

Company Profile

Banco Sofisa is one of the most traditional financial institutions in Brazil. Founded in 1961 as Sofisa S.A. Crédito, Financiamento e Investimentos, it pioneered the development of and improved the individual loan business. In 1990, it expanded its footprint in the country's financial system with a new name - Banco Sofisa S.A. - and a new business focus: companies.

Currently, the Bank has shareholders' equity of R\$760 million, assets of R\$4.6 billion and a network of 14 branches and 100 stores of the correspondent bank network, Rede Matriz, covering a sizeable part of Brazil.

Over these 49 years, Sofisa became renowned for its solidity and tradition of excellence in services. Today, it has a broad range of loyal clients and is their trustworthy financial partner that understands their activities and participates in their daily routine.

Highlights

- Net Income: R\$37.2 mn in 1H10 (+194.3% 1H10/1H09) and R\$27.2 mn in 2Q10 (+170.3% 2Q10/1Q10)
- SME Loans: +26.3% (2Q10/2Q09) and +3.5% (2Q10/1Q10)
- Time Deposits: +58.6% (2Q10/2Q09) and +7.6% (2Q10/1Q10)
- Focus on the SME Segment with the Sale of the Consumer Finance Structure

Operating Context

- Net Interest Margin: 9.1% in 2Q10 (9.6% in 1Q10)
- Administrative Expenses: +4.9% (2Q10/1Q10) and +10.1% (2Q10/2Q09)
- Free Cash: R\$1.297 bn; 55.2% of total deposits in 2Q10
- Provisions for Loan Losses / Loan Operations: 4.8% in 2Q10 versus 4.7% in 1Q10

Main Indicators | R\$ mn

Balance Sheet	2Q10	1Q10	2Q09	2Q10/2Q09	2Q10/1Q10
Free Cash ⁽¹⁾	1,297.4	1,068.4	816.5	58.9%	21.4%
Loan Operations ⁽²⁾ (A)	3,082.0	3,108.0	2,752.7	12.0%	-0.8%
SME	1,872.7	1,861.0	1,600.1	17.0%	0.6%
Consumer Finance	1,209.3	1,247.0	1,152.6	4.9%	-3.0%
Funding (B)	3,407.7	3,226.0	3,232.9	5.4%	5.6%
Total Deposits	2,349.0	2,179.7	1,538.5	52.7%	7.8%
Loan Operations / Funding Index (A/B)	90.4%	96.3%	85.1%	+5.3 p.p.	-5.9 p.p.
Shareholders' Equity	759.8	746.0	851.0	-10.7%	1.8%
Results	2Q10	1Q10	2Q09	2Q10/2Q09	2Q10/1Q10
Income from financial intermediation	37.0	67.1	55.5	-33.5%	-45.0%
Income from services provided	6.1	10.3	9.1	-33.0%	-41.4%
Personnel expenses	(18.8)	(18.9)	(17.9)	5.3%	-0.7%
Administrative expenses	(17.9)	(16.0)	(15.5)	15.6%	11.4%
Net Income	27.2	10.0	2.0	1225.9%	170.3%
Shares	2Q10	1Q10	2Q09	2Q10/2Q09	2Q10/1Q10
Net Income per Share (R\$)	0.20	0.07	0.01	1225.9%	170.3%
Number of Shares Outstanding (thousands)	137,745	137,745	137,745	-	-
Book Value per Share (R\$)	5.52	5.42	6.18	-10.7%	1.8%
Paid Dividends + Interest on Equity Net Values	56.5	-	34.8	62.1%	-
Paid Dividends + Net Interest on Equity per share Net Values (R\$)	0.41	-	0.25	62.1%	-
Market Value	544.1	662.6	522.1	4.2%	-17.9%
Efficiency / Profitability (%)	2Q10	1Q10	2Q09	2Q10/2Q09	2Q10/1Q10
ROAE	14.4%	5.3%	1.0%	+13.4 p.p.	+9.1 p.p.
ROAA	2.4%	0.9%	0.2%	+2.2 p.p.	+1.5 p.p.
Net Interest Margin ⁽³⁾	9.1%	9.6%	10.1%	-1.0 p.p.	-0.5 p.p.
Efficiency ⁽³⁾	44.2%	48.4%	38.4%	+5.8 p.p.	-4.2 p.p.
Basel Ratio	16.9%	15.7%	20.7%	-3.8 p.p.	+1.2 p.p.
Credit Portfolio Quality (%)	2Q10	1Q10	2Q09	2Q10/2Q09	2Q10/1Q10
Provision for Loan Losses / Loan Operations	4.8%	4.7%	3.2%	+1.6 p.p.	+0.1 p.p.
Delinquency Credits with more than 90 days ⁽⁴⁾ / Loan Operations	0.8%	1.4%	0.6%	+0.2 p.p.	-0.6 p.p.

(1) Cash and cash equivalents + short-term investments + securities - open market funding - Rural Product Note - subordinated quotas of Investment Funds in Credit Rights / (2) Includes credit assignments with recourse / (3) Includes adjustments from accounting write-offs impacting the provisions for NPL / (4) Considers credits and installments overdue more than 90 days.

Message from the CEO

In the first half of 2010, the Brazilian economy continued to record an exceptionally solid performance, suggesting annual GDP growth of around 7%, and this favorable scenario should continue into 2011, opening up a series of business opportunities. Throughout the period, we observed that more and more firms were increasing its investment projections.

We are implementing a series of measures and we are confident of achieving our growth targets by the end of the year. Funding did exceptionally well, with a profile of long-term maturities, allowing us to offer operations with more attractive terms to our clients.

In May, we concluded the sale of the origination and credit analysis activities of our consumer-finance segment. We have therefore ceased to originate new operations in this segment but continue to manage the existing portfolio.

Following this transaction, we are concentrating our focus on the SME segment, where we have built up sound expertise thanks to twenty years of experience in the segment. We have no doubt that our close ties with our clients, our intense efforts to reduce expenses and improve processes, together with the continuous advances in our technological platform, which greatly speeds up those procedures related to credit analysis, the documentation of operations and the development of new products and solutions, will bring Banco Sofisa back to its exemplary level of track record performance.

GILBERTO MAKTAS MEICHES | Chief Executive Officer

Competitive Advantages

Financial Strength

The credit-rating agencies maintained Banco Sofisa's privileged ratings, reflecting the excellent quality of its assets, as well as its healthy liquidity and capitalization.

 <p>Aa2.br/Br-1 (domestic) Ba1(eurobonds)</p> <p>April/2010</p>	 <p>A(BRA): Long Term F1(BRA): Short Term</p> <p>July/2010</p>	 <p>AA-: Long Term A1: Short Term</p> <p>April/2010</p>	 <p>Low Risk Mid Term Disclosure: Excellent</p> <p>July/2010</p>
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Focus on the SME Lending

20 years of loan operations to SMEs conceded wide expertise and knowledge of the market and its nuances.

Quality

In 2003, 2004 and 2005, Banco Sofisa was selected the "Best Middle-Market Bank" by RISKbank and in 2006 to 2008 it has declared hors concours and it has been granted with the low risk (medium term) by the same institution.

Transparency

Rewarded by Atlantic Rating in the SME Segment in 1999, 2000 and 2001, and hors concours from 2002 to 2005, demonstrating its commitment to investors.

State-Of-The-Art Technology Allows Growth With Low Marginal Costs

Banco Sofisa has invested in modern technology over recent years and has an exclusive platform to evaluate and monitor loans; its systems use web-based technology and the network of users may therefore be broadened quickly and without significant costs. Its broad use of internet banking allows transmission of invoices and collection instructions remotely.

Quality Of Credit Portfolio

In addition to its highly collateralized credit portfolios (97.7% in 2Q10), Sofisa maintains low concentration of operations (average risk per client less than R\$1.1 mn in the end of 2Q10) and high diversification in terms of economic sector (up to 9.0% participation per economic sector in its overall portfolio).

Commitment to High Standards Of Corporate Governance Practices

Listed on the Level 2 Special Corporate Governance Segment of the São Paulo Stock Exchange (BM&FBovespa), Banco Sofisa has maintained a Board of Directors with 60% independent members and an Audit Committee and Fiscal Council with members and alternate members elected by minority shareholders. Additionally, the Bank provides 100% tag along rights, and has a Trading Policy for Securities with the purpose of ensuring fair trading and isonomy in the negotiation of its securities.

Long-Term Offshore Funding Operation

To support its operations and maintain adequate matching of the maturities of its assets and liabilities, Banco Sofisa continually analyzes funding alternatives, such as international promotion agencies, as well as credit assignments with longer maturities.

On 2009, Sofisa contracted offshore loans from the Dutch development bank Nederlandse Financierings-Maatschappij Vorr Ontwikkelingsladen N.V (FMO) and the French development agency Proparco, in the amount of US\$32.5 mn with a 6-year maturity and US\$15.0 mn with a 7-year maturity. In 2008 the bank issued US\$ 125.0 million in Eurobonds and contracted a US\$185.0 million syndicated loan of from the International Finance Corporation (IFC).

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