



**FINANCIAL  
STATEMENTS**

**JUNE  
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## PRESS RELEASE

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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 which are not limited to the impact of competitive services and pricing, acceptance of services by the market, Banrisul’s and its competitors’ services transactions, regulatory approval, currency fluctuations, changes in the mix of the portfolio of services and other risks described in the Company’s reports. This Press Release is up to date and Banrisul may or may not update it with new information and/or future events.

**TABLE 1: ECONOMIC AND FINANCIAL INDICATORS**

<b>Main Income Statement Accounts - R\$ Million</b>	<b>1H19</b>	<b>1H18</b>	<b>2Q19</b>	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>	<b>1H19/ 1H18</b>	<b>2Q19/ 1Q19</b>
Net Interest Income	2,697.3	2,684.4	1,351.5	1,345.7	1,578.1	1,428.6	1,337.1	0.5%	0.4%
Allowance for Loan Losses Expenses	579.8	582.7	294.4	285.4	449.8	247.6	277.7	-0.5%	3.1%
Gross Profit from Financial Operations	2,117.4	2,101.7	1,057.2	1,060.3	1,128.3	1,181.1	1,059.4	0.7%	-0.3%
Financial Income	4,523.0	4,656.9	2,258.3	2,264.7	2,449.7	2,445.2	2,513.4	-2.9%	-0.3%
Financial Expenses	2,405.5	2,555.1	1,201.1	1,204.4	1,321.5	1,264.1	1,454.0	-5.9%	-0.3%
Income from Services and Fees	992.3	970.9	501.6	490.7	538.2	488.0	489.7	2.2%	2.2%
Recurring Administrative Expenses <sup>(1)</sup>	1,884.5	1,859.2	933.6	950.8	989.3	960.0	928.8	1.4%	-1.8%
Other Operational Expenses	325.2	287.8	195.9	129.3	147.7	183.0	152.9	13.0%	51.6%
Other Recurring Operational Income	221.4	161.2	123.9	97.5	79.1	91.0	84.6	37.4%	27.2%
Recurring Net Income	625.6	505.9	305.7	320.0	300.1	290.2	262.0	23.7%	-4.5%
Net Income	655.3	505.9	335.4	320.0	252.5	290.2	262.0	29.5%	4.8%
<b>Main Balance Sheet Accounts - R\$ Million</b>	<b>Jun 2019</b>	<b>Jun 2018</b>	<b>Jun 2019</b>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Sep 2018</b>	<b>Jun 2018</b>	<b>Jun 2019/ Jun 2018</b>	<b>Jun 2019/ Mar 2019</b>
Total Assets	79,465.7	75,331.2	79,465.7	77,870.6	77,427.9	75,840.0	75,331.2	5.5%	2.0%
Securities <sup>(2)</sup>	22,109.4	20,827.1	22,109.4	21,096.4	21,067.1	22,121.9	20,827.1	6.2%	4.8%
Total Credit Portfolio	34,237.2	32,007.0	34,237.2	34,301.9	34,063.7	31,742.6	32,007.0	7.0%	-0.2%
Allowance for Loan Losses	2,594.0	2,658.4	2,594.0	2,582.3	2,612.1	2,392.4	2,658.4	-2.4%	0.5%
Past Due Loans > 90 Days	752.7	1,082.2	752.7	878.0	868.5	924.0	1,082.2	-30.4%	-14.3%
Funds Raised and Under Management	69,370.9	62,963.8	69,370.9	67,887.4	67,780.4	65,330.8	62,963.8	10.2%	2.2%
Shareholders' Equity	7,522.5	7,034.9	7,522.5	7,369.0	7,278.9	7,251.9	7,034.9	6.9%	2.1%
Prudential Conglomerate Reference Equity	6,478.9	5,963.4	6,478.9	6,322.0	6,145.5	6,190.4	5,963.4	8.6%	2.5%
Average Shareholders' Equity	7,400.7	7,035.0	7,445.7	7,323.9	7,265.4	7,143.4	7,116.6	5.2%	1.7%
Average Total Assets	78,446.8	74,309.3	78,668.2	77,649.2	76,633.9	75,585.6	73,557.4	5.6%	1.3%
Average Profitable Assets	69,806.4	66,089.7	70,671.1	68,941.7	67,693.1	67,569.5	65,833.0	5.6%	2.5%
<b>Stock Market Information - R\$ Million</b>	<b>1H19</b>	<b>1H18</b>	<b>2Q19</b>	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>	<b>1H19/ 1H18</b>	<b>2Q19/ 1Q19</b>
Interest on Own Capital / Dividends <sup>(3)</sup>	262.6	200.9	135.0	127.7	130.7	88.3	116.4	30.7%	5.7%
Market Capitalization	9,713.1	6,032.3	9,713.1	9,893.1	9,071.1	6,126.4	6,032.3	61.0%	-1.8%
Book Value Per Share	18.39	17.20	18.39	18.02	17.80	17.73	17.20	6.9%	2.1%
Average Price per Share (R\$)	23.91	17.36	23.59	24.24	19.93	15.26	17.35	37.7%	-2.7%
Earnings per Share (R\$)	1.60	1.23	0.82	0.78	0.62	0.71	0.64	30.2%	4.9%
<b>Financial Index</b>	<b>1H19</b>	<b>1H18</b>	<b>2Q19</b>	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>		
ROAA (pa.) <sup>(4)</sup>	1.6%	1.4%	1.6%	1.7%	1.6%	1.5%	1.4%		
ROAE (pa.) <sup>(5)</sup>	17.6%	14.9%	17.5%	18.7%	17.6%	17.3%	15.6%		
Efficiency Ratio <sup>(6)</sup>	51.4%	51.8%	51.4%	51.5%	51.5%	51.8%	51.8%		
Net Interest Margin on Profitable Assets	7.88%	8.29%	7.87%	8.04%	9.66%	8.73%	8.38%		
Recurring Operating Cost	4.8%	4.9%	4.8%	4.9%	4.9%	4.9%	4.9%		
Default Rate > 90 Days <sup>(7)</sup>	2.20%	3.37%	2.20%	2.56%	2.55%	2.91%	3.37%		
Cover Ratio 90 days <sup>(8)</sup>	344.6%	245.7%	344.6%	294.1%	300.8%	258.9%	245.7%		
Provisioning Index <sup>(9)</sup>	7.6%	8.3%	7.6%	7.5%	7.7%	7.5%	8.3%		
Basel Ratio (Prudential Conglomerate)	15.8%	15.0%	15.8%	15.6%	15.2%	15.9%	15.0%		
<b>Structural Indicators</b>	<b>Jun 2019</b>	<b>Jun 2018</b>	<b>Jun 2019</b>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Sep 2018</b>	<b>Jun 2018</b>		
Branches	518	517	518	518	518	518	517		
Service Stations	181	187	181	184	187	187	187		
Electronic Service Stations	433	461	433	436	443	455	461		
Employees	10,276	10,705	10,276	10,182	10,763	10,732	10,705		
<b>Economic Indicator</b>	<b>1H19</b>	<b>1H18</b>	<b>2Q19</b>	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>		
Effective Selic Rate	3.07%	3.18%	1.54%	1.51%	1.54%	1.59%	1.56%		
Exchange Rate (R\$/USD - end of period)	3.83	3.86	3.83	3.90	3.87	4.00	3.86		
Exchange Rate Variation (%)	-1.10%	16.56%	-1.66%	0.57%	-3.22%	3.84%	16.01%		
IGP-M (General Market Price Index)	4.39%	5.40%	2.19%	2.16%	-0.69%	2.75%	3.86%		
IPCA (Extended Consumer Price Index)	2.23%	2.60%	0.71%	1.51%	0.39%	0.72%	1.89%		

(1) Includes Recurring Personnel Expenses and Other Administrative Expenses.

(2) Includes Interbank Deposits and deduces Repurchase Obligations.

(3) Interest on Own Capital and Dividends paid credited and/or provisioned (before retention of income tax).

(4) Net Income / Average Total Asset.

(5) Net Income / Average Shareholders' Equity.

(6) Efficiency Ratio for the last 12 months. Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Operational Income – Other Operational Expenses).

(7) Past Due Loans > 90 days / Total Credit Portfolio.

(8) Allowance for Loan Losses / Past Due Loans > 90 days.

(9) Allowance for Loan Losses / Credit portfolio.

## MATERIAL FACTS

On July 10, 2019, Banrisul's new management took office. Claudio Coutinho Mendes is the Chief Executive Officer and Irany de Oliveira Sant'Anna Junior is the Deputy CEO and Risk and Control Officer. Management is also composed by Claíse Müller Rauber (Chief Products, Segments and Digital Channels Officer), Fernando Postal (Chief Distribution and Retail Commercial Officer), Jorge Fernando Krug Santos (Chief Information Technology), Marcus Vinicius Feijó Staffen (Chief Financial and Investor Relations Officer), Osvaldo Lobo Pires (Chief Credit and Operations Officer), Raquel Santos Carneiro (Chief Institutional Officer) and Suzana Flores Cogo (Chief Administrative Officer).

## FINANCIAL HIGHLIGHTS

The summary of Banrisul's 1H19 and 2Q19 results are presented below. The Analysis of Performance, Management Report Financial Statements and the Accompanying Notes are available at the Bank's website [www.banrisul.com.br/ri](http://www.banrisul.com.br/ri).

**TABLE 2: KEY ITEMS OF THE INCOME STATEMENT**

Result - R\$ Million	1H19	1H18	2Q19	1Q19	4Q18	3Q18	2Q18	1H19/ 1H18	2Q19/ 1Q19
Net Interest Income	2,697.3	2,684.4	1,351.5	1,345.7	1,578.1	1,428.6	1,337.1	0.5%	0.4%
Allowance for Loan Losses Expenses	579.8	582.7	294.4	285.4	449.8	247.6	277.7	-0.5%	3.1%
Gross Profit from Financial Operations	2,117.4	2,101.7	1,057.2	1,060.3	1,128.3	1,181.1	,059.4	0.7%	-0.3%
Income from Services and Fees	992.3	970.9	501.6	490.7	538.2	488.0	489.7	2.2%	2.2%
Recurring Administrative Expenses	1,884.5	1,859.2	933.6	950.8	989.3	960.0	928.8	1.4%	-1.8%
Operating Income	956.3	862.9	495.2	461.1	416.5	503.8	442.2	10.8%	7.4%
Net Income	655.3	505.9	335.4	320.0	252.5	290.2	262.0	29.5%	4.8%
Recurring Net Income	625.6	505.9	305.7	320.0	300.1	290.2	262.0	23.7%	-4.5%

**Net income** amounted to R\$655.3 million in 1H19, 29.5% above 1H18. In 2Q19, net income totaled R\$335.4 million 28.0% above 2Q18 and 4.8% above 1Q19. **Recurring net income** amounted to R\$625.6 million in 1H19, 23.7% above 1H18. In 2Q19, recurring net income amounted to R\$305.7 million, 16.7% above 2Q18 and 4.5% below 1Q19.

2Q19's net income was impacted by the net financial income of R\$29.7 million that was produced as the outcome from concluding the restructuring process of Banrisul Foundation post-employment benefit plan, that is being treated as extraordinary.

Banrisul's **performance** from 1H18 to 1H19 presented stable net interest income, increasing banking fees income, banking service fees and administrative expenses, net positive contribution from the group of other operating expenses/income and lower tax rate, particularly in view of the tax rate reduction of Social Contribution on Net Income in January 2019.

From 1Q19 to 2Q19, performance was mainly influenced by stable net interest income, higher provision expenses and banking fees, lower administrative expenses and by the unfavorable trend of other operational income/expenses.

**Net interest income** totaled R\$2,697.3 million in 1H19 and R\$1,315.1 million in 2Q19, stable from 1H18 and 1Q19, respectively.

Resilient **NII** from 1H18 to 1H19 reflects the reduction of loan rates, in line with the decrease of basic interest rate, in an environment of increasing credit assets. From 1Q19 to 2Q19, the relative stability reflects the stabilization of financial interest income and expenses.

**Provision for loan losses** reached R\$579.8 million in 1H19, stable from 1H18 in the wake of lower delinquency rates and the rollover of the credit portfolio by risk ratings. In 2Q19, provision expenses totaled R\$294.4 million, increasing 3.1% (R\$9.0 million) from 1Q19 impacted by the rollover of the credit portfolio by risk ratings in a context of decreased delays and credit operations stability.

**Banking Fees** totaled R\$992.3 million in 1H19, increasing 2.2% (R\$21.4 million) from 2Q18, particularly driven by current account fees, insurance, pension and pension bonds, fees, minimized by lower acquiring MDR originating from changes made on May 2018 in the recording of revenues and expenses related to Vero acquiring network. From 1Q19 to 2Q19, banking fees increased 2.2% (R\$10.8 million) due to the increase in insurance, pension and pension bonds fees.

**Administrative expenses** totaled R\$1,884.5 million in 1H19, increasing 1.4% (R\$25.2 million) from 1H18. Recurring administrative expenses decreased 1.8% (R\$17.2 million) from 1Q19 to 2Q19.

**Personnel expenses** increased R\$15.1 million in 2Q19, growing 1.6% over 1H18, mainly due to collective agreements entered into in 2018. In 1Q19, personnel expenses were down 3.2% (R\$15.8 million) from 1Q18, particularly due to holidays seasonality and the employees who were enrolled into the voluntary retirement plan and left the Bank in the first quarter of the year.

**Other administrative expenses** were R\$10.2 million in 1H19, increasing 1.1% from 1H18 mainly due to the increases in advertising, promotions and publicity expenses, in specialized technical services, in rentals and related fees, in amortization and depreciation expenses and in security and money transportation expenses, minimized by lower outsourced services expenses, in particularly those related to transactions capture by the acquiring network. Other administrative expenses were mostly flat comparing 2Q19 to 1Q19.

**The reconciliation between reported and recurring net income** is presented below, dealing with extraordinary events recorded in 4Q18 and 1H19. ROE, ROA and efficiency ratio are calculated based on recurring net income.

In 4Q18, the one-off event was the **voluntary retirement incentive plan** offered to employees in December 2018; the 555 employees who left the Bank during 1Q19 generated gross costs amounting to R\$86.5 million, recorded in 4Q18.

In 1H19, the restructuring of the post-employment benefit plan offered by Banrisul Foundation was launched and concluded. The voluntary migration process of participants and assisted participants from Benefit Plan I onto Benefit Plan FBPREV III started on January 28 2019 and finished on April 27 2019, with a success ratio of 35% of the total number of PBI participants. The impacts from the restructuring of post-employment plans in the net income of 1H19 totaled R\$29.7 million, net of tax effects, related to the difference between the amount of R\$126.1 million due by the sponsor of the plan and paid by Banrisul in the migration process, and the actuarial result of R\$175.6 million produced by the actuarial assessment obtained upon the settlement of rights due to PBI participants that were of the plan sponsor's responsibility. By applying the accounting rules set forth by CPC 33 (R1), the restructuring of the PBI recently concluded is expected to reduce imbalances in the post-employment benefit plan; however, a liability of R\$462.2 million still remains, booked into shareholders' equity.

**TABLE 3: ACCOUNTING NET INCOME STATEMENT X RECURRING NET INCOME**

Extraordinary Events - R\$ Million	1H19	1H18	2Q19	1Q19	4Q18	3Q18	2Q18
Recurring Net Income	625.6	505.9	305.7	320.0	300.1	290.2	262.0
Extraordinary Events	29.7	-	29.7	-	(47.6)	-	-
Retirement Plans	-	-	-	-	(86.5)	-	-
Restructuring plans of the Fundação Banrisul de Seguridade Social – FBSS	49.5	-	49.5	-	-	-	-
Tax Effects	(19.8)	-	(19.8)	-	38.9	-	-
Net Income	655.3	505.9	335.4	320.0	252.5	290.2	262.0
Recurring ROAA	1.6%	1.4%	1.6%	1.7%	1.6%	1.5%	1.4%
Recurring ROAE	17.6%	14.9%	17.5%	18.7%	17.6%	17.3%	15.6%
Recurring Efficiency Ratio <sup>(1)</sup>	51.4%	51.8%	51.4%	51.5%	51.5%	51.8%	51.8%

(1) Based on the last 12 months.

**Recurring annualized ROAE** reached 17.6% in 1H19, 2.7 pp. above 1H18, as the result of flat NII, increasing banking fees and administrative expenses and the favorable performance of other operational expenses/income, as well as lower tax rates.

**Recurring efficiency ratio** reached 51.4% in 2Q19, improving from the 51.8% in 2Q18, reflecting the expansion of financial margin and banking fees at a faster growing ratio than that observed for administrative expenses, mostly linked to the increase of business and the collective wage agreement.

## OPERATIONAL HIGHLIGHTS

**TABLE 4: ASSET EVOLUTION STATEMENT**

Asset Evolution Statement - R\$ Million	Jun 2019	Mar 2019	Dec 2018	Sep 2018	Jun 2018	Jun 2019/ Jun 2018	Jun 2019/ Mar 2019
Total Assets	79,465.7	77,870.6	77,427.9	75,840.0	75,331.2	5.5%	2.0%
Credit Operations	34,237.2	34,301.9	34,063.7	31,742.6	32,007.0	7.0%	-0.2%
Securities + Interbank Transactions - Repurchase Obligations	22,109.4	21,096.4	21,067.1	22,121.9	20,827.1	6.2%	4.8%
Funds Raised and Under Management	69,370.9	67,887.4	67,780.4	65,330.8	62,963.8	10.2%	2.2%
Shareholders' Equity	7,522.5	7,369.0	7,278.9	7,251.9	7,034.9	6.9%	2.1%

**Total assets** reached R\$79,465.7 million in June 2019, growing 5.5% (R\$4,134.5 million) from June 2018 and 2.0% (R\$1,595.1 million) from March 2019. The year-on-year asset increase was mainly driven by the R\$4,502.6 million growth in funding (deposits, bank notes and the subordinated debt) minimized by the decrease of R\$686.0 million in open market funding. As to asset allocation, it is worth pointing out the increase of R\$2,230.2 million in the loan book, of R\$939.9 million in the stock of reserve requirements deposited at the Central Bank of Brazil and of R\$596.2 million in securities and derivatives.

In the last three months, the asset trend particularly reflected the expansion of R\$833.5 million in funding and R\$432.1 million in open market funding. Concerning asset allocation, securities and the interbank transactions increased R\$1,455.1, while the balances of reserve requirements deposited at the Central Bank of Brazil and credit assets were stable in the period.

Total **credit assets** (expanded concept) reached R\$34,657.3 million in June 2019, increasing 6.6% in twelve months. Excluding sureties and guarantees, loan book increased 7.0% year-on-year, especially driven by the growth of R\$3,011.6 million in non-earmarked credit to individuals, trend minimized by the reduction of R\$399.3 in credits linked to acquired portfolio and of R\$318.9 million in corporate non-earmarked loans. From December 2018 to March 2019, credit assets were stability.

**TABLE 5: STATEMENT OF THE CREDIT PORTFOLIO**

Credit Operations - R\$ Million	Jun 2019	% Total Credito	Mar 2019	Dec 2018	Sep 2018	Jun 2018	Jun 2019/ Jun 2018	Jun 2019/ Mar 2019
Foreign Exchange	684.2	2.0%	713.6	736.5	699.9	743.4	-8.0%	-4.1%
Commercial	25,590.4	74.7%	25,433.0	25,018.0	22,679.1	22,897.7	11.8%	0.6%
Individuals	19,600.2	57.2%	19,369.5	18,790.4	16,733.5	16,588.7	18.2%	1.2%
Payroll	14,508.8	42.4%	14,107.9	13,351.6	12,278.5	11,820.4	22.7%	2.8%
Other	5,091.4	14.9%	5,261.6	5,438.8	4,455.0	4,768.2	6.8%	-3.2%
Companies	5,990.1	17.5%	6,063.5	6,227.6	5,945.5	6,309.0	-5.1%	-1.2%
Working Capital	3,979.6	11.6%	3,977.5	4,153.8	3,992.7	4,234.0	-6.0%	0.1%
Other	2,010.5	5.9%	2,086.1	2,073.8	1,952.8	2,075.0	-3.1%	-3.6%
Long-term Financing	837.1	2.4%	883.1	936.2	1,010.9	1,069.3	-21.7%	-5.2%
Real Estate Financing	4,209.3	12.3%	4,167.9	4,112.7	4,046.4	3,974.2	5.9%	1.0%
Agricultural Financing	2,311.5	6.8%	2,411.9	2,459.2	2,408.5	2,319.1	-0.3%	-4.2%
Other <sup>(1)</sup>	604.7	1.8%	692.2	801.2	897.8	1,003.4	-39.7%	-12.6%
<b>Total of Credit-like Transactions</b>	<b>34,237.2</b>	<b>100.0%</b>	<b>34,301.9</b>	<b>34,063.7</b>	<b>31,742.6</b>	<b>32,007.0</b>	<b>7.0%</b>	<b>-0.2%</b>

(1) Includes leasing credits linked to acquired portfolio and public sector.

**Securities and interbank investments** totaled R\$26,391.2 million, with net balance of R\$22,109.4 million (deducted of repurchase transactions) at the end of June 2019, increasing 6.2% (R\$1,282.2 million). The evolution of the treasury portfolio in the period was influenced by the expansion of deposits and bank notes in an environment in which reserve requirements and loan portfolio increased. From March 2019 to June 2019, the balance of securities and interbank investments, net of repo operations, increased 4.8% (R\$1,013.0 million) impacted mostly by the increase of the deposits and bank notes, in a context of relative stability of the loan book and the amount of reserve requirements deposited at the Central Bank of Brazil.

**Funds raised and under management**, composed by deposits, bank notes, subordinated bond and third-party funds, totaled R\$69,370.9 million in June 2019, increasing 10.2% (R\$6,407.1 million) in twelve months, especially driven by the increase of R\$3,208.0 million in deposits, of R\$1,904.2 million in funds under management and R\$1,114.1 million in bank notes. In the last quarter, funds raised and under management increased 2.2% (R\$1,483.5 million), mostly due to R\$650.0 million in funds under management R\$634.2 million in deposits and R\$102.1 million in bank notes.

**Shareholders' equity** reached R\$7,522.5 million at the end of June 2019, increasing 6.9% (R\$487.5 million) from June 2018 and 2.1% (R\$153.5 million) from March 2019, on account of the incorporation of results, the payments of interest on own capital and the dividends provision, the reclassification of R\$103.0 million recorded under results of future years, and the reassessment of actuarial liabilities on post-employment benefits pursuant to the procedures set forth by CPC 33 (R1). In the last quarter, the trend reflects the incorporation of results, the payment of interest on own capital and the provisioning of dividends and the reassessment of actuarial liabilities.

Banrisul paid and provisioned R\$604.4 million in **taxes and contributions** in 1H19. Taxes withheld and paid, directly levied on financial intermediation and other payments, amounted to R\$562.5 million in the quarter.

**TABLE 6: OTHER INDICATORS**

Indicators - %	1H19	1H18	2Q19	1Q19	4Q18	3Q18	2Q18
Net Interest Margin	7.88%	8.29%	7.87%	8.04%	9.66%	8.73%	8.38%
Basel Ratio (Prudential Conglomerate)	15.8%	15.0%	15.8%	15.6%	15.2%	15.9%	15.0%
Loan Portfolio Normal Risk / Total Credit	87.4%	87.9%	87.4%	87.5%	87.1%	88.6%	87.9%
Loan Portfolio Risks 1 and 2 / Total Credit	12.6%	12.1%	12.6%	12.5%	12.9%	11.4%	12.1%
Default Rate > 90 Days	2.20%	3.37%	2.20%	2.56%	2.55%	2.91%	3.37%
Cover Ratio > 90 Days	344.6%	245.7%	344.6%	294.1%	300.8%	258.9%	245.7%
Provision Ratio	7.6%	8.3%	7.6%	7.5%	7.7%	7.5%	8.3%

From 1H18 to 1H19, **NIM** evolution of demonstrates the increase of credit assets as a proportion of the profitable assets, as well as the reduction of the Selic rate, with direct effects on financial income and expenses.

**90-day default rate** reached 2.20% in June 2019, decreasing 1.17 pp. in twelve months and 0.36 pp. since March 2019. The balance of 90-day past due credit reached R\$752.7million in June 2019, decreasing 30.4% in twelve months and 14.3% in the last quarter. **Coverage ratio** reached 344.6% in June 2019 (over the 90-day past due portfolio), compared to 245.7% in June 2018 and 294.1% in March 2019. In comparison with June 2018, the trend of the 90-day coverage ratio reflects the reduction of past due credit in more expressive volumes than those of the reduction in credit provisions. In the in the last quarter, the 90-day coverage ratio trend was influenced by the decrease in past due credit operations and the stability in loan losses provisions.

**Total provisions** reached 7.6% of the outstanding credit portfolio in June 2019, 0.7 pp. below June 2018 and 0.1 pp. upper March 2019. Credit provisions reduced by R\$64.4 million in twelve months, due to the decrease in overdue credit and the rolling over of risk rating levels, in a context of decreasing credit portfolio. The portfolio of normal risk loans increased 0.5 pp. in relation to June 2018. In the last quarter, the balance of provision expenses were stable, and the share of normal risk loan portfolio in relation to the total loan book decreased 0.1 pp.

Porto Alegre, August 13, 2019.