

Press Release

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

Wednesday, August 11, 2010 - Earnings Results for the 1st Half of 2010

We report Banrisul’s most relevant numbers for the 1st Half of 2010. The Analysis of Performance, Management Report, Financial Statements and the Accompanying Notes are available at the Bank’s site (www.banrisul.com.br/ir).

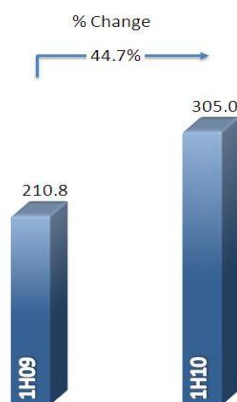
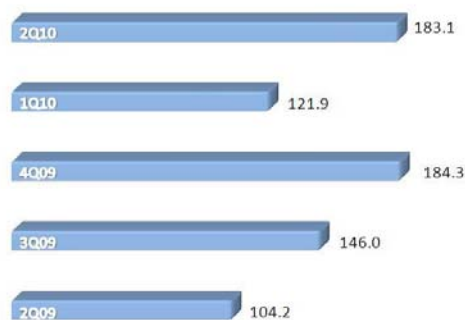
Banrisul’s **net income of R\$305.0 million** in 1H10 was, 44.7% (R\$94.2 million) higher than the recurring income in 1H09. 2Q10’s net income of R\$183.1 million was 75.7% over 2Q09’s and 50.3% higher than 1Q10’s net income.

1H10’s performance, in comparison to 1H09’s, is affected positively, by higher credit revenues and lower costs of funding and other operating expenses, while negatively impacted by the reduction in treasury revenues, higher administrative expenses - yet personnel expenses have remained stable year-on-year – and provision costs.

The performance from 2Q09 to 2Q10 reflects positively higher credit revenues and the reduction in other operating costs; on the negative side, higher credit provisions. From 1Q10 to 2Q10, higher results are associated with higher amounts of credit revenue and to lower provisions for loan losses and administrative expenses.

1H10 results represent an **18.2% return** over average **shareholders’ equity**.

Quarter-on-Quarter and Year-to-Date Results
R\$ Million



Financial margin was **R\$1.358 million** in 1H10, 9.0% (R\$112.6 million) more than in 1H09. In 2Q10, the financial margin of R\$710.9 million was 11.3% (R\$72.0 million) and 9.8% (R\$63.7 million) higher than in 2Q09 and in 1Q10, respectively.

Year-to date margin growth is associated with increased credit revenues, following the increase in the credit balance, and lower funding costs in response to falling Selic rate and lower balances of securities. The margin expansion from 1Q10 to 2Q10 resulted from

higher credit revenues, yet affected by higher onlendings and funding costs, due to rising Selic Rate.

The 7.8% year-to-date increase in **provision expenses** is due to the 28.0% year-on-year loan portfolio increase, as total provisions are lower than June 2009, and also reflect write-offs R\$90.5 million higher than the amount recorded in 1H09. In the last quarter, the reduction of the costs of provision reflects the decrease in past due loans over 60 days.

Results

	R\$ Million						
	1H10	1H09	2Q10	1Q10	4Q09	3Q09	2Q09
Financial Margin	1.358,2	1.245,6	710,9	647,3	668,7	628,1	638,9
Allowance for Loan Losses Expenses	(280,5)	(260,2)	(127,1)	(153,5)	(96,7)	(65,8)	(109,9)
Gross Profit from Financial Operations	1.077,7	985,5	583,9	493,8	572,0	562,3	529,0
Income from Services Rendered	307,3	282,6	157,4	149,9	152,1	144,6	140,3
Revenue from Credit Operations and Leasing	1.618,5	1.404,5	850,4	768,0	761,5	710,9	694,5
Personnel and Other Administratives Expenses	837,3	765,5	414,2	423,1	404,1	410,3	386,6
Interest on Own Capital / Dividends	121,2	95,1	71,0	50,2	73,7	46,6	48,0
Consolidated Net Income	305,0	210,8	183,1	121,9	184,3	146,0	104,2

With a balance of **R\$31,099 million** as of June 2010, **total assets** grew 12.1% (R\$3,356 million) over June 2009 and 6.9% (R\$2,015 million) year-to-date. From 1Q10 to 2Q10, total assets increased 4.1% (R\$1,234 million).

Banrisul's **loan portfolio** totaled **R\$15,442 million** in June 2010, exceeding by 28.0% the balance of June 2009 and in 4.6% the balance of March 2010. The credit growth is basically due to the increase of the **commercial portfolio to individuals** which, with total balance of R\$6,895 million in 2Q10, grew 50.8% year-on-year and 6.6% quarter-on quarter.

The increase in the Individuals segment is driven by **payroll loans**, with total balance of

R\$5,133 million in June 2010, a year-on-year increase of R\$1,898 million, leveraged mainly by the acquired payroll portfolio. From 1Q10 to 2Q10, the R\$183.7 million increase was driven by organic credit generation.

Expanding credit through lower risk portfolios has favored **risk management**. Credit operations overdue for more than 60 days and that do not generate revenue totaled R\$493.6 million in June 2010, R\$19.1 million below March 2010. The default rate, now 3.2% of total loan portfolio, decreased 0.9 and 0.3 pp from June 2009's and March 2010's indicators. The **cover ratio** of 226.4% in June 2010, however less than in June 2009, remains at comfortable levels, proving Banrisul's conservative approach to credit risk management.

Total Loans, Commercial Portfolio, Commercial and Individual Payroll – R\$ Billion



The balance of the **securities portfolio** totaled **R\$10,150 million** at the end of June 2010, identical to June 2009's, 5.7% below December 2009's and 2.0% higher than the amount recorded in March 2010. This amount includes liquid interbank transactions but excludes total liabilities from matched transactions

Funds raised and under management totaled

R\$23,164 million at the end of June 2010, an increase of 14.8% over June last year, of 5.8% year-to-date and of 3.6% over March 2010.

At the end of June 2010, Bannrisul's **shareholders' equity** was **R\$3,590 million**, a 12.3% growth over June 2009, 5.3% over December 2009 and 3.2% over March 2010.

Basel II Ratio in June 2010 was 15.7%.

Highlights

R\$ Million

Highlights	Jun/10	Mar/10	Dec/09	Sep/09	Jun/09
Total Assets	31,098.8	29,864.6	29,084.1	28,573.2	27,743.3
Total Credit Operations	15,442.0	14,765.7	13,414.2	12,528.5	12,068.6
Securities ⁽¹⁾	10,150.4	9,949.1	10,758.6	10,683.3	10,133.2
Funds raised and under management	23,163.7	22,368.7	21,902.4	20,855.8	20,173.5
Shareholders' Equity	3,590.1	3,480.0	3,408.5	3,299.8	3,198.3

⁽¹⁾ Securities + Interbank Investments - Matched Transactions.

Besides assets and liabilities favorable performance, it is also worth mentioning the strict cost management. Over the last quarter, cost-control points have been strengthened and implemented, goals for managing corporate costs set, responsibilities and tasks for commercial and back office areas defined, all with a view to the effective reduction of administrative expenses, measures whose effects, while preliminarily observed in 2Q10,

are to have a positive impact on following periods.

Efficiency ratio reached **50.5%** in the past twelve months, where the consistent improvements demonstrate that the financial margin, on account of credit revenues growth also favored by reduction in operating expenses, is capable of absorbing increases in administrative expenses.

Indexes

	1H10	1H09	2QT10	1Q10	4Q09	3Q09	2Q09
Average Shareholders' Equity (ROAE)	18.2%	13.9%	22.4%	14.9%	23.9%	19.2%	13.8%
Average Total Assets (ROAA)	2.0%	1.6%	2.4%	1.7%	2.6%	2.1%	1.5%
Operating Cost	5.3%	5.5%	5.3%	5.4%	5.4%	5.5%	5.5%
Efficiency Ratio	50.5%	54.0%	50.5%	52.2%	52.0%	53.5%	54.0%
Cover Rate	226.4%	230.2%	226.4%	211.1%	224.4%	217.1%	230.2%
Default Rate ⁽¹⁾	3.2%	4.1%	3.2%	3.5%	3.4%	3.8%	4.1%
Basel Ratio	15.7%	18.4%	15.7%	16.5%	17.5%	18.0%	18.4%

⁽¹⁾ 60 days / Total Credit Operations

Operating cost reached **5.3%** in the last twelve months, influenced by rising assets leveraged by the growth in credit operations, which contributed to the absorption of administrative costs.

While profitability and solvency indicators are favorable, the reduction in the margin on average profitable assets (seen from the comparison of half-year indicators) reflects,

in part, oscillations of the Selic rate. The lower effective Selic rate during the first six months of 2010 reduced both financial revenues and expenses, although the increasing volume; duration and indexation of assets and liabilities portfolios also interfere in the net margin/interest earning assets ratio. Opposite effect was noticed during 2Q10, when rising interest rates, therefore helped increase margins.

Financial Margin

	1H10	1H09	2Q10	1Q10	4Q09	3Q09	2Q09
Financial Margin	1,358.2	1,245.6	710.9	647.3	668.7	628.1	638.9
Gross Profit from Financial Operations	1,077.7	985.5	583.9	493.8	572.0	562.3	529.0
Average Profitable Assets ⁽¹⁾	28,004.0	24,584.8	28,457.8	27,550.3	26,995.2	26,301.7	25,157.3
Net Financial Margin ⁽²⁾	9.9%	10.4%	10.4%	9.7%	10.3%	9.9%	10.6%
Gross Profit from Financial Operations ⁽³⁾	7.8%	8.2%	8.5%	7.4%	8.7%	8.8%	8.7%

⁽¹⁾ Average Interest-Earning Assets of the Period.

⁽²⁾ Net Financial Margin / Average Profitable Assets (Annualized).

⁽³⁾ Gross Profit from Financial Operations / Average Profitable Assets (Annualized).



For the quarters ahead, it is expected reduction in spreads in the financial industry on account of stable default rates, increasing banking competition and, particularly, higher cost of funding in connection to the monetary tightening cycle initiated last April . However, signs of credit

expansion are sustained, either by increasing demand for consumer lending or by higher needs of working capital and credit for investment, due to the economic recovery. Thus, Banrisul has opt to maintain for the remainder of 2010 its market guidance disclosed at the end of 1T10.

Perspectives

Banrisul Perspectives for 2010	Revised 1Q10	As of 4Q09
Credit Portfolio	22% to 28%	20% to 25%
Commercial Credit – Individuals	30% to 35%	25% to 30%
Commercial Credit Companies	18% to 23%	18% to 23%
Housing	16% to 20%	16% to 20%
Provision Cost /Average Credit Portfolio	3% to 4%	3% to 4%
Allowance for Loan Losses/Average Credit Portfolio	7% to 8%	8% to 9%
Funding	13% to 16%	13% to 16%
Time Deposits	15% to 20%	15% to 20%
Return on Average Shareholders' Equity	16% to 19%	16% to 19%
Efficiency Ratio	49% to 54%	50% to 55%
Net Financial Margin / Interest-Earning Assets	9% to 10%	9% to 10%

Highlights

-  Banrisul is awarded at the Congress of Information Technology for Financial Institutions organized by the Brazilian Federation of Banks between June 09-11, 2010. The institution received five awards in the following categories: *Social Management*, *Telecommunications Management*, *Digital Identity*, *IT Governance* and *Risk Management*, as well as winning the Best IT Manager prize given to the Vice-president.
-  Investments in hardware, software and asset maintenance totaled R\$91.2 million in June 2010.

Awards

- January/2010 Banrisul's share among the most profitable in the Americas.
- March/2010 Banrisul is one of 100 most valuable brands in Brazil.
- April/2010 Banrisul is one of the 2,000 largest companies in the world.
Banrisul is one of the most remembered companies by gauchos.
Banrisul is one of 500 most valuable brands in global financial sector.
- May/2010 Banrisul is one of the largest companies in Rio Grande do Sul.

Porto Alegre, August 11, 2010.

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DO RIO GRANDE DO SUL**

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Banco do Estado do Rio Grande do Sul

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