financing and investments, real estate credit, development and leasing.

Through its commercial portfolio, Banrisul offers consumer finance and related services for individuals and working capital loans for micro, small and medium enterprises. It also operates in the agricultural and public sectors and with large companies.

Through its development portfolio, Banrisul acts as a business intermediary and agent to foster the production chains in the state. On the social front, it sponsors projects aimed at improving the quality of life of *gauchos* (the people of Rio Grande do Sul), especially in the areas of education, culture, ports and environment.



Table 1 - Banrisul Service Network

Banrisul Network	
Branches	429
Rio Grande do Sul	397
Santa Catarina	16
Other States	14
Exterior	2
Services Posts	278
Eletronic Sales Point	449
Total Banking Services	1,156
Municipalities of Rio Grande do Sul	496
Municipalities with Branches Banrisul	294
Municipalities with Banking Services	112
Municipalities of Rio Grande do Sul with	406
Service Range of Rio Grande do Sul	81.85%
Participation of Population of State	97.81%
Participation of GDP of State Range	97.30%

At the end of March 2009, Banrisul had around 3.0 million clients and 1,156 service points, distributed among 397 branches in Rio Grande do Sul and 32 outside the state, 278 service posts and 449 electronic sales points.

The Banrisul group consists of Banco do Estado do Rio Grande do Sul S.A., Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio, Banrisul Armazéns Gerais S.A. and Banrisul Serviços Ltda.





## The State of Rio Grande do Sul

The state of Rio Grande do Sul is located in the southernmost part of Brazil. With an area of 281,800 km<sup>2</sup>, it occupies a little more than 3% of the country's territory and is home to 10.6 million people (2007), representing 6% of the country's population. It is Brazil's leading grain producer, the second most important business and industrial center, and has the fourth highest GDP.

In the first three months of 2009, the state economy reflected the dynamic of the rest of the country, which was affected by the global financial crisis. The crisis adversely affected all segments of the economy, especially those related to foreign trade. During the period, the state's exports totaled US\$2.47 billion, which was 29.3% lower than in the same period in 2008 and below the national average for the period. On the other hand, imports too fell sharply, reflecting in the industrial slowdown in the state. Imports totaled US\$1.79 billion, down by 46.1%, resulting in a trade surplus of US\$677 million.

Industrial activity in the state declined by 14.3% in January and February, caused by the fall in domestic and international demand, as well as the underutilization of the installed capacity. The indicators of industrial production, namely, purchases, revenues, and hours worked, were substantially affected, declining by 34.9%, 19.2% and 12.3%, respectively. Thus, considering the higher comparison base and the fact that international demand should continue to decline, with lower demand for raw materials and intermediate products, the state economy is expected to be sluggish during the months to come.



Table 2: Rio Grande do Sul

Rio Grande do Sul	
Total Population (2007)	10,582,887 habitants
Area (2008)	281,748.5 Km <sup>2</sup>
Number of Municipalities	496
Population Density (2007)	37.6 hab/km <sup>2</sup>
Illiteracy (2000)	6.65%
Life Expectancy (2000)	72.05 years
Infancy Mortality Rate (2007)	12.73 live births per thousand
Gross Domestic Product (GDP) fair value	R\$ 175,208,681 thousand
Gross Domestic Product (GDP) per capita	R\$ 15,813
Total Exports (2008)	US\$ FOB 18,460,072,037
Value Added Tax (VAT) - 2008	R\$ 14,825,153,675

Source: FEE (RS, Economy and Statistics Foundation)



## Market Share

Banrisul is present in 397 of the 496 municipalities in Grande do Sul, which account for around 97.8% of the state population. It has approximately 3.0 million clients, with about 5.7 million checking and savings accounts, representing around 70% of the state population with a bank account.

The Bank's importance in the region's economic development and in Rio Grande do Sul is evident from its share of 18.1% of total credit operations, 22.2% of the deposits and 26.1% of the branches.

**Table 3: Market Share Rio Grande do Sul**

Index	Competitive Market of Rio Grande do Sul								
	Dec/2007			Dec/2008			Feb/2009		
	State of Rio Grande do Sul	Banrisul	%	State of Rio Grande do Sul	Banrisul	%	State of Rio Grande do Sul	Banrisul	%
Total Deposits (Million)	54,621	12,215	22.36%	65,024	14,090	21.67%	64,399	14,300	22.21%
Time Deposits (Million)	18,917	5,973	31.58%	27,098	7,653	28.24%	27,681	8,006	28.92%
Saving Deposits (Million)	20,078	4,538	22.60%	22,334	4,710	21.09%	22,037	4,724	21.44%
Demand Deposits (Million)	8,891	1,680	18.90%	7,951	1,703	21.41%	6,769	1,545	22.83%
Credit Operations (Million)	46,844	6,919	14.77%	55,778	9,527	17.08%	54,643	9,909	18.13%
Number of Branches	1,489	390	26.19%	1,520	395	25.99%	1,521	397	26.10%

Source: Central Bank of Brazil-Sisbacen

Banrisul's market share at the national level shows the results of its strategies to increase market share in a competitive market. Credit operations in Brazil's financial sector totaled R\$ 1.241 trillion at the end of March 2009, equivalent to 42.5% of the GDP and were 25.0% up on March 2008 and 1.1% up on December 2008. At Banrisul, credit operations at the end of March 2009 were 33.6% higher than in March 2008 and 3.3% over December 2008.

**Table 4 - Market Share Brazil**

Index	Competitive Market of Brazil								
	Dec/2007			Dec/2008			Mar/2009		
	Brazil	Banrisul	%	Brazil	Banrisul	%	Brazil	Banrisul	%
Time Deposits (Million)	298,147	5,881	1.97%	550,139	7,558	1.37%	563,545	8,019	1.42%
Saving Deposits (Million)	234,672	4,634	1.97%	271,192	4,806	1.77%	275,370	4,755	1.73%
Demand Deposits (Million)	149,179	1,828	1.23%	132,125	1,864	1.41%	113,915	1,486	1.30%
Credit Operations (Million)	935,973	8,024	0.86%	1,227,294	11,454	0.93%	1,241,105	11,834	0.95%
Number of Branches	18,456	419	2.27%	18,940	427	2.25%	19,171	429	2.24%

Source: Central Bank of Brazil

Management is focused on controlling default levels which rose slightly in the quarter on account of the domestic and international scenarios. According to a report by the Brazilian banks federation (Febraban), loans overdue more than 90 days touched 5.0% in March 2009, with Individuals accounting for 8.3% and Companies for 2.6%, making true a moderate increase in default rates as expected by the financial institutions in the adverse scenario. Banrisul, which considers in arrears loans overdue more than 60 days, registered default rate of 4.0% in March 2009, 4.4% being in the Individuals segment and 3.6% in the Companies segment. The Cover Ratio, which is the ratio between the allowance for loan losses and the balance of operations overdue, was 227.8%, showing the reduced level of exposure to risk.




Banrisul is in the best ever position in the ranking published by the Brazilian Central Bank, which considers the mergers and acquisitions in the Brazilian financial sector, coming at 12<sup>th</sup> in terms of Total Assets and 13<sup>th</sup> in Shareholders' Equity, reflecting the Management's policy, the public share offering in July 2007, and mainly the improvement in the loan portfolio quality, positive funding performance and incorporation of results.


Table 5: Ranking Market Share


Competitive Positioning					
Index	Dec/2004	Dec/2005	Dec/2006	Dec/2007	Dec/2008
Total Assets	15 <sup>o</sup>	15 <sup>o</sup>	14 <sup>o</sup>	14 <sup>o</sup>	12 <sup>o</sup>
Stockholders' Equity	19 <sup>o</sup>	19 <sup>o</sup>	18 <sup>o</sup>	14 <sup>o</sup>	13 <sup>o</sup>
Net Income	12 <sup>o</sup>	13 <sup>o</sup>	14 <sup>o</sup>	13 <sup>o</sup>	13 <sup>o</sup>
Total Deposits	12 <sup>o</sup>	12 <sup>o</sup>	12 <sup>o</sup>	11 <sup>o</sup>	10 <sup>o</sup>
Number of Branches	10 <sup>o</sup>	10 <sup>o</sup>	10 <sup>o</sup>	10 <sup>o</sup>	8 <sup>o</sup>

Source: 50 largest Banks - Central Bank of Brazil

## Operacional Highlights

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In March 2009, the risk rating agency Austin Rating ratified Banrisul's long-term risk rating "A+". The rating was based on the Bank's excellent capitalization, dispersal of assets and liabilities, diverse funding sources, quality of loans, adequate liquidity levels, profitability and expansion of its area of operations through the strategic inauguration of branches outside the state. The "A+" rating signifies that the Bank has solid intrinsic fundamentals, operates within safety limits and has a healthy financial track record. The business environment may change without affecting the bank's operations. Risk is very low.
- 

Investments in hardware, software and asset maintenance totaled R\$42.5 million in 1Q09. Information technology is a factor that sets Banrisul apart from its peers, which is why the policy of modernization is its priority. In 1Q09, the security of electronic transactions was improved through diverse projects, which included the usage of cryptographic keypads in ATMs and improvements in the certification processes in POS terminals and PinPads. In this regard, the anti-skimming equipment, which is in the adaptation stage and is pending acquisition, will prevent the attachment of skimming devices to ATM readers and the cloning of cards.
- 

The Shareholders' Meeting held in March 2009 approved the payment of additional dividend for the year 2009, equivalent to 15% (fifteen percent) of adjusted net income, bringing total dividend to 40% (forty percent). In line with Banrisul's commitment to corporate governance, the Meeting also elected the preferred shareholders' nominees to the Board of Directors and the Fiscal Council.



## Economic and Financial Indicators

Table 6: Economic and Financial Indicators

Results - R\$ Million	1Q08	4Q08	1Q09	% 1Q09/1Q08	% 1Q09/4Q08
Net Financial Margin	435.5	571.2	606.7	39.3	6.2
Allowance for Loan Losses Expenses	(40.7)	(55.7)	(150.2)	268.8	169.6
Gross Profit from Financial Operations	394.8	515.5	456.5	15.6	(11.5)
Financial Income	770.2	1,213.5	1,081.2	40.4	(10.9)
Financial Expenses	(334.7)	(642.2)	(474.5)	41.8	(26.1)
Income from Services Rendered	143.3	138.7	142.2	(0.7)	2.6
Administrative and Other Operational Expenses <sup>(1)</sup>	367.7	421.6	424.0	15.3	0.6
Income from Operations	169.2	242.8	158.7	(6.2)	(34.7)
Consolidated Net Income	120.9	171.9	106.5	(11.9)	(38.0)
<b>Used / Distributed Results - R\$ Million</b>					
Interest on Own Capital - Dividends	87.1	81.0	47.1	(45.9)	(41.8)
<b>Balance Sheets - R\$ Million</b>					
Total Assets	21,630.1	25,205.4	26,501.5	22.5	5.1
Securities and Derivatives	4,660.0	6,110.8	6,387.9	37.1	4.5
Total Lending <sup>(2)</sup>	8,860.7	11,453.6	11,833.8	33.6	3.3
Allowance for Loan Losses	889.0	970.7	1,079.7	21.4	11.2
Own Funding, Net and Under Management	17,622.0	19,058.2	19,422.9	10.2	1.9
Stockholders' Equity	2,821.7	3,079.1	3,139.2	11.3	1.9
Equity Index	2,711.1	3,027.3	3,098.4	14.3	2.4
Average Stockholders' Equity	2,806.8	3,025.3	3,109.1	10.8	2.8
Average Total Assets	21,043.5	25,355.6	25,853.4	22.9	2.0
<b>Financial Index (%) per Year</b>					
Return on Total Assets	2.3%	2.8%	1.6%		
ROAE Annualized <sup>(3)</sup>	18.4%	24.7%	14.4%		
ROAA Annualized <sup>(4)</sup>	2.3%	2.7%	1.7%		
Efficiency Ratio <sup>(5)</sup>	56.1%	56.8%	55.3%		
Basel Ratio	24.2%	20.1%	19.1%		
Fixed Assets Ratio <sup>(6)</sup>	4.6%	4.9%	4.7%		
Default Rate <sup>(7)</sup>	3.5%	3.3%	4.0%		
Cover Rate <sup>(8)</sup>	284.2%	259.5%	227.8%		

<sup>(1)</sup> Including Personnel Expenses, Other Administrative Expenses and Other Operating Expenses.

<sup>(2)</sup> Total Credit Portfolio.

<sup>(3)</sup> Net Income / Average Stockholders' Equity.

<sup>(4)</sup> Net Income / Average Total Assets.

<sup>(5)</sup> Efficiency Ratio - 12 month accumulation.

Personnel Expenses + Other Administrative Expenses /  
Net Financial Margin + Revenue from Services Rendered +  
(Other Operating Income - Other Operating Expenses).

<sup>(6)</sup> Fixed Assets / Stockholders' Equity.

<sup>(7)</sup> Default > 60 days / Total Loans.

<sup>(8)</sup> Allowance for Loan Losses / Default > 60 dias.



# Consolidated Balance Sheet 1Q09

## Total Assets

Total Assets at the end of March 2009 were R\$26,501.5 million, 22.5% (R\$4,871.4 million) more than in March 2008, and 5.1% (R\$1,296.1 million) over December 2008.

The twelve-month growth in assets is due to the increase in deposits and in the Reserve Fund for Judicial Deposits, amounting to R\$3,894.0 million, which increased by R\$517.0 million on 4Q08.

The composition of Assets is led by the growth in credit and treasury operations, amounting to R\$2,973.1 million and R\$3,300.3 million, respectively, in twelve months, and R\$380.2 million and R\$974.5 million, respectively, in the previous quarter. The recent performance of assets reflects the priority given to treasury operations on account of the decline in demand for credit and the greater selectiveness in lending as a result of the higher risk scenario.

Chart 1: Total Assets (R\$ Million)

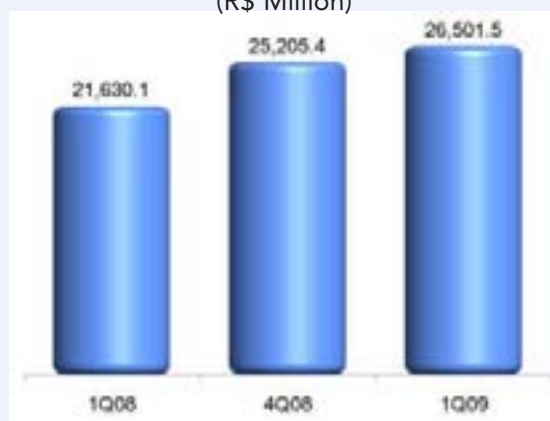


Chart 2 - Composition of Assets (R\$ Million)



Of the Total Assets in March 2009, 44.7% were Credit Operations, 44.4% were Interbank Transactions and Securities, 6.8% were Interbank and Interbranch accounts and 4.1% were Other Assets.



### ■ Securities

Investments in Securities totaled R\$9,114.0 million at the end of March 2009, 43.9% higher than in March 2008 and 6.4% higher than in December 2008. This amount includes Liquid Interbank Transactions but excludes Total Liabilities from Matched Transactions.

The growth in treasury operations reflects the Bank's strategy of giving priority to these assets over credit, due to the scenario of greater restrictions on lending. Net treasury operations' share of assets rose by 5.0 p.p.

### ■ Interbank and Interbranch Transactions

The balance of Interbank and Interbranch Transactions was R\$1,798.8 million at the end of March 2009, which is R\$1,582.3 million (46.8%) lower than in March 2008 and R\$31.1 million (1.8%) higher than in December 2008.

The oscillations in the twelve months reflect the changes implemented by the Central Bank of Brazil since September 2008 in the rules regarding compulsory deposits with the aim of reestablishing liquidity in the domestic market in response to the global financial crisis.

### ■ Consolidated Cash and Cash Equivalents

The following table provides the breakdown of Banrisul's Consolidated Cash and Cash Equivalents, which represent 49.8% of its total assets. The cash balance shows the Bank's solid financial health and its capability to sustain the growth of its portfolios.

The policy on treasury has not changed in recent

Chart 3: Securities and Liquid Interbank Transactions (R\$ Million)

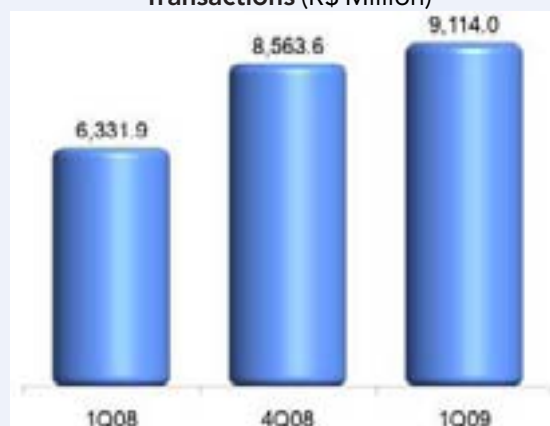


Chart 4 - Interbank and Interbranch Transactions (R\$ Million)



months, with the total net funds being invested in federal government bonds indexed to the Selic rate, treasury bills or matched transactions (in which Banrisul is the offeror), always pegged to federal government securities, without involving any foreign exchange exposure, swaps or derivatives operations.

Table 7: Consolidated Cash and Cash Equivalents Breakdown (R\$ Million)

Consolidated Cash and Cash Equivalent Breakdown (R\$ Million)	Mar/09
Cash	319.2
Own Securities	7,938.5
Linked Securities	728.7
Linked Securities to Matched Transactions	2,718.0
Derivatives	109.4
Interbank Deposits	222.3
Restricted Accounts (cash)	1,169.7
<b>Total</b>	<b>13,205.8</b>

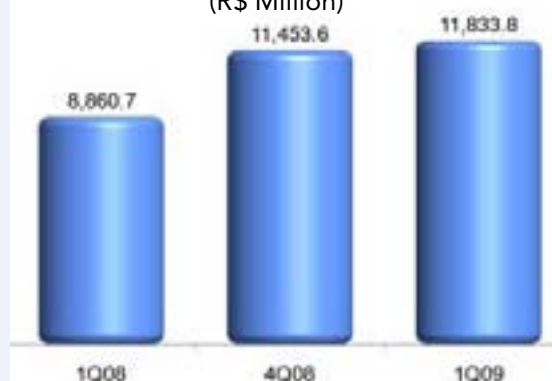


## ■ Credit Operations

The credit crunch in the international financial markets strongly affected domestic credit growth in the initial months of 2009. The reduction in the volume of credit contracted reflected the uncertainties about growth in domestic economic activity, employment and income, and its effect on default levels.

Banrisul's credit operations totaled R\$11,833.8 million in March 2009, up 33.6% on March 2008 and 3.3% on December 2008.

Chart 5 - Credit Operations  
(R\$ Million)



## ■ Breakdown of Credit by Company Size

At the end of March 2009, credit to Companies represented 51.2% of total credit operations, and the remaining 48.8% represented credit to

Individuals. The breakdown of Credit Operations to Companies by Company Size is given in the following table.

Table 8 - Breakdown of Credit by Company Size (R\$ Million)

Size	1Q08			4Q08 *			1Q09			%	%
	Balance	%Co.	% Total Portfolio	Balance	%Co.	% Total Portfolio	Balance	%Co.	% Total Portfolio	1Q09/1Q08	1Q09/4Q08
Large Companies	2,154.6	47.4%	24.3%	2,517.7	41.8%	22.0%	2,446.4	40.4%	20.7%	13.5%	-2.8%
Total Middle/Small/Micro	2,389.1	52.6%	27.0%	3,507.3	58.2%	30.6%	3,613.8	59.6%	30.5%	51.3%	3.0%
Middle Companies	1,827.1	40.2%	20.6%	2,509.9	41.7%	21.9%	2,595.0	42.8%	21.9%	42.0%	3.4%
Small Companies	419.3	9.2%	4.7%	772.7	12.8%	6.7%	782.5	12.9%	6.6%	86.6%	1.3%
Micro-companies	142.7	3.1%	1.6%	224.7	3.7%	2.0%	236.2	3.9%	2.0%	65.5%	5.1%
Total Companies	4,543.7	100.0%	51.3%	6,025.1	100.0%	52.6%	6,060.1	100.0%	51.2%	33.4%	0.6%
<b>Total Lending Operations</b>	<b>8,860.7</b>		<b>100.0%</b>	<b>11,453.6</b>		<b>100.0%</b>	<b>11,833.8</b>		<b>100.0%</b>	<b>33.6%</b>	<b>3.3%</b>

\* Reclassified

The criterion used for determining company size is average monthly revenue: micro – up to R\$20,000; small – up to R\$200,000, mid-sized – up to R\$10million and large – above R\$10 million.

The volume of credit to Companies grew by 33.4% in the past twelve months and 0.6% in the last quarter. Micro, small and mid-sized companies increased their share of total credit to companies by 3.5 p.p., with the Small

Companies segment growing the highest in twelve months (86.6%) and the Micro-companies segment growing the highest in the last quarter at 5.1% over 4Q08.

## ■ Breakdown of Credit by Sector

The following table provides the breakdown of the credit portfolio by sector. Of the total loans disbursed at the end of March 2009, 98.4% went to the private sector, with growth of 34.3% in twelve months. The leaders in the twelve months

were the Individuals segment, with growth of R\$1,098.7 million, Industry, with growth of R\$934.6 million, Commerce, with growth of R\$373.8 million, and Rural Credit with growth R\$269.0 million.



Table 9: Breakdown of Credit by Sector (R\$ Million)

	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
<b>PUBLIC SECTOR</b>	<b>191.4</b>	<b>190.6</b>	<b>190.6</b>	<b>-0.4%</b>	<b>0.0%</b>
Government - Direct and Indirect Management	168.6	155.7	188.0	11.5%	20.7%
Corporate - Other Services	22.8	34.9	2.6	-88.4%	-92.4%
<b>PRIVATE SECTOR</b>	<b>8,669.3</b>	<b>11,263.0</b>	<b>11,643.2</b>	<b>34.3%</b>	<b>3.4%</b>
Rural	618.2	853.1	887.2	43.5%	4.0%
Industrial	1,952.6	2,892.6	2,887.2	47.9%	-0.2%
Commercial	1,256.8	1,589.8	1,630.6	29.7%	2.6%
Other Services	880.1	1,085.2	1,029.3	17.0%	-5.2%
Individuals	3,120.9	3,880.8	4,219.6	35.2%	8.7%
Housing	840.8	961.3	989.2	17.7%	2.9%
<b>TOTAL</b>	<b>8,860.7</b>	<b>11,453.6</b>	<b>11,833.8</b>	<b>33.6%</b>	<b>3.3%</b>

#### ■ Breakdown of Credit by Portfolio

The Portfolio breakdown shows the free and directed credit invested in loan assets. Investments in the Commercial portfolio, Leasing and the Public sector, which account for 76.4% of the total portfolio, are funded from deposits and the Bank's capital. The Development, Rural, Real Estate and Foreign Exchange portfolios, which represent 23.6% of the portfolio, are mostly from specific funding sources and used for directed credit. The Commercial portfolio, consisting of rotative credit and installment loans for Individual and Companies, totaled R\$8,745.4

million at the end of March 2009, representing 73.9% of total credit. The breakdown of the Commercial Portfolio is provided in the box.

Rural credit totaled R\$885.5 million in March 2009, up 43.2% (R\$267.3 million) on March 2008 and 4.0% (R\$34.1 million) over December 2008. Real estate credit totaled R\$989.2 million at the end of March 2009, up 17.7% (R\$148.4 million) year on year. The Development portfolio at the end of March 2009 totaled R\$427.4 million, representing growth of 27.3% (R\$91.6 million) in twelve months.

Table 10: Breakdown of Credit by Portfolio (R\$ Million)

Credit Operations (*)	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
<b>Private Sector</b>	<b>8,671.8</b>	<b>11,263.0</b>	<b>11,643.2</b>	<b>34.3%</b>	<b>3.4%</b>
Foreign Exchange	329.3	447.1	494.5	50.1%	10.6%
<b>Commercial Credit</b>	<b>6,489.1</b>	<b>8,448.5</b>	<b>8,745.4</b>	<b>34.8%</b>	<b>3.5%</b>
Credit Card	66.7	77.9	82.5	23.7%	5.8%
Foreign Credit	78.3	97.0	95.0	21.4%	-2.1%
Loan and Discounted Receivables - Individuals	2,965.1	3,707.5	4,038.4	36.2%	8.9%
Loan and Discounted Receivables - Companies	3,125.8	4,307.5	4,302.1	37.6%	-0.1%
Customer Financing - Individuals	141.4	141.6	129.5	-8.4%	-8.6%
Customer Financing - Companies	111.8	116.8	98.0	-12.3%	-16.1%
<b>Long-term Financing</b>	<b>335.8</b>	<b>447.8</b>	<b>427.4</b>	<b>27.3%</b>	<b>-4.6%</b>
Real Estate Financing	840.8	961.3	989.2	17.7%	2.9%
Leasing	58.6	106.9	101.2	72.7%	-5.3%
Agricultural Financing	618.2	851.4	885.5	43.2%	4.0%
<b>Public Sector</b>	<b>188.8</b>	<b>190.6</b>	<b>190.6</b>	<b>0.9%</b>	<b>0.0%</b>
Loan and Discounted Receivables	99.9	87.8	88.1	-11.9%	0.3%
Long-term Financing	88.7	101.7	101.6	14.5%	-0.1%
Leasing	0.2	1.1	0.9	360.6%	-12.6%
<b>Total</b>	<b>8,860.7</b>	<b>11,453.6</b>	<b>11,833.8</b>	<b>33.6%</b>	<b>3.3%</b>

\* Reclassified

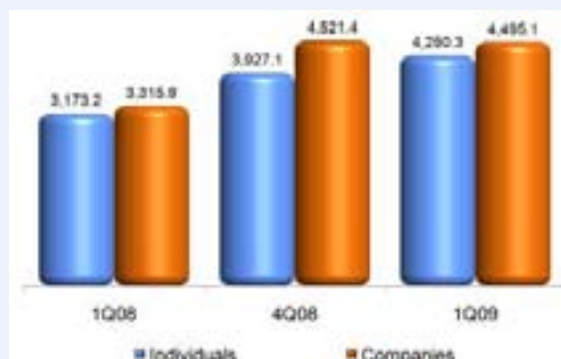




The growth in the total volume of credit is basically due to the growth in the Commercial Portfolio. Of the growth of R\$2,973.1 million in the credit portfolio in the past twelve months, R\$2,256.3 million comes from the Commercial Portfolio, which grew by 34.8% over March 2008. In the last quarter, the 3.5% (R\$296.9 million) growth in the Commercial Portfolio was mainly driven by the Individuals segment.

In the Commercial Credit, the Individuals segment totaled R\$4,250.3 million at the end of March 2009, representing 48.6% of the Commercial Portfolio and 35.9% of the Bank's total credit. The Companies segment, which

**Chart 6 - Growth of Commercial Credit Operations - Individuals and Companies (R\$ Million)**



totalled R\$4,495.1 million in December 2008, represented 51.4% of Commercial Credit and 38.0% of total credit.

#### ■ Commercial Credit

Credit to Individuals totaled R\$4,250.3 million in March 2009, up 33.9% (R\$1,077.1 million) on March 2008 and 8.2% (R\$323.3 million) on December 2008. Despite the slowdown in growth, credit to individuals continued to grow in the last quarter.

Payroll-deducted Loan, which represents 70.1% of credit to Individuals, continued to be the leading consumer lending mode, especially at a time of high risk. At the end of March 2009, payroll-deducted loan totaled R\$2,977.4 million, up 33.5% (R\$747.9 million) in twelve months and 5.3% (R\$149.9 million) in the past three months.

Payroll-deducted Loans (acquired portfolio) were R\$ 679.3 million, R\$ 346.5 million (104.1%) more than in March 2008 and

R\$ 91.4 million (15.5%) more than in December 2008. The strategy of acquiring loan portfolios is the result of negotiations in a turbulent financial sector in Brazil, and considers fixed returns at reduced risk.

Credit to Companies totaled R\$4,495.1 million at the end of March 2009, up 35.6% (R\$1,179.2 million) year on year and down 0.6% (R\$26.3 million) in the past quarter.

Working Capital Operations account for the biggest share, representing 63.9% of total General Credit to Companies and 32.8% of Commercial Credit. Working Capital loans grew by 50.5% (R\$964.2 million) over March 2008 and by 1.8% (R\$50.5 million) over December 2008.



Table 11: **Composition of General Credit – Individuals and Companies (R\$ Million)**

	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
<b>Individuals</b>	<b>3,173.2</b>	<b>3,927.1</b>	<b>4,250.3</b>	<b>33.9%</b>	<b>8.2%</b>
Payroll-deductible Loan	2,109.3	2,713.1	2,873.4	36.2%	5.9%
Payroll-deductible Purchase of Consumer Goods	120.2	114.4	104.0	-13.5%	-9.1%
Purchase Goods - other	5.1	6.6	6.0	17.3%	-9.4%
Vehicule Loan - Companies	16.4	21.2	20.2	23.4%	-4.5%
Overdraft	332.6	397.1	462.9	39.2%	16.6%
One Minut Loan	134.2	162.9	179.4	33.6%	10.1%
Automatic Individual Loan	173.6	184.9	167.5	-3.5%	-9.4%
Non Payroll-deductible Loan	119.3	130.8	214.9	80.2%	64.3%
Other - Individuals	95.7	118.2	139.6	45.9%	18.2%
Credit Card	66.7	77.9	82.5	23.7%	5.8%
<b>Companies</b>	<b>3,315.9</b>	<b>4,521.4</b>	<b>4,495.1</b>	<b>35.6%</b>	<b>-0.6%</b>
Purchase Goods - other	28.5	36.4	33.2	16.7%	-8.7%
Vehicule Loan - Companies	18.5	20.0	21.5	16.4%	7.7%
Working Capital - Guarantee	1,437.6	2,123.6	2,201.3	53.1%	3.7%
Working Capital - Receivable	470.7	698.4	671.2	42.6%	-3.9%
Financing to Customers - Companies	40.3	53.8	44.2	9.9%	-17.8%
Compror	315.0	268.7	291.8	-7.3%	8.6%
Indebted Security Account	132.3	213.8	192.2	45.2%	-10.1%
Guaranted Account	296.7	478.2	439.2	48.0%	-8.2%
Debt Instruments Discount	224.5	248.2	275.2	22.6%	10.9%
Vendor	178.0	152.4	106.1	-40.4%	-30.4%
Other - Companies	95.7	130.9	124.2	29.9%	-5.1%
Foreign Credit	78.3	97.0	95.0	21.4%	-2.1%
<b>TOTAL</b>	<b>6,489.1</b>	<b>8,448.5</b>	<b>8,745.4</b>	<b>34.8%</b>	<b>3.5%</b>

#### ■ Breakdown of Credit by Rating

Banrisul's credit management policy is focused on monitoring the quality of the portfolio. The confirmation of a slowdown in the global and domestic economic activity increased credit risk. At Banrisul, risk has been reduced by giving priority to payroll-deducted loans and through selective criteria and instruments in lending to large companies.

At the end of March 2009, credit operations rated between AA and C, signifying normal risk according to Resolution 2682/99 of the Central Bank of Brazil, represented 84.6% of the credit portfolio, 0.6 p.p. higher than the 84.0% in March 2008.

Chart 7 - **Credit Portfolio by Risk Levels (%)**



### ■ Allowance for Loan Losses

Allowance for Loan Losses totaled R\$1,079.7 million in March 2009, equivalent to 9.1% of the consolidated credit portfolio. In March 2008, the allowance was equivalent to 10.0%, and in December 2008, 8.5%. The twelve-month decrease in the allowance in proportion to the volume of credit is due to the 33.6% growth in the portfolio during the period, while the increase in the past quarter is due to the increase in payment delays on account of the deceleration of economic activity.

The breakdown of allowance for loan losses in March 2009, according to Resolution 2,682/99 of the Central Bank of Brazil, was as follows:

- R\$352.2 million for operations with installments overdue for more than 60 days;
- R\$656.8 million for contracts due or that are overdue for up to 60 days; and

Chart 8 - Breakdown of Allowance for Loan Losses (R\$ Million)



- R\$70.7 million relating to the allowance in excess of the minimum required by Resolution 2,682/99 of the National Monetary Council, which is constituted after a periodical analysis of the portfolio risk carried out by the Bank Management procedure adapted since the regulation was passed.

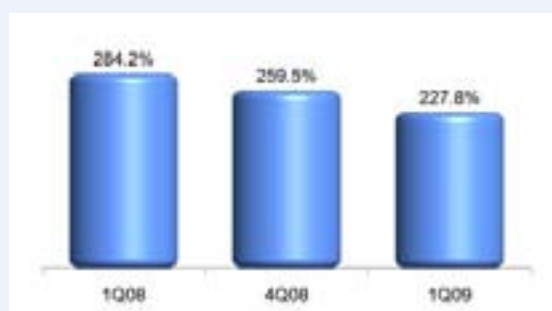
Table 12: Balance of Allowance for Losses (R\$ Million)

Rating	Required Provision %	Total Portfolio Consolidated	Accumulated Relative Status %	Total Credits Past Due	Total Credits Receivable	Minimum Provision		Resolution 2682 Exceeded Provision	Total Provision	Effective Provision Over Portfolio %
						Past Due	Receivable			
AA	0.0%	2,621.7	22.2%	0.2	2,621.5	0.0	0.0	5.1	5.1	0.2%
A	0.5%	4,472.3	59.9%	10.9	4,461.4	0.1	22.3	8.9	31.3	0.7%
B	1.0%	2,100.3	77.7%	0.7	2,099.6	0.0	21.0	10.5	31.5	1.5%
C	3.0%	815.3	84.6%	7.7	807.7	0.2	24.2	16.3	40.8	5.0%
D	10.0%	313.0	87.2%	24.1	288.9	2.4	28.9	6.3	37.6	12.0%
E	30.0%	253.4	89.4%	26.7	226.7	8.0	68.0	5.1	81.1	32.0%
F	50.0%	795.3	96.1%	102.9	692.5	51.4	346.2	15.9	413.6	52.0%
G	70.0%	87.6	96.8%	35.9	51.7	25.1	36.2	2.6	63.9	73.0%
H	100.0%	374.9	100.0%	264.9	109.9	264.9	110.0	0.0	374.9	100.0%
<b>Total</b>		<b>11,833.8</b>		<b>473.9</b>	<b>11,359.8</b>	<b>352.2</b>	<b>656.8</b>	<b>70.7</b>	<b>1,079.7</b>	<b>9.1%</b>

### ■ Cover Ratio

Credit operations overdue for more than 60 days and that do not generate revenue totaled R\$473.9 million in March 2009, representing 4.0% of the total credit portfolio. The following graph shows the Cover Rate, which is the percentage between the allowance for loan losses and the balance of operations overdue for more than 60 days that did not generate revenue, which shows the capacity to cover defaults with provisions.

Chart 9 - Cover Ratio (%)

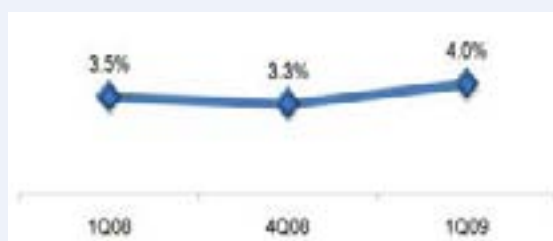


### ■ Default Ratio

The default ratio rose in the first three months of the year, confirming expectations of further slowdown in the domestic and global economies on account of the crisis that affected the global markets at the end of last year.

Banrisul's risk management policy, which focuses on leveraging lower-risk portfolios, has proven appropriate, given the still acceptable default levels of over 60 days, in comparison with the

Chart 10 - Default Ratio (%)



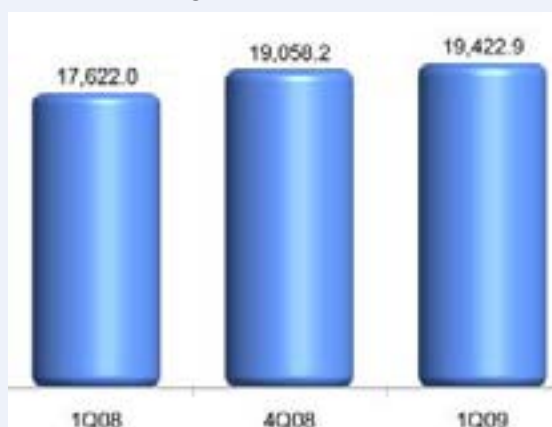
total credit portfolio, as shown in the graph below.

## Funds Raised and Under Management

Funds Raised and Under Management totaled R\$19,422.9 million at the end of March 2009, 10.2% up on March 2008 and 1.9% up on December 2008.

The growth of R\$1,800.9 million in the past twelve months comes mainly from the increase in time deposits, which jointly represent 83.0% of the growth during the period. In the past three months, time deposits and funds under management added R\$799.2 million to the total funding.

Chart 11 - Funds Raised and Under Management (R\$ Million)



### ■ Demand Deposits

Demand Deposits, which make up 7.1% of the Funds Raised and Under Management, totaled R\$1,485.6 million at the end of March 2009,

1.6% (R\$22.8 million) over March 2008 and 20.3% (R\$378.4 million) down from December 2008.

### ■ Savings Deposits

Savings accounts totaled R\$4,755.1 million at the end of March 2009, 6.7% (R\$300.6 million) up on March 2008 and 1.1% (R\$50.8 million)

down from December 2008. These funds represent 24.5% of the total Funds Raised and Under Management.

### ■ Time Deposits

Time deposits represent 41.3% of Funds Raised and Under Management. At the end of March, these totaled R\$8,019.2 million, up 22.9% (R\$1,494.1 million) over March 2008 and 6.1%

(R\$461.4 million) over December 2008. Being the main funding instrument for credit operations, they are encouraged through business policies.



### ■ Third Party Funds

Third party funds under management totaled R\$337.8 million more than in December 2008, R\$5,139.8 million at the end of March 2009, driven mainly by the growth in fixed income funds, R\$12.4 million down from March 2008, and

Table 13: Funding Composition (R\$ Million)

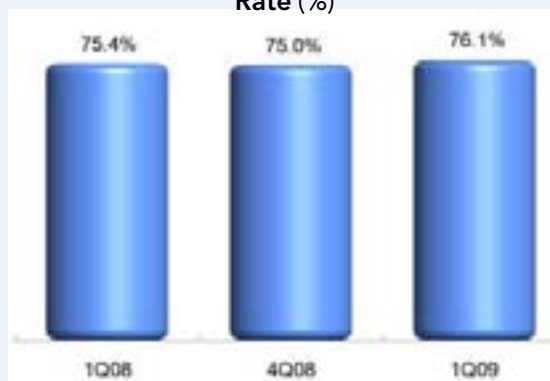
	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
Total Deposits	12,469.7	14,256.1	14,283.1	14.5%	0.2%
Time Deposits	6,525.2	7,557.8	8,019.2	22.9%	6.1%
Demand Deposits	1,462.8	1,864.0	1,485.6	1.6%	-20.3%
Saving Deposits	4,454.5	4,805.9	4,755.1	6.7%	-1.1%
Other Deposits	27.2	28.4	23.1	-15.1%	-18.6%
Funds Under Management	5,152.2	4,802.1	5,139.8	-0.2%	7.0%
<b>TOTAL</b>	<b>17,622.0</b>	<b>19,058.2</b>	<b>19,422.9</b>	<b>10.2%</b>	<b>1.9%</b>

### ■ Cost of Funding

Average funding cost in relation to the Selic rate rose slightly: from 75.4% in 1Q08 to 76.1% in 1Q09, reflecting the share of time deposits in the total volume of funding.

The average interest on time deposits - 2.38% in 1Q08, 2.98% in 4Q08 and 2.67% in 1Q09 - reflects the competitive measures adopted by institutions to meet their funding needs. In 4Q08, funding in general became more expensive; however, the cost of time deposits in relation to the Selic rate reflects the changes in the basic interest rate. With the reduction in the Selic rate, the premium demanded by investors to maintain their funds in remunerated

Chart 12 - Cost of Funding as % of Selic Rate (%)



deposits (TDs) increases, resulting in the cost increasing from 88.6% of the Selic rate in 4Q08 to 92.0% in 1Q09.

Table 14: Cost of Funding (R\$ Million)

	1Q08			4Q08			1Q09		
	Average Balance	Accumulated Expense	Average Cost	Average Balance	Accumulated Expense	Average Cost	Average Balance	Accumulated Expense	Average Cost
Demand Deposits	1,453.0			1,599.9			1,557.1		
Saving Deposits	4,501.0	(66.6)	1.48%	4,642.4	(83.0)	1.79%	4,786.2	(78.4)	1.64%
Time Deposits	6,364.4	(151.3)	2.38%	7,564.9	(225.2)	2.98%	7,907.4	(211.2)	2.67%
Interbank Deposits				12.0	(0.4)	3.12%	12.2	(0.3)	2.82%
Credit Guarantee Fund Expenses		(4.6)			(5.1)			(5.3)	
Matched Transactions Expenses	2,255.7	(65.0)	2.88%	2,816.3	(106.0)	3.76%	2,631.7	(78.2)	2.97%
Payable for Financial and Development Funds	1.8			1.8			2.3		
Investment Deposits	16.7			11.9			10.1		
<b>Total Average Balance / Total Expenses</b>	<b>14,592.7</b>	<b>(287.5)</b>	<b>1.97%</b>	<b>16,649.1</b>	<b>(419.7)</b>	<b>2.52%</b>	<b>16,907.0</b>	<b>(373.5)</b>	<b>2.21%</b>
Selic			2.61%			3.36%			2.90%
Average Cost / Selic			75.36%			75.00%			76.06%
Cost of Time Deposits / Selic			90.95%			88.56%			91.96%



## Shareholders' Equity

At the end of March 2009, Stockholders' Equity of Banrisul was R\$3,139.2 million, up 11.3% over March 2008 and 1.9% over December 2008.

The growth in Stockholders' Equity is due to the incorporation of the results and payment of interest on equity and dividends, in the amount of R\$47.1 million. The Annual and Extraordinary General Meeting held on March 31, 2009 approved the payment of complementary dividend totaling R\$38.5 million relating to 2008.

### ■ Return on Average Shareholders' Equity

Return on Average Shareholders' Equity was 14.4% in 1Q09, confirming expectations of the reduced return estimate for the period. The profitability of banks was affected by the rise in default levels as a result of the deceleration of economic activity in Brazil and abroad, brought on by the financial crisis that gripped the financial markets at the end of 2008.

### ■ Basel Ratio

Since July 2008, the Basel Ratio has been calculated according to Basel II norms, the rules of the Central Bank of Brazil relating to the implementation of the operational and market risk management structures, rules relating to the calculation of Reference Equity, as per Resolutions 3,444, 3,464 and 3,490 and Circulars 3,360, 3,361, 3,362, 3,363, 3,364, 3,365, 3,366, 3,368, 3,383 and 3,389. The Central Bank of Brazil has set the minimum ratio at 11.0%.

Banrisul's Basel Ratio in March 2009 was 19.1%, 8.1 p.p. over the minimum set by the Central Bank of Brazil, positively influenced by the reduction in the risk weightage applicable

Chart 13 - Shareholders' Equity (R\$ Million)

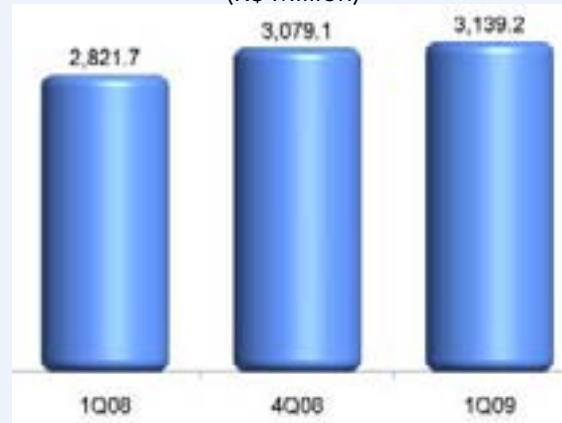
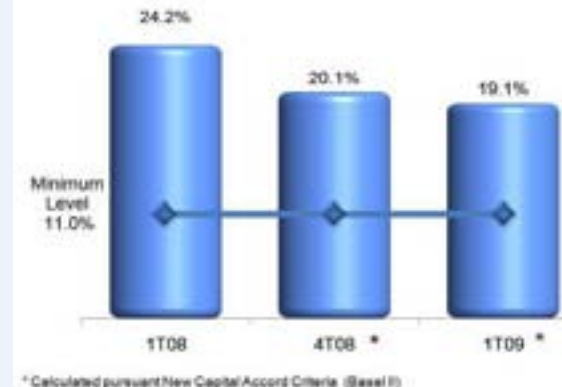


Chart 14 - Return on Average Shareholders' Equity (%)



Chart 15 - Basel Ratio



to tax credits arising from temporary differences, from 300% to 100%, and the increase in Reference Equity resulting from the new treatment to the additional provision for credit operations.



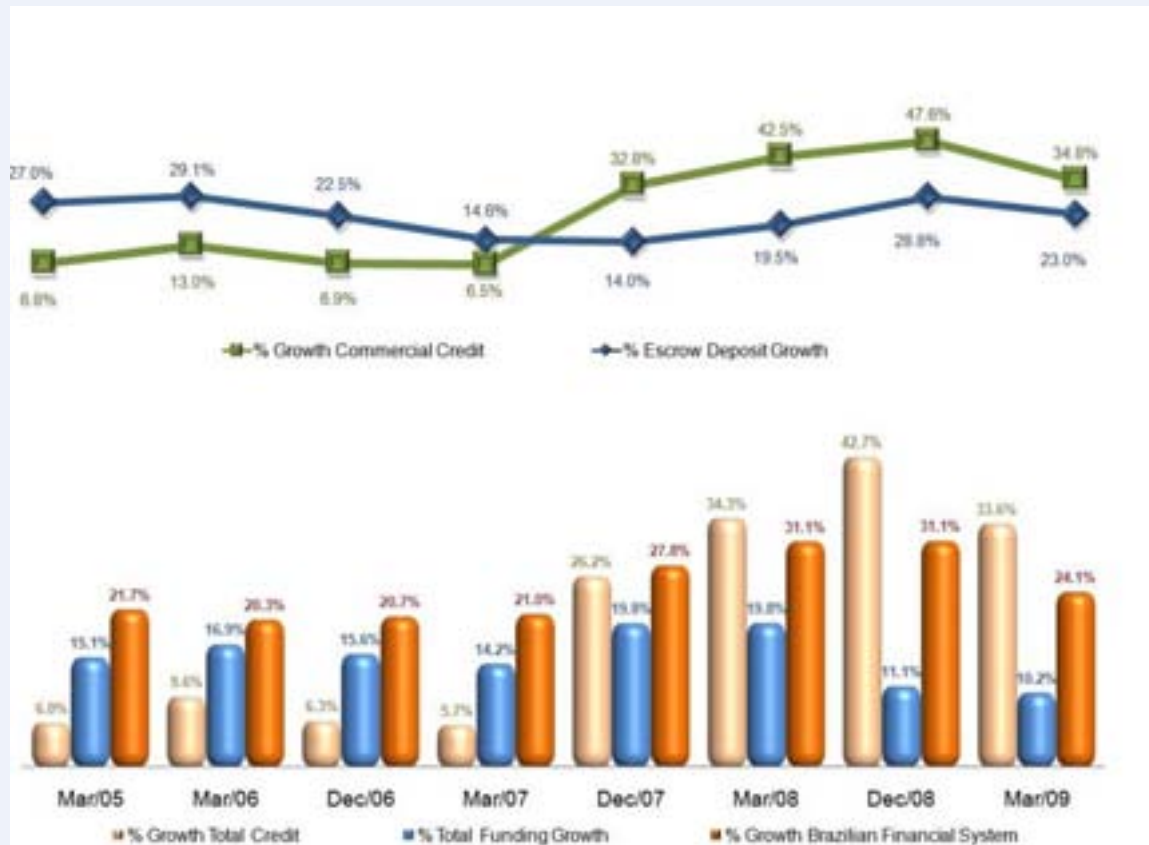
### ■ Pace of Growth

The pace of growth in time deposits and commercial credit, measured by the relative growth in volumes in a twelve-month period, is shown in the following graph. The 34.8% growth in commercial credit in the twelve months ended in March 2009 continues so significantly, compared to the 23% growth shown by the time deposits. In the past three months, the trend reversed, with commercial

credit growing by 3.5%, and time deposits by 6.1%.

Thus, the growth percentage every twelve months, shown in the graph since 2005 (periods selected - quarters), shows the stable growth in time deposits and Banrisul's positive performance in credit during the favorable period.

Chart 16 - Commercial Credit and Total Funding, Pace of Growth in 12 months (%)



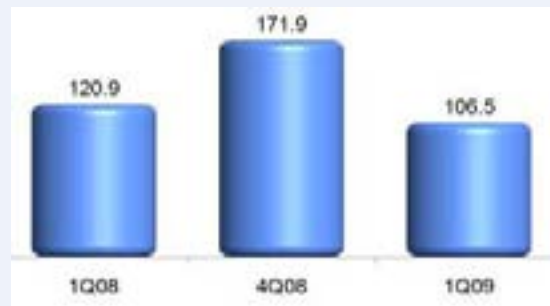
# Consolidated Income Statement 1Q09

## ■ Consolidated Results

Net Income in 1Q09 totaled R\$106.5 million, which was R\$14.4 million (11.9%) lower than in 1Q08 and R\$65.4 million (38.0%) lower than in 4Q08. The performance in 1Q09 was affected by the increase in default levels resulting from the global crisis that hit the financial markets at the end of 2008.

The reduction in Net Income in 1Q09 compared to 1Q08 is due to the higher volume of funds allocated to allowance for loan losses, in the amount of R\$109.5 million, and the R\$55.4 million increase in Administrative Expenses – Personnel, and Other Administrative and Tax Expenses, despite the R\$311.0 million increase in financial intermediation income.

Chart 17 - **Net Income** (R\$ Million)



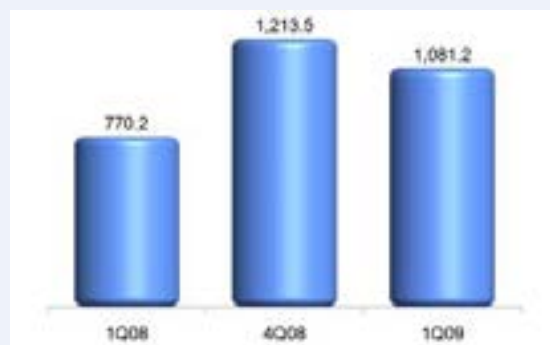
The decline in comparison with 4Q08 is mainly due to the R\$94.5 million increase in the allowance for loan losses.

## ■ Financial Income

Financial Income totaled R\$1,081.2 million in 1Q09, 40.4% (R\$311.0 million) more than in 2008 and 10.9% (R\$132.3 million) less than in 4Q08.

The increase in relation to 1Q08 is due to the growth in revenues from credit and securities (R\$335.2 million), thanks to the growth in the volume of operations and higher interest rates. The decrease in relation to 4Q08 is due to the decline in revenues from credit and securities (R\$30.3 million) due to the decline in hiring and the recent reduction in the basic interest rate. The decline in financial income is chiefly due to the R\$94.3 million decrease

Chart 18 - **Financial Income** (R\$ Million)



in revenues from foreign exchange operations on account of foreign exchange variation in 4Q08.





### ■ Revenue from Treasury Operations

Revenues from Securities and Derivatives totaled R\$307.6 million in 1Q09, 51.3% (R\$104.2 million) more than in 1Q08 and 7.2% (R\$23.7 million) less than in 4Q08.

The twelve month increase in revenues from securities and derivatives was positively

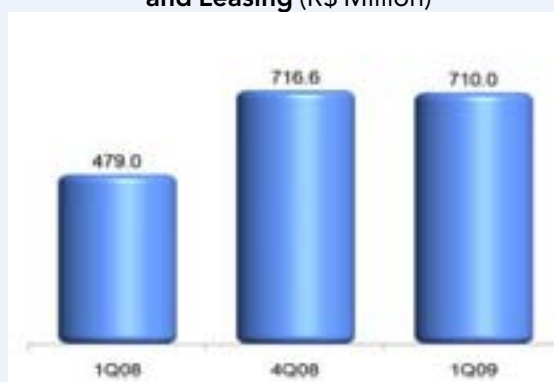
influenced by the raise in the Selic rate and the increase in the volume of treasury operations, while the reduction in comparison with 4Q08 was due to the reduction in the nominal Selic rate by 2.5 p.p. in comparison with 4Q08, despite the increase in the volume invested.

### ■ Revenue from Credit Operations

Revenues from credit operations and leasing totaled R\$710.0 million in 1Q09, 48.2% (R\$231.0 million) more than in 1Q08, and 0.9% (R\$6.6 million) less than in 4Q08.

Revenues from Commercial Credit, which correspond to 90.1% of the revenues from credit operations and leasing, totaled R\$639.4 million in the first quarter of 2009, of which R\$378.4 million originated from Individuals and R\$261.1 million from Companies.

Chart 19 - Revenues from Credit Operations and Leasing (R\$ Million)



### ■ Revenues from Commercial Credit - Individuals and Companies

In 1Q09, revenues from Commercial Credit to Individuals totaled R\$378.4 million, 41.9% higher than in 1Q08 and 4.0% higher than in 4Q08.

The R\$111.8 million increase in revenues from Commercial Credit to Individuals in twelve months is due to the growth in two of the main credit lines: Payroll-deducted credit and Overdraft, which jointly contributed R\$878.1 million. The R\$14.7 million increase in the last quarter is due to the growth in the balances and the interest rates. These products represent 76.8% of the segment's revenues and 45.4%

of the revenues from Commercial Credit. Revenues from Commercial Credit to Companies totaled R\$261.1 million in 1Q09, 67.3% higher than in 1Q08 and 3.0% higher than in 4Q08.

Working Capital loans represent 57.0% of the segment's revenues and 23.3% of the revenues from Commercial Credit. The R\$105.0 million increase in revenues in 1Q09 over 1Q08 is mainly due to the growth in working capital loans, while the increase of R\$7.7 million over 4Q08 was due to the increased volume and higher prices.



Table 15: Revenues from Commercial Credit – Individuals and Companies (R\$ Million)

	1Q08	4Q08	1Q09	1Q09/1Q08	1Q09/4Q08
<b>Individuals</b>	<b>266.6</b>	<b>363.7</b>	<b>378.4</b>	<b>41.9%</b>	<b>4.0%</b>
Payroll-deductible Loan	133.5	168.4	176.1	31.9%	4.6%
Payroll-deductible Purchase of Consumer Goods	5.7	5.7	5.2	-8.1%	-8.2%
Purchase Goods - other	0.1	0.1	0.1	-19.2%	-18.9%
Vehicule Loan - Companies	0.9	1.3	1.3	34.9%	0.1%
Overdraft	68.1	103.0	109.1	60.1%	5.8%
One Minut Loan	19.0	26.6	29.1	52.8%	9.2%
Automatic Individual Loan	18.3	23.3	22.0	20.1%	-5.4%
Non Payroll-deductible Loan	7.9	17.0	16.2	105.6%	-4.7%
Other - Individuals	2.7	3.3	4.8	76.3%	44.9%
Credit Card	10.2	14.9	14.5	41.7%	-2.7%
<b>Companies</b>	<b>156.1</b>	<b>253.4</b>	<b>261.1</b>	<b>67.3%</b>	<b>3.0%</b>
Purchase Goods - other	1.2	1.7	1.5	19.7%	-14.7%
Vehicule Loan - Companies	1.0	1.2	1.1	11.2%	-7.9%
Working Capital - Guarantee	65.6	108.6	112.4	71.3%	3.5%
Working Capital - Receivable	22.1	36.2	36.4	64.7%	0.6%
Financing to Customers - Companies	1.6	3.2	2.8	72.7%	-10.5%
Compror	10.7	13.0	13.3	24.5%	2.6%
Indebted Security Account	5.0	12.7	12.6	149.0%	-1.4%
Guaranted Account	25.6	47.3	52.3	104.1%	10.7%
Debt Instruments Discount	11.2	16.9	17.7	57.1%	4.5%
Vendor	4.9	6.8	6.4	30.2%	-5.4%
Other - Companies	6.0	3.9	3.6	-39.9%	-7.9%
Foreign Credit	1.0	2.0	1.0	-1.5%	-50.1%
<b>TOTAL</b>	<b>422.7</b>	<b>617.1</b>	<b>639.4</b>	<b>51.3%</b>	<b>3.6%</b>

Lending rates mostly rose in 1Q08, 4Q08 and 1Q09, mainly due to the rise in the Selic rate during 2008 and the increased risk on account of the financial crisis that shook the global

markets in 4Q08. In 1Q09, a few credit lines became cheaper due to the reduction in the Selic rate.

Table 16: Commercial Credit Rates – Individuals and Companies (%)

	1Q08	4Q08	1Q09
<b>Individuals</b>	<b>3.10%</b>	<b>3.21%</b>	<b>3.26%</b>
Payroll-deductible Loan	2.17%	2.08%	2.08%
Payroll-deductible Purchase of Consumer Goods	1.62%	1.62%	1.62%
Purchase Goods - other	0.77%	0.69%	0.58%
Vehicule Loan - Companies	1.99%	2.02%	2.06%
Overdraft	7.15%	8.44%	8.32%
One Minut Loan	4.83%	5.42%	5.55%
Automatic Individual Loan	3.67%	4.10%	4.27%
Non Payroll-deductible Loan	2.82%	2.99%	3.06%
Credit Card	5.28%	6.53%	6.12%
<b>Companies</b>	<b>1.65%</b>	<b>1.97%</b>	<b>1.93%</b>
Purchase Goods - other	1.51%	1.57%	1.39%
Vehicule Loan - Companies	1.88%	1.85%	1.78%
Working Capital - Guarantee	1.61%	1.80%	1.71%
Working Capital - Receivable	1.65%	1.92%	1.77%
Financing to Customers - Companies	1.47%	1.97%	1.88%
Compror	1.12%	1.59%	1.57%
Indebted Security Account	1.43%	2.00%	1.99%
Guaranted Account	2.84%	3.22%	3.64%
Debt Instruments Discount	1.70%	2.30%	2.17%
Vendor	1.02%	1.72%	1.66%
Foreign Credit	0.54%	0.43%	0.32%

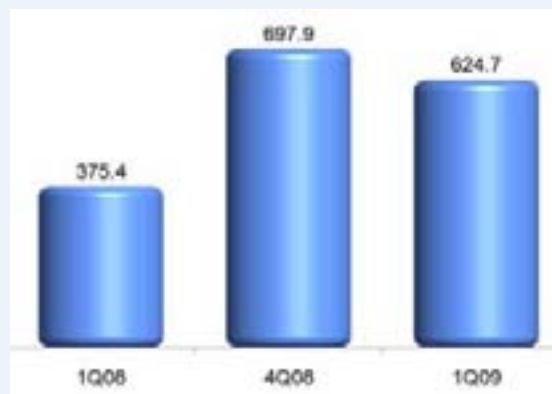


### ■ Financial Expenses

Financial Expenses totaled R\$624.7 million in 1Q09, 66.4% (R\$249.3 million) more than in 1Q08 and 10.5% (R\$73.2 million) less than in 4Q08.

The increase in financial expenses in twelve months is due to the growth in the volume of provisions for loan losses (R\$109.5 million), in deposits (R\$1,813.3 million) and in the Reserve Fund for Judicial Deposits (R\$2,080.7 million), as well as the rise in the Selic rate during 2008. The reduction between 1Q09 and 4Q08 is mainly to the reduction of Selic rate in the last three months.

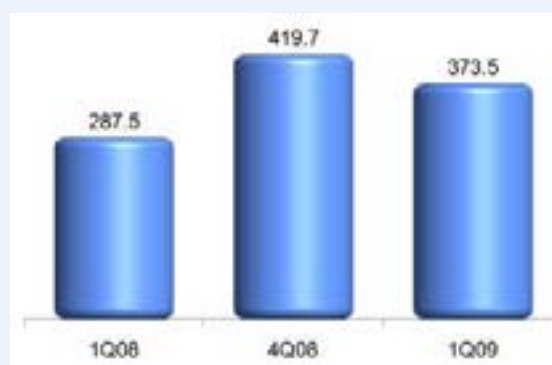
Chart 20 - Financial Expenses (R\$ Million)



### ■ Expenses with Market Funding Operations

Expenses with Market Funding Operations totaled R\$373.5 million in 1Q09, 29.9% higher than in 1Q08 and 11.0% lower than in 4Q08. The R\$86.0 million increase in expenses between 1Q09 and 1Q08 is due to the growth in remunerated deposits (R\$1,794.6 million) and the high volume of open market funding, which totaled R\$2,658.4 million at the end of March 2009, besides the increase in the basic interest rate that influences their remuneration. The R\$46.2 million decline in the last quarter is mainly due to the fall in the basic interest rate.

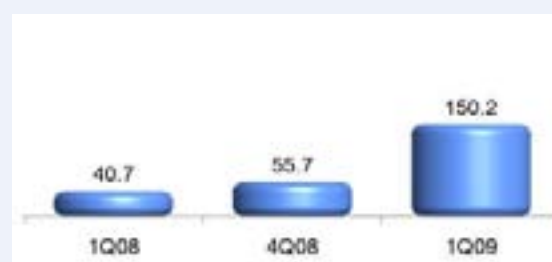
Chart 21 - Expenses with Market Funding Operations (R\$ Million)



### ■ Allowance for Loan Losses

Allowance for Loan Losses totaled R\$150.2 million in 1Q09, R\$109.5 million more than in 1Q08 and R\$94.5 million more than in 4Q08. The allowance for the period in relation to the total loan portfolio was 1.27%, which is an adequate ratio in the current circumstances. The increase in the Allowance for Loan Losses is due to the growth in the volume of credit in twelve months and the higher rate of defaults on loans more than 60 days due, in light of the economic slowdown, which affected employment and income levels, especially in the first three months of the year.

Chart 22 - Allowance for Loan Losses (R\$ Million)



### ■ Gross Profit from Financial Intermediation

Gross Profit from Financial Intermediation totaled R\$456.5 million in 1Q09, 15.6% higher than in 1Q08 and R\$59.0 million lower than in 4Q08.

The 1Q09 performance was positively impacted by revenues from credit and securities, and

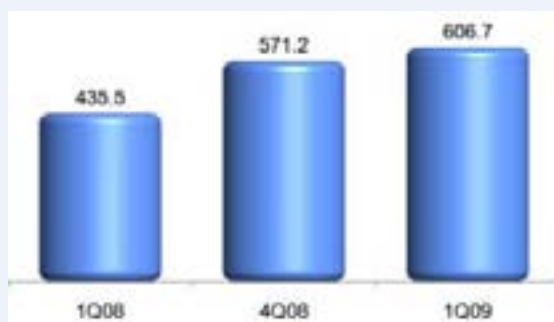
negatively by the higher need for allowance for loan losses in comparison with 1Q08. The decline in comparison with 4Q08 reflects the drop in revenue from credit operations and the need for higher allowance for loan losses on account of the higher risk scenario.

### ■ Financial Margin

Financial Margin was R\$606.7 million in 1Q09, 39.3% (R\$171.2 million) more than in 1Q08 and 6.2% (R\$35.5 million) more than in 4Q08. The twelve month increase in revenues from credit (due to the growth in portfolio volume) and treasury operations (on account of the rise in the Selic rate) contributed to the increase in the Financial Margin.

The increase in Financial Margin last quarter in comparison with the earlier quarter is due to the quicker reduction in funding expenses when the Selic declined than the reduction in revenues from credit operations.

Chart 23 - Financial Margin  
(R\$ Million)

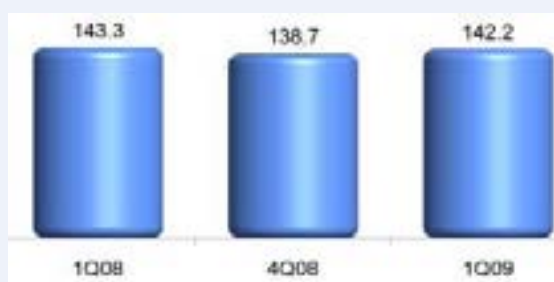


### ■ Revenues from Services Rendered

Revenues from Services totaled R\$142.2 million in 1Q09, 0.7% (R\$1.0 million) lower than in 1Q08 and 2.6% (R\$3.6 million) higher than in 4Q08.

The decline between 1Q09 and 1Q08 is due to the implementation of a new tariff collection system, as required by the Brazilian Central Bank, in May 2008 which resulted in the extinction of Lending Fees (Taxa de Abertura de Crédito - TAC) charged to individuals. The increase in comparison with 4Q08 is due to the

Chart 24 - Revenues from Services Rendered (R\$ Million)



higher tariffs on Banricompras and on checking account services to Individuals and Companies.



## ■ Administrative Expenses

Administrative Expenses totaled R\$378.9 million in 1Q09, R\$47.1 million (14.2%) more than in 1Q08. Personnel Expenses, which represent 56.7% of the Administrative Expenses in 1Q09, increased by R\$21.0 million over 1Q08, whereas Other Administrative Expenses increased by R\$26.1 million in the period.

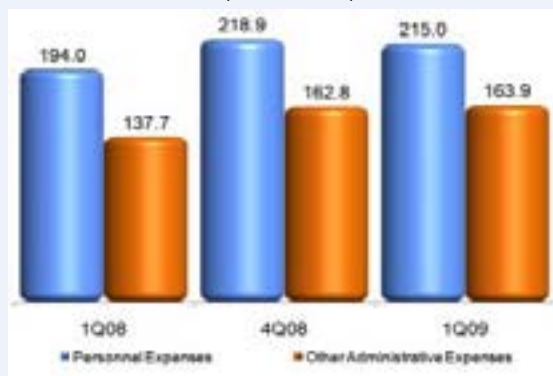
The 10.8% increase in Personnel Expenses between 1Q09 and 1Q08 is due to the wage increase granted by way of the collective bargaining agreement in September 2008, which resulted in a 9.0% average increase in earnings and expenses. The 19.0% increase in Other Administrative Expenses during the period is mainly due to the R\$6.6 million increase in Outsourcing Expenses and the R\$5,8 million increase in Data Processing and Telecommunication Expenses.

The variations in Other Administrative Expenses in twelve months were specifically due to the absorption of the costs of the credit card processing company merged from Banrisul Serviços Ltda., which was earlier borne by the parent company, to the renewal of the agreement for provision of vigilance services at new rates, and to other third-party services in order to comply with legal requirements, mainly with regard to the implementation of the Public Digital Bookkeeping System (SPED) of the international accounting standards (IFRS) and

## ■ Other Operating Income / Expenses

**Other Operating Income** - Other Operating Income totaled R\$28.8 million in 1Q09, 18.8% (R\$6.7 million) down from 1Q08 and 43.9% (R\$22.5 million) down from 4Q08. The reduction in Other Operating Income in comparison with 1Q08 is due to the reversal of Operating Provisions in Other Assets, and Securitization Losses, which did not occur in 1Q09. The reduction in Other Operating Income

Chart 25 - Personnel and Other Administrative Expenses (R\$ Million)

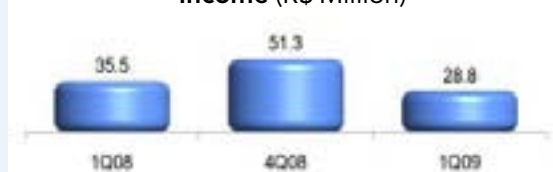


the cost reduction program in association with the Institute of Managerial Development (INDG), which was hired to improve budgetary control using the Matrix Cost Management methodology (Gerenciamento Matricial de Despesas – GMD), which will help in the planning and control of expenses in a more centralized manner that is appropriate for the size of Banrisul.

Administrative Expenses remained stable in relation to 4Q08, falling slightly by R\$2.9 million, due to the R\$3.9 million reduction in Personnel Expenses and R\$1 million increase in Other Administrative Expenses.

The reduction in Personnel Expenses in relation to 4Q08 is due to the seasonal effect of the holiday season in the beginning of the year. The increase in Other Administrative Expenses is basically due to the increase in Data Processing and Telecommunication Expenses.

Chart 26 - Other Operating Income (R\$ Million)

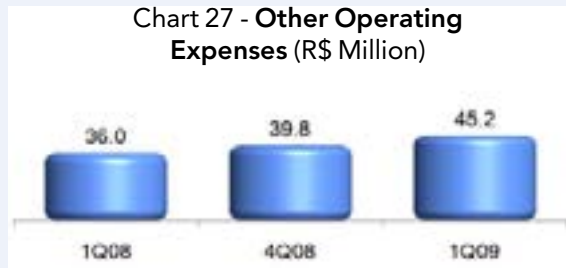


in relation to 4Q08 is due to the exchange adjustments at the foreign branches booked in 4Q08.



**Other Operating Expenses** - Other Operating Expenses totaled R\$45.2 million in 1Q09, 25.6% (R\$9.2 million) more than in 1Q08 and 13.4% (R\$5.3 million) more than in 4Q08.

The increase in Other Operating Expenses in relation to 1Q08 and 4Q08 is due to the provision of R\$7.5 million required by CVM Resolution 371 of December 13, 2000, by which future post-employment benefits should be provisioned for or paid during the employee's lifetime. The calculation was made



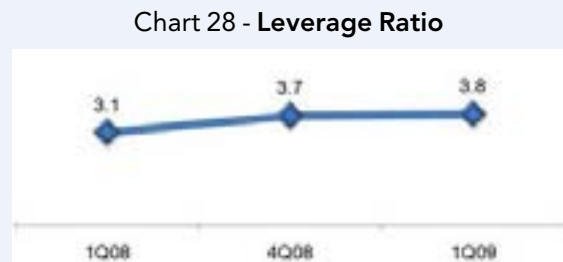
by the independent auditors Towers, Perrin, Forster & Crosby Ltda. and are reconciled at the end of each year.

## Economic Indicators

### ■ Leverage Ratio

The Leverage Ratio is the ratio of the credit operations portfolio to Shareholders' Equity. In March 2008, Banrisul's credit operations represented 3.1x of Shareholders' Equity, which rose to 3.7x in December 2008 and to 3.8x in March 2009.

The significant growth in the portfolio in 12 months reflected the variation of the Leverage Ratio. The Bank's comfortable leverage and its

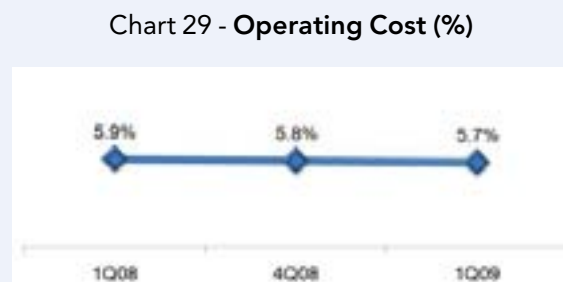


capital adequacy ratio (Basel) show its capacity for loan portfolio growth in the future.

### ■ Operating Cost

Operating Cost measures the total of Administrative Expenses in relation to Total Assets. The ratio is calculated based on the expenses in the twelve months against the balance of assets at the end of the period being analyzed.

The growth in assets, 22.5% in the past twelve months, due to the credit growth and the excellent funding performance, has contributed to reducing costs in relation to assets. The ratio



varied slightly last quarter, due to the lower growth of assets in comparison with the increase in administrative expenses.



### ■ Capital Ratio

The Capital Ratio measures the ratio of Shareholders' Equity to funds raised from the public, including investment funds. It evaluates the security that the company's own funds offer to third-party capital.

In March 2009, the Capital Ratio was 16.2%, similar to in December 2008 and 0.2 p.p. higher than in March 2008. The increase in the Ratio in twelve months is due to the growth in Shareholders' Equity on account of the results obtained from the growth in credit, which

Chart 30 - Capital Ratio (%)



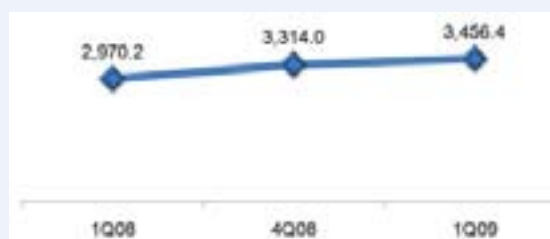
resulted in a slight decline in third-party leverage and, consequently, a bigger share of the Bank's own funds invested in working capital.

### ■ Employee Productivity

The productivity ratio, which is measured by the total volume of business (funding and credit) per employee, grew 16.4% in the past twelve months to R\$3,456,400, thanks to the Bank's business performance, driven by the system of variable remuneration, which helped to raise productivity.

In March 2009, Banrisul had 9,043 employees, 127 more than in March 2008. Hiring of staff was necessary to replace the retiring employees and to support the increasing number of branches.

Chart 31 - Employee Productivity (R\$ Thousand)

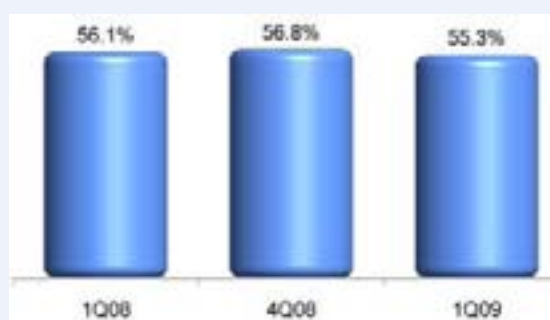


### ■ Efficiency Ratio

The Efficiency Ratio measures the percentage volume of revenues used to cover administrative expenses. The ratio in 1Q09 was lower in comparison with 1Q08 and 4Q08, showing the Bank's positive performance.

The twelve month reduction in the ratio is related to the growth of credit and securities operations, which offset the increase in financial and administrative expenses. The reduction in comparison with the previous quarter reflects the capacity of the financial margin to absorb

Chart 32 - Efficiency Ratio (%)



administrative expenses despite lower revenues from credit and securities operations.



## ■ Margin Analysis

The Margin Analysis in the following chart was based on the average balances of assets and liabilities, calculated as of the closing balances of the months in each quarter.

The chart shows the revenue-generating assets and interest-bearing liabilities, the corresponding financial incomes on assets and financial expenses on liabilities, as well as the effective average rates generated by the respective yields and interest paid in each period.

Credit operations include advances on foreign exchange contracts and leasing agreements, shown at the current net value of the leasing agreements. Income from credit operations overdue for more than 60 days, irrespective of their risk level, will only be booked as revenues when they are received. Income from leasing operations is booked when each installment becomes due. These criteria impact the average volume of income and the effective rates in the periods being analyzed.

Average balances of interbank investments,

funds invested or raised in the interbank market correspond to the redemption amount deducted from the income or expenses corresponding to future periods.

Average balances of deposits, open-market funding, loans and onlendings include the fees payable till the date of closing of the financial statements, booked on a pro rata die basis. As for expenses related to these items, fees relating to deposits include contributions to the Credit Guarantee Fund (FGC).

Interest booked in the balance sheet includes nominal interest and a component of monetary restatement, which may be related to an inflation index, changes in exchange rates (usually U.S. dollar) or floating interest rates. The interest and monetary restatement are applied at the end of each month on the balance of the principal of each operation. The restated amount is the new basis for calculating interest and monetary restatement of the next month, and so on, till final settlement.

Table 17: Margin Analysis (R\$ Thousand)

	Balance Average	1Q08 Income Expense	Rate Average	Balance Average	4Q08 Income Expense	Rate Average	Balance Average	1Q09 Income Expense	Rate Average
<b>Interest-Earning Assets</b>	<b>19,050.7</b>	<b>775.0</b>	<b>4.1%</b>	<b>23,095.3</b>	<b>1,206.9</b>	<b>5.2%</b>	<b>23,947.0</b>	<b>1,079.6</b>	<b>4.5%</b>
Loan Portfolio	8,241.1	498.1	6.0%	11,002.5	827.5	7.5%	11,272.4	726.4	6.4%
Resales pending Settlement	3,685.8	96.4	2.6%	4,914.2	169.9	3.5%	4,524.0	133.1	2.9%
Money Market Investments	81.7	2.1	2.6%	816.4	22.5	2.8%	1,348.4	36.4	2.7%
Available-for-Sale Securities	456.0	11.7	2.6%	477.0	13.2	2.8%	891.2	24.0	2.7%
Held-to-Maturity Securities	3,503.6	90.0	2.6%	4,041.9	111.6	2.8%	3,939.8	106.3	2.7%
Interbank Deposits	122.0	3.0	2.5%	234.8	8.4	3.6%	234.1	6.8	2.9%
Other Interest-Earning Assets									
Compulsories	2,626.6	60.7	2.3%	1,231.4	38.8	3.1%	1,344.2	31.5	2.3%
Other	333.9	13.0	3.9%	377.1	15.1	4.0%	392.8	15.1	3.8%
<b>Non Interest-Earning Assets</b>	<b>2,200.9</b>			<b>2,236.6</b>			<b>2,253.1</b>		
<b>Total Assets</b>	<b>21,251.6</b>	<b>775.0</b>	<b>3.6%</b>	<b>25,332.0</b>	<b>1,206.9</b>	<b>4.8%</b>	<b>26,200.1</b>	<b>1,079.6</b>	<b>4.1%</b>
<b>Interest - Bearing Liabilities</b>	<b>15,083.1</b>	<b>339.5</b>	<b>2.3%</b>	<b>18,887.9</b>	<b>635.7</b>	<b>3.4%</b>	<b>19,698.8</b>	<b>472.9</b>	<b>2.4%</b>
Domestic Interbank Deposits				12.0	0.4	3.1%	12.2	0.3	2.8%
Domestic Saving Deposits	4,501.0	66.6	1.5%	4,642.4	83.0	1.8%	4,786.2	78.4	1.6%
Domestic Time Deposits	6,383.0	155.9	2.4%	7,578.6	230.4	3.0%	7,919.8	216.5	2.7%
Resales pending Settlement	2,255.7	65.0	2.9%	2,816.3	106.0	3.8%	2,632.0	78.2	3.0%
Borrowings and Onlendings									
Domestic	650.4	10.1	1.6%	707.6	10.5	1.5%	738.0	9.7	1.3%
Foreign	334.2	19.6	5.9%	609.7	125.5	20.6%	622.4	7.1	1.1%
Other	958.8	22.3	2.3%	2,521.3	80.0	3.2%	2,988.1	82.6	2.8%
<b>Non Interest - Bearing Liabilities</b>	<b>3,319.2</b>			<b>3,374.7</b>			<b>3,361.5</b>		
<b>Stockholders' Equity</b>	<b>2,849.3</b>			<b>3,069.3</b>			<b>3,139.9</b>		
<b>Total Liabilities</b>	<b>21,251.6</b>	<b>339.5</b>	<b>1.6%</b>	<b>25,332.0</b>	<b>635.7</b>	<b>2.5%</b>	<b>26,200.1</b>	<b>472.9</b>	<b>1.8%</b>
Spread			1.8%			1.9%			2.1%
NIM (Quarterly)			2.3%			2.5%			2.5%
NIM (Yearly)			9.5%			10.3%			10.5%





## ■ Variations in Interest Incomes and Expenses: Volumes and Rates

The following chart shows the variations in the interest incomes and expenses consolidated among the variations in volume and interest rates (i) in 1Q09 compared to 1Q08 and (ii) in 1Q09 in relation to 4Q08.

The variations in the volume and interest rates were calculated based on the average balances in the period and the variations in the nominal

interest rates on income generating assets and average of interest-bearing liabilities. Net variation was calculated based on the variations in the volume and rates, and was allocated to the respective variation (volume and interest rate) proportionally, considering the absolute amount attributable to the volume and interest rates.

Table 18: Variations in Interest Incomes and Expenses: Volumes and Rates (R\$ Million)

	Mar09/Mar08			Mar09/Dec08		
	Increase / Decrease			Increase / Decrease		
	According to change in:			According to change in:		
	Volume	Rate Interest	Change Net	Volume	Rate Interest	Change Net
<b>Interest - Earning Assets</b>						
Lending Operations, Leasing Operations and Other Receivables	193.5	34.7	228.2	19.9	(121.0)	(101.1)
Resales pending Settlement	23.6	13.1	36.7	(15.8)	(21.0)	(36.8)
Securities and Derivatives	57.5	5.4	62.9	22.7	(3.2)	19.5
Compulsory Deposits	(30.1)	0.8	(29.3)	3.4	(10.6)	(7.2)
Other Interest-Earning Assets	6.0	(0.1)	5.9	0.6	(2.2)	(1.6)
<b>Total Interest-Earning Assets</b>	<b>250.5</b>	<b>53.9</b>	<b>304.4</b>	<b>30.7</b>	<b>(157.9)</b>	<b>(127.2)</b>
<b>Interest -Bearing Liabilities</b>						
Time Deposits	40.5	20.1	60.6	10.1	(23.2)	(13.1)
Savings Deposits	4.4	7.5	11.9	2.5	(7.1)	(4.6)
Other Interest-Earning Assets	55.4	4.9	60.3	8.6	(5.9)	2.7
Money Market Funding	11.1	2.2	13.2	(7.5)	(20.2)	(27.6)
Total Funding	<b>111.3</b>	<b>34.7</b>	<b>146.0</b>	<b>13.7</b>	<b>(57.2)</b>	<b>(43.5)</b>
Total Onlendings	<b>8.7</b>	<b>(21.7)</b>	<b>(13.0)</b>	<b>4.3</b>	<b>(123.5)</b>	<b>(119.2)</b>
<b>Total Interest -Bearing Liabilities</b>	<b>120.0</b>	<b>13.0</b>	<b>133.0</b>	<b>17.9</b>	<b>(180.6)</b>	<b>(162.7)</b>



# Consolidated Pro Forma Balance Sheet

Assets							R\$ Million Absolute Change	
	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009	Mar 2009 - Mar 2008	Mar 2009 - Dec 2008	
<b>Current and Long-Term Assets</b>	<b>21,275.1</b>	<b>22,858.5</b>	<b>25,127.6</b>	<b>24,841.3</b>	<b>26,149.6</b>	<b>4,874.5</b>	<b>1,308.3</b>	
Cash	291.3	251.2	282.8	373.3	322.1	30.8	(51.2)	
Interbank Investments	3,812.1	4,606.7	5,892.2	4,687.1	5,384.5	1,572.4	697.4	
Securities and Derivatives	4,660.0	4,528.1	4,752.4	6,110.8	6,387.9	1,727.9	277.1	
Interbank and Interbranch Accounts	3,381.2	3,202.3	2,872.8	1,767.8	1,798.8	(1,582.3)	31.1	
Lending Operations	8,466.4	9,479.3	10,434.0	10,898.5	11,237.2	2,770.8	338.7	
Allowance for Loan Losses	(869.5)	(898.7)	(957.7)	(942.1)	(1,053.4)	(183.9)	(111.2)	
Leasing Operations	58.8	75.7	105.3	107.9	102.1	43.3	(5.8)	
Allowance for Doubtful Lease Receivables	(4.4)	(4.4)	(4.6)	(5.7)	(6.5)	(2.0)	(0.7)	
Other Receivables	1,470.0	1,608.1	1,741.7	1,843.9	1,973.7	503.8	129.8	
Allowance for Losses on Other Receivables	(15.1)	(15.7)	(19.9)	(23.8)	(20.9)	(5.8)	2.9	
Other Assets	24.5	25.9	28.7	23.7	24.0	(0.5)	0.3	
<b>Permanent</b>	<b>355.0</b>	<b>364.6</b>	<b>378.3</b>	<b>364.1</b>	<b>351.9</b>	<b>(3.1)</b>	<b>(12.2)</b>	
Investments	8.1	8.1	8.1	8.2	8.1	0.0	(0.1)	
Property in Use	129.9	130.0	157.8	151.4	146.7	16.8	(4.6)	
Intangible	217.1	226.5	212.4	204.5	197.1	(20.0)	(7.4)	
<b>Total Assets</b>	<b>21,630.1</b>	<b>23,223.1</b>	<b>25,505.9</b>	<b>25,205.4</b>	<b>26,501.5</b>	<b>4,871.4</b>	<b>1,296.1</b>	
<b>Liabilities</b>								
	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009	Mar 2009 - Mar 2008	Mar 2009 - Dec 2008	
<b>Current and Long-Term Liabilities</b>	<b>18,807.0</b>	<b>20,315.3</b>	<b>22,533.0</b>	<b>22,122.9</b>	<b>23,360.8</b>	<b>4,553.8</b>	<b>1,237.9</b>	
Deposits	12,469.7	13,004.8	13,414.9	14,256.1	14,283.1	1,813.3	27.0	
Demand Deposits	1,462.8	1,562.0	1,478.0	1,864.0	1,485.6	22.8	(378.4)	
Saving Deposits	4,454.5	4,468.0	4,510.1	4,805.9	4,755.1	300.6	(50.8)	
Intebank Deposits	0.0	0.0	10.2	12.0	12.9	12.9	0.9	
Time Deposits	6,525.2	6,964.3	7,404.9	7,557.8	8,019.2	1,494.1	461.4	
Other Deposits	27.2	10.4	11.7	16.4	10.2	(17.0)	(6.2)	
Money Market Funding	2,140.2	2,547.5	3,729.1	2,234.3	2,658.4	518.2	424.1	
Intebank and Interbranch Accounts	574.8	622.2	374.6	124.8	325.4	(249.4)	200.5	
Borrowings and Onlendings	1,028.2	1,110.0	1,272.7	1,370.0	1,342.4	314.2	(27.6)	
Derivatives	24.0	27.6	32.3	35.9	38.7	14.7	2.8	
Other Payables	2,570.1	3,003.2	3,709.4	4,101.9	4,712.9	2,142.8	611.0	
Collected Taxes and Other	110.5	111.6	112.7	80.9	96.1	(14.4)	15.1	
Foreign Exchange Portfolio	77.9	40.1	45.5	91.2	120.0	42.0	28.7	
Social and Statutory	133.7	33.2	39.8	39.3	46.8	(86.9)	7.5	
Tax ans Social Securities	437.9	465.7	538.3	449.0	533.0	95.1	84.1	
Trading Account	1.4	1.3	2.1	1.6	3.1	1.7	1.5	
Financial and Development Funds	1,081.3	1,593.0	2,185.3	2,672.0	3,162.0	2,080.7	490.0	
Other	727.4	758.5	785.7	767.9	752.0	24.6	(15.9)	
Minority Interest	1.4	1.4	1.5	3.3	1.6	0.1	(1.7)	
<b>Stockholders' Equity</b>	<b>2,821.7</b>	<b>2,906.3</b>	<b>2,971.4</b>	<b>3,079.1</b>	<b>3,139.2</b>	<b>317.5</b>	<b>60.0</b>	
<b>Total Liabilities and Stockholders' Equity</b>	<b>21,630.1</b>	<b>23,223.1</b>	<b>25,505.9</b>	<b>25,205.4</b>	<b>26,501.5</b>	<b>4,871.4</b>	<b>1,296.1</b>	



## Pro Forma Income Statement

	1Q08*	2T08*	3Q08*	4Q08*	1Q09	R\$ Million Absolute Change	
						1Q09 1Q08	1Q09 4Q08
Financial Income	770.2	812.1	1,083.9	1,213.5	1,081.2	311.0	(132.3)
Expenses Income	(334.7)	(350.2)	(573.7)	(642.2)	(474.5)	(139.8)	167.7
Financial Margin	435.5	461.9	510.2	571.2	606.7	171.2	35.5
Allowance for Loan Losses	(40.7)	(62.2)	(97.9)	(55.7)	(150.2)	(109.5)	(94.5)
Gross Profit from Financial Income	394.8	399.7	412.3	515.5	456.5	61.7	(59.0)
Other Operations Income / Expenses	(225.6)	(257.3)	(262.6)	(272.7)	(297.8)	(72.3)	(25.1)
Services	143.3	128.6	128.2	138.7	142.2	(1.0)	3.6
Personnel Expenses	(194.0)	(213.2)	(209.3)	(218.9)	(215.0)	(21.0)	3.9
Other Administrative Expenses	(137.7)	(159.9)	(165.2)	(162.8)	(163.9)	(26.1)	(1.0)
Other Operation Income	35.5	54.6	51.8	51.3	28.8	(6.7)	(22.5)
Tax Expenses	(36.6)	(37.6)	(37.3)	(41.1)	(44.8)	(8.2)	(3.7)
Other Operating Expenses	(36.0)	(29.8)	(30.7)	(39.8)	(45.2)	(9.2)	(5.3)
Income from Operations	169.2	142.5	149.7	242.8	158.7	(10.6)	(84.1)
Income Before Taxes on Income	169.2	142.5	149.7	242.8	158.7	(10.6)	(84.1)
Income and Social Contribution Taxes	(48.3)	58.2	(32.3)	(60.8)	(44.6)	3.6	16.2
Statutory Interest	(0.0)	(13.3)	(6.6)	(10.1)	(7.5)	(7.5)	2.6
Minority Interest	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	0.0	0.0
<b>Net Income</b>	<b>120.9</b>	<b>187.3</b>	<b>110.7</b>	<b>171.9</b>	<b>106.5</b>	<b>(14.4)</b>	<b>(65.4)</b>

\* Reclassified



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# MANAGEMENT REPORT

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WE PRESENT THE MANAGEMENT REPORT AND FINANCIAL STATEMENTS OF BANCO DO ESTADO DO RIO GRANDE DO SUL S.A. FOR THE FIRST QUARTER 2009, PREPARED IN ACCORDANCE WITH THE RULES OF THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (COMISSÃO DE VALORES MOBILIÁRIOS - CVM) AND THE BRAZILIAN CENTRAL BANK.



## Economic Scenario

The economic scenario remained bleak in the first quarter of 2009 as the international financial crisis continued to spread. Despite the various economic plans implemented around the world, the crisis affected both the leading global economies, which remained in recession and a state of profound uncertainty, and other countries including Brazil, which began to feel its adverse effects more severely.

In this scenario, the Brazilian economy saw a sharp reversal in its growth trajectory. The 3.6% decrease in GDP in 4Q08 in comparison with 3Q08 is testimony to the historic decline in economic activity – the largest since the last quarter of 1990. Industry drove this negative performance, declining 7.4% as a result of adjustments in production and the steep decrease in inventories. Similarly, household consumption fell 2.0% in the period, while Gross Fixed Capital Formation fell 9.8%. 1Q09 indicators showed that economic activity remained weak, but less so, which could indicate a period of technical recession.

In response to the adverse scenario, Brazil's Monetary Policy Committee (Copom) resumed its relaxation of monetary policy by reducing the target basic interest rate (Selic) by 250 basis points (100 points at its January meeting and 150 points in March), from 13.75% p.a. at the end of 2008 to 11.25% p.a.. Inflation also contributed to the continued cuts in the basic interest rate since domestic consumption fell drastically along with prices of negotiable goods, especially international commodity prices. The balance of payments showed a current account deficit of US\$5.02 billion from January to March. On the other hand, the capital and financial account, which once recorded heavy foreign capital inflows, saw a significant reduction during this period, with foreign inflows amounting to US\$3.66 billion, resulting in a deficit of US\$1.18 billion in international reserves in the period. The Brazilian real ended the quarter at R\$2.3152 per U.S. dollar according to the selling rate published by the Central Bank of Brazil.

Following the dynamics of the rest of the country, the state economy has also clearly been showing signs of the impacts of the crisis in the first three months of 2009. The crisis adversely affected all segments of the economy, especially those related to foreign trade. According to preliminary data, during the period, the state's exports totaled US\$2.47 billion, 29.3% lower year-on-year and below the national average for the period. On the other hand, imports also fell sharply, reflected in the industrial slowdown in the state. Imports totaled US\$1.79 billion, down by 46.1%, resulting in a trade surplus of US\$677 million.

Industrial activity in the state declined 14.3% in January and February, caused by decreased domestic and international demand and resulting in underutilization of installed capacity. Industrial production indicators, namely, purchases, revenues, and hours worked, were substantially affected, declining 34.9%, 19.2% and 12.3%, respectively. Thus, considering the higher comparison base and the fact that international demand should continue to decline, with lower demand for raw materials and intermediate products, the state economy is expected to be sluggish for the months to come.



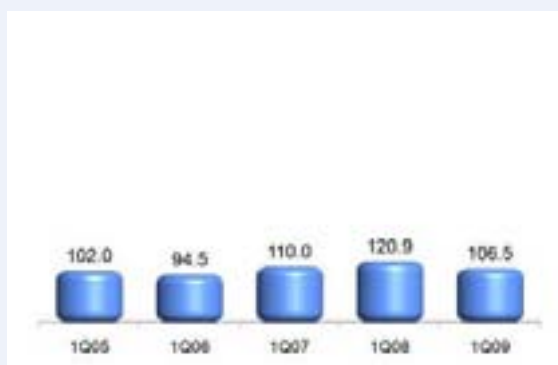
## Consolidated Performance

### ■ Net Income

Banrisul posted a Net Income of R\$106.5 million in 1Q09, 11.9% or R\$14.4 million below the accumulated result from the same period in 2008. Despite funding and credit performance having posted an increase in twelve months, the

current economic scenario, which is reflected in business activities, raised the Bank's delinquency level, requiring higher loss provisions and adversely impacting the result.

**Excluding - Tax Credit Effects**  
(R\$ Million)



**Including - Tax Credit Effects**  
(R\$ Million)

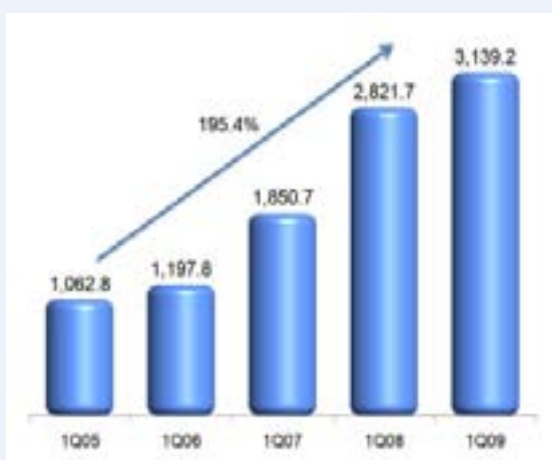


### ■ Shareholders' Equity

Banrisul's Shareholders' Equity, which totaled R\$3,139.2 million in March 2009, increased 11.3% in twelve months. Annualized return on Average Shareholders' Equity reached 14.4% in the first quarter of the year, confirming the expectation for decreased dynamism in the banking system as a response to the international economic crisis and its effects on the delinquency level.

Shareholders' Equity has grown 195.4% over the past four years as a result of the incorporation of increasing results recorded in the periods and the capital injection from the July 2007 public offering that raised R\$800.0 million.

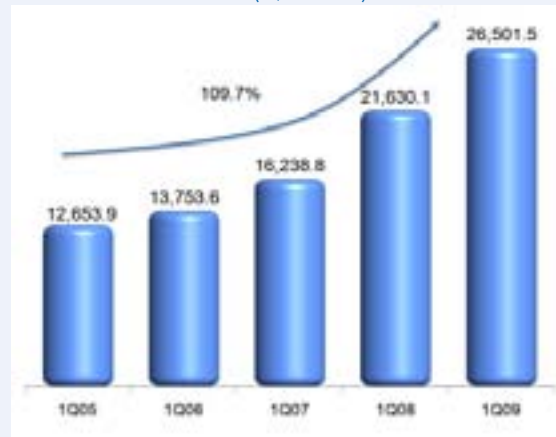
**Shareholders' Equity Growth**  
(R\$ Million)



### ■ Total Assets

Total Assets amounted to R\$26,501.5 million at the end of the first quarter of 2009, an increase of 22.5% over the R\$21,630.1 million in March 2008. Among the items that contributed to this growth, deposits, including the Judicial Deposit Reserve Fund in the amount of R\$3,894.0 million, and credit operations stand out as a reflex of the consolidation of Banrisul's strategy. In the last four years, Total Assets grew 109.4%.

**Total Assets Growth**  
(R\$ Million)



### ■ Taxes and Contributions

In the first quarter of 2009, Banrisul collected and provisioned R\$120.2 million in taxes and contributions. Taxes retained and passed

through levied directly on financial intermediation and other payments amounted to R\$95.3 million.

## Operating Performance

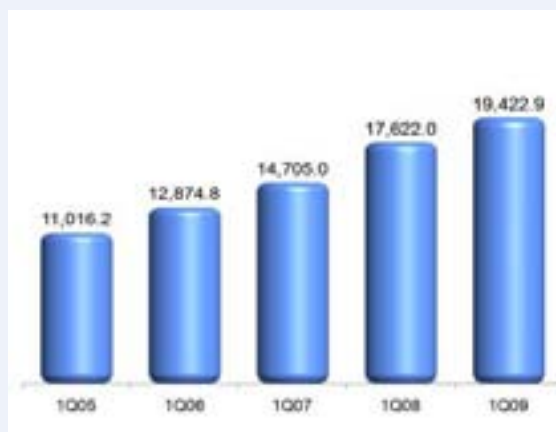
### ■ Funds Raised and Under Management

Funds Raised and Under Management totaled R\$19,422.9 million in March 2009, up 10.2% or R\$1,800.9 million year-on-year. Over four years, total growth has been 76.3%. The funding performance is directly related to Banrisul's extensive customer service network.

The balance of Time Deposits reached R\$8,019.2 million, an increase of 22.9% or R\$1,494.1 million compared to March 2008. Savings Deposits grew 6.7% or R\$300.6 million, totaling R\$4,755.1 million. Demand Deposits increased 1.6% or R\$22.8 million in twelve months and reached R\$1,485.6 million. The cost of Time Deposit funding compared to the Selic rate remained practically unchanged from 1Q08 to 1Q09.

Asset Management totaled R\$5,139.8 million at the end of 1Q09, R\$12.4 million below the March 2008 mark. Over four years, it has grown 54.7%.

**Growth of Funds Raised and Under Management**  
(R\$ Million)





■ **Breakdown of Funds Raised and Under Management**

At the end of 1Q09, Funds Raised and Under Management consisted of Time Deposits, the key funding instrument for credit operations, with R\$8,019.2 million or 41.3% of the total;

Asset Management, with R\$5,139.8 million or 26.5%; Savings Deposits, with R\$4,755.1 million or 24.5% of the total; and Demand Deposits, with R\$1,485.6 million or 7.6% of the total.

**Breakdown of Funds Raised and Under Management**  
(R\$ Million)



■ **Securities**

The balance of Investments in Securities stood at R\$9,114.0 million in March 2009, representing an increase of R\$2,782.1 million or 43.9% year-on-year. This balance includes Interbank Investments net of Resale and Repurchase Agreement Liabilities.

The growth in the securities portfolio reflects the prioritization of treasury operations rather than credit assets because of the decreased demand for financing, as well as the need for more selectivity in contracts in a scenario of increased risk.

As confirmed by internal technical studies, Banrisul has financial capacity and intends to maintain it until the maturity of securities

**Growth of Securities**  
(R\$ Milhões)



classified as “held-to-maturity”, pursuant to Article 8 of Circular Letter 3,068 of November 8, 2001 of the Brazilian Central Bank.



## Credit Operations

In March 2009, Banrisul's balance of credit operations totaled R\$11,833.8 million, growing 33.6% over the R\$8,860.7 million posted in the same month of 2008. Accounting for 75.9% of this growth, the commercial portfolio increased from R\$6,489.1 million to R\$8,745.4 million, a 34.8% or R\$2,256.3 million year-on-year increase. The volume of operations targeted at Individuals totaled R\$4,250.3 million, increasing 33.9%. As for Companies, the operations balance reached R\$4,495.1 million, increasing 35.6%.

In the previous twelve months, the other portfolios performed as follows: Rural Credit posted an increase of R\$267.3 million or 43.2% and reached a balance of R\$885.5 million; Long-Term Financing posted an increase of R\$91.6 million or 27.3%, reaching R\$427.4 million; Real Estate Loans increased R\$148.4 million or 17.7% for a balance of R\$989.2 million; ACC and ACE (pre- and post-shipment export financing) contracts increased R\$165.2 million or 50.1%, totaling R\$494.5 million, and Leasing grew R\$42.6 million or 72.7%, totaling R\$101.2 million.

### ■ Commercial Credit - Individuals

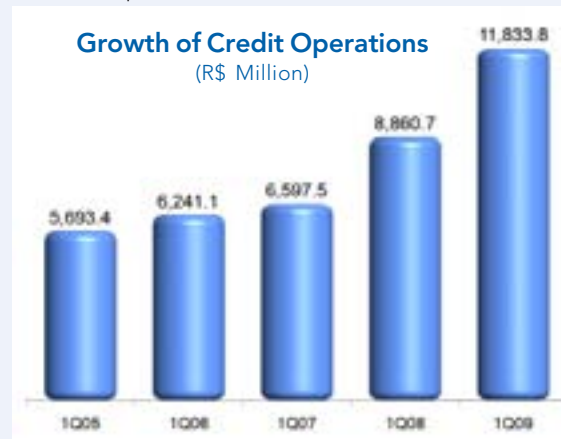
By the end of 1Q09, Commercial Credit Operations targeted at Individuals totaled R\$4,250.3 million, accounting for 48.6% of the Commercial Portfolio and 35.9% of all credit operations. The increase of R\$1,077.1 million in twelve months was mainly driven by payroll-

### ■ Commercial Credit - Companies

Commercial Credit operations for Companies grew 35.6% and reached a balance of R\$4,495.1 million in March 2009, accounting for 51.4% of the Commercial Portfolio and 38.0% of all credit operations. The business segment posted an increase of R\$1,179.2 million in the Credit

Operations with the Public Sector reached a balance of R\$190.6 million.

The classification of the portfolio by risk follows the procedures provided for in Resolution 2,682/99 of the Brazilian Central Bank. In March 2009, Normal Risk operations, comprised of levels AA to C, amounted to R\$10,009.5 million, representing 84.6% of the total portfolio. Risk 1 operations, including levels D to G, totaled R\$1,449.4 million, accounting for 12.2% of the portfolio. Risk 2, which consists exclusively of level H operations and requires 100% provision, totaled R\$374.9 million or 3.2% of the total.



deductible operations. Payroll-deductible loans reached R\$2,977.4 million, growing 33.5% over March of the previous year. The 72.8 thousand payroll-deductible loans granted totaled R\$309.4 million in the three-month period.

Portfolio balance, vis-à-vis the same month of the previous year. Banrisul's working capital, which totaled R\$2,872.5 million in March 2009, grew 50.5% in twelve months.

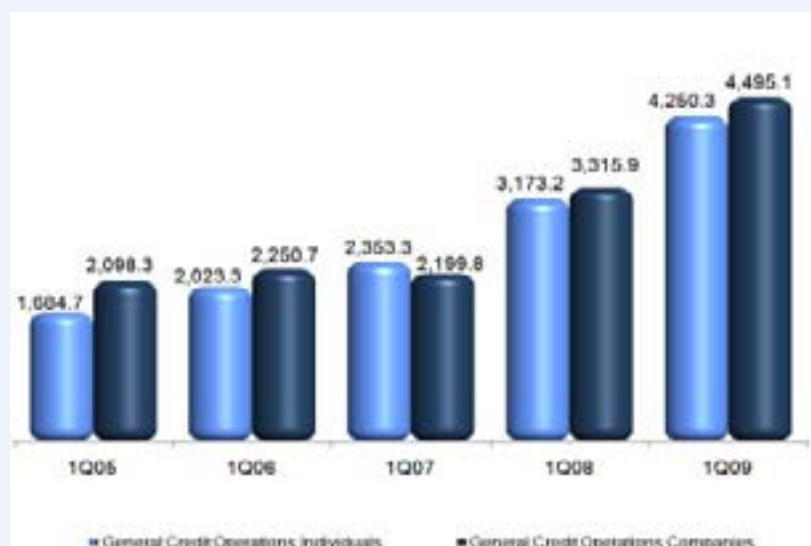
Working Capital granted to hospitals, clinics and laboratories totaled R\$2.6 million in the first



three months of 2009. In the same period, R\$46.9 million was allocated to the education sector,

comprised of universities and educational institutions.

### Commercial Credit Growth - Individuals and Companies (R\$ Million)



#### ■ Microcredit

The objective of Microcredit lines is to facilitate access of micro-companies and SMBs to working capital. From January to March 2009, Microcredit granted totaled R\$271.1 million, up 7.7% from the R\$251.8 million granted in the same period of 2008. The most popular lines

were Promicro, granting R\$74.0 million in 6.7 thousand operations, Corporate Account (*Conta Empresarial*), granting R\$83.3 million in 23.4 thousand operations, and Banricompras Receivables, granting R\$109.6 million in 56.1 thousand operations.

#### ■ Agribusiness

In 1Q09, 1,023 operations aimed at Agribusiness were contracted for a total of R\$83.5 million, an increase of 72.9% over the amount granted in the same period of 2008. Of this total, R\$56.4 million were destined to

Rural Costing and R\$27.1 million to Investments. The balance of Rural Credit reached R\$885.5 million in March 2009, 43.2% greater than the same month in 2008.

#### ■ Foreign Exchange

The balance of ACC and ACE operations increased 50.1% in twelve months, from R\$329.3 million in March 2008 to R\$494.5 million in the same month in 2009. 6.2 thousand operations were contracted in 1Q09, with a financial

turnover of US\$289.7 million - a volume 23.7% lower than in the same period in the previous year. Export operations granted totaled US\$136.8 million and import operations, US\$97.2 million.



### ■ Real Estate Loans

Through Banrisul's Real Estate lines, 2.0 thousand operations were financed in 1Q09, granting a total of R\$125.8 million, 63.8% higher than in the same period in 2008. This amount included allocations of R\$25.7 million to purchase 357 previously used properties, R\$7.6 million for 69 new properties and R\$1.1 million for 29 commercial properties. As part of the *Plano*

*Empresário* (Business Plan), R\$80.5 million was invested in 841 units, and in *Construção Individual da Casa Própria* (Individual Home Construction), R\$6.9 million was invested in 91 homes. The Real Estate Loan portfolio closed out the end of March 2009 with a balance of R\$989.2 million, up 17.7% over the same month in the previous year.

### ■ Long-Term Financing

Long-Term Financing portfolio ended 1Q09 with a balance of R\$427.4 million, which represents an increase of 27.3% in relation to the total of R\$335.8 million recorded in the same period in 2008. In this period, 81 operations were approved, totaling R\$34.7 million in funds from

Finame and BNDES. Out of this amount, R\$19.5 million went to the industrial sector in 47 operations; R\$6.6 million to the public sector in 17 operations, and R\$8.6 million for business and services in 17 new operations.

## Products, Services and Channels

### ■ Banricompras

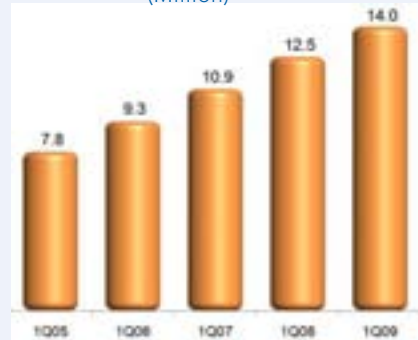
Banrisul provides its clients with Banricompras, an electronic payment method allowing clients to use their bank cards as for payments in full or in installments, currently with 76.1 thousand participating establishments. In the first three

months of 2009, 14.0 million operations moved approximately R\$840.6 million. Compared to the same period in the previous year, the amounts increased 12.5% and 19.7% respectively.

**Financial Transactions**  
(R\$ Million)



**Transactions**  
(Million)



#### ■ Banrisul's Correspondent Banks

The *Correspondentes Banrisul* (Banrisul's Correspondent Banks) program is a flexible customer service alternative that avoids trips to Banrisul branches and increases business hours. At the end of 1Q09, the Bank had nearly

2.4 thousand correspondent banks, moving R\$2.9 billion in 14.4 million operations in the period. Financial transactions increased 50.9% and the number of operations grew 23.4% compared to the first three months in 2008.

#### ■ Virtual Branch – Home and Office Banking

The *Agência Virtual Banrisul* (Banrisul's virtual branch) is an online service center through which clients can perform various banking activities. In 1Q09, 17.4 million operations were done via the Internet, moving R\$23.1 billion. In

comparison with the same period last year, when 15.7 million operations were carried out with a total volume of R\$15.1 billion, 1Q09 saw increases of 10.7% and 52.7% respectively.

#### ■ Call Center

Banrisul offers two options for telephone customer service: *Banrifone* and the branches' Call Center. In 1Q09, *Banrifone* processed 1.3 million electronic service operations and carried out 115.1 thousand personalized assistance operations, moving a total of R\$46.7 million.

The branches' Call Center received 36.4 thousand personalized service calls at the 13 branches that have already implemented the program. Out of that total, 46.3% were answered and resolved, with financial transactions in the amount of R\$568.0 thousand.

#### ■ Eletronic Bidding

*Pregão On Line* (Online Bidding) promotes increased competition, reducing prices and providing transparency in government procurement. In 1Q09, Banrisul's portal hosted 3.1 thousand bidding processes corresponding

to R\$27.8 million in transactions, representing year-on-year increases of 27.9% and 97.2%, respectively. Purchasers saved approximately R\$5.2 million.

#### ■ Credit Cards

At the end of March 2009, Banrisul had a base of 302.0 thousand credit cards under the Visa and MasterCard labels, a 6.4% increase year-on-year. In the first quarter of this year, cards

moved a total of R\$160.1 million. Average tickets increased 6.3% for purchases and 22.6% for withdrawals in twelve months.

#### ■ Insurance, Private Pension and Capitalization

Through a commercial partnership with Icatu Hartford and SulAmérica Seguros, Banrisul offers capitalization, insurance and private pension products. In 1Q09, over 18.0 thousand items were issued in these segments. In the same period, 2,241 premiums were paid, totaling R\$2.1 million for capitalization clients

and R\$316.9 thousand for insurance clients. In order to comply with the rules set forth by SUSEP (Private Insurance Commission) Circular 365, which amended the law for capitalization products, the new *Banricap Mais* that permits redemption of 110% of the amount saved at the end of the plan, was launched in March.



## Banrisul Customer Service Network

By opening two new branches in 1Q09, in March 2009 Banrisul's Customer Service Network included 1,156 outlets, comprised of 429 branches, 397 of which are located in Rio Grande do Sul State, 16 in Santa Catarina state and 14 in other states, in addition to offices in New York and Grand Cayman, 278 Banking Service Stations and 449 Electronic Service Stations. In Rio Grande do Sul State, the Bank's network is accessible to 97.81% of the population, providing services in 406 cities.

## Subsidiaries

### ■ Banrisul S.A. Administradora de Consórcios

Banrisul S.A. Administradora de Consórcios closed 1Q09 with 20,429 active quotas and R\$433.0 million in credit volume. In three months, the company granted 954 loans, 57.9% more than the same period in 2008. Net income in the quarter came to R\$3.1

million. The consolidation of Banrisul Consórcios' leadership in the automobile segment in Rio Grande do Sul State was confirmed by the March consortium manager ranking published by the Brazilian Central Bank.

### ■ Banrisul S.A. Corretora de Valores Mobiliários e Câmbio

In 1Q09, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio intermediated R\$210.9 million in the equity market, a volume 30.0% greater year-on-year. Out of the total of operations, 76.9% or R\$162.2 million were carried out via Home Broker. Net income in the quarter

totaled R\$1.4 million. In the 11th edition of the survey Marcas de Quem Decide (Brands from Decision Makers) by the Jornal do Comércio and Instituto QualiData, Banrisul Corretora was the leading brand and the second most remembered brand in the Brokerage Firm category.

### ■ Banrisul Armazéns Gerais S.A.

Banrisul Armazéns Gerais S.A., bonded by the Federal Revenue Service to provide public warehousing and logistics services such as dry port general warehousing, closed 1Q09 with a Net Income of R\$450.1 thousand. Among the

management guidelines are the investments necessary to expand services, make new commercial partnerships and carry out special operations in order to improve performance in the next periods.

### ■ Banrisul Serviços Ltda.

Banrisul Serviços Ltda., manager of the Refeisel brand, makes the nearly 40.0 thousand accredited providers available to more than 200.0 thousand users. In 1Q09, over 1.7 million transactions were carried out, a volume 36.0% higher than the same period in the previous year. The Company's Net Income was R\$1.9 million. In addition to its Grocery and Meal vouchers and cards, Fuel, Gift and

Private Label cards, in 2009 Banrisul launched Pharmacy, Supermarket and Standard post-paid benefit cards that provide employees from member business with access to the Refeisel network. The company is implementing the Fleet Maintenance system, tied to the Fuel Card, for the management and control of preventive and corrective maintenance of automobiles.



## Corporate Governance

In 2007, Banrisul adhered to Level 1 of Corporate Governance of Bovespa. Good Corporate Governance uses bodies that assure proprietary control over the management: Board of Directors, Independent Audit, Fiscal Council and Audit Committee.

The adoption of good Corporate Governance practices provides stakeholders with transparency, fairness and adequate accountability and, as a consequence, increases credibility in the Institution and the goodwill of investors and clients. This practice creates an efficient set of incentives and monitoring mechanisms that guarantee that the Bank's behavior is in line with the market's interest.

The Bank's administrative decisions are made by committees to improve the quality of its administrative practices, enable the specialization of procedures and the modernization of the business management model.

Pursuant to CVM Rule 381/03, Banrisul limits the services provided by its independent auditors to preserve the auditor's independence and objectiveness in compliance with Brazilian and international rules. In January and March of 2009, the Banco contracted Deloitte Touche Tohmatsu to provide professional services other than independent audit services valued at R\$330 thousand to do an accounting diagnosis in relation to the IFRS - International Financial Reporting Standards, and R\$115 thousand to consult on the adaptation to systems used for SPED – the Public Digital Bookkeeping System, representing 44% of Banrisul's external audit fees, that should be concluded by 1H09. In accordance with the statement provided by the independent audit, the services are inherent to the auditor's duties and do not conflict with their independence, due to the scope and procedures adopted.

### ■ Investor Relations

For Banrisul, the importance of a transparent relationship with the market is confirmed through its programs designed to disclose and facilitate the spread of data and information about itself, providing analysts with greater insight into the business.

In 1Q09, Banrisul held over 30 meetings with approximately 200 participants among market analysts and shareholders in Brazil and abroad, that influenced the trade volume of its PNB shares, ranked 77<sup>th</sup> among the 100 most-traded shares on the BOVESPA as of the end of March 2009.

The Annual General Meeting also approved the payment of an additional dividend for the 2009 fiscal year equivalent to 15% (fifteen percent) of adjusted net income, bringing total dividends to 40% (forty percent). Strengthening Banrisul's commitment to corporate governance, the Meeting also elected the preferred shareholders' nominees to the Board of Directors and the Fiscal Council.

Throughout 1Q09, new institutions are expected to be added to the list of sell-side analysts that currently cover Banrisul.

### ■ Interest on Own Capital/Dividends

The Bank maintains its policy of paying Interest on Own Capital on a quarterly basis. In 1Q09, R\$47.1 million was paid as Interest on Own Capital and on March 31, 2009, the Annual and

Extraordinary General Meeting approved the payment of complimentary dividends from the 2008 fiscal year in the total amount of R\$38.5 million.



## Internal Controls and Compliance

Banrisul is constantly improving business practices monitoring, mitigating risks, promoting a culture of control and opportunities for improvement, and complying with market regulations with respect to ethical standards of controls and information transparency.

The Internal Controls System is a series of actions adopted by that Management to guarantee that the goals and objectives established by the Institution are met. These actions are aimed at protecting the Bank's resources and ensuring that its records are accurate and trustworthy as well as compliance with relevant laws, company policies and sector regulations.

Control policies are established by the Internal Controls Management Committee and ratified by the Banking Management Committee, which is charged with consolidating the Bank's global strategic vision by monitoring the actions that are proposed and carried out, internal controls and compliance with guidelines established by the Board of Directors.

### ■ Risk Management

Banrisul's risk management practices and policies seek to identify and integrate risk mitigation processes inherent to banking with continuous and systematic improvements. The development of policies, internal control systems and security norms, integrated with the Bank's

strategic and marketing goals, is aimed at bringing the Company in line with the standards recommended by the New Basel Capital Accords – Basel II, adopting the best market practices through the best possible combination of increases in assets and use of required capital.

### ■ Credit Risk

Banrisul's risk assessment structure is grounded on the principle of joint technical decisions, with the definition of credit granting scopes corresponding to the decision level, from the extensive network of branches with their various categories, to the administration and its risk and credit committees in the General Management. This process aims to accelerate credit granting based on technically pre-defined limits that determine the maximum risk the Institution is willing to incur with each client, meeting the risk/return ratio.

The continual and increasing use of statistical methods to evaluate risk for individuals and corporate clients with the application of parameters established in policies and business rules has had a positive impact on the Bank's assets. The Bank's adoption of credit and behavior score analyses has made it possible to pre-approve clients based risk

classifications projected by statistical models that are conceptually more attractive for managing mass credit. These proprietary models comply with Central Bank Resolution 2,682 of December 22, 1999.

As for companies, the bank adopts technical studies that assess companies using financial, managerial, market and productive indicators, with periodic reviews that also take into consideration the companies' position in current and future macroeconomic and competitive scenarios. Credit Risk Management is based on the Institution's selective and conservative policy, following strategies defined by Upper-Level Management and technical areas of the Corporation.

For the next periods, the objective is to continue increasing the consolidation of proprietary risk rating models already in use to maintain the growth of the Bank's credit portfolio.





#### ■ Market Risk

Market Risk arises from market oscillations that might cause losses for the Institution. These oscillations can be seen in the prices of financial assets and liabilities or in their determinant variables, such as interest rates, exchange rates, price indexes, etc.

Banrisul monitors Market Risk by using statistic methodologies such as VaR (Value at Risk) and Sensitivity Tests, which seek to simulate and determine maximum expected loss levels in a

specific period of time within a certain confidence interval, either in normal market conditions or in situations of stress and volatility.

Market monitoring reports and daily positioning of the Bank's assets and liabilities portfolio, as well as other operating procedures, allow monitoring, prevention and correction of possible unbalances and assurance of Institution's solidity.

#### ■ Liquidity Risk

Liquidity Risk refers to the inability to meet cash needs, that is, mismatches between financial flows of asset and liability operations and their reflexes on the capacity of the institution to obtain financial funds to meet its obligations. Banrisul jointly monitors Liquidity and Market Risks, observing cash flow projections as well as possible changes in its structure arising from

variations in the macroeconomic scenario that might affect market allocation and funding.

As for assets, several scenarios forecasted for credit portfolio growth and financial instrument settlement are taken into consideration. On the other hand, for liabilities, the adopted premises cover the possibility of advance redemption and difficulty maintaining the funding structure.

#### ■ Operational Risk

Pursuant to Brazilian Central Bank Resolution no. 3,380 of June 29, 2006, Banrisul created an institutional policy and the processes, procedures and systems necessary to implement its operational risk management structure. The Bank's Operational Risk Management Policy was published as Internal Resolution 4,354 of June 20, 2008 and consolidated through normative regulation.

The executive responsible for Banrisul's operational risk is the CEO. Other components in the operational risk management structure include the Internal Controls Committee, which makes decisions regarding matters it is responsible for; the Comptroller's office, as the administrative unit that manages operational risk; Compliance, Superintendents of the General Management Units and branch managers, responsible for compliance with internal controls in their branches; and the Comptroller, the officer

responsible for the Bank's Compliance division. The main responsibilities of this apparatus is to identify, evaluate, monitor, control and mitigate Banrisul's operational risks, including those stemming from third-party services.

In order to support these measures, the Operational Risk Management uses an automated information management system that allows the Institution to identify, create, represent and distribute information in ways that promote usage, awareness and learning. Through analysis of the information collected, Banrisul's Operational Risk Matrix is created. Using Action Plans that are evaluated and prioritized by the Bank's decision-making processes, the Matrix allows for greater levels of confidence in all aspects of its business, avoiding losses and lowering its risk exposure. In 2009, to continue with the Institution's operating risk management process, new



business processes were included in the scope of Operational Risk Management, enabling more control and improving the processes. Banrisul adopted the Basic Indicator Approach methodology to assess the portion of capital

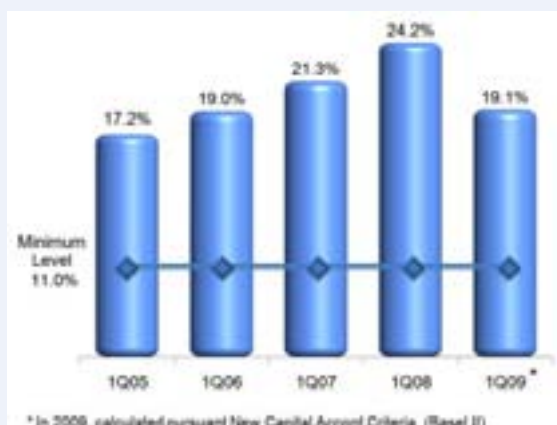
needed to cover Operational Risk, as provided for in the Brazilian Central Bank's Circular Letter 3,383 of April 30, 2008, and Notice 16,913 of May 20, 2008.

#### ■ Basel Ratio

Since July 2008, the Basel Ratio has been calculated according to Basel II norms, the rules of the Brazilian Central Bank relating to the implementation of the operational and market risk management structures and the rules relating to the calculation of Reference Equity established in Resolutions 3,444, 3,464 and 3,490 and Circulars 3,360, 3,361, 3,362, 3,363, 3,364, 3,365, 3,366, 3,368, 3,383 and 3,389. The Brazilian Central Bank has set the minimum ratio at 11.0%.

The Basel Ratio represents the relationship between Reference Equity and the assets weighted by risk, indicating the company's solvability. At Banrisul, this index reached 19.1% in March 2009, 8.1 p.p. over the minimum set by the Brazilian Central Bank, positively influenced by the reduction in the

Basel Index Growth (%)



weight of risk applicable to tax credits arising from temporary differences from 300% to 100%, and the increase in Reference Equity as a consequence of the new treatment of the additional provision for credit operations.

## Technology Modernization

Banrisul is committed to providing its clients with technologies that make their relationship with the Bank faster and safer. Therefore, it has invested R\$42.5 million in hardware, software and asset maintenance in 1Q09.

Electronic transactions are increasingly safer thanks to several projects, constantly improved. Cryptographic keyboards in ATMs and improved POS and PinPad approval processes were implemented in 1Q09. An anti-skimming device that will inhibit device overlays on readers and card cloning is being adapted, and the Bank plans to purchase it.

To make employees and clients aware of the safe, social, responsible and ethical use of the Internet, Banrisul was actively involved in Safe Internet Day in February. This day, which has been commemorated since 2004 and involves more countries every year, works directly in the fight against virtual crimes and human rights violations.



## Public Sector Activities

In 1Q09, financial management of public funds increased 15.5% or R\$350.5 million year-on-year, especially leveraged by Investment Funds. At the end of March 2009, the average trade volume reached approximately R\$2.6 billion. Out of this total, municipal social security funds earned R\$1.0 billion, a 14.7% variation over the same month in 2008.

In 1Q09, taxes collected from clients in the Federal, State and Municipal segments totaled R\$7.1 billion from 10.9 million documents, a year-on-year increase of 2.9% and 6.1%, respectively.

To increase business with the public sector, Banrisul has developed several activities such as: financial management of the Social Security Fund of Rio Grande do Sul State; renewal of the contract to collect fees and services through debit from checking accounts with PROCERGS; agreement to grant payroll-deductible loans to the employees of *Caixa RS – Agência de Fomento* and introduction of the Bank's products and services to the new public administrators elected for the 2009/2012 term.

## Marketing

The institutional and promotional campaigns implemented in 1Q09 strengthened Banrisul's brand with the several stakeholders the Bank works with. Several activities have been developed in the cultural, environmental, social, sporting and educational spheres, always aiming at expanding the Institution's image and business.

Among the activities of the period, some projects stand out, such as *Banrisul* on the beaches of Santa Catarina and Rio Grande do Sul states, Action in Universities and participation in several events such as *Programa Mamamóvel 2009* (2009 Mobile Mammogram Program), *Projeto Escola SPH 2009 - Instituto Martim Pescador* (2009 SPH School Project – Instituto Martim Pescador), agreement with the Memorial do Rio Grande do Sul (Rio Grande do Sul Memorial) and with the Casa de Cultura Mário Quintana (Mário Quintana Cultural House) and the Public Administration Training Program, among others, as well as congresses and seminars for regional integration and development. The *Banrisul no Colégio* (Banrisul at School) program stimulates financial responsibility in children, teenagers and youths, simulating when to use bank cards in different daily situations.

In addition, Banrisul maintains partnerships with social institutions to promote the inclusion of children and teenagers in programs such as *Criança no Esporte* (Children in Sports) – assisting 200 students from 7 to 12 years of age enrolled in school – and *Karatê Além do Esporte* (Karate Beyond Sports), which benefits 12,000 7 to 17 year-old children and teenagers of both genders and allocates up to 10% of available spots are for people with disabilities.

Thus, Banrisul strengthens its presence in the market, invests in publicizing its products and services, and, chiefly, promotes economic and social development in communities where it operates.



## Human Resources

At the end of 1Q09, Banrisul had 9,043 employees and 1,984 trainees. In the same period, 45 new employees were hired and 209 were dismissed.

The Bank invested R\$619.5 thousand training its employees, of which R\$95.7 thousand went to undergraduate programs, R\$44.7 thousand to graduate programs and R\$92.7 thousand to language courses. Focusing in the commercial and business areas, the Bank has also offered 183 training courses, with 471 participants, totaling 44.6 thousand training hours in the quarter.

## Corporate Responsibility

Banrisul's social and environmental responsibility goes beyond traditional management and takes into consideration economic, social and environmental aspects in every business decision that generates short- and long-term results, making the future of the business, society and the planet feasible.



By subsidizing social responsibility programs and projects, it plays an important role in the communities it which it operates, investing in programs that generate jobs and income and that target education, health and at cultural values and traditions, in addition to preserving natural resources. In 1Q09, the Bank invested R\$6.5 million in these programs.

Among activities for the employees, the Women's Health program stands out, partnering with the Breast Institute of Rio Grande do Sul State (IMAMA), which provided information to employees demystifying breast cancer.

The main social and environmental initiatives were presented at the *Encontro das Primeiras Damas* (First Ladies Meeting) held simultaneously with the New Administration Orientation Seminar hosted by Famurs. The celebration of Recycle Banrisul's 8<sup>th</sup> anniversary also included the public through the Natural Capitalism Lecture, the Grande Rio Grande Exhibit and *JardimAção*, which was responsible for taking nearly 1,200 people to Porto Alegre's Botanic Garden.

The Bank's contribution to providing the best training of youths for the job market it continues with the beginning of the VI Group of the *Projeto Pescar Banrisul* (Banrisul Fishing Project), which involved 20 at-risk youths from southern Porto Alegre.



## Awards

-  January 2009. **Banrisul is a finalist at 'IT Executives of 2009' awards.**  
Banrisul was one of the three finalists in the 'Finances: Banks and Insurers category' at the 'IT Executives of 2009' awards organized by the magazine InformationWeek Brasil.
-  January 2009. **Banrisul's fixed income funds among the best in Brazil**  
Banrisul is among Brazil's top three institutions with the best fixed income funds in terms of risk/return in the twelve months ended November 28, 2008. The study, conducted by the magazine *Istoé Dinheiro*, in partnership with TAG Investimentos, was featured in the 'Where to Invest in 2009' section in its January 14, 2009 edition.
-  February 2009. **Banrisul is one of the 500 most valuable brands in the global financial market.**  
Banrisul was elected one of the most valuable brands in the 'Global Banking 500' ranking of Brand Finance, a multinational consulting firm specializing in brand valuation and management, in partnership with the English magazine *The Banker* and the risk-rating agency Austin Rating. The Banrisul brand was valued at US\$ 165 million.
-  March 2009. **Banrisul wins Top 5 ranking.**  
Banrisul was the big winner of the Top 5 ranking for February for its short-term IPCA inflation projections. The results were announced by the Investor Relations Department of the Central Bank of Brazil, which compiles market projections.
-  March 2009. **Banrisul is the winner at Agronegócio 2009.**  
Banrisul was the winner in the Financial Institutions category at the Agronegócio 2009 awards organized by Cotrijal and the Diário da Manhã group.
-  March 2009. **Banrisul is one of the most prestigious corporate brands in Rio Grande do Sul.**  
Banrisul was among the winners of the Corporate Reputation Award instituted by the magazine *Amanhã*, which listed the most prestigious companies in Rio Grande do Sul based on a survey by Troiano Consultoria de Marca.

## Acknowledgements

The solidity achieved in the past years has prepared Banrisul to face the current adverse scenario and to continue providing quality and safe services. We would like to thank our employees, clients and shareholders for their dedication and trust, and the State of Rio Grande do Sul for their support, a key factor in maintaining the Bank's outstanding position among the financial institutions of Brazil.

Board of Executive Officers



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# FINANCIAL STATEMENTS

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# Balance Sheet

March 31, 2009 and 2008  
(In Thousands of Reais)

ASSETS	Banrisul		Banrisul Consolidated	
	2009	2008 <i>(reclassified)</i>	2009	2008 <i>(reclassified)</i>
<b>CURRENT</b>	<b>17,613,438</b>	<b>14,277,150</b>	<b>17,681,173</b>	<b>14,324,491</b>
CASH	322,071	291,227	322,107	291,261
INTERBANK INVESTMENTS (Notes 03 (b) and 04)	5,366,013	3,796,008	5,384,504	3,812,082
Money Market Investments	5,127,819	3,673,449	5,146,310	3,689,523
Interbank Deposits	238,194	122,559	238,194	122,559
SECURITIES AND DERIVATIVES (Notes 03 (c) and 05)	3,292,304	1,833,125	3,303,139	1,835,503
Own Portfolio	770,429	1,459,067	778,681	1,461,440
Linked to Repurchase Commitments	2,296,053	231,754	2,296,053	231,754
Derivatives	7,645	11,946	7,645	11,946
Linked to Central Bank of Brazil	151,937	130,358	151,937	130,358
Linked to Guarantees	66,240	-	68,818	-
Privatization Certificates	-	-	5	5
INTERBANK ACCOUNTS	1,343,016	2,971,245	1,343,016	2,971,245
Payments and Receipts Pending Settlement	150,320	257,249	150,320	257,249
Restricted Deposits (Note 06)				
- Central Bank of Brazil	1,169,710	2,688,459	1,169,710	2,688,459
- Correspondents	22,986	25,537	22,986	25,537
INTERBRANCH ACCOUNTS	58,449	72,453	58,449	72,453
Third-party Funds in transit	4,530	3,045	4,530	3,045
Internal Transfers of Funds	53,919	69,408	53,919	69,408
LENDING OPERATIONS (Notes 03 (d) and 07)	5,937,504	4,391,603	5,937,504	4,391,603
Lending Operations				
- Public Sector	100,130	91,749	100,130	91,749
- Private Sector	6,101,420	4,581,706	6,101,420	4,581,706
Allowance for Loan Losses (Note 03 (f))	(264,046)	(281,852)	(264,046)	(281,852)
LEASING OPERATIONS (Notes 03 (d) and 07)	44,245	27,573	44,245	27,573
Lease Receivables				
- Public Sector	652	1,222	652	1,222
- Private Sector	45,895	28,022	45,895	28,022
Allowance for Doubtful Lease Receivables	(2,302)	(1,671)	(2,302)	(1,671)
OTHER RECEIVABLES (Note 08)	1,237,023	874,451	1,275,190	903,794
Foreign Exchange Portfolio	659,465	366,905	659,465	366,905
Income Receivable	40,636	37,747	35,692	30,424
Trading Accounts	-	-	3,629	2,036
Other	549,441	479,293	589,971	513,923
Allowance for Losses on Other Receivables (Note 07)	(12,519)	(9,494)	(13,567)	(9,494)
OTHER ASSETS	12,813	19,465	13,019	18,977
Temporary Investments	3,070	3,070	3,070	3,070
Allowance for Losses	(1,763)	(1,279)	(1,763)	(1,870)
Other Assets	7,907	16,431	8,013	16,456
Allowance for Valuation	(941)	(2,866)	(941)	(2,866)
Prepaid Expenses	4,540	4,109	4,640	4,187
<b>LONG-TERM ASSETS</b>	<b>8,449,065</b>	<b>6,926,350</b>	<b>8,468,441</b>	<b>6,950,598</b>
SECURITIES AND DERIVATIVES (Notes 03 (c) and 05)	3,084,770	2,822,225	3,084,770	2,824,510
Own Portfolio	2,052,601	1,085,065	2,052,601	1,085,065
Linked to Repurchase Commitments	419,982	736,250	419,982	736,250
Derivatives	101,774	112,059	101,774	112,059
Linked to Central Bank of Brazil	323,205	713,821	323,205	713,821
Linked to Guarantees	187,208	175,030	187,208	177,315





ASSETS	Banrisul		Banrisul Consolidated	
	2009	2008 <small>(reclassified)</small>	2009	2008 <small>(reclassified)</small>
INTERBANK ACCOUNTS .....	397,383	337,482	397,383	337,482
Restricted Deposits (Note 06)				
- National Housing System .....	397,383	337,482	397,383	337,482
LENDING OPERATIONS (Notes 03 (d) and 07) .....	4,246,300	3,205,242	4,246,300	3,205,242
Lending Operations				
- Public Sector .....	89,553	96,890	89,553	96,890
- Private Sector .....	4,946,069	3,696,007	4,946,069	3,696,007
Allowance for Loan Losses (Note 03 (f)) .....	(789,322)	(587,655)	(789,322)	(587,655)
LEASING OPERATIONS (Notes 03(d) and 07) .....	51,399	26,793	51,399	26,793
Lease Receivables				
- Public Sector .....	274	1,575	274	1,575
- Private Sector .....	55,294	27,988	55,294	27,988
Allowance for Doubtful Lease Receivables .....	(4,169)	(2,770)	(4,169)	(2,770)
OTHER RECEIVABLES (Note 08) .....	658,245	529,129	677,621	551,092
Foreing Exchange Portfolio .....	7,345	5,583	7,345	5,583
Other .....	658,245	529,129	677,621	551,092
Allowance for Losses on Other Receivables (Note 07) .....	(7,345)	(5,583)	(7,345)	(5,583)
OTHER ASSETS .....	10,968	5,479	10,968	5,479
Other Assets .....	19,070	14,034	19,070	14,034
Allowance for Valuation .....	(8,102)	(8,555)	(8,102)	(8,555)
PERMANENT ASSETS .....	623,139	600,745	351,904	355,032
INVESTMENTS .....	284,168	260,399	8,111	8,085
Investments in Domestic Subsidiaries (Note 02 (c)) .....	277,245	253,485	-	-
Other Investiments .....	11,920	11,911	13,581	13,555
Allowance for Losses .....	(4,997)	(4,997)	(5,470)	(5,470)
PROPERTY AND EQUIPMENT IN USE (Note 09 (a)) .....	142,045	123,386	146,715	129,870
Real Estate .....	120,056	120,193	127,098	131,862
Other .....	400,182	364,385	405,158	369,783
Accumulated Depreciation .....	(378,193)	(361,192)	(385,541)	(371,775)
INTANGIBLE (Note 09 (b)) .....	196,926	216,960	197,078	217,077
Intangible Assets .....	286,209	248,870	286,361	248,987
Accumulated Amortization .....	(89,283)	(31,910)	(89,283)	(31,910)
<b>TOTAL ASSETS .....</b>	<b>26,685,642</b>	<b>21,804,245</b>	<b>26,501,518</b>	<b>21,630,121</b>



LIABILITIES AND SHAREHOLDERS' EQUITY	Banrisul		Banrisul Consolidated	
	2009	2008 <i>(reclassified)</i>	2009	2008 <i>(reclassified)</i>
<b>CURRENT</b>	<b>19,295,342</b>	<b>15,546,425</b>	<b>19,109,227</b>	<b>15,369,703</b>
DEPOSITS (Note 10)	11,214,878	10,121,252	11,042,934	9,961,593
Demand Deposits	1,488,733	1,464,811	1,485,630	1,462,817
Saving Deposits	4,755,096	4,454,517	4,755,096	4,454,517
Interbank Deposits	12,921	-	12,921	-
Time Deposits	4,947,943	4,174,687	4,779,093	4,017,022
Other Deposits	10,185	27,237	10,194	27,237
MONEY MARKET FUNDING (Note 10)	2,716,035	2,194,900	2,658,365	2,140,151
Own Portfolio	2,716,035	968,004	2,658,365	913,255
Third Parties	-	1,226,896	-	1,226,896
INTERBANK ACCOUNTS	190,489	359,924	190,489	359,924
Receipt and Payment Pending Settlement	188,717	356,446	188,717	356,446
Correspondents	1,772	3,478	1,772	3,478
INTERBRANCH ACCOUNT	134,884	214,847	134,884	214,847
Third-party Funds in Transit	134,499	212,303	134,499	212,303
Internal Transfers of Funds	385	2,544	385	2,544
BORROWINGS	565,834	360,077	565,834	360,168
Domestic Borrowings - Other Institutions	-	-	-	91
Foreign Borrowings (Note 11)	565,834	360,077	565,834	360,077
DOMESTIC ONLENDINGS -				
OFFICIAL INSTITUTIONS (Note 12)	332,862	283,343	332,862	283,343
Nacional Treasury	42,889	37,238	42,889	37,238
National Economic and Social Development Bank (BNDES)	205,191	176,122	205,191	176,122
Federal Savings and Loan Bank (CEF)	1,472	1,350	1,472	1,350
National Equipment Financing Authority (FINAME)	83,310	68,633	83,310	68,633
FOREING ONLENDINGS	25,572	6,740	25,572	6,740
Foreign Onlendings (Note 12)	25,572	6,740	25,572	6,740
DERIVATIVES (Note 05 (d))	9,255	3,480	9,255	3,480
Derivatives	9,255	3,480	9,255	3,480
OTHER PAYABLES (Note 13)	4,105,533	2,001,862	4,149,032	2,039,457
Collected Taxes and Other	96,051	110,485	96,051	110,485
Foreign Exchanges Portfolio	119,953	77,942	119,953	77,942
Social and Statutory	46,737	133,652	46,803	133,749
Tax and Social Security	154,015	80,135	159,925	85,938
Trading Account	-	-	3,079	1,400
Financial and Development Funds (Note 21 (a))	3,162,002	1,081,318	3,162,002	1,081,318
Other	526,775	518,330	561,219	548,625
<b>LONG-TERM LIABILITIES</b>	<b>4,251,140</b>	<b>3,436,154</b>	<b>4,251,573</b>	<b>3,437,330</b>
DEPOSITS (Note 10)	3,240,122	2,508,734	3,240,122	2,508,135
Time Deposits	3,240,122	2,508,734	3,240,122	2,508,135
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (Note 12)	418,112	377,962	418,112	377,962
Nacional Treasury	13,830	15,118	13,830	15,118
National Economic and Social Development Bank (BNDES)	307,809	278,019	307,809	278,019
Federal Savings and Loan Bank (CEF)	9,240	5,864	9,240	5,864
National Equipment Financing Authority (FINAME)	87,233	78,961	87,233	78,961
DERIVATIVES (Note 05 (d))	29,464	20,542	29,464	20,542
Derivatives	29,464	20,542	29,464	20,542
OTHER PAYABLES (Note 13)	563,442	528,916	563,875	530,691
Tax and Social Security	373,113	350,561	373,113	351,962
Other	190,329	178,355	190,762	178,729
MINORITY INTEREST	-	-	1,558	1,422
<b>SHAREHOLDERS' EQUITY (Note 20)</b>	<b>3,139,160</b>	<b>2,821,666</b>	<b>3,139,160</b>	<b>2,821,666</b>
Capital	2,600,000	2,300,000	2,600,000	2,300,000
Capital Reserves	6,164	6,146	6,164	6,146
Profit Reserves	482,482	398,635	482,482	398,635
Assets valuation adjustment (Note 05 (b))	(8,910)	(4,053)	(8,910)	(4,053)
Retained Earnings	59,424	120,938	59,424	120,938
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>26,685,642</b>	<b>21,804,245</b>	<b>26,501,518</b>	<b>21,630,121</b>



# Statement of Income

March 31, 2009 and 2008  
(In Thousands of Reais)

	Banrisul		Banrisul Consolidated	
	2009	2008 <small>(reclassified)</small>	2009	2008 <small>(reclassified)</small>
<b>FINANCIAL INCOME</b> .....	<b>1,078,584</b>	<b>768,288</b>	<b>1,081,213</b>	<b>770,218</b>
Lending Operations .....	704,950	476,392	704,950	476,392
Leasing Operations .....	5,066	2,615	5,066	2,615
Securities Transactions .....	304,925	200,393	307,554	202,323
Derivatives .....	-	998	-	998
Foreign Exchange Operations .....	16,800	14,281	16,800	14,281
Compulsory Investments .....	46,843	73,609	46,843	73,609
<b>FINANCIAL EXPENSES</b> .....	<b>629,362</b>	<b>379,534</b>	<b>624,727</b>	<b>375,437</b>
Funding Operations .....	378,236	291,565	373,526	287,484
Borrowings, Assignments and Onlendings .....	99,871	47,227	99,871	47,227
Derivatives .....	1,123	-	1,120	-
Allowance for Loan Losses (Note 07 (d)) .....	150,132	40,742	150,210	40,726
<b>GROSS PROFIT FROM FINANCIAL OPERATIONS</b> .....	<b>449,222</b>	<b>388,754</b>	<b>456,486</b>	<b>394,781</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b> .....	<b>(294,563)</b>	<b>(222,463)</b>	<b>(297,820)</b>	<b>(225,553)</b>
Income from Services Rendered (Note 15) .....	22,887	24,114	32,778	31,876
Bank Fees Income (Note 16) .....	109,465	109,799	109,465	111,391
Equity in Subsidiaries (Note 02 (c)) .....	3,717	5,095	-	-
Personnel Expenses .....	(213,552)	(192,643)	(214,982)	(194,000)
Other Administratives Expenses (Note 17) .....	(161,848)	(135,486)	(163,880)	(137,744)
Tax Expenses .....	(43,447)	(35,399)	(44,821)	(36,587)
Other Operating Income (Note 18) .....	29,490	36,178	28,796	35,468
Other Operating Expenses (Note 19) .....	(41,275)	(34,121)	(45,176)	(35,957)
<b>INCOME FROM OPERATIONS</b> .....	<b>154,659</b>	<b>166,291</b>	<b>158,666</b>	<b>169,228</b>
<b>INCOME BEFORE TAXES ON INCOME AND EMPLOYEE</b>				
<b>PROFIT SHARING</b> .....	<b>154,659</b>	<b>166,291</b>	<b>158,666</b>	<b>169,228</b>
<b>INCOME AND SOCIAL CONTRIBUTION TAXES</b> (Notes 03 (l) and 22 (a))	<b>(40,629)</b>	<b>(45,353)</b>	<b>(44,620)</b>	<b>(48,252)</b>
<b>EMPLOYEE PROFIT SHARING</b> .....	<b>(7,495)</b>	-	<b>(7,495)</b>	-
<b>MINORITY INTEREST</b> .....	-	-	<b>(16)</b>	<b>(38)</b>
<b>NET INCOME</b> .....	<b>106,535</b>	<b>120,938</b>	<b>106,535</b>	<b>120,938</b>
Number of Outstanding Shares (Thousands) .....	408,974	408,974	-	-
Earning per Thousand Shares (R\$) .....	260,49	295,71	-	-



# Cash Flow

March 31, 2009 and 2008

(In Thousands of Reais)

	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Adjusted Net Income .....	<u>265,244</u>	<u>181,900</u>	<u>268,823</u>	<u>189,889</u>
Net Income .....	106,535	120,938	106,535	120,938
Adjustment to Net Income:				
Depreciation and Amortization .....	21,818	18,693	22,046	19,061
Equity Subsidiaries .....	(3,717)	(5,095)	-	-
Provision for Loan Losses .....	150,132	40,742	150,210	40,726
Reserve for co-obligation .....	1,919	(2,999)	1,919	(2,999)
Reserve for Contingencies .....	17,878	16,995	18,448	18,904
Deferred Income and Social Contribution Taxes .....	(29,321)	(7,374)	(30,335)	(6,741)
<b>Changes in Assets and Liabilities .....</b>	<b><u>437,887</u></b>	<b><u>(85,070)</u></b>	<b><u>436,175</u></b>	<b><u>(92,502)</u></b>
Assets valuation adjustment .....	597	(4,229)	597	(4,229)
(Increase) Decrease in Securities .....	(275,570)	497,094	(277,602)	498,179
(Increase) Decrease in Derivatives .....	3,317	(1,986)	3,317	(1,986)
(Increase) Decrease in Interbank and Interbranch Accounts .....	169,473	(205,002)	169,473	(205,003)
(Increase) Decrease in Loan Operations .....	(376,860)	(868,482)	(376,860)	(868,483)
(Increase) Decrease in Leasing Operations .....	5,825	(13,214)	5,825	(13,214)
(Increase) Decrease in Other Receivables .....	(98,384)	(66,602)	(102,440)	(70,349)
(Increase) Decrease in Other Assets .....	(294)	828	(278)	1,401
Increase (Decrease) in Deposits .....	29,222	108,130	26,973	103,770
Increase (Decrease) in Money Market Funding .....	425,815	(94,290)	424,114	(87,968)
Increase (Decrease) in Borrowing .....	(27,605)	85,881	(27,605)	85,881
Increase (Decrease) in Other Liabilities .....	582,351	476,802	590,661	469,499
<b>NET INCOME FROM OPERATING ACTIVITIES .....</b>	<b><u>703,131</u></b>	<b><u>96,830</u></b>	<b><u>704,998</u></b>	<b><u>97,387</u></b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Disposal of Investments .....	22	48	130	-
Disposal of Property and Equipment in Use .....	41	131	41	33
Acquisition of Investments .....	(9)	-	-	(11)
Acquisition of property and equipment in use .....	(3,922)	(10,264)	(4,065)	(10,271)
Acquisition of Intangible .....	(5,993)	(29,231)	(5,993)	(29,231)
<b>NET CASH USED IN INVESTMENT ACTIVITIES .....</b>	<b><u>(9,861)</u></b>	<b><u>(39,316)</u></b>	<b><u>(9,887)</u></b>	<b><u>(39,480)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest on Own Capital Paid .....	(47,111)	-	(47,111)	-
Change in Minority Interest .....	-	-	(1,745)	21
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES .....</b>	<b><u>(47,111)</u></b>	<b><u>-</u></b>	<b><u>(48,856)</u></b>	<b><u>21</u></b>
<b>NET CASH INCREASE AND CASH EQUIVALENTS .....</b>	<b><u>646,159</u></b>	<b><u>57,514</u></b>	<b><u>646,255</u></b>	<b><u>57,928</u></b>
Cash .....	373,239	347,304	373,278	347,353
Interbank Investments .....	4,668,686	3,682,417	4,687,078	3,698,062
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD .</b>	<b><u>5,041,925</u></b>	<b><u>4,029,721</u></b>	<b><u>5,060,356</u></b>	<b><u>4,045,415</u></b>
Cash .....	322,071	291,227	322,107	291,261
Interbank Investments .....	5,366,013	3,796,008	5,384,504	3,812,082
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD .....</b>	<b><u>5,688,084</u></b>	<b><u>4,087,235</u></b>	<b><u>5,706,611</u></b>	<b><u>4,103,343</u></b>



# Statement of Changes on Shareholders' Equity

March 31, 2009 and 2008  
(In Thousands of Reais)

	Capital Stock	Capital Increase	Updating of Stock Exchange Memberships	Capital Reserves		Legal	Profit Reserves			Assets Valuation Adjustment	Retained Earnings	TOTAL
				Investments Grants	Updating of Stock Exchange Memberships		Statutory	For Expansion				
Balance as of January 01, 2008	2,034,000	-	1,764	4,511	98,770	229,095	423,826	47	-	-	2,792,013	
Capital Increase (Note 20 (a))	-	266,000	-	-	-	-	(266,000)	-	-	-	-	
Updating of Stock Exchange Memberships	-	-	(129)	-	-	-	-	-	-	-	(129)	
Adjustments for Evaluation Sheet (Note 05(b))	-	-	-	-	-	-	-	(4,100)	-	-	(4,100)	
Net Income for the 1st Quarter	-	-	-	-	-	-	-	-	-	120,938	120,938	
Allocation of Net Income (Note 20 (b)):												
Recognition of Reserves	-	-	-	-	-	(87,056)	-	-	-	87,056	-	
Dividends Accrued	-	-	-	-	-	-	-	-	-	(87,056)	(87,056)	
Balance as of March 31, 2008	2,034,000	266,000	1,635	4,511	98,770	142,039	157,826	(4,053)	-	120,938	2,821,666	
Balance as of January 31, 2009	2,300,000	-	1,653	4,511	128,314	289,757	364,411	(9,507)	-	-	3,079,139	
Capital Increase (Note 20 (a))	-	300,000	-	-	-	-	(300,000)	-	-	-	-	
Adjustments for Evaluation Sheet (Note 05(b))	-	-	-	-	-	-	-	597	-	-	597	
Net Income for the 1st Quarter	-	-	-	-	-	-	-	-	-	106,535	106,535	
Allocation of Net Income (Note 20 (b))												
Interest on Own Capital	-	-	-	-	-	-	-	-	-	(47,111)	(47,111)	
Balance as of March 31, 2009	2,300,000	300,000	1,653	4,511	128,314	289,757	64,411	(8,910)	-	59,424	3,139,160	

The accompanying notes are an integral part of these financial statements.

# Statement of Value Added

March 31, 2009 and 2008  
(In Thousands of Reais)

	Banrisul		Banrisul Consolidated	
	2009	2008 <i>(reclassified)</i>	2009	2008 <i>(reclassified)</i>
<b>INCOME</b> .....	<b><u>1,090,157</u></b>	<b><u>897,807</u></b>	<b><u>1,101,905</u></b>	<b><u>908,397</u></b>
Financial Income .....	1,078,447	768,458	1,081,076	770,388
Services Rendered and Bank Fees Income .....	132,352	133,913	142,243	143,267
Allowance for loan losses .....	(150,132)	(40,742)	(150,210)	(40,726)
Other .....	29,490	36,178	28,796	35,468
<b>FINANCIAL INTERMEDIATION EXPENSES (b)</b> .....	<b><u>479,230</u></b>	<b><u>338,792</u></b>	<b><u>474,517</u></b>	<b><u>334,711</u></b>
<b>INPUTS ACQUIRED FROM THIRD PARTIES (c)</b> .....	<b><u>170,903</u></b>	<b><u>142,702</u></b>	<b><u>176,954</u></b>	<b><u>146,739</u></b>
Materials, Energy and other .....	145,817	128,889	151,378	132,316
Third-party Services .....	25,223	13,643	25,713	14,253
Assets Value Recovery (Loss) .....	(137)	170	(137)	170
<b>GROSS VALUE ADDED (d=a-b-c)</b> .....	<b><u>440,024</u></b>	<b><u>416,313</u></b>	<b><u>450,434</u></b>	<b><u>426,947</u></b>
<b>DEPRECIATION AND AMORTIZATION (e)</b> .....	<b><u>21,818</u></b>	<b><u>18,693</u></b>	<b><u>22,046</u></b>	<b><u>19,061</u></b>
<b>NET VALUE ADDED GENERATED BY THE BANK (f=d-e)</b> .....	<b><u>418,206</u></b>	<b><u>397,620</u></b>	<b><u>428,388</u></b>	<b><u>407,886</u></b>
<b>VALUE ADDED RECEIVED IN TRANSFER (g)</b> .....	<b><u>3,717</u></b>	<b><u>5,095</u></b>	-	-
Equity .....	3,717	5,095	-	-
<b>VALUE ADDED FOR DISTRIBUTION (h=f+g)</b> .....	<b><u>421,923</u></b>	<b><u>402,715</u></b>	<b><u>428,388</u></b>	<b><u>407,886</u></b>
<b>DISTRIBUTION OF VALUE ADDED</b> .....	<b><u>421,923</u></b>	<b><u>402,715</u></b>	<b><u>428,388</u></b>	<b><u>407,886</u></b>
<b>Personnel</b> .....	<b><u>192,705</u></b>	<b><u>163,598</u></b>	<b><u>194,074</u></b>	<b><u>164,912</u></b>
- Salary .....	145,622	125,086	146,740	126,207
- Benefits .....	31,717	28,672	31,862	28,782
- F.G.T.S .....	15,366	9,840	15,472	9,923
<b>Tax Fees and contributions</b> .....	<b><u>112,418</u></b>	<b><u>109,797</u></b>	<b><u>117,844</u></b>	<b><u>113,927</u></b>
- Federals .....	104,164	102,017	109,135	105,766
- State .....	146	221	169	222
- Municipality .....	8,108	7,559	8,540	7,939
<b>Third-party capital compensation</b> .....	<b><u>10,265</u></b>	<b><u>8,382</u></b>	<b><u>9,919</u></b>	<b><u>8,071</u></b>
- Rentals .....	10,265	8,382	9,919	8,071
<b>Shareholders' equity compensation</b> .....	<b><u>106,535</u></b>	<b><u>120,938</u></b>	<b><u>106,551</u></b>	<b><u>120,976</u></b>
- Interest on Own Capital .....	47,111	-	47,111	-
- Retained Earnings .....	59,424	120,938	59,424	120,938
- Minority interest .....	-	-	16	38





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NOTES OF THE MANAGEMENT TO THE  
FINANCIAL STATEMENTS AS OF  
MARCH 31, 2009 AND 2008

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## NOTES OF THE MANAGEMENT TO THE FINANCIAL STATEMENTS

### NOTE 01

## Operations

Banco do Estado do Rio Grande do Sul S.A. (Banrisul) is a multiple-service bank, operating commercial, lending, financing and investment, mortgage loan, development, leasing and investment portfolios, including exchange, securities brokerage, and credit card and consortium management. Transactions are conducted within the context of a group of financial institutions that operate on an integrated basis in the financial market. Banrisul also operates as an instrument for the execution of the economic and financial policy of the state of Rio Grande do Sul, in conformity with the state government's plans and programs.

### NOTE 02

## Presentation of the Financial Statements

(a) The individual and consolidated financial statements have been prepared in accordance with Brazilian accounting practices and standards and instructions from the Central Bank of Brazil and from the Brazilian Securities and Exchange Commission – CVM and alterations produced by Law 11.638/07 and Provisional Measure 449/08, which include accounting practices and estimates concerning the recognition of allowances and determination of assets that comprise its securities portfolio. Actual results could differ from those estimated.

(b) The Bank's individual financial statements include operations conducted both in Brazil as well as the incorporation of its foreign branches (New York and Grand Cayman). Assets, liabilities and income from foreign branches, before consolidation eliminations, are summarized as follows:

	<u>In Thousands of Reais</u>	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Securities .....	10,360	8,166
Lending Operations .....	189,318	152,162
Operations in Brazil .....	94,348	73,907
Other Lending Operations .....	94,970	78,255
Other Assets .....	39,610	23,285
<b>Total Assets .....</b>	<b><u>239,288</u></b>	<b><u>183,613</u></b>
<b>LIABILITIES</b>		
Deposits .....	88,292	73,525
Operations in Brazil .....	17,403	3,364
Other Deposits .....	70,889	70,161
Other Liabilities .....	1,005	1,006
Shareholders' Equity .....	149,991	109,082
<b>Total Liabilities and Shareholders' Equity .....</b>	<b><u>239,288</u></b>	<b><u>183,613</u></b>
<b>Statement of Income</b>		
Financial Intermediation Income .....	2,670	2,932
Financial Intermediation Expenses .....	(622)	(825)
Other Expenses, Net .....	(546)	(385)
Non-Operating Income .....	(11)	(5)
<b>Net Income for the period .....</b>	<b><u>1,491</u></b>	<b><u>1,717</u></b>



The effects of the exchange variation over operations in foreign branches are divided in the statement of the income according to the nature of corresponding assets and liabilities.

(c) The consolidated financial include the accounts of the Bank, its foreign branches and subsidiaries which investments, as in March 31, 2009, amounted to R\$277,245 thousand (2008 – R\$253,485 thousand), and generated equity gains in subsidiaries on the year of R\$3,717 thousand (2008 – R\$5,095 thousand), are presented as follows:

#### MAIN INFORMATION ON INVESTMENTS IN SUBSIDIARIES:

	In Thousands of Reais				
	Banrisul Armazéns Gerais S.A.	Banrisul S.A. Corretora de Val. Mob. e Câmbio	Banrisul S.A. Administradora de Consórcios	Banrisul Serviços Ltda.	Total
<b>Thousands of Shares/Quotas</b>					
. Common Shares .....	696	10,000	89,114	-	-
. Preferred Shares .....	-	19,608	-	-	-
. Quotas .....	-	-	-	2,780	-
Adjusted Ownership Interest (%) .....	99,498	98,693	99,569	99,785	-
Capital Stock .....	21,150	40,000	80,000	23,043	-
Adjusted Shareholders' Equity .....	23,527	58,411	117,039	79,826	-
Net Income for the Quarter .....	450	1,449	3,073	1,911	-
<b>Net Amounts Eliminated on Consolidation</b>					
(Note 25):					
<b>Assets (Liabilities)</b>					
. As of March 31, 2009 .....	309	(55,591)	(108,766)	(85,669)	(249,717)
. As of March 31, 2008 .....	107	(49,717)	(103,773)	(75,849)	(229,232)
<b>Income (Expenses)</b>					
. As of March 31, 2009 .....	(322)	(1,010)	(2,636)	273	(3,695)
. As of March 31, 2008 .....	(285)	(1,011)	(2,211)	228	(3,279)
<b>Book Value of the Investment</b>					
. As of March 31, 2009 .....	23,408	57,648	116,535	79,654	277,245
. As of March 31, 2008 .....	21,995	52,132	107,416	71,942	253,485
<b>Equity in Subsidiaries</b>					
. As of March 31, 2009 .....	448	1,430	3,060	(1,221)	3,717
. As of March 31, 2008 .....	650	1,926	2,148	371	5,095

The preparation of consolidated financial statements did not include interests among consolidated companies, remaining balance or results of transactions. The portions of income for the year and shareholders' equity referring to minority shareholders' interest have been highlighted.

(d) Financial Leasing Operations are stated at present value in the Balance Sheet, and related income and expenses, which represent the financial result of said operations, are grouped in Leasing Operations in the Statement of Income. In 2008, for comparison purposes, there was a reclassification from Leased Property in the amount of R\$80,187 thousand, Deferred Charges in the amount of R\$3,366 thousand and Other Liabilities – Advances for Guaranteed Residual Value in the amount of R\$25,024 thousand to Leasing Operations, thus this item increased from R\$157 thousand to R\$58,807 thousand. In the result, Expenses on Leasing Operations in the amount of R\$6,547 thousand were reclassified to Income from Leasing Operations.



(e) As of December 31, 2008, most of changes introduced by Law 11638/07 were adopted by the Bank and its subsidiaries and did not materially impact retained earnings or income for the period. For better comparability between balances of March 31, 2009 and 2008, the following amounts were reclassified:

- R\$14,681 thousand (Bank and Consolidated) related to Leasehold improvements from Deferred charges to Property, plant and equipment;
- R\$2,870 thousand (Consolidated – R\$2,987 thousand) related to Software Expenses from Deferred charges to Intangible assets;
- R\$3,692 thousand (Bank and Consolidated) from Deferred income to Other payables;
- R\$4,351 thousand (Bank and Consolidated) from Nonoperating income to Other operating revenues;
- R\$1,517 thousand (Bank and Consolidated) from Nonoperating income to Other operating expenses;
- R\$214,090 thousand (Bank and Consolidated) from Prepaid expenses to Intangible assets; and
- R\$11,266 thousand (Bank and Consolidated) from Other operating expenses to Other administratives expenses.

### NOTE 3

## Significant Accounting Practices

#### (a) Results of operations

Income and expenses are recorded on the accrual basis.

#### (b) Interbank Investments

Represent funds invested in the interbank market, stated at present value, calculated on “pro rata die” basis, according to the variation of both the agreed index and the interest rate.

#### (c) Securities and Derivatives

According to Brazilian Central Bank Circular 3,068 as of November 8, 2001 and supplementary regulation, securities are classified and assessed into three specific categories, in conformity to the following accounting criteria:

**i) Trading Securities** – securities acquired for the purposes of being actively and frequently traded, adjusted to fair value, and realized and unrealized gains or losses recognized in the statement of income in the year.

**ii) Available-for-Sale Securities** – Include securities used as part of the strategy to manage risk of changes in interest rates and which may be traded as a result of these changes, changes in payment conditions or other factors. These securities are adjusted to fair value, and income earned is recorded in the statements of income, whereas unrealized gains and losses from changes in fair value are recorded in a separate shareholders’ equity caption, net of taxes, where applicable, denominated “Adjustment to fair value – securities and derivatives” until they are realized through sale.

Gains and losses, when realized, are recorded in the statement of income on the trading date, with a contra entry to a specific shareholders’ equity account, net of taxes, where applicable.



iii) **Held-to-Maturity Securities** – Include securities for which Management has the intent and financial capacity to hold to maturity and are stated at cost plus income earned. Financial capacity is defined in cash flow projections, disregarding any possible sale of these securities.

**Derivatives** – Derivatives contracted in conjunction with other operations for investments are stated at the amounts of income earned and expenses incurred through the balance sheet date.

**(d) Lending Operations, Leasing Operations and Other Receivables**

All lending and leasing operations are classified based on Management's risk assessment, taking into account the economic scenario, past experience and specific risks related to operations, debtors and guarantors, pursuant to National Monetary Council (CMN) Resolution 2,682/99, which requires a periodic analysis of the portfolio and its classification into nine risk levels, from AA to H. A summary of this classification is presented in Note 07.

Lending and leasing operations are recorded at present value, calculated on a daily pro-rata basis, based on the agreed index and interest rate, and are adjusted up to the sixtieth day past-due. Thereafter, income is recognized only when received.

The risk of renegotiated assets are classified in accordance with the criteria established by Resolution 2,682/99, i.e. the rating assigned before the renegotiation is maintained and renegotiated lending transactions previously written-off against the allowance and controlled in memorandum accounts are rated level H. Any gains on renegotiation are recognized as revenue only when actually received.

**(e) Other Receivables – Operations with Credit Cards**

Unbilled amounts are represented by receivables from cardholders for transactions in Visa and MasterCard merchants. These amounts are accounted for as Notes and Credits Receivable, and do not have credit characteristic, transactions paid in installments when Banrisul is the issuer, and the outstanding balance of transactions paid by the minimum amount of the bill (Revolving), are reclassified as Lending Operations.

**(f) Allowance for Loan Losses, for doubtful lease receivables and for losses on other receivables**

Recorded in an amount considered sufficient to cover possible losses, based on the minimum percentages required by Brazilian Central Bank (BACEN) Resolution 2,682/99 based on the classification of risk level of the client, assigned based on periodic analysis of the client is credit standing and not only when a default event occurs.

As of December 31, 2008, the total amount of the allowance for loan losses, for doubtful lease receivables and losses and other receivables, as stated in Note 07, exceeds the minimum amount that would be required if only the rating of transactions based on the number of days past dues set forth by Brazilian Central Bank Resolution 2,682/99, was considered a procedure which has been adopted by the Management since its publication to cover possible losses on operations.

**(g) Permanent Assets**

Permanent assets are stated at acquisition cost, monetarily adjusted through December 31, 1995, considering the following aspects:

- investments in subsidiaries are accounted for under the equity method, based on financial statements prepared following the same accounting practices. Other investments are adjusted based on allowances for losses, where applicable;
- depreciation of property and equipment in use under the straight-line method in based on the expected economic useful live life span of the assets, according to the rates stated in Note 09.
- Intangible Assets consist, basically, investment of funds whose benefits will be accrued in the future. This group is represented by bank services contracts and software acquisition. The amortization is calculated under the straight line method at the rates stated reported in Note 09. The bank assesses intangible assets annually impairment possible losses. When identified, are charged to income.



**(h) Assets and Liabilities Denominated in Foreign Currency**

The assets and liabilities of foreign branches, as well as other assets and liabilities in foreign currency, were translated at the exchange rate prevailing at the balance sheet closing date.

**(i) Deposits, Money Market Funding, Borrowings and Onlendings and Financial and Development Fund**

Stated at original amounts plus charges incurred through the balance sheet date, recognized on a pro rata die basis.

Pursuant to Laws 12,069/04 and 12,585/06 of the Rio Grande do Sul State Government, up to 85% of the escrow deposits made by third parties in the Bank are made available to the state of Rio Grande do Sul, and the remaining balance is retained at the Bank for allocation to a fund. The escrow deposited transferred are controlled in a memorandum account and the retained portion is classified as "Other Payables", as mentioned in Note 21(a). The charges on the remaining balance are recorded under the caption Expenses with Borrowings, Assignments and Onlendings.

**(j) Reserves for Tax, Labor and Civil Risks**

These reserves are recorded based on the legal counsel's opinion, using models and criteria in order to obtain the best estimate possible, despite the uncertainty about their period and the amount upon the final outcome of the lawsuit. The criterion used according to the nature of the contingency is as follows:

**i) Labor Contingencies** – Recognized upon court notification for judicial discussion involving Banrisul, the risk of loss of which is deemed as probable. Amounts are determined according to disbursement estimates by our Management, opportunely revised based on information received from our legal counsels, adjusted based on the amount of the deposit related to the execution, when required.

**ii) Civil Contingencies** – Recognized, upon court notice, and monthly adjusted based on the intended amount of indemnities, the evidence presented, and the legal counsel's evaluation – which considers previous court decisions, factual support, evidence produced in the records and legal decisions that might be rendered in the lawsuit.

**iii) Tax and Social Security Contingencies** – Refer basically to taxes whose lawfulness or constitutionality is being challenged at administrative or judicial level and whose likelihood of loss is – or has been in previous phases – deemed as probable and are recognized at the full amount under dispute. For lawsuits with respective escrow deposits amounts are not updated except when the Bank is authorized to withdraw the deposits on account of a favorable outcome of the lawsuit.

**(l) Income and Social Contribution Taxes**

Calculated at the rate of 15% for social contribution tax (9% until April 30, 2008) and 15% (plus a 10% surtax pursuant to legislation) for income tax on taxable income in the year, adjusted by permanent differences. Deferred income tax and social contribution were calculated based on the rates in force on the financial statements date over the temporary additions and recorded under the item Other Receivables, as contra entry of Income for the Period.

**(m) Post-Employment benefits**

The Bank sponsors a "defined benefit" plan to its employees and the actuarial assessment of obligation provided based on specific legislation. According to CVM Resolution 371/00 and based on the appraisal report issued by an independent actuary's opinion, the Bank annually assesses the actuarial situation of the plan, as mentioned in Note 23.



## NOTE 04

### Interbank Investments

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
<b>Money Market Investments</b> .....	<b>5,127,819</b>	<b>3,673,449</b>	<b>5,146,310</b>	<b>3,689,523</b>
Resales Pending Settlement - Own Portfolio				
Treasury Bills - LFT .....	3,116,837	1,208,115	3,116,837	1,208,115
National Treasury Bills - LTN .....	1,005,491	1,238,954	1,005,491	1,238,954
National Treasury Notes - NTN .....	1,005,491	-	1,005,491	-
Other .....	-	-	18,491	16,074
Resales Pending Settlement - Third-Party Portfolio				
National Treasury Bills - LTN .....	-	1,226,380	-	1,226,380
<b>Interbank Deposits</b> .....	<b>238,194</b>	<b>122,559</b>	<b>238,194</b>	<b>122,559</b>
Interbank Deposits .....	238,194	122,559	238,194	122,559
<b>Total</b> .....	<b>5,366,013</b>	<b>3,796,008</b>	<b>5,384,504</b>	<b>3,812,082</b>

## NOTE 05

### Securities and Derivatives

Breakdown of the portfolio of Securities and Derivatives:

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Trading Securities .....	1,597,024	68,060	1,597,024	68,060
Available-for-sale Securities .....	864,731	419,471	872,989	421,849
Held-to-Maturity Securities .....	3,805,900	4,043,814	3,808,477	4,046,099
Derivatives .....	109,419	124,005	109,419	124,005
<b>Total</b> .....	<b>6,377,074</b>	<b>4,655,350</b>	<b>6,387,909</b>	<b>4,660,013</b>
<b>Current Assets</b> .....	<b>3,292,304</b>	<b>1,833,125</b>	<b>3,303,139</b>	<b>1,835,503</b>
<b>Long-Term Assets</b> .....	<b>3,084,770</b>	<b>2,822,225</b>	<b>3,084,770</b>	<b>2,824,510</b>

The fair value presented in the chart below were assessed as follows: Treasury Bills that hold active negotiations is determined based on prices published by the ANDIMA; to shares of Publicly-held Companies the average price of the last negotiation of the day is used; and for securities that have no price published, the Bank adopts as basis for calculation of the fair value, the value obtained by means of internal pricing technique.

#### (a) Trading Securities

Breakdown of Trading Securities Portfolio per category at fair value:

	In Thousands of Reais	
	Banrisul and Banrisul Consolidated	
	2009	2008
Federal Government Securities		
Treasury Bills - LFT .....	1,530,784	68,060
Treasury Bills -LFT - Guarantees .....	66,240	-
<b>Total</b> .....	<b>1,597,024</b>	<b>68,060</b>



Breakdown per maturity:

<b>Maturity</b>	<b>In Thousands of Reais</b>	
	<b>Banrisul and Banrisul Consolidated</b>	
	<b>Restated</b>	<b>Fair</b>
	<b>Acquisition Cost</b>	<b>Value</b>
From 3 to 12 months .....	76,704	76,708
From 1 to 3 years .....	418,038	418,069
From 3 to 5 years .....	926,203	926,213
From 5 to 15 years .....	176,036	176,034
<b>Total in 2009</b> .....	<b>1,596,981</b>	<b>1,597,024</b>
<b>Total in 2008</b> .....	<b>67,992</b>	<b>68,060</b>

According to Central Bank of Brazil regulations, these securities are classified in current assets at their fair value.

### (b) Available-for-Sale Securities

Breakdown of the Available-for-Sale Securities Portfolio by type of securities per fair value:

	<b>In Thousands of Reais</b>			
	<b>Banrisul</b>		<b>Banrisul Consolidated</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Treasury Bills - LFT .....	857,719	402,587	857,719	402,587
Shares of Publicly-Held Companies .....	7,012	16,884	7,359	17,087
Privatization Certificates .....	-	-	5	5
Fixed Income Fund Quotas .....	-	-	7,906	2,170
<b>Total</b> .....	<b>864,731</b>	<b>419,471</b>	<b>872,989</b>	<b>421,849</b>

Breakdown per maturity:

<b>Maturity</b>	<b>In Thousands of Reais</b>			
	<b>Banrisul</b>		<b>Banrisul Consolidated</b>	
	<b>Restated</b>	<b>Fair</b>	<b>Restated</b>	<b>Fair</b>
	<b>Acquisition</b>	<b>Value</b>	<b>Acquisition</b>	<b>Value</b>
	<b>Cost</b>	<b>Value</b>	<b>Cost</b>	<b>Value</b>
Sem vencimento .....	21,866	7,012	30,124	15,270
From 3 to 12 months .....	39,096	39,097	39,096	39,097
From 1 to 3 years .....	167,990	168,004	167,990	168,004
From 3 to 5 years .....	650,616	650,618	650,616	650,618
<b>Total in 2009</b> .....	<b>879,568</b>	<b>864,731</b>	<b>887,826</b>	<b>872,989</b>
<b>Total in 2008</b> .....	<b>425,736</b>	<b>419,471</b>	<b>427,977</b>	<b>421,849</b>

The adjustment to fair value as of March 31, 2009, in the amount of R\$14,837 thousand (2008 – R\$6,265 thousand), was recorded under a specific Shareholders' Equity account, net of taxes of R\$5,927 thousand (2008 – R\$2,130 thousand), recorded in "Other Credits".

### (c) Held-to-Maturity Securities

The Portfolio of Held-to-Maturity Securities, by category, stated at cost plus income earned is as follows:

	<b>In Thousands of Reais</b>			
	<b>Banrisul</b>		<b>Banrisul Consolidated</b>	
	<b>Restated</b>	<b>Fair</b>	<b>Restated</b>	<b>Fair</b>
	<b>Acquisition</b>	<b>Value</b>	<b>Acquisition</b>	<b>Value</b>
	<b>Cost</b>	<b>Value</b>	<b>Cost</b>	<b>Value</b>
Federal Government Securities				
Treasury Bills - LFT .....	3,520,447	3,522,050	3,523,024	3,524,627
National Treasury Bills - NTN .....	30,689	30,689	30,689	30,689
Salary Variation Compensation Fund - CVS .....	192,050	147,832	192,050	147,832
Brazilian Foreign Debt Securities .....	10,360	10,360	10,360	10,360
Fixed Income Fund Quotas .....	10,757	10,757	10,757	10,757
Other .....	6	6	6	6
Mortgage-Backed Securities - LH .....	38,602	38,602	38,602	38,602
Certificate of Real Estate Receivables - CRI .....	2,989	2,989	2,989	2,989
<b>Total in 2009</b> .....	<b>3,805,900</b>	<b>3,763,285</b>	<b>3,808,477</b>	<b>3,765,862</b>
<b>Total in 2008</b> .....	<b>4,043,814</b>	<b>4,010,969</b>	<b>4,046,099</b>	<b>4,013,254</b>





The maturities of securities are as follows:

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Up to 3 months .....	33,191	253,577	33,191	253,577
3 to 12 months .....	1,608,335	1,130,196	1,610,912	1,130,196
1 to 3 years .....	1,098,873	2,132,824	1,098,873	2,135,109
3 to 5 years .....	331,366	6,617	331,366	6,617
5 to 15 years .....	542,085	339,680	542,085	339,680
Over 15 years .....	192,050	180,920	192,050	180,920
<b>Total .....</b>	<b><u>3,805,900</u></b>	<b><u>4,043,814</u></b>	<b><u>3,808,477</u></b>	<b><u>4,046,099</u></b>
<b>Current Assets .....</b>	<b><u>1,641,526</u></b>	<b><u>1,383,773</u></b>	<b><u>1,644,103</u></b>	<b><u>1,383,773</u></b>
<b>Long-Term Assets .....</b>	<b><u>2,164,374</u></b>	<b><u>2,660,041</u></b>	<b><u>2,164,374</u></b>	<b><u>2,662,326</u></b>

#### (d) Derivatives

In order to meet its own needs to minimize the effect of changes in the fixed rate, exchange variation and TR (a managed prime rate), the Bank has conducted swap transactions to exchange these rates for SELIC (Central Bank overnight rate) variation. Other risks are stated in Note 24.

Banrisul and Banrisul Consolidated		In Thousands of Reais							
	National Value	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	2009	2008
<b>Assets</b>									
SELIC	10,387	-	-	-	-	-	-	-	-
SELIC+Fixed Rate-FCVS	90,628	-	-	-	75	14,971	6,460	21,506	19,637
SELIC + Fixed Rate	102,321	-	7,645	15,289	15,289	49,690	-	87,913	104,368
<b>Liabilities</b>									
Fixed Rate	(10,387)	(13)	(13)	(5,201)	(20)	(2)	-	(5,249)	(2,879)
TR+Fixed Rate	(90,628)	(1,995)	(7,234)	(9,340)	(4,984)	(8,521)	(1,396)	(33,470)	(21,143)
USD+BIID+									
Fixed Rate	(102,321)	-	-	-	-	-	-	-	-
<b>Net Adjustment</b>		<b><u>(2,008)</u></b>	<b><u>398</u></b>	<b><u>748</u></b>	<b><u>10,360</u></b>	<b><u>56,138</u></b>	<b><u>5,064</u></b>	<b><u>70,700</u></b>	<b><u>99,983</u></b>

The above-mentioned swap transactions have as a counterparty the Rio Grande do Sul State Government and were entered in connection to the assignment of credits of the Salary Variation Compensation Fund (FCVS) and receivables from municipal public entities, respectively, and will be settled on the same dates the main operations are received.

Swap and transactions combined therewith are subject to rates equivalent to those prevailing in the market on the contracting date, since maturity dates are the same and the Bank intends to hold the original transactions and swap contracts to maturity.

As of March 31, 2009, the amounts receivable and amounts payable are as follows:

	In Thousands of Reais	
	Banrisul and Banrisul Consolidated	
	2009	2008
<b>Derivatives</b>		
Adjustments Receivable - Short Term .....	7,645	11,946
Adjustments Receivable - Long Term .....	101,774	112,059
Adjustments Payable - Short Term .....	(9,255)	(3,480)
Adjustments Payable - Long Term .....	(29,464)	(20,542)
<b>Net Adjustment .....</b>	<b><u>70,700</u></b>	<b><u>99,983</u></b>

As of March 31, 2009, there were no futures or options contracts.



**NOTE 06**

## Restricted Deposits

Descrição	Interest Rate	In Thousands of Reais	
		Banrisul and Banrisul Consolidated	
		2009	2008
<b>Compulsory Deposits - Brazilian Central Bank</b> .....		<b>1,169,710</b>	<b>2,688,459</b>
Demand deposits and other funds .....	None .....	264,927	629,794
Additional obligation .....	SELIC .....	-	944,080
Saving deposits .....	Saving Account .....	891,843	845,591
Other deposits .....	None .....	12,154	5,462
Other deposits .....	TR .....	786	263,532
<b>Credits with the National Housing System</b> .....		<b>397,383</b>	<b>337,482</b>
Acquired portfolio - swap .....	17.5% a 26% p.a.(*) .....	271,208	241,617
Acquired portfolio .....	TR + Interest .....	111,384	81,761
Own portfolio .....	TR + Interest .....	14,791	14,104
<b>Correspondents</b> .....	None .....	<b>22,986</b>	<b>25,537</b>
<b>Total</b> .....		<b>1,590,079</b>	<b>3,051,478</b>
<b>Current Assets</b> .....		<b>1,192,696</b>	<b>2,713,996</b>
<b>Long-term Assets</b> .....		<b>397,383</b>	<b>337,482</b>

(\*) Linked to Swap transactions as detailed in Note 05 (d).

**National Housing System - Third-party Portfolio Acquired** - From October 2002 to March 2005, the Bank acquired from the Rio Grande do Sul State Government receivables from the Salary Variation Compensation Fund (FCVS). As of March 31, 2009, the credits are stated at cost plus income earned through the financial statement date, at the amount of R\$382,592 thousand (2008 – R\$323,378 thousand). Their face value is of R\$719,648 thousand (2008 – R\$687,992 thousand). These receivables will be converted into CVS securities, pursuant to ratification and novation processes, and, in spite of no established maturity, their fair values, upon the issuance of the securities, may differ significantly from the carrying amounts.

**National Housing System - Own Portfolio** – Refers to credits of the FCVS arising from Banrisul's own mortgage loans portfolio that have already been approved by the FCVS's regulatory body.

**NOTE 07**

## Lending Operations, Leasing Operations and Other Receivables

The tables below show the balance of lending operations and balances of the leasing and foreign exchange portfolio.

**(a) Breakdown by Type of Operation and Risk Level:**

	Banrisul and Banrisul Consolidated										
	In Thousands of Reais										
	AA	A	B	C	D	E	F	G	H	2009	2008
Loan and Discounted Receivables .....	1,925,510	3,494,996	1,343,997	572,421	185,425	130,720	651,399	39,262	260,450	8,604,180	6,329,573
Financing .....	68,207	323,997	189,122	40,095	20,728	19,562	4,737	6,189	41,258	713,895	650,874
Rural and Agro-Industrial Financing .....	246,053	170,504	221,487	53,682	36,432	39,424	45,377	38,385	35,872	887,216	618,210
Real Estate Financing .....	324,021	210,465	156,085	78,207	40,260	60,260	83,326	3,090	33,504	989,218	840,791
Infrastructure and Development Financing .....	-	40,575	-	317	-	-	-	-	1,771	42,663	26,904
<b>Total Lending Operations</b> .....	<b>2,563,791</b>	<b>4,240,537</b>	<b>1,910,691</b>	<b>744,722</b>	<b>282,845</b>	<b>249,966</b>	<b>784,839</b>	<b>86,926</b>	<b>372,855</b>	<b>11,237,172</b>	<b>8,466,352</b>
Leasing Operations .....	23,044	21,713	26,986	15,933	6,070	2,228	5,090	586	465	102,115	58,807
Other Receivables - Foreign Exchange (1) .....	34,189	205,915	156,332	50,943	23,627	1,189	4,425	83	409	477,112	322,070
Other Receivables - Foreign Exchange (2) .....	641	4,110	6,243	3,707	454	56	993	2	1,159	17,365	13,453
<b>Total Banrisul in 2009</b> .....	<b>2,621,665</b>	<b>4,472,275</b>	<b>2,100,252</b>	<b>815,305</b>	<b>312,996</b>	<b>253,439</b>	<b>795,347</b>	<b>87,597</b>	<b>374,888</b>	<b>11,833,764</b>	
<b>Total Banrisul in 2008</b> .....	<b>1,631,730</b>	<b>3,479,297</b>	<b>1,542,971</b>	<b>791,645</b>	<b>246,951</b>	<b>208,095</b>	<b>647,259</b>	<b>62,215</b>	<b>250,519</b>		<b>8,860,682</b>

(1) Advances on foreign exchange contracts are classified as a reduction of "Other payables - Foreign exchange portfolio" (Note 13).

(2) Other Receivables - Foreign exchange include receivables from foreign exchange contracts and receivables from export contracts.

**(b) Client Breakdown per Maturity and Risk Levels:**

	<u>Banrisul and Banrisul Consolidated</u>										
	<u>In Thousands of Reais</u>										
	AA	A	B	C	D	E	F	G	H	<u>2009</u>	<u>2008</u>
Falling due (*) .....	2,620,815	4,467,440	2,089,299	792,640	292,032	234,649	717,294	66,620	212,324	11,493,113	8,655,309
Up to 180 days .....	996,206	1,581,062	1,125,022	467,183	151,241	99,051	362,432	21,476	51,608	4,855,281	3,613,532
181 to 360 days .....	347,330	680,407	297,830	103,750	36,696	25,202	106,920	7,611	43,786	1,649,532	1,226,609
Over 360 days .....	1,277,279	2,205,971	666,447	221,707	104,095	110,396	247,942	37,533	116,930	4,988,300	3,815,168
Past-due .....	850	4,835	10,953	22,665	20,964	18,790	78,053	20,977	162,564	340,651	205,373
Up to 180 days .....	850	4,835	10,953	22,665	20,964	18,256	71,292	20,054	63,047	232,916	127,186
181 to 360 days .....	-	-	-	-	-	534	6,761	923	35,822	44,040	31,302
Over 360 days .....	-	-	-	-	-	-	-	-	63,695	63,695	46,885
Total Banrisul in 2009 .....	2,621,665	4,472,275	2,100,252	815,305	312,996	253,439	795,347	87,597	374,888	11,833,764	
Total Banrisul in 2008 .....	1,631,730	3,479,297	1,542,971	791,645	246,951	208,095	647,259	62,215	250,519		8,860,682

(\* ) Amounts up to 14 days past-due are included in the current.

**(c) Portfolio Breakdown by Business Sector:**

	<u>In Thousands of Reais</u>	
	<u>Banrisul</u>	<u>Banrisul Consolidated</u>
	<u>2009</u>	<u>2008</u>
<b>Municipal Public Sector</b>		
Government - direct and indirect administration .....	187,960	168,609
Corporate activity - Other services .....	2,649	22,777
<b>Total Public Sector</b> .....	<b>190,609</b>	<b>191,386</b>
<b>Private sector</b>		
Rural .....	887,216	618,210
Industry .....	2,887,235	1,952,583
Commerce, .....	1,630,576	1,256,775
Financial brokers .....	19	5
Services and other .....	1,029,268	880,052
Individuals .....	4,219,623	3,120,880
Housing .....	989,218	840,791
<b>Total Private Sector</b> .....	<b>11,643,155</b>	<b>8,669,296</b>
<b>Total</b> .....	<b>11,833,764</b>	<b>8,860,682</b>

As of March 31, 2009, lending operations with entities of the Municipal Public Sector include R\$88,050 thousand (2008 – R\$99,980 thousand) relating to receivables acquired from the Rio Grande do Sul State Government or from entities controlled thereby.

**(d) Changes in allowances for loans losses, doubtful lease receivables and other receivables:**

	<u>In Thousands of Reais</u>			
	<u>Banrisul</u>		<u>Banrisul Consolidated</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Opening balance of allowance for loan losses</b> .....	<b>970,691</b>	<b>891,990</b>	<b>971,672</b>	<b>891,990</b>
Allowance recorded in the year .....	150,132	40,742	150,210	40,726
Write-offs to memorandum accounts .....	(41,120)	(43,707)	(41,131)	(43,691)
<b>Allowance for loan losses per risk level</b> .....	<b>1,079,703</b>	<b>889,025</b>	<b>1,080,751</b>	<b>889,025</b>
<b>Allowance for lending operations</b>				
Current Assets .....	264,046	281,852	264,046	281,852
Long-Term Assets .....	789,322	587,655	789,322	587,655
<b>Allowance for doubtful lease receivables</b>				
Current Assets .....	2,302	1,671	2,302	1,671
Long-Term Assets .....	4,169	2,770	4,169	2,770
<b>Allowance for losses in other receivables</b>				
Current Assets .....	12,519	9,494	12,519	9,494
Long-Term Assets .....	7,345	5,583	7,345	5,583
<b>Allowance for losses in other receivables</b>				
Current Assets .....	-	-	1,048	-
Long-Term Assets .....	-	-	-	-



(e) Breakdown of allowances for loans losses, doubtful lease receivables and other receivables per risk level:

Banrisul and Banrisul Consolidated					In Thousands of Reais Recorded Allowance
Risk Level	Loan Portfolio	Minimum allowance required by Resolution 2.682/99	Minimum allowance required	Additional Allowance (Note 03(f))	Total
AA	2,621,665	0.0%	-	5,053	5,053
A	4,472,275	0.5%	22,361	8,945	31,306
B	2,100,252	1.0%	21,003	10,501	31,504
C	815,305	3.0%	24,459	16,306	40,765
D	312,996	10.0%	31,300	6,260	37,560
E	253,439	30.0%	76,032	5,069	81,101
F	795,347	50.0%	397,673	15,907	413,580
G	87,597	70.0%	61,318	2,628	63,946
H	374,888	100.0%	374,888	-	374,888
<b>Total in 2009</b>	<b>11,833,764</b>		<b>1,009,034</b>	<b>70,669</b>	<b>1,079,703</b>
<b>Total in 2008</b>	<b>8,860,682</b>		<b>761,398</b>	<b>127,627</b>	<b>889,025</b>

Lending operations written off at loss in the year ended March 31, 2009 and controlled based on the adjusted amount until the date of the respective write-off in a memorandum account amounted to R\$41,120 thousand individually (2008 – R\$43,707 thousand) and R\$41,131 thousand consolidated (2008 – R\$43,691 thousand).

Recoveries of lending operations previously written off as loss have been recognized as income from lending operations and amounted to R\$13,117 thousand Bank and Consolidated in the year ended on March 31, 2009 (2008 – R\$16,659 thousand – Bank and Consolidated), net of losses or gains generated from these recoveries.

NOTE 08

Other Receivables

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
<b>Foreign Exchange Portfolio</b> .....	<b>666,810</b>	<b>372,488</b>	<b>666,810</b>	<b>372,488</b>
Exchange purchased pending settlement .....	543,305	359,356	543,305	359,356
Term bills in foreign currency .....	-	257	-	257
Rights to foreign exchange sold .....	113,526	34,013	113,526	34,013
Advances in local currency .....	(5,462)	(27,938)	(5,462)	(27,938)
Income receivable from advances .....	15,441	6,800	15,441	6,800
<b>Income receivable</b> .....	<b>40,636</b>	<b>37,747</b>	<b>35,692</b>	<b>30,424</b>
Dividends and bonuses receivable .....	4,944	7,323	-	-
Receivables from services rendered .....	35,384	30,183	35,384	30,183
Other .....	308	241	308	241
<b>Negotiation and intermediation of amounts</b> .....	<b>=</b>	<b>=</b>	<b>3,629</b>	<b>2,036</b>
Negotiation and intermediation of amounts .....	-	-	3,629	2,036
<b>Sundry</b> .....	<b>1,207,686</b>	<b>1,008,422</b>	<b>1,267,592</b>	<b>1,065,015</b>
Advances to Loan Guarantee Fund (1) .....	91,797	-	91,797	-
Advances to employees, .....	15,728	14,621	15,795	14,681
Advances for payment by our account .....	677	523	6,583	6,147
Deferred income tax and social contribution (Note 22 (b)) .....	623,963	494,443	630,589	501,848
Receivables on sale of other assets .....	-	-	1,169	1,132
Escrow deposits .....	141,307	144,357	154,846	159,389
IRrecoverable taxes .....	69,866	72,820	73,151	77,861
Reimbursable payments .....	67,246	61,609	67,296	61,650
Notes and credits receivable(2) .....	102,742	115,661	103,934	117,235
Credit Cards .....	56,434	59,476	56,434	59,476
Amounts receivable from affiliated companies .....	642	547	642	547
Other debtors – Domestic .....	37,284	44,365	65,356	65,049
<b>Allowance for losses on other receivables</b> .....	<b>(19,864)</b>	<b>(15,077)</b>	<b>(20,912)</b>	<b>(15,077)</b>
<b>Total other receivables</b> .....	<b>1,895,268</b>	<b>1,403,580</b>	<b>1,952,811</b>	<b>1,454,886</b>
<b>Current assets</b> .....	<b>1,237,023</b>	<b>874,451</b>	<b>1,275,190</b>	<b>903,794</b>
<b>Long-term assets</b> .....	<b>658,245</b>	<b>529,129</b>	<b>677,621</b>	<b>551,092</b>

(1) Pursuant to the Brazilian Central Bank Circular 3,416 and Circular Letter 3,347 in the second half 2008, Banrisul advanced the amount corresponding to sixty contributions to the Loan Guarantee Fund which will be offset against future payments. This advance meets the requirements for a Compulsory Deposit within the Central Bank in cash and interest fee.

(2) In the first quarter of 2005, as part of receivables recovery policy, Banrisul received as payment in kind bonds issued to pay court ordered debts of the Federal Government from several companies to settled past-due loans of such companies. As of March 31, 2009, these bonds amount to R\$77,794 thousand (2008 - R\$89,296 thousand). These bonds are subject to the variation of the price and interest index.

## NOTE 09

### Permanent Assets

#### (a) Fixed Assets

<b>Banrisul</b>		<b>In Thousands of Reais</b>			
	<b>Rate</b>	<b>Original Cost</b>	<b>Depreciation/ Amortization</b>	<b>Net Balance in 2009</b>	<b>Net Balance in 2008</b>
<b>Property in Use</b>					
Land and Buildings in Use .....	4%	120,056	(97,249)	22,807	24,976
Other					
Furniture and Equipments in Inventory .....	-	10,040	-	10,040	24,359
Property and Equipments in Progress .....	-	4,358	-	4,358	5,358
Facilities .....	10%	52,215	(44,226)	7,989	551
Furniture and Equipment in Use .....	10%	67,957	(46,232)	21,725	14,784
Leasehold Improvement .....	20%	28,977	(24,777)	4,200	14,681
Other					
Communication System .....	10%	4,573	(3,989)	584	599
Data Processing System .....	20%	219,792	(153,079)	66,713	34,346
Security System .....	10%	9,754	(6,744)	3,010	3,280
Transportation System .....	20%	2,516	(1,897)	619	452
<b>Total .....</b>		<b>520.238</b>	<b>(378.193)</b>	<b>142.045</b>	<b>123.386</b>

<b>Banrisul Consolidated</b>		<b>In Thousands of Reais</b>			
	<b>Rate</b>	<b>Original Cost</b>	<b>Depreciation/ Amortization</b>	<b>Net Balance in 2009</b>	<b>Net Balance in 2008</b>
<b>Property in Use</b>					
Land and Buildings in Use .....	4%	127,098	(101,494)	25,604	29,457
Other					
Furniture and Equipments in Inventory .....	-	10,040	-	10,040	24,359
Property and Equipments in Progress .....	-	5,197	-	5,197	6,150
Facilities .....	10%	52,547	(44,483)	8,064	654
Furniture and Equipment in Use .....	10%	71,116	(48,561)	22,555	15,685
Leasehold Improvement .....	20%	28,977	(24,777)	4,200	14,681
Other					
Communication System .....	10%	4,573	(3,989)	584	601
Data Processing System .....	20%	220,438	(153,596)	66,842	34,551
Security System .....	10%	9,754	(6,744)	3,010	3,280
Transportation System .....	20%	2,516	(1,897)	619	452
<b>Total .....</b>		<b>532.256</b>	<b>(385.541)</b>	<b>146.715</b>	<b>129.870</b>

#### (b) Intangible Assets

	<b>Rate</b>	<b>In Thousands of Reais</b>					
		<b>Banrisul</b>		<b>Banrisul Consolidated</b>			
<b>Intangible Assets</b>		<b>Original Cost</b>	<b>Amortization</b>	<b>Net Balance in 2009</b>	<b>Net Balance in 2008</b>	<b>Net Balance in 2009</b>	<b>Net Balance in 2008</b>
<b>Right from Acquisition of Payroll operations (*)</b>							
- Municipal Public Sector .....	20%	243,570	(64,516)	179,054	210,090	179,054	210,090
- Private Sector .....	20%	11,454	(1,283)	10,171	4,000	10,171	4,000
Software Acquisition .....	20%	31,185	(23,484)	7,701	2,870	7,853	2,987
<b>Total .....</b>		<b>286.209</b>	<b>(89.283)</b>	<b>196.926</b>	<b>216.960</b>	<b>197.078</b>	<b>217.077</b>



(\*) It refers to agreements entered into with the municipal government and private sector entities to ensure the exclusivity in banking services for processing of payroll credit and deductible payroll loans, bill collection portfolio, supplier payment and other services as well as other bank services. Such agreements are effective for a five-year periods and are amortized over the agreements periods. No indications that's these assets are impaired were identified.

## NOTE 10

# Deposits and Money Market Funding

Banrisul					In Thousands of Reals	
	Without maturity	Up to 3 months	3 to 12 months	Over 12 months	2009	2008
<b>Deposits</b>						
Demand deposits .....	1,488,733	-	-	-	1,488,733	1,464,811
Savings deposits .....	4,755,096	-	-	-	4,755,096	4,454,517
Interbank deposits .....	-	-	12,921	-	12,921	-
Time deposits (*) .....	4,507	1,364,066	3,579,370	3,240,122	8,188,065	6,683,421
Other deposits .....	10,185	-	-	-	10,185	27,237
<b>Total .....</b>	<b><u>6,258,521</u></b>	<b><u>1,364,066</u></b>	<b><u>3,592,291</u></b>	<b><u>3,240,122</u></b>	<b><u>14,455,000</u></b>	<b><u>12,629,986</u></b>
<b>Current liabilities .....</b>					<b>11,214,878</b>	<b>10,121,252</b>
<b>Long-term liabilities .....</b>					<b>3,240,122</b>	<b>2,508,734</b>
<b>Money market funding</b>						
Own Portfolio .....	-	2,716,035	-	-	2,716,035	968,004
Third-party Portfolio .....	-	-	-	-	-	1,226,896
<b>Total .....</b>	<b>=</b>	<b><u>2,716,035</u></b>	<b>=</b>	<b>=</b>	<b><u>2,716,035</u></b>	<b><u>2,194,900</u></b>

Banrisul Consolidado					In Thousands of Reals	
	Without maturity	Up to 3 months	3 to 12 months	Over 12 months	2009	2008
<b>Deposits</b>						
Demand deposits .....	1,485,630	-	-	-	1,485,630	1,462,817
Savings deposits .....	4,755,096	-	-	-	4,755,096	4,454,517
Interbank deposits .....	-	-	12,921	-	12,921	-
Time deposits (*) .....	4,507	1,364,066	3,410,520	3,240,122	8,019,215	6,525,157
Other deposits .....	10,194	-	-	-	10,194	27,237
<b>Total .....</b>	<b><u>6,255,427</u></b>	<b><u>1,364,066</u></b>	<b><u>3,423,441</u></b>	<b><u>3,240,122</u></b>	<b><u>14,283,056</u></b>	<b><u>12,469,728</u></b>
<b>Current liabilities .....</b>					<b>11,042,934</b>	<b>9,961,593</b>
<b>Long-term liabilities .....</b>					<b>3,240,122</b>	<b>2,508,135</b>
<b>Money market funding</b>						
Own Portfolio .....	-	2,658,365	-	-	2,658,365	913,255
Third-party Portfolio .....	-	-	-	-	-	1,226,896
<b>Total .....</b>	<b>=</b>	<b><u>2,658,365</u></b>	<b>=</b>	<b>=</b>	<b><u>2,658,365</u></b>	<b><u>2,140,151</u></b>

(\*) Consider the maturities set for each investment.

Time deposits are made by the Bank's customers, with floating or fixed charges equivalent to 67% and 33% of the total portfolio, respectively. The average funding rate for floating-rate deposits corresponds to 96.84% (2008 – 97.21%) of the CDI variation, and for fixed-rate deposits, to 10.25% (2008 – 9.35%) per year.

Funding through money market purchase and sale commitments operations – own portfolio – conducted with financial institutions, has an average funding rate of 100% of the CDI variation.



## NOTE 11

### Foreign Borrowings

Foreign borrowings are represented by funds obtained from foreign banks to be used in foreign exchange transactions subject to the variation of the corresponding currencies plus annual interest rates of 2.00% to 11.89% (2008 – 3.38% to 7.00%) maturing in up to 360 days (2008 – 360 days).

## NOTE 12

### Onlendings

	<b>Banrisul and Banrisul Consolidated</b>				<b>In Thousands of Reais</b>	
	<b>Domestic Onlendings - Official Institutions</b>		<b>Foreign Onlendings</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Up to 90 days .....	244,284	209,873	12,944	1,485	257,228	211,358
91 to 360 days .....	88,578	73,470	12,628	5,255	101,206	78,725
1 to 3 years .....	194,549	184,473	-	-	194,549	184,473
3 to 5 years .....	111,553	97,878	-	-	111,553	97,878
Over 5 years .....	112,010	95,611	-	-	112,010	95,611
<b>Total .....</b>	<b>750,974</b>	<b>661,305</b>	<b>25,572</b>	<b>6,740</b>	<b>776,546</b>	<b>668,045</b>
<b>Current liabilities .....</b>	<b>332,862</b>	<b>283,343</b>	<b>25,572</b>	<b>6,740</b>	<b>358,434</b>	<b>290,083</b>
<b>Long-term liabilities .....</b>	<b>418,112</b>	<b>377,962</b>	<b>-</b>	<b>-</b>	<b>418,112</b>	<b>377,962</b>

Internal funds for onlending refer basically to funds from Official Institutions (BNDES – National Bank for Economic and Social Development, FINAME – National Equipment Financing Authority and Caixa Econômica Federal – Federal Savings and Loan Bank). These liabilities mature on a monthly basis through July 2023, and are subject to interest of 0.5% to 7.10% (2008 – 0.00% to 6.50%) per year, plus variation of the indexes (TJLP, U.S. dollar and Currency Basket) for floating-rate operations and up to 5.00% (2008 – 9.40%) per year for fixed-rate operations. Funds are transferred to customers on the same terms and with the same funding rates, plus commission on financial intermediation. These funds are collateralized by the same guarantees received for the related lending operations.



NOTE 13

## Other Payables

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
<b>Collected taxes and other</b> .....	<b>96,051</b>	<b>110,485</b>	<b>96,051</b>	<b>110,485</b>
Receipt of federal taxes .....	96,044	110,484	96,044	110,484
Receipt of state and municipal taxes .....	1	1	1	1
Other .....	6	-	6	-
<b>Foreign exchange portfolio</b> .....	<b>119,953</b>	<b>77,942</b>	<b>119,953</b>	<b>77,942</b>
Exchange sold pending settlement .....	112,302	34,026	112,302	34,026
Foreign exchange purchased .....	484,760	365,985	484,760	365,985
Advances on foreign exchange contracts (Note 07 (a)) ....	(477,112)	(322,070)	(477,112)	(322,070)
Other .....	3	1	3	1
<b>Social and statutory</b> .....	<b>46,737</b>	<b>133,652</b>	<b>46,803</b>	<b>133,749</b>
Dividends and bonuses payable (Note 20 (b)) .....	39,242	132,801	39,308	132,898
Bonuses and profit sharing payable .....	7,495	851	7,495	851
<b>Taxes and social security</b> .....	<b>527,128</b>	<b>430,696</b>	<b>533,038</b>	<b>437,900</b>
Taxes and contributions payable .....	43,423	34,065	44,290	34,885
Reserve for taxes and social contribution over profit .....	104,628	43,895	108,288	47,479
Reserve for deferred taxes and contributions (Note 22 (b2))	5,964	2,175	5,964	3,630
Reserve for tax contingencies (Note 14 (a)) .....	373,113	350,561	374,496	351,906
<b>Trading and intermediation of securities</b> .....	-	-	<b>3,079</b>	<b>1,400</b>
Trading and intermediation of securities .....	-	-	3,079	1,400
<b>Financial and development funds</b> .....	<b>3,162,002</b>	<b>1,081,318</b>	<b>3,162,002</b>	<b>1,081,318</b>
Payables for financial and development funds (Note 21 (a))	3,141,253	1,063,258	3,141,253	1,063,258
Other .....	20,749	18,060	20,749	18,060
<b>Sundry</b> .....	<b>717,104</b>	<b>696,685</b>	<b>751,981</b>	<b>727,354</b>
Cashier's check .....	1,032	758	1,032	758
Creditors for unreleased funds .....	26,679	32,727	26,871	32,924
Payables for acquisition of assets and rights .....	4,453	2,273	4,549	2,347
Liabilities under government agreements .....	15,964	12,844	15,964	12,844
Accrued vacation and related charges .....	137,776	109,731	112,790	88,305
Actuarial deficit of Fundação Banrisul (Note 23 (a)) .....	60,605	57,836	60,605	57,836
Brazilian Central Bank fines on foreign exchange transactions (Note 14 (b)) .....	95,476	141,697	113,582	162,133
Reserve for labor contingencies (Note 14 (c)) .....	107,906	102,311	107,906	102,311
Reserve for social security contingencies .....	18,783	18,783	18,783	18,783
Reserve for securitization losses (*) .....	14,027	11,330	14,027	11,330
Reserve for other contingencies .....	6,289	8,071	6,289	8,071
Reserve for debts assumed with Grupo de Empresas Seguradoras Brasileiras (GESB) arising from Companhia União de Seguros Gerais .....	10,022	8,041	10,022	8,041
FGTS (Severance Pay Fund) for amortization .....	2,395	2,737	2,395	2,737
Sundry creditors – Domestic .....	79,205	78,402	120,194	109,312
Card transactions payable .....	44,009	40,731	44,009	40,731
Other .....	92,483	68,413	92,963	68,891
<b>Total Other Payables</b> .....	<b>4,668,975</b>	<b>2,530,778</b>	<b>4,712,907</b>	<b>2,570,148</b>
<b>Current Liabilities</b> .....	<b>4,105,533</b>	<b>2,001,862</b>	<b>4,149,032</b>	<b>2,039,457</b>
<b>Long-Term Liabilities</b> .....	<b>563,442</b>	<b>528,916</b>	<b>563,875</b>	<b>530,691</b>

(\*) The management of the Bank maintains provision for co-obligation of securitized receivables with the National Treasury, in the amount of R\$52,320 thousand (2008 – R\$46,235 thousand) controlled in a memorandum account, which are owned by agricultural financing customers.





**NOTE 14**

## Reserves for Tax, Labor and Civil Contingencies

(a) The reserve for tax contingencies refers mainly to Income and Social Contribution taxes on deduction of expense arising from the settlement of the actuarial deficit of Fundação Banrisul de Seguridade Social (pension plan), challenged by the Federal Revenue Service for the period from 1998 to 2002, and amounts related to the same matter for 2003 to 2005, which have not yet been challenged. Through its legal counsel, the Bank has been challenging the matter in court and, on a conservative basis, has recorded a reserve for contingencies considering the probable loss amount. As of December 31, 2008, the reserve value was R\$367,419 thousand and in the year it was supplemented by R\$5,694 thousand, totaling R\$373,113 thousand as of March 31, 2009.

(b) As of December 31, 2008, the Bank had a reserve for labor contingencies in the amount of R\$96,176 thousand that, after settlements in the amount of R\$9,938 thousand and a new reserve of R\$9,238 thousand, totaled R\$95,476 thousand in March 2009. Of the aforementioned reserve, the amount of R\$74,878 thousand has been deposited in escrow accounts and is recorded under the item "Other Receivables – Escrow Deposits (Note 08)". In the consolidated balance as of December 31, 2008, the Bank had a labor reserve of R\$111,313 thousand, that after settlements in the year of R\$11,412 thousand and a new reserve of R\$13,681 thousand, amounted to R\$113,582 thousand in March 2009. Of the aforementioned reserve, the amount of R\$88,545 thousand has been deposit in escrow.

There are other lawsuits for which a reserve for contingencies is not recognized regarding, as the Bank considers, based on their nature, the likelihood of an unfavorable outcome possible, and which amount of approximately R\$46,000 thousand.

c) On September 29, 2000, Banrisul received an assessment notice from the Central Bank of Brazil in connection with administrative proceedings related to supposed irregularities in foreign exchange transactions between 1987 and 1989. In a decision on an appeal at the administration level, Banrisul was required to pay a fine equivalent to 100% of the amount of the supposedly irregular transactions. This decision is being challenged in court by Management, which on a conservative basis and in compliance with BACEN requirements, recorded a reserve for this contingency. The balance as of March 31, 2009 is R\$107,906 thousand, with an increase in the quarter of the year of R\$1,413 thousand.

**NOTE 15**

## Income from Services Rendered

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Income from Funds Management .....	13,301	12,985	14,368	14,959
Collection of Debt Instruments .....	9,310	10,895	9,310	10,895
Income from Credit Cards and Refeisu .....	-	-	3,804	3,260
Income from Group Financing Management Fee .....	-	-	2,725	1,534
Income from Brokerage of Operations .....	-	-	919	714
Other Income .....	276	234	1,652	514
<b>Total .....</b>	<b><u>22,887</u></b>	<b><u>24,114</u></b>	<b><u>32,778</u></b>	<b><u>31,876</u></b>



**NOTE 16**

## Income from Bank Fees

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Banricompras .....	16,451	12,295	16,451	12,295
Check Returns .....	4,858	10,175	4,858	10,175
Checking Account Debits .....	4,752	4,244	4,752	4,244
Collection Services .....	13,226	12,061	13,226	12,061
Transactions with Checks .....	3,239	6,977	3,239	6,977
Bank Fees from Checking Accounts .....	57,426	53,751	57,426	53,751
Credit Card .....	2,910	3,998	2,910	3,998
Other Income from Fees .....	6,603	6,298	6,603	7,890
<b>Total .....</b>	<b><u>109,465</u></b>	<b><u>109,799</u></b>	<b><u>109,465</u></b>	<b><u>111,391</u></b>

From the income amount of R\$109,465 thousand for the year, R\$57,706 thousand were originated from operations with individuals and R\$51,759 thousand from operations with companies.

**NOTE 17**

## Other Administrative Expenses

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Data Processing and Telecommunication .....	36,421	30,838	37,160	31,392
Security and Money Transportation .....	19,144	16,192	19,144	16,259
Amortization and Depreciation .....	21,818	18,693	22,046	19,061
Rentals .....	11,156	9,150	10,809	8,839
Supplies .....	4,625	5,860	4,638	5,876
Outside Services .....	25,222	18,539	25,713	19,149
Advertising, Promotions and Publicity .....	20,834	16,875	20,995	16,989
Maintenance .....	5,061	4,406	5,154	4,478
Water, Electricity and Gas .....	4,902	4,964	4,946	5,003
Financial System Services .....	4,370	1,131	4,513	1,240
Other .....	8,295	8,838	8,762	9,458
<b>Total .....</b>	<b><u>161,848</u></b>	<b><u>135,486</u></b>	<b><u>163,880</u></b>	<b><u>137,744</u></b>

**NOTE 18**

## Other Operating Income

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Recovery of Charges and Expenses .....	11,753	11,148	10,467	10,204
Reversal of Operating Reserves				
- Losses on Equity Investments .....	84	89	84	89
- Other Assets .....	587	3,441	587	3,441
- Reserve for Securitization Losses (Note 13) .....	-	2,999	-	2,999
Other Taxes .....	42	259	42	259
Commission on Capitalization Certificates .....	452	293	452	293
Interbank Fees .....	5,307	5,022	5,307	5,022
Credit Notes Receivable .....	1,678	3,030	1,678	3,030
Reserve Fund - Escrow Deposit - Law 12,069 .....	4,918	2,615	4,918	2,615
Other Operating Income .....	4,669	7,282	5,261	7,516
<b>Total .....</b>	<b><u>29,490</u></b>	<b><u>36,178</u></b>	<b><u>28,796</u></b>	<b><u>35,468</u></b>



**NOTE 19**

## Other Operating Expenses

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Discount Granted from Renegotiations .....	931	796	931	796
Reserves for Labor Provisions (Note 14 (b)) .....	9,238	10,015	13,681	11,924
Losses on Investment Losses .....	399	144	399	144
Provision for Properties - Assets not in use .....	340	182	340	182
Provision for Securitization Losses .....	1,919	-	1,919	-
Collection of Federal Taxes .....	520	236	520	236
Monetary Adjustment of Reserve for Tax Contingencies (Social Contribution / Income Tax) - (Note 14 (a)) .....	5,694	4,829	5,694	4,829
Lawsuits Indemnifications .....	1,532	952	1,532	952
Monetary Adjustment of Brazilian Central Bank fines on Foreign Exchange (Note 14 (c)) .....	1,413	1,199	1,413	1,199
Monetary Adjustment of Actuarial Deficit of Fundação Banrisul (Note 23) .....	569	2,477	569	2,477
Overdraft Accounts and Banricompras Premiável .....	770	2,173	770	2,173
Provision for Debts Assumed with GESB .....	369	775	369	775
Actuarial Liability Fundação Banrisul CVM deliberation 371 .....	7,490	-	7,490	-
Exchange Adjustment - Foreign Branches .....	1,398	1,363	1,398	1,363
Lawsuits .....	1,430	2,316	1,430	2,316
Cards .....	895	2,906	895	2,906
Other Operating Expenses .....	6,368	3,758	5,826	3,685
<b>Total .....</b>	<b>41,275</b>	<b>34,121</b>	<b>45,176</b>	<b>35,957</b>

**NOTE 20**

## Shareholders' Equity - Banrisul

**(a) Capital**

Fully subscribed paid-up capital as of March 31, 2009 is R\$2,600,000 thousand and it is represented by 408,974 thousand shares without par value as follows:

	ON		PNA		PNB		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Rio Grande do Sul State .....	204,199,859	99,59	2,721,484	70,49	26,086,957	13,04	233,008,300	56,97
Fundação Banrisul de Seguridade (pension plan) .....	449,054	0,22	158,983	4,12	-	0,00	608,037	0,15
Social Security Institute of Rio Grande do Sul State .....	44,934	0,02	168,612	4,37	-	0,00	213,546	0,05
Other .....	348,027	0,17	811,804	21,02	173,984,763	86,96	175,144,594	42,83
<b>Total .....</b>	<b>205,041,874</b>	<b>100,00</b>	<b>3,860,883</b>	<b>100,00</b>	<b>200,071,720</b>	<b>100,00</b>	<b>408,974,477</b>	<b>100,00</b>

On March 31, 2009, an Annual and Extraordinary General meeting approved the capital increase by incorporation of Profits Reserve in the amount of R\$300,000 thousand, with no new shares issued, pending confirmation by BACEN.

Preferred shares do not carry voting rights and are entitled to the following payments:

**Class A Preferred Shares:**

i) Priority to receive a non-cumulative, preferred fixed dividend of six percent (6%) per year, calculated over the quotient resulting from the division of capital stock by the amount of shares composing it;



ii) Right to take part, after the payment to Class B Common and Preferred Shares of a dividend equal to that paid to those shares, in the distribution of any other dividends or bonuses in cash distributed by the company, under equal conditions with Class B Common and Preferred Shares, adding ten percent (10%) over the amount paid to those shares;

iii) Participation in capital increases deriving from the capitalization of reserves, under equal conditions of Class B Common and Preferred Shares;

iv) Priority in capital reimbursement, without premium;

v) Interest on capital may be attributed to Mandatory Dividend, this composing Dividends Paid by the Bank.

**Class B Preferred Shares:**

i) Participation in capital increases deriving from the capitalization of reserves, under equal conditions of Class A Common and Preferred Shares;

ii) Priority in capital reimbursement, without premium;

iii) Interest on capital may be attributed to Mandatory Dividend, this composing Dividends Paid by the Bank.

**(b) Allocation of Income**

Net Income for the year, adjusted in accordance with Law 6,404/76, will have the following allocations: (i) 5% to the Legal Reserve, which will not exceed 20% of Capital Stock, (ii) 25% to the Statutory Reserve, and (iii) mandatory minimum dividends up to the limit of 25% of adjusted net income. The remaining net income will be allocated as decided in the Shareholders' Meeting.

The Statutory Reserve is intended to ensure funds for investments in the information technology area, and is limited to 70% of paid-up capital stock.

In March 2009, an Annual and Extraordinary General meeting approved the proposal of distribution of additional dividends for the year of 2009, in the percentage equivalent to 15% of the Adjusted Net Income, to complete the amount of 40%.

As permitted by Law no. 9,249/95, Banrisul's management paid interest on own capital in the amount of R\$47,111 thousand in the first quarter of 2009, to be credited to the dividend referring to fiscal year 2009, net of Income Tax withholding at source.

The payment of this interest on own capital resulted in a tax benefit for the Bank in the amount of R\$18,844 thousand (2008 – R\$14,524 thousand) (Note 22).

**NOTE 21**

**Commitments, Guarantees and Other**

(a) On April 22, 2004, State Law 12,069, amended by Law 12,585 as of August 29, 2006, was approved, under which the Bank must make available to Rio Grande do Sul State up to 85% of the escrow deposits made by third parties with the Bank (except for those in which the litigant is a municipality). The remaining amount not available is recorded in a reserve fund to ensure the refund of said escrow deposits. As of March 31, 2009, the amount of escrow deposits made by third parties with the Bank, brought up to the date of the Statement of Account by the TR (Reference Rate) variation plus interest of 6.17% p.a., totaled R\$5,184,253 thousand (2008 – R\$3,106,258 thousand), of which R\$2,043,000 thousand (2008 – R\$2,043,000 thousand) was transferred to the State and written off from the respective equity accounts. The remaining balance, that makes up the aforementioned fund managed by Banrisul, is recorded in Other Payables - Financial and Development Funds (Note 13).



(b) Sureties and guarantees granted to customers amount to R\$539,582 thousand (2008 – R\$330,733 thousand), and are subject to financial charges and backed by the beneficiaries' sureties.

(c) The Bank is responsible for the custody of 322,296 thousand securities of customers (2008 – 254,283 thousand).

(d) The Bank has co-obligations in import credits in the amount of R\$41,072 thousand (2008 – R\$32,699 thousand).

(e) The Bank manages various funds and portfolios, which have the following net assets:

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
Investment funds (*) .....	4,534,060	4,096,884	4,639,325	4,287,868
Investment funds in investment fund quotas .....	60,266	450,584	60,266	450,584
Fund to Guarantee the Liquidity of Rio Grande do Sul				
State Debt Securities .....	1,610,605	1,226,896	1,610,605	1,226,896
Managed portfolio .....	374,189	327,175	384,987	327,175
Credit Rights Investment Fund .....	55,250	86,601	55,250	86,601
<b>Total .....</b>	<b>6,634,370</b>	<b>6,188,140</b>	<b>6,750,433</b>	<b>6,379,124</b>

(\*) The investments fund portfolios consist basically of fixed-rate and variable rate government bonds, and their carrying amounts already reflect mark-to-market adjustments at the balance sheet date.

(f) The subsidiary Banrisul S.A. Administradora de Consórcios is responsible for the management of 107 groups (70 in 2008) of consortia, distributed among real estate, motorcycles, vehicles and tractors, gathering 20,429 active consortium members (12,202 in 2008).

## NOTE 22

### Income and Social Contribution Taxes

#### (a) Conciliation of Expenses/Income with Income Tax and Social Contribution:

	In Thousands of Reais			
	Banrisul		Banrisul Consolidated	
	2009	2008	2009	2008
<b>Income for the Period before Taxes .....</b>	<b>154,659</b>	<b>166,291</b>	<b>158,666</b>	<b>169,228</b>
Income Tax on Profit - Rate 25% .....	(38,665)	(41,573)	(39,667)	(42,307)
Social Contribution Tax on Profit - Rate 9% .....	-	(14,966)	(266)	(15,231)
Social Contribution Tax on Profit - Rate 15% (*) .....	(23,199)	-	(23,357)	-
<b>Total Income and Social Contribution Taxes Calculated at Effective Rate .....</b>	<b>(61,864)</b>	<b>(56,539)</b>	<b>(63,290)</b>	<b>(57,538)</b>
Adjustment of Fine on Foreign Exchange Operations .....	(565)	(407)	(565)	(407)
Interest on Own Capital .....	18,844	14,524	18,844	14,524
Equity in Subsidiaries .....	(1,524)	1,853	-	120
Other Additions, Net of Exclusions .....	4,480	(4,850)	391	(5,017)
Portion of Unrecorded Tax Credit .....	-	66	-	66
<b>Total Income and Social Contribution Taxes .....</b>	<b>(40,629)</b>	<b>(45,353)</b>	<b>(44,620)</b>	<b>(48,252)</b>

(\*) Law 11,727 as of June 23, 2008, changed the Social Contribution on Net Income (CSLL) rate of the financial industry, increasing it from 9% to 15% as of May 2008.

#### (b) Deferred Income Tax and Social Contribution:

In March 2009, the Bank had Deferred Income Tax and Social Contribution Tax Credits on temporary differences as follows:



### (b1) Tax credits

The balances of tax credits basis are as follows:

Banrisul	In Thousands of Reais			
	Balance on 12/31/2008	Constitution	Realization	Balance on 12/31/2009
Allowance for loan losses .....	463,689	74,219	50,268	487,640
Reserve for labor contingencies .....	38,470	5,274	5,554	38,190
Reserve for tax contingencies .....	62,624	2,338	60	64,902
Other temporary provisions .....	29,882	3,372	-	33,254
<b>Total tax credits on temporary differences .....</b>	<b>594,665</b>	<b>85,203</b>	<b>55,882</b>	<b>623,986</b>
Unrecorded credits .....	(23)	-	-	(23)
<b>Total tax credits on temporary differences .....</b>	<b>594,642</b>	<b>85,203</b>	<b>55,882</b>	<b>623,963</b>
Deferred tax liabilities .....	(4,688)	(1,221)	55	(5,964)
<b>Tax credits, net of deferred liabilities .....</b>	<b>589,954</b>	<b>83,982</b>	<b>55,937</b>	<b>617,999</b>

Banrisul Consolidado	In Thousands of Reais			
	Balance on 12/31/2008	Constitution	Realization	Balance on 12/31/2009
Allowance for loan losses .....	463,689	74,219	50,268	487,640
Reserve for tax contingencies .....	43,615	6,931	6,200	44,346
Provisão para Riscos Fiscais .....	63,091	2,341	60	65,372
Other temporary provisions .....	29,882	3,372	-	33,254
<b>Total tax credits on temporary differences .....</b>	<b>600,277</b>	<b>86,863</b>	<b>56,528</b>	<b>630,612</b>
Unrecorded credits .....	(23)	-	-	(23)
<b>Total tax credits on temporary differences .....</b>	<b>600,254</b>	<b>86,863</b>	<b>56,528</b>	<b>630,589</b>
Deferred tax liabilities .....	(4,692)	(1,217)	55	(5,964)
<b>Tax credits, net of deferred liabilities .....</b>	<b>595,562</b>	<b>85,646</b>	<b>56,583</b>	<b>624,625</b>

The expectations of realization of these receivables are as follows:

Year	In Thousands of Reais				
	Temporary Differences			Banrisul	Banrisul Consolidated
	Income Tax	Social Contribution	Total	Totals Recorded	Totals Recorded
2009	71,438	42,863	114,301	114,301	114,762
2010	53,249	31,950	85,199	85,199	85,815
2011	106,113	63,668	169,781	169,781	170,397
2012	81,378	48,827	130,205	130,205	131,291
2013	44,842	26,905	71,747	71,747	72,363
2014 a 2016	29,610	17,766	47,376	47,376	49,223
2017 a 2019	3,346	2,008	5,354	5,354	6,738
Após 2019	15	8	23	-	-
<b>Total em 03/31/2009</b>	<b>389,991</b>	<b>233,995</b>	<b>623,986</b>	<b>623,963</b>	<b>630,589</b>
<b>Total em 03/31/2008</b>	<b>366,036</b>	<b>131,773</b>	<b>497,809</b>	<b>494,443</b>	<b>501,849</b>

The total consolidated present value of tax credits is R\$5,076,695 thousand, calculated based on the expected realization of temporary differences at average funding rate, projected for the corresponding periods.

### (b2) Deferred Tax Liabilities

The balance of the Reserve for Deferred Taxes and Contributions is represented by:

	In Thousands of Reais	
	Banrisul and 2009	Banrisul Consolidated 2008
Excess Depreciation .....	(5,902)	(2,084)
Available for Sale Securities .....	(7)	(86)
Adjustment to Fair Value of Trading Securities .....	(55)	-
<b>Total .....</b>	<b>(5,964)</b>	<b>(2,170)</b>

**NOTE 23**

## Fundação Banrisul de Seguridade Social and Cabergs - Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul

(a) The Bank is the main sponsor of Fundação Banrisul de Seguridade Social (Banrisul Foundation of Social Security - pension plan), whose main objectives are to supplement the retirement benefits provided by the Government to the employees of the Bank, of the Banrisul Foundation and CABERGS (Bank Employees Social Assistance Fund), as well as to provide assistance programs offered by their sponsors.

In order to accomplish its objectives, Fundação Banrisul receives monthly contributions from sponsors and participants, calculated based on employees' monthly compensation. The Bank's contributions in the quarter amounted to R\$2,670 thousand (2008 – R\$2,356 thousand), equivalent, as of March 31, 2009, to 3.63% (3.45% in 2008) of the monthly payroll of participating employees, and were recorded as operating expenses.

Fundação Banrisul offers a defined benefit plan and its valuation, in accordance with specific legislation, is carried out annually at the fiscal year's closing date by an independent actuary.

Banrisul has a remaining portion of actuarial deficit in the amount of R\$60,605 thousand as of March 31, 2009 (2008 – R\$57,836 thousand), recorded under the caption Other Obligations (Note 13). This deficit is paid with interest of 6% p.a. and adjusted by the General Market Price Index – Internal Availability - IGP-DI variation, through monthly adjustments with final term in 2028.

(b) Banrisul also offers health and dental care benefits, through CABERGS, to its employees, and through Fundação Banrisul, to retired employees.

(c) As of December 31, 2008, the actuarial valuation of post-employment benefits granted to employees is as follows:

	<u>In Thousands Reais</u>		
	<u>Pension Plan</u>	<u>Health and dental care plans</u>	<u>Total</u>
Present value of actuarial obligations .....	(2,131,954)	(99,790)	(2,231,744)
Fair value of Fundação Banrisul's assets .....	1,910,718	89,712	2,000,430
Unrecognized gains/losses and costs of services .....	549,074	19,295	568,369
<b>Actuarial assets (liabilities) .....</b>	<b><u>327.838</u></b>	<b><u>9.217</u></b>	<b><u>337.055</u></b>

The main actuarial assumptions used as of December 31, 2008 were:

- Discount rate: 11.55% p.a.
- Expected rate of return on assets of the pension plan: 12.43% p.a.
- Expected rate of return on assets of health care plan: 10.77% p.a.
- Future salary increases: 6.59% p.a.
- Increase in medical costs: 7.64% p.a.
- Inflation: 4.50% p.a.
- Mortality table: AT – 2000



**NOTE 24**

## Financial Instruments

The main risks related to financial instruments are credit risks, market risks and liquidity risks, as follows:

- **Credit risk:** it is the possibility of incurring losses to the bank, related to the nonperformances of a loan or financial transaction, by the counterparty.

The credit risk management in Banrisul is made through statistical models that allow continuous improvement of credit extension to continue improving. Banrisul acts continuously on making the adherence test for periods, supervising credit portfolio's shifts, the concentration on clients or on industries of economic activity and on the levels of defaults.

- **Market risk:** it is directly related to the fluctuation of prices and rates, that is, to the fluctuation of the stock exchange, of the interest rate market and foreign exchange inside and outside the country that affects the prices of the assets and liabilities negotiated in the market.

- **Liquidity risk:** it is related to a mismatch between the cash flows of assets and liabilities, affecting the institution's financial capacity in having the resources to honor its liability agreements.

The market risk politics and the liquidity has the purpose of softening possible losses resulting from market price fluctuations, currencies and interest rates of assets and liabilities and of cash flow mismatch being able to use, among other possibilities, financial instruments and derivatives.

Banrisul has not contracted operations known as "target forward swap" or any other derivative on its behalf, since it is not established in its politics operations that do not have as an aim a "hedge" of its assets and liabilities positions.

Except for the "swap" agreements referred to in Note 5 (d), Banrisul has deemed plausible its exposures to the risks mentioned above and has not contracted new operations involving Derivative Financial Instruments.

- **Sensitivity Analysis:** Even though swap operations in the Bank's portfolio, together with the operations backed by them, have floating rates equivalent to the market's, in compliance with CVM Rule 475/08, the probabilities of impact on cash flow and on gains compared to the market of such operations are presented below.

The impact of the Banking Portfolio's financial exposures (particularly in the interest rate and foreign exchange factors) stated in the following table do not necessarily represent a potential accounting loss for the Bank, since these operations are funded by deposits, which are a natural hedge for possible interest rate fluctuations; additionally, the intention is to hold these operations to maturity, and they are used to hedge clients' operations.

The table below shows the probability of impact on cash flow in the three different scenarios (sensitivity analysis) of exposures in derivative financial instruments (Banking Portfolio) and on the hedged instrument on March 31, 2009.

<b>Risk Factors</b>	<b>In Thousands of Reais</b>		
	<b>Scenarios</b>		
<b>Derivative Financial Instrument - Swap</b>	<b>1</b>	<b>2</b>	<b>3</b>
Exposures Subject to Interest Rate Variations .....	(55,937)	(162,378)	(308,755)
Exposures Subject to Foreign Exchange Variations ...	(1,093)	(1,944)	(5,061)
<b>Hedged Financial Instrument (1)</b>			
Exposures Subject to Interest Rate Variations .....	58,686	147,811	270,557
Exposures Subject to Foreign Exchange Variations ...	755	1,693	3,505
<b>Net Value .....</b>	<b>2,411</b>	<b>(14,818)</b>	<b>(39,754)</b>





(1) The financial instrument adjustment consists of demonstrating the gains that fixed-rate securities will have above market rates, considering the scenarios.

**Scenario 1:** based on market information (BM&FBovespa, Andima, etc) a 50 base-point stress test were applied on foreign exchange variation and interest rate.

**Scenario 2:** a 25% stress test was applied to the respective price curves (interest rate, foreign exchange) based on the market of March 31, 2009; the main risk refers to the drop in interest rates and the increase in foreign exchange rate.

**Scenario 3:** a 50% stress test was applied to the respective price curves (interest rate, foreign exchange and the referential rate - TR) based on the market of March 31, 2009; the main risk refers to the drop in interest rates and the increase in foreign exchange rate.

## NOTE 25

### Balances and Transactions with Related Parties

Banrisul	In Thousands of Reais							
	Assets (Liabilities)		Subsidiaries		Assets (Liabilities)		Rio Grande do Sul State	
	2009	2008	Income (Expenses)	Income (Expenses)	2009	2008	Income (Expenses)	Income (Expenses)
Derivatives .....	-	-	-	-	75,949	102,862	(1,123)	998
Collection Services .....	-	-	-	-	5,072	5,072	-	-
Other Receivables .....	5,302	7,626	1,338	1,087	-	-	-	-
Demand Deposits .....	(3,102)	(1,994)	-	-	(105,932)	(89,922)	-	-
Time Deposits .....	(168,851)	(158,263)	(3,080)	(2,623)	-	-	-	-
Money Market Funding ..	(57,671)	(54,749)	(1,630)	(1,458)	(1,610,602)	(1,226,896)	(54,615)	(36,232)
Other Payables .....	(25,395)	(21,852)	(323)	(285)	-	-	-	-
<b>Total .....</b>	<b>(249,717)</b>	<b>(229,232)</b>	<b>(3,695)</b>	<b>(3,279)</b>	<b>(1,635,513)</b>	<b>(1,208,884)</b>	<b>(55,738)</b>	<b>(35,234)</b>

Banrisul Consolidated	In Thousands of Reais			
	Assets (Liabilities)		Rio Grande do Sul	
	2009	2008	Income (Expenses)	Income (Expenses)
Available Funds - SIAC .....	18,491	16,630	528	539
Derivatives .....	75,949	102,862	(1,123)	998
Collections Services .....	5,072	5,072	-	-
Other Credits .....	4,814	3,508	185	173
Money Market Funding .....	(105,932)	(89,922)	-	-
Money Market Funding .....	(1,610,602)	(1,226,896)	(54,615)	(36,232)
<b>Total .....</b>	<b>(1,612,208)</b>	<b>(1,188,746)</b>	<b>(55,025)</b>	<b>(34,522)</b>

Investments and loans with related parties were contracted at rates compatible with those for unrelated parties, prevailing at the dates of the transactions.

On June 29, 2007, it was established the Agreement Term 1959/2007 between Banrisul and the State of Rio Grande do Sul, in which the State ensures Banrisul the exclusivity in bank services related to the personnel payment of active and inactive government employees, life and special pensioners of the Executive Power and social security pensioners, for a 5-year term. In the same Agreement Term, Banrisul exempts the State of Rio Grande do Sul from any cost related to bank services of collection of revenues and state taxes, debt to checking accounts, Unemployment Compensation Fund (FGTS) statements and real estate credit collection services.

Management compensation paid by the Bank during the first quarter of 2009 amounted to R\$645 thousand (2008 – R\$439 thousand). Officers employed as bank employees were paid R\$4 thousand (2008 – R\$4 thousand) in the period, related to the contributions made to Banrisul Foundation of Social Security. Currently, there are no other defined benefits to officers.



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# REPORTS

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## Opinion of the Fiscal Council

As members of the Fiscal Council of Banco do Estado do Rio Grande do Sul S.A., and in the exercise of the responsibilities conferred to us by Article 163, Items II and VII of Law 6,404 dated December 15, 1976, and by the provisions of the company's Bylaws, we have examined the Financial Statements, which comprise the Trial Balance Sheet of the first quarter, Notes to the Financial Statements and other statements for the first quarter 2009. Based on our examinations, on the Opinion of the Audit Committee and on the Opinion of the Independent Auditors, it is our opinion that the statements cited above should be approved by shareholders.

Porto Alegre, May 06, 2009.

Claudio Morais Machado  
**Chairman**

Ronei Xavier Janovik  
**Vice-Chairman**

Americano Lopes Neto  
Irno Luiz Bassani  
Rubens Lahude  
**Members**



## Independent Accountants' Review Report

To the Management and Shareholders of  
Banco do Estado do Rio Grande do Sul S.A.  
Porto Alegre – RS

1. We have performed a review of the accounting information in the accompanying individual (Bank) and Consolidated balance sheets of Banco do Estado do Rio Grande do Sul S.A. (the "Bank") and subsidiaries as of March 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity (Bank), cash flows and value added for the three-month periods then ended, all expressed in Brazilian reais and prepared under the responsibility of the Bank's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON) and consisted principally of: (a) inquiries of and discussions with certain officials of the Bank who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the financial statements referred to in paragraph 1 above; and (b) applying analytical procedures to financial data. Since this review did not constitute an audit in accordance with Brazilian auditing standards, we do not express an opinion on the interim financial statements mentioned in paragraph 1.
3. Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices.
4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Porto Alegre, May 5, 2009

Deloitte Touche Tohmatsu  
Auditores Independentes  
CRC n.º. 2 SP 11.609/O-8/F/RS  
Fernando Carrasco  
Engagement Partner  
CRC n.º. 1 SP 157.760/T/RS

**Deloitte.**



# GOVERNMENT OF RIO GRANDE DO SUL STATE

Secretary of the Treasury  
Banco do Estado do Rio Grande do Sul

## BOARD OF DIRECTORS

RICARDO ENGLERT  
**Chairman**

FERNANDO GUERREIRO DE LEMOS  
**Vice Chairman**

ARIO ZIMMERMANN  
DÍLIO SÉRGIO PENEDO  
JOÃO VERNER JUENEMANN  
JOÃO ZANI  
MANOEL ANDRÉ DA ROCHA  
MATEUS AFFONSO BANDEIRA  
RUBENS SALVADOR BORDINI  
**Board Members**

## BOARD OF EXECUTIVE OFFICERS

FERNANDO GUERREIRO DE LEMOS  
**CEO**

RUBENS SALVADOR BORDINI  
**Vice-President**

CARLOS TADEU AGRIFOGLIO VIANNA  
LUIZ GONZAGA VERAS MOTA  
LUIZ VALDIR ANDRES  
PAULO ROBERTO GARCIA FRANZ  
RICARDO RICHINITI HINGEL  
URBANO SCHMIT  
**Officers**

LUIZ CARLOS MORLIN  
**Accountant CRCRS 51.124**





 **Banrisul**