



**Banrisul** 80  
ANOS

Quem tem Banrisul tem tudo.



# FINANCIAL STATEMENTS

FIRST QUARTER 2008

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## MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS

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## Financial Highlights of 1Q08

- ✓ Consolidated **Net Income** totaled **R\$ 120.9 million** in 1Q08, R\$ 517.5 million lower than in 1Q07. The difference is mainly due to the booking of deferred income tax and social contribution credits on temporary differences, amounting to R\$ 528.5 million, in the first quarter last year.

Excluding this extraordinary event, Net Income in 1Q08 is R\$ 10.9 million, or 9.9%, higher than in 1Q07, and R\$ 6.3 million, or 5.5%, higher than in 4Q07.

- ✓ Net Income in 1Q08 corresponds to annualized **yield** of 18.4% on Average Stockholders' Equity. At the end of March 2008, stockholders' equity was R\$ 2,821.7 million, a 52.5% growth year-on-year.

- ✓ **Gross Profit from Financial Intermediation** in 1Q08 was R\$ 394.8 million, which is 28.4% higher than in 1Q07, and **Income from Operations** of R\$ 166.4 million in 1Q08, which is 17.4% higher than in 1Q07, demonstrate the excellent management of the businesses, risks and spending in the beginning of the year as reflected by the higher volume of revenues from credit operations (R\$ 84.1 million), treasury (R\$ 15.0 million), bank service fees (R\$ 9.0 million), as well as the lower volume of expenses towards allowance for loan losses (R\$ 23.8 million) and Other Administrative Expenses (R\$ 14.4 million), in relation to the amounts recorded in 1Q07.

In comparison with **4Q07**, the higher volume of revenues from credit operations (R\$ 34.7 million), the improvement in portfolio quality resulting in lower loan losses allowances (R\$ 8.8 million), and the reduction in Other Administrative Expenses (R\$ 16.6 million) in 1Q08 are the main differences between the results of the periods.

- ✓ Consolidated **Assets** totaled R\$ 21,655.1 million at the end of March 2008, up 33.4% on 1Q07 and 5.7% on 4Q07. Total **credit portfolio** was R\$ 8,860.7 million, a 34.3% growth over 1Q07 and 10.4% growth over December 2007.

- ✓ Demand for credit remained high in 1Q08 despite the turbulence in the international financial markets and the changes in the tax structure in the beginning of the year to offset the loss of revenues on account of the revocation of the CPMF tax. **General Credit to Individuals** totaled R\$ 3,120.9 million in March 2008, which is 30.9% higher than in March 2007 and 15.0% higher than in December 2007. **General Credit to Companies** totaled R\$ 3,162.4 million at the end of March 2008, which is 58.8% higher than in 1Q07 and 12.4% higher than in 4Q07.

- Funds Raised and Under Management** in March 2008 totaled R\$ 17,622.0 million, growth of 19.8% in relation to March 2007 and 2.8% in relation to 4Q07. Deposits at the end of March 2008 totaled R\$ 12,469.7 million, a 20.7% growth year-on-year. When compared with December 2007, deposits remained stable, showing that liquidity levels were maintained in the market despite the apprehensions about the growth of economies around the world.
  
- Banrisul provisioned and paid R\$ 113.5 million by way of own **taxes and contributions** during 1Q08. Taxes on financial intermediation revenues, withheld and paid, totaled R\$ 71.5 million.

## Banco do Estado do Rio Grande do Sul

Banrisul completes 80 years in 2008. Established on September 12, 1928, the Bank 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 the commercial portfolio, Banrisul offers consumer finance and related services for individuals, and working capital loans for micro, small and medium enterprises. The agricultural industry, public sector and large companies too are the Bank's partners.

Through its development portfolio, Banrisul acts as a business intermediary and agent to foster the production in the state. On the social sphere, 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, sports and environment.



<b>Branches</b> .....	<b>419</b>
Rio Grande do Sul (RS) .....	390
Santa Catarina .....	13
Other States .....	14
Exterior .....	2
Service Network .....	276
Office .....	1
<b>Total Banking Services</b> .....	<b>696</b>
<b>Total of municipalities of RS State</b> .....	<b>496</b>
Municipalities of RS with Branches Banrisul ....	293
Municipalities of RS with Banking Services	
Banrisul .....	102
Municipalities with Services Banrisul .....	395
Service Range .....	79.60%
Participation of Population of State Range ....	97.40%
Participation of GDP of State Range .....	97.30%

Though the Bank's service network is concentrated in the state of Rio Grande do Sul, where it serves 2.9 million clients, it has more than a thousand service points across Brazil, distributed among 419 branches, including 2 overseas branches (New York and Grand Cayman), 276 service posts, an office in Buenos Aires and 392 electronic points.

The Banrisul group is made up of the 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 and Banrisul Serviços Ltda.

## The State of Rio Grande do Sul



Rio Grande do Sul is located in the southernmost part of Brazil, sharing its borders with Uruguay and Argentina, in a privileged location between the countries that are members of the Mercosur economic bloc.

It has a total area of 281,700 square meters, and a population of 10.9 million, made up of descendants of indigenous people, Negros, Portuguese, Italians, Germans and Asians. It is a state with predominantly European characteristics.

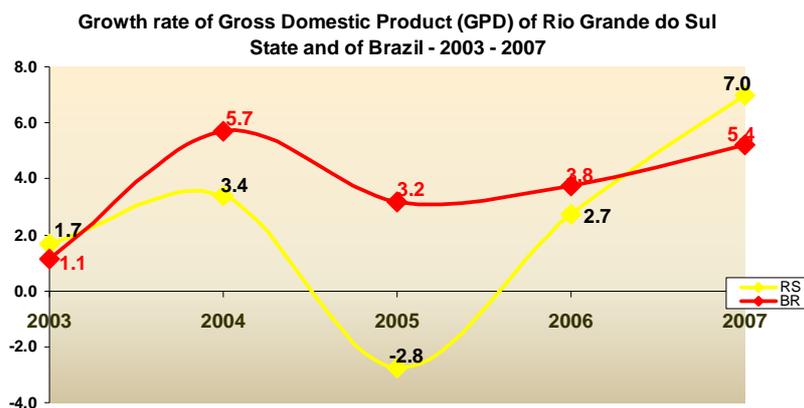
Rio Grande do Sul's Human Development Index<sup>1</sup> is 0.814, higher than that of Brazil (0.766), thanks to lower infant mortality rates, high literacy rates and excellent basic sanitation and health conditions.

The economy of Rio Grande do Sul ranks fourth in the composition of Brazil's Gross Domestic Product. According to preliminary estimates of the state's Economic and Statistics Foundation (Fundação de Economia e Estatística do Estado), the state's GDP in 2007 was R\$ 175.2 billion, a 7.0% growth over the previous year. Brazil's GDP grew 5.4% in the same period. The growth in the state's GDP, albeit greatly influenced by the excellent performance of the primary sector, mainly reflected the growth of industry.

The state economy is well diversified - 8.5% of the state GDP comes from agriculture, 29.1% from industry and 62.4% from services. The state is one of Brazil's largest producers and exporters of agricultural products, notably soy, tobacco, beef, and poultry, among others. The leading industries are metallurgy, heavy industry, auto industry, transport materials, leather and footwear, and cellulose.

This diversity, together with the excellent highway conditions, telecommunications and power supply, and also by incentives offered by the state government make Rio Grande do Sul an attractive option for executing domestic and international projects.

In 1Q08, the subprime crisis and fears of a slowdown of the world economy have shaken international finance markets, and the intensity and duration of the crisis are still not known. However, the Brazilian economy and the Rio Grande do Sul economy in particular, remain dynamic, more so because they have been driven by the growth of domestic markets and exports, that still have favorable markets, as in the case of agricultural commodities.



<sup>1</sup> Source: Planning and Management Secretariat of Rio Grande do Sul. Refers to the year 2000.

## Market Share

The branch network of Banco do Estado do Rio Grande do Sul covers regions that account for 97.3% of the state's GDP. The coverage is smaller at national level because of the Bank's localized geographical presence.

Period	Demand Deposits	Saving	Time Deposits	Flows	Total
1Q2006	1.0540%	1.9802%	1.7858%	0.5721%	1.0778%
2Q2006	1.1154%	1.9780%	1.7358%	0.5724%	1.0727%
3Q2006	1.0619%	1.9668%	1.8745%	0.9466%	1.0617%
4Q2006	1.2627%	2.0335%	1.8447%	0.5132%	1.0624%
1Q2007	1.1377%	1.9101%	1.9395%	0.5310%	1.0314%
2Q2007	1.1761%	1.9141%	1.9856%	0.5217%	1.0443%
3Q2007	1.1693%	1.8940%	1.9574%	0.4996%	1.0240%
4Q2007	1.2252%	1.9746%	1.9804%	0.4901%	1.0441%
Jan/2008	1.2300%	1.9041%	2.0006%	0.3093%	1.0461%
Feb/2008	1.2611%	1.8847%	2.0436%	0.5169%	1.0563%

Source: Central Bank of Brazil (Bacen).

At the end of February 2008 (the latest available information), Banrisul improved its market share in demand deposits and time deposits by 12.6% and 5.4%, respectively, in relation to 1Q07. If the February figures are compared with 4Q07, demand deposits grew 4.6%, funds under management by 3.8%, and time deposits by 3.2%.

With regard to the credit market, Banrisul's improvement in market share in relation to 1Q07 was: industry (8.6%) and commerce (28.3%). In the comparison with the balance of credit for each activity at the end of 4Q07, market share rose in the following segments: services (6.9%), individuals (6.2%), and commerce (6.4%).

Period	PRIVATE							Total
	Rural	Industrial	Housing	Rural	Commercial	Individuals	Other services	
1Q2006	0.8091%	0.9917%	2.3613%	0.9103%	1.0712%	1.1033%	0.6599%	1.0317%
2Q2006	0.7026%	0.9007%	2.2893%	0.5409%	1.0561%	0.9642%	0.6905%	0.9819%
3Q2006	0.9144%	0.8049%	2.2376%	0.7903%	0.9026%	0.8874%	0.5903%	0.9529%
4Q2006	0.8871%	0.7621%	2.2929%	0.7403%	0.8709%	0.9000%	0.5909%	0.9009%
1Q2007	1.0394%	0.7454%	2.0671%	0.7094%	0.8829%	0.9549%	0.5409%	0.9809%
2Q2007	1.0000%	0.7249%	2.0171%	0.6804%	0.8620%	0.9241%	0.5204%	0.9809%
3Q2007	1.0417%	0.7447%	1.8022%	0.6717%	1.0500%	0.9641%	0.5409%	0.9809%
4Q2007	1.0071%	0.8000%	1.7600%	0.8800%	1.0200%	0.9600%	0.5200%	0.9800%
Jan/2008	1.0400%	0.7900%	1.7700%	0.8700%	1.0000%	0.9600%	0.5200%	0.9800%
Feb/2008	1.0200%	0.8000%	1.7600%	0.8600%	1.0000%	0.9700%	0.5400%	0.9800%

Source: Central Bank of Brazil (Bacen).

At the regional level, the Bank benefits from an environment that is conducive to financial activities, thanks to the region's diverse economic characteristics,

Index	Dec/04	Dec/05	Dec/06	Dec/07
Total Assets	15 <sup>o</sup>	15 <sup>o</sup>	14 <sup>o</sup>	14 <sup>o</sup>
Shareholder's Equity	19 <sup>o</sup>	19 <sup>o</sup>	18 <sup>o</sup>	14 <sup>o</sup>
Net Income	12 <sup>o</sup>	13 <sup>o</sup>	14 <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>
No of Branches	10 <sup>o</sup>	10 <sup>o</sup>	10 <sup>o</sup>	10 <sup>o</sup>

Source: 50 largest Banks Ranking - Central Bank of Brazil

large scale transactions, standardization of large economic centers, innovative processes, especially in technology, a qualified team that is tuned to the specific characteristics of the communities, synergies that provide the institution with strategic advantages over competitors in the nationwide ranking.

## Operacional Highlights 1Q08

- ✓ Investments in modernizing technology totaled R\$ 27.6 million in 1Q08, out of which R\$ 5.5 million was for acquiring hardware, R\$ 21.4 million for software and R\$ 635,900 towards asset maintenance.

Information technology is a differential factor affecting the performance and reliability of the Bank in a competitive market. Banrisul constantly seeks technological innovations, a strategy that has placed it in a commanding position in Brazil and abroad.

The technological model for security adopted by Banrisul involves the two most widely used standards globally in a single medium (card with chip), for financial operations, EMV – European Master & Visa Standard and, for security and e-government actions, the PKI – Public Key Infrastructure.

- ✓ The Risk Rating Committee of Austin Rating, at the meeting held on June 15, 2007, confirmed the Rating A with stable outlook, considering that the Bank's intrinsically good financial strength, a steady and value growth business, and track record of solid financial performance. Though business and industry conditions may change, they will not affect the Bank's business conditions. Risk is very low and has been so since March 2003.

## Significant Event

- ✓ **March 2008 – Banrisul inaugurates regional sales office and expands its presence in Santa Catarina state.** The Santa Catarina Regional Office was inaugurated on March 17, 2008 in the city of Blumenau. The opening of a regional sales office and the expected inauguration of ten more branches in the regions of Vale do Itajaí, Greater Florianópolis and the southern coast of the state, cover the first phase of Banrisul's expansion plans for that state. By the end of 2008, the service network will have 23 branches, plus an increase in the number of ATMs, correspondent banking units and business establishments affiliated to the Banricompras network. The expansion project for Santa Catarina state is intended to strengthen the relationship with local clients, promote alliances that boost the state's development and expand Banrisul's scale of operations.

## Acknowledgments

- Banrisul joins the list of the world's largest companies**

For the first time in its history, Banrisul entered the list of the world's 2,000 largest companies, according to Forbes magazine. The Forbes ranking takes into account annual sales in US dollars, profit, assets and market cap.
- Reputação Corporativa Award**

In March, Banrisul received the Reputação Corporativa award as one of the most admired brands in Rio Grande do Sul, according to a survey, the first of its kind in Brazil, conducted by the magazine Amanhã and Troiano Consultoria de Marca, of São Paulo.
- Banrisul receives award for development of integrated card**

International recognition came in the form of the award for the best integrated card project - e-government (Certifying Authority of Rio Grande do Sul) and the banking system. The award was given at the 10th year celebration of the MULTOS System in London. This award represents international recognition of the cutting-edge technology implemented at the Bank. MULTOS is Banrisul's operating system for chip cards. One of its competitive advantages is its capability to support several applications. MULTOS enables a card to be used both for debit transactions, within the international EMV standard, and for security in online banking operations, beside the digital certification from the Certifying Authority of the State.
- One of the best investment options**

Banrisul is one of the best investment options for 2008, according to the magazine Exame in its report in February this year. The magazine states that the Bank has the third highest potential growth among banks, reaching an index of 50%.
- Best return on equity for investors**

First bank in Brazil to give the best return on equity for investors - 45.2%. The study, conducted by the consulting firm Economática and published in the January edition of the magazine IstoÉ Dinheiro, compared the months September 2006 and September 2007.

## Economic and Financial Indicators

	1Q08	4Q07	%	1Q07	%
	Adjusted (*)				
<b>Results - R\$ Million</b>					
Gross Profit from Financial Operations.....	394.8	404.6	(2.4)	307.4	28.4
Income from Services Rendered.....	143.3	144.5	(0.9)	134.3	6.7
Administrative and Other Operational Expenses <sup>(1)</sup> .....	366.2	356.9	2.6	355.4	3.1
Income from Operations.....	166.4	180.9	(8.1)	141.7	17.4
Consolidated Net Income.....	120.9	114.6	5.5	110.0	9.9
<b>Used / Distributed Results - R\$ Million</b>					
Interest on Own Capital / Dividends.....	87.1	45.4	91.0	80.5	8.1
<b>Balance Sheet - R\$ Million</b>					
Total Assets.....	21,655.1	20,480.3	5.7	16,238.3	33.4
Total Lending <sup>(2)</sup> .....	8,860.7	8,024.1	10.4	6,597.5	34.3
Own Funding, Net and Under Management.....	17,622.0	17,149.9	2.8	14,705.0	19.8
Shareholders' Equity.....	2,821.7	2,792.0	1.1	1,850.7	52.5
Equity Index.....	2,711.1	2,684.2	1.0	1,851.1	46.5
Average Shareholders' Equity.....	2,806.9	2,757.3	1.8	1,308.7	114.5
Average Total Assets.....	21,067.7	20,297.4	3.8	15,679.4	34.4
<b>Financial Index (%) per Year</b>					
Return on Total Assets.....	2.3%	2.3%		2.7%	
Efficiency Ratio <sup>(3)</sup> .....	55.9%	55.3%		57.1%	
Basel Ratio.....	24.2%	26.0%		21.3%	
Fixed Assets Ratio <sup>(4)</sup> .....	6.9%	6.3%		9.5%	
ROAE Annualized <sup>(5)</sup> .....	18.4%	17.7%		38.1%	
ROAA Annualized <sup>(6)</sup> .....	2.3%	2.3%		2.8%	

(1) Including Personal Expenses, Other Administrative Expenses and Other Operational Expenses.

(2) Including Total Credit Portfolio.

(3) Efficiency Ratio: 12 - month period accumulation

Personal Expenses + Other Administrative Expenses /  
 Net Financial Margin + Services Providing' Income + Subsidiaries Profit Sharing +  
 (Other Operational Income - Other Operational Expenses)

(4) Fixed over Shareholders' Equity (Annualized Index).

(5) Net Income/Average Shareholders' Equity.

(6) Net Income/Average Total Assets.

(\*) 1Q07 adjusted for the effects of deferred income tax and social contribution credits on temporary differences, registered in March 2007, amounting to R\$ 526,5 million.

## Consolidated Results of 1Q08

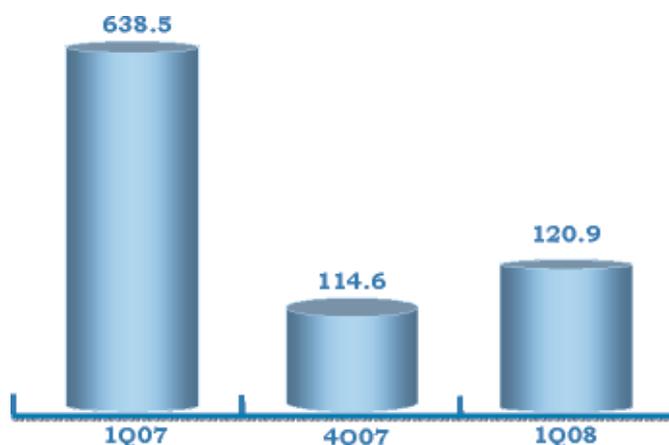
Consolidated Net Income totaled R\$ 120.9 million in 1Q08, R\$ 517.5 million lower than in 1Q07. The difference is mainly due to the booking of the deferred income tax and social contribution credits on temporary differences amounting to R\$ 528.5 million, in the first quarter last year.

Excluding this extraordinary event, Net Income in 1Q08 is R\$ 10.9 million, or 9.9%, more than in 1Q07, and R\$ 6.3 million, or 5.5%, more than in 4Q07.

Gross Profit from Financial Intermediation in 1Q08 was R\$ 394.8 million, which is 28.4% higher than in 1Q07, and Income from Operations of R\$ 166.4 million in 1Q08, which is 17.4% higher than in 1Q07, demonstrate the excellent management of the businesses, risks and spending in the beginning of the year as reflected by the higher volume of revenues from credit operations (R\$ 84.1 million), treasury (R\$ 15.0 million), bank service fees (R\$ 9.0 million), as well as the lower volume of expenses towards allowances for loan losses (R\$ 23.8 million) and Other Administrative Expenses (R\$ 14.4 million), in relation to the amounts recorded in 1Q07.

In comparison with 4Q07, the higher volume of revenues from credit operations (R\$ 34.7 million), the improvement in portfolio quality resulting in lower allowances for loan losses (R\$ 8.8 million), and the reduction in Other Administrative Expenses (R\$ 16.6 million) in 1Q08 are the main differences between the results of the periods.

**Quarterly Net Income (R\$ Million)**



## Pro Forma result adjusted for non-recurring event

Excluding the booking of tax credits of Income Tax and Social Contribution on temporary differences amounting to R\$ 528.5 million, in 1Q07, Net income in that period was R\$ 110.0 million. The 1Q08 result of R\$ 120.9 million is 9.9% higher than in the same period last year.

**Pro Forma Result - Evolution (R\$ Million)**

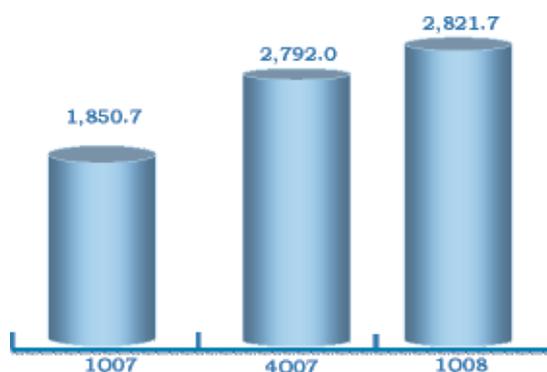


## Stockholders' Equity

At the end of March 2008, Banrisul's stockholders' equity was R\$ 2,821.7 million, a 52.5% growth over the sum in March 2007 and 1.1% in comparison with December 2007 (R\$ 2,792.0 million).

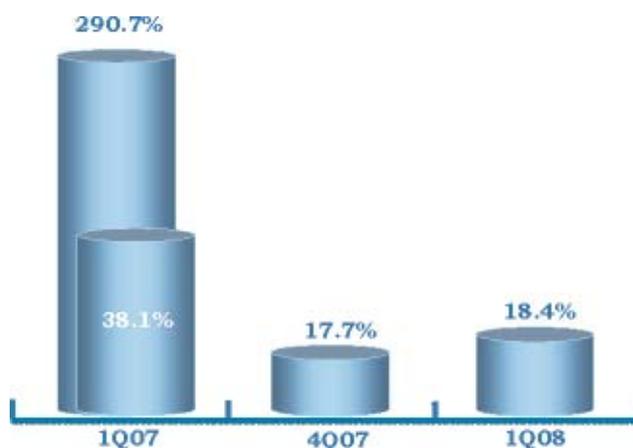
The evolution in stockholders' equity during the twelve months is the result of the capital increase and reinvestment of profits generated during the period. In the last quarter, the difference of R\$ 29.7 million in stockholders' equity is due to the reallocation of accrued profits, less provision, which amounted to R\$ 87.1 million, towards the reserve for additional dividends.

**Stockholders' Equity (R\$ Million)**



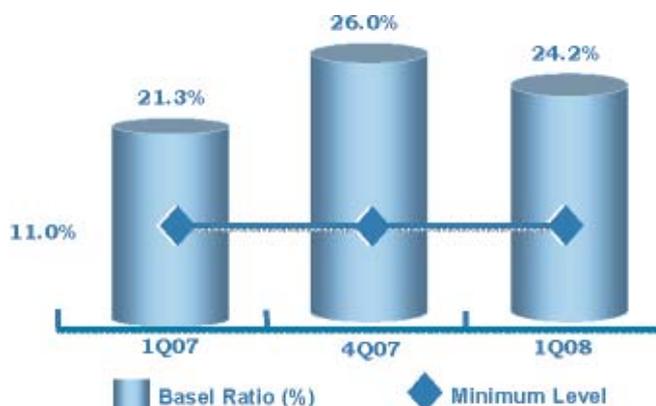
Annualized return on average stockholders' equity was 18.4% in 1Q08. The proportion of stockholders' equity to total consolidated assets rose from 11.4% at the end March 2007 to 13.0% in March 2008.

**Average Yield on Stockholders' Equity (%)**



The Basel Index rose from 26.0% at the end of December 2007 to 24.2% in March 2008, which proves the Bank's sound financial position. The capital injection through the primary share offering in July 2007 expanded the stockholder base and the margin of funds available for leverage. The decline in the Index last quarter reflects the consistent growth of the credit portfolio.

**Evolution of the Basel Index (%)**

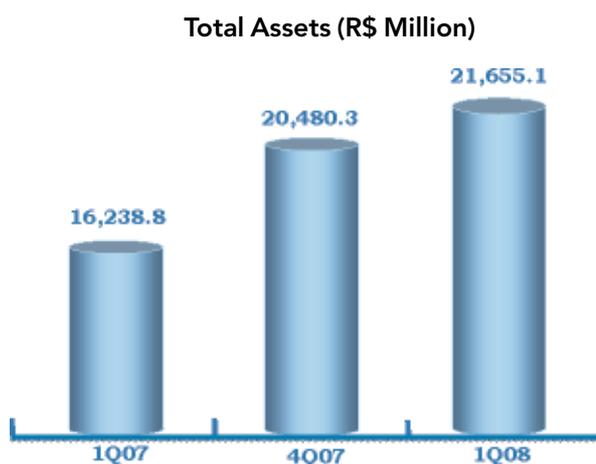


## Total Assets

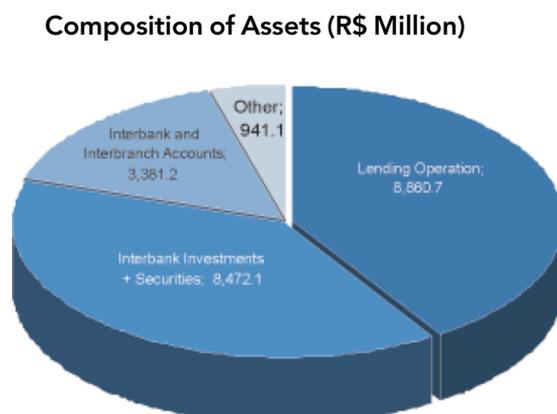
Total Assets at the end of 1Q08 were R\$ 21,655.1 million, 33.4% more than in 1Q07. When compared to 4Q08, assets grew 5.7%, or R\$ 1,174.8 million.

The growth in assets in the past twelve months is due to the higher volume of deposits (amounting to R\$ 2,141.0 million), and the capital increase of R\$ 800 million through the primary share offering in July 2007.

The asset portfolio mainly consists of credit and treasury operations, amounting to R\$ 2,263.2 million and R\$ 1,811.2 million, respectively. In the last quarter, R\$ 836.6 million came from credit operations.



Of the total asset balance at the end of March 2008, 40.9% are Credit operations, 39.1% are Interbank Transactions and Securities, 15.6% Interbank and Interbranch accounts and 4.4% are Other Assets.

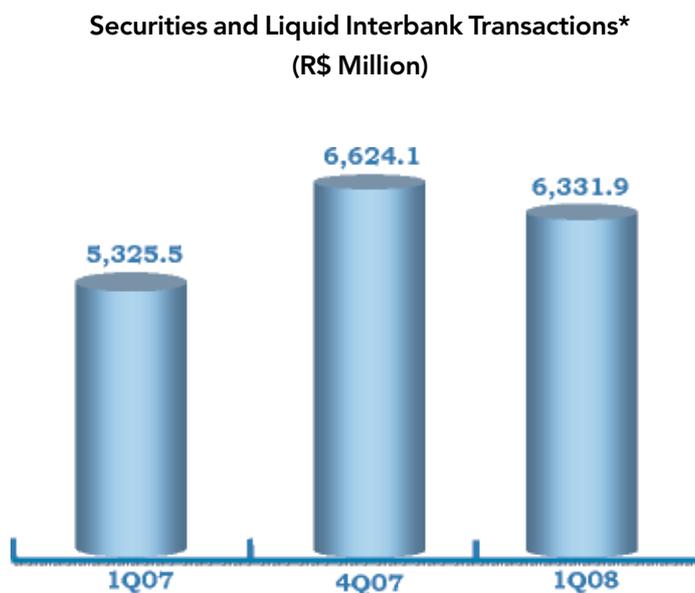


## SECURITIES

Investments in Securities totaled R\$ 6,331.9 million in March 2008, which was 18.9% higher than in March 2007 and 4.4% lower than in December 2007. This amount includes Liquid Interbank Transactions but excludes Total Liabilities from Matched Transactions.

The increased investment in Securities in the last twelve months is due to the payment of capital in the amount of R\$ 800 million in July 2007, and the growth in deposits, which totaled R\$ 2,141.0 million in the period.

The reduction last quarter is on account of securities redemptions/maturities, especially in own portfolio operations and those linked to repurchase agreements.



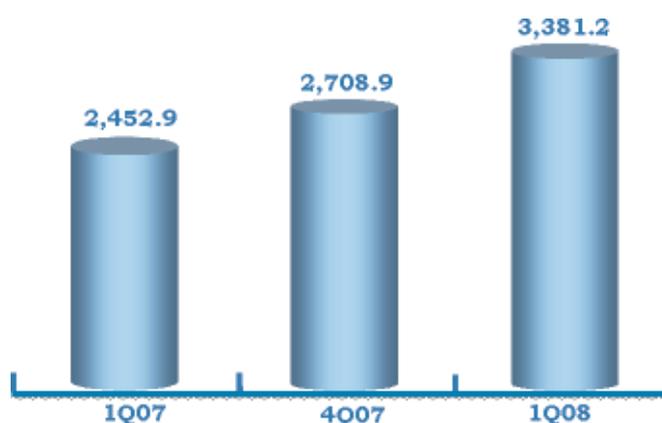
\* Excluding matched transactions.

## INTERBANK AND INTERBRANCH TRANSACTIONS

The balance of Interbank and Interbranch transactions was R\$ 3,381.2 million at the end of March 2008, which is R\$ 928.3 million, or 37.8%, more than in March 2007 and R\$ 672.3 million, or 24.8%, more than in December 2007.

The year-on-year growth is due to the volume of mandatory deposits on demand deposits and savings accounts, whose volumes grew R\$ 365.3 million and R\$ 714.6 million, respectively in the period, and increase in the volume of funds in transit. The increase is the result of higher volume of mandatory deposits due to the increased volume of Time Deposits (R\$ 644.1 million) and the balancing of accounts between branches, represented by checks and other instruments.

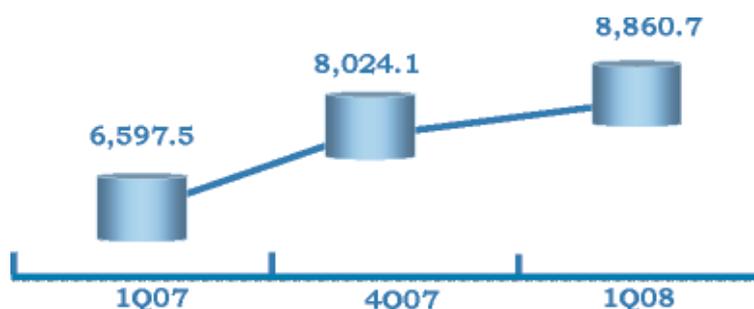
Interbank and Interbranch Transactions (R\$ Million)



## CREDIT OPERATIONS

The growth in credit continues to reflect the dynamic economic activity. The volume of credit operations reached R\$ 8,860.7 million at the end of 1Q08, which is 34.3% higher than in 1Q07 and 10.4% higher than in 4Q08.

Total Credit Operations (R\$ Million)



Of the total credit operations, 54% correspond to credit to companies and 46% to individuals. The breakdown of credit operations to companies by company size is given in the following table.

**Chart 1 – Breakdown of Credit to Companies by Company Size**

R\$ Million	1Q07			1Q08			Var%08/07
	Balance	%Co.	% Total Portfolio	Balance	%Co.	% Total Portfolio	
<b>SIZE</b>							
Large Companies Total	1,242.5	39%	19%	2,098.3	44%	24%	68.9%
Middle/Small/Micro	1,905.4	61%	29%	2,686.6	56%	30%	41.0%
- Middle Companies	1,390.0	44%	21%	1,907.7	40%	21%	37.2%
- Small Companies	277.0	9%	4%	541.6	11%	6%	95.5%
- Micro-companies	238.4	8%	4%	237.3	5%	3%	-0.4%
<b>Total Companies *</b>	<b>3,147.9</b>	<b>100%</b>	<b>48%</b>	<b>4,784.9</b>	<b>100%</b>	<b>54%</b>	<b>52.0%</b>
<b>Total Lending Operations</b>	<b>6,597.5</b>		<b>100%</b>	<b>8,860.7</b>		<b>100%</b>	<b>34.3%</b>

\* Total Lending Portfolio

The growth in credit operations is basically due to the expansion of the commercial portfolio (General Credit) which grew R\$ 1,907.2 million, or 43.6%, in twelve months. Last quarter, the commercial portfolio added R\$ 756.5 million.

**General Credit Operations  
Individuals and Companies (R\$ Million)**

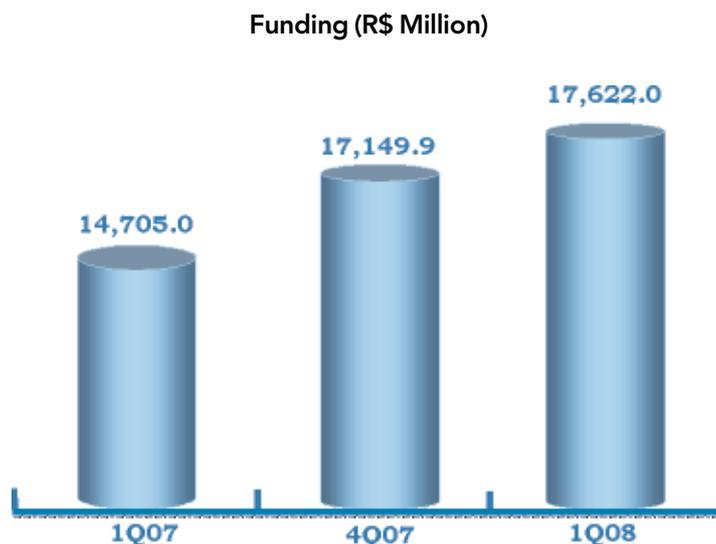


## Funding

Funds raised and under management totaled R\$ 17,622.0 million at the end of 1Q08, which is 19.8% higher than the amount in March 2007. In comparison with 4Q07, total funding grew 2.8%.

The increase of R\$ 2,916.9 million in the past 12 months is due to the growth in Deposits, amounting to R\$ 2,141.0 million, and the increase in Investment Funds amounting to R\$775.9 million.

Out of the growth of R\$ 472.1 million in the last quarter, R\$ 368.3 million came from Investment Funds and R\$ 103.8 million from Deposits.



### DEMAND DEPOSITS

Demand Deposits, which make up 8.3% of the funds raised and under management, totaled R\$ 1,462.8 million at the end of March 2008, which represents growth of R\$ 365.3 million, or 33.3%, over the same period last year, and a decline of R\$ 364.9 million, or 20.0%, from December 2007.

The reduction in deposits since December 2007 is due to the seasonal impact and the influence of the revocation of the CPMF tax last year-end, which resulted in clients maintaining their funds in their checking accounts for future investments.

### SAVINGS DEPOSITS

Savings Deposits totaled R\$ 4,454.5 million at the end of March 2008, growth of R\$ 714.6 million, or 19.1%, over March 2007 and reduction of R\$ 179.3 million, or 3.9%, from December 2007. These funds represent 25.3% of the total funding.

The increase in deposits in the twelve month period is because of the higher volume of deposits when compared to withdrawals. The reduction in the last quarter is due to the migration to other remunerated products.

### TIME DEPOSITS

Time deposits represent 37.0% of total funds raised and administered. At the end of March, Time Deposits totaled R\$ 6,525.3 million, growth of R\$ 1,121.8 million, or 20.8%, higher than in March 2007, and R\$ 644.1 million, or 10.9%, higher than in December 2007.

The increase is mainly due to the growth in the volume of funds raised, which is the principal funding instrument for the commercial credit portfolio.

### INVESTMENT FUNDS (THIRD PARTY FUNDS)

Investment Funds amounted to R\$5,152.2 million at the end of March 2008, which represents a R\$775.9 million growth or 17.7% against the same month in the previous year and R\$368.3 million or 7.7% against December 2007.

Among the Fund types, Master is the one which recorded the best performance in terms of funding, presenting in a twelve-month period an increase of R\$422.4 million or 26.1% and R\$182.2 million or 9.8% in the past quarter.

**Chart 2 – Funding Composition (R\$ Million)**

R\$ Million	1Q07	4Q07	1Q08	1Q08/4Q07	1Q08/1Q07
Time Deposits	5,403.5	5,881.2	6,525.3	10.9%	20.8%
Demand Deposits	1,097.5	1,827.7	1,462.8	-19.9%	33.3%
Saving Deposits	3,739.9	4,633.8	4,454.5	-3.9%	19.1%
Other Deposits	87.8	23.3	27.2	16.7%	-69.0%
Third Parties Funds	4,376.3	4,783.9	5,152.2	7.7%	17.7%
Total	14,705.0	17,149.9	17,622.0	2.8%	19.8%

## Financial Expenses

Financial Expenses totaled R\$341.3 million in 1Q08, 14.5% higher than the amount ascertained in 1Q07 and 4.2% lower quarter-on-quarter.

Intermediation Expense variations, in twelve months, result from the increase in the volume of funds raised (R\$2,141.0 million), reflecting in the growth of Expenses with Market Funding Operations, which represent 84.2% of the total.

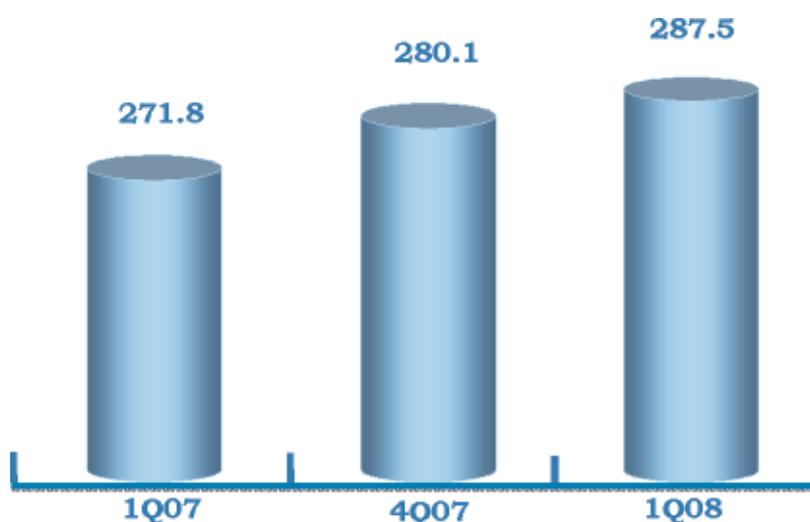
## Funding Expenses

Funding expenses amounted to R\$287.5 million in 1Q08, 5.8% higher than the amount posted in 1Q07 and 2.6% higher quarter-on-quarter.

In twelve months, the increased volume of expenses results from the increase in deposit borrowings (R\$2,141.0 million) and in the open market (804.7 million), considering that the effective interest rate, which determines the funding returns, decreased from 3.03% in 1Q07 to 2.60% in 1Q08.

In the last quarter, the R\$7.4 million increase in funding expenses especially results from the increase in Term Deposit operations, in the amount of R\$644.1 million.

Funding Expenses (R\$ Million)



## Credit Operations

The total credit portfolio composition per activity sector is as follows. Out of total allocation, 97.8% are connected with the private sector at the end of 1Q08.

**Chart 3 – Portfolio Composition per Activity Sector (R\$ Million)**

	Banrisul Consolidated				
	1Q07	4Q07	1Q08	1Q08/4Q07	1Q08/1Q07
Government – Direct and Indirect Adm	165.8	174.4	188.6	-3.3%	1.7%
Corporate – Other Services	30.7	24.8	22.8	-8.0%	-25.7%
<b>Total Public Sector</b>	<b>196.5</b>	<b>199.2</b>	<b>191.4</b>	<b>-3.9%</b>	<b>-2.6%</b>
<b>Private Sector</b>					
Rural	567.1	614.9	618.2	0.5%	9.0%
Industrial	1,241.6	1,778.1	1,952.6	9.8%	57.3%
Commercial	742.1	1,107.2	1,256.8	13.5%	69.4%
Financial	0.1	0.0	0.0	0.0%	-91.7%
Services and Other	679.6	801.6	880.1	9.8%	29.5%
Individuals	2,384.1	2,713.1	3,120.9	15.0%	30.9%
Housing	786.4	810.0	840.8	3.8%	6.9%
	<b>6,401.0</b>	<b>7,824.9</b>	<b>8,669.3</b>	<b>10.8%</b>	<b>35.4%</b>
	<b>6,597.5</b>	<b>8,024.1</b>	<b>8,860.7</b>	<b>10.4%</b>	<b>34.3%</b>

## General Credit Operations

The Bank's General Credit balance, whose funding are free resources from deposits, reached R\$6,283.3 million at the end of March 2008, accounting for 70.9% of the total credit portfolio.

In the General Credit amount, the Individuals segment amounted to R\$3,120.9 million at the end of March 2008, composing 49.7% of the commercial portfolio balance and 35.2% of the Bank's total credit operations. The Companies segment, with a balance of R\$3,162.4 million at the end of 1Q08, represents 50.3% of General Credit and 35.7% of the total credit balance, figures which characterize the Bank's significant operation in the retail market.

### GENERAL CREDIT OPERATIONS - INDIVIDUALS

In twelve months, the maintenance of a strong demand for consumption financing explains the credit expansion in the Individuals segment. In 1Q08, the segment's performance reflects seasonal components resulting from the concentration of financial and tax commitments, as well as the Institution's marketing efforts to absorb this market, especially by means of payroll-deducted credit to state government employees.

General Credit to Individuals recorded a R\$736.8 million growth in 1Q08, or 30.9% against 1Q07 and R\$407.8 million or 15.0% in relation to 4Q07.

The portfolio composition of General Credit to Individuals is represented in Chart 4. The Payroll-Deducted Loan operations comprise the main line in terms of balance percentage, comprising, at the end of 1Q08, 70.7% of the total General Credit to Individuals and 35.1% of the commercial credit portfolio. The increase in these lines totaled R\$960.9 million or 77.1% in twelve months and R\$277.6 million or 14.4% compared to December 2007. In 1Q08, Payroll-Deducted Loans accounted for the generation of 47.3% of the revenue from the segment.

**Chart 4 – Composition of General Credit to Individuals**

R\$ Million	1Q07	4Q07*	1Q08	1Q08/4Q07	1Q08/1Q07
Payroll-deductible loan	1,246.7	1,929.9	2,207.6	14.4%	77.1%
Payroll-deductible individual loan	1,232.4	1,823.0	2,089.8	14.6%	69.6%
Own portfolio	1,122.4	1,588.7	1,757.0	10.6%	56.5%
Third-party acquired portfolio	110.0	234.2	332.8	42.1%	202.5%
Vehicle loan	21.3	120.6	134.0	11.1%	530.4%
Payroll-deductible	14.3	107.0	117.8	10.1%	722.6%
Non payroll-deductible	6.9	13.7	16.3	19.0%	134.1%
Individual loan	667.7	327.0	412.9	26.3%	-38.2%
Overdraft account	281.2	258.8	314.3	21.4%	11.8%
Other individuals	181.6	183.7	169.8	-7.5%	-6.5%
<b>Total individuals</b>	<b>2,384.1</b>	<b>2,713.1</b>	<b>3,120.9</b>	<b>15.0%</b>	<b>30.9%</b>

\* Reclassified

#### GENERAL CREDIT OPERATIONS - COMPANIES

The demand for loans in the Individuals segment did not decrease in 1Q08, in spite of the price adjustment in most types of operations, in view of uncertainties associated to international financial markets and amendments to the tax structure at the beginning of the year to offset the effects of CPMF extinction.

General Credit to Companies grew by R\$1,170.4 million or 58.8% in twelve months and R\$348.7 million or 12.4% in the last quarter.

The portfolio composition of General Credit to Companies is represented in Chart 5. Working Capital operations comprise the main line in terms of balance percentage, comprising, at the end of 1Q08, 73.7% of total General Credit to Companies and 37.1% of the commercial credit portfolio. The growth in this line amounted to R\$1,118.3 million or 92.3% in twelve months and R\$227.0 million or 14.6% compared to 4Q07. In 1Q08, Working Capital accounted for the generation of 65.9% of the revenue from the segment.

**Chart 5 – Composition of General Credit to Companies**

R\$ Million	1Q07	4Q07*	1Q08	1Q08/4Q07	1Q08/1Q07
Guaranteed account	410.0	223.1	280.5	25.7%	-31.6%
Working capital	1,211.4	2,102.7	2,329.7	10.8%	92.3%
Vendor	126.7	176.4	181.9	3.1%	43.6%
Debt instruments discount	144.2	199.1	217.4	9.2%	50.8%
Other companies	99.8	112.4	153.0	36.1%	53.3%
<b>Total Companies</b>	<b>1,992.0</b>	<b>2,813.7</b>	<b>3,162.4</b>	<b>12.4%</b>	<b>58.8%</b>

Chart 5 – Composition of General Credit to Companies

R\$ Million	1Q07	4Q07*	1Q08	1Q08/4Q07	1Q08/1Q07
Guaranteed account	410.0	223.1	280.5	25.7%	-31.6%
Working capital	1,211.4	2,102.7	2,329.7	10.8%	92.3%
Vendor	126.7	176.4	181.9	3.1%	43.6%
Debt instruments discount	144.2	199.1	217.4	9.2%	50.8%
Other companies	99.8	112.4	153.0	36.1%	53.3%
<b>Total Companies</b>	<b>1,992.0</b>	<b>2,813.7</b>	<b>3,162.4</b>	<b>12.4%</b>	<b>58.8%</b>

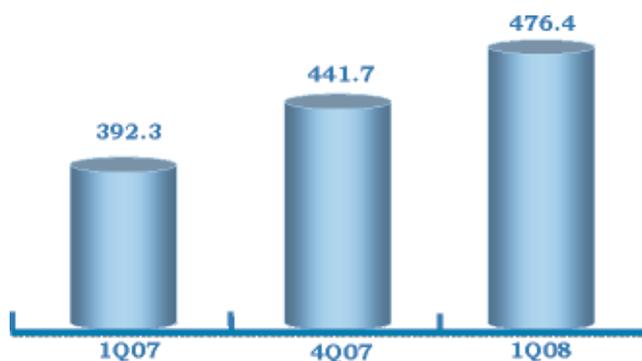
## Financial Income

Financial Income amounted to R\$776.8 million in 1Q08, R\$106.8 million or 15.9% higher than the amount ascertained in the same period in 2007, performance explained by the increase in credit revenues. Quarter-on-quarter, Financial Income decreased by R\$33.6 million or 4.1%, especially due to the reduction of the revenues from Securities, considering that the volume invested decreased in the period, in view of the allocation of funding to credit.

## Revenues from Credit Operations

Revenues from credit operations totaled R\$476.4 million in 1Q08, 21.4% higher year-on-year and 7.9% higher quarter-on-quarter. Revenues from General Credit, which correspond to the commercial portfolio and comprise 85.9% of the amount of credit revenues, totaled R\$409.4 million in 1Q08, R\$258.6 million of which generated by individuals, R\$149.5 million by the companies segment and R\$1.3 million by the public sector.

Revenues from Credit Operations (R\$ Million)



### REVENUES FROM GENERAL CREDIT – PRIVATE SECTOR INDIVIDUALS AND COMPANIES

In 1Q08, revenues from General Credit to Individuals and Companies amounted to R\$408.1 million, 21.6% higher than the amount ascertained in 1Q07 and 8.3% higher than revenues accounted in 4Q07.

Revenues from General Credit to Individuals amounted to R\$258.6 million in 1Q08, R\$40.3 million or 18.4% higher than the amount ascertained in 1Q07 and R\$15.7 million or 6.5%, higher than the amount recorded in the previous quarter. In the Companies segment, revenues totaled R\$149.5 million, with a R\$32.1 million increase or 27.4% higher than the amount recorded in 1Q07 and R\$15.5 million or 11.6% higher than the amount generated in 4Q07.

Among the lines destined to Individuals, Overdrafts Accounts, Payroll-Deducted and Non-Payroll-Deducted Personal Credit respectively account for 27.5%, 47.3% and 19.1% of revenues from the segment, jointly comprising 92.0% of the revenues from the segment and 58.3% of revenue from General Credit. In the Individuals segment, the Working Capital lines represent 65.9% of the revenues from the segment and 24.1% of the revenues from General Credit. Payroll-Deducted Credit and Working Capital jointly compose 52.9% of revenues from General Credit.

**Chart 6 – Revenues from General Credit – Individuals and Companies**

R\$ Million	1Q07	4Q07*	1Q08	1Q08/4Q07	1Q08/1Q07
Payroll-deductible loan	78.0	107.0	122.2	14.3%	56.8%
Payroll-deductible individual loan	77.3	102.8	117.3	14.1%	51.7%
Own portfolio	72.9	96.3	107.5	11.7%	47.5%
Third-party acquired portfolio	4.4	6.5	9.7	49.0%	121.2%
Vehicle loan	1.2	5.0	5.8	17.8%	378.0%
Payroll-deductible	0.6	4.2	5.0	19.1%	672.2%
Non payroll-deductible	0.6	0.8	0.9	11.2%	49.4%
Individual loan	70.5	51.8	49.4	-4.6%	-30.0%
Overdraft account	64.5	69.0	71.2	3.2%	10.4%
Other individuals	4.8	14.3	14.9	4.2%	213.4%
<b>Total Individuals</b>	<b>218.3</b>	<b>242.9</b>	<b>258.6</b>	<b>6.5%</b>	<b>18.4%</b>
Guaranteed account	31.1	28.1	29.5	5.0%	-5.2%
Working capital	68.0	83.9	98.5	17.4%	44.9%
Vendor	5.3	5.3	4.9	-6.9%	-7.4%
Debt instruments discount	7.8	12.3	11.6	-5.8%	48.4%
Other companies	5.1	4.4	5.0	12.3%	-3.1%
<b>Total Companies</b>	<b>117.4</b>	<b>134.0</b>	<b>149.5</b>	<b>11.6%</b>	<b>27.4%</b>

In twelve months, the increase in revenues results from the higher volume of operations, considering that the rates decreased. Over the past three months, although the loan prices have been adjusted, reflecting the increase in the Basic Interest rate, the persistent increase in the contracting volume explains the generation of increasing revenues.

Chart 7 – General Credit Rates – Individuals and Companies

	1Q07	2Q07	3Q07	4Q07	1Q08
Payroll-deductible loan	2.13%	2.21%	2.24%	1.98%	1.92%
Payroll-deductible individual loan	2.13%	2.23%	2.28%	2.01%	1.95%
Own portfolio	2.20%	2.33%	2.40%	2.11%	2.10%
Third-party acquired portfolio	1.37%	1.26%	1.29%	1.17%	1.09%
Vehicule loan	1.94%	1.47%	1.51%	1.47%	1.50%
Payroll-deductible	1.57%	1.23%	1.43%	1.40%	1.45%
Non payroll-deductible	2.65%	2.40%	2.07%	2.01%	1.85%
Individual loan	3.72%	3.65%	4.09%	4.46%	4.37%
Overdraft account	7.88%	8.15%	8.14%	8.20%	7.93%
Other individuals	0.87%	0.96%	1.03%	2.45%	2.74%
<b>Total Individuals</b>	<b>3.14%</b>	<b>3.21%</b>	<b>3.22%</b>	<b>3.02%</b>	<b>2.88%</b>
Guaranted account	2.55%	3.10%	4.01%	4.23%	3.67%
Working capital	1.91%	1.69%	1.60%	1.47%	1.46%
Vendor	1.18%	1.12%	1.04%	1.02%	1.01%
Debt instruments discount	1.97%	2.04%	2.02%	2.02%	1.82%
Other companies	1.43%	1.51%	1.33%	1.43%	1.30%
<b>Total Companies</b>	<b>1.96%</b>	<b>1.90%</b>	<b>1.86%</b>	<b>1.71%</b>	<b>1.65%</b>

## Allowances for Loan Losses

At the end of March 2008, the balance of allowances for losses with credit operations totaled R\$889.0 million, equivalent to 10.0% of the total consolidated credit portfolio.

In March 2007, the provision was equivalent to 12.9% and in December 2007, 11.1%. The reduction in the provision balance in relation to the credit portfolio reflects the continuous improvement in the quality of the portfolio.

**Provision for Doubtful Accounts (R\$ Million)**



Allowances for loan losses in March 2008 was composed of:

- R\$231.8 million for operations with installments overdue for more than 60 days, as per Resolution 2682/99 of the Brazilian Central Bank.
- R\$529.6 million for contracts falling due or are overdue for up to 60 days, as per Resolution 2682/99 of the Central Bank.
- R\$127.6 million based on percentage above that is legally required to complement the amount equivalent to 100% of the existing balance of loans overdue for more than 60 days, including long term operations with installments overdue for more than 60 days and renegotiated loans, even if they have not fallen due.

The amount of R\$127.6 million for allowances above the minimum provisions required by Resolution 2682/99 of the Central Bank represents 14.4% of the total allowance balance.

**Chart 8 – Balance of Provisions for Losses**

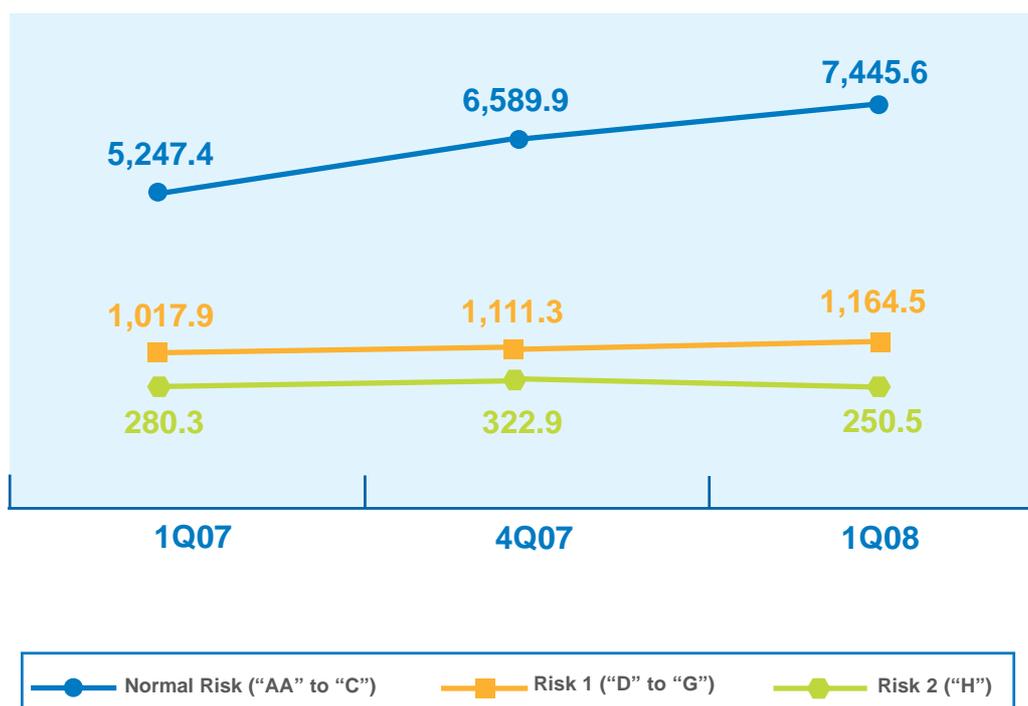
Rating	Required Provision %	Total Portfolio Consolidated	Accumulated Relative Status %	Total Credits		Total de Créditos Receivable		Minimum Provision		Resolution 2682 Exceeded Provision	Total Provision	Effective Provision Over Portfolio %
				Past Due	Receivable	Past Due	Receivable	Past Due	Receivable			
<b>AA</b>	-	1,631.7	18,4	-	1,631.7	-	-	-	-	-	-	-
<b>A</b>	0.5	3,479.3	57.7	1.2	3,478.1	0.0	17.4	3.3	20.7	3.3	20.7	0.6
<b>B</b>	1.0	1,543.0	75.1	0.6	1,542.3	0.0	15.4	7.5	22.9	7.5	22.9	1.5
<b>C</b>	3.0	791.6	84.0	11.0	780.6	0.4	23.4	21.2	44.9	21.2	44.9	5.7
<b>D</b>	10.0	247.0	86.8	9.0	238.0	0.9	23.8	12.0	36.7	12.0	36.7	14.9
<b>E</b>	30.0	208.1	89.2	10.7	197.4	3.2	59.2	10.5	73.0	10.5	73.0	35.1
<b>F</b>	50.0	647.3	96.5	92.0	555.3	46.0	277.6	64.5	388.2	64.5	388.2	60.0
<b>G</b>	70.0	62.2	97.2	23.4	38.8	16.4	27.2	8.6	52.1	8.6	52.1	83.8
<b>H</b>	100.0	250.5	100.0	164.9	85.6	164.9	85.6	-	250.5	-	250.5	100.0
<b>Total</b>		8,860.7		312.8	8,547.8	231.8	529.6	127.6	889.0	127.6	889.0	
												10.0%

## Composition of Credit Portfolio by Rating

Banrisul's credit management policy, focused on the expansion of lower-risk products, especially payroll-deducted credit to Individuals and wider distribution of credit to small and medium enterprises, enabled continuous improvement in the quality of the portfolio.

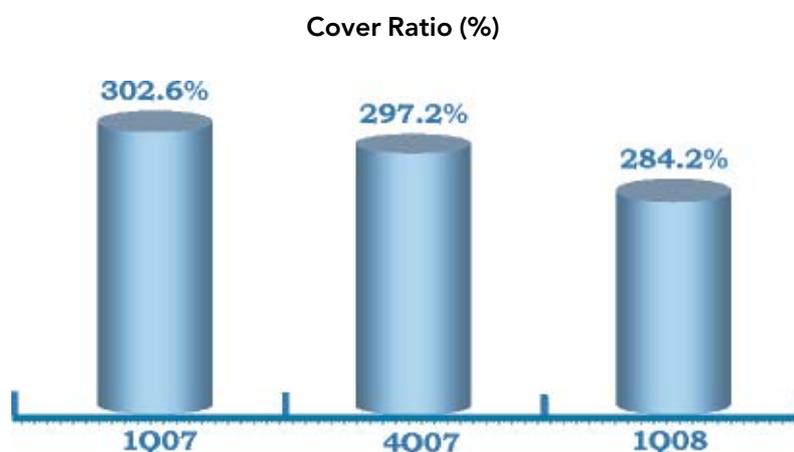
In March 2008, normal-risk credit operations rated between AA and C according to Resolution 2682/99 of the Brazilian Central Bank, represented 84.0% of the credit portfolio, versus 79.5% in March 2007 and 82.1% December 2007.

Credit Portfolio by Risk Levels (R\$ Million)



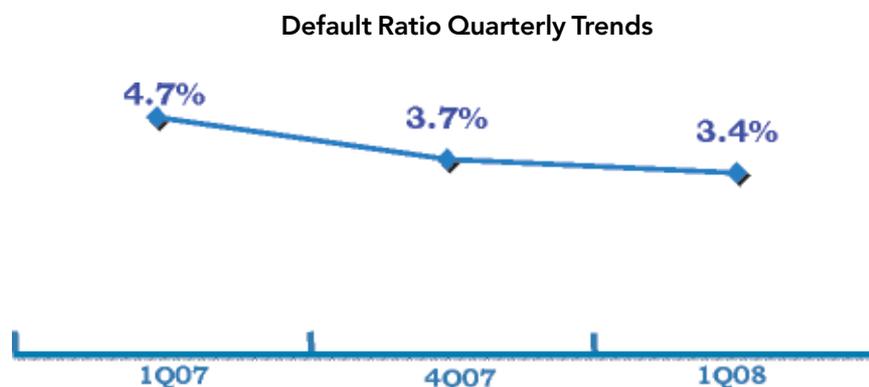
## Cover Ratio

Credit operations overdue for more than 60 days and that do not generate revenue totaled R\$312.8 million in March 2008, representing 3.5% of the total credit portfolio. The following graph presents the cover ratio, represented by the percentage between the allowance for credit losses and the balance of operations overdue for more than 60 days that did not generate revenue. This is evidence of the improvement in the quality of the credit portfolio versus defaults and the continuous growth in the capacity to cover these defaults with provisions.



## Default Ratio

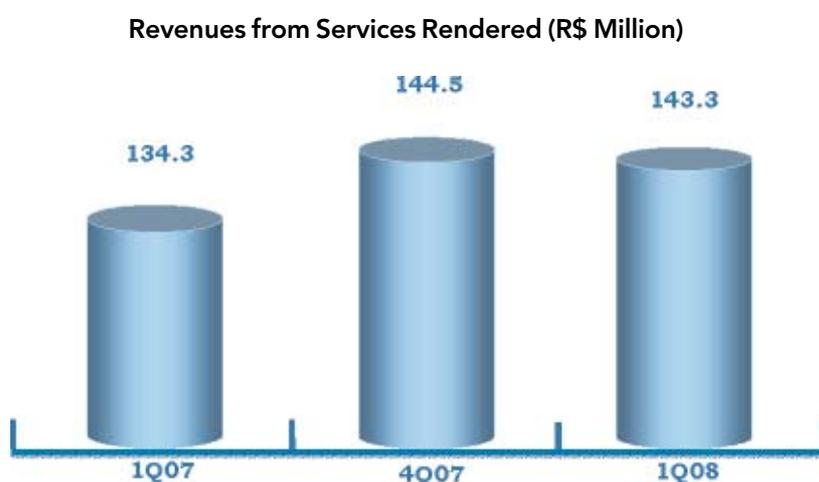
Banrisul's risk management policy of focusing on leveraging lower risk portfolios has proven successful, given the significant reduction in defaults in operations overdue for more than 60 days, in comparison with the total credit portfolio, as shown in the graph below:



## Revenue from Services Rendered

Revenues from services rendered amounted to R\$143.3 million in 1Q08, R\$9.0 million or 6.7% year-on-year. Compared to 4Q07, revenues from services were stable, recording a slight decrease of R\$1.2 million.

The increase against the first quarter of 2007 results from changes in revenue composition, authorized by the Brazilian Central Bank, and from the realignment of bank service fees.



## Administrative Expenses

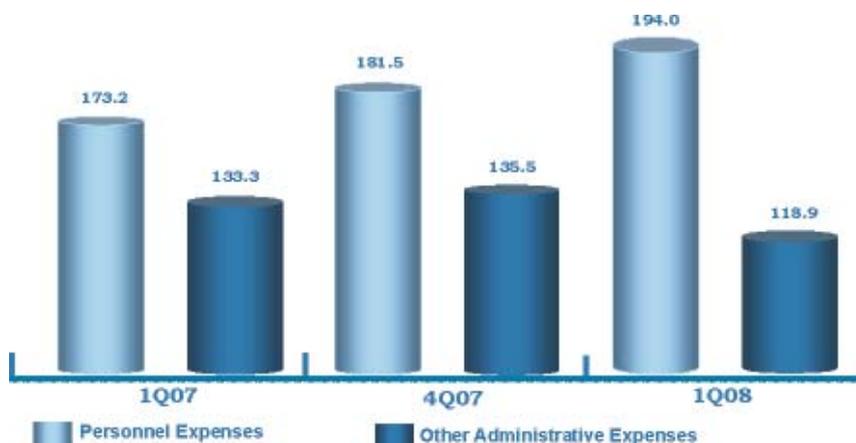
Total Administrative Expenses was R\$312.9 million in 1Q08, R\$6.4 million or 2.1% higher than the amount recorded in 1Q07 and R\$4.1 million or 1.3% lower quarter-on-quarter.

Personnel Expenses amounted to R\$194.0 million in 1Q08, R\$20.8 million higher year-on-year. In the last quarter, Personnel Expenses posted a R\$12.5 million increase compared to 4Q07.

Other Administrative Expenses totaled R\$118.9 million in 1Q08, 10.8% lower than the volume recorded in the same period of 2007 and 12.2% lower quarter-on-quarter.

In twelve months, the variation in Personnel Expenses results from the salary adjustment according to the collective bargaining agreement, executed in 6.0% in September 2007. In the last quarter, the reduction of Other Administrative Expenses confirmed the accounting of lower volume of total Administrative Expenses.

**Administrative Expenses (R\$ Million)**

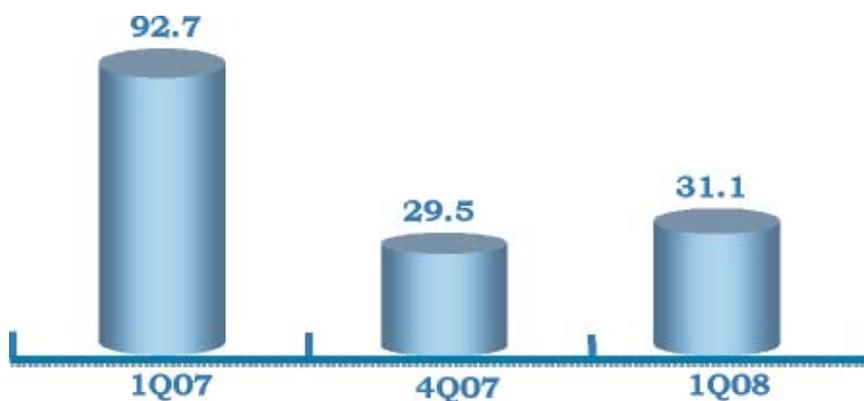


## Other Operations Income/Expenses

### OTHER OPERATIONS INCOME

Other Operations Income totaled R\$31.1 million in 1Q08. The reduction of Other Operations Income in the amount of R\$61.6 million compared to 1Q07 especially results from higher reversals of operating provisions, accounted in that period due to fines required by the Brazilian Central Bank on foreign exchange operations. The reduction of estimates, grounded on legal opinion, of the amount to be disbursed, in the event an unfavorable decision is obtained, reflected in a decrease in said income. In the last quarter, there was a R\$1.6 million increase due to adjustments to operating provisions.

**Other Operations Income (R\$ Million)**



### OTHER OPERATIONS EXPENSES

Other Operations Expenses amounted to R\$53.3 million in 1Q08, R\$4.4 million or 9.0% higher than the amount recorded in 1Q07 and R\$13.4 million or 33.6% higher than the amount posted in 4Q07. Variations especially result from the reclassification of service costs, according to guidance of the Brazilian Central Bank.

Other Operations Expenses (R\$ Million)

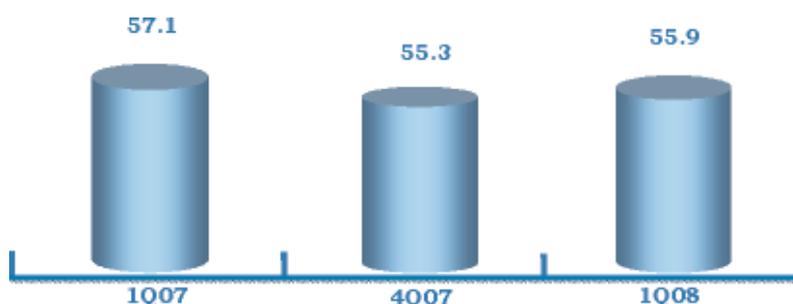


## Efficiency Ratio

The Efficiency Ratio measures the volume of resources from operating activities required to cover administrative losses. Over the past twelve months, up to March 2008, the ratio reached 55.9%, lower than the figure posted in the twelve-month period ended March 2007, 57.1% and slightly higher than the ratio ascertained up to the twelve-month period ended December 2007, 55.3%.

The better operating efficiency, in twelve months, is related to the higher volume of financial results, arising from credit growth and treasury results, generating a decrease in the proportion of administrative cost when compared to the results produced.

Efficiency Ratio (%)



## Market Prospects

Banrisul's performance in the first quarter of 2008 confirmed the advance in strategies as to the credit portfolio, with a focus on individuals and small and medium companies segments, as well as on the continuous improvement in service provision. The agreement, effective for a five-year term, executed with the Rio Grande do Sul Municipalities' Federation (FAMURS), has been significant for the credit portfolio evolution, especially payroll-deducted operations.

Focusing on extending the service network outside the state of Rio Grande do Sul, the Bank created a new local sales branch in the state of Santa Catarina, initially forecasting to open ten branches in the regions of Vale do Itajaí, the Great Florianópolis Area and the Southern Coast. The network expansion project will enable to straighten the relationship with clients, who will be able to use the Bank's product portfolio.

Information technology and bank security are also important for the differentiation in competition between Banrisul and other banks. Banrisul's technology highlights can be confirmed by the award recently granted at an international event.

The Bank is focused on growing and improving its market share, in agreement with the outlook in the local and national economic scenario.

# Consolidated Pro Forma Balance Sheet

ASSETS	R\$ Million				
	Absolute Change				
	Mar 2008	Dec 2007	Mar 2007	Mar 2008 - Dec 2007	Mar 2008 - Mar 2007
<b>Current and Long-Term Assets</b> .....	<b>21,430.6</b>	<b>20,273.5</b>	<b>16,028.7</b>	<b>1,157.1</b>	<b>5,401.9</b>
Cash.....	291.3	342.4	179.0	(56.1)	112.3
Interbank Investments.....	3,012.1	3,690.1	2,090.8	114.0	1,011.3
Securities and Derivatives.....	4,660.0	5,154.1	4,660.1	(494.1)	(0.1)
Interbank and Interbranch Accounts.....	1,381.2	2,700.9	2,452.8	672.3	828.3
Lending Operation.....	8,466.3	7,640.3	6,283.0	826.0	2,183.3
(Allowance for Loan Losses).....	(1,059.6)	(1,071.2)	(1,033.6)	2.6	(36.0)
Leasing Operations.....	0.1	0.1	0.1	(0.0)	0.0
(Allowance for Doubtful Lease Receivables).....	(4.4)	(3.4)	(3.2)	(1.0)	(1.2)
Other Receivables.....	1,470.0	1,394.8	1,286.8	75.2	183.2
(Allowance for Losses on Other Receivables).....	(15.1)	(17.0)	(16.6)	1.8	1.5
Other Assets.....	238.7	222.6	19.4	16.2	219.3
<b>Permanent</b> .....	<b>224.5</b>	<b>206.8</b>	<b>210.1</b>	<b>17.7</b>	<b>14.4</b>
Investments.....	8.1	8.1	9.2	0.0	(1.1)
Property and Equipment in Use.....	115.2	111.4	110.6	3.8	4.6
Leased Property.....	80.2	65.3	64.9	14.9	15.3
Deferred.....	21.0	22.0	25.4	(1.0)	(4.4)
<b>TOTAL ASSETS</b> .....	<b>21,655.1</b>	<b>20,480.3</b>	<b>16,238.8</b>	<b>1,174.8</b>	<b>5,416.3</b>

LIABILITIES	R\$ Million				
	Absolute Change				
	Mar 2008	Dec 2007	Mar 2007	Mar 2008 - Dec 2007	Mar 2008 - Mar 2007
<b>Current and Long-Term Liabilities</b> .....	<b>18,828.3</b>	<b>17,682.6</b>	<b>14,380.5</b>	<b>1,145.7</b>	<b>4,447.8</b>
Deposits.....	12,469.7	12,366.0	10,328.7	103.7	2,141.0
Demand Deposits.....	1,453.8	1,827.7	1,097.6	(364.9)	355.2
Saving Deposits.....	4,454.5	4,633.8	3,739.9	(179.3)	714.6
Interbank Deposits.....	0.0	3.5	76.5	(3.5)	(76.5)
Time Deposits.....	6,525.2	5,881.1	5,403.4	644.1	1,121.8
Other Deposits.....	27.2	19.8	11.3	7.4	15.9
Money Market Funding.....	2,140.2	2,228.1	1,335.5	(87.9)	804.7
Interbank and Interbranch Accounts.....	574.8	107.5	297.0	467.3	277.8
Borrowings and Onlendings.....	1,028.2	942.3	702.6	85.9	325.6
Derivatives.....	24.0	21.9	15.8	2.1	8.2
Other Payables.....	2,591.4	2,016.9	1,700.9	574.5	890.5
Collected Taxes and Other.....	110.5	27.3	91.3	83.2	19.2
Foreign Exchange Portfolio.....	77.9	22.5	14.8	55.4	63.1
Social and Statutory.....	133.7	31.6	81.6	82.1	52.1
Tax and Social Securities.....	437.9	427.5	396.5	10.4	41.4
Trading Account.....	1.4	3.3	1.3	(1.9)	(0.1)
Financial and Development Funds.....	1,081.3	696.4	401.2	384.9	680.1
Other.....	748.7	788.3	714.0	(39.6)	34.7
Deferred Income.....	3.7	4.3	6.5	(0.6)	(2.8)
Minority Interest.....	1.1	1.4	1.1	0.0	0.3
Shareholders' Equity.....	<b>2,821.7</b>	<b>2,792.0</b>	<b>1,850.7</b>	<b>29.7</b>	<b>971.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<b>21,655.1</b>	<b>20,480.3</b>	<b>16,238.8</b>	<b>1,174.8</b>	<b>5,416.3</b>

## Pro Forma Income Statement

R\$ Million

	1Q08	4Q07	1Q07	Absolute Change	
				1Q08 - 4Q07	1Q08 - 1Q07
<b>Financial Income</b> .....	<b>776.8</b>	<b>810.3</b>	<b>670.0</b>	<b>(33.5)</b>	<b>106.8</b>
<b>Financial Expenses</b> .....	<b>341.3</b>	<b>356.2</b>	<b>298.1</b>	<b>(14.9)</b>	<b>43.2</b>
<b>Financial Margin</b> .....	<b>435.5</b>	<b>454.2</b>	<b>371.9</b>	<b>(18.7)</b>	<b>63.6</b>
<b>Allowance for Loan Losses</b> .....	<b>(40.7)</b>	<b>(49.5)</b>	<b>(64.5)</b>	<b>8.8</b>	<b>23.8</b>
<b>Gross Profit from Financial Operations</b> .....	<b>394.8</b>	<b>404.6</b>	<b>307.4</b>	<b>(9.8)</b>	<b>87.4</b>
<b>Other Operations Income / Expenses</b> .....	<b>(228.4)</b>	<b>(223.7)</b>	<b>(165.7)</b>	<b>(4.7)</b>	<b>(62.7)</b>
Services.....	143.3	144.5	134.3	(1.2)	9.0
Personnel Expenses.....	(194.0)	(181.5)	(173.2)	(12.5)	(20.8)
Other Administrative Expenses.....	(118.9)	(135.5)	(133.3)	16.6	14.4
Other Operating Income.....	31.1	29.5	92.7	1.6	(61.6)
Tax Expenses.....	(36.6)	(40.8)	(37.3)	4.2	0.7
Other Operating Expenses.....	(53.3)	(39.9)	(48.9)	(13.4)	(4.4)
<b>Income from Operations</b> .....	<b>166.4</b>	<b>180.9</b>	<b>141.7</b>	<b>(14.5)</b>	<b>24.7</b>
<b>Non-Operating (Expenses) Income, Net</b> .....	<b>2.8</b>	<b>(1.3)</b>	<b>0.2</b>	<b>4.1</b>	<b>2.6</b>
<b>Income Before Taxes on Income</b> .....	<b>169.2</b>	<b>179.7</b>	<b>141.9</b>	<b>(10.5)</b>	<b>27.3</b>
<b>Income and Social Contribution Taxes</b> .....	<b>(48.3)</b>	<b>(59.7)</b>	<b>497.5</b>	<b>11.4</b>	<b>(545.8)</b>
<b>Statutory Interest</b> .....	<b>0.0</b>	<b>(5.1)</b>	<b>(0.9)</b>	<b>5.1</b>	<b>0.9</b>
<b>Minority Interest</b> .....	<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>
<b>NET INCOME</b> .....	<b>120.9</b>	<b>114.6</b>	<b>638.5</b>	<b>6.3</b>	<b>(517.6)</b>
<b>(-) Extraordinary Events</b> .....	<b>0.0</b>	<b>0.0</b>	<b>(528.5)</b>	<b>0.0</b>	<b>528.5</b>
<b>ADJUSTED NET INCOME</b> .....	<b>120.9</b>	<b>114.6</b>	<b>110.0</b>	<b>6.3</b>	<b>10.9</b>

# GOVERNMENT OF RIO GRANDE DO SUL STATE

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

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RUBENS SALVADOR BORDINI  
Vice-President

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LUIZ GONZAGA VERAS MOTA  
LUIZ VALDIR ANDRES  
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Accountant CRCRS 51.124