

**GOVERNMENT OF RIO GRANDE DO SUL STATE
SECRETARY OF THE TREASURY
OPEN CAPITAL COMPANY**

Banco do Estado do Rio Grande do Sul S/A

Authorized to operate for Decree No 18,374, August 28, 1928 - CNPJ No 92 702 067/0001-96
Main Office in Porto Alegre - Rio Grande do Sul - Rua Capitão Montanha, 177

BALANCE SHEET CONSOLIDATED AS OF MARCH 31, 2011

In Thousands of Reals

| ASSETS | | LIABILITIES | |
|---|-------------------|---|-------------------|
| CURRENT ASSETS | 17,163,001 | CURRENT LIABILITIES | 22,886,215 |
| CASH | 382,722 | DEPOSITS | 14,352,707 |
| INTERBANK INVESTMENTS | 2,534,616 | Demand Deposits | 2,778,536 |
| Money Market Investments | 2,164,765 | Saving Deposits | 5,336,711 |
| Interbank Deposits | 369,851 | Interbank Deposits | 11,582 |
| SECURITIES AND DERIVATIVES | 3,162,405 | Time Deposits | 6,225,459 |
| Own Portfolio | 2,530,246 | Other Deposits | 419 |
| Linked to Repurchase Commitments | 632,153 | MONEY MARKET FUNDING | 1,433,844 |
| Privatization Certificates | 6 | Own Portfolio | 1,433,844 |
| INTERBANK ACCOUNTS | 2,093,909 | INTERBANK ACCOUNTS | 221,421 |
| Payments and Receipts Pending Settlement | 166,203 | Receipts and Payments Pending Settlement | 221,130 |
| Restricted Deposits | | Correspondents | 291 |
| - Central Bank of Brazil | 1,896,780 | INTERBRANCH ACCOUNTS | 193,754 |
| - Agreements | 4,079 | Third-party Funds in Transit | 193,486 |
| Correspondents | 26,847 | Internal Transfers of Funds | 268 |
| INTERBRANCH ACCOUNT | 47,350 | BORROWINGS | 608,640 |
| Third-party Funds in Transit | 1,545 | Foreign Borrowings | 608,640 |
| Internal Transfers of Funds | 45,805 | DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS | 324,613 |
| LENDING OPERATIONS | 7,895,696 | Nacional Treasury | 61,634 |
| Lending Operations | | National Economic and Social Development Bank (BNDES) | 137,569 |
| - Public Sector | 32,178 | Federal Saving and Loan Bank (CEF) | 11,378 |
| - Private Sector | 8,278,902 | National Equipment Financing Authority (FINAME) | 114,032 |
| (Allowance for loan losses) | (415,384) | FOREING ONLENDINGS | 35,635 |
| LEASING OPERATIONS | 38,021 | Foreign Onlendings | 35,635 |
| Lease Receivables | | OTHER PAYABLES | 5,715,601 |
| - Public Sector | 704 | Collected Taxes and Other | 128,723 |
| - Private Sector | 39,497 | Foreign Exchange Portfolio | 27,734 |
| (Allowance for Doubtful Lease Receivables) | (2,180) | Socials and Statutory | 36,549 |
| OTHER RECEIVABLES | 990,923 | Tax and Social Security | 179,919 |
| Foreign Exchange Portfolio | 436,476 | Trading Account | 3,564 |
| Income Receivable | 36,329 | Financial and Development Funds | 4,639,815 |
| Trading Account | 3,632 | Other | 699,297 |
| Specified Credits | 25 | LONG-TERM LIABILITIES | 6,054,009 |
| Other | 556,767 | DEPOSITS | 4,709,500 |
| (Allowance for Losses on Other Receivables) | (42,306) | Time Deposits | 4,709,500 |
| OTHER ASSETS | 17,359 | BORROWINGS | 2,572 |
| Other Assets | 1,946 | Foreign Borrowings | 2,572 |
| Prepaid Expenses | 15,413 | DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS | 778,408 |
| LONG-TERM ASSETS | 15,452,298 | Nacional Treasury | 10,253 |
| SECURITIES AND DERIVATIVES | 5,526,142 | National Economic and Social Development Bank (BNDES) | 489,314 |
| Own Portfolio | 3,973,548 | Federal Saving and Loan Bank (CEF) | 36,394 |
| Linked to Repurchase Commitments | 870,003 | National Equipment Financing Authority (FINAME) | 242,447 |
| Linked to Central Bank of Brazil | 609,131 | FOREING ONLENDINGS | 5,071 |
| Linked to guarantees | 73,460 | Foreign Onlendings | 5,071 |
| INTERBANK ACCOUNTS | 615,624 | OTHER PAYABLES | 558,458 |
| Restricted Deposits | | Tax and Social Security | 398,250 |
| - National Housing System | 615,624 | Other | 160,208 |
| LENDING OPERATIONS | 8,409,474 | MINORITY SHAREHOLDERS' EQUITY | 1,762 |
| Lending Operations | | SHAREHOLDERS' EQUITY | 4,008,993 |
| - Public Sector | 88,998 | Capital | 2,900,000 |
| - Private Sector | 9,007,362 | Capital Reserves | 4,511 |
| (Allowance for loan losses) | (686,886) | Profit Reserves | 956,177 |
| LEASING OPERATIONS | 37,296 | Adjustment to Fair Value | (6,262) |
| Lease Receivables | | Retained Earnings | 154,567 |
| - Public Sector | 1,948 | | |
| - Private Sector | 39,088 | | |
| (Allowance for Doubtful Lease Receivables) | (3,740) | | |
| OTHER RECEIVABLES | 854,866 | | |
| Foreign Exchange Portfolio | 9,801 | | |
| Other | 873,727 | | |
| (Allowance for Losses on Other Receivables) | (28,662) | | |
| OTHER ASSETS | 8,896 | | |
| Other Assets | 18,218 | | |
| (Allowance for Valuation) | (10,030) | | |
| Prepaid Expenses | 708 | | |
| PERMANENT | 335,680 | | |
| INVESTMENTS | 7,660 | | |
| Other Investments | 12,926 | | |
| (Allowance for Losses) | (5,266) | | |
| PROPERTY AND EQUIPMENT IN USE | 172,448 | | |
| Real Estate | 130,622 | | |
| Other Investments | 485,945 | | |
| (Accumulated Depreciation) | (444,119) | | |
| INTANGIBLE | 155,572 | | |
| Intangible Assets | 363,504 | | |
| (Accumulated Amortization of Intangible Assets) | (207,932) | | |
| TOTAL ASSETS | 32,950,979 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 32,950,979 |

BOARD OF DIRECTORS

ODIR ALBERTO PINHEIRO TONOLIER
Chairman
TÚLIO LUIZ ZAMIN
Vice-Chairman
ÁRIO ZIMMERMANN
DÍLIO SÉRGIO PENEDO
FLAVIO LUIZ LAMMEL
JOÃO VERNER JUENEMANN
JOÃO ZANI
MANOEL ANDRÉ DA ROCHA
RUBENS SALVADOR BORDINI

BOARD OF EXECUTIVE OFFICERS

TÚLIO LUIZ ZAMIN
CEO
FLAVIO LUIZ LAMMEL
Vice-President
JONE LUIZ HERMES PFEIFF
JULIMAR ROBERTO ROTTA
LUIZ CARLOS MORLIN
GUILHERME CASSEL
JOÃO EMILIO GAZZANA
IVANDRE DE JESUS MEDEIROS

WERNER KÖHLER
Accountant CRC-RS 38,534