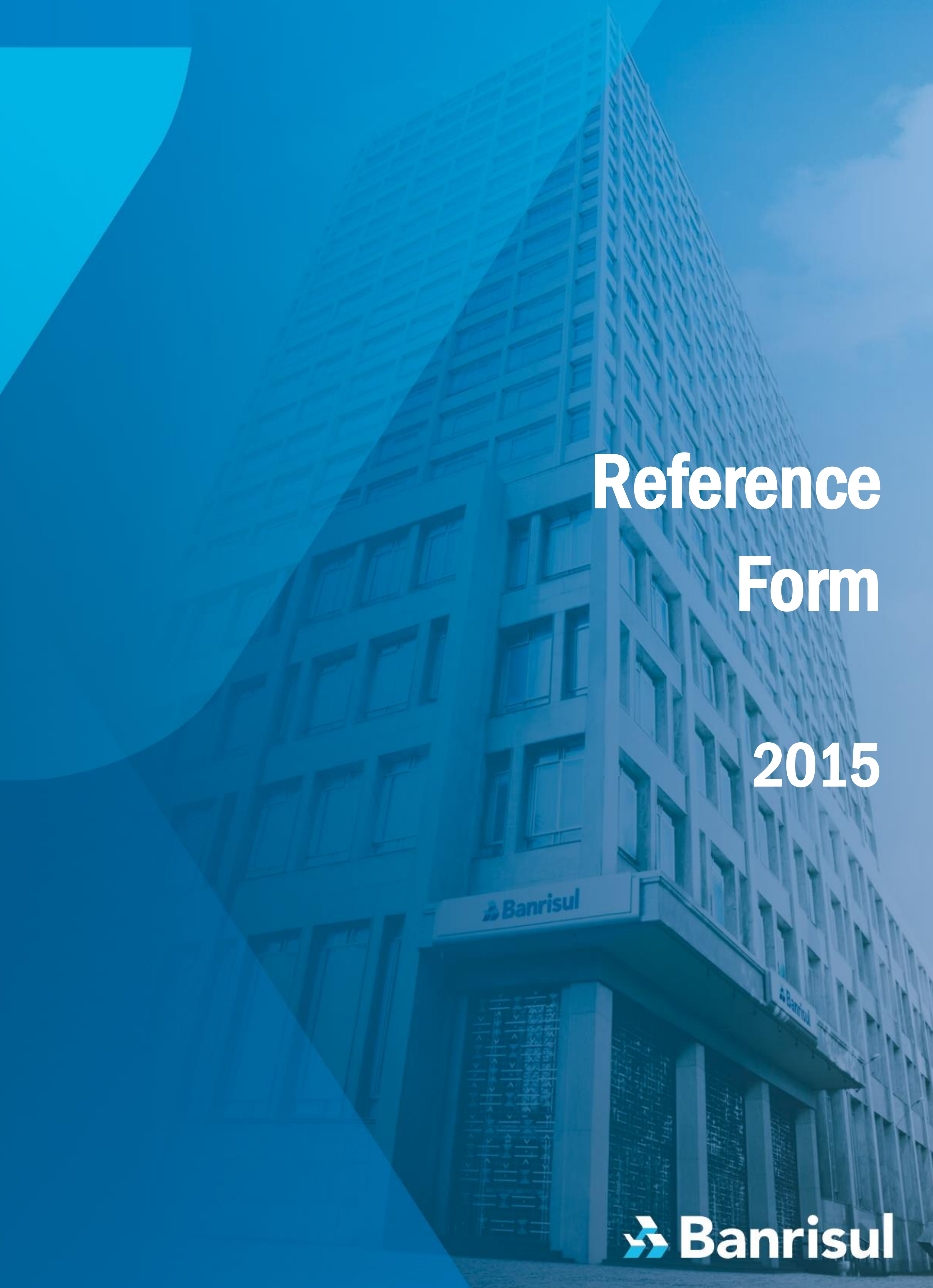


Reference Form

2015

Banrisul

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.

Corporate Taxpayer's ID (CNPJ/MF) 92.702.067/0001-96

Company Registry (NIRE) 43300001083

REFERENCE FORM

(CVM Instruction 480/2009)

INDEX

1. RESPONSIBLE FOR FORM

1.1 Declaration and identification of persons responsible

Name of person responsible for the contents of the form	**LUIZ GONZAGA VERAS MOTA**
Position of person responsible	Chief Executive Officer

Name of person responsible for the contents of the form	**RICARDO RICHINITI HINGEL**
Position of person responsible	Investor Relations Officer

The abovementioned executive officers declare that:

a. they have reviewed this reference form

b. all information in the form complies with CVM Instruction 480, in particular articles 14 to 19

c. the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent in its activities and its issue of securities

2. AUDITORS

2.1 Regarding Independent Auditors

Fiscal year ended December 31, 2010

National auditor CVM code:	385-9
Company name:	Deloitte Touche Tohmatsu Audiotires Independentes
Corporate taxpayer's ID (CNPJ):	49.928.567/0001-11
Name of person in charge:	Fernando Carrasco
Individual taxpayer's ID (CPF/MF):	041.702.178-02
Address:	Rua José Guerra, 127, Chácara Santo Antôni, São Paulo, SP, Brasil. CEP 04719-030
Telephone:	55 11 5186-1000 55 11 5181-2744
Email:	fcarrasco@deloitte.com
Date when services were hired:	March 15, 2010 to March 14, 2011
Description of services hired:	- Audit of individual and consolidated financial statements of the Bank and its investees for the six-month period ended June 2010 and six-month period and year ended December 31, 2010. - Review of the Quarterly Financial Information (IFT), review of the Quarterly Information (ITR), review of the Reference Form (FR) and interim financial statements. - Evaluation of the design of the Bank's internal controls to comply with CVM Rule 89/1988. - Analysis of the Qualified Custody Services in Compliance with ANBIMA's Self-Regulatory Code. - Revision of the procedures adopted by Banrisul related to the structure, systems and procedures of the Ombudsman department, as required by Brazil's Central Bank. - Audit of the financial statements of the investment funds managed by the Bank. - Audit of the consolidated financial statements, prepared based on the International Financial Reporting Standards – IFRS, in accordance with the pronouncements issued by the International Accounting Standards Board.
Total amount of the independent auditors' compensation by service:	The amount contracted for the fiscal year ended December 31, 2010 totals R$1,241,782.56 and refers to the audit of the financial statements of the Company and its subsidiaries and investment funds, the audit of the consolidated financial statements prepared in accordance with international financial reporting standards (IFRS), and the review of the Reference Form.
Justification of the Replacement	There was no replacement of the auditor.
Reasons presented by the auditor dissenting from the issuer's justification for its replacement, as per CVM rules:	There was no replacement of the auditor.

Fiscal year ended December 31, 2013

National Auditor CVM code:	471-5
Company name:	Ernst & Young Auditores Independentes S/S
Corporate taxpayer’s ID (CNPJ):	61.366.936/0011-05
Name of person in charge:	Dario Ramos da Cunha
Individual taxpayer’s ID (CPF/MF)::	134.501.248-97
Address:	Av. Mostardeiro, 322 - 10. andar – Bairro Moinhos de Vento Porto Alegre - RS, CEP 90430 000
Telephone:	55 51 3204-5500 55 51 3204 5699
Email:	Dario.Cunha@br.ey.com
Date when services were hired:	March 15, 2011 to October 30, 2013
Description of services hired:	- Audit of individual and consolidated financial statements of the Bank and its investees for the six-month period ended June 2014 and six-month period and year ended December 31, 2014. - Review of the Quarterly Information (ITR), review of the Reference Form (FR) and interim financial statements. - Evaluation of the design of the Bank’s internal controls to comply with CVM Rule 89/1988. - Analysis of the Qualified Custody Services in Compliance with ANBIMA's Self-Regulatory Code. - Evaluation of the quality and compliance of the internal controls system, including electronic data processing and risk management systems. - Revision of the criteria adopted by the institution regarding the classification of risk levels and evaluation of the provision recorded in the financial statements. - Revision of the procedures adopted by Banrisul related to the structure, systems and procedures of the Ombudsman department, as required by Brazil’s Central Bank. - Audit of the financial statements of the investment funds managed by the Bank. - Audit of the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards – IFRS, in compliance with the technical pronouncements issued by the International Accounting Standards Board.
Total amount of the independent auditors’ compensation by service:	The amount contracted for the fiscal year ended December 31, 2014 totals R$847,655.00 and refers to the audit of the financial statements of the Company and its subsidiaries and investment funds, the audit of the consolidated financial statements prepared in accordance with international financial reporting standards (IFRS), and the review of the Reference Form.
Replacement of the Auditor:	There was no replacement of the auditor.
Justification of the Replacement	There was no replacement of the auditor.

Fiscal year ended December 31, 2013

National auditor CVM code:	471-5
Company name:	Ernst & Young Terco Auditores Independentes S/S
Corporate taxpayer's ID (CNPJ):	61.366.936/0011-05
Name of person in charge:	Américo Franklin Ferreira Neto
Individual taxpayer's ID (CPF/MF):	045.379.898-58
Address:	Av. Mostardeiro, 322 - 10. andar – Bairro Moinhos de Vento Porto Alegre - RS, CEP 90430 000
Telephone:	55 51 3204-5500 55 51 3204 5699
Email:	americo.f.neto@br.ey.com
Date when services were hired:	March 15, 2011 to October 30, 2013
Description of services hired:	- Audit of individual and consolidated financial statements of the Bank and its investees for the six-month period ended June 2014 and six-month period and year ended December 31, 2014. - Review of the Quarterly Financial Information (IFT), review of the Quarterly Information (ITR), review of the Reference Form (FR) and interim financial statements. - Evaluation of the design of the Bank's internal controls to comply with CVM Rule 89/1988. - Analysis of the Qualified Custody Services in Compliance with ANBIMA's Self-Regulatory Code. - Evaluation of the quality and compliance of the internal controls system, including electronic data processing and risk management systems. - Revision of the criteria adopted by the institution regarding the classification of risk levels and evaluation of the provision recorded in the financial statements. - Revision of the procedures adopted by Banrisul related to the structure, systems and procedures of the Ombudsman department, as required by Brazil's Central Bank. - Audit of the financial statements of the investment funds managed by the Bank. - Audit of the consolidated financial statements, prepared based on the International Financial Reporting Standards – IFRS, in accordance with the pronouncements issued by the International Accounting Standards Board.
Total amount of the independent auditors' compensation by service:	The amount contracted for the fiscal year ended December 31, 2014 totals R$847,655.00 and refers to the audit of the financial statements of the Company and its subsidiaries and investment funds, the audit of the consolidated financial statements prepared in accordance with international financial reporting standards (IFRS), and the review of the Reference Form.
Justification of the Replacement	There was no replacement of the auditor.
Reasons presented by the auditor dissenting from the issuer's justification for his replacement, as per CVM rules:	There was no replacement of the auditor.

2.3 Other information the Company deems as material.

Upon hiring independent auditors, we adopt procedures to prevent the existence of conflict of interests regarding the relationship with independent auditor of the financial statements of the Bank and affiliated companies.

In general, these procedures are associated with the process of hiring, which is initiated by the demanding area, regardless of the need of a bidding process. The evaluation of the need of hiring and the compliance of the services provided with the applicable regulations, such as Rule 381/2003, of the Brazilian Securities and Exchange Commission and Resolution 3.198/2004, of the National Monetary Council, are incumbent upon the Bank's legal department, which will ultimately issue an official position regarding the hiring of the services.

3. SELECTED FINANCIAL INFORMATION

3.1 Selected consolidated financial information

	Fiscal year ended December 31,		
	2014	**2013**	**2012**
a. Shareholders' Equity	5,671,344,352.46	5,149,682,445.10	4,636,345,328.70
b. Total Assets	59,561,696,209.72	53,210,687,056.35	46,743,816,463.25
c. Net Revenue	10,391,838,448.58	8,404,904,499.88	8,240,583,199.75
d. Gross Profit	3,005,602,238.90	3,005,567,444.21	2,878,155,455.94
e. Net Income	691,415,413.02	791,614,486.46	818,590,368.55
f. Number of Shares, ex-treasury	408,974,477	408,974,477.00	408,974,477.00
g. Equity Value per Share	13.87	12.59	11.34
h. Net Income per Share	1.69	1.94	2.00
i. Other selected accounting information	-	-	-

3.2 Non-accounting measurements

We do not disclose non-accounting measurements.

3.3 Events subsequent to the latest financial statements

Distribution agreement of Icatu Seguros' life insurance and social security products via Banrisul channels, as approved by the Brazilian Central Bank and Brazil's antitrust agency in 2014 and, in February 2015, as previously authorized by the Private Insurance Superintendence, which will result in the creation of a joint venture in which Banrisul will hold a 49.99% interest.

3.4 Policy for allocation of income

A. Rules on profit retention

Fiscal years ended December 31, 2012, 2013 and 2014

Together with the financial statements for the year, the Board of Directors submitted to the Annual Shareholders' Meeting a proposal on the allocation of net income for the year, calculated after deducting the interest referred to in Article 190 of the Brazilian Corporation Law, adjusted for the purposes of calculation of dividends, pursuant to Article 202 thereof, observing the following order of deduction:

(i) five per cent (5%) shall be applied before any other allocation, when setting up a legal reserve, which shall not exceed twenty per cent (20%) of the capital stock. In the year in which the balance of legal reserve accrued of capital reserves amount, referred to by Paragraph One of Article 182 of the Brazilian Corporation Law, exceeds thirty per cent (30%) of capital stock, the allocation of a portion of net income for the year to the legal reserve shall not be mandatory;

(ii) a portion, by proposal of management bodies, may be allocated to set up a reserve for contingencies and reversal of same reserves established in previous years, pursuant to Article 195 of the Brazilian Corporation Law;

(iii) in the year the amount of mandatory dividend, calculated pursuant to Paragraph 41 herein, exceeds the realized portion of income for the year, the Shareholders' Meeting, by proposal of management bodies, may allocate the surplus to establish a reserve for realizable profits, observing the provisions in Article 197 of the Brazilian Corporation Law;

(iv) a portion, by proposal of management bodies, may be retained based on the capital budget previously approved, pursuant to Article 196 of the Brazilian Corporation Law; and

(v) the balance shall have the allocation given by the Shareholders' Meeting, observing the legal precepts, and any profit retention for the year by the Company shall be mandatorily accompanied by a capital budget proposal previously approved by the Board of Directors. Should the balance of profit reserves exceed the capital stock, the Shareholders' Meeting shall resolve on the use of surplus in the payment or capital stock increase or also, in the distribution of dividends to shareholders.

B. Rules on the distribution of dividends

Fiscal years ended December 31, 2012, 2013 and 2014

In compliance with the Brazilian Corporation Law, the shareholders are entitled to receive an annual mandatory dividend not lower than twenty-five per cent (25%) of net income for the year, decreasing or adding the following amounts: (i) amount destined to set up a legal reserve; (ii) amount destined to set up a reserve for contingencies and reversal of same reserves established in previous years; and (iii) amount deriving from reversal of reserves for realizable profits established in previous years, pursuant to Article 202, section of II of the Brazilian Corporation Law.

Our Bylaws allow the payment of interest on shareholders' equity as an alternative to the payment of mandatory dividends. The rate applied in calculating interest on shareholders' equity cannot exceed the long-term interest rate (TJLP) for the applicable period. The amount distributed to the Bank's shareholders as interest on shareholders' equity, net of any income tax, may be included as part of the mandatory dividends. In accordance with applicable law, Banrisul is required to pay to shareholders an amount sufficient to ensure that the net amount they receive in respect of interest on shareholders' equity, after payment of any applicable withholding tax, plus the amount of declared dividends is at least equivalent to the mandatory dividend amount.

The Board of Directors decided, at the meeting held on May 6, 2008, pursuant to Article 79 of the Bylaws at the time, which institutes the payment of interest on equity and establishes that it is considered as part of the mandatory dividend, to approve the adoption of the Policy for Payment of Interest on Equity before the closing of each quarter. Since then, the payments have taken place on the last business day of each quarter.

The Board of Directors also forwarded a proposal for distribution of dividends on net income for fiscal year 2015 totaling forty percent (40%), of which fifteen percent (15%) under the form of extraordinary dividends, as permitted by Law 6,404/76, approved at the Annual Shareholders' Meeting held April 30, 2015.

The payment of interest on equity to shareholders, whether they reside in Brazil or not, is subject to withholding of income tax at the following rates:

(a) fifteen percent (15%) for individuals and legal entities in general;

(b) twenty-five percent (25%) for shareholders residing in a tax haven, i.e. a country where there is no income tax or its rate is fixed at less than twenty percent (20%), or where local laws impose restrictions to the disclosure of the composition of shareholders or of the owner of the investment;

(c) twelve point five percent (12.5%) for shareholders residing in Japan; and

(d) zero percent (0%) for legal entities with proof that they are fully or partially exempted from said tax.

When the fiscal year ends, the total of dividends proposed is calculated (40% for the year), discounting any payments of interest on equity, net of income tax, already made. The Shareholders' Meeting is responsible for establishing when the payment will be made, within sixty (60) days after dividends are declared, unless the shareholders resolve on a different date. In any case, the payment must be made before the end of the fiscal year in which dividends were declared.

C. Interval of payment of dividends

The Annual Shareholders' Meeting is held within four months after the end of each fiscal year, in which, among other matters, the shareholders resolve on the payment of dividends related to the fiscal year ended. The payment of dividends related to certain fiscal year ended is based on the audited individual financial statements referring to the immediately preceding fiscal year.

The Board of Directors decided, at the meeting held on May 6, 2008, pursuant to Article 79 of the Bylaws, which institutes the payment of interest on equity and establishes that it is considered as part of the mandatory dividend, to approve the adoption of the Policy for Payment of Interest on Equity before the closing of each quarter. Since then, the payments have taken place on the last business day of each quarter.

D. Restrictions on the distribution of dividends

None.

3.5 Summary of distribution of dividends and retention of income

In R$, except for Indicators	2014	2013	2012
Net Income Adjusted for Dividend Purposes	661,026,042.37	752,033,762.14	
Dividend Distributed in relation to Adjusted Net Income	40.000000	40.000000	40.000000
Rate of return in relation to the equity of the issuer	13.900000	16.180000	17.620000
Dividend Distributed	264,410,416.95	300,813,504.86	311,064,340.05
Net income retained	0.00	0.00	0.00
Date of retention approval			

Net income retained		Amount	Dividend Payment	Amount	Dividend Payment	Amount	Dividend Payment
Interest on Equity							
Common		31,174,075.19	21/03/2014				
Common		31,396,183.85	20/06/2014				
Common		31,847,756.98	29/09/2014				
Common		32,116,912.95	17/12/2014				
Preferred	Class A	536,955.05	21/03/2014	27,909,869.28	23/03/2013	507,329.46	14/12/2012
Preferred	Class A	540,581.63	20/06/2014				
Preferred	Class A	548,356.84	29/09/2014				
Preferred	Class A	552,991.18	17/12/2014				
Preferred	Class B	30,468,014.38	21/03/2014				
Preferred	Class B	30,685,285.21	20/06/2014				
Preferred	Class B	31,126,633.44	29/09/2014				
Preferred	Class B	31,389,694.96	17/12/2014				
Preferred	Class B			28,149,968.25	27/06/2013		
Preferred	Class B			28,608,128.83	26/09/2013		
Preferred	Class B			28,720,689.86	18/12/2013		

Common				28,803,690.86	27/06/2013		
Common				29,272,491.23	26/09/2013		
Common				29,386,258.00	18/12/2013		
Preferred	Class A			493,377.47	23/03/2013		
Preferred	Class A			497,475.15	27/06/2013		
Preferred	Class A			505,571.90	26/09/2013		
Preferred	Class A			506,160.95	18/12/2013		
Preferred	Class B					29,720,133.33	28/03/2012
Preferred	Class B					30,172,160.25	29/06/2012
Preferred	Class B					28,014,035.88	27/09/2012
Preferred	Class B					28,695,821.90	14/12/2012
Common						30,875,243.21	29/06/2012
Common						28,665,713.54	27/09/2012
Common						29,362,429.74	14/12/2012
Preferred	Class A					528,178.74	28/03/2012
Preferred	Class A					535,598.22	29/06/2012
Preferred	Class A					496,178.66	27/09/2012
Mandatory Dividends							
Common		6,029,842.28	29/05/2015	34,795,205.01	23/05/2014	20,054,393.17	28/12/2012
Preferred	Class A	103,860.47	29/05/2015	599,326.87	23/05/2014	346,503.49	28/12/2012
Preferred	Class B	5,893,272.54	29/05/2015				
Preferred	Class B			34,007,129.32	23/05/2015		
Preferred	Class A					289,510.78	28/05/2013
Preferred	Class B					19,599,103.34	28/12/2012
Preferred	Class B					16,207,628.34	28/05/2013
Common						16,584,100.64	28/05/2013

3.6 Dividends declared as retained profit or reserves established in the last three fiscal years

We did not declare dividends as retained profit or reserves established in the last three fiscal years.

3.7 Indebtedness level

	Fiscal year 2014
a. Current liabilities + Long-term liabilities (R$)	53,890,351,857.26
b. Shareholders' Equity (R$)	5.671,344,352.46
c. Indebtedness ratio (R$)	9.50%

3.8 Obligations according to the nature and maturity date

In R$, as ofDecember 31, 2014					
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Unsecured debts	2,392,945,602.71	1,391,444,193.91	514,071,414.15	2,167,277,769.66	6,465,738,980.43
Total	2,392,945,602.71	1,391,444,193.91	514,071,414.15	2,167,277,769.66	6,465,738,980.43

Banrisul does not have debts with real guarantee or floating charge.

The previous information, item *3.8 Obligations according to the nature and maturity date,* refers to the Bank's Financial Statements, excluding deposits, as they constitute the Bank's trading activities.

3.9 Other information the Company deems as material

In 2014, there is no other information deemed relevant about item “3”.

4. RISK FACTORS

4.1 Risk factors that may influence investment decisions, particularly those related to:

a) To the issuer

Banco do Estado do Rio Grande do Sul, S.A. is a financial institution controlled by the state of Rio Grande do Sul, whose interests, at some point, may diverge from those of investors. The state holds 99.59% of the voting capital and 56.97% of the total capital, ensuring control of the Bank and guaranteeing the approval of initiatives/policies catering to the interests of the state, subject to shareholders' approval, including transactions with related parties, corporate restructuring, dividend payments, opening of service points in small communities, election of the majority of the managers, etc. Therefore, the state influences the institution's strategic decisions.

Internally, the existence of information security controls and up-to-date technology, thanks to ongoing investments in the area, does not eliminate the risk of temporary interruptions in the automated systems, as a result of several factors, including events that are fully or partially out of the Bank's control, including electrical or telecommunications failures, collapse in supply systems, automated system failures or other events that affect third parties with whom we do business, including foreign exchange, clearing houses, financial intermediaries or service providers, as well as atypical events related to social problems and cyber-attacks. These situations may result in additional costs and impact results.

b) To its direct or indirect controlling shareholder or controlling group

As the controlling shareholder, the state of Rio Grande do Sul may adopt certain measures to promote its political, economic or social objectives that do not necessarily coincide with the interests of the other shareholders and which may have an impact on business generation and the operating result. It is worth noting that the state of Rio Grande do Sul is responsible for appointing the majority of the members of the Board of Directors and all members of the Board of Executive Officers. State administration changes, which may occur every four years due to state elections, may cause administrative discontinuity and affect the institution's management and results.

c) To its shareholders

Market volatility and low liquidity may reduce investors' ability to sell the Bank's shares in the market at the desired price and at a convenient moment.

d) To its subsidiaries and associates

The subsidiaries and associates of the Banrisul Group are subject to the risks inherent in their activities. Any negative results will be recorded in the Bank's balance sheets, according to the prevailing Law and accounting principles, and may have an impact on the institution's results.

e) To its suppliers

Banrisul does not identify relevant risks related to its suppliers that may interfere on investors' decisions regarding their securities.

f) To its clients

Given that most of our customers are located in the State of Rio Grande do Sul, our activities and results largely depend on the performance of the state's economy. Therefore, the reduction in regional economic activity, among other effects, may reduce the demand for credit and the banking services offered, increase the level of delinquency in credit, increase the volume of withdrawals and, consequently, limit the options for expanding our business. The combination of these events or each of them individually may compromise the Institution's growth strategy and the generation of results, with an impact on the market value of the Bank's shares.

g) To the economic segments where the issuer operates

The Bank's core business is financial intermediation, credit, which depends directly on economic growth, company investments, and income and consumption levels. Adverse economic scenarios, with low growth levels and a decline in income, employment, consumption and investment levels, may have a negative impact on the institution's results.

Variations in the benchmark interest rate and the exchange rate heavily influence the result.

h) The regulation of the segments in which the issuer operates

Banrisul operates in a market characterized by extensive and continuous regulatory oversight by the Brazilian government. Banks do not control government regulations, which encompass all operations, including the imposition of requirements, including:

(i) minimum capital;
(ii) compulsory deposits/reserves;
(iii) investments in fixed assets;
(iv) accounting and statistical requirements;
(v) loan limits and other credit restrictions;
(vi) solvency margins; and
(vii) mandatory provisioning policies.

The banking system's regulatory structure is constantly evolving. Regulatory standards change, as well as their application and interpretation. These changes may materially and adversely affect the Bank and its operations and revenue.

The Brazilian government regularly introduces tax reforms that affect the market as a whole. The creation of new taxes or the increase in current tax rates are examples of changes that cannot be quantified, but which may have an adverse impact on the business. Moreover, these changes may cause uncertainties in the financial system, increasing the cost of loans and default.

The Bank's business, its financial situation and the market value of its common and preferred shares may be adversely affected by changes in policies related to taxes, exchange rate controls and other factors, including:

(i) macro prudential measures;
(ii) inflation;
(iii) monetary policies;
(iv) domestic and international economic growth;
(v) benchmark interest rate trends;
(vi) exchange rate trends;
(vii) tax policy;
(viii) market liquidity;
(ix) employment, income and consumption levels; and
(x) other political and economic events in Brazil and abroad that affect the domestic scenario.

i) To foreign countries where the issuer operates.

Banrisul’s operations abroad are concentrated in the branches at Grand Cayman and Miami, and adverse changes that affect the economy of these places may impact the results of those branches.

4.2 Regarding each risk mentioned above, if relevant, comment on any expectations for reducing or increasing the issuer's exposure to these risks:

It is our policy to constantly analyze the risks to which we are exposed and which might adversely affect our business, our financial situation or the results of our operations. We are constantly monitoring changes in the macroeconomic scenario and in the sector that may influence our activities, by monitoring the key performance indicators. We believe that we have a high degree of control over our suppliers, allowing us to avoid any type of adverse effect on our business.

4.3 Judicial, administrative or arbitration proceedings in which the Company or its subsidiaries are parties, broken down between labor, tax, civil and others: (i) that are not confidential, and (ii) that are relevant to the business of the Company or its subsidiaries

The Bank and the group's companies are parties in legal, administrative, tax, labor and civil proceedings and they record provisions for such contingencies.

In this item, we listed the proceedings whose amounts individually discussed correspond to or exceed R$70,623,000.00, accounting for 1% of the issuer's Reference Equity.

Collective actions, public civil actions and class actions to which we are a party, but whose values cannot be measured, are not listed.

Labor Proceedings:

There are no labor claims individually considered relevant in which the Bank and/or the group's companies are parties.

Civil Proceedings:

Case no. 2001.34.00.015906-5	
Jurisdiction	13th Federal Court – Federal District
Instance	2nd Instance (Superior Court of Justice)
Filing date	May 30, 2001
Parties to the proceeding	Banrisul, Brazilian Central Bank and Federal Union
Amounts, goods or rights involved	R$132,866 thousand
Key facts	On September 29, 2000, Banrisul received a deficiency notice from the Brazilian Central Bank related to administrative proceedings filed by that Monetary Authority, referring to supposed irregularities in forex operations between 1987 and 1989. The appellate court in administrative resolution sentenced Banrisul to pay a fine equivalent to 100% of the amount of the supposedly irregular transactions. Such decision has been challenged in court by the Bank's Management, which, on a preventive basis and pursuant to BACEN requirements, decided to record a provision for possible losses totaling R$132,866 thousand on December 31, 2014. A provisional measure was granted to suspend the enforceability of the fine and prevent the Bank from being registered at CADIN.
Chance of Loss	Probable
Analysis of the Impact in the Event of Loss	Loss of the provisioned amount
Provisioned amount	R$132,866 thousand

Tax Proceedings:

Case no. 2005.71.00.042753-8	
Jurisdiction	1st Federal Tax Court of Porto Alegre
Instance	2nd Instance
Filing date	November 21, 2005
Parties to the proceeding	Banrisul and Federal Union
Amounts, goods or rights involved	R$408,685 thousand
Key facts	Cancel the tax credit corresponding to the Tax Release and declare the nonexistence of a legal order prohibiting the author from deducting, from the net income for 1977, the total amount of the pension burden recognized to the complementary private pension entity, while also deducting the monetary and interest variation on the funds assumed by the Government of the State of Rio Grande do Sul, reconstituting the tax loss, with the consequent waiver, by the Union, of the amounts resulting from the disallowance of deductions.
Chance of Loss	Possible
Analysis of the Impact in the Event of Loss	Loss of the provisioned amount
Provisioned amount	R$461,612 thousand

4.4 Judicial, administrative or arbitration proceedings that are not confidential to which the Company or its subsidiaries are party or whose counterparties are managers or former managers, controlling shareholders or former controlling shareholders or investors in the Company or its subsidiaries.

On this present date, there are no proceedings in which the Bank and its subsidiaries are parties not disclosed in the items above and whose adverse parties are administrators or former administrators, controlling shareholders or former controlling shareholders or investors of the company and its subsidiaries.

4.5 Analysis of the impact in the event of the loss of the relevant confidential proceedings that have not been disclosed in items 4.3 and 4.4 above, stating the amounts involve

At present, according to the criteria mentioned in item 4.3., there are no relevant confidential processes to which the Bank and/or the group's companies are party that have not been disclosed above.

4.6 Judicial, administrative or arbitration proceedings that are repetitive or connected, based on similar facts and legal arguments, which are not confidential and that together are relevant, to which the Company or its subsidiaries are party, discriminating between labor, tax, civil and other.

The legal, administrative or arbitration proceedings in which the Bank and the group's companies are parties, not confidential and which overall are considered relevant have their amounts involved disclosed and accrued when risk is classified as probable loss.

We have constituted our provisions for contingencies based on the opinions of our legal advisors, through the use of models and criteria that allow them to be measured in the most appropriate manner possible, despite the uncertainty inherent in their timelines and the amount determined by the outcome of the lawsuit.

Management understands that the provision recorded is sufficient to deal with the losses deriving from related proceedings.

Labor Area –

The provisions for labor lawsuits filed against the group's companies are recorded from receipt of a deficiency notice and when the risk of loss is deemed probable in the early and appeal phases of the lawsuit. When the procedural phase changes, usually with the publication of a decision, the probability of loss of each claim must be re-assessed according to the outcome of lawsuit and/or attorney's technical assessment. During phase of execution and/or calculation of the award, the provision is adjusted to the value of the court deposit or to the sum of the amounts of probable and possible claims.

On December 31, 2013, labor provisions totaled R$173,557 thousand in the consolidated and R$202,382 thousand on December 31, 2014. The amounts are recorded based on labor claims, whose risk of loss is deemed probable.

In labor claims, in the same proceeding, there are claims deemed as probable, possible and remote loss, the provision of which complies with the criteria already explained. The claims classified as possible loss, during early and appeal phases, totaling R$752,686 thousand, do not have provision for contingencies, pursuant to the prevailing accounting practices and are disclosed in the Notes to the Financial Statements.

The labor claims are usually filed by employees, former employees; employees from outsourced companies, associations; unions and the Prosecution Office, the subject-matter of which is the supposed infringement of labor rights.

Provisions for Civil Risks –

These are constituted upon judicial notification and timely adjusted, based on the amount of compensation sought, the evidence presented and the evaluation of legal advisors who consider the case law, the doctrine, the legal opinions that have been raised, the evidence produced, the court decisions that may be included in the lawsuit, as well as the degree of risk that the case will be lost.

The Bank has been sued for indemnification for moral and material damage, challenging the effectiveness of the services provided. Most of these cases have little economic value and no significant impact, regardless of the amount, yet provisions are allocated whenever the loss is deemed probable.

There are also cases postulating differences in the interest rates of savings accounts based on economic plans. The cases involving the economic plans have been classified as possible, given that, with relation to the facts, the Bank did not have authorization to raise funds through Savings, except for the period comprised by Plano Collor II (01.31.1991).

Most of the cases involve Banrisul due to the transfer of savings accounts from the defunct Caixa Econômica Estadual do Rio Grande do Sul, with exclusion based on the fact that the Bank is an illegitimate party to respond to the plaintiff after it is shown that the savings account did not migrate to the Bank.

Considering that the new shares are inhibited by the prescription institute and the expectation of success due to the existence of the Claim of for the Breach of Fundamental Precept – Case no. ADPF 165, pending judgment before the Supreme Court of Brazil, proposed by the National Confederation of the Financial System, which aims to halt all processes involving economic plans, our contingency is duly positioned.

Civil proceedings are based on similar facts and causes, which jointly are considered relevant, pursuant to item 4.3., they are accrued and totaled R$97,635 thousand on December 31, 2014. Most of lawsuits are motions of personal injury; fees in loss of bill of discovery, recovery of undue payment. The amounts involved in civil proceedings, classified as possible loss totaled R$1,383,947 thousand on December 31, 2014, pursuant to the Notes to the Financial Statements.

Provisions for Tax and Social Security Risks –

The provisions for tax and social security contingencies relate primarily to liabilities related to taxes whose legality or constitutionality is being challenged judicially or administratively, whose probability of loss is - or in previous phases had been - considered probable, and are being constituted at the full amount in dispute.

For cases that have respective escrow accounts, the amounts involved are not updated, except when there is authorization to withdraw, due to a favorable outcome.

Additionally, we constituted specific provisions for judicial and administrative proceedings that, at the discretion of our management, involve amounts and issues that may have a material impact on our financial situation and/or our results.

In these cases, we include specific explanatory notes in our financial statements disclosing such contingencies and provisions.

The assessment of the probability of loss, even though based on specific evaluations by our legal advisors, may be revised as a result of changes to the status of the proceedings, changes in jurisprudence or other factors. These factors may affect our estimates regarding provisions for civil, labor, tax and social security risks.

In the tax area, total provision amounted to R$469,073 thousand on December 31, 2014, and the highest relevant lawsuit is that one informed in item 4.3. Tax claims whose probability of loss is deemed possible totaled R$96,599 thousand on December 31, 2014 and most of them are based on discussions related to ISSQN, as per Notes to the Financial Statements.

4.7 Other Relevant Contingencies

At present, we and our subsidiaries have no other relevant contingencies beyond the judicial and administrative proceedings mentioned in item 4.3 above.

4.8 Rules of the country of origin of the foreign issuer and rules of the country in which the foreign Company's securities are held in custody, if different from the country of origin

Not applicable.

5. MARKET RISKS

5.1 Describe, on a quality and quantity basis, the main market risks the Company is exposed to, including foreign exchange and interest rate risks

Banrisul is exposed to market risks arising from the possibility of financial loss due to market price and interest rate fluctuations on its operations, due to mismatching terms between assets and liabilities, currencies and indexes.

Banrisul's market risk management is conducted by the Corporate Risk Management Unit which is responsible for executing and annually updating the Bank's policy and market risk management strategies, establishing operating limits to monitor risk exposures, identify, assess, monitor and control the exposure to risks of trading and non-trading portfolios.

The market risk is calculated for operations classified in the trading portfolio and for operations not classified in the trading portfolio. The trading portfolio includes transactions with financial instruments with trading intent, destined for resale, benefitting from price fluctuation or conduct arbitration.

The banking portfolio includes all the Institution's non classified operations in the trading portfolio, without intent for sale, namely, credit portfolio, portfolio of securities held to maturity, capture of term deposit, savings deposit and other operations held to maturity.

While measuring the market risk of the trading portfolio we use the Value at Risk (VaR) methodology for determining the exposure of the operations with risk factor of pre-fixed interest rates. VaR is a measure of the maximum expected loss in monetary values under normal market conditions at a given time period of ten days, with a probability level of 99%, used to measure exposures subject to market risks. The Maturity Ladder methodology is used for the calculation of the exposures in other indexers. The risk for the banking portfolio's operations is calculated using the Institution's own model and the VaR methodology. The Institution also conducts quarterly sensitivity analysis based on scenarios specifically focused on each risk factor. The goal is to measure the impact of market fluctuations on the Institution's portfolio and its ability to recover in an eventual worsening of a crisis.

INTEREST RATE RISK

The interest rate risk comes from the effects of fluctuations in market interest rates on the fair value of financial instruments and cash flows. Interest margins may increase as a result of these changes, but may reduce losses if there are unexpected moves.

The sensitivity to interest rates comes from the exposure to risk of fluctuation of rates on active and passive operations in relation to market interest rates.

Any mismatch between revenue from assets and cost of liabilities is known as "position gap". The sensitivity to interest rate exposure comes from the portfolio's structure and the various risk factors composing it, given that significant oscillations can occur at any time, influenced by market forces.

The table below shows the position of revenue-generating assets and expense-generating liabilities on December 31, 2014; however, it does not reflect the "interest rate gap" positions that may exist on other dates.

	December 31, 2014 – Bank's position (in R$ million, except percentages)					
	Up to 90 days	**Up to 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Revenue-generating Assets	**12,227**	**10,150**	**11,193**	**16,964**	**4,408**	**54,942**
Short-term Interbank Investments	9	0	0	0	0	9
Reserve Requirements – Central Bank	5,047					5,047
Credit, Leasing and Other Credit Operations[1]	5,473	9,393	9,180	3,320	3,122	30,487
Credit Linked to the Brazilian Housing System (SFH)					755	755
Bonds and Securities and Derivative Financial Instruments[2]	1,698	757	2,013	13,644	532	18,643
Expense-generating liabilities	**16,483**	**6,099**	**10,138**	**5,042**	**8,876**	**46,637**
Deposits	9,384	3,179	7,188	4,522	6,741	31,014
Time Deposits	1,566	2,982	7,127	4,259	6,741	22,676
Savings Deposits[3]	7,762	0	0	0	0	7,762
Interfinancial Deposits	50	196	61	262	0	570
Other Deposits	6	0	0	0	0	6
Obligations through Matched Transactions	4,388	0	0	0	0	4,388
Funds by acceptance and Issuance of securities	72	1,173	1,573	20	0	2,838
Subordinated Debt	86	75	521	0	1,540	2,223
Reserve Fund for Judicial Deposits	1,999					1,999
Domestic Loans	0	0	0	0	0	0
International Loans	347	1,155	3	2	0	1,507
Domestic Onlendings	206	510	843	498	595	2,652
Foreign Onlendings	0	6	11	0	0	17
Difference Assets/Liabilities	-4,256	4,051	1,055	11,922	-4,468	
Accumulated Difference	-4,256	-204	851	12,772	8,304	
Percentage of the Accumulated Difference on total Revenue-generating assets	-7.75%	-0.37%	1.55%	23.25%	15.11%	

[1] Credit, leasing and other credit operations include overdue operations totaling R$1,169 million.

[2] The bonds and securities and derivative financial instruments line includes bonds linked to reserve requirements in the Central Bank.

[3] Although Savings accounts do not have established terms, the Bank has a consistent track record of this type of deposits.

FOREIGN EXCHANGE RISK

Exchange rate risks arise from the assets, liabilities, and items that are not accounted for in the balance sheet, denominated or indexed in foreign currency in the normal course of the Bank's activities.

Although the vast majority of the Institution's operations are carried out in the domestic market, and there is no relevant exposure to variations in exchange rates, when compared to the market, the exposure is controlled through the daily monitoring, in accordance with the established business policy.

The Institution has assets and liabilities denominated in foreign currencies, mainly in U.S. dollars. On December 31, 2014, consolidated foreign exchange exposure amounted to R$180.5 million, for a Reference Equity of R$7,062.3 million, for a maximum allowed of 30% of the Reference Equity, in accordance with the norms established by the Central Bank.

The exchange rate risk is monitored to remain below 2.5% of the Institution's Reference Equity, in accordance with the market risk policy in force until December 31, 2014, resulting in a regulatory capital portion for risks related to the oscillation of gold and foreign currencies in RWA worth R$656.2 million.

The table below shows assets denominated in Brazilian reais and indexed in foreign currencies, in terms of operations with long and short positions, respectively, on December 31, 2014:

	Positions in R$ million, except percentages		
	Long Positions	Short Positions	Exposure
Assets	**4,024.2**	**0.0**	**4,014.9**
Cash and Cash Equivalents [1]	264.4	0.0	264.4
Bonds and Securities[2]	0.0	0.0	0.0
Credit Operations[3]	879.6	0.0	879.6
Other Credits[4]	2,870.9	0.0	2,870.9
Liabilities	0.0	**5,136.4**	**-5,127.1**
Deposits[5]	0.0	48.6	-48.6
Borrowings[6]	0.0	4,993.9	-4,993.9
Other Domestic Obligations[7]	0.0	84.0	-84.0
Domestic	0.0	82.9	-82.9
Foreign	0.0	1.1	-1.1
Share of Reference Equity	0.8%	0.8%	0.8%
Positions in Other Foreign Currencies[8]	9.3	9.9	(0.6)
Reference Equity Dec 31, 2014	7,062.3	7,062.3	7,062.3
Maximum Limit (30% of the Reference Equity)	2,118.7	2,118.7	2,118.7
Total Exposure/maximum limit (%)	2.6%	2.6%	2.6%

[1] Deposits with other international institutions.
[2] Bonds issued in Brazil and denominated in U.S. dollars.
[3] Financing and loans in foreign currency.
[4] Acquisition of foreign currency from clients or other institutions and export transactions.
[5] Funds deposited in our branches abroad.
[6] Operations with funds raised in foreign currency abroad for onlendings in Brazil.
[7] Includes foreign trade operations executed by third parties and intermediated by Banrisul.
[8] Except U.S. dollars.

ANALYSIS OF SENSIBILITY

Seeking to improve risk management, comply with corporate governance practices and the requirements of CVM Instruction 475 of December 17, 2008, Banrisul conducted an analysis of sensitivity of its positions classified in the Trading Book. The Company applied shocks for more and for less in the following scenarios: 1% (Scenario 1), 25% (Scenario 2) and 50% (Scenario 3).

Trading Book – For the preparation of scenarios that compose the framework for the analysis of sensitivity, the Bank considered the situations proposed by CVM Instruction 475, with the following conditions:

Scenario 1: Probable situation. Deterioration by 1% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2014.

Scenario 2: Possible situation. An increase by 25% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2014.

Scenario 3: Remote situation. An increase by 50% in market risk variables was considered as a premise, taking into consideration the existing conditions on December 31, 2014.

The table below shows the largest expected loss considering the scenarios 1, 2 and 3 and their variations for more and for less.

For the "Foreign Currency" Risk Factor, the price of R$2.6562 on December 31, 2014 (PTAX - BACEN) was considered.

The sensitivity analyses identified below do not consider the risk and treasury areas' capacity to react, because once a relative loss is established on these positions, risk mitigating measures are quickly triggered, minimizing the possibility of significant losses.

Values Resulting from the Sensitivity Test

Scenarios	Risk factors			Total
	Interest rate	Currencies	Shares	
1%	1	1,369	110	1,481
25%	24	34,236	2,757	37,017
50%	48	68,471	5,514	74,034

Amounts in R$ thousand

Definitions:

Interest Rate – Exposures subject to variations of pre-fixed interest rates and interest rates coupons.

Foreign Currency – Exposures subject to the exchange variation.

Variable Income – Exposures subject to stock price variation.

Analyzing the results, we can identify the largest expected loss in the "Foreign Currencies" Risk Factor, which represents approximately 66% of total expected loss for the three scenarios.

Scenario 2 and Scenario 3 account for 32.9% and 65.8% of total loss, respectively. The highest expected loss in these Sensibility Test Scenarios occurs in Scenario 3, totaling R$74 million.

5.2 Market Risk Management Policy.

a. Risks for which protection is necessary

The Institution seeks to mitigate the risk of variations in operations with interest rates, price indexes and foreign currencies.

b. Strategy for equity (hedge) protection

The Institution is permanently trying to match its active and passive positions, terms and rates to maintain exposures in equilibrium. For this purpose, it uses operations with derivative financial instruments such as a hedge of specific operations in order to offset the changes in the fair value or cash flows of items protected by hedge and mitigate the risks arising from foreign exchange fluctuations. The derivative instruments in the Swap modality are long-term, monitoring the flow and maturity of the external financing conducted by the Institution while operations of non-deliverable forwards are short term, maturing as fractions of the external financing are protected by natural hedge.

c. Instruments used to protect equity (hedge)

The Institution uses operations involving derivative financial instruments in the swap modality to hedge against exposure to foreign currency variations.

d. Parameters used to manage these risks

Market risks include operations subject to exchange variation, interest rates and stock prices, being classified in the trading and non-trading (banking) portfolios. While measuring the market risk of the trading portfolio we use the Value at Risk (VaR) methodology for determining the exposure of the operations with risk factor of pre-fixed interest rates. The Maturity Ladder methodology is used for the calculation of the exposures in other indexers. The risk for the banking portfolio's operations is calculated using the Institution's own model and the VaR methodology.

e If the Company operates financial instruments with diverse objectives in protection of equity (hedge) and what are those objectives.

The Institution did not have financial instruments in the fiscal years 2012, 2013 and 2014, with purposes that are not for equity hedging.

f. Organizational structure of risk management control

Capital management and credit, liquidity and operational risk, as well as market risk management, are intrinsic to the financial area, operating as a strategic and essential tool to Banrisul. The continuous improvement of risk identification, measurement, monitoring, control and mitigation processes enables us to improve best governance practices aligned with the Institution's goals, policies and strategies.

CREDIT RISK

We have different processes for assessing clients' risks and operations, established by internal normative instructions and our Committees' resolutions.

In the process of identifying and evaluating credit risks, Banrisul adopts statistical methodologies and/or the principle of technical collegiate decisions.

Credit granting based on application score and behavior score models allows pre-approved loans, in accordance with the risk classifications in the statistical models.

Credit granting based on collegiate decisions occurs through policies by scope. The branches' Credit Committees may approve/deny credit operations up to the limits of their scopes, established according to the category of each branch and/or product. For clients with scopes higher than the Branches' Credit Committees, client's operations and Risk Limits are approved by the General Management's Credit and Risk Committees. The Board of Executive Officers approves specific operations and operations' Risk Limits for amounts not exceeding 3% of shareholders' equity, and operations above this limit are submitted to the Board of Directors.

For the Corporate segment, Banrisul adopts technical studies carried out by the risk analysis internal area, which evaluates companies considering their financial, management, market and production aspects, with periodic reviews, also taking into account the economic scenarios and the companies' situation in these environments.

In order to better evaluate the companies' risk, on-site visits to corporate clients are carried out by professionals of our Credit Policy and Risk Analysis Unit.

Our Management and the Risk I and II Committees may grant Risk Limit with term of up to 360 days, when these limits should be renewed, and define percentages higher than the current maximum for personal guarantees. The Risk Limit can also be cancelled during the validity period, in case there is a material fact to the detriment of the client. Credit decisions are taken by the Credit Committees within their respective scopes.

The General Management's Credit and Risk Committees have the following decision-making competences:

Committee	Scope Limits of the Credit Committee	Scope Limits of the Risk Committee
Credit Committee or Risk Decision-Making Group II	Up to R$1.0 million	Up to R$1.0 million
Credit Committee - Decision-Making Group II– Higher Scope	Between R$1.0 million and R$3.0 million	-
Credit Committee or Risk Decision-Making Group I	Between R$3.0 million and R$5.0 million	Between R$1.0 million and R$5.0 million
Management Committee, with the opinion of the Credit Committee of Group I Risk	Higher than R$5.0 million and up to 3% of the Company's shareholders' equity	Higher than R$5.0 million and up to 3% of the Company's shareholders' equity
Board of Directors, with the opinion of the Credit or Risk I Committee and Board of Executive Officers	Higher than 3% of the Company's shareholders' equity	Higher than 3% of the Company's shareholders' equity

The table below shows the composition of our Committees with power to resolve on credit operations and limits:

Committee	Composition
Credit Committee - Decision-Making Group I	- Representative of the Credit Unit - Coordinator - Representative of the Commercial Unit - Representative of the Foreign Exchange Unit - Representative of the Development Unit - Representative of the Agribusiness Unit - Representative of the Credit Policy and Risk Analysis Unit - Representative of the Corporate Commercial Superintendence
Credit Committee - Decision-Making Group II – Higher Scope	Credit Operating Board (comprising, at least, two analysts, allocated in the Credit Unit, and the Executive Manager of this unit's Technical Support Management).
Credit Committee - Decision-Making Group II	Credit Operating Boards (comprising three analysts, allocated in the Credit Unit, with their specific assignment on credit proposition).

Risk Committee - Decision-Making Group I	Superintendent of the Credit Policy and Risk Analysis Unit, Manager of Information and Risk Analysis and Coordinator of the area.
Risk Committee - Decision-Making Group II	Coordinator of the area and Analysts

LIQUIDITY RISK

The liquidity risk is managed through the analysis and evolution of exposures and monitoring of the Minimum Cash. In active positions the Bank considers the evolution and the availability of high and low liquidity positions. For passive positions, the premises adopted include the possibility of anticipated redemptions and lower than expected renegotiation of financing operations (rollover). The Institution seeks to maintain minimum levels of high liquidity assets, along with access to other sources of liquidity, as well as seeking to ensure an adequately diversified base of funding operations, meeting the minimum levels according to regulatory requirements.

Banrisul's Liquidity Risk Consolidated Management is responsibility of the Corporate Risk Management Unit. This management aims to monitor the availability of resources to meet its financial requirements from the point of view of funding and allocations, maturity of businesses and benchmarks to avoid significant mismatches, which could compromise the Institution's liquidity and budget planning.

The Institution maintains its controls under the prudential point of view, calculated in accordance with Resolution 4090/12, of the National Monetary Council (CMN) and Circular Letter 3393/07 of BACEN, which establish monitoring consistent with the positions adopted in the financial market, so as to highlight the liquidity risk arising from these exposures. The Liquidity and Risk Report is prepared on a periodic basis, including the most important events occurred in the month. This procedure aims to highlight the Institution's existing guidelines and policies and ensure compliance with the limits of exposure to risk and liquidity.

OPERATIONAL RISK

Operational risk is defined in accordance with Brazil's Central Bank Resolution 3,380/06 as the possibility of losses resulting from failures, deficiency or inadequacy related to internal processes, people and systems or external events. The definition includes legal risks associated with inadequacy or deficiency related the agreements signed, as well as sanctions for noncompliance with laws and compensation for damages to third parties resulting from activities conducted by the institution.

Policy

Banrisul's Policy of Operational Risk Management, which is annually reviewed and approved by the Board of Directors, includes guidelines, principles, models and methods for identifying, assessing, monitoring, controlling and mitigating operational risks in order to ensure the effectiveness of the management model.

Methodology and Management

Operational risk management is designed to control and manage the risks inherent in the business in order to minimize them and therefore protect the Institution's assets and preserve the assets and interests of customers, shareholders, employees and other stakeholders.

Appropriate operational risk management is directly related to the knowledge of the Institution's existing processes. All critical processes, and relevant outsourced products and services must have their operational risks identified, assessed, monitored, controlled and mitigated.

The methodology used by Banrisul in its qualitative analysis consists of evaluating, on a decentralized basis and from the viewpoint of bank process managers, the effectiveness of controls and potential risks, allowing the detection of unwanted exposure and the implementation of remedial measures.

Internal Database

The Internal Database of Operational Risks is designed to provide the Institution with information regarding loss and near loss events in order to improve the effectiveness of the organization's operational risk management and comply with the applicable regulations.

CAPITAL MANAGEMENT

Capital management must be executed continuously, aiming to adjust the Reference Equity to the risks incurred by the institution, comprising at least those that are included in the risk-weighted assets (RWA) calculation. In order to improve this process, the National Monetary Council (CMN) determined, through Resolution 3988/2011, that financial institutions whose assets are risk-weighted (RWA) must implement a capital management structure compatible with the nature of their operations, the complexity of their products and services and the extent of their risk exposure.

By creating the Basel Accords, the Basel Committee on Banking Supervision's main goal was to develop a measurement and standardization system for minimum capital requirements, calculated by asset risk weighting. Capital requirement is one of the most used instruments by regulatory agencies to achieve international banking system's strength and stability.

Carrying on with the process of implementation of prudential measures recommended by the Basel Committee, in 2013, the Brazilian Central Bank published a series of resolutions and circular letters to implement in Brazil the Basel Committee's recommendations related to the capital structure of financial institutions (Basel III Accord).

CMN Resolution 4192/13, of January 3, 2013, defines the new capital structure, which separates requirements into three independent capital requirements that must be constantly monitored by financial institutions. The three minimum requirements are:

- ✓ **Main Capital, consisting mainly of shares, quotas and earned income;**
- ✓ **Tier I Capital, consisting of Main Capital and supplementary capital (other instruments capable of absorbing losses while the institution is in operation); and**
- ✓ **Reference Equity (PR), consisting of Tier I Capital and Tier II Capital (other instruments capable of absorbing losses if the institution enters in liquidation).**

In addition to the above-mentioned capital requirements, the Additional Main Capital, or buffer, was established, which shall comprise the same instruments as the Main Capital, the definition of which is presented in CMN Resolution 4193/13. The Central Bank defined the limits for this requirement, as per schedule presented below, and, if the Additional Main Capital (ACP) rises, the respective percentage must be disclosed at least 12 months before it becomes effective. Circular 3741 of December 29, 2014, establishes that the ACP value must correspond to the application of percentages related to lower limits, regarded in Resolution 4193/13 as of January 1, 2016.

Table: Implementation Schedule - Basel III

	2015	2016	2017	2018	2019
F Factor	11.00%	9.875%	9.250%	8.625%	8.00%
Main Capital	4.50%	4.50%	4.50%	4.50%	4.50%
Tier I	6.00%	6.00%	6.00%	6.00%	6.00%
Reference Equity	11.00%	9.875%	9.25%	8.625%	8.00%
Additional Main Capital*	0.00%	0.625% to 1.25%	1.25% to 2.5%	1.875% to 3.75%	2.50% to 5.00%
Main Capital + Additional	4.50%	5.125% to 5.75%	5.75% to 7.00%	6.375% to 8.25%	7.00% to 9.50%
Tier I + Additional	6.00%	6.625% to 7.25%	7.25% to 8.50%	7.875% to 9.75%	8.50% to 11.00%
Reference Equity + Additional	11.00%	10.50% to 11.125%	10.50% to 11.75%	10.50% to 12.375%	10.50% to 13.00%

* In case of increase in Additional Capital, the percentage shall be disclosed by the Central Bank at least 12 months in advance.

To calculate the above-mentioned Minimum Requirements and Additional Main Capital, risk-weighted assets (RWA) must be calculated by adding the following items, according to the standardized approach:

$$\boldsymbol{RWA = RWA_{CPAD} + RWA_{MPAD} + RWA_{OPAD}}$$

In which:

RWA_{CPAD}: exposures to credit risk subject to capital requirement calculation using the standardized approach (Circular 3644/13);

RWA_{MPAD}: exposures to market risk subject to capital requirement calculation using the standardized approach. Consists of the sum of the following items:

RWA_{JUR1}: exposures subject to variation of the fixed interest rates denominated in real, whose capital requirement is calculated using the standardized approach (Circular 3634/13);

RWA_{JUR2}: exposures subject to variation of the foreign currency coupon rate, whose capital requirement is calculated using the standardized approach (Circular 3635/13 and Circular 3645/13);

RWA_{JUR3}: exposures subject to variation of the price index coupon rates, whose capital requirement is calculated using the standardized approach (Circular 3636/13 and Circular 3645/13);

RWA_{JUR4}: exposures subject to the variation of the interest rate coupon rate, whose capital requirement is calculated using the standardized approach (Circular 3637/13 and Circular 3645/13);

RWA_{ACS}: exposures subject to share price variation, whose capital requirement is calculated using the standardized approach (Circular 3638/13);

RWA_{COM}: exposures subject to commodity price variation, the capital requirement of which is calculated using the standardized approach (Circular 3639/13); and

RWA_{CAM}: exposures to gold, foreign currencies and assets subject to foreign exchange variation whose capital requirement is calculated using the standardized approach (Circular 3641/13).

RWA_{OPAD}: calculation of required capital for operational risk using the standardized approach, calculated using the Basic Indicator (BIA) methodology (Circular 3675/13).

In addition to these items, the Central Bank also demands that Financial Institutions maintain enough Reference Equity to cover interest rate risk from operations not included in the trading portfolio, R_{BAN} (Banking Portfolio), established by Resolution 3464/07.

As defined by the Brazilian Central Bank, Capital Ratios are calculated according to the following formulas:

Capital Adequacy Ratio (IB)

$$\boldsymbol{IB = \frac{PR}{RWA}}$$

Tier I Ratio (IN1)

$$\boldsymbol{N1 = \frac{Tier\ I}{RWA}}$$

Main Capital Ratio (ICP)

$$\boldsymbol{CP = \frac{Principal\ Capital}{RWA}}$$

In which:

PR = reference equity, calculated according to Article 2, Resolution 4192, of 2013;

RWA = risk-weighted assets, calculated according to Article 3, Resolution 4193, of 2013;

Tier I = portion of PR calculated according to Paragraph 1, Article 2 and Articles 4, 5 and 6, Resolution 4192, of 2013;

Main Capital = portion of PR calculated according to Articles 4 and 5, Resolution 4192, of 2013;

As of January 1, 2015, financial institutions will be obliged to use the Analytical Interim Balance Sheet – Prudential Conglomerate as basis for the Reference Equity (PR) and minimum capital requirements calculation.

Reference Equity (PR) represents equity used as a basis for the calculation of financial institutions' Operating Limits, as defined by the National Monetary Council's Resolution 4192/13 and consists of the sum of Tier I and Tier II Capital. Tier I consists of the sum of Main Capital and Supplementary Capital.

According to CMN's Resolution 4,193/13, financial institutions are required to permanently maintain PR, Tier I and Main Capital amounts in excess than the minimum requirements set forth in the Implementation Schedule table above.

Risk-weighted assets (RWA) are assessed in order to calculate Minimum Capital Requirements and Additional Main Capital. With this in mind, Banrisul evaluates its capital sufficiency from time to time and ensures the maintenance of a solid capital base so as to sustain desirable levels of development for their activities.

The following table shows information concerning capital allocation to the Financial Conglomerate, including the calculation Capital Adequacy Ratio, Tier I Ratio and Main Capital Ratio.

Capital Ratios, shown in the last line, are the most consolidated overview of financial institutions' risk and must comply with the above-mentioned limits. Banrisul's Financial Conglomerate closed 2014 with a Capital Adequacy Ratio of 17.77%.

In Banrisul, the Tier I Ratio corresponds to the Main Capital Ratio, given that Reference Equity's Tier I entirely consists of Main Capital. Tier I and Main Capital closed December 2014 at 14.20%.

Financial Conglomerate	**Dec/14**
Reference Equity	7,062,312,077.42
Tier I	5,641,051,765.93
Supplementary Capital	-
Tier II	1,421,260,311.49
RWAtotal	39,732,619,124.09
RWAcpad (Credit Risk)	34,146,039,142.55
RWAmpad (Market Risk)	672,361,799.36
RWAjur1	109,854.00
RWAacs	16,040,401.09
RWAcam	656,211,544.27
RWAopad (Operational Risk)	4,914,218,182.18
RWA Banking Portfolio (Rban)	740,071,040.88
Reference Equity Excess / Insufficiency	1,951,652,932.89
Capital Adequacy Ratio %	17.77%
Tier I Ratio %	14.20%
Main Capital Ratio %	14.20%

ORGANIZATIONAL STRUCTURE

Banrisul's Organizational Structure of Risk Management Control is organized as follows:

The competences and duties listed below are described in the Institution's regulations, resolutions and internal regulations.

Board of Directors in the scope of Risk Management

a) To approve the appointment of the responsible director and the organizational structure for the Management of Corporate and Capital Risks.

b) To approve Banrisul's Risk Management Policies, submitted by the Board of Executive Officers, as a statutory assignment, in accordance with the rules of these collegiate bodies.

c) To expressly omit its opinion about the actions for timely correction of problems identified in the reports on the risk management structures addressed in the respective Policies.

d) To take responsibility for the information disclosed in public access report containing the description of the Corporate and Capital Risk Management Structure.

e) To ensure compliance with the requirements of the Regular Bodies and Supervisors.

Board of Executive Officers

a) To comply with and enforce compliance with the Bank's fundamental laws and execute the resolutions of the Annual Shareholders' Meeting and the Board of Directors;

b) To propose to the Board of Directors the general orientation of the Bank's businesses and operations;

c) To organize the internal rules for the Bank's internal services and modify them when deemed necessary;

d) To authorize the granting of guarantees, sale of assets and transaction or waiving of rights, in compliance with the Bylaws;

e) To establish general and uniform standards for the appointment, promotion, punishment, resignation, licenses, leaves, salaries, bonuses and other benefits for employees not in positions of trust, delegating competence for the implementation of those standards;

f) To create, modify and remove positions of trust, establishing the value of their respective bonuses and benefits, and to provide, remove, penalize, terminate, grant licenses to employees in said positions;

g) To distribute and apply the profits recorded, respecting, within the limits of each semester's result, the mandatory distribution of fixed and minimum dividends provided for in the Bylaws and other legal and regulatory rules;

h) To create and close branches and representations in any location of the country or abroad, and

i) To prepare and revise the strategic plan on an annual basis, establishing the main guidelines on the administrative, human resources, investment and technology, products and services policy.

Internal Audit

With regard to Risk Management, the Internal Audit is responsible for the following activities:

a) To execute assessment tests on implemented systems, practices and procedures at least once a year in order to measure, monitor, control and report credit risk management exposure.

b) To act on the Operational Risk management process, pursuant to Annex 6, Title 32 of the Institutional Manual.

c) To ensure compliance with the Treasury and Market Risk Management Policy.

Bank Management Committee

a) To consolidate the Bank's global strategic vision, which involves business, administrative, risk, information technology, internal controls and other aspects;

b) To consolidate, adapt and resolve on the proposals of the various Committees, aligning them with the Bank's strategic vision, and, in the case of specific competencies of the Board of Executive Officers established in the Bylaws, recommend them to the Board of Executive Officers in the form of Policies or Guidelines;

c) To monitor and keep track of the proposed and carried out actions as for adherence to guidelines established by the Board of Executive Officers;

d) To approve the calculated amount for payment of RV1, RV2 and RV4 Variable Compensations and define dates for disclosure and payment;

e) To define and propose to the Board of Executive Officers the guidelines for the Business Model and the 1, 2, 3 and 4 Variable Compensations;

f) To resolve on the proposals for the Bank's Sales Goal, in the retail and corporate segments, as well as its Expenses Goal;

g) To resolve on the assessment and publication of the results of the Sales Goal and the Certification of Branches;

h) To establish the expansion policy for the Bank's points of sale – Branch Network;

i) To decide on investments related to the Bank's Expansion Program, in accordance with the strategic guidelines established by the Board of Executive Officers;

j) To evaluate, recommend and propose to the Board of Executive Officers measures for subjects analyzed that go beyond the Committee's scope and/or competence;

k) To arbitrate on divergent positions from other Committees, and

l) To practice the other acts and exercise the other powers assigned to it by the Board of Executive Officers.

Control and Risk Officer

With regard to Risk Management, the Control and Risk Officer is responsible for the following activities:

a) To ensure corporate and capital risk management process that will identify, measure, monitor, control, mitigate and communicate risks related to the Economic-financial Conglomerate to the decision-making and regulating bodies.

b) To ensure the implementation of the guidelines of the Corporate and Capital Risk Management Institutional Policies.

c) To meet the requirements of the Regulating Body as regards the Resolutions on credit, operational, liquidity, market and capital risk control.

d) To be responsible for Credit, Market, Liquidity, Operational and Capital Risk before Brazil's Central Bank.

Corporate Risk Committee

The Corporate Risk Committee is composed by the following members:

- Executive Superintendent of the Corporate Risk Management Unit – Coordinator;
- Controller of the Controllership;
- Executive Superintendent of the Accounting Unit;
- Executive Superintendent of the Credit Unit;
- Executive Superintendent of the Credit Policy and Risk Analysis Unit;
- Executive Superintendent of the Credit Recovery Unit;
- Executive Superintendent of the Information Technology Security Unit;

- Executive Superintendent of the Financial Unit;
- Executive Superintendent of the Special Businesses Unit.

The Corporate Risk Committee has the following responsibilities:

a) To approve methodologies applied in the measurement of risks;

b) To ensure the correct application of the credit, market, liquidity and operational and capital management risk management policies;

c) To approve exposure limits according to the appropriate level of risk;

d) To report the Bank's risk positions and capital requirement allocation to the Board of Executive Officers and the Board of Directors;

e) To evaluate and monitor the Institution’s tendency to risk against its strategic objectives, ensuring the compliance between each other;

f) To define mechanisms for continuous improvement of the risk culture;

g) To execute the strategic management of credit, market, liquidity, operational and capital management risks;

h) To systematically monitor the Institution's delinquency levels and to propose changes to the risk and credit policies, when necessary, and

i) To resolve on the credit, market, liquidity, operational and capital management risk policies and perform the other acts and exercise the other powers assigned by the Board of Executive Officers.

g. **Adjustments to the operational structure and internal controls by verifying the effectiveness of the adopted policy**

The Institution’s Management understands that the operational structure and internal controls adopted are adequate to monitor the risks to which the Company is exposed.

5.3 In relation to the last fiscal year, inform whether there were material changes to the main market risks the Company is exposed to or to the adopted risk management policy

There were no material changes to the main market risks the Institution is exposed to or to the adopted risk management policy in the last fiscal year.

5.4 Other information deemed relevant by the Company

More information on Risk Management is available at Banrisul's Investor Relations website.

6. COMPANY'S HISTORY

6.1 Incorporation of the Company

Date:	September 12, 1928
Type:	Publicly-held company
Country of incorporation:	Brazil

6.2 Duration of the Company

The Company’s duration is indeterminate.

6.3 Company's history

Our company was incorporated in 1928 as a state-run rural and mortgage credit bank, whose core business was long-term loans backed by mortgage guarantee. In 1931, after absorbing Banco Pelotense, we began to operate as collector of Rio Grande do Sul State's taxes.

In 1934, we began our expansion process, with the opening of branches in several cities in the state, proceeding with our growth and consolidation process by absorbing state-run financial institutions, such as Banco Real de Pernambuco (1969), Banco Sul do Brasil (1970), Rio Grande do Sul State Development Bank - BADESUL (1992) and Distribuidora de Títulos e Valores Mobiliários do Estado do Rio Grande do Sul - DIVERGS (1992).

In March 1990, we became a multiple-service Bank, with commercial portfolio, real estate credit and loan, financing and investment; later on there were added the development (1992), leasing (2003) and investment (2005) portfolios. In 1997, we absorbed Caixa Economica Estadual's branches, clients and certain assets; thus, we operate the payment of state government civil servants and provide financial services to the State of Rio Grande do Sul and other entities related thereto.

In 1998, in view of our inclusion in the Program for Reducing the Presence of the State Public Sector in Banking Activity (PROES), we underwent a restructuring process that resulted in a capital injection of R$1,400.0 million, comprising: (i) R$700.0 million from bonds issued by the Brazilian government and the Central Bank; and (ii) R$700.0 million from actuarial liabilities from the Banrisul Foundation and amounts due to the Brazilian Development Bank (BNDES) which were assumed by the State of Rio Grande do Sul and subsequently converted into interest in our capital stock.

We used the R$700.0 million capitalized as bonds (i) to record provisions for losses from operations, especially credit operations, and for labor risks; (ii) to partially write off tax credits and deferred assets; and (iii) to make investments in IT.

In 2007, we concluded the capital injection process with the Primary and Secondary Public Offering of Class B Preferred Shares. The funds provided by the offering totaling R$800 million reinforced our capital base, allowing us to finance credit granting expansion and to implement information technology investment and commercial strategies, ensuring greater competitiveness and solidifying our role as agents supporting the development of Rio Grande do Sul's economy.

In order to comply with market requirements, we adhered to the Corporate Governance Level 1 of São Paulo Stock Exchange (Bovespa) and constituted the Department of Investor Relations, Capital Markets and Governance, with the purpose of maintaining and strengthening relationship with stakeholders.

In 2008, we inaugurated the Santa Catarina Superintendence, expanding our operations in the state. The expansion project in the state of Santa Catarina aims to deepen relationship with local clients, foster partnerships that strengthen the development of Santa Catarina state and expand our operations. In the same year, our Board of Directors submitted a proposal to establish additional dividends of 10%, effective in fiscal years 2007 and 2008. This proposal was approved at the Annual and Special Shareholders' Meeting held on March 25, 2008, for a total dividend payment of 35% on adjusted net income.

The year 2009 was marked by the consolidation of the strategy of adding efficiency and quality to management, which was accomplished through the implementation of a result oriented management model. This decision implied a profound and comprehensive change across all of the Bank's channels, the modernization of its technological infrastructure, the revision of internal processes, the development of a new credit model, the restructuring of the model of sales targets and remuneration for employees, and the implementation of a financial initiative at an opportune time, which was bank's capitalization in 2007. This operational and financial infrastructure sustains the continued leadership of Banco do Rio Grande do Sul and its expansion into other markets, the increase in revenues from a broad and diversified client base, with potential for expansion through the implementation of innovative technologies.

In 2010, we had consistent growth of our equity base, closing the period with favorable solvency and profitability ratios, most of them above guidance disclosed to the market in March and maintained up to the end of 2010. The expansion of credit offer, in line with highly dynamic national and regional economic activity and excellent job market indicators resulted in the predominant strategy practiced in 2010 regarding asset allocation.

In 2011, we entered into partnerships with Visa, MasterCard and VerdeCard, and an agreement with the SafetyPay system for international purchases via Amazon.com. The strengthening of Rede Banricompras helps in executing the strategy of geographic diversification and in sustaining the Bank's growth. In this regard, in December 2011 we signed a Memorandum of Understanding and carried out due diligence for the acquisition of 49.9% interest in Bem-Vindo Promotora de Vendas e Serviços, a chain of stores and a structure specialized in the origination of payroll-deductible loans for social security (INSS) beneficiaries as well as federal, state and municipal government employees. The operation, conducted in partnership with MatoneInvest Holding, is part of the strategic move to leverage client relations channels, expand the credit portfolio and augment the potential for the nationwide distribution of financial products and services.

In the competitive market, Banrisul in September 2011 placed 11th among medium-sized and large banks of the National Financial System in terms of total assets, 11th in equity, 8th in total deposits and 7th in number of branches, according to rankings disclosed by the Central Bank of Brazil, excluding the BNDES.

In the competitive market, Banrisul closed 2012 ranked11th among medium-sized and large banks of the National Financial System in terms of total assets, 11th in equity, 7th in total deposits and 7th in number of branches, according to rankings disclosed by the Central Bank of Brazil, excluding the BNDES.

We closed 2013 ranked 11th among medium and large-sized banks of the National Financial System in terms of total assets, coming 11th in equity, 7th in total deposits, and 7th in number of branches, according to rankings disclosed by the Central Bank of Brazil, excluding the BNDES.

At the end of December 2014, Banrisul S.A. ranked 12th among medium and large-sized banks of the National Financial System in terms of total assets, maintaining the 12th position in equity, 7th in total deposits, and 7th in number of branches, according to rankings disclosed by the Central Bank of Brazil, excluding the BNDES.

6.4 CVM Registration Date

We were registered as publicly-held company at CVM on July 20, 1977.

6.5 Main corporate events, such as merger, consolidation, spin-off, absorption of shares, sale and acquisition of controlling interest, acquisition and sale of important assets experienced by the Company or any of its subsidiaries or affiliates

a) Event 1

In July 2007, we increased capital through Primary and Secondary Public Offer of our Class B Preferred Shares.

b) Main conditions of the operation

The Offer comprised the public offer of 66,666,666 of our new Class B Preferred Shares. In addition, a total of 107,246,377 Class B Preferred Shares held by the State of Rio Grande do Sul (Selling Shareholder) were offered to the public.

The Offer in Brazil was conducted in the over-the-counter market, with firm settlement guarantee, pursuant to the Placement Agreement entered into between Banrisul, the State of Rio Grande do Sul (Selling Shareholder), Banco de Investimentos Credit Suisse (Brasil) S.A. (Lead Manager), Banco UBS Pactual S.A. (Coordinator) and the Brazilian Clearing and Depository Corporation (CBLC), in conformity with CVM Instruction 400.

In addition to the amount of Class B Preferred Shares purpose of the Offer, there was the option of overallotment of up to 26,086,955 Class B Preferred Shares, held by the State of Rio Grande do Sul (Selling Shareholder), equivalent to up to 15% of total Class B Preferred Shares, initially tendered, as per option to subscribe and/or acquire these Overallotment Shares granted by the State of Rio Grande do Sul (Selling Shareholder) to Banco UBS Pactual S.A. (Manager), to be partially or fully exercised, after notification to Banco de Investimentos Credit Suisse (Brasil) S.A. (Lead Manager), provided that the decision of exercising the overallotment of Class B Preferred Shares at the moment of Offer pricing is taken in mutual agreement by the Managers, at the same conditions and price used in Class B Preferred Shares, initially tendered, to meet possible excess demand during the Offer, in accordance with Article 24, of CVM Instruction 400. The Greenshoe Option was not exercised by Banco UBS Pactual S.A. (Manager) within 34 days as of the date of Announcement of Commencement, inclusive.

c) Companies involved

Banco do Estado do Rio Grande do Sul S.A. and the State of Rio Grande do Sul.

d) Effects arising from the operation in shareholding position, especially on interest held by controlling shareholder, shareholders with more than 5% of capital stock and issuer's management

In view of the primary and secondary public offer of our shares, total interest of the State of Rio Grande do Sul (our Controlling Shareholder and Selling Shareholder in the Offer) was reduced from 99.4% to 57%, and its interest of 99.62% in the Company's voting capital remained unchanged.

The Bank's free float was changed to 43.03%, above the 25% required by the Corporate Governance Level 1, to which we adhered at the moment of the offer. Due to the increase in free float and consequent expansion of the shareholding base, members for the Bank's Board of Directors and Board of Executive Officers were elected by our preferred shareholders.

e) Shareholding position before and after the operation

Position before the Public Offer (July 2007)

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.6%	2,721,484	68.0%	133,333,334	100.0%	340,254,677	99.4%
Banrisul Social Security Foundation	449,054	0.2%	158,983	4.0%			608,037	0.2%
Rio Grande do Sul State Social Security Foundation	44,934	0.0%	168,612	4.2%			213,546	0.1%
Management			12	0.0%			12	0.0%
Other	280,213	0.1%	951,326	23.8%			1,231,539	0.4%
TOTAL	**204,974,060**	**100.0%**	**4,000,417**	**100.0%**	**133,333,334**	**100.0%**	**342,307,811**	**100.0%**

Position after the Public Offer (July 2007)

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.6%	2,721,484	68.0%	26,086,957	13.0%	233,008,300	57.0%
Banrisul Social Security Foundation	449,054	0.2%	158,983	4.0%			608,037	0.1%
Rio Grande do Sul State Social Security Foundation	44,934	0.0%	168,612	4.2%			213,546	0.1%
Management			12	0.0%			12	0.0%
Other	280,213	0.1%	951,326	23.8%	173,913,043	87.0%	175,144,582	42.8%
TOTAL	**204,974,060**	**100.0%**	**4,000,417**	**100.0%**	**200,000,000**	**100.0%**	**408,974,477**	**100.0%**

Position as of December 31, 2011

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.59%	2,721,484	76.08%	26,086,957	13.02%	233,008,300	56.97%
Banrisul Social Security Foundation	449,054	0.22%	158,983	4.44%	-	0.00%	608,037	0.15%
Rio Grande do Sul State Social Security Foundation	44,934	0.02%	168,612	4.71%	-	0.00%	213,546	0.05%
Management	9	0.00%	15	0.00%	-	0.00%	24	0.00%
Free Float	349,518	0.17%	528,093	14.76%	174,266,959	86.98%	175,144,570	42.83%
TOTAL	**205,043,374**	**100.00%**	**3,577,187**	**100.00%**	**200,353,916**	**100.00%**	**408,974,477**	**100.00%**

Position as of May 31, 2012

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.59%	2,721,484	76.83%	26,086,957	13.02%	233,008,300	56.97%
Banrisul Social Security Foundation	449,054	0.22%	158,983	4.49%	-	0.00%	608,037	0.15%
Rio Grande do Sul State Social Security Foundation	44,934	0.02%	168,612	4.76%	-	0.00%	213,546	0.05%
Management	9	0.00%	6	0.00%	100	0.00%	115	0.00%
Free Float	349,518	0.17%	507,938	14.28%	174,287,023	86.98%	175,144,479	42.83%
TOTAL	**205,043,374**	**100.00%**	**3,557,023**	**100.00%**	**200,374,080**	**100.00%**	**408,974,477**	**100.00%**

Position as of May 29, 2013 (2013 Reference Form, due to conversion of shares to date)

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.59%	2,721,484	76.83%	26,086,957	13.02%	233,008,300	56.97%
Banrisul Social Security Foundation	449,054	0.22%	158,983	4.49%	-	0.00%	608,037	0.15%
Rio Grande do Sul State Social Security Foundation	44,934	0.02%	168,612	4.76%	-	0.00%	213,546	0.05%
Management	8	0.00%	6	0.00%	100	0.00%	114	0.00%
Free Float	349,519	0.17%	492,266	13.92%	174,302,695	86.98%	175,144,480	42.83%
TOTAL	**205,043,374**	**100.00%**	**3,541,351**	**100.00%**	**200,389,752**	**100.00%**	**408,974,477**	**100.00%**

Position as of May 30, 2014 (2014 Reference Form, due to conversion of shares to date)

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.59%	2,721,484	77.09%	26,086,957	13.02%	233,008,300	56.97%
Banrisul Social Security Foundation	449,054	0.22%	158,983	4.50%	-	0.00%	608,037	0.15%
Rio Grande do Sul State Social Security Foundation	44,934	0.02%	168,612	4.78%	-	0.00%	213,546	0.05%
Management	8	0.00%	6	0.00%	100	0.00%	114	0.00%
Free Float	349,540	0.17%	481,366	13.63%	174,313,574	86.98%	175,144,480	42.83%
TOTAL	**205,043,395**	**100.00%**	**3,530,451**	**100.00%**	**200,400,631**	**100.00%**	**408,974,477**	**100.00%**

Position as of May 29, 2015 (2015 Reference Form, due to conversion of shares up to March 25, 2015 and pursuant to ICVM 358 Article 11 04/30/2015)

Shareholder	Common	%	Class A Preferred	%	Class B Preferred	%	TOTAL	%
Rio Grande do Sul State	204,199,859	99.59%	2,721,484	77.11%	26,086,957	13.02%	233,008,300	56.97%
Banrisul Social Security Foundation	449,054	0.22%	158,983	4.50%	-	0.00%	608,037	0.15%
Rio Grande do Sul State Social Security Foundation	44,934	0.02%	168,612	4.78%	-	0.00%	213,546	0.15%
Management	55	0.00%	15	0.00%	100	0.00%	170	0.00%
Free Float	349,493	0.17%	480,257	13.61%	174,314,674	87.98%	175,144,424	42.83%
TOTAL	**205,043,395**	**100.00%**	**3,529,351**	**100.00%**	**200,401,731**	**100.00%**	**408,974,477**	**100.00%**

a) Event 2

On October 5, 2007, we absorbed the credit card portfolio of the subsidiary Banrisul Serviços Ltda., through the Credit Assignment Agreement and Other Covenants, which regulated the transfer of rights and obligations relative to Visa and Mastercard card transactions.

b) Main conditions of the operation

The absorption was conducted at the book value of trial balance sheets of all assets representing trade receivables, relating to purchases invoiced or to invoice, in addition to the assumption of all liabilities relating to obligations with accredited merchants and other obligations with card brands, totaling the net amount of R$33,852,231.07.

c) Companies involved

Banco do Estado do Rio Grande do Sul S.A. and Banrisul Serviços Ltda.

d) Effects arising from the operation in shareholding position, especially on interest held by controlling shareholder, shareholders with more than 5% of capital stock and issuer's management

Not applicable.

e) Shareholding position before and after the operation

Not applicable.

a) Event 3

In March 2012, Banrisul acquired 49.9% of capital of Credimatone Promotora de Vendas e Serviços S/A.

b) Main conditions of the operation

Credimatone Promotora de Vendas e Serviços S/A is expert in payroll-deductible loan assignment, which will be part of Bank's growth strategy, focused on the expansion of customer service channels, increase in volume of credit and distribution of financial products and services countrywide. Loan operations made through Bem-Vindo chain of stores reached R$1,674.9 million at the end of 2012.

c) Companied involved

Banco do Estado do Rio Grande do Sul.

d) Effects arising from the operation in shareholding position, especially on interest held by controlling shareholder, shareholders with more than 5% of capital stock and issuer's management

Not applicable.

e) Shareholding position before and after the operation

Not applicable.

a) Event 4

In October 2013, Banrisul Serviços, specialized in voucher management, integrated the operations of Banrisul's acquiring network into its business. The administrative and operational restructuring resulted in the change of the purpose and corporate name of the company, which is now called Banrisul Cartões S.A. The restructuring optimized processes, increasing the strategic strength of the acquisition and voucher businesses.

2014 was marked by the consolidation and expansion of Banrisul Cartões S.A. in the acquiring segment, with the launch of the Vero brand and Vero Mobile. Vero ended December 2014 with over 161 thousand affiliated merchants and financial volume of R$14,950.8 million, 41.7% higher than reported in the previous year.

In the voucher segment, over 2014, was carried out the replacement of cards and the renovation of the signaling equipment of accredited establishments. Among the products launched in 2014, it is highlighted the Vale Cultura card, the Expenses Management card and the Payment Management card, which are payment instruments that allow better management of purchases. The performance was proven by the excellent results, reaching 9,800 member companies, 764,700 users, and more than 87,000 affiliated merchants. Banrisul Cartões' net income reached R$117.2 million in the period.

b) Main business conditions

The integration of the voucher management and acquiring network operations increases the businesses' potential strategic strength.

c) Companies involved

Banco do Estado do Rio Grande do Sul S.A. and Banrisul S.A. Administradora de Consórcios

d) Effects resulting from the operation on the shareholding structure, especially on the interest of the controlling shareholder, shareholders with more than 5% of the capital and shareholders who members of the issuer's management

There were no effects.

e) Shareholding structure before and after the operation

Banco do Estado do Rio Grande do Sul S.A. – 99.78%

Banrisul S.A. Administradora de Consórcios – 0.22%

a) Event 5

In December 2014, Banrisul was authorized by the Brazilian Central Bank and Brazil’s Antitrust Agency (CADE), respectively, to hold interest in the capital stock of a holding company which will control an insurance company with exclusive rights to sell life insurance and social security products via Banrisul’s distribution channels.

Given such approvals, on December 11, 2014, Banrisul and Icatu entered into a specific instrument in which Banrisul undertakes to sell exclusively, for a period of 20 years, life insurance and social security products. This instrument shall be effective until both parties have obtained SUSEP’s authorization, pursuant to Article 9 of the CNSP Resolution 166/07, for Banrisul to hold interest in the capital stock of the insurance company, after which all the rights and obligations from said instrument will be transferred to the new company, without interruption of the exclusivity period.

b) Main business conditions

Exclusively distribute, for a period of 20 years, life insurance and social security products.

c) Companies involved

Banco do Estado do Rio Grande do Sul S.A. and Icatu Seguros S.A.

d) Effects resulting from the operation on the shareholding structure, especially on interest of the controlling shareholder, shareholders with more than 5% of the capital and shareholders who members of the issuer's management

There were no effects.

e) Shareholding structure before and after the operation

The shareholding structure will be as follows:

Banco do Estado do Rio Grande do Sul S.A. – 49.99% of the Holding Company’s capital stock;

Icatu Seguros S.A. –50.01% of the Holding Company’s capital stock.

6.6 Bankruptcy petition

To date, no petition requiring our bankruptcy and/or court-supervised or out-of-court reorganization was filed.

6.7 Other information deemed relevant by the Company

There was no other relevant information on item “6”.

7. COMPANY ACTIVITIES

7.1 Summary description of activities carried out by the Company and its subsidiaries

Credit Operations

Payroll Loans

With regards to the credit portfolio, we focus our operations on personal credit, especially payroll deductible loans, although the corporate segment also accounts for a significant portion of total operations. We believe that this type of loan represents excellent economies of scale. The table below shows the commercial credit portfolio for our individual clients as at December 31, 2014:

Type	Total (R$ million)	% of Credit	% Default > 60 days
Personal Credit [1]	1,232.2	11.5%	4.06%
Overdraft Loans	536.2	5.0%	9.33%
Payroll Deductible Loans [2]	7,936.8	74.1%	4.48%
Other	1,005.5	9.4%	13.67%
Total	10,710.7	100.0%	5.54%

(1) Includes one-minute credit, automatic personal credit and non-payroll deductible loan.
(2) Includes credit originated through the Banrisul's branches network, the *Bem* Products and Services channel and acquisition of portfolios.

Payroll deductible loan operations are mostly geared towards state public servants, INSS retirees and pensioners, given that this market accounts for a good deal of the product, although the Bank also maintains agreements with city governments, private companies and entities outside the state of Rio Grande do Sul. This credit type is very attractive for both clients and the Bank. For clients, the discount directly from payroll is a convenience because the beneficiary does not have to worry about payment as, under the agreement, amounts due are retained from earnings and passed through to the Bank each month. At the same time, this type of loan is advantageous for the Bank as direct agreements with companies reduce the liquidity risk of these operations. On December 31, 2014, we had R$7,936.8 million in open payroll deductible loans, representing 74.1% of total loans to individuals.

On the other hand, Banrisul also offers personal loans that are not payroll deductible, payable via discounts directly from checking accounts. Terms for these loans can reach 24 months and the maximum amount that clients can contract is established based on individually calculated risk. In addition to revolving credit lines with monthly payments Banrisul offers specific credit lines with single payments, such as advances on end-of-the-year bonuses and income tax rebates. In addition, our clients have pre-approved credit lines on their checking accounts and can contract them electronically via ATMs, Banrifone, M-Banking or the internet. On December 31, 2014, we had R$1,232.2 million in outstanding personal loans, representing 11.5%of total loans to individuals.

In addition to the programs above, Banrisul has a direct consumer credit portfolio to finance the acquisition of new or used vehicles, both Brazilian and imported. The limit for Direct Consumer Credit/Vehicles is calculated for each client based on his or her risk classification. The maximum financing limit varies according to the year in which the vehicle was manufactured, and it can reach 100% for new vehicles with payroll deductible financing, guaranteed by the secured fiduciary sale of the vehicle.

As a product designed to increase loyalty, we offer our individual clients overdraft loans, consisting of a revolving limit that can be used with magnetic cards, including via the Banricompras system and checks. Limits for this type of loan are established by a system using the risk classification calculation, with a minimum of R$100.00 and maximum according to the client's ability to pay. Interest rates on overdraft vary in line with client profiles.

Total individual loan operations in our commercial portfolio grew 14.5% in 2012 to R$9,252.1 million at the close of the year, 7.2% in 2013 to R$9,915.8 and 8.0% in 2014 to R$10,710.7 million.

On December 31, 2014, we had a total portfolio of payroll deductible loans of R$7,936.8 million. Other lines totaled R$2,773.9 million, representing 25.9% of our total loan portfolio.

Revenue from individual loans came to R$2,847.8 million on December 31, 2014, versus R$2,616.6 million in the same period in 2013.

In addition, loans in default in the commercial portfolio accounted for ***5.54***% of the total individual loan portfolio on December 31, 2014, affected by delay in operations acquired from the bank under out-of-court liquidation.

Corporate Loans

Our corporate client base is primarily composed of micro, small and mid-sized businesses with average monthly revenue of up to R$25.0 million, representing approximately 57.2% of the total amount invested in corporate clients. We have special credit lines for micro and small companies, a segment that we consider strategic, and for mid-sized and large companies. Amounts, rates and terms for the retail segment are pre-established as product policies while conditions for mid-sized and large companies are negotiated on a case-by-case basis.

Our key credit lines include working capital loans and overdraft protection, bill payment and receivables prepayment. The table below shows our corporate commercial loan portfolio on December 31, 2014:

Type	**Total (R$ million)**	**% of Credit**	**% Default > 60 days**
Working Capital	7,068.8	74.6%	4.44%
Overdraft Protection	733.7	7.7%	3.43%
Collateral Account	305.6	3.2%	1.17%
Receivables Discount	368.0	3.9%	2.47%
Other	1,001.7	10.6%	11.64%
Total	9,477.8	100.0%	4.94%

Among the initiatives carried out in 2014 regarding corporate commercial loans, the highlights were the expansion of operations in the acquiring market, which boosted business and sustained turnover, and adjustments to the corporate loan renegotiation policy.

We offer clients headquartered in Rio Grande do Sul State financing options for ICMS tax debts, paid monthly. Amounts vary for each client as they are a function of revenue, with terms of up to 27 days. This type of financing presents synergies with tax collection activities as, on the one hand, the company does not need to have cash on hand to pay the tax and, on the other, the tax authorities collect the amounts due.

Our direct consumer credit portfolio for companies includes financing for the acquisition of machinery and vehicles for use by the contracting company. Vehicle and machinery financing can reach up to 80% and 90% of the value of the asset, respectively, as a function of the respective year of manufacture. Terms and rates vary according to the type of asset and the company's financial standing. Guarantees required are generally a surety by the partners and the secured fiiduciary sale of the asset.

Total credit operations in the commercial corporate loan portfolio increased 17.4% in 2012 to R$8,445.6 million at the end of the year, 2.0% in 2013 to R$8,616.0 million and 10.0% in 2014 to R$9,477.8 million.

On December 31, 2014, our commercial credit portfolio for corporate loans represented 31.1% of total loans. Revenue from corporate loans increased by 15.7% to R$1,564. 1 million in the period ended December 31, 2014, compared to R$1,352.4 million in 2013.

Loans in default as a percentage of total corporate loans came to 4.94% on December 31, 2014.

Real Estate Financing

We offer various types of real estate financing for individuals and companies for property acquisitions, construction and practiced for personal loans. Guarantees for real estate financing consist of the property itself, through secured fiduciary sale or mortgaging.

The table below shows the main features of our real estate financing programs:

System	Property Value [1]	Maximum Financing Amount	Nominal Rate	Maximum Term
S.F.H Residential	Up to R$150,000.00	90% of the value of the property.	8.5% p.a.	35 years
S.F.H Residential	From R$150,001.00 to R$650,000.00[3]	90% of the value of the property, limited to R$585,000.00.	9.5% p.a.	35 years
S.H Residential	More than R$650,000.00[3], or financing of more than R$585,000.00	90% of the value of the property.	10.50% p.a.	35 years
S.H Commercial [2]	Commercial	70% of the value of the property.	12.28% p.a.	15 years
S.H. Residential Expansion	Residential (Expansion)	Minimum of R$5,000.00 - 90%	12.00% p.a.	12 years
S.H. Residential Remodeling	Residential (Remodeling)	Minimum of R$10,000.00 - 90%	12.00% p.a.	5 years

[1] Appraisal amount or purchase and sale price, whichever is lower

[2] IOF is not financed (3%+0.38%)

[3] For São Paulo, Rio de Janeiro, Minas Gerais and the Federal District, the reference amount is R$750,000.00, as per Brazilian Central Bank Resolution 4271 (http://www.bcb.gov.br/pre/normativos/res/2013/pdf/res_4271_v1_O.pdf)

In addition, we offer companies the Business Plan for financing real estate development activities. The expansion of real estate credit is directly related to economic stability, together with significant changes in legislation that allow for reduced risk associated with real estate developments, providing greater operational security. In the Business

Plan, we finance up to 90% of the cost of the works with payment terms of 60 months and interest rates that vary from 11.00% to 12.00% plus the annual variation in the TR (reference rate).

Our total real estate financing operations grew 29.0% in 2012 to R$2,245.9 million at the end of the year, 20.7% in 2013to R$2,710.9 million and 21.0% in 2014to R$3,280.2 million. The real estate financing portfolio accounted for 10.8% of our loan operations in December 2014.

According to current Brazilian Central Bank regulations applicable to all agents of the SBPE (Brazilian Savings & Loan System), we must allocate at least 65% of average savings deposits to real estate financing. In 2014, we granted real estate financing for this purpose for R$998.0 million. In the fiscal year ended December 31, 2014, the total amount subject to said mandatory allocation was R$4,437.1 million, or R$4.741,7 million including the face value of credits against the FCVS (Salary Variation Compensation Fund), exceeding the required minimum.

Revenue from real estate financing operations in the fiscal year ended December 31, 2014 increased 26.0% over 2013, from R$231.3 million to R$291.6 million. Loans overdue by more than 60 days as a percentage of total real estate loans on December 31, 2014, came to 0.38%.

On December 1, 2012, the Private Instrument for Credit Assignment and Other Covenants (“Assignment Contract”) was executed in which BANRISUL, the creditor of the Financing Contracts, assigned to CIBRASEC COMPANHIA BRASILEIRA DE SECURITIZAÇÃO the real estate credits arising from these contracts in the total amount of R$111.4 million with co-obligation. In other words, BANRISUL continues to manage collections of these loans, passing through amortizations and interest received to CIBRASEC. This operation was pegged to the issue of Real Estate Receivable Certificates (“CRIs”). On December 31, 2014, the portfolio assigned to CIBRASEC totaled R$66.5 million.

Agricultural Loans

Agricultural loans target all agricultural segments, including small, mid-sized and large farmers, individuals, cooperatives and affiliates. Banrisul offers financing to various links in the agribusiness chain, both in regard to costs and investments as well as financing the sale and storage of produce.

Our financing lines for the sector include: *(i)* financing crop and animal husbandry costs , *(ii)* anticipation of receivables and discounted agribusiness trade bills, *(iii)* financing of product storage for subsequent sale, *(iv)* financing programs via BNDES/FINAME onlending for machinery and equipment acquisitions, works, the construction of processing units and infrastructure and (v) financing programs via BNDES onlending under the National Family Agriculture Program – PRONAF and the National Small Farmers’ Support Program – PRONAMP, with special conditions for these segments, and financing for investments in corporate agriculture.

We also have products specially designed for exhibitions and fairs in which we participate whereby we provide credit for the acquisition of livestock, machinery and equipment according to pre-approved limits and parameters. The purpose of these criteria is to expedite the operation and business at the event and in these types of loans we can grant financing with our own funds or via onlendings from BNDES/FINAME.

As per Brazilian Central Bank regulations, the financial agent is required to allocate part of demand deposits and rural savings resources to agricultural loans. Of this total, some of the funds must be allocated to loans for family farmers (PRONAF), mid-sized farmers (PRONAMP), and cooperatives. As of this date, our loans are within the required limits.

In the fiscal year ended December 31, 2014, the average amount from demand deposits subject to required allocation was R$830.6 million, while the average actually allocated was R$1,137.8 million at between 1.5 % p.a. and 6.5% p.a.

The average amount from rural savings subject to required allocation was R$354.3 million, while the average actually allocated was R$680.7 million at between 10.5% p.a. and 14.0% p.a. Projections for the close of the required allocation period in June 2015 indicate that both requirements will be met

The balance of agricultural loan operations in our portfolio, including with our own resources and through onlendings, grew 6.3% in 2012 to R$1,811.9 million, 21.9% in in 2013 to R$2,209.5 million (including securitization) and 24.4% in 2014 to R$2,749.6 million. Of this total, R$1,838.0 million came from our own funds and R$911.6 million from onlendings.

Revenue from agricultural loan operations moved up by 37.6% from R$103.9 million in the fiscal year ended December 31, 2013 to R$143.0 million in 2014. As a percentage of the total portfolio with own funds from required allocations, loans overdue by more than 60 days on December 31, 2014 came to 0.94%.

Loans to the Public Sector

We offer short and long-term financing to public sector entities except for the State of Rio Grande do Sul, in line with the restrictions established in the Banking Reform Law. The beneficiaries of these operations and the amounts involved must comply with the public sector credit restriction limits and the disbursement order of the National Treasury Secretary.

Our total public sector loan operations, excluding the leasing amount, decreased 6.7% in 2012 to R$110.5 million, fell 11.8% in 2013 to R$97.5 million and declined 9.2% in 2014, closing the year at R$88.5 million.

On December 31, 2014, our public sector loan portfolio represented 0.3% of our total loan operations. Revenue from these operations fell by 30.6% in 2014, from R$14.1 million, at the end of 2013, to R$9.8 million.

Leasing

We offer financial leasing products in the industrial, retail, service and individual segments, focusing on vehicles, machinery, and equipment and information technology items. Our clients in these operations are primarily companies, which account for 90.0% of the portfolio.

The minimum term for leasing operations is 24 months, with a maximum term that varies on a case-by-case basis, in line with the profile of the client, the nature and useful life of the asset and the residual value of the negotiated guarantee. The average rate for these operations was 19.2% in 2012, 16.2% in 2013 and 19.2% in 2014.

On December 31, 2014, we had a balance of R$76.8 million. As a percentage of total leasing operations, operations overdue by more than 60 days came to 4.44%. Revenue from leasing operations declined by 4.2% to R$12.7 million in the fiscal year ended December 31, 2014, compared to R$13.2 million at the close of 2013.

Payroll System

We offer our public and private sector clients services related to payroll transfers for both salaries and benefits. We seek to add value to our activities in this area, taking advantage of existing synergies with credit granting (especially payroll deductible loans) to offer public and private employees to whom we make the payments the possibility of becoming our clients and taking advantage of our other services. We do not earn revenues directly from this activity, which is used as a tool for capturing and cementing the loyalty of clients requiring other banking products and services.

Funding

Funds are raised through the branch network via our clients' deposits and issue of debt, financial bills and real estate loan. We offer several types of CDBs (bank deposit certificate) to our clients to meet each investor's profile, besides traditional, scheduled and integrated savings accounts.

Deposits totaled R$34,135.4 million, 66.0% of which are time deposits, 22.7% are savings deposits, 9.6% are demand deposits and 1.7% other deposits. Total deposits increased by 11.4% in 2014, versus R$30,644.6 million in the year ended December 31, 2013.

In December 2014, term deposits totaled R$22,522.8 million, an increase of 13.2% or R$2,618.7 million on December 2013. This type of deposit is the Bank's main funding instrument executed with individuals and legal entities, with fixed and floating interest rates corresponding to 94.08% and 5.92% of total portfolio, respectively.

Savings deposits totaled R$7,762.0 million at the end of December 2014, 11.0% or R$771.1 million up on December 2013.

In December 2014, demand deposits totaled R$3,280.8 million, 3.4% or R$117.0 million down on December 2013.

In 2012, the first debt issue took place in the international market, placing in two tranches the total amount of US$775 million in subordinated notes to compose the Bank's Tier II capital. The subordinated debts totaled R$2,222.5 million at the end of December 2014, an increase of R$361.0 million on December 2013.

The proceeds totaled R$2,837.8 million in December 2014, an increase of R$331.9 million on December 2013. In August 2013, Banrisul concluded the first issue of financial bills, totaling R$1,600.0 million. The issue took place in three series: the first series of R$700.0 million and two-year term, the second series of R$870.0 million and three-year term, and the third series of R$30.00 million and four-year term. The transaction represented the Bank's better positioning in the fixed-income market and created opportunities for future transactions with longer terms.

Acquiring and vouchers

In October 2013, the subsidiary Banrisul Serviços, specialized in voucher management, consolidated the operations of Banrisul Acquiring Network to its activities. The administrative and operational restructuring implied to amend the Company's purpose and name, which now is referred to as Banrisul Cartões S.A. For Banrisul Cartões, 2014 was a year of business consolidation and expansion, marked, in the acquiring segment, by the launch of the Vero brand and Vero Mobile. Vero is a multibrand network that offers commercial establishments a wide variety of products and services to help increase sales. Its advantage is that it uses a single machine to carry out transactions with Brazil's main debit and credit card labels: VISA, MasterCard, VerdeCard (from the Quero-Quero Group) and, exclusively, Banricompras card, in addition to all BanriCard vouchers.

Regarding credit cards, transaction volume with MasterCard, VISA and VerdeCard cards in 2014 increased by 117.3%, 110.5% and 62.6%, respectively, over 2013.

Referring to debit cards, Banricompras cards are exclusive and free-of-charge for Banrisul's clients who use their current account card to pay their purchases at accredited merchants, in cash or by installments, without paying interest or annuity, and they have the security of using a chip card. Banricompras operations totaled R$8,249.6 million in 2014, 13.0% up on 2013, totaling 100.7 million transactions.

Complementing our corporate products, we offer our corporate clients meal and grocery voucher management services using cards, in addition to BanriCard Benefit, Gift, Salary, *Vale-Cultura* (a voucher for cultural activities), Fuel, Fleet Maintenance, Payment Management and Expense Management cards. Among the products launched in 2014, the highlights were BanriCard *Vale-Cultura*, BanriCard Expense Management and BanriCard Payment Mangement, payment instruments that improve sales management. The excellent performance was proved by the figures, which reached 9.8 thousand accredited companies, 764,700 cards, and more than 87,000 accredited merchants.

By the end of 2014, transactions captured with Vero cards reached 188.3 million and transaction volume totaled R$14,950.8 million, 41.7% up on 2013. Vero closed December 2014 with more than 161,000 accredited merchants.

In the years ended December 31, 2012, 2013 and 2014, our direct revenues from fees involving the Vero network were R$148.8 million, R$174.2 million and R$335.2 million, respectively.

Credit Cards

We operate cards directly with the Visa and MasterCard brands and are responsible for the entire administration process for these cards, including billing and financial settlement.

We carried out internal campaigns with VISA and MasterCard to boost sales and encourage the activation of new credit cards. In addition to a partnership with MasterCard to launch the digital portfolio based on the MasterPass technology, facilitating payment in e-commerce purchases.

On December 31, 2014, we had 713 thousand credit cards issued (versus 592 thousand on December 31, 2013 and 548 thousand on December 31, 2012). In the fiscal year ended December 31, 2014, credit card transaction volume totaled R$2.9 billion, 32.0 million transactions in the period, annual expansions of 31.8% and 28.0%, respectively.

In the years ended December 31, 2012, 2013 and 2014, our revenue from credit card fees was R$12.7 million, R$17.5 million and R$23.6 million respectively.

In the years ended December 31, 2012, 2013 and 2014, other credit card revenue (revenue from interest on credit card operations and exchange, especially) came to R$89.8 million, R$105.1 million and R$136.6 million respectively.

Purchasing Consortium Management

Through our subsidiary Banrisul Consórcios, we manage purchasing consortiums for individuals and companies for the acquisition of real estate, automobiles, tractors, trucks and motorcycles, including for people who do not have checking accounts with us.

On December 31, 2014, we managed 39.929 active consortiums with a portfolio of R$1.6 billion. In this activity, we earn revenue by charging an administration free from the groups that varies between 12% and 18% in the period. In the years ended December 31, 2012, 2013 and 2014, our direct revenue from purchasing consortium management was R$21.8 million, R$28.7 million and R$35.2 million, respectively.

International and Foreign Exchange Operations

We are authorized by the Central Bank to operate in the foreign exchange market. Our key clients are large and mid-sized companies, including in the agribusiness sector. We offer products in the areas of (i) export financing (including Advances on Foreign Exchange Contracts and Advances on Foreign Exchange Receivables), *(ii)* the provision of guarantees for international operations (import letters of credit) with the receipt of counter-guarantees in Brazil; (iii) import financing (FINIMP); and (iv) the onlending of funds raised abroad (Resolution 3844, former Resolution 2770). The conditions for foreign exchange operations, including terms, interest rates and costs with commissions are negotiated on a case by case basis in accordance with the characterisics of each operation and the profile of each client. We also carry out operations involving remittances abroad and manual exchange.

Our annual foreign exchange portfolio recorded the following annual volume:

Type	2012 (US$ million)	2013 (US$ million)	2014 (US$ million)
Exports	1,027.6	1,151.9	1,273.4
ACC and ACE (i)	546.1	501.9	448.3
Ready Imports	789.7	863.0	825.2
Import Letters of Credit	180.1	162.8	156.7
Finimp	163.8	214.9	278.8
Financial (Types 03 and 04)	533.0	625.1	1,062.9

(i) ACCs and ACEs included under Exports

Third-Party Asset Management

At the close of 2014, Banrisul managed 39 investment funds comprising 22 fixed income funds, five equity funds, one short-term fund, one hedge fund, one fund pegged to the DI interbank rate and nine exclusive funds with risk-return ratios appropriate for the profile of the investors and high levels of control. The Bank also managed an individual programmed retirement fund and two investment portfolios. On December 31, 2014, most assets under management came from the retail segment, broken down as follows: 23.5% from individuals, 23.5% from companies and 53.0% from the public sector.

The total volume of third-party assets under management was R$7,138.2 million on December 31, 2012, R$7,408.2 million on December 31, 2013 and R$8,869.2 million on December 31, 2014, representing respective annual increases of 7.5%, 3.8% and 19.7%.

Our average investment fund management fee in 2014 was approximately 1.07% (1.01% in 2013). In the years ended December 31, 2012, 2013 and 2014, we earned R$67.6 million, R$71.5 million and R$82.7 million respectively, in management fees (including Investment Clubs).

In 2004, in compliance with CVM Instruction 409 of August 18, 2004, the Third-Party Asset Management Division was created, dedicated exclusively to the management of equity portfolios. The creation of this division formalized the Chinese Wall concept at the Bank as it segregated third-party asset management from own asset management, which is the responsibility of the Finance Division.

Treasury Operations

Appropriate treasury and liquidity management strategies add value and stability to financial results and contribute to the maintenance of the Institution's strength, profitability and efficiency. At Banrisul, a relevant amount of operating revenue is obtained through treasury operations, aiming at ensuring the balance between negotiable assets and current liabilities, considering different currencies, rates, indexes and operation terms.

Banrisul's marketable securities are classified as held for trading, held to maturity and available for sale, according to the investment policy and the Institution's financial capacity. On December 31, 2014, we held a total of R$18,888.6 million in securities and derivatives, composed almost entirely of federal bonds, and R$28.7 million in short-term interbank investments in the consolidated investment portfolio. Revenue from securities and derivatives totaled R$1,288.1 million, R$1,441.2 million and R$2,079.6 million in the years ended December 31, 2012, 2013 and 2014, respectively.

The table below shows the classification of the securities portfolio on December 31, 2012, 2013 and 2014:

Securities and Derivatives

	(R$ million) 2012	(R$ million) 2013	(R$ million) 2014
Securities available for trading	2,293.1	4,005.3	2,426.5
Securities available for sale	1,481.7	878.9	615.2
Securities held to maturity	8,344.1	13,179.7	15,261.0
Derivatives	242.3	315.7	585.9
Total	12,361.2	18,379.6	18,888.6

Short-Term Interbank Investments

	(R$ million) 2012	(R$ million) 2013	(R$ million) 2014
Investments on the Open Market	4,556.5	398.2	23.4
Investments in Interbank Deposits	52.9	129.6	5.3
Total	4,609.4	527.8	28.7

Financial Agent of the State of Rio Grande do Sul and its Municipalities

We operate as a financial agent for the State of Rio Grande do Sul, centralizing the management of revenue and expenses in the State budget though the collection of state taxes, the transfer of funds to state municipalities, payroll services for public employees and the payment ot suppliers.

In 2014, revenue from provision of tax collection services to the public sector, including the federal government, was R$29.5 million. The provision of these services provides opportunities for expanding business with public entities, federal, state and municipal employees and private individuals and corporations.

State Taxes

We are responsible for ICMS and IPVA collection for the State of Rio Grande do Sul, as well as the transfer of amounts to municipalities in accordance with current legislation.

The table below shows ICMS and IPVA collected by Banrisul in the years ended December 31, 2012, 2013 and 2014.

			December 31 (R$ billion)
	2012	**2013**	**2014**
Total ICMS and IPVA collected....	19.5	21.3	22.7
Total transfers to the municipalities....	4.0	4.6	4.9

Public Payroll Services

In 2014, we carried out an average of 460,442 payroll deposits for public employees each month, broken down as follows: 357,398 state, 97,003 municipal and 6,041 federal.

Since January of 2010, Banrisul has enjoyed preference in benefit payments for the National Social Security Institute (INSS) in Rio Grande do Sul, in addition to being authorized to make payments in cities where it has branches outside the state.

Throughout 2014, Banrisul made payments to more than 380 thousand new INSS beneficiaries, who now enjoy special products with the Banricompras card that can be used at thousands of establishments nationwide. Ensuring the satisfaction and building the loyalty of public employees and INSS beneficiaries is a constant pursuit at Banrisul.

Municipal Tax Collection Services

We collect taxes due to municipal governments, entities under indirect public management and water and sewage concessionaires, chiefly in Rio Grande do Sul, through our branch network, self-service channels (Banrifone, Internet and ATMs) and affiliated banking correspondents. We also permit automatic bill payments (debiting checking accounts) when authorized by the taxpayer. We collected R$1.5 billion in municipal taxes for Rio Grande do Sul cities in 2014.

State Public Sector

As the State's financial agent, Banrisul operates as a government partner in implementing socio-economic policies, projects and programs focusing on regional development.

In the past years, the Institution intensified its connections with entities in this sector through its participation in programs and the establishment of agreements.

In 2014, the payment of treasury court fees was implemented with the Justice Branch of the State of Rio Grande do Sul by means of automated court order. By the end of 2014, the Fornecedores RS portal, launched in May 2013, had already made available approximately R$9.8 million in advanced receivables to suppliers of products and services to Banrisul and its affiliates and state government companies. In 2014, the Bank updated 137,392 records of inactive public servants and pension beneficiaries of the Executive Branch Direct Administration with Banrisul.

Municipal Public Sector

The Bank's municipal segment focus has been on offering products and services, especially concerning management solutions, designed to reduce municipal operating costs.

In 2014, aiming to comply with the requirements and expectations of the Alternative Social Security Systems – RPPS of the municipalities, Banrisul offered these stakeholders new Investment Funds.

Court deposits

In April 2004, State Law 12069 was enacted, subsequently amended by Law 12585/2006, through which Banrisul is obliged to provide the State of Rio Grande do Sul with up to 85% of court deposits effected by third parties with Banrisul whenever requested to do so (except in cases involving a municipality), this portion being used to constitute a reserve fund for the restitution of said deposits.

On December 31, 2014, third-party court deposits held by Banrisul, as restated by the TR plus 6.17% p.a. until the date of the balance sheet, totaled R$9,687,065 thousand (2013 - R$8,323,788 thousand), of which R$7,708,000 thousand (2013 - R$7,058,000 thousand) was transferred to the State upon its request, and written off in the respective equity accounts. The remaining balance, which constitutes the above-mentioned fund managed by Banrisul, is booked under Obligations to Financial and Development Funds.

In the years ended December 31, 2012, 2013 and 2014, revenue from the centralization of court deposits in the Judicial Reserve Fund came to R$14.1 million, R$14.9 million and R$30.9 million, respectively. Revenue from centralization is calculated on a monthly basis and refers to 10% of the difference between the escrow deposit portfolio revenue, calculated based on the SELIC rate, and the compensation cost of the deposited amounts.

Distribution of Insurance, Private Pension Plans and Capitalization Bonds

By the end of 2014, Banrisul recorded 1.7 million in active insurance, private pension and capitalization bond operations. Revenue totaled R$121.5 million per year, 42.7% up on 2013. New insurance products became available in the period, including *Proteção Financeira Cheque Especial Anual* (Annual Overdraft Insurance), *Seguro Proteção Cartão Banricompras* (Banricompras Card Insurance), *Seguro AP Hospitalar* (Hospital Insurance) and MultiCálculo Seguro Auto S.A. (Multicalculation auto insurance).

2014 was marked by important launches and changes to the insurance business, which are decisive initiatives to the future of operations. In December, after four years of study and selection of the partner company, Banrisul and Icatu signed an agreement that provides for the exclusive distribution of social security and life insurance products for a 20-year term. The negotiation was approved by the Brazilian Central Bank, the Administrative Council for Economic Defense (CADE) and the Superintendence of Private Insurance - SUSEP. A joint venture will be created, and Banrisul will hold 49% of its capital.

7.2 Operational segments disclosed in the last financial statements for the fiscal year or the consolidated financial statements

a. Products and services sold, and

b. Revenue from the segment and share of Issuer's total net revenue

Banrisul's Management operates the Retail, Corporate, Correspondent Payroll-Deductible Loan and Treasury as different operating segments. Business evaluation is managed on a segmented manner, based on specific reports used for making strategic decisions, revised periodically by the Board of Executive Officers.

The Retail segment encompasses banking services, funding from the branch network and loan operations for individuals and companies, including micro, small and mid-sized businesses. Banrisul provides detailed metrics for each branch that subsidize the decision-making process in this segment. Scoring assigned to targets aims at the allocation and raising of funds.

The Correspondent payroll-deductible loan segment answers for the origination of payroll-deductible loan in a specific channel, out of Banrisul's network. The acquisition of part of the capital stock of Bem Promotora de Vendas e Serviços S.A. in March 2012, added to the Bank the possibility of expanding its performance geographical area, reaching other regions of Brazil. The origination of payroll-deductible loan out of Banrisul's network already accounts for 15.6% of total retail operations recorded with account holders and non-account holders, therefore, requiring specific granting and control policies, representing a segmented evaluation under the management's viewpoint.

The Corporate segment is responsible for the management of products and services linked to funding and long-term, agricultural, housing and foreign exchange loan operations, focused on government bodies and institutions and large corporations. Banrisul's corporate segment activities are focused on taking advantage of market opportunities through operations with these organizations, including payroll, collection and other services, as well as building strong commercial relations with the employees of these companies, expanding operations in the Retail segment.

The Treasury segment is responsible for the management and control of Banrisul's cash flow and the management of its own investment portfolio l.

The accounting practices for the operational segments are the same as those described under significant accounting practices. Revenue from services, general and administrative expenses, losses on financial assets and income tax are monitored centrally and therefore have not been allocated by segment.

Below, we show the statement of financial position by business segment. The presentation format of segment information already includes, in the "other" column, the reconciliation of amounts of items from reportable segments with the respective total amounts in the financial statements. Revenues and expenses with interest and others by business segment are also shown below. Revenues from the Correspondent payroll-deductible loan segment are stated net of origination fee expenses, and we do not use resources from this segment but funds raised in the Retail segment. Banrisul does not carry out operations with any clients whose revenues account for 10% or more of revenue from interest and other for the year.

Revenue and expenses with interest and similar by business segment for the years 2014, 2013 and 2012 are described below:

R$ Million

December 31, 2014											
	Retail	%	Corporate	%	Correspondent Payroll-Deductible	%	Treasury	%	Other	%	Total
Revenue with interest and similar	3443.1	46.3%	1058.6	14.2%	365.8	4.9%	2462.7	33.1%	102.9	1.4%	7433.1
Expenses with interest and similar	-2051.4	47.7%	-647.2	15.1%			-1564.3	36.4%	-34.2	0.8%	-4297.1
NET INTEREST INCOME	1391.8	44.4%	411.4	13.1%	365.8	11.7%	898.4	28.6%	68.7	2.2%	3136.1
ASSETS	16488.1	27.3%	10358.1	17.1%	3042.1	5.0%	27953.9	46.2%	2618.8	4.3%	60461.0
LIABILITIES	28678.6	52.5%	7174.1	13.1%			15002.7	27.5%	3797.1	6.9%	54652.5

R$ Million

December 31, 2013											
	Retail	%	Corporate	%	Correspondent Payroll-Deductible	%	Treasury	%	Other	%	Total
Revenue with interest and similar	3153.8	50.6%	945.4	15.2%	276.0	4.4%	1760.6	28.2%	97.0	1.6%	6232.8
Expenses with interest and similar	-1469.1	47.7%	-436.3	14.2%			-1151.8	37.4%	-21.7	0.7%	-3078.9
NET INTEREST INCOME	1684.7	53.4%	509.2	16.1%	276.0	8.8%	608.8	19.3%	75.2	2.4%	3153.9
ASSETS	14233.8	26.3%	9570.9	17.7%	2449.3	4.5%	25584.3	47.3%	2276.7	4.2%	54115.0
LIABILITIES	25417.8	52.1%	6929.0	14.2%			12894.6	26.4%	3539.6	7.3%	48781.0

R$ Million

December 31, 2012*											
	Retail	%	Corporate	%	Correspondent Payroll-Deductible	%	Treasury	%	Other	%	Total
Revenue with interest and similar	3375.2	56.5%	976.6	16.3%	147.6	2.5%	1379.4	23.1%	95.2	1.6%	5974.0
Expenses with interest and similar	-1281.6	51.1%	-332.6	13.3%			-871.6	34.8%	-21.8	0.9%	-2507.6
NET INTEREST INCOME	2093.5	60.4%	644.0	18.6%	147.6	4.3%	507.8	14.6%	73.5	2.1%	3466.4
ASSETS	13337.7	28.0%	8978.0	18.9%	1674.9	3.5%	21636.0	45.5%	1939.1	4.1%	47565.7
LIABILITIES	21881.4	51.2%	6642.4	15.5%			11123.4	26.0%	3076.8	7.2%	42723.9

*Restated

c. Profit or loss from the segment and its share in Issuer's total net income

The Institution does not allocate profit among the segments.

7.3 Products and services corresponding to the operational segments disclosed in item 7.2

a. Characteristics of the production process
b. Characteristics of the distribution process

Information disclosed in items 7.2.a and 7.2.b

c. Characteristics of markets in which the issuer operates, especially:

i. share of each market
ii. competitive conditions in each market

The Institution's market share in Rio Grande do Sul State and Brazil is periodically monitored. However, it is not segmented into retail, corporate and treasury.

d. Seasonality
e. Main inputs and raw materials:

i. description of relations with suppliers, including those subject to government control or regulation, indicating the agencies and applicable legislation
ii. any dependence on a limited number of suppliers
iii. any price volatility

Items 7.3.d and 7.3.e are not applicable to the Institution.

7.4 Clients responsible for more than 10% of the issuer's total net revenue

The Bank does not have any single client that accounts for 10% or more of annual income from interest or similar.

7.5 Material impact of state regulations on the issuer's activities

a. Need for government authorization to carry out activities and history of relations with the public administration concerning obtaining these authorizations

The basic structure of the Brazilian National Financial System was established by Law 4,595 of December 31, 1964, also known as the Banking Reform Law. The Banking Reform Law created the CMN and the Brazilian Central Bank, attributing to the latter powers to issue currency and control the credit system.

The National Financial System is composed of the following regulatory and oversight bodies:

Regulatory Agencies:

- CMN – National Monetary Council;
- CNSP – National Private Insurance Council;
- CNPC – National Complementary Pension Council;

Supervision Agencies:

- Bacen - Brazilian Central Bank;
- CVM – Brazilian Securities and Exchange Commission;
- Susep – Private Insurance Superintendence;
- PREVIC – National Complementary Pension Superintendence.

The CMN, Bacen and CVM regulate and oversee Brazil's banking and capital markets. The CNSP and SUSEP regulate and oversee the insurance, capitalization and open complementary pension fund markets. CNPC and PREVIC regulate and supervise closed complementary pension funds.

National Monetary Council

The CMN is the highest body in the National Financial System, responsible for creating monetary and credit policy with a view to Brazil's economic and social development. The main goals of its policies, among others, are:

- adapting means of payment volume to national economic needs;
- regulating the domestic value of the currency;
- regulating the international value of the currency and the equilibrium of the country's balance of payments;
- guiding the investment of financial institution resources;
- improving financial institutions and instruments;
- doing everything possible to ensure the liquidity and solvency of financial institutions; and
- coordinating monetary, credit, budget, tax and public debt policies.

The Finance Minister presides over the CMN, which also comprises the Planning, Budget and Management Minister and the President of the Brazilian Central Bank.

Brazilian Central Bank

The Brazilian Central Bank is the main agent of the guidelines of the National Monetary Council, being responsible for ensuring the real's purchasing power, preserving adequate economic liquidity, maintaining international reserves in a sufficient level, encouraging the formation of savings, ensuring stability and promoting the continuous improvement of the financial system. Its duties include:

- issuing paper money and coins;
- ensuring that there are paper money and coins available and in good condition;
- receiving the mandatory and voluntary reserve requirements from financial and banking institutions;
- carrying out rediscount operations for loans to financial institutions;
- regulating the clearing of checks and other bills;
- carrying out federal bonds sale and purchase operations;
- controlling credit;
- overseeing financial institutions;
- authorizing the operation of financial institutions;
- establishing conditions for the exercise of management positions in financial institutions;
- overseeing the interference of other companies in the financial and capital markets; and
- controlling the flow of foreign capital into the country.

The President of the Brazilian Central Bank is appointed by Brazil's president, after Senate approval, and can be dismissed *ad nutum*.

CVM

The CVM is a government body connected to the Ministry of Finance, created by Law 6,385 of December 7, 1976. It is responsible for regulating, developing, controlling and overseeing Brazil's securities market, as well as performing the following duties:

- ensuring the efficient and regular operation of stock exchanges and over-the-counter markets;
- protecting holders of securities;
- preventing certain types of fraud or market manipulation;
- ensuring that stakeholders have access to information regarding securities traded and the companies that issued them;
- ensuring compliance with fair commercial practices in the securities market;
- encouraging the formation of savings and their investment in securities;
- promoting the expansion and regular and efficient operation of the securities market; and
- encouraging permanent investments in the capital stock of publicly-held companies.

Additionally, in compliance with Law 10,303 of October 31, 2001 (which amended Brazilian Corporation Law and Securities Market Law), the power to regulate and oversee financial and investment funds (originally regulated and supervised by Bacen) was transferred to the CVM.

Headquartered in Rio de Janeiro (RJ) and with national jurisdiction, the CVM is managed by a president and four directors appointed by the Brazilian President from among candidates with unquestionable reputations and recognized skill in capital market matters, and approved by the Senate. CVM directors serve for a non-renewable term of five years, one of whom being replaced each year.

Foreign Investments

Foreign Banks

The Brazilian Constitution prohibits foreign banks from opening branches in Brazil, except when in the interest of the Brazilian government and upon authorization from the country's President and Bacen.

Foreign Investments in Brazilian Financial Institutions

Individuals and legal entities resident and domiciled abroad can only invest in the voting capital of financial institutions with specific authorization from Bacen and, if applicable, the President. However, foreign investors may acquire non-voting shares issued by Brazilian financial institutions or depositary receipts representing non-voting shares issued abroad without specific authorization and as long as these shares are acquired in public trading.

Regulations Applicable to the Brazilian Banking Industry

Below are the main rules of the National Financial System, applicable to Brazilian financial institutions.

Legislative reform of the National Financial System – Constitutional Amendment

On May 29, 2003, Constitutional Amendment 40 was promulgated to replace the existing restrictive constitutional provisions with overall permission for the Brazilian financial system to be regulated by complementary laws. The promulgation of this amendment allowed legislators to focus more specifically on different matters affecting the regulation of the financial system, thereby improving efficiency. As a result, the Brazilian Congress can now vote on various laws related to regulation of the financial system, which was not possible prior to the amendment.

Corporate Structure

Financial institutions, with the exceptions provided by law, must be constituted as companies and are therefore subject to the Brazilian Corporation Law and CMN and Bacen regulations, as well as oversight by the CVM if they are registered as publicly-held companies.

The capital stock of financial institutions may be divided into shares with or without voting rights, shares without voting rights not to exceed 50% of the total number of shares issued.

General Restrictions and Limitations on Financial Institutions

The activities of financial institutions are subject to a series of limitations and restrictions. Generally, these limitations and restrictions refer to the granting of credit, risk concentration, investments, repo operations, foreign currency loans and trading, third-party asset management, microcredit and payroll-deductible loans.

The main restrictions and limitations imposed on financial institutions are as follows:

- financial institutions may only function in Brazil with the prior authorization of the Central Bank and by executive decree for foreign institutions;

- financial institutions may not acquire real estate other than for their own use, except when received in settlement of loans of difficult or doubtful resolution, in which case it must be sold within a maximum of one year as of receipt, extendable twice, at the discretion of the Brazilian Central Bank;
- financial institutions are prohibited from providing loans or advances to individuals or legal entities that retain more than 10% of their capital stock, except in certain specific circumstances upon authorization from the Central Bank;
- financial institutions are prohibited from providing loans or advances to legal entities that retain more than 10% of their capital stock;
- financial institutions are prohibited from providing loans or advances to legal entities in which any of their executives or managers (as well as spouses and respective relatives of same to the second degree) retain more than 10% of the capital stock;
- financial institutions are prohibited from carrying out repo operations, i.e. involving assets that are sold or purchased based on the occurrence of certain specific conditions, in amounts greater than 30 times their Reference Capital;
- third-party asset management must be carried out in a manner that is segregated from other activities, in compliance with CVM Instruction 409 of August 18, 2004, as amended;
- the amount of capital stock and shareholders' equity of financial institutions must always be compatible with the capital stock and minimum capitalization rules imposed by Bacen for each type of financial institution; and
- the exposure of Brazilian financial institutions and their affiliates to assets and liabilities subject to foreign currency and gold price variations may not exceed 30.0% of their Reference Capital.

It should be noted that restrictions related to operations with affiliates do not apply to operations carried out with financial institutions in the interbank market.

Allocation of credit to the public sector

According to CMN Resolution 2,827/01 as amended, the amount of credit granted by any given financial institution to public sector entities may not exceed 45% of its Reference Capital, except in certain operations such as loans to Centrais Elétricas Brasileiras S/A – Eletrobrás and Petrobrás Transporte S.A., and operations with formal guarantees from the National Treasury. There are no pre-established limits on interest in granting said loans.

We are also prohibited from granting loans to public entities in default with any financial institution or with the Public Sector Operations Registry System – CADIP. Also, as per the Fiscal Responsibility Law, all loan contracts executed by public entities as the borrower must comply with the overall limits established by the Senate and receive prior authorization under the respective budget law or specific law.

In regard to cities, Bacen regulations establish that, as of November 28, 2002, new operations contracted with these public entities should comply with the maximum limit of R$200.0 million, with a further requirement that beneficiaries be in strict compliance with the registry requirements of the Finance Ministry and may not exceed the maximum limit of municipal debt established under the Fiscal Responsibility Law.

In addition, as a result of express prohibition by the Fiscal Responsibility Law, we cannot grant any loans to the State of Rio Grande do Sul, our controlling shareholder.

Reserve Requirements

The Central Bank imposes reserve requirements on demand, time and savings deposits on financial institutions like Banrisul. Part of demand deposits and savings deposits are mandatorily allocated to real estate financing, agricultural loans and microcredit as a means of fomenting these sectors.

Currently, banks are required to make cash transfers to the Central Bank as follows: *(i)* 45% of demand deposits, interest free; *(ii)* 20% of time deposits, remunerated at the Selic rate, up to the limit set forth by Bacen Circular Letter no. 3,715, Article 10, paragraph 3; *(iii)* 13% of rural savings deposits; and *(i*v) 20% of savings deposits under the SBPE. The latter collections are remunerated at the same rate as savings. Finally, there are additional rates of 11% on time deposits and 10% on both types of savings deposits.

In the case of demand deposit requirements, 34% are allocated to agricultural loans to family farmers and other rural producers and 2% to micro companies, while 65% of funding from SBPE savings deposits is allocated to the real estate sector and 72% of rural savings deposits to financing farming and livestock costs, agribusiness and sales.

Asset Allocation Requirements

Pursuant to CMN Resolution 2,283 of June 5, 1996, the fixed assets of Brazilian financial institutions (defined as property, plant and equipment not deriving from commercial leasing operations, unconsolidated investments and deferred expenses) may not exceed 50.0% of their adjusted Reference Capital, calculated in accordance with Bacen criteria.

In addition, pursuant to CMN Resolution 2,844/01, Brazilian financial institutions may not allocate more than 25.0% of their Reference Capital to loan operations (including guarantees) with a single client (including relatives, affiliates and subsidiaries of same) or to the securities of a single issuer (including their affiliates and subsidiaries).

Classification of Securities and Derivatives

In accordance with Bacen Circular Letter 3,068 of November 8, 2001, securities and derivatives are classified and assessed under three categories – available for trading, available for sale and held to maturity. Securities classified as "available for trading" and "available for sale" are booked at their market value with impacts on profit and loss and/or shareholders' equity.

Capital and Shareholders' Equity Standards

Brazilian financial institutions must comply with CMN and Bacen guidelines, maintaining minimum amounts of capital and shareholders' equity as a function of their asset structures. Among these guidelines are:

Liquidity

- the compulsory deposit of part of their deposits and guarantees with the Central Bank, which controls the monetary base by adjusting banking reserves applicable to loans and deposits, regulating credit activities and imposing limits on financeable amounts, among others. In general, these controls are used to regulate the availability of credit, thereby reducing or increasing consumption. The Central Bank has periodically modified the level of reserve requirements that banks must maintain regarding demand, savings and time deposits. It also regulates the routing of part of these funds to federal housing and rural stimulus programs, limiting the volume of free resources.
- positions assumed in all operations carried out on the financial and capital markets must be monitored for mismatches between payments and receipts that may affect the institutions' liquidity. Liquidity gaps must be measured on a daily basis in order to monitor payment and receipt flows (mismatches), and re-evaluate asset and liability elements in the balance sheet, as well as off-balance sheet items. This process gives a basic representation of their structure and reveals the existence of any undue concentration of risk in regard to the various operation terms that could jeopardize the institutions' liquidity. We also simulate adverse situation

scenarios as a means of preparing preventive and corrective initiatives to be implemented during liquidity crises.

- Swap operations must be included in the calculation of Reference Capital. The main derivatives that we use are swaps and currency forwards. Gains and/or losses from the appropriation of interest and mark-to-market adjustments are recorded in profit or loss. Swap operations are recognized at fair value, which is arrived at through the application of pricing models that are widely used in the market, considering interest curves, contractual conditions and the price of the underlying financial instruments.
- Specific risk weightings are established for given assets and credit conversion factors.

Minimum Limits and Standards:

Financial institutions must constantly monitor the minimum capital and shareholders' equity limits established by the current regulations. Besides the realized capital and shareholders' equity minimum thresholds, the financial institutions must maintain an amount of Reference Capital to cover the risks of their assets and activities, which must be greater than assets weighted by risk, which is the sum of the risk exposure of their assets.

Financial institutions may only distribute results of any kind in amounts greater than the minimum provided by law or applicable regulations if said distribution does not compromise compliance with capital and shareholders' equity requirements.

The Brazilian Central Bank established a minimum ratio between regulatory capital and risk-weighted assets (RWA). The minimum capital ratio requirements and their implementation schedule are presented in the table Implementation Schedule, in item 5.2.f (Capital Management) of this Reference Form. Reference Capital is defined at two levels, as per the National Monetary Council Resolution 4192/13, as follows:

Tier I: it is the sum of Main Capital and Additional Capital. Prudential adjustments (low liquidity instruments, defined in a specific rule) should be deducted from the Main Capital (basically comprising capital stock and profit for the period) as provided for in Basel III guidelines.

Tier II: it is the sum of instruments authorized to be included in this level, e.g. subordinated debt instruments (IDS).

Deductions:

Deduction of investments in other entities: the balances of assets represented by funding instruments issued by financial institutions authorized to operate by the Brazilian Central Bank or by financial institution abroad with operations similar to a financial institution in Brazil, as defined by the Brazilian Central Bank, shall be deducted from Main capital, Additional Capital or Tier II. The deduction mentioned above should be conducted in the related portion of Reference Capital to which the funding instrument is eligible.

Deduction of non-controlling interest in the conglomerate's Reference Capital: The non-controlling interest in the capital of subsidiary which is a financial institution authorized to operate by the Brazilian Central Bank to exceed the minimum requirements of Main Capital, Tier I and Reference Capital of this subsidiary shall be deducted from the conglomerate's Main Capital, Tier I and Reference Capital, respectively. Banrisul fully deducts non-controlling interest in the Main Capital, Tier I and the Reference Capital of the subsidiary, as per Article 9, paragraph 4 of CMN Resolution 4,192/13.

Resolution 4,193/13 provides for the minimum requirements of Reference Capital, Tier I and Main Capital, as defined by Resolution 4,192/13, which must be calculated by the financial institutions and other institutions authorized to operate by the Brazilian Central Bank, and established the Additional Main Capital (ACP) as of January 1, 2016, which allows the maximum requirements of Reference Capital to reach up to 13% in 2019, when added to the ACP, higher than the current requirement. Institutions must always have Reference Capital, Tier I and Main Capital amounts higher than the minimum requirements established by Resolution 4,193/13.

Also in relation to Additional Main Capital, on December 29, 2014 BACEN disclosed Circular Letter 3,741, determining that, as of January 2016, ACP should correspond to the application of percentages related to limits lower than those of CMN Resolution 4,193/13, i.e., it begins in 2016, with additional main capital of 0.625 pp., which, added to regular minimum requirements, determine that IB should be 10.50%, Tier I Capital, 6.625% and Main Capital, 5.125%. In case of an increase in Additional Capital, the percentage should be disclosed by the Brazilian Central Bank at least 12 months in advance.

Limits: the following limits are applicable to Reference Capital:

(a) the adjusted amount of Main Capital is limited to two hundred percent (200%) of the capital stock (to the capital stock composed of quotas, parts of quotas, or non-redeemable shares without dividend cumulativity mechanisms).

(b) over the balances of capital or debt instruments authorized to comprise Tier II with maturity, a reducer shall be applied, in accordance with the following schedule: *(i)* twenty percent (20%) from the 60th month to the 49th month prior to maturity; *(ii)* forty percent (40%) from the 48th month to the 37th month prior to maturity; *(iii)* sixty percent (60%) from the 36th month to the 25th month prior to maturity; *(iv)* eighty percent (80%) from the 24th month to the 13th month prior to maturity; and *(v)* one hundred percent (100%) for the 12 months prior to maturity.

(c) instruments authorized to compose the Reference Capital before this Resolution takes effect shall have their balances recognized, for the purposes of calculating each level of the Reference Capital according to the rules of this Resolution, restricted to the following maximum percentages of the authorized amount for each level as of December 31, 2012: *(i)* ninety percent (90%), as of October 1, 2013; *(ii)* eighty percent (80%), as of January 1, 2014; *(iii)* seventy percent (70%), as of January 1, 2015; *(iv)* sixty percent (60%), as of January 1, 2016; *(v)* fifty percent (50%), as of January 1, 2017; *(vi)* forty percent (40%), as of January 1, 2018; *(vii)* thirty percent (30%), as of January 1, 2019; *(viii)* twenty percent (20%), as of January 1, 2020; *(ix)* ten percent (10%), as of January 1, 2021; and *(x)* zero percent (0%), as of January 1, 2022.

Classification of Loan Operations and Allowance for Loan Losses

Financial institutions must classify their loan operations into nine categories from AA to H according to risk. This classification should be based on consistent and measurable criteria, including the evaluation of the debtor and guarantors (based on their financial situation, degree of indebtedness, cash flow and profit generation capacity) and the operation itself (based on nature, purpose, collateral and amount).

According to the regulations, operations with overdue payments should be classified as follows:

Days Overdue [1]	Minimum Classification
15 to 30 days	B
31 to 60 days	C
61 to 90 days	D
91 to 120 days	E
121 to 150 days	F

151 to 180 days	G
More than 180 days	H [1]

[1] For operations with remaining terms greater than 36 months, periods may be counted double.

Loan operations involving amounts less than R$50 thousand can be classified through the adoption of an internal evaluation model or as a function of the overdue period, as per the table above.

The allowance for loan losses must be constituted each month and may not be less than the sum resulting from the application of the following percentages:

Operation Classification	Minimum Provision
AA	0%
A	0.5%
B	1.0%
C	3.0%
D	10.0%
E	30.0%
F	50.0%
G	70.0%
H	100.0%[1]

[1] After six months of classification at level H, the operation should be transferred to the write-down account with the corresponding debit in the provision.

Financial institutions must review their classifications at least every 12 months. However, more frequent revision may be necessary in the event of:

- operations with a single client or economic group in amounts greater than 5.0% of Adjusted Shareholders' Equity, in which case reviews should be semiannual; and

- operations in which amortizations of the principal or interest are overdue, in which case reviews should be monthly.

Financial institutions should ensure that their credit granting and classification policies are appropriately documented, said documentation to be available to Bacen and the independent auditors. They must also provide, in the notes to their financial statements, a detailed breakdown of their loan portfolios by risk, separating, at the very least, operations overdue by less than 15 days and those overdue by 15 days or more. The information should also indicate, at the very least:

- a breakdown of the operations by type of client and economic activity;

- a breakdown by maturity; and

- amounts of operations that have been re-negotiated, recorded as a loss and/or recovered in the period.

Deductibility of Overdue Credit

Loan losses with companies, including financial institutions, can be deducted as expenses for the calculation of real income. The following can be recorded as loan losses:

- without guarantee, up to R$15.0 thousand per operation, more than six months overdue regardless of whether or not judicial recovery procedures have been initiated;

- without guarantee, between R$15.0 thousand and R$100.0 thousand per operation more than one year overdue, regardless of whether or not judicial recovery procedures have been initiated but with administrative collection in progress;

- without guarantee, more than R$100.0 thousand per operation more than one year overdue, as long as judicial recovery procedures have been initiated and are ongoing;

- with guarantee, more than two years overdue, up to R$50.0 thousand, regardless of whether or not judicial recovery or or guarantee seizure procedures have been initiated;

- with guarantee, more than two years overdue, more than R$50.0 thousand, as long as judicial recovery or guarantee seizure procedures have been initiated and are ongoing;

- against individuals declared bankrupt or companies undergoing judicial reorganization, relative to the portion exceeding the amount committed to payment as long as the creditor has adopted legal procedures necessary for receipt; and

- when the debtor has been declared bankrupt by the courts.

The limits and procedures mentioned above are effective and applicable in relation to loan operations in default as of October 7, 2014. For agreements in default before the amendment to the legislation, the prior limits and procedures are maintained, as follows:

- without guarantee, up to R$5.0 thousand per operation, more than six months overdue regardless of whether or not judicial recovery procedures have been initiated;

- without guarantee, between R$5.0 thousand and R$30.0 thousand per operation more than one year overdue, regardless of whether or not judicial recovery procedures have been initiated but with administrative collection in progress;

- without guarantee, more than R$30.0 thousand per operation more than one year overdue, as long as judicial recovery procedures have been initiated and are ongoing;

- with guarantee, more than two years overdue as long as judicial recovery or guarantee seizure procedures have been initiated and are ongoing;

- against individuals declared bankrupt or companies undergoing judicial reorganization, relative to the portion exceeding the amount committed to payment as long as the creditor has adopted legal procedures necessary for receipt; and

- when the debtor has been declared bankrupt by the courts.

Deposit Insurance Fund

The Deposit Insurance Fund (FGC), the charter and regulations of which were approved by Resolution 2,211 of November 16, 1995 and given new wording through a subsequent amendment, is a non-profit, privately-held legal entity that administers protection mechanisms for account holders, depositors and investors, allowing them to recover deposits or credits held with financial institutions in the event of the latter's bankruptcy or winding up.

Financial institutions contribute with a percentage of the balance of their accounts corresponding to obligations subject to ordinary guarantees.

The FGC insures:

- demand deposits or deposits that may be withdrawn with prior notice;
- savings deposits;
- time deposits with or without certificates;
- deposits held in accounts that cannot be transacted by check for the registration and control of financial flows relative to services related to payrolls, amounts due, retirement payments, pensions and similar;
- bills of exchange;
- real estate notes;
- mortgage notes;
- real estate credit notes;
- agribusiness credit notes;
- repo operations involving securities issued after March 8, 2012 by affiliated companies.

The maximum amount insured by each institution is R$250.0 thousand per depositor or investor, regardless of the total amount and distribution across different types of deposit and investment.

Regulations regarding Payroll Deductible Amounts

Pursuant to the current regulations, especially Law 10,820 of December 17, 2003, Law 10,953 of September 27, 2004 and specific state and municipal legislation, as well as regulations issued by public entities, public and private employees may authorize their employers to discount directly from their salaries amounts owed for loans, financing and leasing operations as long as the respective contract permits this type of procedure. Employers should transfer the amounts discounted from payroll to the institutions that granted the credit to employees in accordance with the terms and conditions established by the respective loan, financing and/or leasing agreement.

We point out that besides the government's laws, the responsibilities of employers' (consignor) and financial institutions (lender) are established by means of an agreement entered into between the parties.

The discount of amounts from employees' salaries for the amortization of loans is allowed both for public and private employees, although they are regulated by different legislation. Retirement and pension benefits from the INSS can also be discounted to amortize loans, as per INSS legislation.

Public employees

Article 45 of Law 8,112 of December 11, 1990, currently regulated by Decree 4,961 of January 20, 2004, permits discounts from payroll for the amortization of loans taken out by federal public employees. This Decree defines such discounts as optional, as opposed to mandatory discounts such as withholding income tax, social security contributions, union dues, child support and alimony payments and other legal retentions.

According to Law 10,820, the authorization by public employees, whose employment relationships are regulated by the Consolidated Labor Laws, for the discount of payments from their salary is irrevocable and therefore can only be canceled prior to full amortization of the loan with the permission of the lending bank or in the event that said procedure is in the interest of the public administration.

In addition to Law 8,112 and Decree 4,961, which is specifically for federal employees, and in addition to Law 10,820, specific for employees under the Consolidated Labor Laws, several other state and municipal laws authorize payroll deductible loans for public employees of their respective states and cities. In general, these laws also determine *(i)* discount limits and *(ii)* that the authorization granted by the beneficiary can only be canceled with the agreement of the lender.

The imposition of limits on discounts from salaries seeks to ensure that employees maintain a sufficient portion of their income to meet basic needs. Priority is given to mandatory discounts to ensure that salaries focus on the payment of essential debts.

Private Employees

This type of credit involves installment payments deducted from payroll for private employees contracted in accordance with the consolidated labor laws (CLT) by companies that maintain operational agreements with the financial institutions in question and is governed by Law 10,820/2003, which regulates the conditions for authorizing payroll deductions of loan/financing payments.

According to this Law, CLT employees may irrevocably authorize payroll deductions of amounts relative to the payment of loans granted by financial institutions when permitted by the respective contracts.

Pursuant to the same Law, employees can commit up to thirty percent (30%) of their disposable income to such payments, disposable income being defined as that portion of base salary remaining after mandatory deductions. The sum of all deductions may not exceed thirty percent (30%) of disposable income, while the sum of all voluntary deductions that are authorized by the employees, including those provided for by this Law, may not exceed forty percent (40%) of disposable income.

Companies must authorize the employees to take out loans from the financial institution. Until the loan or financing has been paid in full, discount authorizations may only be canceled with the prior agreement of the lender.

These discounts may also be applied to severance pay, i.e. amounts owed by the employer to employees due to labor contract terminations, once again up to limit of thirty percent (30%), if so established by the loan contract and the agreement with the company. If an employee’s labor contract is terminated before the full loan has been amortized, the beneficiary should make monthly payments directly to the lender.

Employers are responsible for the information provided and for the retention and transfer of the amounts to the institutions by the fifth business day after payment of the employee, and is jointly responsible with the debtor to the lender for amounts owed that are not retained or transferred due to its own failure or fault. It is not, however, responsible for paying off the loans granted to the employees, except in the case of contractual clauses to the contrary.

INSS Retirees and Pensioners

INSS/PRES Normative Instruction No. of May 16, 2008 contains the legal basis for deducting the payment of loans granted by financial institutions to INSS retirees and pensioners from their benefits. The legislation imposes a maximum limit of thirty percent (30%) of the borrower's gross benefits, net of certain additional payments and mandatory deductions.

Based on Article 6, paragraph 1 of Law 10,820, the INSS published its own regulations for the granting of benefit-deductible loans to retirees and pensioners. INSS Normative Instruction 28 of May 16, 2008 was published in the *Diário Oficial da União* on May 19, 2008.

Also pursuant to Law 10,820, the beneficiaries' authorization to deduct loan payments from their retirement benefits cannot be revoked, i.e. it can only be canceled prior to full amortization of the loan with the agreement of the lending bank.

Leasing

Leasing operations are regulated by Law 6,099 of September 12, 1974, as amended, and by rules periodically published by the CMN. Law 6,099 establishes the general guidelines for the creation and functioning of leasing companies, as well as the activities that these companies are authorized to carry out. The CMN regulates transactions involving leasing companies, while the Central Bank is responsible for the regulations regarding financial institutions, which are also applicable to leasing companies.

Administration of Purchasing Consortiums

The Purchasing Consortium System is regulated by Law 11,795 of October 2008, which determines the general provisions for the Purchasing Consortium System and by Bacen Circular Letter 3,432 of February 2009, which governs the constitution and functioning of the consortium groups.

Foreign Loan Operations

The contracting of loan operations between individuals and legal entities resident or domiciled in Brazil and those resident or domiciled abroad, as per CMN Resolution 3,844 of March 24, 2010, do not require the prior express authorization of the Central Bank, except in the case of foreign loans where the borrower is a public entity, including federal, state, federal district and municipal governments and their agencies, foundations and companies, including subsidiaries.

The proceeds of foreign loan operations should be invested in economic activities, in line with the compatibility between operating costs and the parameters generally used in the international market. These proceeds may be acquired through direct loans or the placement of securities.

When raised by financial institutions, the proceeds may be passed onto individuals and non-financial companies in Brazil. About the onlendings, financial institutions must transfer the credit to the borrower at the same cost as that of the originally contracted debt in foreign currency and may not charge financial intermediation services or any fee other than the onlendings commission.

Thus, the financial institutions transfer the effects of foreign exchange variations to the final beneficiary of the loan, given that onlendings operations are denominated in Brazilian currency. Bacen regulations also allow financial institutions and leasing companies to raise funds abroad for free investment on the domestic market in accordance with their operational limits.

All foreign loan operations are also subject to Electronic Declaration Registration (RDE) with the Brazilian Central Bank, by means of the Financial Operation Registration (ROF) Module, in the Central Bank's electronic information system (SISBACEN), as well as the following foreign credit operations: (a) loan, in domestic or foreign currency, raised directly or through the placement of securities; (b) export-pegged credit operations (securitization of exports); and (c) pre-payment of exports, with a payment term of more than 360 days.

The registration of each type of operation in the RDE-ROF module must be provided by those taking foreign loans or their proxies, prior to the inflow of funds into the country. These registrations are generally granted automatically with issue of the ROF number, except when operation costs are not compatible with regular market practices and conditions or when the structure of the proposed operation does not fit the system's standards. After the inflow of funds, takers must register the payment schedule in the ROF, which is indispensable for principal remittances, interests and charges abroad, and for merchandise shipment, as the case may be. The maturity term of each ROF is sixty calendar days, after which, if there is no inflow of funds, it is automatically cancelled.

Failure to provide the information on the foreign loans required by Bacen, or the provision of incorrect information, shall subject the financial institution to a warning in the first instance and a fine for subsequent occurrences.

Internet and E-Commerce

In Brazil there are no specific legislation regulating e-commerce, which is therefore subject to the conventional regulations governing commerce and corporate transactions. However, there are some draft bills regarding the internet and e-commerce in the congressional pipeline, including Draft Bill 1589/1999 and 4509/2012. The first one stresses the legal validity of documents and electronic signature, while the latter addresses the virtual stores. If approved, these bills will provide greater strength and transparency to Internet transactions. Moreover, regarding the principles, guarantees, rights and duties for Internet usage in Brazil, Law 12,965/2014 was approved. Based on the current wording and a broad discussion on this issue, we believe that the impact of these instruments on the financial sector will be limited.

Anticipating this legislation, the CMN issued Resolution 2,817 of February 22, 2001, amended by Resolution 2,953 of April 25, 2002, ratifying the possibility of opening deposit accounts with banks and other financial institutions via electronic means, including the internet, ATMs, telephone and other means of communication. This regulation establishes that all financial institutions that communicate with clients through electronic means must meet certain requirements in addition to those required by Resolution 2,025 of November 24, 1993, such as: (i) disclosing, clearly and accurately, (a) the company name, (b) the condition of the financial institution as duly authorized by Bacen to operate in Brazil, (c) the telephone numbers of the financial institution, which should operate at least from 8:00 a.m. to 6:00 p.m. during business days to conclude financial market transactions, (d) the electronic addresses of the institution on the internet, as well as e-mail, and (e) a description of fees charged and their amounts; (ii) complying with the maximum limit of five days to answer questions and respond to complaints made by deposit account holders; (iii) assuming, via its executive officers, responsibility for implementing the necessary systems to ensure confidentiality and the security of the electronic communication channels provided to clients, as well as monitoring all transactions concluded through deposit accounts; and (iv) informing the Central Bank and the CVM, as the case may be, in the manner and at the times imposed by these authorities, of the electronic communication channels provided to clients, including web and e-mail addresses, as applicable.

Additionally, at the end of 2013, the Brazilian Central Bank issued Resolutions 4,282 and 4,283 and Circular Letters 3,680, 3,681, 3,682 and 3,683, which define the guidelines for mobile payment systems, the rules define the existence of an electronic currency as element of the Brazilian financial system. From the e-commerce viewpoint, with the use of credit and debit cards for payment, this sector has been advancing with the self-regulation which, led by ABECS (Brazilian Association of Credit Card Companies and Services), has been promoting the interoperability of issuers, acquiring networks and equipment.

Regulation of Third-Party Asset Management

Third-party asset management is regulated by the CMN and the CVM. There are different types of vehicles for this activity, including investment funds (“FIs”), equity funds (“FIPs”), credit receivables funds (“FIDCs”), and real estate funds (“FIIs”) and investment funds in emerging companies (“FIEEs”).

FIs primarily invest in fixed-income securities and are regulated by CVM Instruction 409 of August 18, 2004. They can be managed by any company authorized to manage third-party assets, such as security portfolio management companies, which are authorized to function under guaranteed license by the CVM in accordance with Instruction 306 of May 5, 1999. The same management requirements apply to FIEEs and FIPs, whose purpose is to invest in equities and securities representing these rights, such as debentures, warrants and any other security convertible or swappable with shares issued by companies, the purpose of which is described in FIP’s regulation. FIPs and FIEEs are currently regulated by CVM Instructions 391 of July 16, 2003 and 209 of March 25, 1994, respectively.

FIDCs are regulated by CVM Instruction 356 of December 17, 2001. FIDCs invest in credit receivables and securities representing these receivables arising from various commercial or industrial operations. FIDCs can be managed by multiple banks, commercial banks, Brazilian Federal Savings Bank, investment banks, credit, financing and investment companies, and brokers within certain operational limits.

Regulations to ensure the security and solidity of the SFN

Facilitation of Financial Sector Consolidation

With Law 9,710 of November 19, 1998, the federal government established several rules to facilitate corporate reorganizations and granted Bacen powers to establish capitalization and regulate the transfer of control and/or restructuring of financial institutions.

Central Credit Risk System

Financial institutions must provide information regarding the granting of credit and guarantees to their clients. This information is used to:

- strengthen the Central Bank’s capacity for oversight;
- provide information on debtors to other financial institutions (however, those institutions may only access this information with the authorization of the client); and
- prepare macroeconomic analyses.

If the total amount of client operations exceeds R$1.0 thousand, the financial institutions must provide the Central Bank with:

- identification of the client;
- the amount of debt maturing, matured and written off as losses under the client’s responsibility;

- the amount of obligations assumed and guarantees provided by the client; and
- the level of risk.

For transactions less than or equal to R$1.0 thousand, the financial institutions must only inform the Central Bank of the total amount of operations in the credit line, without the need to identify the client.

Brazilian Payment System

As of April 2002, the Brazilian Payment System (SPB) underwent important changes. The main goal of this process was to ensure the security and efficiency of the Brazilian financial market, reducing risks and incorporating practices recommended by the Bank of International Settlement (BIS).

The risks eliminated were, essentially, three: *(i)* the debt balance of the banks with the Brazilian Central Bank (negative bank reserve account), *(ii)* the absence of guarantees for the settlement of operations, and *(iii)* the settlement (COMPE) of large amounts**.**

The implementation of the new SPB included: *(i)* the adoption of an appropriate legal basis; *(ii)* a reduction in the Central Bank's credit risk; *(iii)* the finality of payments; (iv) a definition of the Central Bank's role; (v) participants with a full understanding of the risks involved in the systems in which they operate; (vi) a reduction in the mismatch between the contracting of operations and their financial settlement; *(vii)* clearing mechanisms to reduce risk and provide adequate contingencies; and *(viii)* the existence of two main payment and settlement systems: gross settlement in real time using reserves deposited with the Central Bank and deferred net settlements intermediated by clearing houses.

Accordingly, Bacen controls bank reserve accounts through the Reserve Transfer System (STR), which permits the on-line transfer of funds among financial institutions in real time.

Clearing houses were created as an option for banks that do not require the balance to be immediately available in their reserve accounts. These providers of clearing and settlement services vis-à-vis the balancing of credits and debits, permit the settlement of many operations with minimum recourse to bank reserves. These clearing houses are divided by type of transaction: *(i)* assets (stocks and bonds), *(ii)* derivatives (commodities), *(iii)* currency, and *(iv)* payments.

FEBRABAN Notice 038/2014 of March 31, 2014 stated that the minimum Wire Transfer amount (TED) changed to R$750.00 on July 4, 2014. FEBRABAN Notice 108/2014, disclosed on August 28, 2014, determines that the minimum limit for TEDs will be R$500.00 as of January 16, 2015.

Bank Consumer Defense Code

Relations between financial institutions and their clients is regulated, in general, by legislation governing commercial relations, as well as by the Brazilian Civil Code and the Consumer Defense Code (Law 8,078/90). However, regulations laid down by the CMN and Bacen address specific issues related to financial activities, complementing the general provisions.

CMN Resolutions 3,694 of March 26, 2009, amended by Resolution 4,283 of November 4, 2013, and Resolution 3,919 of November 25, 2010, amended by Resolutions 3,954, of February 24, 2011, Resolution 4,021 of September 29, 2011 and Resolution 4,198 of March 15, 2013, approved new measures to defend bank clients in their relations with banks.

Resolution 3,694 addresses the prevention of risk in contracting operations and the provision of services, requiring financial institutions and other Bacen-authorized institutions to adopt and verify procedures ensuring to bank clients:

(i) the adjustment of products and services offered or recommended to the needs, interests and objectives of clients and users; (ii) the integrity, reliability, security and confidentiality of transactions carried out, as well as legitimacy of operations contracted and services rendered; (iii) the rendering of information necessary to the free choice and decisions made by clients and users, also explaining rights and duties, responsibilities, costs or burden, fines and eventual risks from the execution of operations and rendering of services; (iv) timely supply to clients or users of agreements, receipts, statements, slips and other documents related to operations and services; (v) the use of clear, objective and appropriate wording to the nature and complexity of the operation or service, in agreements, receipts, statements, slips and documents destined to the public, allowing clients to understand the content and identify terms, amounts, fines, dates, locations and other conditions; (vi) the possibility of the timely cancellation of contracts; (vii) the formalization of appropriate instrument stipulating the rights and obligations for the opening, use and maintenance of postpaid payment account; (viii) the sending of bill to the client's domicile or user or its release only due to user's express request or authorization; and (ix) identification of final users, beneficiaries of payment or transfer in payer's statements and invoices, including in situations where the payment service involves financial institutions participating in different payment arrangements.

The Resolution also states that financial institutions must disclose information regarding the refusal to accept checks and bills, among others, in a visible location on their premises or in places where their products are offered, nor may financial institutions refuse or hinder access to service channels by clients or users of their products and services, except in the case of exclusively electronic facilities.

Resolution 3,919 establishes rules related to service fees. Compensation for services provided by financial institutions must be established in the contract executed with the client or receive prior authorization from the client. The Resolution also prohibits the charging of fees for essential services provided to natural persons, among others, as per current regulations. Subsequent rules provide for the hiring of correspondents in Brazil, as per Resolutions 3,954 and 4,294.

Independent Auditors and Audit Committee

Pursuant to CMN Resolution 3,198 of May 27, 2004, the financial statements of financial institutions must be audited by independent auditors duly registered with the CVM, with a certificate of specialization in banking analysis from the Federal Accounting Council and IBRACON and with minimum independence requirements. In addition, financial institutions must replace the person responsible for the auditing team (specialist, executive, manager, supervisor or other) after issuing opinions for a maximum of five full fiscal years. The return of technician in charge, officer, manager, supervisor and any other member with management duties of team involved in the audit works may occur after three years as of his or her replacement date.

As a financial institution, our financial statements must be audited every six months. Quarterly information (ITR) is subject to special review by the independent auditors, as per CVM regulations.

The independent auditors must immediately inform the Central Bank of any major failures and any evidence indicating a situation that could put the financial institution's continuity at risk.

The regulations also require the creation of an audit committee for all financial institutions (i) with a Reference Capital equal to or greater than R$1.0 billion, (ii) that manage third-party assets in an amount equal to or greater than R$1.0 billion, or (iii) that manage third-party assets and deposits in an amount equal to or greater than R$5.0 billion.

Members of the audit committees of publicly-held financial institutions may not currently be or have been in the past twelve months: *(i)* an officer of the institution or any of its affiliates; *(ii)* an employee of the institution or any of its affiliates; *(iii)* the person responsible for the independent auditing team (specialist, executive, manager, supervisor or other); *(iv)* a member of the fiscal council of the institution or any of its affiliates or the spouse or relative to the second degree of same, either directly or by marriage or affinity. Members of the audit committee of publicly-held financial institutions are also prohibited from receiving any other type of compensation from the institution or its affiliates that is not related to their function as a member of the audit committee. If any member of the institution's audit committee is also a member of the board of directors of the institution or its affiliates, he or she will be compensated for only one of these positions.

Financial institutions must also appoint an executive officer responsible for compliance with all the regulations related to the preparation and audit of the financial statements. In addition to the audit report, the independent auditors should also provide a report on: (i) the evaluation of the financial institution's internal controls and risk management procedures, including those regarding the electronic data processing system, detailing any deficiencies; and (ii) a description of any noncompliance of the financial institution with the applicable regulations governing its financial statements or activities.

The audit committee should be created by an express provision of the financial institution's bylaws and be composed of a minimum of three members, one of whom must be specialized in accounting and auditing, with a maximum term of office of five years for publicly-held institutions and without any fixed term for privately-held companies.

Pursuant to CMN Resolution 3,198/04, audit committee members may also be members of the board of directors of the financial institution and must meet certain criteria to ensure their independence. The audit committee must report directly to the board of directors and its main functions include:

- overseeing the work of the independent auditors;
- recommending the replacement of the independent auditors whenever necessary;
- reviewing, prior to their publication, the financial statements for each half, including the explanatory notes, management reports and independent auditors' report;
- evaluating the effectiveness of the independent and internal auditors, including verifying compliance with the legal provisions applicable to the institution in addition to the internal regulations and codes;
- evaluating compliance of the financial institution's management with the recommendations of the independent or internal auditors;
- establishing and disclosing procedures to receive and deal with information regarding the failure to comply with legal and normative provisions applicable to the financial institution, in addition to internal regulations and codes;
- recommending to Management corrections or improvements of policies, practices and procedures identified within the scope of their duties; and
- meeting at least once a quarter with the executive officers and the independent and internal auditors to verify compliance with the recommendations of the audit committee.

In addition, the regulations permit the establishment of a single audit committee for a group of companies. In this case, the committee will be responsible for complying with the attributions and responsibilities in the scope of other Group companies.

Internal Controls (Compliance)

Among the guidelines established by senior management, it is particularly worth mentioning the alignment of the Internal Control System with the goals established by the institution regarding overall business strategies and other policies.

The Internal Control Policy was set up to disseminate the control culture, as well as to ensure compliance with the standards and criteria established by the legislation and the oversight authorities, especially the Brazilian Central Bank.

The Internal Control area carries out its activities together with the management areas, aiming to improve processes, adopt best practices and implement control procedures and ethical standards. Its work is designed to reinforce the importance of formal policies and responsibilities and ensure continuous monitoring in order to reduce and manage risks.

Oversight in Other Jurisdictions

Bacen authorizes the opening of and oversees all branches, subsidiaries and representative offices of Brazilian financial institutions abroad.

Transactions with Affiliates

Pursuant to the Banking Reform Law (Law 7,492 of June 16, 1986) and the prevailing regulations, financial institutions may not grant loans or advances to any of its direct or indirect subsidiaries or jointly-controlled companies. CMN Resolution 1,996 of June 30, 1993, requires certain operations of this type to be reported to the Prosecutor's Office. Law 6,099 of September 12, 1974 and CMN Resolution 2,309 of August 28, 1996, and its amendments, establish exceptions to the provisions of Law 7,492.

Money Laundering

Based on its institutional money laundering prevention policy, Banrisul adopts specific systems and processes to ensure that its activities are subject to adequate controls for preventing money-laundering risks, as per the legislation and regulations.

In this context, the institution maintains an exclusive team dedicated to preventing money laundering, reviewing legislation and developing training programs for all employees.

Processes related to the "Know your Client" policy are continuously reviewed and disseminated to stress the importance of collecting information from clients with timely registration and qualification whenever a relationship is initiated, thereby minimizing the risk of having the Bank's products and services used to legitimize illegal activities.

Similarly, the "Know your Employee" policy states that all employees at all levels are responsible for complying with the money laundering prevention rules and for promoting ethical values, thereby preserving the Bank's image and reputation.

Banking Confidentiality

Brazilian financial institutions are subject to banking confidentiality rules in accordance with Complementary Law 105 of January 10, 2001. Banks must maintain confidentiality regarding their operations and services except in certain cases, including: (i) releasing confidential information with the express consent of the interested parties; (ii) exchanging information among financial institutions for registration purposes; (iii) providing the registration details on issuers of bad checks and defaulting debtors to credit protection agencies; (iv) informing the appropriate authorities of any criminal or administrative violations; and (v) when banks are responsible for withholding taxes, providing the Brazilian Internal Revenue Service with all the information needed to identify taxpayers and the total amounts of the respective operations.

Tax Evasion

According to said Complementary Law 105, together with Decree 3,724 of January 10, 2001 and Law 9,430 of December 27, 1996, amended by Law 12715 of September 17, 2012, the Brazilian tax authorities are authorized to require financial institutions to provide information normally protected by banking confidentiality without the need for judicial authorization as long as there is sufficient evidence that the client in question has practiced acts involving tax evasion. This evidence may include:

- declarations by the client of operations whose value is below their market value;
- loans acquired from sources that are not part of the National Financial System;
- operations involving tax shelters;
- expenses or investments that exceed the amount of declared disposable income;
- remittances abroad through non-resident accounts in amounts that exceed those declared to the appropriate authorities;
- companies whose registration with the National Taxpayer's Registry (CNPJ) has been canceled or annulled;
- the omission of net income or gains from fixed income or equity investments;
- hindering oversight, characterized by the unjustified refusal to present books and documents showing the accounts of the taxpayer, as well as failure to supply information regarding the assets, financial turnover, business or activities of the taxpayer or third parties when requested, and other hypotheses requiring requests for state intervention;
- resistance to oversight characterized by failure to provide access to the establishment, tax domicile or any other location where the taxpayer operates or retains assets in its possession or which it owns;
- evidence that the legal entity is constituted in the names of persons who are not the true partners or shareholders, or owner in the event of an individual firm;
- the carrying out of operations subject to tax without the appropriate registration in the taxpayer's registry;
- repeated infractions of tax laws;
- the sale of contraband or stolen merchandise ; and
- involvement in conduct resulting in criminal charges under the legislation regarding tax crimes.

Except in the above-mentioned circumstances, information protected by banking confidentiality laws may be provided only in compliance with a court order or as part of a Congressional Enquiry Commission (CPI).

Special Temporary Management Regime

The Special Temporary Management Regime or RAET, established by Decree-Law 2,321 of February 25, 1987 allows for financial recovery and reorganization of a financial institution without, however, affecting its regular course of business or normal functioning. The RAET can be declared by the Central Bank when the following have been identified in non-federal public or private financial institutions:

- the repeated practice of operations contrary to financial and economic policy as established by federal law;
- the existence of negative shareholders' equity;
- non-compliance with the banking reserve account rules;
- inept or fraudulent management; or
- the occurrence of any situations requiring intervention.

Intervention

Private, state and municipal public institutions are subject to procedures established by Law 6,024 of March 13, 1974, which addresses intervention and extrajudicial liquidation. These measures are imposed whenever the Central Bank perceives an unhealthy financial situation or detects events that could be contrary to creditors' interests.

The Central Bank must intervene in the management of any financial institution that:

- suffers losses representing a risk to creditors due to poor management;
- repeatedly violates financial system rules; or
- maintains circumstances that could result in bankruptcy.

The maximum intervention period is six months, extendable once only for a further six months at the discretion of the Central Bank. During the intervention period, the institution's responsibility for deposits, unpaid obligations and obligations assumed prior to the intervention that have not yet matured are suspended.

The intervention process will terminate in the following cases: (i) if the Central Bank recognizes that the irregularities triggering the intervention have been eliminated; (ii) with the permission of the Central Bank if the parties agree to assume management of the financial institutions after providing sufficient guarantees; or (iii) when the extrajudicial liquidation or bankruptcy of the financial institution is declared.

The Central Bank may, in light of the intervenor's report or proposal, decree the liquidation of the financial institution or authorize the intervenor to file for bankruptcy if the institution's assets are insufficient to settle at least 50% of unsecured credit or when extrajudicial liquidation is considered inappropriate, or when the complexity of the institution's business or the seriousness of the facts so advise.

Extrajudicial Liquidation

The Central Bank will liquidate a financial institution:

(i) by order:

- as a result of events that compromise its economic or financial situation, especially when it no longer meets its obligations at maturity or when it presents signs of insolvency;
- if it seriously violates the laws, provisions or rules of the financial market;
- if it suffers losses that subject its unsecured creditors to abnormal risk; or
- if authorization to operate has been revoked and it does not begin liquidation procedures within 90 days or, if it has done so and the Central Bank finds that the liquidation process will prejudice its creditors;

(ii) at the request of the institution's management if the respective bylaws give them this attribute, or if proposed by the intervenor, accompanied by due justification for the measure.

A declaration of extrajudicial liquidation has the following effects: (i) suspension of shares and foreclosure of rights and interests relative to the assets of the entity under liquidation, as well as prohibition of the distribution of other shares or foreclosures during liquidation; (ii) the early maturity of all obligations of the entity under liquidation; (iii) the non-fulfillment of penalty clauses in unilateral contracts terminated due to the liquidation; (iv) the non-accrual of interest on assets while liabilities have not been paid in full; (v) interruption of the statute of limitations on the institution's obligations and responsibilities and (vi) the denial of monetary restatement of any liabilities, nor pecuniary fines for infraction of the penal or administrative code.

Extrajudicial liquidation will end: (i) if the interested parties agree to support the continuity of the institution's activities, presenting sufficient guarantees as required by the Central Bank; (ii) with approval of the final accounts of the liquidator and exclusion of the appropriate public registration; *(iii)* when bankruptcy of the entity has been declared; *(iv)* through transfer in ordinary liquidation.

New Bankruptcy Law

In 2005, the Brazilian Congress sanctioned the New Bankruptcy Law (Law 11,101 of February 9, 2005), which regulates the judicial execution, extrajudicial execution and bankruptcy of business owners and companies.

The New Bankruptcy Law has been effective since June 9, 2005 and has no direct effect on financial institutions, which remain subject to the intervention and extrajudicial liquidation regimes under specific legislation.

According to the New Bankruptcy Law, in the event of bankruptcy, the order of preference for the payment of credits is as follows: (i) labor credits (up to 150 minimum wages per employee) and credits arising from on-the-job accidents; (ii) credits with security interest up to the limit of the asset provided as collateral; (iii) tax credits; (iv) credits with special privileges under Brazilian law; (v) credits with general privileges under Brazilian law; (vi) secured credits; (vii) contractual fines and pecuniary penal, administrative and tax penalties; and (viii) subordinated credits.

The changes in the order of preference are considered favorable to Brazilian creditors as tax credits no longer enjoy preference over credits with financial institutions that have security interests. This should encourage the granting of credit and promote the development of the national financial sector.

In addition, the National Tax Code was amended to establish that in cases where a company is under court-supervised reorganization or bankruptcy procedures and sells assets, the acquirer will not succeed the company in regard to the latter's tax obligations prior to the sale. This change is expected to favor the reorganization of companies by permitting the sale of part of their assets.

Environmental Regulations

The activities that we finance, especially in the agricultural and development sectors, are subject to extensive environmental legislation in the federal, state and municipal spheres. This legislation establishes obligations involving preventive and corrective measures related to environmental impacts, including environmental licensing for potentially or effectively polluting activities, among other environmental matters. It also envisages the application of penal and administrative sanctions on individuals and companies that fail to comply with the established obligations. In addition, Law 11,105/2005 (the so-called Biosecurity Law), which specifically regulates activities involving transgenic crops, expressly establishes the joint responsibility of financial institutions in regard to any non-compliance on the part of financing beneficiaries with their obligations established under the law.

Considering the risk to our reputation and the legal responsibility to which we are subject should we finance projects or activities that do not comply with the respective requirements, we have adopted internal procedures to help verify compliance of the projects and activities that we finance with the environmental legislation, including the presentation of environmental licenses and other pertinent documents.

Taxation

Financial Operations Tax

Financial operations in Brazil are generally subject to Withholding Income Tax (IRRF), which may be levied definitively or in advance, and Financial Operations Tax (IOF). Revenue from financial operations earned by Brazilian companies is also subject to Social Integration Program Contributions (PIS) and Social Contribution on Revenue (COFINS). PIS and COFINS rates are currently zero for most financial revenues earned by companies subject to the non-cumulative PIS and COFINS tax regime. However, financial institutions are not included in this regime and are subject to PIS of 0.65% and COFINS of 4.0% on total revenue, with certain deductions from taxable revenue.

Revenue from financial operations carried out by legal entities, including financial institutions, should be included in taxable income for the calculation of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL).

Income Tax

In general, income tax is applicable on income or gains from financial operations carried out by individuals or companies resident and domiciled in Brazil. Income from equity investments in general is taxed at a rate of 15%. Income from fixed income investments is generally subject to IRRF at regressive rates of 22.5%, 20.0%, 17.5% and 15.0% in accordance with the term and type of investment. For companies domiciled in Brazil, these rates are considered as pre-payment of IRPJ.

Except for foreign investments undertaken in compliance with CMN Resolution 2,689/2000, which currently benefit from a special tax regime, investments in the Brazilian financial and capital markets by persons resident or domiciled abroad are subject to the same tax rules applicable to Brazilian residents. Foreign investors in the Brazilian financial and capital market, in accordance with CMN rules, are subject to IRRF at the following rates: (i) 10% for investments in equity funds, swap operations registered or not on the exchange, and over-the-counter futures operations; (ii) 15% for fixed income and other financial investments, regardless of the term of investment; and (iii) 0% for capital gains, defined by law as gains from operations on the securities, commodities and futures exchange and similar and over-the-counter operations with other financial assets, as well as certain income from public bonds and investments in certain types of investment fund.

For financial institutions, income and gains from financial operations should be included in taxable income for the calculation of IRPJ and CSLL. Generally, IRPJ is levied on real taxable income at 15% plus an additional 10% on real taxable income exceeding R$20,000.00 per month or R$240,000.00 per year. CSLL is levied at 15% on net income prior to the provision for IRPJ. Financial institutions are exempt from IRRF and income tax on equity investments due to pre-payment of IRPJ on income or gains from fixed income or equity operations.

Financial Operations Tax (IOF)

Pursuant to Law 8,894 of June 21, 1994 and Decree 4,494 of December 3, 2002, IOF is a federal tax on different types of operations (credit, foreign exchange, insurance, securities, gold or foreign exchange instruments) at different rates. IOF rates may be altered at any time by the federal government through an Executive Decree up to the limits provided by law without congressional approval. Alterations to IOF legislation are applicable immediately, although any increase in IOF applies to future operations only.

Foreign exchange operations undertaken by authorized institutions are subject to IOF ("IOF/Exchange") at a maximum rate of 25%. Currently, the IOF/Exchange rate is zero except in certain cases such as funds entering Brazil derived from or allocated to currency loans with a minimum average term of up to 90 days, which are subject to IOF of 5.38%, and foreign remittances due to credit card purchases abroad, subject to 6.38%.

IOF is also levied on general credit operations ("IOF/Credit") by financial or non-financial institutions. Pursuant to changes to the rates effective as of 2015, IOF levies at a rate of 0.0041% per day, limited to 1.5% per year for legal entities, and 0.0082% per day or 3% per year for individuals when the calculation basis is not determined by the sum of daily debt amounts, plus an additional 0.38% even if the operation is paid in installments, with the exception of foreign credit operations, which are not subject to IOF/Credit. IOF taxpayers in these operations are individuals or corporate borrowers. The financial institution is responsible for collecting the tax when it acts as the lender.

IOF on operations related to debt securities ("IOF/Securities") is levied at a maximum of 1.5% per day. However, current rates vary from 0% to 1.5% depending on the type of operation. The Ministry of Finance may increase the rate to the maximum of 1.5% per day on the amount of the taxable operation during the period in which the investor maintains ownership of the securities, up to the amount equal to the gains obtained from the transaction only as of the date of the increase or creation.

IOF/Securities is also applicable on gains from transactions with terms of less than 30 days that consist of the sale, assignment, repurchase or renegotiation of fixed income investments or the redemption of investments in investment funds or investment consortiums. The maximum IOF applicable on these transactions is 1% per day up to a given percentage of the amount equal to the gains obtained from the transaction. This percentage decreases according to the duration of the transaction, falling to 0% for operations with a minimum maturity of 30 days. Currently, the rate for the following operations is 0%:

- operations with financial institutions and other institutions registered with the Brazilian Central Bank as principals;
- operations carried out by portfolios of investment funds or investment consortiums;
- operations carried out in the equity markets, including those on securities, commodities and futures exchanges and similar;
- the redemption of shares from equity funds; and
- operations carried out by government entities, political parties and labor unions.

In most of its transactions, the financial institutions are subject to IOF incurred on marketable securities operations at zero rate.

IOF is incurred on insurance operations at the following rates: (i) 0% for reinsurance operations or those related to export credits, international merchandise shipments or when premiums are allocated to financing life insurance plans with survival coverage clauses, among others; (ii) 0% on premiums paid for (a) health insurance and (b) life insurance for personal and labor accidents (as of September 1, 2006) and (iii) 7.38% on premiums paid for other types of insurance. Rural insurance is not subject to IOF.

PIS and COFINS

PIS and COFINS are social contributions levied on the total revenue of Brazilian companies, regardless of its denomination or accounting classification.

Total revenue comprises gross revenue from the sale of goods and services in own or third-party operations, plus all other revenue earned by the company. Brazilian legislation provides for two systems for calculating PIS and COFINS: cumulative and non-cumulative.

The non-cumulative system was instituted by Laws 10,637/02 and 10,833/03 for PIS and COFINS, respectively. According to this regime, PIS and COFINS contributions may be calculated by discounting certain credits due from the acquisition of certain goods, inputs and services envisaged by law.

Under this system, PIS and COFINS contributions are payable at 1.65% and 7.6%, respectively, except for financial revenue, which is exempt. The non-cumulative regime is generally applicable to companies taxed by IRPJ and CSLL in accordance with real income.

Under the cumulative regime, applicable to companies taxed under the presumed income regime and other companies as specifically established by law, rates are 0.65% and 3.0% for PIS and COFINS, respectively and the taxpayer has no right to use any credits when calculating both contributions. In the specific case of financial institutions, they are authorized to deduct expenses related to the provision of banking services, among others provided by law, from the PIS and COFINS calculation base.

In addition, financial institutions pay PIS and COFINS rates of 0.65% and 4.0%, respectively.

Finally, the PIS and COFINS tax system for financial institutions is not the same as the non-cumulative regime applicable to other companies as, even though expenses are deductible, credits cannot be used.

Service Tax

Revenue earned from the services we provide to our clients, as distinct from financial operations, is subject to Municipal Service Tax (ISS) at variable rates in accordance with the legislation of the municipality where the establishment provides the respective service.

b. Issuer's environmental policy and costs incurred to comply with environmental legislation and, if the case, other environmental practices, including adherence to international environmental protection standards

The company has its own sustainability policy. At the same time, it complies with Law 6,938/81, which establishes that financing entities and organizations and government incentives must predicate approval of projects cleared for these benefits on licensing under this Law and on compliance with the rules, criteria and standards issued by the National Environmental Council – CONAMA and the State Environmental Council – CONSEMA.

There are certain required exclusions in these credit policies.

In all long-term operations involving BNDES onlending, the following clauses must be observed:

a) Beneficiaries cannot be on the Employers' "black list" (Ordinance 540 of October 15, 2004) as a result of acts that imply racial or gender discrimination, child or forced labor and/or any unappealable condemnation for such acts, or any other acts that characterize moral or sexual harassment or that result in crimes against the environment.

b) The client must sign a clear declaration to the Financial Agent that it has not been notified of any legal restrictive sanctions, as per items I, II, IV and V of Article 20 of Decree 6,514 of July 22, 2008 (Declaration of Inexistence of Environmental Infractions and Administrative Sanctions).

The client should be aware that any knowing misrepresentation in this declaration will result in the application of appropriate legal sanctions, both civil and criminal.

c) With the client's taxpayer IDs (CPF/CNPJ), obtain a debt clearance certificate from the Ministry of the Environment – MMA and the Brazilian Institute of the Environment and Renewable Resources – IBAMA, signed by same.

There are also processes and procedures for identifying and evaluating social and environmental risks.

In agreements accrediting limited liability companies or specialists with individual companies duly registered with the CREA or the CVRM with Banrisul to prepare projects and/or provide technical assistance in rural credit operations, there is a clause in which the accredited companies commit to recommending and providing guidance on the use of technically, economically and environmentally sustainable production technologies.

Procedures for evaluating and classifying social and environmental risks in business lines are established by the BNDES for long-term operations. Short-term financing for irrigated crops require authorization documents issued by the Water Resources Department of the State Environment Department (DRH/SEMA) and an irrigation operating license from the Henrique Luiz Roessler State Environmental Protection Agency/RS- FEPAM.

In regard to real estate financing, works financed by the Bank (including environmental licensing) must be approved by the city where they will be built.

Long-term financing operations use existing BNDES criteria and policies in transaction decisions.

In addition to the above, Banrisul has adhered to the Green Protocol (2009), a letter of intent whereby the signatory banks undertake to create banking policies and practices in line with the goal of promoting sustainable development. Among its five guiding principles are financing via credit lines and programs geared towards the quality of life of local communities, the sustainable use of natural resources and the materials derived from them (in order to rationalize internal processes) and stakeholder awareness and engagement (internal and external stakeholders).

These and other sustainability initiatives are currently incorporated into the bank's mission and values. When the Bank adhered to the Global Compact, the Notice of Progress was the 2013 GRI Sustainability Report (Global Reporting Initiative), which complied with the Global Compact and GRI requirements in a single document.

With regard to the Carbon Disclosure Project (CDP), the institution answered the questionnaire about climate change for the first time, demonstrating Banrisul's concern with the issue and reporting initiatives that help reduce greenhouse gas emissions.

We also participated in the development of the Targets of the Millennium Development Goals (established by the United Nations - UN).

The main environmental programs, structured some time ago and with more continuous activities include:

Recycle Program– launched in 2001, Banrisul's Recycle Program encourages and promotes waste collection and recycling in all the institution's units and branches, as well as the proper disposal of these materials. Moreover, there is a growing concern about consumption reduction and material recycling.

In the communities, the Program contributes to social inclusion, income generation and job creation by donating waste, sharing spaces and knowledge and experiences about environmental education and initiatives with partners. These partners contribute to commitment and behavior change through a series of sustainability initiatives and alternatives. Waste management through consumption adaptation, recycling and sale has generated considerable savings, and these figures are not only economic efficiency indicators but also reflect a program that has shown positive results.

Seeds Program – it was created in 2008 with the purpose of contributing to building the paradigm to guide ecological agriculture and sustainable rural development strategies.

Two fundamental concepts guide the project: agrobiodiversity and agroecology.

The strengthening of family farming, the incorporation of food security and sovereignty aspects, the incentive to form agroforestry systems and the empowerment of communities represent key strategies for the development of the program.

This program's initiatives also focus on providing information on the direct and indirect benefits of consuming organic products and encouraging the use and exchange of seeds among farmers, considering that social seed networks play an essential role in the community management of biodiversity.

In total, the Seeds Program has already distributed more than 290 million seedlings and seeds of native trees (adapted to each biogeographic region of Rio Grande do Sul) adapted species and agroecological horticulture to rural producers, schools, associations of ecological farmers, cooperatives of family farmers, indigenous peoples and *quilombolas*, in public outreach works by universities, agroecological fairs and environmental events related to the rural area and to agroecology.

BANRISUL won the 19th *Prêmio Expressão de Ecologia* (Ecology Expression Award), the most important prize in the South region of Brazil, with the Seeds Program in the Conservation of Natural Resources category, receiving the *Troféu Onda Verde* (Green Wave Trophy) during the 2012 Sustainable Management Forum. The event took place on September 21, 2012, at the headquarters of the Federation of Industries of the State of Santa Catarina – Fiesc, in the city of Florianópolis. The Ecology Expression Award will celebrate its 23rd anniversary in 2015.

The Ecology Expression Award is certified by the Ministry of the Environment as the most important environmental award in the South of Brazil with 1,793 cases inscribed during these 20 years.

In 2014, we received the *Prêmio Pioneiras da Ecologia (*Ecology Pioneers Award), from the Health and Environment Committee of the Legislative Assembly of Rio Grande do Sul. In the Institutional category, Banrisul received the award as a social and economic organization, for its project of incentive of ecological agriculture and sustainable rural development strategies.

BANRIBIKE – Provides the employees of Banrisul's headquarters with conditions to use bicycles as a means of transportation, providing a safe parking space and medical supervision for users, through the Occupational Health and Safety Service- SESMT.

The development of the program, created in 2010, with the advisory of the Brazilian Sustainable Transportation Center– CTS-Brasil, is a pilot experience that gives a major contribution to Porto Alegre's integrated cycling infrastructure master plan; ensuring Banrisul's greater alignment with the Global Compact and working as an incentive to cycling as a means of reducing the effects of climate changes, enabling the use of bicycles as a means transport, transforming urban landscape and making the urban environment more sustainable.

Battery Collector Project - Banrisul– since the project's implementation in 2008, Banrisul has already collected 10,780 kilos of batteries, a significant figure considering the chemical composition of batteries (presence of toxic heavy metals), which affects both human health and the environment. The initiative coordinated by Banrisul maintains a partnership with some public bodies: the State Public Prosecutor's Office, the Judicial Branch, Porto Alegre Secretary of the Environment (SMAM) and the State Foundation of Environmental Protection (FEPAM) which help in this process, together with the Brazilian Post and Telegraph Corporation – ECT. The Program currently has 59 points of collection, available to different communities, comprising 40 municipalities.

Social and Environmental Diagnoses Project: from the University to the Communities

Since 2008, Banrisul has been developing this project, which includes thematic, informative and itinerant exhibitions, with the purpose of disseminating formation about environmental problems in an accessible language, easily comprehensible by lay people; encouraging people to think about preservation and the sustainable use of the environment; and disclosing scientific research carried out in the Universities by researchers, professors and academics, integrating universities, the community and social responsibility.

The exhibitions focus on environmental, cultural and social issues sometimes unknown to local communities, stimulating the reflection about future prospects and the relationship between human beings and their environment.

This project is a partnership between Social and Environmental Banrisul (initially it was Banrisul Recycle Program) and Universities, municipal governments and other institutions operating in the social and environmental front (SEMA/RS, Drainage Basin Committees and others).

In November 2013, Banrisul received the 2013 Social Responsibility Award from the Legislative Assembly of Rio Grande do Sul, for the Social and Environmental Diagnoses Project: from the University to the Community together with the Sustainability Agents Project.

The exhibitions created the opportunity for a partnership between Banrisul and the Drainage Basin Committees of Rio Grande do Sul (bodies that decide on water resource use and care in Brazil).

In August 2014, Banrisul signed a Technical Cooperation Agreement with three Drainage Basin Committees: Caí, Gravataí and Tramandaí, aiming to join efforts to benefit the communities served by developing social and environmental initiatives and projects in these regions. In November 2014, the project was presented at the National Drainage Basin Committee Meeting, in Maceió, as best practices for Drainage Basin Committees. Banrisul was the only financial institution to present this type of initiative at the event.

Since the beginning of the project, nine exhibitions have been held, with an estimated public of 25,000 people, including school teachers and students, participants of environmental events and the public in general. The exhibitions were held in more than 60 Banrisul branches, comprising more than 30 municipalities in the state. They were also included in the schedule of several environmental events organized and/or sponsored by state and municipal institutions.

Green IT

Below, we offer some updated data about the Information Technology area:

-Purchase of new computers to replace the 8,476 work stations (with stations with higher performance and lower associated consumption): 9,500 Itautec computers;

-Replacement of 3,100 box printers by thermal printers which, in addition to not using ink, make considerably less noise;

- Replacement of 1,200 laser printers by multi-functional machines that allowed the disposal of scanners and fax machines: printers not acquired;

-Implementation of the Bank’s new datacenter and office building in accordance with Green building criteria.

-Establishment of targets for exponential and growing reduction of electronic waste (tonners, inks, spools, cables in general, computers, laptops, printers, UPS batteries, among others); we could mention purchases (sustainable bids) of equipment items which, due to their constitution or the way they are produced, generated less impact;

-Creation of a Printing Internal Policy that can be progressively improved;

-Adoption of tonner collection procedures with third-parties that perform reverse logistics;

-Reutilization of mechanical and electronic structures of partially damaged equipment;

-Use of video conferencing technology.

The institution's Expenses Department monitors the number of pages printed by each employee during the year and this has a direct influence on the variable compensation of each unit of the Bank.

On the intranet it is possible to see each employee's environmental impact regarding the following criteria of the abovementioned item: trees (2.068% of a tree since March 27, 2012), carbon (7.5 kilograms of carbon dioxide since March 27, 2012) and energy (equivalent 60W lamp lit for 471.8 hours).

c. material dependence on patents, brands, licenses, concessions, franchises and royalty contracts to carry out activities.

This information is detailed in item 9.1.b.

7.6 Material revenue from foreign countries

The Institution does not earn material revenue in countries other than Brazil.

7.7 Regulation of countries in which the Issuer obtains material revenue

Not applicable.

7.8 Description of material long-term relationships of the Issuer that are not included in this reference form

In January 2012, Banrisul entered the external subordinated debt market, raising US$500 million with a 10-year tenor, a coupon of 7.375% p.a. and an effective yield of 7.50% p.a. At the end of the year, by reopening this subordinated note issue, the Institution raised a further US$275 million with a 10-year tenor, a coupon of 7.375% p.a. and an effective yield of 5.95% p.a. The proceeds will be used to expand the concession of credit and strengthen Level II capital, thereby favoring sustained business growth.

Banrisul participates in operations involving derivative instruments, including swaps and currency forwards recorded in asset and compensation accounts to meet its own total risk management needs.

The use of derivatives is primarily intended to mitigate risks arising from the impact of exchange variations on Banrisul's foreign funding, resulting in the conversion of these rates to the variation in the CDI rate.

Swaps are therefore long-term, accompanying the foreign debt maturity schedule, while currency forwards are short-term, maturing as portions of the foreign debt are protected by a natural hedge.

7.9 Other information that the issuer considers material

At the end of 2014, the insurance business was restructured through a partnership between Banrisul and Icatu Seguros to form an insurance company, focused on social security and life insurance. The operation has already been approved by the Brazilian Central Bank, the Administrative Council for Economic Defense and the Private Insurance Superintendence. A joint venture will be created, in which Banrisul will hold 49% of the capital. Icatu paid R$115.0 million for Banrisul's commitment to sign a covenant with Icatu Seguros for the exclusive distribution of Individual and Social Security Insurance in Banrisul's channels for a 20-year term. The agreement was paid for and signed on December 11, 2014.

8. BUSINESS GROUP

8.1 Description of the group companies

a. direct and indirect controlling shareholders

We are a mixed-capital company controlled by the state of Rio Grande do Sul. For more information, see item 15 of this Reference Form.

b. subsidiaries and associated companies

On the date of this Reference Form, the Company has four subsidiaries: Banrisul Armazéns Gerais S.A., Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio, Banrisul Cartões S.A.; and one associated company, Bem Promotora de Vendas e Serviços S.A.

Banrisul Armazéns Gerais S.A. Banrisul Armazéns Gerais is licensed by the Federal Government, through Brazil's Internal Revenue Superintendence, 10th Fiscal Region, to provide public handling and storage services in Dry Port in the city of Canoas -RS, through transactions subject to customs procedures: import and export customs warehousing; temporary admission; customs transit; drawback; temporary export; certified customs deposit and special customs deposit, as well as general warehousing, among other activities provided in the Bylaws. On December 31, 2014, the parent company Banrisul S.A. held a 99.5% in Banrisul Armazéns Gerais.

Banrisul S.A. Administradora de Consórcios. Banrisul Consórcios is our subsidiary, the purpose of which is to create and manage groups of purchasing consortium to acquire personal and real property. On December 31, 2013, the Company held 99.7% of Banrisul Consórcios' capital.

On October 14, 2010, the controlling shareholder, Banco do Estado do Rio Grande do Sul S.A. filed a tender offer to acquire shares owned by minority shareholders holding outstanding common shares and on December 17, 2010, the Brazilian Securities and Exchange Commission – CVM approved the deregistering as a publicly-held company.

Banrisul S.A. Corretora de Valores Mobiliários e Câmbio. Banrisul Corretora is our subsidiary which explores brokerage services of securities traded at the BM&FBOVESPA, foreign exchange and audiovisual investment certificates. Banrisul Corretora manages investment clubs. Banrisul Corretora is a member of BM&FBOVESPA. Services are available for Banrisul clients or third parties, also through the home broker system. On December 31, 2013, the Company held 98.9% of Banrisul Corretora's capital.

Banrisul Cartões S.A. Subsidiary that operated in two business segments: (i) acquiring, which includes the accreditation of stores and capture, transmission, processing and financial settlement of multi-branded card transactions carried out at Vero acquiring chain; and (ii) vouchers, comprising the issue of BanriCard's benefit and corporate cards and the management of agreements. In order to comply with the new regulation of the Brazilian Central Bank, in November 2014, Banrisul Cartões filed the requirements necessary to obtain the operating authorization as Payment Institution, classified in three types – electronic currency issuer, issuer of post-payment instrument and accreditation issuer –, and Establisher of BanriCard's Payment Arrangement. In December 2014, we held a 99.8% interest in Banrisul Cartões.

Bem Promotora de Vendas e Serviços S/A. Bem Promotora de Vendas e Serviços S/A is our associated company, specialized in the origination of payroll-deductible loan, which composes the Bank's growth strategy, focused on enhancing the relationship channels, increasing loan volume and distributing financial products and services nationwide. On December 31, 2014, the Company held 49.9% of Bem Promotora de Venda e Serviços S/A's capital.

c. Company's stake in the group companies

Besides the stakes mentioned in item 8.1(b) of this Reference Form, Banrisul does not hold interest in any other company.

d. Group companies' stake in the Company

No group company holds interest in Banrisul.

e. companies under common control

Besides Banrisul, the following companies are controlled by the state of Rio Grande do Sul:

CEASA: a mixed-capital company, with capital from the state of Rio Grande do Sul (which is liable for the management through the Department of Agriculture) and from the local government of Porto Alegre. CEASA is a large center that distributes vegetables and farming products in the state of Rio Grande do Sul. Approximately 35% of total volume consumed in the state is sold by companies and producers operating at CEASA/RS.

CEEE: a mixed-capital company, electricity concessionaire in the south-southeast region of the state of Rio Grande do Sul. CEE serves 72 municipalities, corresponding to nearly 32% of the consumer market in the state.

CESA: a mixed-capital company, linked to the Department of Agriculture and Supply, which aims at supplying the agricultural sector with a warehouse infrastructure compatible with crops in the state of Rio Grande do Sul. CESA is liable for the warehouse official policy in the state and basically operates as a warehouse of third party's products.

CORAG: a mixed-capital company, linked to the Department of Administration and Human Resources, in charge of publishing official acts and providing printing services to the state and the population of Rio Grande do Sul.

CORSAN: is liable for treated water supply to approximately two thirds of the population in the state.

CRM: a mixed-capital company linked to the Department of Infrastructure and Logistics in the State, liable for researching, producing and selling coal and other minerals.

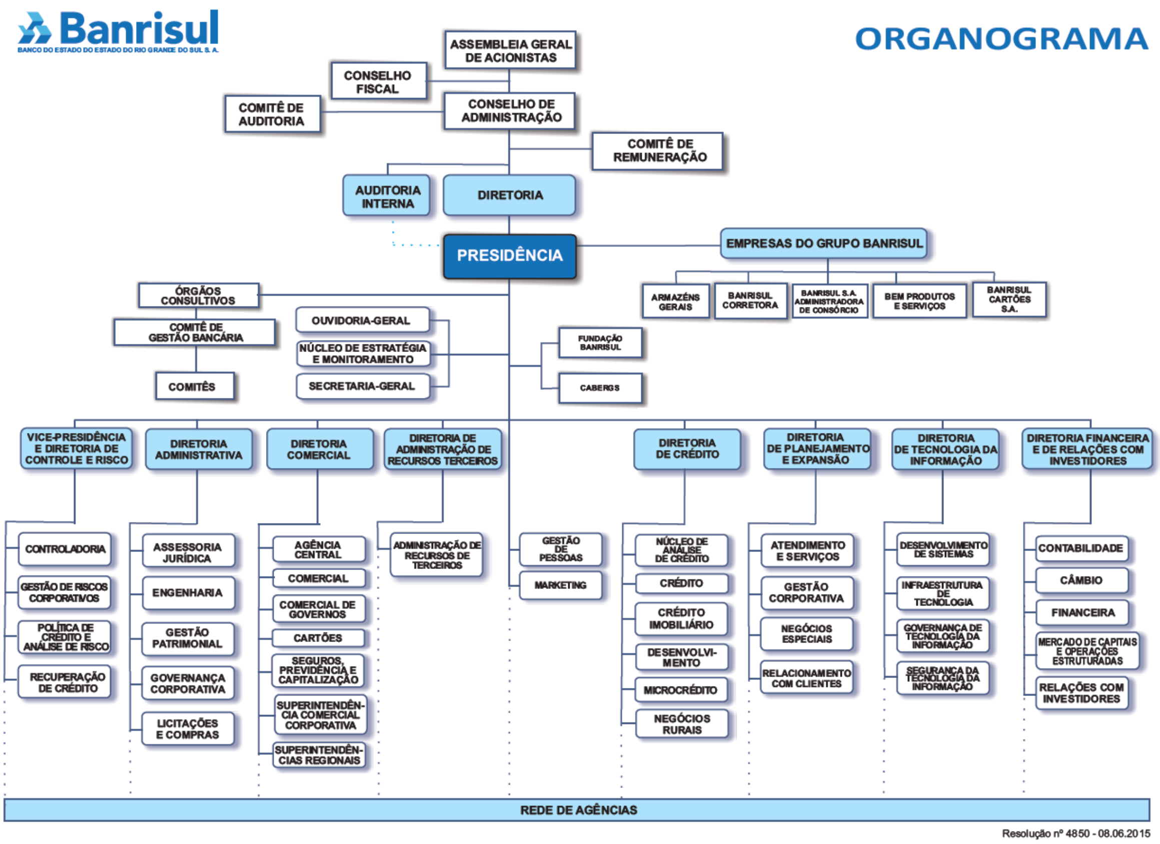
EGR: a company created to manage tolled highways of the State of Rio Grande do Sul.

PROCERGS: a mixed-capital company, liable for implementing the information technology policy of the State. PROCERGS is Rio Grande do Sul's largest IT company and daily processes millions of transactions, which are essential to operate the public utilities and serve the community.

BADESUL: it is liable for providing financial and strategic solutions for the state's economic and social development.

SULGÁS: a mixed-capital company, its shareholders are the state of Rio Grande do Sul and Petrobras Gás S/A – Gaspetro. SULGÁS is liable for selling and distributing pipeline natural gas in the state.

8.2 Organizational chart of the group companies



Translator's note:
ORGANOGRAMA - ORGANIZATIONAL CHART
ASSEMBLEIA GERAL DE ACIONISTAS – SHAREHOLDERS' MEETING
CONSELHO FISCAL – FISCAL COUNCIL
COMITÊ DE AUDITORIA – AUDIT COMMITTEE
CONSELHO DE ADMINISTRAÇÃO – BOARD OF DIRECTORS
COMITÊ DE REMUNERAÇÃO - COMPENSATION COMMITTEE
AUDITORIA INTERNA – INTERNAL AUDIT
DIRETORIA – BOARD OF EXECUTIVE OFFICERS
PRESIDÊNCIA – CHIEF EXECUTIVE OFFICER
EMPRESAS DO GRUPO BANRISUL – BANRISUL GROUP COMPANIES
ARMAZÉNS GERAIS – GENERAL WAREHOUSES

ÓRGÃOS CONSULTIVOS – ADVISORY BODIES
COMITÊ DE GESTÃO BANCÁRIA – BANKING MANAGEMENT COMMITTEE
COMITÊS: COMMITTEES
OUVIDORIA GERAL – GENERAL OMBUDSMAN
NÚCLEO DE ESTRATÉGIA E MONITORAMENTO – STRATEGY AND MONITORING CENTER
SECRETARIA GERAL – GENERAL SECRETARIAT

FUNDAÇÃO BANRISUL – BANRISUL FOUNDATION

CABERGS - CABERGS

VICE-PRESIDÊNCIA E DIRETORIA DE CONTROLE E RISCO – DEPUTY CEO AND CONTROL AND RISK EXECUTIVE AREA: CONTROLLERSHIP/ ACCOUNTING/ CORPORATE RISK MANAGEMENT/ CREDIT AND RISK ANALYSIS POLICIES/ IT SECURITY

DIRETORIA ADMINISTRATIVA –ADMINISTRATIVE EXECUTIVE AREA: LEGAL COUNSEL/ENGINEERING/ASSET MANAGEMENT/LOAN RECOVERY

DIRETORIA COMERCIAL – COMMERCIAL EXECUTIVE AREA: GOVERNMENT COMMERCIAL/ COMMERCIAL/ CREDIT AND DEBIT CARDS/ INSURANCE, PRIVATE PENSION AND SAVINGS BONDS/CENTRAL BRANCH/ CORPORATE COMMERCIAL SUPERINTENDENCE, REGIONAL SUPERINTENDENCES

DIRETORIA DE ADMINISTRAÇÃO DE RECURSOS TERCEIROS – THIRD-PARTY ASSET MANAGEMENT EXECUTIVE AREA: THIRD-PARTY ASSETS/STRUCTURED FUNDS

DIRETORIA DE CRÉDITO – CREDIT EXECUTIVE AREA: CREDIT/MORTAGES/DEVELOPMENT/MICRO-CREDIT/AGRIBUSINESS/MARKETING

DIRETORIA DE PLANEJAMENTO E EXPANSÃO – PLANNING AND DISTRIBUTION CHANNELS EXECUTIVE AREA: SERVICES/CORPORATE MANAGEMENT/CLIENT RELATIONS

TECNOLOGIA DA INFORMAÇÃO – INFORMATION TECHNOLOGY: SYSTEMS DEVELOPMENT/TECHNOLOGY INFRASTRUCTURE

DIRETORIA FINANCEIRA E DE RELAÇÕES COM INVESTIDORES – FINANCIAL AND INVESTOR RELATIONS EXECUTIVE: ECONOMIC STUDY GROUP/ FOREIGN EXCHANGE/FINANCIAL/ INVESTOR RELATIONS, CAPITAL MARKET AND GOVERNANCE/ FOREIGN BRANCHES

GESTÃO DE PESSOAS – PEOPLE MANAGEMENT

GRUPO ESTRATÉGICO DE GESTÃO SOCIOAMBIENTAL – STRATEGIC SOCIAL AND ENVIRONMENTAL MANAGEMENT GROUP

8.3 Description of restructuring operations, such as incorporations, mergers, spin-offs, merger of shares, disposals and acquisitions of controlling interest, acquisitions and disposals of relevant assets in a group

Restructuring of Banrisul Cartões S.A., as described in item 6.5, Event 4, of this Reference Form.

8.4 Other information deemed relevant by the Company

Nothing to declare.

There is no information deemed relevant about this item.

9. RELEVANT ASSETS

9.1 Non-current assets relevant for the development of the Company's activities, referring to the last fiscal year

a. Property and equipment, including leased assets

	RS	Other States
Leased	521	40
Own	200	21
Total	721	61

b Patents, brands, licenses, concessions, franchises and technology transfer agreements

Name	Description	Term	Footprint	Events that may cause loss of rights related to these assets	Eventual consequences for losing such rights
Banrisul Brand	It refers to the brand by which the Banco do Estado do Rio Grande do Sul, S.A. is known, registered at the National Institute of Industrial Property - INPI on August 10, 1971 under the nominative form.	Until December 2015, renewable every 10 years.	Brazil	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's rights.	Eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As a result, Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages.
Banricompras Brand	It refers to the brand through which an exclusive product of Banrisul clients is known, which uses the current account card to pay for purchases, either in cash, post-dated, by installments and *Crédito 1 Minuto*	Until November 2015, renewable every ten years (nominative). Until August 2018, renewable every ten years (mixed).	Brazil	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with	The eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As a result, Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also

	(Instant Credit), at merchants accredited by Banrisul and duly identified with Banricompras brand, registered at the National Institute of Industrial Property - INPI on November 30, 1997 under the nominative form and on March 18, 2008 under the mixed form.			action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's rights.	distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages.
BanriCard Brand	It refers to the brand through which the corporate and benefit voucher cards that make up BanriCard's payment arrangement is composed of. BanriCard's payment arrangement is composed of meal, food, gift and salary cards, and post-paid fuel, corporate benefit and payment management cards. Brand registered at the National Institute of Industrial Property – INPI on April 15, 2004 and granted on August 28, 2007 on a nominative basis.	Until 2017, renewable every ten years. Without right to the exclusive use of the word CARD in isolation.	Brazil	Within the administrative scope with the National Institute of Industrial Property – INPI, brand applications under its analysis may be rejected. Even for brand registrations already granted, it is not possible to assure that third parties (or the INPI itself) will not try to impair the Company's registrations (with action for annulment or lapse, for example). Within the legal scope, although the Company owns the registration, it is not possible to assure that third parties will not try to allege that the Company is infringing intellectual property rights and eventually they succeed. Furthermore, brand registration is maintained through periodic payments to INPI, indispensable to prevent the extinguishment of registrations and accordingly, the suspension of holder's rights.	The eventual loss of rights over the brand registered by Banrisul would result in the end of right to exclusive use nationwide. As a result, Banrisul would face difficulties to prevent third parties from using identical or similar brands, in order to also distinguish competing products and services. Moreover, if Banrisul does not evidence is the lawful owner of the brand used, there is a possibility of being sued in the criminal and civil levels, due to brand misappropriation and violation to third parties' rights, causing image and financial damages.

Note: brand value is not accounted for.

c. Companies in which the Company holds interest

Company name	**Banrisul Armazéns Gerais S.A.**		
Corporate Taxpayer's ID	92.721.232/0001-57		
Headquarters	Av. Getúlio Vargas nº 8201, Canoas-RS		
Activities developed	The company operates under the import and export systems – bonded warehouse, public customs warehouse (DAP) and certified customs warehouse (DAC) and general warehouse.		
Issuer's interest	99.50%		
Subsidiary or associated company	Subsidiary		
Registration at the Brazilian Securities and Exchange Commission (CVM)	CVM registration no. 15,822, granted on October 18, 1996		
Interest carrying amount	2014	2013	2012
percentage (%)	7.71%	8.25%	9.26%
R$0.00	33,723	31,309	28,922
Interest market value according to the share quote on the fiscal year's closing date, when these shares are traded at the organized securities markets (R$ thousand).	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Appreciation or devaluation of said interest over the last three fiscal years, according to the percentage carrying amount (%).	2014	2013	2012
(R$0.00)	3,218	3,159	3,256
Appreciation or devaluation of said interest over the last three fiscal years, according to the market value, as per share quotes on the closing date of each fiscal year, when these shares are traded at the organized markets (R$0.00)	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Dividends received over the last three fiscal years (R$0.00)	2014	2013	2012
	808	1,084	803
Reasons for acquiring and holding such interest	The investment is established and maintained in conformity with the State government policy, due to the need of maintaining warehouse public utilities.		

Company name	**Banrisul S.A. Corretora de Valores Mobiliários e Câmbio**		
Corporate Taxpayer's ID	93.026.847/0001-26		
Headquarters	Rua Caldas Júnior nº 108 - 4º andar, Porto Alegre-RS		
Activities developed	The Company's main activity is to buy and sell shares, by itself or through third parties on the spot market, options market, forward and futures markets, manage investment clubs; acting as a broker in gold operations, funding and sale of quotas to produce films (Culture Incentive Law); acting as a broker in commodities operations at the Brazilian Securities, Commodities and Futures Exchange; to coordinate the issue of debentures in the capital markets, acting as a broker in the purchase and sale of these instruments with investors.		
Issuer's interest	98.98%		
Subsidiary or associated company	Subsidiary		
Registration at the Brazilian Securities and Exchange Commission (CVM)	Nill		
Interest carrying amount	2014	2013	2012
percentage (%)	0.98%	0.51%	1.58%
R$0.00	76,267	75,522	75,134
Interest market value according to the share quote on the fiscal year's closing date, when these shares are traded at the organized securities markets (R$ thousand).	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Appreciation or devaluation of said interest over the last three fiscal years, according to the percentage carrying amount (%).	2014	2013	2012
(R$0.00)	1,168	698	1,578
Appreciation or devaluation of said interest over the last three fiscal years, according to the market value, as per share quotes on the closing date of each fiscal year, when these shares are traded at the organized markets (R$ thousand)	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Dividends received over the last three fiscal years (R$0.00)	2014	2013	2012
	280	103	378
Reasons for acquiring and holding such interest	Associated company merged due to the need of expanding the financial conglomerate activities, through the integration of brokerage activities in the real estate market.		

Company name	**Banrisul S.A. Administradora de Consórcios**		
Corporate Taxpayer's ID	92.692.979/0001-24		
Headquarters	Rua Caldas Júnior nº 108 - 7º andar, Porto Alegre-RS		
Activities developed	It manages groups of purchasing consortium in general		
Issuer's interest	99.70%		
Subsidiary or associated company	Subsidiary		
Registration at the Brazilian Securities and Exchange Commission (CVM)	CVM Registration No. 15,130, granted on November 29, 1995		
Interest carrying amount	2014	2013	2012
percentage (%)	11.34%	8.70%	7.46%
R$0.00	184,641	165,382	152,133
Interest market value according to the share quote on the fiscal year's closing date, when these shares are traded at the organized securities markets (R$ thousand).	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Appreciation or devaluation of said interest over the last three fiscal years, according to the percentage carrying amount (%).	2014	2013	2012
(R$0.00)	25,438	17,400	13,714
Appreciation or devaluation of said interest over the last three fiscal years, according to the market value, as per share quotes on the closing date of each fiscal year, when these shares are traded at the organized markets (R$0.00)	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Dividends received over the last three fiscal years (R$0.00)	2014	2013	2012
	6,041	2,351	3,267
Reasons for acquiring and holding such interest	Investment is related to the expansion of portfolio of financing alternative options for consumer needs, synergy between business and banking activities, expectations of expansion in the market.		

Company name	**Banrisul Cartões S.A.**		
Corporate Taxpayer's ID	92.934.215/0001-06		
Headquarters	Rua Caldas Júnior nº 108 - 9º andar, Porto Alegre-RS		
Activities developed	Specialized in voucher management, with strategic strength in vouchers and acquisitions. It manages Refeisul meal and food tickets and cards. Benefit, gift and fuel cards and fleet maintenance system.		
Issuer's interest	99.78%		
Subsidiary or associated company	Subsidiary		
Registration at the Brazilian Securities and Exchange Commission (CVM)	Nill		
Interest carrying amount	2014	2013	2012
percentage (%)	54.19%	21.85%	18.15%
R$0.00	257,751	167,160	137,181
Interest market value according to the share quote on the fiscal year's closing date, when these shares are traded at the organized securities markets (R$ thousand).	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Appreciation or devaluation of said interest over the last three fiscal years, according to the percentage carrying amount (%).	2014	2013	2012
(R$0.00)	116,910	41,159	21,081
Appreciation or devaluation of said interest over the last three fiscal years, according to the market value, as per share quotes on the closing date of each fiscal year, when these shares are traded at the organized markets (R$0.00)	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Dividends received over the last three fiscal years (R$0.00)	2014	2013	2012
	27,747	9,750	0
Reasons for acquiring and holding such interest	The investment is established and maintained in view of market opportunities and the expectations of expanding the use of cards, and business synergy with banking activity.		

Company name	**Bem Promotora de Vendas e Serviços S/A**

Corporate Taxpayer's ID	10.397.031/0001-81		
Headquarters	Rua Siqueira Campos, 1163, 5º e 9º andares, Porto Alegre/RS		
Activities developed	Brokerage and management of the entire payroll-deductible loan process		
Issuer's interest	49.9%		
Subsidiary or associated company	Subsidiary		
Registration at the Brazilian Securities and Exchange Commission (CVM)	Nill		
Interest carrying amount	2014	2013	2012
percentage (%)	9.10%	(17.53)%	-
R$0.00	17,746	13,515	16,389
Interest market value according to the share quote on the fiscal year's closing date, when these shares are traded at the organized securities markets (R$ thousand).	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Appreciation or devaluation of said interest over the last three fiscal years, according to the percentage carrying amount (%).	2014	2013	2012
(R$0.00)	1,231	2,054	(2,592)
Appreciation or devaluation of said interest over the last three fiscal years, according to the market value, as per share quotes on the closing date of each fiscal year, when these shares are traded at the organized markets (R$0.00)	2014	2013	2012
	The Company does not hold shares traded at the organized securities markets.		
Dividends received over the last three fiscal years (R$0.00)	2014	2013	2012
	1,944	1,561	-
Reasons for acquiring and holding such interest	The investment is established and maintained in view of market opportunities and the expectations of expanding the use of cards, and business synergy with banking activity.		

9.2 Other information the Company deems relevant

Edificações, por municípios – RS

LOCALIZAÇÃO	A	P	LOCALIZAÇÃO	A	P	LOCALIZAÇÃO	A	P	LOCALIZAÇÃO	A	P
ACEGUÁ	1	0	CRISTAL	1	0	MARIANO MORO	1	0	SANTO ANTÔNIO DO PLANALTO	1	0
ÁGUA SANTA	1	0	CRUZ ALTA	2	1	MARQUES DE SOUZA	1	0	SANTO AUGUSTO	0	1
AGUDO	1	0	CRUZALTENSE	1	0	MATA	1	0	SANTO CRISTO	1	0
AJURICABA	1	0	CRUZEIRO DO SUL	0	1	MATO LEITÃO	1	0	SANTO EXPEDITO	1	0
ALECRIM	0	1	DAVID CANABARRO	1	0	MAXIMILIANO DE ALMEIDA	1	0	SÃO BORJA	2	1
ALEGRETE	1	1	DERRUBADAS	1	0	MINAS DO LEÃO	1	0	SÃO DOMINGOS DO SUL	1	0
ALEGRIA	1	0	DILERMANDO DE AGUIAR	1	0	MIRAGUAI	1	1	SÃO FRANCISCO DE ASSIS	0	1
ALMIRANTE TAMANDARÉ DO SUL	1	0	DOIS IRMÃOS	0	1	MONTENEGRO	2	1	SÃO FRANCISCO DE PAULA	0	1
ALPESTRE	0	1	DOIS IRMÃOS DAS MISSÕES	1	0	MORRINHOS DO SUL	1	0	SÃO GABRIEL	1	1
ALVORADA	1	1	DOIS LAJEADOS	1	0	MORRO REDONDO	1	0	SÃO JERÔNIMO	0	1
AMARAL FERRADOR	1	0	DOM FELICIANO	1	0	MORRO REUTER	1	0	SÃO JOÃO DA URTIGA	1	0
AMETISTA DO SUL	1	0	DOM PEDRITO	0	1	MOSTARDAS	1	0	SÃO JOÃO POLESINE	1	0
ANDRE DA ROCHA	1	0	DOM PEDRO DE ALCANTARA	1	0	MUÇUM	0	1	SÃO JORGE	1	0
ANTA GORDA	1	0	DONA FRANCISCA	0	1	MUITOS CAPÕES	1	0	SÃO JOSÉ DO HERVAL	1	0
ANTONIO PRADO	0	1	DR MAURÍCO CARDOSO	1	0	NÃO ME TOQUE	1	0	SÃO JOSÉ DO NORTE	0	1
ARAMBARÉ	1	0	DR RICARDO	1	0	NONOAI	0	1	SÃO JOSÉ DO OURO	1	0
ARARICA	1	0	ELDORADO DO SUL	1	0	NOVA ALVORADA	1	0	SÃO JOSÉ DOS AUSENTES	1	0
ARATIBA	1	0	ENCANTADO	0	2	NOVA ARAÇA	1	0	SÃO JOSÉ HORTÊNCIO	1	0
ARROIO DO MEIO	1	1	ENCRUZILHADA DO SUL	0	1	NOVA BASSANO	0	1	SÃO LEOPOLDO	7	1
ARROIO DO SAL	1	0	ENTRE RIOS DO SUL	1	0	NOVA BRÉSCIA	1	0	SÃO LOURENÇO DO SUL	0	1
ARROIO DO TIGRE	1	0	ENTRE-IJUIS	1	0	NOVA CANDELARIA	1	0	SÃO LUIZ GONZAGA	1	1
ARROIO DOS RATOS	1	1	EREBANGO	1	0	NOVA ESPERANÇA DO SUL	1	0	SÃO MARCOS	0	1
ARROIO GRANDE	0	1	ERECHIM	7	0	NOVA HARTZ	1	0	SÃO MARTINHO	1	0
ARVOREZINHA	1	0	ERNESTINA	1	0	NOVA PÁDUA	1	0	SÃO MARTINHO DA SERRA	1	0
AUGUSTO PESTANA	1	0	ERVAL GRANDE	1	0	NOVA PALMA	1	0	SÃO MIGUEL DAS MISSÕES	1	0
ÁUREA	1	0	ERVAL SECO	1	0	NOVA PETRÓPOLIS	1	0	SÃO NICOLAU	1	0
BAGÉ	3	2	ESMERALDA	0	1	NOVA PRATA	0	1	SÃO PAULO DAS MISSÕES	1	0
BALNEÁRIO PINHAL	2	0	ESPERANÇA DO SUL	1	0	NOVA ROMA DO SUL	1	0	SÃO PEDRO DA SERRA	1	0
BARÃO	1	0	ESPUMOSO	1	0	NOVA SANTA RITA	1	0	SÃO PEDRO DO SUL	0	1
BARÃO DO COTEGIPE	1	0	ESTAÇÃO	1	0	NOVO BARREIRO	1	0	SÃO SEBASTIÃO DO CAÍ	0	1
BARÃO DO TRIUNFO	1	0	ESTÂNCIA VELHA	0	1	NOVO CABRAIS	1	0	SÃO SEPÉ	0	1
BARRA DO QUARAÍ	1	0	ESTEIO	2	0	NOVO HAMBURGO	9	0	SÃO VALENTIM	1	0
BARRA DO RIBEIRO	0	1	ESTRELA	0	1	NOVO MACHADO	1	0	SÃO VALENTIM DO SUL	1	0
BARRA FUNDA	1	0	EUGÊNIO DE CASTRO	1	0	NOVO TIRADENTES	1	0	SÃO VENDELINO	1	0
BARRACÃO	0	1	FARROUPILHA	2	1	OSORIO	1	2	SÃO VICENTE DO SUL	0	1
BARROS CASSAL	0	1	FAXINAL DO SOTURNO	1	0	PAIM FILHO	0	1	SAPIRANGA	1	1
BENTO GONÇALVES	5	1	FAXINALZINHO	1	0	PALMARES DO SUL	1	0	SAPUCAIA DO SUL	1	0
BOA VISTA DO BURICÁ	0	1	FAZENDA VILA NOVA	1	0	PALMEIRA DAS MISSÕES	0	1	SARANDI	1	0
BOA VISTA DO CADEADO	1	0	FELIZ	1	0	PALMITINHO	1	0	SEBERI	1	0
BOA VISTA DO INCRA	1	0	FLORES DA CUNHA	1	1	PANAMBI	0	1	SEDE NOVA	1	0
BOA VISTA DO SUL	1	0	FONTOURA XAVIER	1	0	PANTANO GRANDE	1	0	SEGREDO	1	0
BOM JESUS	0	1	FORMIGUEIRO	1	0	PARAÍ	1	0	SELBACH	1	0
BOM PRINCÍPIO	1	1	FORQUETINHA	1	0	PARAISO DO SUL	1	0	SENADOR SALGADO FILHO	1	0
BOM PROGRESSO	1	0	FORTALEZA DOS VALES	0	1	PARECI NOVO	1	0	SENTINELA DO SUL	1	0
BOM RETIRO DO SUL	1	1	FREDERICO WESTPHALEN	0	1	PAROBÉ	1	0	SERAFINA CORREA	0	1
BOQUEIRÃO DO LEÃO	1	0	GARIBALDI	1	1	PASSA SETE	1	0	SERIO	1	0
BOSSOROCA	1	0	GARRUCHOS	1	0	PASSO DO SOBRADO	1	0	SERTÃO	1	0
BOZANO	1	0	GAURAMA	0	1	PASSO FUNDO	8	1	SERTÃO SANTANA	1	0
BRAGA	1	0	GENERAL CÂMARA	0	1	PAVERAMA	1	0	SEVERIANO DE ALMEIDA	1	0
BUTIÁ	1	0	GETÚLIO VARGAS	0	1	PEDRO OSORIO	0	1	SILVEIRA MARTINS	0	1
CAÇAPAVA DO SUL	0	1	GIRUÁ	0	1	PEJUÇARA	0	1	SINIMBU	1	0
CACEQUI	0	1	GLORINHA	1	0	PELOTAS	4	4	SOBRADINHO	0	1
CACHOEIRA DO SUL	2	1	GRAMADO	1	1	PICADA CAFÉ	1	0	SOLEDADE	0	1
CACHOEIRINHA	2	1	GRAMADO DOS LOUREIROS	1	0	PINHAL	1	0	TABAÍ	1	0
CACIQUE DOBLE	1	0	GRAMADO XAVIER	1	0	PINHAL DA SERRA	1	0	TAPEJARA	1	0
CAIBATE	1	0	GRAVATAÍ	7	1	PINHAL GRANDE	1	0	TAPERA	1	0
CAIÇARÁ	1	0	GUABIJÚ	1	0	PINHEIRINHO DO VALE	1	0	TAPES	0	1
CAMAQUÃ	1	1	GUAÍBA	2	1	PINHEIRO MACAHDO	0	1	TAQUARA	0	1
CAMBARÁ DO SUL	0	1	GUAPORÉ	1	0	PINTO BANDEIRA	1	0	TAQUARI	0	1
CAMPESTRE DA SERRA	1	0	GUARANI DAS MISSÕES	0	1	PIRATINI	0	1	TAQUARUÇU DO SUL	1	0
CAMPINAS DA MISSÕES	1	0	HARMONIA	1	0	PLANALTO	1	0	TAVARES	1	0
CAMPINAS DO SUL	1	0	HERVAL	0	1	POÇO DAS ANTAS	1	0	TENENTE PORTELA	0	1
CAMPO BOM	1	0	HORIZONTINA	1	0	PONTÃO	1	0	TERRA DE AREIA	1	0
CAMPO BORGES	1	0	HULHA NEGRA	1	0	PONTE PRETA	1	0	TEUTONIA	2	1
CAMPO NOVO	1	0	HUMAITÁ	0	1	PORTÃO	1	1	TIO HUGO	1	0
CANDELÁRIA	0	1	IBARAMA	1	0	PORTO ALEGRE	82	49	TIRADENTES DO SUL	1	0
CANDIDO GODOI	0	1	IBIAÇA	1	0	PORTO LUCENA	1	0	TORRES	1	1
CANDIOTA	1	0	IBIRAIARAS	1	0	PORTO MAUÁ	1	0	TRAMANDAÍ	2	0
CANELA	1	1	IBIRAPUITÃ	1	0	PORTO XAVIER	0	1	TRÊS ARROIOS	1	0
CANGUÇU	0	1	IBIRUBÁ	0	1	PROGRESSO	1	0	TRÊS CACHOEIRAS	1	0
CANOAS	8	2	IGREJINHA	0	1	PROTASIO ALVES	1	0	TRÊS COROAS	0	1
CAPÃO DA CANOA	2	0	IJUÍ	2	1	PUTINGA	1	0	TRÊS DE MAIO	1	0
CAPÃO DO CIPÓ	1	0	ILÓPOLIS	1	0	QUARAÍ	0	1	TRÊS FORQUILHA	1	0
CAPÃO DO LEÃO	2	0	IMBÉ	1	0	QUEVEDOS	1	0	TRÊS PALMEIRAS	1	0
CAPELA DE SANTANA	1	0	IMIGRANTES	1	0	QUINZE DE NOVEMBRO	1	0	TRÊS PASSOS	0	2
CAPIVARI DO SUL	1	0	INDEPENDENCIA	1	0	RAINHA DO MAR	0	0	TRINDADE DO SUL	1	0
CARAA	1	0	IPÊ	1	0	REDENTORA	0	1	TRIUNFO	3	0
CARAZINHO	3	0	IRAÍ	0	1	RESTINGA SECA	0	1	TUCUNDUVA	1	1
CARLOS BARBOSA	0	1	ITAARA	1	0	RIO DOS INDIOS	1	0	TUNAS	1	0
CARLOS GOMES	1	0	ITACURUBI	1	0	RIO GRANDE	4	0	TUPANCIRETÃ	0	1
CASCA	0	1	ITAQUI	0	1	RIO PARDO	1	1	TUPANDI	1	0
CASEIROS	1	0	ITATIBA DO SUL	1	0	RIOZINHO	1	0	TUPARENDI	1	0
CATUÍPE	0	1	IVORA	1	0	ROCA SALES	1	0	TURUÇU	1	0
CAXIAS DO SUL	21	1	IVOTI	1	0	RODEIO BONITO	0	1	UBIRETAMA	1	0
CENTENÁRIO	1	0	JABOTICABA	1	0	ROLANTE	1	0	UNIÃO DA SERRA	1	0
CERRITO	1	0	JACUTINGA	1	0	RONDA ALTA	1	0	UNISTALDA	1	0
CERRO BRANCO	1	0	JAGUARÃO	0	1	RONDINHA	1	0	URUGUAIANA	2	0
CERRO GRANDE	1	0	JAGUARI	0	1	ROQUE GONZALES	1	0	VACARIA	1	1
CERRO GRANDE DO SUL	1	0	JAQUIRANA	1	0	ROSÁRIO DO SUL	0	1	VALE DO SOL	1	0
CERRO LARGO	0	1	JARI	1	0	SALTO DO JACUI	1	0	VALE REAL	1	0
CHAPADA	1	0	JÓIA	0	1	SALVADOR DAS MISSÕES	1	0	VALE VERDE	1	0
CHARQUEADAS	1	1	JULIO DE CASTILHO	0	1	SALVADOR DO SUL	1	0	VENANCIO AIRES	1	0
CHIAPETA	1	0	LAGOA VERMELHA	0	1	SANANDUVA	0	1	VERA CRUZ	0	1
CHUÍ	1	0	LAGOÃO	1	0	SANTA BARBARA DO SUL	0	1	VERANOPOLIS	0	1
CIDREIRA	1	0	LAJEADO	3	1	SANTA CLARA DO SUL	1	0	VESPESIANO CORREA	1	0
CIRIACO	1	0	LAVRAS DO SUL	0	1	SANTA CRUZ DO SUL	6	0	VIADUTOS	1	0
COLINAS	1	0	LIBERATO SALZANO	1	0	SANTA MARIA	8	0	VIAMÃO	4	1
COLORADO	1	0	LINDOLFO COLLOR	1	0	SANTA MARIA DO HERVAL	1	0	VICENTE DUTRA	1	0
CONDOR	1	0	MACAMBARÁ	1	0	SANTA ROSA	2	1	VICTOR GRAEFF	0	1
CONSTANTINA	1	0	MACHADINHO	0	1	SANTA TEREZA	1	0	VILA FLORES	1	0
COQUEIROS DO SUL	1	0	MAMPITUBA	1	0	SANTA VITORIA DO PALMAR	0	1	VILA MARIA	1	0
CORONEL BARROS	1	0	MANOEL VIANA	1	0	SANTANA DA BOA VISTA	0	1	VILA NOVA DO SUL	1	0
CORONEL BICACO	0	1	MAQUINÉ	1	0	SANTANA DO LIVRAMENTO	2	1	VISTA ALEGRE	1	0
CORONEL PILAR	1	0	MARATÁ	1	0	SANTIAGO	0	1	VISTA ALEGRE DO PRATA	1	0
COTIPORÃ	1	0	MARAU	0	1	SANTO ANGÊLO	3	1	VITORIA DAS MISSÕES	1	0
COXILHA	1	0	MARCELINO RAMOS	1	0	SANTO ANTÔNIO DA PATRULHA	0	1	WESTFALIA	1	0
CRISSIUMAL	1	0	MARIANA PIMENTEL	1	0	SANTO ANTÔNIO DAS MISSÕES	0	1	XANGRI-LA	1	0
Totais	127	37		96	40		201	87		97	36

		RS	Outros Estados
A	Arrendados	521	40
P	Próprios	200	21
	Total	721	61

10 OFFICERS' COMMENTS

10.1 Officers' Comments

We, members of Banrisul's Board of Executive Officers, pursuant to CVM Rule 480/09, make comments in item 10 of the Reference Form about main information referring to the Bank, analyzing 2012, 2013 and 2014 figures. We declare that this information is accurate and consistent based on the usual accompanied financial statements and Management reports.

Firstly, in item 10.1, we point out the Bank's operational and financial overview, our capital structure, our funding sources and indebtedness levels. We also show the variations between 2012/2013 and 2013/2014 of the Balance Sheet and Statement of Income.

In item 10.2, we describe main revenue components, the performance of the commercial loan portfolio, ranked by products and divided into individuals and corporates and also the breakdown of other operating revenues.

In relation to item 10.3, we comment on the events that compose the business strategy: Strategic Partnership with Icatu Seguros, Restructuring of Post-Employment Benefit Plans, Incentive Retirement Plan, Reorganization of the consolidated acquiring business at the subsidiary of Banrisul Cartões S.A. and First Issue of Financial Bills, both in 2013, and Subordinated Debts and Real Estate Fund, both in 2012.

In item 10.4, we outline the relevant changes in the accounting practices adopted by the Bank and its effects on the Financial Statements and also we comment on the independent auditor's report on the financial statements for the fiscal years of 2012, 2013 and 2014.

Referring to the critical accounting policies adopted by Banrisul, in item 10.5, we point out the securities classification methodologies and credit risk evaluation, as well as the classifications adopted in loan operations, in lease and other receivables. In addition, we outline the characteristics of the provision for losses, permanent assets, measurements and justifications for provisions for tax, labor and civil contingencies and the breakdown of income tax, social contribution, private pension, health insurance and retirement plans.

Concerning item 10.6, we refer to internal controls sustained by policies ensuring effectiveness and clearness in the financial statements, structured by the best market practices and corporate governance, meticulously complying with laws and regulators' guidelines.

In item 10.7, we inform the characteristics of two foreign funding operations carried out by Institution in 2012.

In reply to item 10.8, we list the assets and liabilities held by the Bank, not mentioned in its Balance Sheet, such as judicial deposits, sureties and guarantees, the custody of securities and import credit co-obligation, exports and credit assignment, the asset management, the management of consortia and property rental.

In item 10.9, additional comments on the assets and liabilities listed in item 10.8.

Lastly, in item 10.10, referring to business plan, we detail Banrisul's Capex policy, structured into expansion and technological modernization, renovation of service network, and expansion of relationship channels.

As we believe that all factors influencing Banrisul operating performance were commented in items 10.1 to 10.10, we do not include additional comments in Item 10.11.

10.2 Officers' Comments

A. General Financial And Asset Conditions

Overview

Founded in 1928, Banrisul is a multiple bank controlled by the state of Rio Grande do Sul. It is an official bank and main state government's financial agent. In 1934, the Bank started an expansion process by opening branches in several municipalities of the state, which was followed by the merger of government financial institutions, such as Banco Real de Pernambuco (1969), Banco Sul do Brasil (1970), Development Bank of the State of Rio Grande do Sul, BADESUL (1992) and DIVERGS – Securities Broker of the State of Rio Grande do Sul (1992).

In 1998, in view of adhesion to the PROES – Incentive program to reduce state public sector participation in banking activity, Banrisul went through a restructuring process, which resulted in a capital contribution of R$1.4 billion, of which (i) R$700 million from bonds issued by the federal government and Brazilian Central Bank and the remainder (ii) R$700 million referring to the actuarial liability with Fundação Banrisul and amounts due to BNDES (Brazilian Development Bank). R$700 million capitalized in bonds were earmarked to set up provisions for (i) operation losses, especially credit and provision for labor risks, (ii) partial write-off of tax credits and deferred assets and (iii) investments.

In 2007, Banrisul held a primary offering, totaling R$800 million, in addition to a secondary offering carried out by the majority shareholder, of approximately R$1.2 million shares, totaling nearly R$2 billion and adhered to the BM&FBovespa Level 1 Special Corporate Governance Practices. The period also concurred with the consolidation of an in-company restructuring program, initiated in 2005, which became effective with the implementation of a result-oriented management model, by reviewing internal processes, developing a new credit model, restructuring business target modeling and employees variable compensation, besides revamping the technological complex.

In 2011, Banrisul went through a smooth transition by changing executives and replacing members of the Fiscal Council and Management, thanks to its consolidated corporate governance standards. The result of efforts endeavored in 2011 was awarded with the rating assigned by Moody's Investors Service, classifying the Bank as Investment Grade in the global scale and as maximum rating in national scale in early January 2012 and BBB- credit rating in the global scale, brAAA in Brazil National Scale and stand-alone credit profile SACP) bbb+ by Standard & Poor's Rating Services in March 2012, which were maintained up to date.

In 2012, the Bank carried out several initiatives, among which: the consolidation of the acquisition of 49.9% of Credimatone Promotora de Vendas e Serviços S/A, two funding operations abroad totaling US$775 million, a program to open new branches, through a fund referred to as Banrisul Novas Fronteiras Fundo de Investimento Imobiliário – FII in the approximate amount of R$70 million. The Investment Grade ratings assigned by Moody's Investors Service and Standard & Poor's Rating Service in early 2012 were essential to execute the diversification strategy of funding sources and capital strengthening.

In 2013, the Bank focused its marketing strategy towards expanding its revenue matrix, maintaining credit quality, new business opportunities, restructuring the post-employment benefit plan and operational efficiency. The cards operation was reinforced with the integration of voucher, acquiring business and Banricompras card activities at a wholly-owned subsidiary of Banrisul, named Banrisul Cartões S.A.. In August 2013, the first issue of financial bills was concluded, totaling R$1,600 million. Additionally, Previc approved new retirement plans, allowing the migration of the Defined Benefit Plan (PB1) participants, which reported significant deficits, thus, creating favorable conditions for retirement planning and allowing the Bank to re-dimension its internal structures and greater stability in projecting results signaled to the market.

2014 was marked by events that impacted the Institution's results and which will influence future indexes, among which: restructuring of Fundação Banrisul de Seguridade Social's post-employment benefit plan, completed in the first half of 2014, whose migration process resulted in the adhesion of 90% of the active and 25% of the assisted individuals, totaling nearly 60% of the participants, generating R$288 million in expenses from the incentives granted for the migration to the new plans, partially offset by the R$84 million actuarial gain, due to the effect of settlement calculations of the rights of the participants who migrated from the PBI over the portion of the sponsor's obligations; Incentivized Retirement Plan, with 510 terminations concluded until June 30, 2014 and payments of R$64 million; and agreement to distribute life insurance and pension plan products of Icatu Seguros through Banrisul's channels, approved by the Brazilian Central Bank and the Brazilian Antitrust Agency in 2014 and, in February 2015, previously authorized by the Private Insurance Superintendence, which will result in the creation of a joint venture in which Banrisul will hold an interest of 49% in the capital, and which will enable to Bank to diversify and increase its revenue sources for the coming years.

At the end of 2014, Banrisul totaled R$59,562 million in assets. Loan operations totaled R$30,487 million, deposits totaled R$34,135 million and shareholders' equity, R$5,671 million in December 2014.

Banrisul is focused on meeting individuals' demands and corporate working capital financing. Referring to the individuals segment, several agreements with public and private authorities were signed, in addition to the payroll-deductible loan for non-account holders, which allowed the Bank to expand payroll-deductible loans to other States. In the corporate segment, the new working capital lines were favored by increasing performance in the acquiring market. In addition, clients are granted long-term lines of mortgage, rural credit, foreign exchange and specific resources for the public sector.

The commercial loan maintained an outstanding position in the total loan portfolio, comprising 66.2% of loan assets. Individual commercial portfolio advanced 8.0% in 12 months and credit to the corporate segment grew by 10.0% in 12 months. It is also worth mentioning the annual growth of long-term financing at 26.7%, 24.4% increase in rural segment and 21.0% increase in mortgage, segments that received several stimula in the period.

The Bank's performance geographic focus is the South region of Brazil, especially the state of Rio Grande do Sul, which was ranked in the 4th position among the economies composing Brazil's Gross Domestic Product (GDP) in 2012 and where the Financial Institution is headquartered.

Banrisul conglomerate is composed of the Banco do Estado do Rio Grande do Sul S.A., Banrisul S.A. Administradora de Consórcios, a Banrisul S.A. Corretora de Valores Mobiliários e Câmbio, Banrisul Armazéns Gerais S.A., Banrisul Cartões S.A. and Bem Promotora de Vendas e Serviços e S.A.

In a competitive market, in September 2014, Banrisul was ranked in the 11th position among medium and large-sized banks of the Brazilian National Financial System in total assets, 11th position in shareholder's equity, 7th position in total deposits and 7th position in number of branches, according to the ranking released by the Brazilian Central Bank, excluding BNDES.

In the last twelve months, Banrisul reported market share gains of 0.7357 p.p. referring to time deposit in the domestic financial market, as a result of the positive 13.2% variation of such deposits, versus the 7.0% decline recorded in the National Financial System in the same period. As for demand deposits, Banrisul's representativeness of such resources in the domestic market came to 1.9105% in December 2014 over the 1.8894% recorded in

December 2013. As for savings deposits, Banrisul's share in the National Financial System increased by 0.0058 pp. over December 2013, to 1.1713% in December 2014. With regard to total credit balance, Banrisul posted increase of 14.4% in the last twelve months while the institutions of the National Financial System recorded increase of 11.3% in the same period. The Institution's representativeness in the balance of the National Financial System's credit operations came to 1.0089% in December 2014 over 0.9815% in December 2013.

In the regional market, Banrisul recorded expansion in the share of time deposits of 2.2694 p.p. in 12 months to 38.8399% in September 2014, an increase in demand deposits of 1.6994 p.p., and growth of 0.2641 p.p. in savings deposits in the same period. The percentage of balance of the Bank's loan operations in the market of Rio Grande do Sul reached 17.2433% in September 2014, with a 0.3655 p.p. reduction compared to the percentage in September 2013.

OPERATIONAL AND FINANCIAL OVERVIEW

Tables 1 and 2 show the figures related to the main operational and financial ratios:

Table 1: Main Asset Items

			R$ million
	2014	2013	2012[4]
Total assets	59,562	53,211	46,744
Loan operations [1]	30,487	26,652	24,327
Deposits	34,135	30,645	26,746
Open market operations	4,318	4,221	1,628
Funds from financial bills	2,838	2,506	315
Asset management [2]	8,869	7,408	7,138
Shareholders' equity	5,671	5,150	4,636
Financial Conglomerate capital adequacy ratio [3]	17.8%	18.3%	20.2%

[1] It includes all types of loan operations.
[2] Asset management via investment funds and managed portfolios.
[3] Capital adequacy ratio (Basel) represents the ratio between capital base (Reference Shareholder's Equity) and weighted risks.
[4] Restated.

Table 2: Main Income Items

	R$ million, except for number of service points		
	2014	2013	2012
Recurring net income	753	792	819
Gross profit from financial intermediation [1]	3,006	3,006	2,878
Other operating revenue (expenses) [2]	(1,888)	(1,799)	(1,675)
Recurring efficiency ratio [3]	55.3%	52.9%	47.5%
Recurring return on average shareholder's equity [4] [5]	13.9%	16.2%	18.1%
Number of service points [6]	1,328	1,323	1,301

[1] It corresponds to total revenue from financial intermediation less total financial intermediation expenses.
[2] It includes (i) fee income and commissions, (ii) administrative expenses, (iii) tax expenses and (iv) other operating revenue and expenses.
[3] Efficiency Ratio, the calculation is accumulated in the 12-month period and corresponds (i) to personnel expenses, (ii) added to other administrative expenses, (iii) divided by net interest income, (iv) plus fee income, (v) plus income from other operating revenue/expenses.
[4] Net income as percentage of average shareholder's equity.
[5] The return on shareholders' equity was restated in 2012.
[6] It includes branches, bank service points and ATMs.

FISCAL YEAR ENDED DECEMBER 31, 2014

The main factors affecting 2014 performance are summarized below, as well as the material events of the period:

Transaction approved by the Brazilian Central Bank and Brazilian Antitrust Authority at the end of 2014, through which Banrisul and Icatu Seguros S.A. entered into an exclusive agreement to distribute life insurance and pension plans. The transaction, previously authorized by the Private Insurance Superintendence (SUSEP) in February 2015, will result in the creation of a joint venture in which Banrisul will hold a 49% interest in its capital. The participation in this company represents an improvement in our business model. In addition to continue receiving a commission for the sale of life insurance and pension plan products, Banrisul will split the result of the transaction. Icatu paid R$115 million for the exclusive use of Banrisul's distribution channels. Discounting tax effects, the event generated a positive effect in the period's result, of R$71 million.

The restructuring of the post-employment benefit plans was another important event in 2014. The process, completed in June, generate expenses of R$288 million with incentive to the migration into the new plans, of which R$32 million paid to the Defined Benefit Plan (PBI) participants, who voluntarily migrated their mathematical reserves, and R$256 million directly invested in *PB Saldado* and *FBPrev II* plans. The new plans underwent actuarial assessment. Discounting tax benefits of R$111 million, the Fundação's event generated a negative R$93 million effect in the result, represented by the difference between the expenses mentioned above and the R$83.6 million actuarial gain, related to the sponsor's obligations arising from the calculation of the settlement of the rights of the participants who migrated to PBI. By applying the accounting rules provided for by CPC 33 (R1), the restructuring offered added balance to post-employment benefit plans, remaining a R$118 million liability, recorded in the sponsor's equity.

Another important event in 2014 was the Incentivized Retirement Plan (PAI). Implemented in the beginning of the year to motivate the termination of employment agreements under favorable conditions, the PAI was aimed at employees eligible to official and complimentary retirement plan until December 2014. The adhesion term was extended to March and the resignations were concluded until June 2014, with the adherence of 554 individuals, for a total of 510 employees who resigned. Incentives paid within the scope of the PAI totaled R$64 million. Net of tax effects, the event had an R$39 million impact in the result.

The consolidation of the acquiring segment favored the 2014 performance. The launch of the acquiring network brand - Vero, and the Vero Mobile solution strengthened the business model, which is based on the hosting of multibrand transactions - Banricompras, VISA, MasterCard, VerdeCard – into a single equipment, benefitting merchants and consumers. Acquiring network and voucher revenues totaled R$355 million in 2014, 45.5% up on 2013.

Banrisul recorded net income of R$691 million in 2014. Recurring profit came to R$753 million, 4.9% down on 2013. Profitability, calculated based on recurring income was 13.9% over average equity. Non-recurring events (PAI, Fundação and the partnership with Icatu Seguros), net of the R$92 million tax benefit, generated a negative net impact of R$62 million in the year result. 2014 recurring profit was affected by the increase in the basic interest rate, which directly affected funding expenses, in a scenario of decreasing spreads and default stabilization; favored by the expansion of income on services and bank fees, in a volume lower than the increase of administrative expenses.

Net interest income of R$3,790 million recorded in 2014, an increase of R$123 million or 3.4% over 2013. The annual net financial margin flow growth is due to the gradual recovery of brokerage revenue, especially in the second half of the year, versus an increase in expenses, in a scenario of higher basic interest rate, directly affecting variable funding expenses and indirectly affecting loan revenues.

Expenses from provisions for loan operations totaled R$784 million in 2014, R$123 million up on 2013. Year-over-year, the loan portfolio classified by rating improved by 1.8 pp. in the normal risk. The 60-day default risk increased by 0.03 p.p. to 3.83% in 12 months. The 90-day delay index increased by 0.16 p.p. to 3.39% in 12 months. Higher provision expenses in the periods analyzed reflected the rolling of the portfolio by rating, from one-time transactions that required adjustments in the flow of provision.

Fee income and commissions continue to be influenced by Banrisul Cartões' performance and by insurance, private pension and capitalization businesses. In 2014, recognized revenues flow increased by R$213 million or 21.6% over 2013, R$148 million of which from the evolution of the acquiring network and voucher businesses and insurance, private pension and capitalization operations.

Recurring administrative expenses totaled R$2,742 million in 2014, R$328 million or 13.6% up on 2013, due to new revenue-generating operations, such as payroll-deductible loans for non-account holders and acquisition and credit card services, as well as the category's collective bargaining agreement. The efficiency ratio, the calculation of which is based on recurring expenses, reached 55.3%, considering the accumulated flow for the last twelve months up to December 2014.

Total assets reached R$59,562 million in December 2014, an increase of 11.9% over December 2013. Loan assets totaled R$31,816 million in the broad sense, 14.6% up year-on-year. Deducting the co-obligation operations as guarantee tendered, loan grew by 14.4% year-on-year. Loan performance during the year was driven by the increase in the commercial portfolio and specialized loans.

Shareholders' equity totaled R$5,671 million in December 2014, 10.1% up on December 2013. In 12 months, the balance of shareholders' equity was affected by the inclusion of results, payment of dividends and interest on equity and the reassesment of actuarial liabilities of post-employment benefit plans. Funds raised and assets managed totaled R$48,065 million, 13.3% up on December 2013.

FISCAL YEAR ENDED DECEMBER 31, 2013

The 4.4% increase in the gross income from financial intermediation and the stable operating result verified in 2013 compared to 2012 reflect, regarding interest income and expenses, within a context of lower effective Selic rate and reduced flow of expenses from provision for loans due to improved compliance of the client rating system process; as well as higher fee income and commissions, due to efforts to expand other services (acquisition, insurance, private pension, capitalization bonds), and closer relationship by introducing new customer management tools and initiatives to improve customer service through the expansion of service points and alternative channels, a move which allowed minimizing the increase in administrative and personnel expenses.

Banrisul's funding structure is mainly represented by bank deposit certificates (CDB), savings deposits, demand deposits and issue of financial bills and subordinated debts abroad. In August 2013, the Bank carried out the first issue of financial bills totaling R$1,600.0 million.

Banrisul's funding and asset management composed of deposits, financial bills, subordinated debt and investment funds came to R$42,420 million in December 2013, 20.0% up or an increase of R$7,062 million on December 2012. Funds raised and assets managed are comprised of 72.2% of deposits, 17.5% of investment funds, 5.9% of financial bills and 4.4% of subordinated debt.

Deposits totaled R$30,645 million in December 2013, 14.6% up or an increase of R$3,898 million year-on-year. Financial bills came to R$2,506 million in December 2013. Subordinated debts issued abroad totaled R$1,861 million in December 2013, an increase of R$703 million on 2012. The asset management totaled R$7,408 million in December 2013, 3.8% up or an increase of R$270 million on 2012.

Total assets totaled R$53,211 million in December 2013, 13.8% up or an increase of R$6,467 million year-on-year. The assets are composed of loan operations, 50.1% of total, marketable securities and interbank investments, 35.5%, interbank and interdepartmental accounts, 9.1%, and other assets, 5.3%.

The balance invested in loan assets totaled R$26,652 million in December 2013, an increase of 9.6% or R$2,325 million in 12 months. The loan portfolio is composed of contracted operations, mainly with individuals and corporations. The balance of the expanded portfolio came to R$27,763 million in December 2013, 10.2% up or an increase of R$2,564 million year-on-year. Among the credit lines, the most relevant ones were personal payroll-deductible loans, with 27.6% of total credit, and working capital, which absorbed 24.5% of total loan volume by the end of December 2013. Mortgage, rural and long-term financing portfolios expanded their percentage in the Bank's credit in last quarter, accounting for 10.2%, 8.3% and 7.0% of total loan portfolio, respectively, in December 2013.

Loan granted compared to 12M12 showed a more relevant growth, especially with commercial portfolio, personal payroll-deductible loan, overdraft account and working capital, and long-term financing.

The loan portfolio totaled R$18,532 million in December 2013, an increase of 4.7% or R$834 million in 12 months. In 12 months, both segments, consumer credit and corporate loan contributed to the expansion of the commercial portfolio; personal loan totaled R$664 million and corporate loan summed up R$170 million.

Delinquency ratio above 60 days reached 3.8% of total loan volume in December 2013, equal to the previous year. Delinquency above 90 days reached 3.2% in December 2013, above December 2012, 2.9%. Loan operations coverage ratio overdue by more than 60 days reached 156.4% and 90-day ratio, 184.5%, in line with those ratios practiced by banking market. Delinquency and arrears coverage ratios with provisions were also impacted by delay in the transfer of credits received by Banco Cruzeiro do Sul – under extra-court liquidation, in addition to the implementation of new client rating system.

In relation to Banrisul liquidity, we point out net cash and cash equivalents applied in federal government bonds indexed to the Selic rate, treasury bonds or repo operations, always pegged by federal government bonds. In December 2013, the balance of marketable securities and liquidity interbank investments, less repo operations, totaled R$14,687 million, 4.3% down or R$656 million on December 2012. This change was due to the change in the profile of funding lines.

Banrisul has margin to sustain the growth of its operations, capacity attested by the capital adequacy ratio (Basel), 18.3% in December 2013. The ratios showing the efficacy of administrative structure, given by percentage of administrative expenses in relation to the volume of assets in relation to revenue generated, represented by operational cost and efficiency ratios, which reached 4.5% and 52.9% in December 2013, respectively.

Banrisul recorded net income of R$792 million in 2013, versus R$819 million in 2012. The performance in the period was impacted by the decrease of 1.7% or R$64 million in net interest income and the increase of 15.3% or R$320 million in administrative expenses, partially offset by the decrease of 22.5% or R$191 million in provisions for loans and the increase of 23.2% or R$185 million in fee income.

The gross profit from financial intermediation totaled R$3.006 million in 2013, an increase of 4.4% or R$127 million year-on-year. The variation reflects the slowdown in interest income and increase in interest expenses, in line with the basic interest rate trend and reduction of bank spreads, as well as the effect from reducing provision for losses expenses and the mark-to-market result of subordinated debt and hedge instruments.

2013 results correspond to profitability of 16.2% calculated over average shareholders' equity. In December 2013, shareholders' equity totaled R$5.150 million, 11.1% up or an increase of R$513 million on December 2012. Return on shareholders' equity reflects reduced generation of income and higher interest expenses and the favorable effect of expanding revenue from other services, and accordingly, increasing the administrative expenses associated with the business expansion strategy.

Banrisul paid and accrued in 12M13, R$802 million in taxes and contributions. Taxes withheld and transferred directly levied on financial intermediation and other payments totaled R$684 million.

FISCAL YEAR ENDED DECEMBER 31, 2012

Banrisul economic performance in 2012 was affected by the slowdown of loan revenue growth, in line with the context of a slower pace of business expansion and decreased interest rates to borrower. The growth strategy, outlined two years ago, was put into practice by means of the acquisition of 49.9% of payroll-deductible loan sales promoter, Credimatone Promotora de Vendas e Serviços S/A, a company with a chain of stores distributed into five regions of Brazil. In the south region, the branch network expansion project advanced by making available nine new stores and transforming 18 banking service points into branches. Banrisul also conducted two foreign funding operations, settled in February 2012 and December 2012, totaling US$775 million. Foreign and corporate events that characterize a year marked by several actions.

Banrisul funding structure is mainly represented by time deposits, bank deposit certificates (CDB) and savings accounts; financial and development funds and the issue of subordinated debts abroad. During 2012, Banrisul also raised funds through the issue of mortgage bonds (LCI).

In 2012, Banrisul conducted two bond issues in the international market, totaling US$775 million in subordinated notes; 10-year instruments to mature in 2022 and interest coupon of 7.375% p.a., a strategy concerned with capital level II. The first issue, totaling US$500 million took place by the end of January 2012, earning annual interest rate of 7.50%. The second issue totaling US$275 million took place by the end of November 2012, earning annual interest rate of 5.95%. The development process at the Brazilian Central Bank to authorize the utilization of foreign funding as capital level II was concluded in December 2012.

Banrisul funding and asset management composed of deposits, financial and development funds, foreign funding and investment funds totaled R$40,985 million in December 2012, an increase of 20.2% or R$6,887 year-on-year. The composition of funds raised and managed includes 65.3% of deposits, 14.5% financial and development funds and 17.4% of investment funds.

Deposits totaled the balance of R$26,746 million in December 2012, 19.6% up year-on-year. The financial and development funds totaled R$5,942 million in December 2012, 16.5% up year-on-year. The subordinated debt, with foreign issue, totaled R$1,158 million in December 2012. Mortgage bonds (LCI) totaled R$315 million in December 2012. The asset management portfolio totaled R$7,138 million in December 2012, 7.5% up year-on-year.

Total assets totaled R$46,744 million in December 2012, 24.4% up year-on-year. The assets are composed of loan operations, 52.0% of total, marketable securities and liquidity interbank investments, 36.3%, interbank and interdepartmental accounts, 7.9%, and other assets, 3.8%.

The balance invested in loan assets totaled R$24,327 million, an increase of 19.3% or R$3,934 million in 12M12. The loan portfolio is composed of contracted operations, mainly, with individuals and medium-sized corporates. Among the lines of credit, the most relevant ones were personal payroll-deductible loan, with 27.8% of total credit and working capital to companies, which absorbed 26.7% of total loan volume by the end of December 2012. Rural credit and mortgage portfolios also recorded a relevant amount in December 2012, accounting for 9.2% and 7.4% of total loan portfolio, respectively. In relation to loan granting, 2012 highlights include: personal loan, under the mode of payroll-deductible loan originated in Banrisul network, working capital and mortgage.

The loan portfolio totaled R$17,698 million, an increase of 15.9% or R$2,427 million in 12M12. In 12 months, both segments, corporate loan and consumer credit contributed to the commercial portfolio path of growth; corporate loan expansion summed up R$1,254 million and personal commercial loan totaled R$1,173 million.

Delinquency ratio above 60 days reached 3.8% of total loan volume in December 2012, 1.0 p.p. up year-on-year. Delinquency above 90 days reached 2.9% in December 2012, above December 2011 ratio, 2.4%. Loan operations coverage ratio overdue by more than 60 days reached 172.2% and 90-day ratio, 223.5%, in line with those ratios practiced by banking market. Delinquency and arrears coverage ratios with provisions of the last quarter were impacted by delay in the transfer of credits received by Banco Cruzeiro do Sul – under extrajudicial liquidation. Such delay was due to the company engaged by Cruzeiro do Sul, by common agreement with banks owning portfolios, which has not concluded yet the operational process that will speed up the identification of amounts transferred by consignors, which will enable greater speed in the transfer of funds to related creditors. Out of amounts overdue by more than 60 days, 11.9% refers to contracts with amounts overdue and not yet transferred by Banco Cruzeiro do Sul, which means 0.45 p.p. of 60-day delinquency of Banrisul, i.e., the ratio would reach 3.35%, against 3.39% in September 2012. Out of the amounts overdue by more than 90 days, 7.4% derive from contract amounts not yet transferred by Banco Cruzeiro do Sul or 0.22 p.p. of 90-day ratio of Banrisul, i.e., the ratio would reach 2.71% against 2.76% of September 2012.

In relation to Banrisul liquidity, we point out net cash and cash equivalents applied in federal government bonds indexed to the Selic overnight lending rate, treasury bonds or repo operations, always pegged by federal government bonds. In December 2012, the balance of marketable securities and liquidity interbank investments, less repo operations totaled R$15,343 million, 38.5% up on December 2011.

Banrisul has margin to sustain the growth of its operations, capacity attested by the capital adequacy ratio (Basel), 20.2% in December 2012. The ratios showing the efficacy of administrative structure, given by percentage of administrative expenses in relation to the volume of assets or in relation to revenue generated, represented by operational cost and efficiency ratios, which reached 4.5% and 47.5% in December 2012, respectively.

Banrisul recorded net income of R$819 million in 2012, 9.5% down year-on-year, mostly due to the slowdown of business level in the economy scenario and higher delinquency. Despite the market conditions effect, the performance in 2012 recorded higher loan, treasury revenues, including derivatives, fee income and commissions, absorbed by higher financial and operating expenditures, deriving from events associated with the institution's growth strategy, deriving from the structuring of foreign funding and new business prospecting.

The gross profit from financial intermediation totaled R$2,878 million in 2012, an increase of 5.1% or R$140 million year-on-year. The result generated in 2012 corresponds to a profitability of 18.1% calculated over average shareholder's equity. In December 2012, shareholder's equity totaled R$4,636 million, 5.3% up on balance of December 2011. The return on shareholder's equity reflects the slowdown of net interest income, influenced by decrease in Selic Rate and loan average rates, higher delinquency and higher administrative expenses, impacted by expenses related to the Institution's expansion strategy.

Banrisul paid and accrued in 2012, R$752 million in taxes and contributions. Taxes withheld and transferred directly levied on financial intermediation and other payments totaled R$685 million.

B. CAPITAL STRUCTURE AND EVENTUAL REDEMPTION OF SHARES OR QUOTAS:

Banrisul subscribed and paid-up share capital on December 31, 2014 totaled R$4,000,000 thousand, represented by non-par 408,974 thousand shares. In the period between January and December 2014, share conversion occurred, mainly between preferred shares class A and preferred shares class B amounting to 1,879 shares. The Extraordinary Shareholder's Meeting held on April 30, 2014, approved a capital increase through the utilization of Profit Reserves, totaling R$250,000 thousand, without issuing new shares, ratified by Bacen on May 26, 2014.

	Common share		Preferred share Class A		Preferred Share Class B		Total	
	Number	%	Number	%	Number	%	Number	%
State of Rio Grande do Sul (RS)	204,199,859	99.6	2,721,484	77.1	26,086,957	13.0	233,008,300	57.0
Banrisul Social Security Foundation (FBSS)	449,054	0.2	158,983	4.5	0	0.0	608,037	0.2
Social Security Institute of the State of Rio Grande do Sul (IPE)	44,934	0.0	168,612	4.8	0	0.0	213,546	0.1
Other	349,548	0.2	480,772	13.6	174,314,274	87.0	175,144,594	42.8
Total	205,043,395	100.0	3,529,851	100.0	200,401,231	100.0	408,974,477	100.0

Banrisul subscribed and paid-up share capital on December 31, 2013 totaled R$3,750,000 thousand, represented by 408,974 thousand non-par shares. Between January and December 2013, share conversion occurred between preferred share class A (PNA) and preferred share class B (PNB) amounting to 11,026 shares. The Extraordinary Shareholders' Meeting held on April 30, 2013, approved capital increase through the utilization of Profit Reserves, totaling R$250,000 thousand, without issuing new shares, ratified by the Brazilian Central Bank in June 2013.

	Common share		Preferred share Class A		Preferred Share Class B		Total	
	Number	%	Number	%	Number	%	Number	%
State of RS	204,199,859	99.6	2,721,484	77.1	26,086,957	13.0	233,008,300	57.0
FBSS	449,054	0.2	158,983	4.5	0	0.0	608,037	0.1
IPE	44,934	0.0	168,612	4.8	0	0.0	213,546	0.1
Other	349,527	0.2	482,672	13.6	174,312,395	87.0	175,144,594	42.9
Total	205,043,374	100.00	3,531,751	100.00	200,399,352	100.00	408,974,477	100.00

Banrisul subscribed and paid-up share capital on December 31, 2012 totaled R$3,500,000 thousand, represented by 408,974 thousand non-par shares. Between January and December 2012, share conversion occurred between preferred share class A (PNA) and preferred share class B (PNB) amounting to 34,410 shares. The Extraordinary

Shareholders' Meeting held on April 30, 2012, approved capital increase through the utilization of Profit Reserves, totaling R$300,000 thousand, without issuing new shares, already ratified by Brazilian Central Bank (Bacen).

	Common share		Preferred share Class A		Preferred Share Class B		Total	
	Number	%	Number	%	Number	%	Number	%
State of RS	204,199,859	99.6	2,721,484	76.8	26,086,957	13.0	233,008,300	57.0
FBSS	449,054	0.2	158,983	4.5	0	0.0	608,037	0.1
IPE	44,934	0.0	168,612	4.8	0	0.0	213,546	0.1
Other	349,527	0.2	493,698	13.9	174,301,369	87.0	175,144,594	42.8
Total	205,043,374	100.00	3,542,777	100.00	200,388,326	100.00	408,974,477	100.00

Banrisul increased the percentage of operations funding through debt capital in 2014, reaching 90.5%, compared to 90.3%, in 2013, and 90.1% in 2012.

Standard operations funding	2014		2013		2012 (1)	
Equity capital	5,671	9.5%	5,150	9.7%	4,636	9.9%
Debt capital	53,891	90.5%	48,061	90.3%	42,108	90.1%
Total Capital	59,562	100%	53,211	100.0%	46,744	100.0%

(1) Restated

(I) REDEMPTION ASSUMPTIONS

(II) FORMULA TO CALCULATE THE REDEMPTION AMOUNT

There are no assumptions of redemption of shares issued by Banrisul besides those legally provided for.

C. CAPACITY OF PAYMENT IN RELATION TO THE FINANCIAL COMMITMENTS ASSUMED

Banrisul liquidity is favored by funding characteristics through a retail network, especially in the state of Rio Grande do Sul, in other locations of Brazil's south region and in other Brazilian states. In loan, main type of assets, fragmented operations were also prioritized, especially operating with individuals, micro, small and medium-sized companies. Deposits are still the main source of funding.

The treasury policy did not change in 2014. All net cash and cash equivalents remain invested in federal government instruments indexed to the SELIC rate, Treasury bonds ("LFTs"), or repo operations, always pegged by federal government bonds, without any foreign exchange exposure.

The Bank participates in operations involving derivate financial instruments in the swap, for hedge purposes, recorded in equity and memorandum accounts, destined to the meet its own needs to manage its global exposure. The utilization of derivatives mainly aims at mitigating the risks deriving from foreign exchange fluctuations of foreign funding operation carried out by Banrisul, mentioned in the Note 14 to the financial statements, which resulted in the conversion of these rates to CDI rate variation. Thus, the derivative instruments under the swap mode are in the long run, following the flow and maturity of foreign funding, maturing to the extent foreign funding amounts have a natural hedge. The operations are based on OTC contracts registered at the OTC Clearing House- CETIP S/A – Organized Markets and first-tier financial institutions as counterparties. Banrisul adopts the hedge accounting provided for in the Brazilian Central Bank standards and the expected effectiveness since the designation of hedge instruments and during operations is in conformity with Bacen standards.

Banrisul has financial capacity evidenced through in-company technical studies and intention to be held to maturity the securities classified into the "held to maturity" category, as provided for in Article 8 of Circular Letter nº 3,068 of November 8, 2001 of Bacen.

Below, a table including the average term of assets and liabilities in 2014, evidencing the capacity of payment in relation to financial commitments:

Table 3: Aging Assets and Liabilities

R$ million

	No Maturity	Up to 3 months	3 to 12 months	More than 12 months	Total
ASSETS					
Current and Long-Term Assets					
Cash and cash equivalents	798				798
Liquidity interbank investments	29				29
Marketable securities and derivatives (1)	259	1,678	757	16,194	18,889
Loan operations, leasing and other receivables		5,473	9,393	15,622	30,487
Other assets	8,898			194	9,092
Permanent assets	267				267
Total Assets	**10,251**	**7,151**	**10,150**	**32,010**	**59,562**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current and Long-Term Liabilities					
Deposits	11,049	1,616	3,020	18,451	34,135
Open market operations		4,318			4,318
Borrowings and onlending	0	554	1,671	1,955	4,180
Other obligations	5,034	86	75	2,954	8,149
Other liabilities	1,516			1,593	3,109
Shareholders' equity	5,671				5,671
Total Liabilities and Shareholders' Equity	**23,269**	**6,574**	**4,766**	**24,953**	**59,562**

D. Sources Of Financing For Working Capital And Investments In Non-Current Assets

The company applies its own funds and asset management to conduct its activities.

Own Funds – Shareholders' Equity

Banrisul's shareholder's equity stood at R$5,671 million at the end of December 2014, 10.1% up on the previous year.

However, the Company's funds allocated to different investment alternatives are based on solid risk and return analysis. Leverage indicators were similar to the average of Brazil's major banks and, like other Brazilian institutions, Banrisul was compelled to adjust its capital adequacy ratio based on level of risk, a methodology developed in July 1988 by the Basel Committee on Banking Supervision and implemented with amendments determined by the Brazilian Central Bank.

In March 2013, the National Monetary Council (CMN) issued a set of standards to implement Basel III guidelines in Brazil, effective as of October 2013. Resolution No. 4192 provides for the new composition of Regulatory Capital, which shall remain as the sum of Tiers I, divided into Main Capital and Additional Capital, and Tier II, in relation to total Risk-Weighted Assets (RWA) and calculated based on the information of the Financial Conglomerate. New minimum limits were defined which shall be complied with when calculating this capital, according to the schedule disclosed by Resolution 4193 of October 1, 2013. Limits for Main Capital, Tier I Capital and Reference Capital – PR will be required in addition to the introduction of Additional Main Capital.

Also in relation to capital requirement, in 2014 Brazilian Central Bank's Circular Letter 3711 established rules to calculate the portion of risk-weighted assets (RWA) related to credit risk exposures subject to capital requirement calculation using the standardized approach (RWA_{CPAD}). In the same year, Brazilian Central Bank's Circular Letter 3714 of August 20, 2014 changed criteria related to minimum capital requirement for credit risk.

As of January 1, 2015, the use of the Analytical Interim Balance Sheet – Prudential Conglomerate as the basis for the PR and minimum capital requirements calculation became compulsory, according to Resolution 4281 of October 31, 2013. In addition, Brazilian Central Bank's Circular Letter 3701/14 establishes procedures for preparing, disclosing and delivering the consolidated financial statements of the prudential conglomerate.

The Brazilian Central Bank also granted Banrisul the possibility to consider the eligibility of raising funds abroad, in the amount of US$275,000,000 at Tier II of Reference Capital, under the subordinated debt category, as of December 3, 2012, allowing this funding to be added to the balance, subject to Article 29, Paragraphs I and II of Resolution 4192, on December 31, 2012, even if not recorded in a specific Cosif account.

In the annual comparison, we note that the Reference Capital increased by 4.7% in 2014, due to the 9.6% increase in Tier I, as a result of the accrual of profit in the period. Tier II decreased by 11.1% due to the adoption of the prudential adjustments schedule, which reduced subordinated debt by 20% in 2014 versus 10% in 2013, both applied to the book value of December 2012. On the other hand, Risk-Weighted Assets – RWA grew by 8.0% in the same period, due to higher exposures. Based on the variations assessed, the capital adequacy ratio dropped 0.5 pp. to 17.8% in December 2014. Concerning Main Capital and Tier I Capital, the Index was 14.2%, both presenting a respite in relation to the minimum required.

ASSET MANAGEMENT

A fragmented funding policy privileges small and medium-sized investors, rather than institutional investors, such as pension funds and investment funds, which ensures reducing financial cost and diversified sources of financing or fragmented funding, a policy meeting the funding needs to grant new loans.

In December 2014, the main sources of funding were: deposits, which totaled R$34,135 million, accounting for 63.3% of sources from asset management; open market operations, totaling R$4,318 million or 8.0% of third-party capital; borrowings and onlendings, totaling R$4,180 million, accounting for 7.8%, followed by financial bills, totaling R$2,838 million, accounting for 5.3%, and subordinated debt totaling R$2,223 million, accounting for 4.1% of total asset management.

Table 4 shows the main sources of asset management for the years ended December 31, 2012, 2013 and 2014:

Table 4: Mains Sources of Asset Management R$ million

	2014	2013	Chg. R$	Chg. %	2012*	Chg. R$	Chg. %
Deposits	34,135	30,645	3,491	11.4%	26,746	3,898	14.6%
Demand deposits	3,281	3,398	(117)	-3.4%	3,400	(3)	-0.1%
Savings deposits	7,762	6,991	771	11.0%	5,836	1,155	19.8%
Time deposits	22,523	19,904	2,619	13.2%	17,090	2,814	16.5%
Other deposits	570	352	218	62.0%	420	(68)	-16.2%
Open market operations	4,318	4,221	98	2.3%	1,628	2,593	159.3%
Financial bills (1)	2,838	2,506	332	13.2%	315	2,191	694.6%
Borrowings and onlendings (2)	4,180	3,488	692	19.8%	3,255	232	7.1%
Subordinated debt	2,223	1,861	361	19.4%	1,158	703	60.7%
Other (3)	6,197	5,341	856	16.0%	9,004	(3,664)	-40.7%
Asset Management	**53,891**	**48,061**	**5,830**	**12.1%**	**42,108**	**5,954**	**14.1%**

* Restated

(1) Financial and Mortgage Bills

(2) Includes Borrowings and Onlendings in Brazil – Official Institutions and Onlendings Abroad (short and long terms), including foreign funding in December 2012, recognized as subordinated debt, as authorized by Bacen in December 2012.

(3) Includes Interbank and Interdepartmental Accounts, Derivative Financial Instruments, Financial and Development Funds and Other Liabilities.

TOTAL DEPOSITS

Deposits are the Bank's main funding instrument. Time deposits, which are stimulated by commercial policy, are contracted with clients of the entire branch network, under fixed or floating interest rates.

OPEN MARKET OPERATIONS

Repo operations with other financial institutions are used to manage the liquidity position. This is a one-day trade through the purchase or sale of federal government bonds, whose profitability is defined upon trade, based on the repurchase or resale commitment, where applicable. Their spreads usually decrease, in order to increase the sources of funds and improve Banrisul's cash management liquidity.

Funding through repo operations mostly complement financial intermediation transactions. Open market operations are transactions contracted at an average rate corresponding to 100% of CDI variation.

FINANCIAL BILLS

In August 2013, Banrisul concluded the first issue of financial bills, totaling R$1,600.0 million, in three series: the first series totaling R$700.00 million and two-year term, the second series totaling R$870.00 million and three-year term, and the third series totaling R$30.00 million and four-year term. The operation represented the Bank's better positioning in the fixed income market, besides giving opportunities of future transactions with lengthened terms.

BORROWINGS AND ONLENDINGS

Onlendings funds are obtained from BNDES (Brazilian Development Bank), FINAME (government agency for machinery and equipment financing) and Federal Savings Bank, in accordance with programs established by these financial institutions. The funds are transferred to clients under same term and interest rate conditions, plus intermediation commission.

Based on this strategy, foreign funding only occurs in case of borrower already identified in Brazil, without arbitration between foreign exchange rates and foreign exchange risk.

Banrisul also trades its funds raised abroad to conduct foreign exchange commercial operations. These operations incur in foreign exchange variation with interest rates lower than those practiced in the domestic market.

SUBORDINATED DEBT

In 2012, Banrisul conducted its first debt issue abroad. The first tranche was issued at the end of January 2012, amounting to US$500 million and the second tranche of US$275 million was conducted at the end of November 2012. Both tranches are recognized by the Brazilian Central Bank to compose the Bank's Tier II capital. Funds raised in 2012 through the issue of foreign debt represent the possibility of granting extended credit and strengthen Tier II capital, favoring businesses sustained growth.

E. SOURCES OF FUNDING FOR WORKING CAPITAL AND INVESTMENTS IN NON-CURRENT ASSETS TO COVER LIQUIDITY DEFICIT

Banrisul adopts a Liquidity Contingency Plan aiming at identifying, in advance, and adjusting the Company's capacity of dealing with domestic and/or international liquidity crises, minimizing their potential effects on going concern, its capacity of generating income and its image.

The Liquidity Contingency Plan and this policy systematize parameters that identify adverse situations, units' responsibilities and the departments involved in its execution, as well as the procedures to be observed in order to recover a proper liquidity level.

In order to recover liquidity levels, the Treasury Committee must immediately propose to the Chief Financial Officer the following measures, severally or cumulatively:

a) Realignment of interest rates levied on loan operations, so that to consider the new risk level;
b) Interest rates increase in funding instruments, so that to block and reverse volume reductions seen in funding products;
c) Implementation of sales, marketing initiatives, including new products, strengthening Banrisul brand aiming at mitigating risks to reputation and image;
d) Tightening of loan operations for a better cash control;
e) Improvement of relationship with other financial institutions aiming interbank deposit certificates;
f) Total or partial sale of tradable assets;
g) Total or partial sale of loan portfolio classified as trading book, pursuant to the Market and Liquidity Risk Management Policy and;
h) Ultimately have access to the discount window with the Brazilian Monetary Authority.

F. LEVELS AND CHARACTERISTICS OF INDEBTEDNESS, ALSO DESCRIBING:

(I) RELEVANT LOAN AND BORROWINGS AGREEMENTS

Banrisul offers several types of loans granted with funds from BNDES, FINAME, FINEP and Federal Savings Bank, the responsibility of which is to transfer these funds to the final beneficiaries, by means of contractual remuneration. In special shared operations, the Institution is in line with other financial institutions for such purpose, and each agent is liable for the specific amount invested into the credit to the project.

In accordance with *Disposições Aplicáveis aos Contratos do BNDES* (Provisions Applicable to BNDES Agreements), included in BNDES Resolution No. 665/87, Banrisul is jointly liable before BNDES, for the payment of the installments of the financing contracted, even if not settled by the final beneficiaries, as well as for committing to assign credit to

BNDES, if it so determines, and requesting that final beneficiaries pledge security interest on behalf of the Bank, in the minimum amount of 130% of principal, except in cases when BNDES waives such security interest.

Banrisul also has a private pension plan managed by Fundação Banrisul de Seguridade Social, or Banrisul Social Security Foundation. Under this plan, Banrisul has a remaining debt of R$67 million on December 31, 2014 (when compared to the R$67 million in 2013). This debt is paid plus interest rate of 6% p.a. and adjusted by the General Price Index - Domestic Availability (IGP-DI), through monthly adjustments, with final maturity in 2028.

(II) OTHER LONG-TERM RELATIONSHIPS WITH FINANCIAL INSTITUTIONS

There were no other relevant long-term relationships with financial institutions.

However, in early 2012, Banrisul debuted in the foreign market of subordinated debt, raising US$500 million with 10-year maturity. At the end of 2012, through the resumption of issue of subordinated notes in January of the same year, Banrisul conducted the second funding operation totaling US$275 million, with 10-year maturity.

(III) SUBORDINATION LEVEL OF DEBTS

There is no subordination level of debts. However, the obligations recorded in current liabilities are organized according to origin, in the event of composition with creditors, pursuant to the Law No. 11,101, Article 83, which classifies credits, prioritizing those deriving from labor laws, followed by credits with security interest and tax credits. Thereafter, other credits are considered, pursuant to the aforementioned law.

The table below shows Banrisul's list of creditors in the order as per the abovementioned law:

Table 5: Current Liabilities According to Precedence

R$ thousand

	2014	%	2013	%	2012*	%
Tax, labor and pension plan liabilities	1,139,483	2.1%	1,166,084	2.4%	1,155,387	2.7%
Labor	458,636	0.9%	466,261	1.0%	431,810	1.0%
Tax and pension plan	680,847	1.3%	699,823	1.5%	723,577	1.7%
Collection and payment of taxes and related charges	44,446	0.1%	45,121	0.1%	44,953	0.1%
Sundry liabilities	50,435,360	93.6%	44,906,031	93.4%	39,700,743	94.3%
Other liabilities	2,271,062	4.2%	1,943,769	4.0%	1,206,389	2.9%
Subordinated debt	2,222,523	4.1%	1,861,494	3.9%	1,158,335	2.8%
Social and statutory	48,539	0.1%	82,275	0.2%	48,054	0.1%
Current Liabilities	**53,890,351**	**100.0%**	**48,061,005**	**100.0%**	**42,107,472**	**100.0%**

*Restated

Also regarding subordinated debt, the Brazilian Central Bank considered funding abroad, as mentioned in previous item, totaling US$775 million, eligible as PRE's tier II capital, under the Subordinated Debt category, as ordered in April 2012 and December 2012.

IV) ANY RESTRICTIONS IMPOSED TO THE COMPANY, ESPECIALLY, IN RELATION TO INDEBTEDNESS LIMITS AND NEW DEBTS, DIVIDEND DISTRIBUTION, DIVESTMENT, ISSUE OF NEW SECURITIES AND SALE OF CONTROLLING INTEREST

Long-term operations are subject to statutory contract limits. Pursuant to Article 14 of Banrisul's Bylaws, "long-term operations carried out with BNDES onlendings are restricted to eighty percent (80%) of the Company's Shareholders' Equity".

Banrisul is also subject to the limits imposed by BNDES for the utilization of funds based on reference shareholders' equity and rating analysis made by an external institution. In case of onlendings, funds are fully transferred to clients, under same terms and rates, plus financial intermediation commission. BNDES does not impose specific restrictions in relation to Banrisul, besides the usual limit required. However, BNDES has covenants relating to financial agents in general, which can be seen in "Provisions Applicable to BNDES Agreements" (BNDES Resolution No. 665/87), Chapters I – Cooperation Conditions, II – Onlendings Agreements and III – Loan Agreements to Shareholders, and further ruling updates issued by BNDES referring to suspensive conditions of the Financial Cooperation and each amount of credit.

Below, the average rates of BNDES liabilities by line of credit:

Index	Line of credit	Rate p.a.
Fixed	BNDES EXIM	6.08%
	CARTÃO BNDES	7.52%
	BNDES FINEM INDIRETO	1.50%
	BNDES/PERGIRO	2.50%
	BNDES/CEREALISTA	1.49%
	FINAME INDUSTRIAL RURAL	2.50%
	FINAME MODERMAQ	1.91%
	FINAME CAMINHOS DA ESCOLA	1.50%
	FINAME CAMINHÕES	1.29%
	FINAME COMPONENTES	1.38%
	FINAME PACA	3.81%
	FINAME/PSI	1.26%
TJLP with deduction	BNDES/POC 01	1.97%
	BNDES/FINEM/INDIRET DIR 522/2002	1.97%
	BNDES/HOSPITAIS/SUS	2.13%
	BNDES PROGEREN	1.23%
	BNDES SANEAMENTO HOSPITAIS	1.75%
	FINAME CAMINHOS DA ESCOLA	1.00%
	FINAME PACA	3.55%
	FINAME PROVIAS	1.00%
UM BNDES-Res 635/87	BNDES/POC MOE RES 635/87	1.80%
	BNDES/FINEM/INDIRET DIR 522/2002	1.80%
	FINAME/PACA/635	1.80%
DOLLAR SALE CLOSING PRICE	BNDES/POC DOLAR	2.13%
SELIC/UR 143	BNDES	0.89%
UPRD	CEF SANEAMENTO PARA TODOS	6.19%
UR/354 – TJLP FINRP	INOVACRED FINEP	2.00%

For onlendings operations of *Programa Saneamento para Todos* (sanitation for all program), we follow the rules set forth in the Development Manual (FGTS' Oversight Council which establishes these rules) issued by Federal Savings Bank (CEF) ruling this financing in line with the guidelines of the Ministry of Cities. We established an agreement so that CEF is the Operational Technical Agent (ATO), draft approved by our legal department and to be signed by our Credit Officer, for supervision and procedures to release funds for the works financed in this Program. A study is conducted periodically for Banrisul's risk re-rating with CEF, with distribution of limit amount for new agreements.

Indebtedness Levels

Table 6: Funds Raised by Maturity - 2014 and 2013

R$ million

	Without Maturity	Up to 3 months	3 to 12 months	More than 12 months	2014	2013
Deposits						
Demand (a)	3,281	-	-	-	3,281	3,398
Savings (a)	7,762	-	-	-	7,762	6,991
Interbank	-	50	196	323	570	352
Time (*)	6	1,566	2,823	18,127	22,523	19,904
Total Deposits	**11,049**	**1,616**	**3,020**	**18,451**	**34,135**	**30,645**
Open market operations						
Own Portfolio		4,318			4,318	4,221
Total open market operations		4,318			4,318	4,221
Short Term					**20,003**	**19,845**
Long Term					**18,451**	**15,020**

(a) Classified as without maturity, as there is no contractual maturity date.

(*) It includes the terms established in investments.

Table 7: Funds Raised by Maturity - 2013 and 2012

R$ million

	Without Maturity	Up to 3 months	3 to 12 months	More than 12 months	2013	2012
Deposits						
Demand (a)	3,398	-	-	-	3,398	3,400
Savings (a)	6,991	-	-	-	6,991	5,836
Interbank	-	25	32	295	352	420
Time (*)	3	1,678	3,497	14,726	19,904	17,090
Other deposits	-	-	-		-	-
Total Deposits	**10,392**	**1,703**	**3,530**	**15,020**	**30,645**	**26,746**
Open market operations						
Own Portfolio		4,221			4,221	1,628
Total open market operations		**4,221**			**4,221**	**1,628**
Short Term					**19,845**	**17,642**
Long Term					**15,020**	**10,732**

(a) Classified as without maturity, as there is no contractual maturity date.
(*) It includes the terms established in investments.

DEPOSITS AND OPEN MARKET OPERATIONS

Time deposits are raised with individuals or companies, under fixed or floating interest rates corresponding to 94.08% and 5.92% of total portfolio, respectively. The average funding rate for floating rate deposits corresponds to 79.46% (2013 – 70.56%) of CDI variation and fixed rate deposits is 8.64% (2013 – 7.21%) p.a.. Repo operations in own portfolio – open market, carried out with financial institutions have an average funding rate of 100% of CDI variation.

BORROWINGS

Borrowings abroad are represented by funds raised from foreign banks for investment in foreign exchange operations with foreign exchange variation of related currencies, plus interest rates between 0.62% and 3.82% (2013 – 1.00% and 3.37%) p.a., with maximum maturity up to 1,591 days (2013 – 356 days) and a balance of R$1,507 million (2013 – R$1,275 million).

ONLENDINGS

Domestic onlendings are basically represented by funding from official institutions (BNDES, FINAME, Federal Savings Bank and FINEP). These liabilities have monthly maturities up to November 2029, with financial charges levied on floating rate operations of 0.40% to 8.00% (2013 – 0.50% to 8.61%) p.a., besides index variations (TJLP, URTJ-01, U.S. dollar, Currency Basket, UPRD and SELIC) and fixed rate liabilities up to 11.00% (2013 – 11.00%) p.a.. The funds are transferred to clients, under same terms and funding rates, plus financial intermediation commission. As guarantee of these funds, guarantees received in related loan operations were transferred.

Tables 8 and 9 breakdown onlendings operations in Brazil and abroad:

Table 8: Onlendings - 2014 and 2013

R$ million

	Onlendings in Brazil Official Institutions		Foreign Onlendings		Total	
	2014	2013	2014	2013	2014	2013
Up to 3 months	206	167	-	-	206	167
3 to 12 months	510	403	6	-	516	403
More than 12 months	1,936	1,642	11	-	1,947	1,642
Total	**2,652**	**2,211**	**17**	**-**	**2,669**	**2,211**
Short Term	**716**	**569**	**6**	**-**	**722**	**569**
Long Term	**1,936**	**1,642**	**11**	**-**	**1,947**	**1,642**

Table 9: Onlending – 2013 and 2012

R$ million

	Onlending in Brazil Official Institutions		Foreign Onlendings		Total	
	2013	2012	2013	2012	2013	2012
Up to 3 months	167	128	-	1	167	129
3 to 12 months	403	311	-	25	403	336
More than 12 months	1,642	1,205	-	-	1,642	1,205
Total	**2,211**	**1,643**	**-**	**26**	**2,211**	**1,669**
Short Term	**569**	**439**	**-**	**26**	**569**	**465**
Long Term	**1,642**	**1,205**	**-**	**-**	**1,642**	**1,205**

G. LIMITS OF UTILIZATION OF LOANS ALREADY CONTRACTED

Amongst Banrisul's indebtedness characteristics, long-term operations are subject to statutory contracting limits. As per Article 14 of Banrisul's Bylaws, "long-term operations carried out with funds deriving from BNDES onlendings are restricted to eighty percent (80%) of the company's Shareholders' Equity". In case of onlendings operations, amounts may be gradually released up to the limit of the contracted amount. In 2014, the amount of R$1,043 million was contracted via BNDES onlendings, of which 82.4% has already been released. Referring to the Federal Savings Bank onlendings, no operation was contracted in the period, however, R$2 million were released referring to operations contracted in previous years. With regards to funds from FINEP, financings in the amount of R$203 thousand have been contracted and released.

H. RELEVANT CHANGES IN EACH ITEM OF THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED DECEMBER 31, 2014 COMPARED TO THE FISCAL YEAR ENDED DECEMBER 31, 2013

Tables 10 and 11 state the simplified versions of the consolidated statements of income and consolidated balance sheet for the fiscal years ended December 31, 2014 and 2013.

Table 10: Statement of Income for 2014 and 2013

R$ million

	2014	2013	Change R$	Change %
Revenues from financial intermediation	**8,197**	**6,573**	**1,624**	**24.7%**
Revenue from loan operations	5,229	4,591	638	13.9%
Revenue from leasing operations	13	13	0	-4.2%
Income from securities operations	1,829	1,439	390	27.1%
Income from derivatives operations	251	3	248	-
Income from foreign exchange operations	200	155	45	29.1%
Income from reserve requirements funds	630	324	306	94.8%
Sale or transfer of financial assets	45	49	(4)	-7.4%
Financial intermediation expenses	**(5,191)**	**(3,567)**	**1,624**	**45.5%**
Funding operations	(3,880)	(2,453)	1,427	58.2%
Loan, assignment and onlendings operations	(527)	(453)	74	16.2%
Provision for loan operations	(784)	(661)	123	18.7%
Gross income from financial intermediation	**3,006**	**3,006**	**0.0**	**0.0%**
Other operating revenue/expenses	**(1,888)**	**(1,799)**	**89**	**5.0%**
Fee income	221	211	10	5.0%
Bank fees	975	773	202	26.2%
Payroll expenses	(1,471)	(1,360)	111	8.2%
Other administrative expenses	(1,271)	(1,055)	216	20.6%
Tax expenses	(319)	(279)	40	14.4%
Equity in the earnings of subsidiaries and associated companies	3	2	1	111.2%
Other operating revenue	321	255	67	26.2%
Other operating expenses	(347)	(345)	2	0.8%
Operating income	**1,117**	**1,207**	**(90)**	**-7.4%**
Income before taxes and employee profit sharing	**1,117**	**1,207**	**(90)**	**-7.4%**
Income tax and social contribution	(273)	(323)	(50)	-15.6%
Employee profit sharing	(91)	(91)	0	-0.4%
Minority interest	(0)	(0)	0	-
Recurring net income	**753**	**792**	**(39)**	**-4.9%**
Non-recurring events	**(62)**	**-**	**(62)**	**-**
Net income for the period	**691**	**792**	**(101)**	**-12.7%**

NET INCOME

Net income came to R$691 million in 2014. Recurring income totaled R$753 million, 4.9% or R$39 million down on 2013, due to the following non-recurring events: *(i)* the R$115 million revenue from the commitment to sign an agreement for the exclusive distribution of life insurance products and pension plans through Banrisul's network; *(ii)* R$205 million expenses from the restructuring of Fundação Banrisul's post-employment benefit plans, due to incentives paid for the migration of mathematical reserves to the plans, minimized by actuarial gains from the calculation of the settlement of rights of participants who migrated from PBI, in relation to the sponsor's portion of obligations; *(iii)* R$64 million expenses from the implementation of the Incentivized Retirement Plan; *(iv)* tax effects on non-recurring events totaling R$92 million. These events generated a net loss of R$62 million in 2014.

Adjusted income in 2014 compared to 2013 was impacted by the increase of: *(i)* R$123 million in the net interest income, due to higher interest revenues, mainly loan and treasury, partially offset by the expansion of funding expenses; *(ii)* R$123 million in expenses for provision for loan operations; *(iii)* R$213 million in fee income and commissions; *(iv)* R$328 million in administrative expenses, including personnel; and *(v)* R$67 million in other operating revenue.

Below, the comparison between main income accounts for the fiscal years ended December 31, 2014 and 2013.

REVENUES FROM FINANCIAL INTERMEDIATION

In 2014, revenues from financial intermediation totaled R$8,197 million, 24.7% or R$1,624 million up on 2013. The financial intermediation revenue growth in 12M14 year-on-year was due to the R$638 million expansion of income from marketable securities and derivatives, the growth of revenues from loan, leasing and sale or transfer of financial assets, amounting to R$634 million, and the R$307 million increase in income from reserve requirements. The improvement of the Selic interest rate and of the average balance of assets lead to higher revenues in the period.

REVENUES FROM LOAN, LEASING AND SALE OR TRANSFER OF FINANCIAL ASSETS

Revenues from loan, leasing and transfer of financial assets totaled R$5,287 million in 2014, 13.6% or R$634 million up on 2013. The increase in revenues from loans, leasing, sale or transfer of financial assets in 12M14 year-on-year was mainly due to the growth of R$443 million in the commercial loan revenue, especially in the individual segment; of R$94 million in the long-term financing revenue, mainly in foreign currency financings, and of R$60 million in the mortgage segment. The increase in loan revenue was impacted by higher loan assets balance and average floating rates, which are influenced by the Selic rate, and by the period's exchange variation.

INCOME FROM SECURITIES AND DERIVATIVES OPERATIONS

Income from securities and derivatives operations totaled R$2,080 million in 2014, 44.3% or R$638 million up on 2013. In 2014 versus 2013, income from treasury derived from the increase in income from securities, which was impacted by the expansion in the effective Selic rate from 8.22% in 2013 to 10.90% in 2014, and in income from derivative operations, influenced by the mark-to-market adjustment of swap agreements.

INCOME FROM FOREIGN EXCHANGE OPERATIONS

Income from foreign exchange operations totaled R$200 million in 2014, 29.1% or R$45 million up on 2013, reflecting the foreign exchange depreciation of the period. Banrisul's foreign exchange operations are matched with the foreign currency-denominated funding, thus, variation in revenue is proportionally offset by the variation in expenses from borrowings and onlendings denominated in foreign currency.

INCOME FROM RESERVE REQUIREMENTS FUNDS

Income from reserve requirements funds totaled R$630 million in 2014, R$307 million above 2013. The increase in income from reserve requirements in 2014 versus 2013 was mainly due to higher income of credit linked to additional liabilities and time deposits, due to higher balance of these reserve requirements, the change in the basis of calculation of reserve requirements, impacted by the Bank's reference shareholders' equity level, besides the increase in the main remuneration index (Selic rate).

FINANCIAL INTERMEDIATION EXPENSES

Financial intermediation expenses totaled R$5,191 million in 2014, 45.5% or R$1,624 million above 2013. The expansion in intermediation expenses when comparing 2014 to 2013 derived mainly from the R$1,428 million growth in funding expenses and R$123 million in provision for loan operations.

FUNDING OPERATIONS EXPENSES

Funding operations expenses totaled R$3,880 million in 2014, 58.2% or R$1,428 million up on 2013. Higher funding expenses in 12M14 over 12M13 was mainly due to the increase of R$598 million in time deposit expenses, of R$302 million expenses related to mark-to-market and exchange variation of subordinated debt, whose hedge operation is recorded in derivative financial instruments (swap); of R$200 million in repo operations expenses, and of R$184 million in financial bills and mortgage expenses. The increase in the effective benchmark interest rate (Selic), which references most of funding operations, and higher balance of these funds favored higher expenses in the period.

LOANS, ASSIGNMENT AND ONLENDINGS EXPENSES

Loan, assignment and onlendings expenses totaled R$527 million in 2014, 16.2% or R$73 million above 2013. Higher loan, assignment and onlendings expenses in the yearly comparison (2014 versus 2013) was due to higher foreign currency-denominated onlendings expenses at R$114 million, impacted by the exchange variation in the period and partially offset by lower expenses of Escrow Deposits Reserve Fund at R$53 million.

NET INTEREST INCOME

Net interest income totaled R$3,790 million in 2014, 3.4% or R$123 million up on 2013. In 2014, net interest income was impacted by higher effective benchmark interest rate (Selic) compared to 2013, with direct effect on floating funding expenses and indirectly on interest income, in view of the portfolio structure and the market's competitiveness conditions, higher balance of revenue-generating assets and expense-generating liabilities.

EXPENSES RELATED TO PROVISION FOR LOAN OPERATIONS

Expenses related to provision for loan operations totaled R$784 million in 2014, 18.7% or R$123 million above 2013, due to portfolio rollover by rating, deriving from one-time operations that required adjustments to provisions flow over the past six months, so that to improve the loan portfolio of usual risk and expand the loan assets.

FEE INCOME AND COMMISSIONS

Fee income and commissions totaled R$1,196 million in 2014, 21.6% or R$213 million up on 2013, especially due to the increase in the revenue from acquiring business and vouchers, in R$111 million, from insurance, pension plan and capitalization bonds, in R$37 million, and current account bank fees in R$31 million.

ADMINISTRATIVE EXPENSES

Recurring administrative expenses totaled R$2,742 million in 2014, 13.6% or R$328 million up on 2013.

Personnel expenses, adjusted by the Incentive Retirement Plan in the amount of R$64 million, totaled R$1,471 million in 2014, 8.2% or R$111 million above 2013, impacted by the category is collective bargaining agreement. Other administrative expenses reached R$1,271 million in 2014, 20.6% or R$217 million up on 2013, mainly due to the R$201 million increase in outsourced services expenses, mainly influenced by higher costs related to the new revenue-generating business of payroll-deductible loans for non-account holders, due to the increase in the payroll-deductible loan portfolio and related revenues, as well as by higher exchange revenues referring to card businesses and the 11.6% or R$22 million increase in data processing and telecommunication expenses, partially offset by the 25.0% or R$23 million reduction in propaganda, promotions and advertising expenses.

OTHER OPERATING REVENUE

Other operating expenses, which totaled R$321 million in 2014, 26.2% or R$67 million up on 2013, were adjusted by actuarial gains deriving from the effects of calculating PBI's settlement and curtailment and the commitment to enter into an exclusive distribution agreement for life insurance and private pension products at Banrisul network. The growth of other recurring operating revenues in 2014 over 2013 was mainly due to the increase of R$27 million in revenue from anticipated performed operations of the acquiring network, of R$22 million increase in revenues from reversal of operating provisions and R$16 million increase in revenues from the escrow deposits reserve fund.

OTHER OPERATING EXPENSES

Other operating expenses, adjusted by expenses related to incentives to migrate to new private pension plans, reached R$347 million in 2014, 0.8% or R$3 million above 2013. The increase in other recurring operating expenses in 2014 over 2013 was chiefly due to the higher expenses related to provisions for other loans without credit nature, expenses related to provision for properties – non-personal use assets, and expenses related to the adjustment to provision for tax contingencies, which together went up by R$28 million, and to the R$7 million increase in expenses related to renegotiations granted discounts, partially mitigated by the R$35 million reduction in expenses related to provisions for civil and labor claims.

Table 11: 2014 and 2013 Balance Sheet

R$ million

	2014	2013	Change R$	Change %
ASSETS				
Current assets	**27,285**	**23,687**	**3,598**	**15.2%**
Cash and cash equivalents	798	738	60	8.1%
Short-term interbank investments	29	528	(499)	-94.6%
Marketable securities and derivatives	4,884	4,311	573	13.3%
Interbank accounts	5,701	3,995	1,706	42.7%
Interdepartmental accounts	99	109	(10)	-9.2%
Loan operations	12,039	11,043	996	9.0%
Leasing operations	33	33	(0)	-1.9%
Other receivables	3,593	2,833	760	26.8%
Other values and goods	109	96	13	13.5%
Long-term assets	**32,010**	**29,255**	**2,755**	**9.4%**
Long-term interbank investments	14,004	14,069	(65)	-0.5%
Marketable securities and derivatives	755	735	20	2.8%
Interbank accounts	15,030	12,875	2,155	16.7%
Loan operations	37	37	0	0.2%
Leasing operations	1,984	1,404	580	41.3%
Other receivables	199	136	63	46.6%

Permanent assets	**267**	**269**	**(2)**	**-0.7%**
Investments	59	58	1	1.6%
Property and equipment	186	177	9	5.1%
Intangible assets	22	33	(11)	-35.5%
TOTAL ASSETS	59,562	53,211	6,351	11.9%
LIABILITIES				
Current liabilities	**28,938**	**26,545**	**2,393**	**9.0%**
Deposits	15,685	15,624	61	0.4%
Open market operations	4,318	4,221	97	2.3%
Acceptance and issue of securities	1,245	377	868	230.6%
Interbank accounts	15	9	6	66.6%
Interdepartmental accounts	214	225	(11)	-5.1%
Loans	1,503	1,275	228	17.9%
Onlendings in the country	716	569	147	25.8%
Onlendings abroad	6	-	6	100.0%
Derivative financial instruments	42	40	2	3.9%
Other liabilities	5,195	4,204	991	23.6%
Long-term liabilities	**24,953**	**21,516**	**3,437**	**16.0%**
Deposits	18,451	15,020	3,431	22.8%
Acceptance and issue of securities	1,593	2,129	(536)	-25.2%
Interbank accounts	0	6	(-6)	-100.0%
Loans	8	1	7	-
Onlendings in the country	1,936	1,642	294	17.9%
Onlendings abroad	11	-	11	100.0%
Derivative financial instruments	-	72	(72)	-100.0%
Other liabilities	2,954	2,646	308	11.7%
Shareholders' equity	**5,671**	**5,150**	**522**	**10.1%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**59,562**	**53,211**	**6,351**	**11.9%**

TOTAL ASSETS

Total assets totaled R$59,562 million in December 2014, composed of *(i)* 51.2% of loan operations, *(ii)* 31.8% of marketable securities and short-term interbank investments, *(iii)* 11.0% of interbank and interdepartmental accounts and *(iv)* 6.0% of other assets. Most of assets are classified in the long term. The composition of assets to mature within 360 days is concentrated in loan and leasing operations, interbank and interdepartmental accounts, securities, derivative financial instruments and interbank investments, accounting for 44.2%, 21.3% and 18.0% of short-term investments balance, respectively. With regard to assets to mature above 360 days, we point out the percentage of loan and leasing operations, securities and derivative financial instruments, which account for 47.1% and 43.7% of long-term assets, respectively. The 11.9% or R$6,351 million growth in assets balance year-on-year was mainly due to the increase of R$3,491 million in deposits, R$714 million in financial and development funds and R$692 million in borrowings and onlendings. Funds raised were allocated to loan operations, which went up R$3,835 million, and interbank accounts, which grew by R$1,726 million, due to the increase in reserve requirements at the Brazilian Central Bank.

SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Investments in securities, including derivative financial instruments, added to short-term interbank investments less repo operations, totaled R$14,599 million in December 2014, relatively flat year-on-year. Referring to treasury assets, 80.7% or R$15,261 million are securities held to maturity, 12.8% or R$2,426 million are securities held for trading, 3.3% or R$615 million are securities available for sale, 3.1% or R$586 million are derivative financial instruments and 0.2% or R$29 million are interbank short-term investments, totaling R$18,917 million in treasury assets.

INTERBANK AND INTERDEPARTMENTAL ACCOUNTS

Interbank and interdepartmental accounts totaled R$6,556 million in December 2014, an increase of 35.5% or R$1,716 million year-on-year. Interbank and interdepartmental accounts balance increased R$1,714 million year-on-year due to direction of credits linked to Brazilian Central Bank's reserve requirements, reflecting the reference shareholder's equity level achieved by the Bank, which implied the loss of reducer applied to the basis of calculation of reserve requirements over time deposits.

LOAN OPERATIONS

Banrisul loan portfolio totaled R$30,487 million in December 2014, an increase of 14.4% or R$3,835 million year-on-year. In 12 months, the growth in the loan portfolio especially derived from an increase in the commercial portfolio, mortgage and credits related to operations acquired through assignment, the latter due to the acquisition of loan co-obligation portfolios from eligible banks within the scope of Brazilian Central Bank's Circular Letter 3712 of July 2014, which was adopted to minimize the effects of reducing the compensation over reserve requirements.

Breakdown of Loans by Company Size

The corporate segment loan operations totaled R$14,589 million in December 2014 or 47.9% of total loan portfolio. Out of total credit to the corporate segment, 57.2% are allocated to micro, small and medium-sized companies, which grew by R$894 million over 2013, mainly influenced by the increase in medium-sized companies balance, while loans to large corporates grew by R$826 million in the period.

Breakdown of Loans by Activity Sector

In the breakdown of loan portfolio by activity, the private sector reached 99.7% of loan assets in December 2014. The loan portfolio by activity is chiefly composed of individuals (38.4% of the total) and industry (17.8% of the Bank's loan assets by activity). Compared to December 2013, we point out the expansion of the loan operations to individuals and the housing, industry and rural sectors.

Breakdown of Loans by Portfolio

The breakdown by portfolio shows free funds invested in loan assets. Commercial portfolio, leasing, credits restricted to operations acquired through assignment and the public sector are originated from free resources from deposits and equity capital, and accounted for 70.0% of total loan portfolio in December 2014. Long-term loan, rural, real estate and foreign exchange portfolios mostly derive from specific sources of funds, comprising directed credit and accounted for 30.0% of the amount invested in December 2014.

Commercial portfolio totaled R$20,189 million in December 2014 or 66.2% of the Bank's total loan balance, accounting for 43.2% of the increase in total loan assets in twelve months.

In relation to commercial loan breakdown, the individuals segment corresponded to 53.1% of the commercial portfolio balance and 35.1% of the Bank's total loan operations in December 2014. The corporate segment accounted for 46.9% of the commercial loan balance and 31.1% of total loan in 2014.

The mortgage portfolio totaled R$3,280 million in December 2014, 21.0% up or an increase of R$569 million in 12 months. Mortgage accounted for 10.8% of the Bank's credit assets in December 2014. The mortgage amount includes R$67 million referring to the mortgage assignment operation with co-obligation.

Rural loan balance totaled R$2,750 million in December 2014, 24.4% or R$540 million up on December 2013, and accounted for 9.0% of the Bank's loan portfolio in December 2014. Rural loan performance was favored by the Bank's participation in several fairs in 2014.

Long-term loan totaled R$2,372 million in December 2014, an increase of 26.7% or R$500 million in 12 months, chiefly due to financing with fund onlendings.

Foreign exchange portfolio totaled R$739 million in December 2014, 3.6% or R$25 million above December 2013.

Breakdown of Loan by Rating

Usual risk loan operations rated from AA to C, pursuant to Resolution 2,682/99 of the Brazilian National Monetary Council, accounted for 91.3% of loan portfolio in December 2014. The index had an increase of 1.8 pp. year-on-year.

PROVISION FOR LOAN OPERATIONS

Provisions for loan operation losses totaled R$1,694 million in December 2014 or 5.6% of the loan portfolio. This index reduced by 0.4 pp. year-on-year. The variation in the balance of provisions for loan operations reflects the expansion of loan portfolio and credits classified into regular risk.

In December 2014, provision for loan losses had the following breakdown, pursuant to Resolution 2,682/99 of the Brazilian National Monetary Council and additions:

(I) R$830 million for operations with amounts overdue by more than 60 days;
(II) R$772 million for falling due agreements or with amounts overdue by less than 60 days;
(III) R$93 million referring to the provision exceeding the minimum required by Resolution 2,682/99 of the Brazilian National Monetary Council, recorded due to a periodical analysis of the client's quality conducted by the Management, aiming at covering any events not mentioned in clients' rating model.

ASSET MANAGEMENT

Asset management totaled R$48,065 million in December 2014, 13.3% or R$5,645 million up on December 2013, mainly due to the expansion of deposits balance and assets under management.

DEMAND DEPOSITS

Demand deposits totaled R$3,281 million in December 2014, 3.4% or R$117 million down on 2013.

SAVINGS DEPOSITS

Savings deposits totaled R$7,762 million in December 2014, 11.0% or R$771 million above December 2013, accompanied by saving account holders' preference for this product.

TIME DEPOSITS

Time deposits are the Bank's main funding instrument, reaching R$22,523 million in December 2014, 13.2% or R$2,619 million up on December 2013.

FINANCIAL BILLS

The balance of financial and mortgage bills totaled R$2,838 million in December 2014, 13.2% or R$332 million up on 2013.

SUBORDINATED DEBT

Subordinated debt totaled R$2,223 million in December 2014, 19.4% or R$361 million above 2013.

ASSET MANAGEMENT

Asset management totaled R$8,869 million in December 2014, an increase of 19.7% or R$1,461 million year-on-year.

SHAREHOLDERS' EQUITY

Banrisul's shareholders' equity totaled R$5,671 million in December 2014, 10.1% or R$522 million up on December 2013, due to the inclusion of results, less payment of dividends and interest on equity, and the reassesment of actuarial by updating the premises of post-employment benefit plans, adjusted by the tax effect.

FISCAL YEAR ENDED DECEMBER 31, 2013 COMPARED TO THE FISCAL YEAR ENDED DECEMBER 31, 2012

Tables 12 and 13 state the simplified versions of the consolidated statements of income and consolidated balance sheet for the fiscal years ended December 31, 2013 and 2012.

Table 12: Statement of Income for 2013 and 2012

R$ million

	2013	2012	Change R$	Change %
Revenues from financial intermediation	**6,573**	**6,346**	**226**	**3.6%**
Revenue from loan operations	4,591	4,611	(20)	-0.4%
Revenue from leasing operations	13	13	0	1.4%
Income from securities operations	1,439	1,081	358	33.1%
Income from derivatives operations	3	207	(205)	-98.7%
Income from foreign exchange operations	155	107	48	45.3%
Income from reserve requirements funds	324	298	25	8.5%
Sale or transfer of financial assets	49	29	20	67.4%
Financial intermediation expenses	**(3,567)**	**(3,468)**	**(99)**	**2.8%**
Funding operations	(2,453)	(1,986)	(466)	23.5%
Loan, assignment and onlendings operations	(453)	(630)	176	-28.0%
Income from derivatives	-	-	-	-
Provision for loan operations	(661)	(852)	191	-22.5%
Gross income from financial intermediation	**3,006**	**2,878**	**127**	**4.4%**
Other operating revenue/expenses	**(1,799)**	**(1,675)**	**(124)**	**7.4%**
Fee income	211	196	15	7.8%
Bank fees	773	603	170	28.1%
Payroll expenses	(1,360)	(1,234)	(127)	10.3%
Other administrative expenses	(1,055)	(861)	(193)	22.4%
Tax expenses	(279)	(258)	(21)	8.1%
Equity in the earnings of subsidiaries and associated companies	2	1	0	24.5%
Other operating revenue	255	250	5	2.0%
Other operating expenses	(345)	(371)	26	-7.1%
Operating income	**1,207**	**1,204**	**3**	**0.2%**
Income before taxes and employee profit sharing	**1,207**	**1,204**	**3**	**0.2%**
Income tax and social contribution	(323)	(309)	(14)	4.7%
Employee profit sharing	(91)	(76)	(16)	20.5%

Minority interest	(0)	(0)	(0)	36.9%
Net income for the period	**792**	**819**	**(27)**	**-3.3%**

NET INCOME

Banrisul's net income was R$792 million in 2013, 3.3% or R$27 million below 2012 results. In the annual comparison, the results evidence the slowdown in revenue and higher interest expenses, administrative expenses, increased fee income and commissions and bank fees, and the positive performance of other operating income and expenses, reflected in (i) the 1.7% or R$64 million reduction in net interest income, impacted by stable credit revenue, leasing and sale or transfer of assets, due to reduced loan operations fees, higher expenses related to open market operations, flow partially offset by the decrease in loans, assignment and onlendings expenses, both affected by FRDJ (escrow deposit reserve fund) expenses, due to the Government's withdrawal in April 2013, and the increase in the income from marketable securities (TVM) and derivative financial instruments operations; (ii) the 15.3% or R$320 million increase in administrative expenses, chiefly due to the increase in headcount, the effect of collective bargaining agreements, expenses related to the credit origination channel, expansion of the service network and institutional propaganda; (iii) the 22.5% or R$191 million decrease in expenses related to provisions for loan operations; (iv) the 23.2% or R$185 million increase in fee income.

REVENUES FROM FINANCIAL INTERMEDIATION

In 12M13, revenues from financial intermediation totaled R$6,573 million, 3.6% up or R$226 million above 12M12, mainly due to the growth of income from marketable securities and derivative financial instruments operations, of 11.9% or R$153 million, impacted by the R$1,937 million increase in the balance of these assets and by the 45.3% or R$48 million increase in income from foreign exchange operations, favored by the foreign exchange variation in the period.

REVENUES FROM LOAN, LEASING AND SALE OR TRANSFER OF FINANCIAL ASSETS

Revenues from loan, leasing and transfer of financial assets totaled R$4,653 million in 12M13, R$733 thousand below 12M12. The stability of revenues from loans, leasing, sale or transfer of financial assets in 12M13 was influenced by the tight interest rates, which offset the 9.6% growth of loan operations balance. The variation of this revenue in the period was mainly due to the decrease in revenue from corporate commercial loan by 6.9% or R$103 million, which was partially offset by an increase in mortgage revenue by 19.5% or R$38 million, the growth of long-term financing revenue by 23.9% or R$25 million, and by the expansion in sales revenues or transfer of financial assets by 67.4% or R$20 million.

INCOME FROM SECURITIES AND DERIVATIVES OPERATIONS

Income from securities and derivatives operations totaled R$1,441 million in 12M13, 11.9% or R$153 million below 12M12. The annual comparison was influenced by the 33.1% or R$358 million increase in the income from marketable securities, due to the R$1,937 million increase in the balance of these assets and the 98.7% or R$205 million decrease in the income from derivative financial instruments, in view of the mark-to-market adjustment of swap agreements, which impacted the cost of subordinated debt.

INCOME FROM FOREIGN EXCHANGE OPERATIONS

Income from foreign exchange operations totaled R$155 million in 12M13, 45.3% or R$48 million up on 12M12, influenced by foreign exchange depreciation of 14.64% in 12M13 against a depreciation of 8.94% in 12M12.

Income From Reserve Requirements Funds

Income from reserve requirements funds totaled R$324 million in 12M13, 8.5% or R$25 million above 12M12. The increase in income from reserve requirements in the annual comparison was mainly due to higher income linked to time deposits at 18.0% or R$10 million, and savings deposits at 15.4% or R$10 million, influenced by higher loan amount linked to compulsory savings deposits and time deposits at R$543 million.

Financial Intermediation Expenses

Financial intermediation expenses totaled R$3,567 million in 12M13, 2.8% up or R$99 million above 12M12. The expansion in intermediation expenses for the period derived from the 23.5% or R$466 million increase in funding expenses, partially offset by the 22.5% or R$191 million decrease in provision for loan expenses, and the 28.0% or R$176 million decline in loan, assignment and onlendings expenses. The expansion in time deposits and savings balances partially justify the growth of funding expenses, which is minimized by a decrease in subordinated debt expenses. The reduction in provision for loan expenses reflects the improved compliance in the client rating system process, by implementing a new centralized system. The variation in loan, assignment and onlendings expenses was mainly impacted by the drop in the Development and Financial Funds balance, due to a withdrawal by the State in April/13, which also influenced the upward trend of repo operation expenses.

Funding Operations Expenses

Funding operations expenses totaled R$2,453 million in 12M13, 23.5% or R$466 million up on 2012. In the period, the higher flow of funding resulted from the 163.5% or R$260 million increase in repo operation expenses, the 16.2% or R$233 million increase in time deposits, savings accounts and interbank deposits expenses, and the R$94 million growth of financial bills and mortgage expenses, partially offset by the 37.6% or R$128 million drop in cost, foreign exchange variation and subordinated debt mark-to-market, whose hedge operation is recorded in derivative financial instruments - swap. The increase in these resources' balance and the trend of the effective Selic Rate influenced these expenses variation.

Loans, Assignment And Onlendings Expense

Loan, assignment and onlendings expenses totaled R$453 million in 12M13, 28.0% or R$176 million below 2012. In 12M13, the lower flow of loan, granting and onlendings expenses compared to 12M12 resulted from the 54.1% or R$244 million decline in expenses from the escrow deposits reserve fund - FRDJ, due to the withdrawal by the State in April 2013, and the 0.27 p.p. drop in the effective Selic Rate in the period, which was partially offset by the 54.7% or R$55 million increase in foreign currency onlendings expenses, influenced by the foreign exchange variation in the period.

Net Interest Income

Net interest income totaled R$3,667 million in 2013, 1.7% or R$64 million down on 2012. Net interest income in the period was affected by lower interest income against the acceleration of interest expenses, both impacted by the Selic Rate trend, the subordinated debt mark-to-market and related swap agreements and by balance increase.

Expenses Related To Provision For Loan Operations

Expenses related to provision for loan operations totaled R$661 million in 12M13, 22.5% or R$191 million below 2012. The twelve-month decrease in provision for loan expenses derived from the implementation of a new client rating system, with effects on improved compliance.

FEE INCOME AND COMMISSIONS

Fee income and commissions totaled R$983 million in 12M13, 23.2% or R$185 million up on 12M12. In 12 months, fee income and commissions were especially influenced by the growth of R$85 million in revenue from the acquiring network, current account bank fees, of R$42 million, and from insurance, pension plan and capitalization bonds, of R$35 million.

ADMINISTRATIVE EXPENSES

Administrative expenses totaled R$2,415 million in 12M13, 15.3% or R$320 million up on 2012 Personnel expenses, which comprise 56.3% of total administrative expenses in 2013, went up 10.3% or R$127 million over 2012.

In the annual comparison, personnel expenses were impacted by category's collective labor agreement and increase in headcount by 728 employees. Other administrative expenses posted a 22.4% or R$193 million increase in the period, impacted by (i) the R$152 million increase in outsourced services expenses, influenced by an increase in costs related to the new business generating payroll-related loan income for non-account holders, due to the increase in the payroll-related credit portfolio, as well as related revenue, (ii) the R$36 million increase in expenses related surveillance, security, amounts transportation and financial system services, arising from the opening of new service points; (iii) the R$18 million increase in propaganda, promotions and advertising expenses, due to advertising campaigns launched in the period, and (iv) the R$17 million increase in data processing and telecommunication expenses, resulting from monetary restatement of current contracts and renewal of lease and equipment maintenance agreements, which was partially offset by (v) the R$44 million decrease in depreciation and amortization expenses.

OTHER OPERATING REVENUE

In 12M13 other operating expenses totaled R$255 million, 2.0% or R$5 million up on 12M12. The annual increase mainly derived from the R$27 million growth of revenues from reversal of provisions recorded for payment of administrative expenses, the R$16 million increase in card revenue and the R$10 million increase in revenue from forex adjustments, partially offset by the R$47 million reduction of revenue from provisions reversal, due to the R$41 million income tax recovery due to court's decision related to the Worker's Meal Program tax incentive in 2012.

OTHER OPERATING EXPENSES

In 12M13 other operating expenses totaled R$345 million, 7.1% or R$26 million below 12M12. The reduction in the 12M13 compared to 2012 especially derived from lower expenses related to labor and civil claims provisions, at 22.5% or R$43 million, partially offset by the R$24 million increase in monetary restatement expenses of Fundação Banrisul's contracted debt.

Table 13: 2013 and 2012 Balance Sheet

				R$ million
	2013	**2012***	**Change R$**	**Change %**
ASSETS				
Current assets	**23,687**	**25,997**	**(2,311)**	**-8.9%**
Cash and cash equivalents	738	809	(71)	-8.8%
Short-term interbank investments	528	4,609	(4,082)	-88.6%
Marketable securities and derivatives	4,311	5,780	(1,470)	-25.4%
Interbank accounts	3,995	2,921	1,075	36.8%
Interdepartmental accounts	109	85	24	28.1%
Loan operations	11,043	9,819	1,224	12.5%
Leasing operations	33	36	(2)	-6.9%
Other receivables	2,833	1,870	964	51.5%
Other values and goods	96	68	28	41.3%
Long-term assets	**29,255**	**20,484**	**8,771**	**42.8%**
Marketable securities and derivatives	14,069	6,581	7,488	113.8%
Interbank accounts	735	680	55	8.1%
Loan operations	12,875	11,860	1,015	8.6%
Leasing operations	37	38	(1)	-3.0%
Other receivables	1,404	1,313	91	7.0%
Other values and goods	136	12	124	1017.7%
Permanent assets	**269**	**262**	**6**	**2.3%**
Investments	58	48	10	20.1%
Property and equipment	177	167	10	5.7%
Intangible assets	33	47	(13)	-28.3%
TOTAL ASSETS	**53,211**	**46,744**	**6,467**	**13.8%**
LIABILITIES				
Current liabilities	**26,545**	**27,047**	**(502)**	**-1.9%**
Deposits	15,624	16,014	(390)	-2.4%
Open market operations	4,221	1,628	2,593	159.3%
Acceptance and issue of securities	377	28	349	1247.4%
Interbank accounts	9	5	4	69.0%
Interdepartmental accounts	225	248	(23)	-9.4%
Loans	1,275	966	309	31.9%
Onlendings in the country	569	439	130	29.7%
Onlendings abroad	-	26	(26)	-100.0%
Derivative financial instruments	40	23	17	74.5%
Other liabilities	4,204	7,669	(3,464)	-45.2%
Long-term liabilities	**21,516**	**15,061**	**6,456**	**42.9%**
Deposits	15,020	10,732	4,288	40.0%
Acceptance and issue of securities	2,129	287	1,842	640.8%
Interbank accounts	6	9	(3)	-32.9%
Loans	1	620	(618)	-99.8%
Onlendings in the country	1,642	1,205	437	36.3%
Onlendings abroad	-	-	-	-
Derivative financial instruments	72	-	72	100.0%
Other liabilities	2,646	2,208	438	19.8%
Shareholders' equity	**5,150**	**4,636**	**513**	**11.1%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**53,211**	**46,744**	**6,467**	**13.8%**

*Restated.

TOTAL ASSETS

Total assets totaled R$53,211 million in December 2013, composed of (i) 50.1% of loan operations, (ii) 35.5% of marketable securities and short-term interbank investments, (iii) 9.1% of interbank and interdepartmental accounts and (iv) 5.3% of other assets. The 13.8% or R$6,467 million increase in assets balance on December 2012 is mainly due to the R$3,898 million increase in deposits, the R$2,593 million increase in repo operations (even if offset by the R$4,575 million decrease in the balance of financial and development funds, due to a withdrawal by the State recorded in April/2013, pursuant to Law no. 12,069, which enables the utilization of escrow deposits by third parties up to a limit of 85% of balance, amount of which was transferred to the Integrated System for Unified Cash

Management (SIAC) of the State of Rio Grande do Sul, the R$2,190 million increase in financial bills, R$703 million increase in subordinated debts and R$232 million increase in loans and onlendings. Funds raised were partially invested in loan portfolio, which went up 9.6% or R$2,325 million, in marketable securities added to short-term interbank investments, which increased by 11.4% or R$1,937 million, and interbank and interdepartmental accounts, which went up 31.3% or R$1,154 million.

SECURITIES

Investments in securities, including derivative financial instruments and added to short-term interbank investments, totaling R$14,687 million in December 2013, 4.3% or R$656 million down on the volume recorded in December 2012. The amount deducts repo operations. The variation in 12 months is due to a change in profile of funding lines.

Interbank and Interdepartmental Accounts

Interbank and interdepartmental accounts totaled R$4,839 million in December 2013, an increase of 31.3% or R$1,154 million year-on-year. In the annual comparison, interbank and interdepartmental accounts balance increased mainly due to the growth of loans linked to reserve requirements at the Brazilian Central Bank by 37.2% or R$1,070 million.

LOAN OPERATIONS

Banrisul loan portfolio totaled R$26,652 million in December 2013, an increase of 9.6% or R$2,325 million year-on-year. Considering the balance of the expanded loan portfolio, which includes co-obligation and risks in collaterals tendered, the variation grew by 10.2% or R$2,564 million.

Breakdown of Loans by Company Size

The corporate segment loan operations totaled R$12,870 million in December 2013 or 48.3% of total loan portfolio. The balance of corporate operations went up 10.4% year-on-year. In 12 months, the most relevant variation occurred in loan for micro companies and SMEs, with an increase of 9.3% or R$634 million, accounting for 57.9% of total corporate segment and 28.0% of the Bank's total loans.

Breakdown of Loans by Activity Sector

In the breakdown of loan portfolio by activity, the private sector increased 9.7% or R$2,339 million in 12 months or 99.6% of loan assets in December 2013. The most representative sectors in December 2013 were individuals, 38.9% of total portfolio; industry, 18.3%, services and others, and 13.2% of Banrisul's loan portfolio. Compared to December 2012, we point out the R$684 million or 7.1% increase in loan operations to individuals, 20.7% or R$465 million increase in housing, 15.0% or R$457 million increase in services and others, 21.2% or R$384 million increase in the rural segment, 5.5% or R$252 million increase in industry and 3.5% or R$97 million increase in commerce.

Breakdown of Loans by Portfolio

The breakdown by portfolio shows free funds invested in loan assets. Commercial portfolio, leasing, credits restricted to operations acquired through assignment and the public sector are originated from free resources from deposits and equity capital and in December accounted for 71.8% of total loan portfolio. Long-term loan, rural, real estate and foreign exchange portfolios mostly derive from specific sources of funds, comprising directed credit and in December 2013 accounted for 28.2% of the amount invested.

Commercial portfolio totaled R$18,532 million in December 2013 or 69.5% of the Bank's total loan balance. Compared to December 2012, the commercial portfolio went up 4.7% or R$834 million. In relation to loan breakdown, the individuals segment corresponded to 53.5% of the commercial portfolio balance and 37.2% of the Bank's total loan operations in December 2013. The corporate segment accounted for 46.5% of the commercial loan balance an 32.3% of total loan in 2013.

The mortgage portfolio totaled R$2,711 million in December 2013, 20.7% up or an increase of R$465 million in 12 months. The Bank's performance in mortgage portfolio in 2013 was influenced by the maintenance of several agreements, loan granting programs for state government employees, participation in the sector's events, in addition to the lengthening of home mortgage term to 35 years, and until 90% of the property's value can be financed. The mortgage amount includes R$84 million referring to the mortgage assignment operation with co-obligation.

Rural loan balance totaled R$2,209 million in December 2013, 21.9% up or R$398 million above December 2012.

Long-term loan totaled R$1,872 million in December 2013, 42.7% up or an increase of R$560 million in 12 months.

Foreign exchange portfolio totaled R$713 million in December 2013, 10.1% up or R$65 million above December 2012.

Breakdown of Loan by Rating

Usual risk loan operations rated from AA to C, pursuant to Resolution 2,682/99 of the Brazilian National Monetary Council, accounted for 89.5% of loan portfolio in December 2013. The index recorded is the same of December 2012.

PROVISION FOR LOAN OPERATIONS

Provisions for loan operation losses totaled R$1,586 million in December 2013 or 6.0% of the consolidated loan portfolio. This index reduced by 0.5 p.p. year-on-year. The variation in the balance of provisions was mainly due to improved compliance in the client rating system process, by implementing a new centralized system, minimizing the need of provision due to the growth of loan portfolio and the increase in the number of operations in arrears.

In December 2013, provision for loan losses had the following breakdown, pursuant to Resolution 2,682/99 of the Brazilian National Monetary Council and additions:

- *(i)* R$635 million for operations with amounts overdue by more than 60 days;
- *(ii)* R$824 million for falling due agreements or with amounts overdue by less than 60 days;
- *(iii)* R$128 million referring to the provision exceeding the minimum required by Resolution 2,682/99 of the Brazilian National Monetary Council, recorded due to a periodical analysis of the client's quality conducted by the Management, aiming at covering any events not mentioned in clients' rating model.

ASSET MANAGEMENT

Asset management totaled R$42,420 million in December 2013, 20.0% up or an increase of R$7,062 million on December 2012, mainly due to the expansion of deposits balance.

DEMAND DEPOSITS

Demand deposits totaled R$3,398 million in December 2013, with relative stability, with a decrease of 0.1% or R$3 million year-on-year.

SAVINGS DEPOSITS

Savings deposits totaled R$6,991 million in December 2013. Savings balance grew by 19.8% or R$1,155 million year-on-year. In line with the record net funding of the market in 2013, the growth in the period reflects saving account holders' preference for this product, despite the change in the remuneration rule and Selic interest rate fluctuations.

TIME DEPOSITS

Time deposits are the Bank's main funding instrument, reaching R$19,904 million in December 2013, 16.5% up or an increase of R$2,814 million year-on-year. The launching of time deposits with special fee and term to investors who have a considerable volume of cash equivalents and the reduction of minimum amounts for automatic investment influenced the growth time deposits in the period.

FINANCIAL BILLS

In August 2013, Banrisul concluded the first issue of financial bills, totaling R$1,600 million. The issue was held in three series: the first series totaling R$700 million and two-year term, the second series totaling R$870 million and three-year term, and the third series totaling R$30 million and four-year term. This operation represented a better positioning of the Bank in the fixed income market, in addition to creating opportunity of future transactions with lengthened terms. As a result, financial bills grew by R$2,191 million year-on-year.

SUBORDINATED DEBT

Subordinated debt totaled R$1,861 million in December 2013, an increase of R$703 million year-on-year. In the annual comparison, the variation was influenced by Brazilian Central Bank's recognition of the second tranche in November 2012 as Tier II capital, in December 2012.

ASSET MANAGEMENT

Asset management totaled R$7,408 million in December 2013, an increase of 3.8% or R$270 million year-on-year.

SHAREHOLDERS' EQUITY

Banrisul's shareholders' equity totaled R$5.150 million in December 2013, 11.1% up or R$513 million above December 2012, due to the inclusion of results of the last 12 months, less payment of dividends and interest on equity, besides the event related to the accounting recognition, pursuant to CPC 33-R1 (approved by CVM Resolution 695) of actuarial imbalance in the main supplementary private pension plan of Fundação Banrisul's employees, in the amount of R$433 million, with effects on income and social contribution taxes credits of R$173 million and impact on shareholders' equity, in the net amount of R$260 million.

10.2 Officers' Comments

A. ISSUER'S OPERATING RESULTS, ESPECIALLY:

(I) DESCRIPTION OF ANY RELEVANT REVENUE COMPONENT

Most of the revenues arise from:

Revenues from financial intermediation: it includes revenues from loan and leasing operations, and the sale or transfer of financial assets, income from securities and derivatives operations, income from reserve requirements funds at the Brazilian Central Bank and income from foreign exchange operations;

Fee income and commissions: they comprise revenues from bank fees and services, such as income from acquiring businesses, vouchers and insurance, private pension and savings bonds, income from current account bank fees, income from asset management, income related to the collection of securities and income from consortium management fee, among others;

Other operating revenue: it is composed of revenues from sundry card income, from recovery of charges and expenses, revenue from anticipated performed operations related to acquiring business and income from the escrow deposit reserve fund, among others.

TOTAL REVENUE BREAKDOWN

Table 14 shows total revenue breakdown for the years ended December 31, 2014, 2013 and 2012.

Table 14: Total revenue breakdown

R$ million

	2014		2013		2012		Chg. %	
	R$	%	R$	%	R$	%	2014/ 2013	2013/ 2012
Total Revenue								
Revenue from financial intermediation	8,197	84.4%	6,573	84.1%	6,346	85.8%	24.7%	3.6%
Revenue from loan and leasing operations	5,242	53.9%	4,604	58.9%	4,624	62.5%	13.8%	-0.4%
Income from securities operations	1,829	18.8%	1,439	18.4%	1,081	14.6%	27.1%	33.1%
Other financial revenue (1)	1,126	11.6%	530	6.8%	641	8.7%	112.5%	-17.4%
Fee income and commissions	1,196	12.3%	983	12.6%	799	10.8%	21.6%	23.2%
Other recurring operating revenue (²)	324	3.3%	256	3.3%	251	3.4%	104.3%	2.1%
Total Revenue	9,717	100.0%	7,812	100.0%	7,396	100.0%	26.9%	5.6%

(1) It includes income from foreign exchange operations, income from reserve requirements funds, income from derivative instruments and sale or transfer of financial assets. (2) It includes Other Operating Revenue and Income from Interest in Subsidiaries and Associated Companies.

COMMERCIAL LOAN BREAKDOWN BY PRODUCT – BALANCE, REVENUE AND FEE

Table 15 shows the breakdown of the commercial loan portfolio, the main revenue item, on December 31, 2014 and 2013 by product type.

Table 15: Commercial loan breakdown by product in 2014 and 2013

R$ million

	2014			2013 (4)			Balance Chg.		Revenue Chg.	
	Balance (1)	Revenue (2)	Fee (3)	Balance (1)	Revenue (2)	Fee (3)	R$	%	R$	%
Individual	**10,711**	**2,848**	**2.38%**	**9,916**	**2,617**	**2.40%**	**795**	**8.0%**	**231**	**8.8%**
Personal loan - payroll-deductible loan	7,861	1,568	1.86%	7,269	1,405	1.89%	592	8.2%	163	11.6%
Acquisition of goods - payroll-deductible loan	75	13	1.46%	93	23	1.46%	(18)	-18.9%	(10)	-42.0%
Acquisition of goods - other goods	5	1	2.06%	3	1	1.71%	2	55.6%	0	19.7%
Acquisition of goods - vehicles	73	14	1.67%	79	18	1.60%	(6)	-7.2%	(4)	-22.7%
Overdraft facility	536	631	7.95%	546	610	7.71%	(10)	-1.8%	21	3.4%
Instant credit ("Crédito 1 Minuto")	399	154	3.52%	359	133	3.21%	40	11.2%	21	15.8%
Automatic personal loan	255	117	4.00%	274	110	3.68%	(19)	-7.0%	7	6.5%
Personal loan – not deductible from payroll	578	182	2.56%	499	170	2.56%	79	15.8%	12	7.3%
Credit card	100	70	8.63%	81	56	8.51%	19	23.1%	14	26.7%
Other	827	96	1.09%	712	91	1.16%	115	16.2%	5	6.0%
Corporate	**9,478**	**1,564**	**1.50%**	**8,616**	**1,352**	**1.37%**	**862**	**10.0%**	**212**	**15.7%**
Acquisition of goods - other goods	32	6	1.64%	31	8	1.59%	1	3.4%	(2)	-18.5%
Acquisition of goods - vehicles	50	9	1.69%	44	9	1.76%	6	14.3%	(0)	-4.0%
Working capital- CEB	5,567	778	1.31%	4,992	644	1.15%	575	11.5%	134	20.9%
Working capital – CGB	1,501	259	1.50%	1,540	241	1.26%	(39)	-2.5%	18	7.6%
CDCI	16	6	3.25%	18	7	2.76%	(2)	-10.7%	(1)	-9.2%
Compror	161	19	1.24%	113	14	1.04%	48	42.6%	5	33.3%
Security debit account (Ccc)	306	53	1.69%	242	36	1.45%	64	26.4%	17	46.5%
Current account overdraft	734	286	3.29%	570	264	3.40%	164	28.6%	22	8.2%
Receivables discounting	368	90	1.79%	316	81	1.68%	52	16.5%	9	10.7%
Vendor	89	13	1.21%	83	12	1.08%	6	6.8%	1	8.7%
Credit in foreign country	199	9		170	6		29	16.7%	3	51.4%
Other	455	37	0.64%	497	32	0.89%	(42)	-8.4%	5	17.7%
Total	**20,189**	**4,412**	**1.98%**	**18,532**	**3,969**	**1.93%**	**1,657**	**8.9%**	**443**	**11.2%**

(1) Balance on the last day of the year.
(2) Year-to-date revenue.
(3) Average price of the average debtor balance.
(4) Restated.

COMPARATIVE COMMERCIAL LOAN BY PRODUCT 2014 AND 2013 - BALANCE, REVENUE AND FEES

Commercial Loan

Personal commercial loan totaled R$10,711 million in December 2014, an increase of 8.0% or R$795 million on December 2013.

The expansion of personal commercial loan year-over-year was chiefly due to the increase in the balance of payroll-deductible loan portfolio, which accounted for 72.4% of this portfolio's growth in the period.

Payroll-deductible loan totaled R$7,937 million in December 2014, accounting for 74.1% of the personal commercial portfolio and 39.3% of commercial loan, an increase of 7.8% or R$575 million in 12 months. Among payroll-deductible loan lines, R$4,694 million correspond to the balance generated at the Banrisul network, which increased 7.7% or R$337 million in 12 months. The balance originated through the payroll-deductible loan platform for non-account holders, accounting for 38.3% of the Bank's payroll-deductible loan, came to R$3,042 million in December 2014, increasing by 24.2% or R$593 million in 12 months. The remaining amount, R$200 million, corresponds to portfolios acquired with co-obligation.

Payroll-deductible loans plus asset transfers, in the amount of R$993 million, recognized pursuant to Brazilian Central Bank Circular Letter 3543 of March 26, 2012 as loans related to acquired assignment operations, totaled R$8,930 million in December 2014. Out of this amount, the credit acquired with co-obligation came to R$1,193 million in December 2014, a R$198 million increase in 12 months, due to the acquisition of payroll-deductible loan portfolios due to changes in the reserve requirements rules.

Corporate loans totaled R$9,478 million in December 2014, 10.0% or R$862 million up on December 2013. The commercial portfolio of the corporate segment is mainly composed of working capital lines, accounting for 74.6% of corporate commercial loans and 35.0% of total commercial loans.

Commercial loan to legal entities was mainly influenced by the increase of working capital lines and current account overdrafts, accounting for, respectively, 62.3% and 19.0% of the increase in the commercial portfolio of the corporate segment year-on-year.

Commercial Loan Revenues

In 2014, revenues generated by commercial loan totaled R$4,412 million, 11.2% or R$443 million above 2013. Revenues were favored by the increase in the balance of individuals and legal entities and higher benchmark interest rates (Selic), with direct effect on corporate segment revenues, mostly characterized by floating transactions.

The growth of personal commercial loan revenue year-over-year was chiefly due to income from payroll-deductible loans, which accounted for 66.4% of higher income from personal commercial loan portfolio in the period. Referring to income from corporate segment commercial loan, comparing 2014 and 2013, the increase was mainly due to higher income from working capital lines, which accounted for 72.2% of the increase in this portfolio in the period.

Commercial Loan Fees

Commercial loan monthly average fees were up by 0.05 pp. in 2014 versus 2013. Corporate commercial loan products went up 0.13 p.p. in the average monthly rate in 12 months, while monthly average rates of personal commercial loan went down 0.02 pp. in the same period. The average monthly rates of corporate commercial loan are mainly influenced by the trend of benchmark interest rate (Selic) and by competitiveness conditions, while the average monthly rates for individuals bear the fixed operations inventory effect.

Commercial Loan Breakdown by Product – Balance, Revenue and Fee

Table 16 shows the breakdown of the commercial loan portfolio, the main revenue item, on December 31, 2012 and 2013 by product.

Table 16: Commercial loan breakdown by product 2013 and 2012

R$ million

	2013			2012			Balance Chg.		Revenue Chg.	
	Balance [1]	Revenue [2] [5]	Fee [3] [5]	Balance [1]	Revenue [2]	Fee [4]	R$	%	R$	%
Individual	**9,916**	**2,617**	**2.40%**	**9,252**	**2,680**	**2.49%**	**664**	**7.2%**	**(63)**	**-2.4%**
Personal loan - payroll-deductible loan	7,269	1,405	1.89%	6,610	1,390	1.83%	659	10.0%	15	1.1%
Acquisition of goods - payroll-deductible loan	93	23	1.46%	164	33	1.47%	(71)	-43.3%	(10)	-31.3%
Acquisition of goods - other goods	3	1	1.71%	5	1	1.10%	(1)	-29.0%	0	16.2%
Acquisition of goods - vehicles	79	18	1.60%	102	18	1.66%	(23)	-22.7%	0	-1.8%
Overdraft facility	546	610	7.71%	577	606	7.74%	(31)	-5.4%	4	0.7%
Instant credit (“Crédito 1 Minuto”)	359	133	3.21%	342	172	4.50%	17	5.1%	(39)	-22.3%
Automatic personal loan	274	110	3.68%	225	135	5.06%	49	21.9%	(25)	-18.3%
Personal loan – not deductible from payroll	499	170	2.56%	520	191	2.84%	(21)	-4.0%	(21)	-11.1%
Credit card	81	56	8.51%	63	58	7.33%	18	28.1%	(2)	-4.4%
Other	712	91	1.16%	644	76	1.18%	68	10.5%	15	19.4%
Corporate	**8,616**	**1,352**	**1.37%**	**8,446**	**1,490**	**1.60%**	**170**	**2.0%**	**(138)**	**-9.2%**
Acquisition of goods - other goods	31	8	1.59%	39	7	1.61%	(8)	-19.5%	1	8.3%
Acquisition of goods - vehicles	44	9	1.76%	52	11	1.90%	(8)	-15.5%	(1)	-14.1%
Working capital- CEB	4,992	644	1.15%	4,714	658	1.27%	278	5.9%	(14)	-2.2%
Working capital – CGB	1,540	241	1.26%	1,779	246	1.30%	(240)	-13.5%	(5)	-2.3%
CDCI	18	7	2.76%	35	10	2.56%	(17)	-48.6%	(3)	-28.0%
Compror	113	14	1.04%	141	15	1.11%	(29)	-20.2%	(1)	-6.9%
Security debit account (Ccc)	242	36	1.45%	195	30	1.39%	47	24.0%	6	19.3%
Current account overdraft	570	264	3.40%	602	372	4.91%	(32)	-5.3%	(108)	-29.1%
Receivables discounting	316	81	1.68%	367	79	1.83%	(51)	-13.9%	2	2.8%
Vendor	83	12	1.08%	112	15	1.15%	(28)	-25.5%	(3)	-22.8%
Credit in foreign country	170	6		61	4	0.49%	109	179.4%	2	39.5%
Other	497	32	0.89%	348	42	1.14%	149	42.7%	(10)	-24.3%
Total	**18,532**	**3,969**	**1.93%**	**17,698**	**4,170**	**2.08%**	**834**	**4.7%**	**(201)**	**-4.8%**

[1] Balance in the last day of the year.
[2] Year-to-date revenue.
[3] Average price of the average debtor balance.
[4] Monthly average revenue / Average debtor balance.
[5] Restated.

COMPARATIVE COMMERCIAL LOAN BY PRODUCT 2013 AND 2012 - BALANCE, REVENUE AND FEES

Commercial Loan

Personal commercial loan totaled R$99,916 million in December 2013, a R$664 million increase or 7.2% up on December 2012.

Payroll-deductible loan totaled R$7,362 million in December 2013, accounting for 74.2% of the personal commercial portfolio, an increase of 8.7% or R$588 million in twelve months, influenced by the positive variation of R$1,713 million in own payroll-deductible loans, mainly by the balance originated through the payroll-deductible loans platform for non-account holders, which was partially offset by the R$1,125 million decrease in acquired payroll-deductible loans. Loans originated totaled R$2,449 million in December 2013, accounting for 33.3% of Banrisul’s payroll-deductible loans. Payroll-deductible loans plus asset transfers, in the amount of R$440 million, recognized pursuant to Brazilian Central Bank Circular Letter 3543 of March 26, 2012 as loans related to acquired operations, totaled R$7,802 million. Among payroll-deductible loan lines, own payroll-deductible loans came to R$6,073 million in December 2013, accounting for 82.5% of the payroll-deductible loan portfolio and 61.2% of the personal commercial portfolio. Own payroll-deductible loans increased by 39.3% or R$112 million in twelve months. Acquired credit, excluding credit operations acquired under co-obligation assignments, as per Circular Letter 3543/12, totaled R$1,288 million in December 2013, accounting for 17.5% of the payroll-deductible loan portfolio and 13.0% of the individual loan portfolio. The balance of acquired payroll-deductible loans decreased by 46.6% or R$1,125 million year on year.

In December 2013, corporate loans totaled R$8,616 million, 2.0% or R$170 million up on December 2012. The commercial portfolio of the corporate segment is mainly composed of working capital lines, totaling R$6,532 million, and current account overdrafts, totaling R$570 million. In December 2013, working capital accounted for 75.8% of the corporate loan portfolio and 35.2% of total commercial loans. Working capital lines remained flat, edging up by 0.6% or R$38 million in twelve months.

Commercial Loan Revenues

In 12M13 revenues generated by commercial loan totaled R$3,969 million, 4.8% or R$201 million below the amount recorded in 12M12. Lower interest rates influenced the trajectory of commercial loan revenue in the period.

Commercial Loan Fees

Commercial loan monthly average fees in the 12 months of 2013, compared to 2012, were 0.15 pp. down, reaching 1.93% in 12M13. Instant credit and automatic individual loans recorded the sharpest interest rate declines. Regarding corporate credit, the average rates for current account overdrafts and receivables discounting fell substantially in the period.

OTHER OPERATING REVENUE BREAKDOWN

The table below shows the breakdown of other operating revenue for the years ended December 31, 2012, 2013 and 2014.

Table 17: Other operating revenues breakdown

R$ thousand

	2014	2013	2012	Chg. % 2014/2013	Chg. % 2013/2012

Other operating revenue					
Recovery of charges and expenses	48,527	55,724	50,017	-12.9%	11.4%
Reversal of operational provisions:					
Civil	-	37	44	-100.0%	-15.9%
Labor	1,196	179	768	-	-76.7%
Tax	10,912	-	-	-	-
Other	12,288	2,211	49,267	-	-95.5%
Securitization losses	1,255	1,536	4,335	-18.3%	-64.6%
Savings bonds commissions	-	-	1,166	-	-100.0%
Interbank fees	24,810	22,974	21,757	8.0%	5.6%
Forex adjustments – premises abroad	34,300	21,623	11,672	58.6%	85.3%
Credit instruments receivable	6,243	6,020	6,187	3.7%	-2.7%
Reserve fund - Judicial deposits - Law 12,069	30,862	14,859	14,077	107.7%	5.6%
Commission and management fee on insurance	8,700	8,286	9,944	5.0%	-16.7%
Sundry card revenue	55,812	41,791	26,235	33.6%	59.3%
Profit from the sale of assets	13,787	5,986	10,047	130.3%	-40.4%
Reversal of provisions for payment	6,140	47,115	20,449	-87.0%	130.4%
Acquiring business revenue – of performed operations	34,243	7,397	-	-	-
Fundação Banrisul – actuarial migration result	83,628	-	-	-	-
Revenue from the insurance distribution agreement	115,000	-	-	-	-
Other operating revenue	32,220	18,853	23,615	70.9%	-20.2%
Total other operating revenue	**519,923**	**254,591**	**249,580**	**104.2%**	**2.0%**

(II) FACTORS THAT MATERIALLY AFFECTED OPERATING RESULTS

RESERVE REQUIREMENTS

The Brazilian Central Bank imposes to financial institutions several requirements related to compulsory deposits, as a mechanism to control Brazilian financial system liquidity. When Brazilian Central Bank changes the compulsory deposit requirements, it can influence the volume of assets bearing interest rates and liabilities paying interest rates, accordingly, influencing the financial intermediation revenues and expenses.

The compulsory deposits enforceability incurs on the volume of deposits, at rates established by applicable rules, and proceeds deriving therefrom are deposited at the Central Bank, earning interest rates (except for demand deposits). The volume of reserve requirement to Central Bank also reflected reference shareholders' equity level 1 achieved by Banrisul, which implied the loss of deduction applied to the basis of calculation of reserve requirements over time deposits. On December 31, 2014, we had R$5,659 million compulsorily deposits, in cash or through federal government bonds to the Brazilian Central Bank.

AMENDMENTS TO THE TAX LAWS

Results are influenced by amendments to tax laws and tax regimes affecting the operations and clients businesses. These amendments include changes in tax rates and levy of temporary taxes, the proceeds of which are earmarked for specific purposes.

REGULATION AND RISKS OF CHANGE IN CREDIT-RELATED RULES

To reduce inflationary pressure and its effects on consumption and investment decisions, the Brazilian Central Bank Monetary Policy Committee adjusted the Selic rate, which reached 11.75% p.a. after the last Copom meeting held in December 2014, versus 10.00% recorded in December 2013 and 7.25% in December 2012. Interest rates and loan operations spreads, which, in 2012 recorded reduction, maintained a downward trend in 2013 and 2014.

From the regulation standpoint, several measures that influenced the financial institutions' credit volume were taken throughout the three years referred herein, as discussed below.

Banking portability, effective as of 2012 and ruled by the Brazilian National Monetary Council Resolutions 3,402 and 3,424, entitles public servants to choose the bank to receive their salary. This change results in improved customer service systems, among other strategies, to gain customer loyalty. Complementarily, Bacen's Resolution 4292/13 provides for the portability of individuals' loan operations, standardizing procedures and terms to exchange information and transfer funds among the financial institutions.

On the other hand, CMN Resolution 4294/13, changes payment rules and percentages of the correspondents' remuneration and other requirements related to the control of transactions contracted by such channels, which became effective as at January 2015.

Furthermore, also in 2013, other measures impacting credit volume were enacted through rulings related to the institutions' capital, among which, CMN Resolution 4192, which defines the new capital structure, that establishes three capital requirements. This normative is complemented by CMN Resolution 4193/13, both of them amended by Resolutions 4278 and 4281.

In 2014, measures related to the loan market were also issued, such as: Central Bank's Circular Letter 3712, which ruled standards related to reserve requirements on time and demand deposits. This ruling was amended by Central Bank's Circular Letter 3715, which raised the amount of reserve requirements over time deposits, which can be met through loan operations; at the same time, it restricted the discount of concessions for vehicles and allowed to consider, for the purposes of compliance with enforceability, the acquisition of new financial bills from eligible banks. A new stimulus to credit was disclosed through Central Bank's Circular Letter 3723, which allowed banks to use working capital loans to meet the rule for reserve requirements over time deposits.

Regarding payroll deductible loans, based on a decision of Brazil's Social Security Council, an Ordinance was published benefiting INSS retirees and pensioners, which now have extended loan terms. Through Decree 8321 of October 3, 2014, the federal government employees were also benefitted referring to the term to settle the transactions.

Amongst the regulatory measures referring to capital, we can mention: Central Bank's Circular Letter 3711 of July 22, 2014, which establishes precepts to calculate the amount of risk-weighted assets (RWA) referring to credit risk exposures subject to the calculation of capital requirement by means of standard approach (RWACPAD); and Central Bank's Circular Letter 3714 of August 20, 2014, which alters criteria related to capital minimum requirement for credit risk.

DELINQUENCY IN LOAN OPERATIONS

Certain factors beyond the Company's control may impact delinquency level to which the Brazilian Financial System is subject, such as, economy recession that affects the country or higher unemployment rates. Any increase in loan portfolio delinquency level can result in higher losses from loan operations, adversely affecting the Company's operating results and its financial condition.

Banrisul observes the practices imposed by Brazilian Central Bank as to the write-off of overdue loans, to the extent it considers appropriate to the operations and it decides that loans are written-off as loss 360 days after maturity. Thus, a provision for loan loss over defaulting operations remained accounted for a 360-day period, until loan is written-off as loss.

B. Revenue Variations Attributable To Changes In Prices, Foreign Exchange Rates, Inflation, Volume And Introduction Of New Products And Services

C. Impact Of Inflation, Price Variation In Main Inputs And Products, Foreign Exchange And Interest Rates, Operating Results And The Company's Financial Result

The analytical margin presented herein was determined based on average balances of assets and liabilities, calculated from 12-month closing balances comprising periods analyzed.

Table 18 shows assets generating revenue and interest-bearing liabilities, related financial intermediation revenue amounts over assets and financial intermediation expenses over liabilities, as well as effective average rates.

Table 18: Analytical Margin

R$ million

	2014			2013			2012		
	Average balance	Revenue/ Expense	Average rate	Average balance	Revenue/ Expense	Average rate	Average balance	Revenue/ Expense	Average rate
Profitable assets	**52,315**	**8,197**	**15.7%**	**47,137**	**6,573**	**13.9%**	**39,857**	**6,346**	**15.9%**
Loan operations	27,312	5,487	20.1%	24,374	4,808	19.7%	22,229	4,760	21.4%
Resale commitments	226	33	14.7%	2,401	202	8.4%	3,834	312	8.1%
Held-for-trading securities	2,984	300	10.1%	3,326	256	7.7%	2,221	172	7.7%
Available-for-sale securities	842	85	10.1%	1,299	100	7.7%	1,187	92	7.7%
Held-to-maturity securities and Derivative Financial Instruments	13,915	1,651	11.9%	11,411	876	7.7%	6,582	704	10.7%
Interbank deposits	134	10	7.4%	92	7	7.9%	106	8	7.6%
Other profitable assets	6,903	630	9.1%	4,234	324	7.7%	3,696	298	8.1%
Reserve requirements	6,153	571	9.3%	3,526	266	7.5%	3,040	243	8.0%
Other	750	59	7.9%	709	58	8.2%	656	56	8.5%
Unprofitable assets	**5,370**	**-**	**-**	**4,037**	**-**	**-**	**2,693**	**-**	**-**
Total assets	**57,685**	**8,197**	**14.2%**	**51,174**	**6,573**	**12.8%**	**42,549**	**6,346**	**14.9%**
Interest-bearing liabilities	**44,904**	**(4,407)**	**9.8%**	**39,475**	**(2,906)**	**7.4%**	**32,357**	**(2,616)**	**8.1%**
Interbank deposits	434	(39)	8.9%	373	(24)	6.3%	196	(11)	5.6%
Savings account	7,412	(494)	6.7%	6,415	(374)	5.8%	5,468	(328)	6.0%
Time deposits	21,161	(1,924)	9.1%	18,823	(1,320)	7.0%	15,720	(1,139)	7.2%
Open market operations	5,857	(619)	10.6%	4,976	(420)	8.4%	1,887	(172)	9.1%
Subordinated debt	1,948	(514)	26.4%	1,790	(212)	11.8%	1,056	(340)	32.2%
Borrowings and onlendings	3,710	(371)	10.0%	3,044	(242)	7.9%	2,422	(174)	7.2%
In the country	2,430	(103)	4.2%	1,932	(87)	4.5%	1,430	(74)	5.2%
Abroad	1,281	(269)	21.0%	1,113	(155)	13.9%	991	(99)	10.0%
Other	4,382	(446)	10.2%	4,055	(315)	7.8%	5,610	(452)	8.1%
Non-interest bearing liabilities	7,433	-	-	6,761	-	-	5,476	-	-
Shareholders' Equity	**5,348**	**-**	**-**	**4,938**	**-**	**-**	**4,716**	**-**	**-**
Liabilities and Shareholders' Equity	**57,685**	**(4,407)**	**7.6%**	**51,174**	**(2,906)**	**5.7%**	**42,549**	**(2,616)**	**6.1%**
Spread			**6.6%**			**7.2%**			**8.8%**
Analytical Margin		**3,790**	**7.2%**		**3,667**	**7.8%**		**3,731**	**9.4%**

Loan operations include advances from foreign exchange contracts and leasing operations, which are stated at present value, net of leasing agreements. Income from loan operations overdue by more than 60 days, regardless of their risk level, are only recognized as revenue when effectively received.

Average balances of liquidity interbank investments, funds applied or raised in the interbank market, correspond to the redemption amount, less unearned revenues or unexpired expenses corresponding to future periods.

Average deposit balances, open market operations, borrowings and onlendings include charges payable until the closing date of financial statements, recognized on a pro rata die basis. Referring to expenses related these items, those referring to deposits include expenses for contributions to Credit Guarantee Fund – FGC.

The margin over profitable assets reduced in 2014 compared to 2013. Profitable average assets increased 11.0%, and interest-bearing liabilities, 13.8%, year-on-year. Absolute margin increased by 3.4% and relative margin decreased 0.6 pp. compared to 2013.

The Selic benchmark rate's path, which was rising in 2014, affected the prices of profitable assets and burdensome liabilities. In addition to base interest rates referencing the operations in the financial sector, the structure of assets and liabilities and also contractual terms are decisive factors composing the margin earned in each period.

Credit assets percentage in total average profitable assets increased by 0.5 pp. compared to December 2013, reaching 52.2%. Treasury operations percentage in total profitable assets increased from 39.1% in 2013 to 34.3% in 2014. Mandatory deposits increased representativeness in total profitable assets by 4.3 pp. to 11.8% in 2014.

Referring to interest-bearing liabilities, the average balance of time deposits accounted for 47.1% of expense-generating liabilities in 2014, versus 47.7% in 2013. Savings deposits increased its percentage over interest-bearing liabilities by 0.3 pp. in 12 months to 16.5% in 2014. Open market funding accounted for 13.0% of onerous liabilities in 2014, an increase of 0.4 pp. year-on-year. Among other onerous liabilities, acceptance and issue of securities increased by 3.0 pp., reaching 6.2% in 2014.

The results of these variations reduced the spread by 0.6 pp. to 6.6% in 2014.

INTEREST RATES

Fluctuations in Brazil's interest rates materially affect the company's operating results. Higher interest rates may positively influence revenue, since interest rates related to bearing-interest assets and the remuneration of loan operations also increase. On the other hand, interest expenses may be equally affected, if interest rates related to interest-bearing liabilities, including funding operations, also increase.

Overall, higher interest rates result in higher revenues from loan operations due to higher spreads. Nevertheless, higher interest rates may negatively affect results and loan portfolio by reducing demand for credit and increasing client delinquency risk.

On the other hand, lower interest rates reduce revenues from loan operations due to lower spreads. Thus, lower interest rates may result in a reduction in revenues and, accordingly, worsen results. This revenue decline may eventually be offset by a loan volume growth, due to a higher demand for credit, provided that we have conditions to grant loans in order to meet said demand without significantly increasing the delinquency levels of operations.

According to data from the Brazilian Central Bank, in December 2012, 2013 and 2014, the average spread in loan operations carried out by financial institutions in Brazil stood at 14.50 percentage points, 13.80 percentage points and 15.10 percentage points, respectively, while at the end of 2012, 2013 and 2014 the effective SELIC rate stood at 8.49%, 8.22% and 10.90% respectively.

INFLATION

Net income can be adversely affected by higher inflation rate in Brazil, which can result in higher costs and reduce operating margins, if inflation is not followed by an increase in interest rates. Moreover, inflation may contribute to increase market volatility, due to economic uncertainties, lower expenditures by population, lower growth of real income and reduced consumer's confidence, factors that may have a negative impact over operating results.

Inflation rates in Brazil revealed high volatility in the past, becoming afloat in the past years. Lower inflation rates, to a large extent, were due to the federal government monetary policy, which includes periodic changes in interest rates and the Real appreciation against U.S. dollar in the period.

The inflation calculated by IGP-M (General Market Price Index) was 7.81% in 2012, 5.53% in 2013 and 3.67% in 2014. Prices, on the other hand, when calculated by IPCA, went up 5.84% in 2012, 5.91% in 2013 and 6.41% in 2014.

SPREAD

The operating result can be affected by changes in spread, as seen in Table 18, where revenues from interest-bearing assets in relation to interest-bearing liabilities expenses, which represent the funding, are stated. In 2014, the spread of 6.6% was 0.6 p.p. below the 7.2% recorded in 2013.

Factors that may influence spread are increase/decrease in borrowing costs due to variation in the benchmark interest rate, stiff competition among financial institutions and delinquency arising from periods of crisis or economic growth.

Considering Banrisul's relevant market share in the State of Rio Grande do Sul, the Company was directly affected by this state's economic performance. There is a difficulty to mitigating this risk deriving from concentration of activity, a factor we are trying to reverse by acquiring business, in 2012, 49.9% interest in Bem Promotora de Vendas e Serviços S.A., previously called Credimatone Promotora de Vendas e Serviços S/A.

FOREIGN EXCHANGE

The foreign exchange operations solely aims at meeting clients' needs in products, services and credit for import and export operations. For these operations, we raised funds with international financial institutions. Therefore, assets and liabilities denominated in foreign currency are similar, providing us with a natural hedge. Except for capital of branches abroad, totaling US$76 million, foreign exchange rate exposure was not maintained with own funds and no leveraged operations were carried out in foreign currency, reason that result was not impacted by foreign exchange rate variations.

10.3 Officers’ Comments on Relevant Effects Caused or Expected to Be Caused by the Events below in the Company’s Financial Statements And Results

A. Introduction Or Sale Of Operating Segment

Historically, the Company’s engagement in the insurance market was Banrisul’s commercial area focus. Since 2011, the insurance segment was subject of study aiming to increase revenue. After four years seeking a partner company, the Institution decided to sign an agreement with Icatu Seguros at the end of 2014 to exclusively distribute life insurance and pension plan products through Banrisul’s channels for a 20-year term. In 2015, this partnership will expand to create an insurance company, in which Banrisul will hold a 49% interest. The increase of insurance operations should add more stability to results generation, expanding services’ representativeness in the volume of revenue.

B. Creation, Acquisition Or Disposal Of Corporate Interest

As part of the strategic move to leverage client relationship channels, increase loan portfolio and expand the distribution potential of financial products and services nationwide, on March 13, 2012, Banrisul acquired, through the Stock Purchase Agreement and Other Covenants entered into with MatoneInvest Holding, Banrisul, forty-nine percent and nine tenths (49.9%) of the shares issued by Bem Promotora de Vendas e Serviços S/A, a closely-held company headquartered in the city of Porto Alegre-RS, representing 673,500 common shares.

Banrisul invested R$45 million in the acquisition. In 2013, there was a capital increase in Bem Promotora de Vendas S/A. Banrisul invested R$5 million in the capital increase.

The balance of loan operations originated through this channel reached R$3,042 million in December 2014 versus R$2,449 million in December 2013 and R$1,675 million in December 2012. In the year ended December 31, 2014, Banrisul paid R$115 million to Bem for the origination of payroll deduction loans through partnerships as commissions and performance fees, versus R$101 million in 2013 and R$24 million paid in 2012.

C. Non-Recurring Events Or Operations

Strategic Partnership with Icatu Seguros

In 2015, Banrisul will complete an important ownership interest negotiation. After four years studying and selecting a partner company, Banrisul concluded, at the end of 2014, an agreement to distribute life insurance and private pension products with Icatu Seguros through Banrisul’s channels. In 2015, the agreement signed will be used to set up a joint venture in which Banrisul will hold a 49% interest. The successful changes occurred in Brazil’s insurance market, the permanence of banks as strong distributors and the potential absorption of insurance by the Bank’s clients were the reasons that lead to this negotiation that has already been approved by the Brazilian Central Bank, the Brazilian antitrust authority and the Private Insurance Superintendence (SUSEP).

Plan Restructuring - Fundação Banrisul De Seguridade Social

Banrisul is the main sponsor for FBSS (Fundação Banrisul de Seguridade Social) and Cabergs (Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul) which, respectively, provide private pensions and health benefits to their employees. The accounting recognition of post-employment benefit-related commitments, at Banrisul, is made pursuant to CVM Resolution 695/12, effective as of January 1, 2013.

Banrisul is the main sponsor for “defined benefit” plans (Benefit Plan I - PBI), and “variable contribution” plans (FBPREV). PBI has a historical unbalance generated by factors inherent in this type of plan, such as changes in the longevity profile, economic factors, future salary growth, in addition to lawsuits. To balance the deficit, the Bank signed a conduct adjustment agreement in May 2013, which includes the creation of new benefit plans. With PREVIC’s approval of the new benefit plans at the end of 2013, Fundação Banrisul started, on February 3, 2014, the voluntary and incentivized migration of PBI’s participants and beneficiaries to: (i) Plano Saldado, based on the Defined Benefit model, in which the amount accumulated by all participants remains in a collective account, and (ii) FBPREV II Plan, based on the variable contribution model, the contribution is defined upon accumulation of reserve and benefit defined during payment of the lifetime benefit.

In 2014, nearly 90% of active employees and 25% of the beneficiaries migrated their mathematic reserves to the new plans. The expenses from the incentive to the migration to the Bank’s Settled Benefit Plan (Plano Saldado) and the FBPREV II Benefit Plan came to R$288 million. Additionally, the recognition of the effect in the existing PBI Benefit Plan deficit in the Sponsor’s liability portion corresponding to the beneficiaries who migrated to the Settled Benefit Plan and FBPREV II Benefit Plan, as per CPC 33 and CVM Resolution 695/12, generated revenue of R$84 million.

With the application of the accounting rules provided for in CPC 33 (R1), the restructuring added higher balance to post-employment benefit plans, remaining a liability of R$118 million, recognized in Banrisul’s equity.

After restructuring the Plan, the remaining portion of the debt, in the amount of R$67 million as at December 31, 2014 (2013 – R$67 million), was distributed as follows: Benefit I Plan, totaling R$38 million, Settled Benefit Plan, totaling R$17 million, and FBPREV II Benefit Plan, totaling R$12 million, recorded in Other Liabilities. The debt incurs 6% p.a. interest, adjusted by the variation of the General Price Index – Internal Availability – (IGP-DI), through updates and monthly payments, with final term in 2028.

The Bank’s benefit plans were based on the respective Plan Regulations, which comprise all rights and obligations of participants and sponsors, the actuarial costing plan, legal terms, form of payment of monthly contributions and benefits, minimum contribution term and other parameters necessary for actuarial measuring. The Rules are approved by the internal legal management authorities, the sponsor(s) and federal oversight and regulation authorities as per the effective law.

Regarding actuarial risks, Banrisul and FBSS can conduct asset/liability comparison studies to seek transactions in the capital and insurance markets aiming to reduce or eliminate the Plans’ actuarial risks. Through its defined benefit plans, Banrisul is exposed to a number of risks, the most significant being: asset volatility, variation in securities profitability, inflation risk and life expectancy.

The recent changes brought by the creation of two new plans generated structural changes that are being permanently assessed, from the financial standpoint, through governance mechanisms, which comprise forums that monitor the economic impacts from the alternatives created.

INCENTIVIZED RETIREMENT PLAN

Following the restructure of post-employment benefit plans, Banrisul launched in January 2014, the Incentivized Retirement Plan (PAI), which provides better employment termination conditions to employees who have qualified for official and complementary retirement in 2014. Employees could adhere to the Plan until March and employment terminations occurred until June 2014. The Plan was created to preserve the Bank’s equity structure and meet the employees’ expectations regarding post-employment benefits. 554 employees adhered to PAI and 510 employment terminations were carried out. Incentives provisioned and paid within the PAI scope totaled R$64 million.

BANRISUL CARTÕES S.A.

Banrisul Cartões S.A. ("Banrisul Cartões" or "Company"), a Banrisul subsidiary, previously called Banrisul Serviços Ltda., was incorporated on July 2, 1969 and underwent a major reorganization in 2013. On October 3, 2013, the company changed its type, from limited liability to privately held, and its corporate name.

In November 2013, Banrisul Cartões S.A., through the onerous assignment of rights and obligations, acquired from Banrisul the operations of the acquiring network, Rede Banricompras. In this transaction, assets totaling R$908 million were assigned, of which R$117 million in Receivable Advance recorded at the carrying amount, which did not impact equity, as well as Liabilities totaling R$810 million; the R$98 million difference was settled on November 1, 2013. Therefore, Banrisul Cartões concentrates and includes in its corporate purpose, in addition to the management of products acting as means of payment related to benefit and service cards (Food, Meal, Benefit, Gift, Fuel, Salary and Fleet Maintenance System), the management of the operations of the acquiring network, with the accreditation of establishments and the capture and processing of data related to transactions arising from the use of credit and debit cards.

Due to the restructuring, the Company entered into an Operational Agreement with Banrisul, effective for thirty (30) years, which establishes the rules governing the transfer of Rede Banricompras' management activities to Banrisul Cartões, comprising, among others, the division of responsibility by costs, the transfer of Bank employees, the license to use the brands, the use of the bank's distribution network as a sales channel for Banrisul Cartões' businesses, and compensation for the services provided.

ISSUE OF FINANCIAL BILLS

In August 2013, Banrisul concluded the first issue of financial bills totaling R$1,600 million, in three series: the first totaling R$700 million and with a two-year term, the second totaling R$870 million and with three-year term, and the third totaling R$30 million and with a four-year term. Interest on financial bills will be paid semi-annually. The operation improved the Bank's position in the fixed income market and created opportunities for future operations with longer terms. In December 2014, these financial bills totaled R$1,679 million.

SUBORDINATED DEBT

In 2012, Banrisul conducted two fund-raising operations totaling US$775 million (US$775 million).

The first operation took place on January 26, 2012, when the Institution concluded the issue of subordinated debt abroad, with a total volume of US$ 500 million (US$500 million). The financial operation was settled on February 2, 2012, with a 10-year term, maturing on February 2, 2022. The interest coupon is 7.375% p.a., payable half-yearly as of the effective date. The issue price corresponded to 99.131% of the face value of securities sold, resulting in effective proceeds of 7.50% p.a.

The second operation took place on November 26, 2012, by re-opening the issue of subordinated notes totaling US$275 million (US$275 million). The financial operation was settled on December 3, 2012, maturing on February 2, 2022. The interest coupon is 7.375% p.a., payable half-yearly as of the effective date. The issue price corresponded to 109.943% of the face value of securities sold, resulting in an effective interest rate of 5.95% p.a.

The Brazilian Central Bank considered the amounts referring to these fund-raising operations eligible as tier II capital in the subordinated debt category.

REAL ESTATE INVESTMENT FUND

In 2012, Banrisul implemented the program to open new branches, through a fund called Banrisul Novas Fronteiras Fundo de Investimento Imobiliário – FII. The Fund aims long-term real estate investments through the acquisition and eventual construction and/or fitting of real estate assets for leasing to Banrisul Group. Funding raised over R$70 million.

10.4 Officers' Comments on Relevant Changes in the Accounting Practices

A. RELEVANT CHANGES IN THE ACCOUNTING PRACTICES

B. MATERIAL EFFECTS OF CHANGES IN THE ACCOUNTING PRACTICES

In relation to post-employment benefits, including through FBSS - Fundação Banrisul de Seguridade Social, as provided for CVM Resolution 695/2012, as of January 1, 2013, actuarial gains/losses arising from adjustments based on experience and changes in actuarial premises are now directly recorded in the Shareholders' Equity, under other comprehensive income, when incurred. The effect of adopting such standard in Banrisul negatively affected the Shareholders' Equity at R$323 million in December 2013, adjusted by tax criteria in the amount of R$129 million.

The balances of the comparison period, 2012, were restated based on the same criteria for comparison purposes.

C. INDEPENDENT AUDITORS' QUALIFIED REPORT OR EMPHASIS OF MATTER

There is no qualified opinion or emphasis of matter on the Auditor's report of 2014.

In 2013, the Independent Auditors' Report on Banrisul's Financial Statements, signed by Ernst & Young, had the following emphasis of matter.

"**Emphasis of matter:**

Restatement of corresponding amounts - As mentioned in Note 3, due to the change in the accounting policy for recording Employee Benefits, amended by CPC 33 (R1), effective as of January 1, 2013, the corresponding individual and consolidated amounts relating to the balance sheets of January 1 and December 31, 2012 and the corresponding accounting information related to the statement of changes in equity for the year ended December 31, 2012, presented for comparison purposes, were adjusted and are being restated as provided for in CPC 23 – Accounting Policies, Estimate Changes and Error Rectification and CPC 26(R1) – Presentation of Financial Statements. Our opinion does not include changes on this matter."

There is no qualified opinion or emphasis of matter on the Auditor's report of 2012.

10.5 Critical Accounting Policies Adopted By The Company, Mainly Exploring The Accounting Estimates Made By Management On Uncertain And Relevant Issues To Describe The Financial Conditions And Results Requiring Subjective Or Complex Judgments, Such As Provisions, Contingencies, Revenue Recognition, Tax Credits, Long-Lived Assets, Useful Life Of Non-Current Assets, Pension Plans, Foreign Currency Translations Adjustments, Environmental Recovery Costs, Assets Impairment Test Criteria And Financial Instruments

The parent company and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, applicable to financial institutions, rules and instructions of the Brazilian Central Bank and the Securities and Exchanges Commission - CVM, including accounting practices and estimates referring to the recording of provisions and calculation of certain amounts of assets composing its Securities, Derivative Financial Instruments and Deferred Tax portfolio. Thus, results verified may differ from those estimated upon the effective financial settlement of these assets and provisions.

Among the main accounting practices, there are those qualified as critical, which require complex or subjective Management judgments, usually as a result of the need of preparing estimates on the effects of issues which inherently involve uncertainties. To the extent the number of variables and assumptions affecting the future resolution on uncertainties increases, these judgments become more subjective and complex.

Banrisul's financial statements include its operations in Brazil, as well as the consolidation of its premises abroad (Miami and Grand Cayman). The foreign exchange variation effects on foreign operations are distributed in the statement of income according to the nature of corresponding assets accounts. When preparing the consolidated financial statements, consolidated intercompany interest, the balances of balance sheet and transaction results were eliminated, and amounts of income for the year and shareholders' equity referring to minority interest were highlighted.

The preparation of these financial statements necessarily involves assumptions and estimates extracted from past results and factors considered reasonable and relevant. The factors affecting Management's estimates in relation to financial statements are uncertain, per se. Note 3 to the consolidated financial statements for the fiscal year ended December 31, 2014 includes a summary of the main accounting practices and relevant methods adopted when preparing the consolidated financial statements.

SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Pursuant to the Circular Letter 3068/01 and supplementary regulation, the following securities are classified and measured in three specific categories, in compliance with the accounting criteria:

- Trading Securities – these include securities acquired to be frequently and actively traded and measured by the market value, gains and losses are recognized in the income for the year.
- Available-for-Sale Securities- these include securities used as part of the strategy to manage the interest rate variation risk and may be traded as a result of these variations, due to changes in payment conditions or other factors. These securities are adjusted by market value and their yields are recognized in profit or loss. Unrealized gains and losses deriving from market value variations are recognized in a specific shareholders' equity account, less related tax effects, where applicable, referred to as "Equity Valuation Adjustments" until their realization through sale. Realized gains and losses will be recognized on the trade date in the statement of income against the same specific shareholders' equity account, less related tax effects, where applicable.
- Held-to-Maturity Securities – these include securities to which Management has the intention and the financial capacity to held them to maturity, recorded at the acquisition cost, as long as there are no permanent losses, restated pro rata temporis against the income for the year. The financial capacity is defined in cash flow projections, excluding the possibility of selling these securities.

- Derivative Financial Instruments – these are classified, on their acquisition date, according to the Management's intention of using them as a hedge instrument or not, pursuant to the Circular Letter 3082/02 of the Brazilian Central Bank. Derivative operations carried out as requested by clients, on their own account, or not complying with the hedge criteria (mainly derivatives applied to manage the global risk exposure), are recorded at the market value, with realized and unrealized gains and losses, directly recognized in the statement of income. Firstly, derivatives are recognized by fair value on the date a derivative agreement is executed and, subsequently, re-measured at their fair value.

  The method to recognize the resulting gain or loss depends if the derivative is designated or not a hedge instrument, in cases of adopting the hedge accounting. If this is the case, the method depends on the nature of item that has been hedged. Banrisul adopts the hedge accounting and designates derivatives to hedge against subordinated debt as fair value hedge of recognized assets or liabilities or firm commitment (market risk hedge).

  When the operation starts, Banrisul documents the relation between hedge instruments and hedged items, as well as the risk management goals and strategy for several hedge operations. Banrisul also documents its evaluation, both in the beginning of hedge and continuously that derivatives used in hedge operations are highly effective to offset variations at fair value or at cash flows of hedged items.

  The fair values of the various derivative instruments used for hedging purposes are disclosed on Note 5. The total fair value of a hedge derivative is classified as non-current asset or liability, when the remaining maturity of hedged item exceeds 12 months, and as current asset or liability when the remaining maturity of hedged item is lower than 12 months.

  Market Risk Hedge – Derivative financial instruments destined to offset risks arising from the exposure to market value variation of hedged item are classified into this category.

  Banrisul considered in this category derivatives contracted aiming at hedging the foreign currency variation deriving from the issue of debt denominated in U.S. dollars totaling US$775 million, maturing on February 2, 2022. On December 31, 2014, the sole derivatives effective refer to swaps.

  The variations in derivatives fair value designated and qualified as market risk hedge are recorded in the statement of income, with any variations in the fair value of hedged assets or liabilities, attributable to the hedged risk. Gain or loss related to this operation is recognized in the statement of income as "Gross Profit from Financial Brokerage".

LOAN, LEASING OPERATIONS AND OTHER RECEIVABLES

All loan and leasing operations have their risks classified according to the Management's judgment, taking into account the market conditions, past experience and specific risks in relation to operations, debtors and guarantors, observing the parameters set forth by Resolution 2,682/99 of Brazilian National Monetary Council - CMN, which requires a periodic portfolio analysis and their classification into nine risk levels, from AA to H.

Loan and leasing operations are recorded at present value, calculated pro rata die based on the index and interest rates, adjusted until the 60th day in arrears. After this term, revenue is recognized in profit or loss when the operations are effectively received.

The risks of renegotiated asset operations are defined according to criterion of Resolution 2,682/99, i.e., remain in the same rating they were before renegotiation and loan operations renegotiations which were previously written-off against provisions, which were recorded in memorandum accounts, are classified level H. Eventual gains deriving from renegotiation only will be recognized as revenue when effectively received.

Other Receivables – Credit Card Operations

Unbilled amounts are represented by amounts receivable from credit card users for the utilization of cards at merchants accredited by Banricompras, Visa and MasterCard brands. These amounts are recorded under securities and receivables, without credit feature and the installments where Banrisul is the issuer and the outstanding balance of operations whose payments were made by the minimum invoice amount (revolving credit), are reclassified to Loan Operations.

Provision For Loan Operations Losses, Leasing And Other Receivables

Recorded in an amount deemed as sufficient to cover any losses, supported by client's risk rating, in view of the periodic analysis of client's quality and not only based on minimum accrual percentages required by Resolution 2,682/99 of the Brazilian National Monetary Council - CMN, in the event of delinquency.

On December 31, 2014, the total amount of provision for loan operations losses, leasing and other receivables exceeds the minimum amount that would be required only considering the rating of operations and based on the number of days in arrears, as provided for in Resolution 2,682/99. This procedure has been adopted by Management since the edition of said rule in order to deal with possible events not mentioned in clients' rating model based on the respective overdue periods.

Permanent Assets

These are stated at the acquisition cost, considering the following aspects:

Measurement of investments in subsidiaries and affiliates through the equity method, based on the financial statements drawn up and observing the same accounting practices of the controlling shareholder, i.e., the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank. Other investments are recorded at their cost and, where applicable, they are adjusted by provisions for losses;

Goodwill – it corresponds to the surplus amount paid on the acquisition of investments deriving from the expected future profitability and has indefinite useful life and is submitted to annual asset impairment test;

Depreciation of property and equipment by the straight-line method, according to the goods estimated economic useful life, considering the annual minimum rates disclosed in Note 10 to the Financial Statements; and

The intangible assets are mainly composed of investments whose benefits will occur in future years. This group is represented by bank service agreements and software acquisition. The amortization is calculated through the straight-line method at the rates disclosed in Note 10 to the Financial Statements.

Banrisul annually revises if there is any evidence of impairment. Any losses, when identified, are recognized in profit or loss. During the fiscal year ended December 31, 2014, the Financial Institution did not verify any indication that certain permanent assets could be above the recoverable value, therefore, no provision for asset impairment was recognized.

Foreign-Currency Denominated Assets And Liabilities

The assets and liabilities balances of premises abroad, as well as other assets and liabilities denominated in foreign currency arising from operations carried out by Banrisul and its subsidiaries, were translated by the exchange rate in force on the closing date of the financial statements.

DEPOSITS, OPEN MARKET OPERATIONS, BORROWINGS AND ONLENDINGS AND FINANCIAL AND DEVELOPMENT FUND

These are stated by liabilities amounts, including charges payable up to the date of the financial statements, recognized on a pro rata die basis.

As enacted by Law 12,069/04 and Law 12,585/06 of the State Government of Rio Grande do Sul, up to 85% of the balance of amounts deposited in court in Banrisul by third parties, when requested, must be made available to the State of Rio Grande do Sul and the remaining balance is held at Banrisul for fund purposes. The amounts transferred to the state government are controlled in memorandum account and the retained amount is recorded in Other Liabilities, as per Note 23 to the Financial Statements. Charges expenses over remaining balance are recorded under Loan, Assignment and Onlendings Expenses.

CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY OBLIGATIONS

Contingent assets and liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in Resolution 3,823/09 and Technical Pronouncement CPC 25, issued by the Brazilian Accounting Pronouncements Committee (CPC), and accrued based on the opinion of legal counsels through models and criteria allowing their measurement as most appropriate as possible, despite the uncertainty inherent to their term and the amount when suit is concluded. Below, the criterion adopted according to the nature of the contingency:

- Asset Contingencies - These are not recognized in the financial statements, except when there is evidence ensuring their realization over which appeal no longer applies.
- Liability Contingencies - These are recognized in the financial statements when, based on the opinion of legal counsels and Management, the risk of loss of a legal or administrative proceeding is deemed as probable, and probable outflow to settle the obligations and when the amounts involved are measurable with sufficient security, of which:

(i) Provisions for Labor Risks – These are recorded for labor claims filed against Banrisul upon legal notice and when the risk of loss is deemed as probable. The amount is calculated according to the Management's estimate of disbursement, appropriately revised based on legal counsels' subsidies and adjusted at the execution deposit amount, when required.

Labor provisions are claims filed mainly by unions and former employees pleading labor rights, especially the payment of overtime and other labor rights.

Out of referred provision, the amount of R$75 million (2013 - R$103 million) is deposited in court. Additionally, the amount of R$29 million (2013 - R$27 million) was requested as procedural resources.

There are also labor contingencies that are deemed as possible losses, amounting to approximately R$753 million (2013 – R$497 million), that, according to the nature of these proceedings, refer mainly to overtime, reinstatement and salary equalization claims. According to the accounting practices, no provision for contingencies has been recorded.

(ii) Provisions for Civil Contingencies - upon legal notice, these provisions are monthly recorded and adjusted by intended indemnity in the evidence submitted and in the legal counsel's evaluation, which takes into account former court decisions, factual background information, evidence produced in case records and court decisions to be rendered in the lawsuit, as to the lawsuit's loss risk level.

Civil provisions refer to the indemnification due to property damage and/or pain and suffering, referring to the consumer relationship, mainly addressing issues related to credit cards, consumer direct credit, current accounts, collection and loans.

Of the provision mentioned, the amount of R$92 million (2013 - R$72 million) was deposited in court.

The amount of R$1,384 million (2013 – R$1,634 million) refers to lawsuits filed by third parties against the Financial Institution, whose nature refers mainly to savings accounts, pain and suffering, recovery of undue payment and real estate financing. The company's legal counsel classifies them as possible losses, therefore, they were not accrued.

(iii) Provisions for Tax and Social Security Contingencies – these mainly refer to tax liabilities whose legality or constitutionality is purpose of administrative or judicial objection, whose probability of loss is deemed as possible, and provisions are recorded by full amount of the claim. For claims with escrow deposits, the amounts involved are not updated, except for the issue withdrawal authorization, due to favorable court decision.

Contingent liabilities deemed as possible losses are disclosed and those not measurable with sufficient security, as well as remote losses are neither accrued and/nor disclosed.

The main tax claim refers to Income tax and social contribution on the deduction of expense arising from the payment of actuarial deficit with Fundação Banrisul de Seguridade Social (Banrisul Social Security Foundation), challenged by the Internal Revenue Service for the period between 1998 and 2005, in the amount of R$462 million (2013 - R$443 million). Banrisul, through its legal counsels, has been discussing this issue in court and recorded provision for contingencies in the estimated loss amount.

Assessment note of INSS debt related to social security charges on payments not related to salary and tuition allowance classified as probable by the Company's legal counsel and recorded provision of R$7 million (2013 – R$16 million).

There are also tax contingencies which, according to their nature, are deemed as possible loss, totaling R$97 million (2013 - R$81 million). According to the accounting practices, no provision for contingencies has been recorded.

- *Legal, Tax and Social Security Liabilities* – These are recorded as liabilities regardless of evaluation as to the probability of losses.

OTHER LONG-TERM CURRENT ASSETS AND LIABILITIES

These are stated by realization amounts and/or liabilities, including earnings and charges incurred up to the balance sheet closing date, calculated pro rata die and, where applicable, the effect of adjustments to reduce the cost of assets to their market or realization value. Realizable balances and liabilities within 12 months are classified under current assets and liabilities, respectively.

INCOME TAX AND SOCIAL CONTRIBUTION

These taxes are calculated by applying effective rates of 15% for Social Contribution (9% for non-financial companies) and 15% (plus 10% as per legislation) for Income Tax on taxable income for the year, adjusted by permanent differences. Deferred income tax and social contribution were calculated based on effective rates on the date of the financial statements over temporary differences and recorded under Other Receivables, against the Income for the Year. These tax assets will be realized upon the realization of temporary differences and related provisions.

LONG-TERM POST-EMPLOYMENT BENEFIT OBLIGATIONS

- Retirement Obligations - Banrisul sponsors the FBSS - Fundação Banrisul de Seguridade Social (Banrisul Social Security Foundation) and Cabergs – Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul (Employee Assistance Fund of the Bank of the State of Rio Grande do Sul) which, respectively, ensure the supplementary retirement and health insurance benefits to its employees.

(i) Private Pension Plans - Banrisul sponsors “defined benefit” and “variable contribution” plans. A defined benefit plan is different from a defined contribution plan. Usually, defined benefit plans establish the retirement benefit that employees will receive when they retire, normally depending on one or more factors, including age, time of service and compensation.

Liabilities recognized in the balance sheet related to defined benefit pension plans correspond to the present value of the defined benefit liabilities on the balance date less the fair value of the plan’s assets. Defined benefit liabilities are calculated by independent actuaries annually using the projected credit unit method. The present value of defined benefit liabilities is determined by discounting future estimated cash outlays, using interest rates compatible with market yields, which are denominated in the currency in which the benefits will be paid and whose terms are close to those of the respective private pension plan obligation.

The actuarial evaluation is prepared based on assumptions and interest rates, inflation projections, benefits increase, life expectancy, and the effect of any cap on the employer’s portion of the cost of future benefits, employee or third-party contributions that reduce the final cost of these benefits for the entity, etc. The actuarial evaluation and its assumptions and projections are updated yearly, at the end of each fiscal year. Actuarial gains and losses arising from adjustments based on experience and changes in actuarial premises are directly recorded in equity, under other comprehensive income, when incurred.

The cost of benefits granted by defined benefit plans is established separately for each plan, through the Projected Credit Unit Method. Past cost of services, when occur, is recognized immediately in profit or loss.

Variable contribution plans comprise defined contribution benefits, which include regular retirement, early retirement and funeral grant. In this case, Banrisul does not have additional payment obligations once the contribution is made. Contributions are recognized as employment benefit expenses, once they are due. Early contributions are recognized as asset as cash refunds or reduction in future payments are available. Additionally, there are defined benefits, including disability retirement, proportional benefit, illness benefits, annual allowance, minimum benefit and pension due to death.

(ii) Health Plans – these benefits are ensured by Caixa de Assistência dos Empregados do Banco do Estado do Rio Grande do Sul – Cabergs, which offers general medical assistance benefits and whose funding is established through adhesion agreement.

The Bank also offers post-employment medical assistance benefit to its employees. The costs expected from these benefits are accumulated during the employment period using the same accounting technology applied to defined benefit pension plans. Actuarial gains and losses arising from adjustments based on experience and changes in actuarial premises are debited or credited to equity, under other comprehensive income. These obligations are annually assessed by qualified independent actuaries.

The plan assets are not available to Banrisul’s creditors and cannot be directly paid to it. The fair value is based on information about market price and, in the case of quoted securities, in the market quotes. The value of any defined benefit asset recognized is restricted to the sum of any past cost of service not yet recognized and at present value of any economic benefit available as reduction in future employer contributions to the plan.

(iii) Retirement Bonus – retired employees receive a retirement premium proportional to their fixed monthly compensation in effect at the time of retirement.

Additionally, the result of the actuarial assessment may generate an asset to be recognized, which is recorded by the Institution only when:

(a) it controls a resource, which is the capacity to use the surplus to generate future benefits;

(b) this control is the result of past events (contributions paid by the Institution and services provided by the employee); and

(c) future economic benefits are available for the institution as a reduction of future contributions or cash reimbursements, either directly to the Institution or indirectly to offset any deficit in another post-employment benefit plan (pursuant to the applicable law).

Commitments related to these three types of post-employment benefits are assessed and reviewed by qualified independent actuaries every year.

CASH AND CASH EQUIVALENTS

For the purposes of cash flow statement (pursuant to CMN Resolution 3,604/08), cash and cash equivalents correspond to the balances of funds available and short-term investments with liquidity immediately convertible, or with original maturity equal to or lower than 90 days and posing irrelevant risk of change in their fair value.

EARNINGS PER SHARE

The Financial Institution calculates earnings per lot of thousand shares applying the weighted average number of outstanding common and preferred shares, during results-related period.

The earnings per share are disclosed according to the criteria defined by CVM Resolution 636/10.

10.6 Internal Controls Related to the Preparation Of Financial Statements- Efficiency And Deficiency Levels And Auditor's Report Recommendations:

Banrisul's Compliance Program, in line with the objectives determined by the Internal Control Policy, aims at guaranteeing that activities are carried out in a control environment that meets the requirements of the prevailing law and good banking practices.

The Compliance procedures adopted include policies and rules that are widely publicized, contributing to the dissemination of a culture based on controls, monitoring, and analysis of the efficacy effectiveness of internal controls in the different processes of the Bank, helping mitigate legal and image risks and strengthening the Institution's control environment.

Control-oriented activities in the different units of the Bank, including the monitoring of foreign legislation and compliance with regulatory agencies, seek to ensure that the business strategies conform to requirements and the regulations issued by the supervisory authorities, within the established terms.

Banrisul, based on its money laundering prevention institutional policy, adopts specific internal processes and systems to identify and monitor the activities of its clients, maintaining a team dedicated to performing activities focused on money laundering prevention, law review and the development of staff training programs. These initiatives are designed to ensure that the activities are carried out in a control environment appropriate to the prevention of risks related to money laundering and in compliance with the current law and effective standards.

In line with the Money Laundering Prevention policy, the Bank established the "Know your Customers and their Activities" policy, which defines rules and procedures to help identify and gain insight on the customers' profiles and the origin of their funds in order to reduce the risks of the institution being used to legitimate funds arising from illegal activities. Likewise, the "Know your Employee" policy establishes, indistinctly, at all hierarchical levels, the responsibility to comply with the guidelines against corruption and money laundering, as well as the duty to promote ethical values, thus preserving the organization's image and reputation. Finally, the Prevention against Corruption policy establishes a series of procedures and controls, as well as preventive measures that avoid, within Banrisul's scope of operations, the practice of the illegal corruption and fraud actions provided for in the Criminal Code, Laws 8666/93 and 12846/13, and other rules of Brazil's anticorruption system by its employees and third parties acting on the Bank's behalf or according to its interest.

In addition to the internal controls related to the regularity of transactions conducted in operating systems, Banrisul has an automated system to check the accounting integrity of events related to the Bank's businesses. The Institution maintains periodic routines to reconciliate the balances between the operating and accounting systems. This internal audit routine foresees analytical and ancillary interchange between funding/credit operating systems with the accounting systems and periodic examination of other accounts (revenues and expenses). In the accounting area, the preparation of trial balance sheets, balance sheets and consolidated financial statements is conducted by means of a specific tool – financial application – a systemic procedure which allows for generating structured views, including under the IFRS, as established by regulatory authorities, with tracking trails and separation from the synthetic to the analytic, benefiting the return of information requested in external audit examinations.

A. Efficiency Level Of These Controls, Indicating Possible Inadequacies And Measures Adopted To Correct Them

According to the Management's evaluation, the internal controls adopted allow ensuring the preparation of reliable financial statements and they are in line with similar practices adopted in the Brazilian banking sector.

B. Deficiencies And Recommendations On Internal Controls Mentioned In The Independent Auditor's Report

In the last fiscal year, there was no emphasis of matter or qualified opinion in the Independent Auditor's Report regarding the Institution's financial statements.

Banrisul has an internal control system that guarantees the preparation of the financial statements, pursuant to the accounting practices applicable to the financial institutions, free from inconsistencies or significant errors. The External Audit did not identify significant misstatements on the parent company's and consolidated financial statements, for the last fiscal year.

The deficiencies or recommendations to improve the Institution's internal control system, presented by the Independent Auditors are checked on a systematic basis. The process to handle these notes are purpose of analysis and positioning from the managers of the respective associated activities and they are monitored by the Bank's Internal Audit and Controllership. Matters object of recommendation, both the notes and the solutions identified by the managers, if applicable, are periodically brought to the attention of the Internal Control Management Committee and to the Audit Committee, which monitor and resolve on the implementation of control improvements, if applicable.

10.7 Officers' Comments If the Company Has Already Conducted a Tender Offer

A. How Proceeds From The Offering Were Used

In early 2012, Banrisul debuted in the subordinated debt foreign market, raising US$500 million, for a 10-year term, interest coupon of 7.375% p.a. and effective earnings of 7.50% p.a.. At the end of 2012, by means of the reopening of the issue of subordinated notes held in January of same year, Banrisul conducted the second funding operation, raising US$275 million, for a 10-year period, interest coupon of 7.375% p.a. and effective earnings of 5.95% p.a.. Both funding operations were considered by the Brazilian Central Bank as eligible to capital level II, in the subordinated debt category, pursuant to Resolution 3,444 of 2007. The amounts raised represent the possibility of granting extended credit and they strengthen the capital level II, thus, favoring the sustained growth of business.

B. If There Were Relevant Deviations Between The Effective Use Of Proceeds And Proposals For Use Disclosed In The Prospectuses Of Related Offer

There were no deviations between the use of proceeds and the proposals for use described in the prospectuses.

C. In Case Of Deviations, The Reasons For These Deviations

There were no deviations between the use of resources and proposals for use described in the prospectuses.

10.8 Officers' Description of Relevant Items Not Mentioned in the Company's Financial Statements

A. Assets And Liabilities Held By The Company, Directly Or Indirectly, Not Mentioned In The Balance Sheet (Off-Balance Sheet Items)

Judicial Deposits

On April 22, 2004, the State Law 12,069 was enacted, amended by Law 12,585 of August 29, 2006 by means of which, Banrisul, when requested, shall make available to the state of Rio Grande do Sul up to 85% of judicial deposits made by third parties jointly with Banrisul (except for those the litigant is the Municipality). The amount not available shall create a reserve fund destined to ensure the refund of referred judicial deposits. On December 31, 2014, the judicial deposits made by third parties in Banrisul, adjusted by benchmark interest rate (TR) plus interest rates of 6.17% p.a. until the balance sheet date totaled R$9,687 million (2013 - R$8,324 million), of which, R$7,708 million (2013 - R$7,058 million) was transferred to the state government, upon request and written-off from related equity accounts. The remaining balance, which represents the funds available, previously mentioned, managed by Banrisul, is recorded under Financial Funds and Development Liabilities.

Sureties And Guarantees

Sureties and guarantees tendered to clients totaled R$1,249 million (2013 - R$1,043 million), are subject to financial charges and rely on beneficiaries' guarantees.

Custody Of Securities And Co-Obligations In Import And Export Credits And Credit Assignment

Banrisul is liable for the custody of 662,961 thousand securities of its clients (2013 – 479,411 thousand). Banrisul has confirmed import and export credits totaling R$70 million (2013 – R$56 million) and co-obligations in credit assignments totaling R$10 million (2013 – R$12 million).

Asset Management

Banrisul manages several funds and portfolios, with the following shareholder's equity:

R$ million

	2014	2013	2012
Investment funds*	7,987	5,624	5,307
Investment funds in investment fund quotas	173	129	103
Equity funds	57	78	89
Individual scheduled retirement fund	18	18	19
Fund to guarantee liquidity of bonds of the State of Rio Grande do Sul	360	2,128	66
Managed portfolios	632	1,557	1,618
Investment clubs	1	1	2
Total	**9,229**	**9,536**	**7,204**

* The investment fund portfolios mainly consist of fixed income securities and equities and shareholder's equity values are adjusted by related mark-to-market on the reference date.

Banrisul manages several funds and managed portfolios, which mainly consist of income securities and equities.

The Asset Manager, as the counterparty, was liable for conducting Funds repo operations pegged by federal government bonds. In the period, these operations had an average daily volume of R$60 million or 32.3% on the average shareholder's equity of these funds. These operations were carried out on arm's length condition referring to terms and rates practiced.

Banrisul S.A. Corretora de Valores Mobiliários e Câmbio, as counterparty, was liable for the buy and sell operations of Equity Funds managed by Banrisul in the year. These operations represent a volume of R$61 million or 86.3% over average shareholder's equity of the equity fund in the same period and were conducted at the market price through the electronic trading session of BM&FBovespa. There operations incurred a brokerage fee of R$55 thousand.

PURCHASE CONSORTIA MANAGEMENT

Banrisul Consórcios is liable for managing 173 purchase consortia groups distributed among real properties, motorcycles, vehicles and tractors. The Company, at the end of 2014, recorded an active client base of 39,929 consortium members, totaling R$1.6 billion in volume of credit letters. Seven thousand and three hundred members were raffled and a credit volume of R$249 million was made available for them to buy consumption goods. Net income closed 2014 at R$26 million, 45.7% up on 2013.

PROPERTY LEASE

Banrisul leases properties mainly destined to install new branches, based on standard contract, which may be cancelled at will and includes the right to renew and adjustment clauses. The total amount of minimum future payments of lease contracted but not cancelable totaled R$271 million on December 31, 2014, of which R$67 million with one-year maturity, R$171 million with one to five-year maturity and R$33 million with maturity above five years. Lease payments recognized as expenses in the fiscal year totaled R$77 million.

B. OTHER OFF-BALANCE SHEET ITEMS

There are no other relevant off-balance sheet items.

10.9 Officers' Comments On Each Off-Balance Sheet Item Indicated In Item 10.8

A. HOW SUCH ITEMS CHANGE OR ARE LIKELY TO CHANGE REVENUES, EXPENSES, OPERATING RESULT, FINANCIAL EXPENSES OR OTHER ITEMS OF THE ISSUER'S FINANCIAL STATEMENTS

B. NATURE AND PURPOSE OF OPERATION

C. NATURE AND AMOUNT OF OBLIGATIONS ASSUMED AND RIGHTS GENERATED IN FAVOR OF THE ISSUER AS A RESULT OF THE OPERATION

JUDICIAL DEPOSITS

Not applicable.

SURETIES AND GUARANTEES

Guarantees are tendered to clients rated by Banrisul as low risk and complying with other selectivity requirements set forth in policy. The General Management Committees are the only body with decision-making powers. In 2012, 2013 and 2014, the Bank did not have to meet guarantees tendered. The tendering of guarantees generates revenue for the Financial Institution, deriving from charges collected.

CUSTODY OF SECURITIES AND CO-OBLIGATION IN IMPORT AND EXPORT CREDIT AND CREDIT ASSIGNMENTS

The amount informed in item 10.8 of clients' custody refers mainly to check deposits.

ASSET MANAGEMENT

Given the default of debentures comprising the portfolios of two funds managed by the Bank, in January 2015, the Bank provisioned 100% of the probable loss, with a negative impact of 0.57% in the quota of one of the funds and 0.65% in the quota of the other fund managed by the Bank.

PURCHASE CONSORTIA MANAGEMENT

Not applicable.

PROPERTY LEASE

Not applicable.

10.10 Main Elements Of The Company's Business Plan:

A. INVESTMENTS

In 2014, investments in technological modernization and expansion, renovation and remodeling of branches network include, mainly the expansion of data storage and processing capacity, the implementation of security solutions in the internet banking, as well as payment mechanisms that support the acquiring business area, in addition to the expansion of network availability as differential service. In 2014, R$325 million were invested in the technological expansion and modernization, renovation and remodeling of branches.

TECHNOLOGICAL EXPANSION/MODERNIZATION

Banrisul invested R$264 million in technological modernization in 2014. The goal of these IT investments is to enable the strategy of operational efficiency in the communications and data processing infrastructure, the continued improvement of security mechanisms and performance in the access to different service channels.

IT infrastructure initiatives in 2014 mainly focused on the implementation of mechanisms that guarantee Banrisul communications, data storage capacity and higher processing capacity. Regarding corporate system features, the main initiatives included improvements in checking account transactions at the branch network and the inclusion of new services at the M-Banking. Regarding security, we can highlight the offer of a sophisticated security solution at internet banking, protecting clients' equipment against improper transactions; the adoption of security parameters to ensure protection of the communication, infrastructure and system channels, as well as payment solutions that support the acquiring business and credit card issue area.

RENOVATION OF CUSTOMER SERVICE NETWORK

In 2014, Banrisul invested R$61 million in network renovations and expansions, including the renovation of sites and new facilities, with wider and modern structures within accessibility standards. Banrisul network comprises 98.5% of Rio Grande do Sul's population, besides rendering services in several other Brazil's states, especially in Santa Catarina and Paraná.

In 2014, Banrisul customer service network totaled 1,328 service points, distributed in 528 branches, of which 484 are located in the state of Rio Grande do Sul, 29 in the state of Santa Catarina, 13 in other Brazilian states, two abroad, 206 banking service points and 594 ATMs. During 2014, 11 branches were opened and 6 service points became branches. In 2014, Banrisul innovated the service process, by making available distinctive working hours to INSS beneficiaries. The project to expand branches network foresees seven new locations in 2015, in addition to relocation initiatives and resources for occasional work during the year.

To implement the investments mentioned above, the Institution uses own funds obtained from statutory and expansion reserves. The Bank's Bylaws provide for the recognition of a reserve for technologic modernization, which has been fully recorded based on 25% of net income. The Bank also records an expansion reserve, which is demonstrated in the capital budged, a document presented together with the financial statements made available to the regulatory authorities, as provided for the Brazilian Corporation Law.

B. Acquisitions Already Informed Of Plants, Equipment, Patents Or Other Assets That Should Materially Affect The Company's Production Capacity

Bem Promotora de Vendas e Serviços S.A., a sales promoter acquired in March 2012, with a chain of payroll-deductible loan stores, is specialized in distributing payroll-deductible loan, and is located in the most populated regions in Brazil, representing an opportunity for the Bank to expand origination of credit outside the state of Rio Grande do Sul. The inclusion into other markets compose the Bank's geographic decentralization and growth strategy.

C. New Products And Services Indicating: (I) The Description Of Researches In Progress Already Disclosed, (Ii) Total Amounts Spent By The Company In Researches For Development Of New Products Or Services, (Iii) Projects Under Development Already Disclosed And (Iv) Total Amounts Spent By The Company In The Development Of New Products Or Services

Regarding new product research and development and improvements to existing products, Banrisul has been conducting several projects to incorporate new technological innovations. In 2014, 148 IT projects were recorded, totaling approximately R$12 million, considering only the value of research and development labor. Banrisul has been investing in loans, insurance, portability, exchange, card network and processing, rewards program, mobile banking, internet banking, other technologies related to bank security, data center efficiency and customer relations, among others.

10.11 Comments on Other Factors Significantly Impacting The Operating Performance And Neither Identified Nor Commented In Other Items Of This Section

There are no other factors which significantly impacted the Company's operational performance and which have neither been identified nor commented in other items of this section "10".

11. PROJECTIONS

The words “believe”, “can”, “may”, “shall”, “aims”, “estimates”, “continues”, “foresees”, “intends”, “expects”, “potential” and other similar words contained herein aim at identifying future estimates and outlook. Future projections and outlook include information relating to results, strategy, financing plans, competitive position, sector environment, potential growth opportunities, future regulation effects and competition effects. These future projections and outlook only refer to the date when these were expressed.

Given the risks and uncertainties described herein, projections may not materialize, therefore, they do not guarantee performance in the future. In addition, Banrisul’s future results and performance may substantially differ from those estimated, due to, including, but not limited, the risk factors mentioned in this Reference Form many of them go beyond the Bank’s control or estimate capacity. Additionally, these estimates are based on assumptions that may not materialize. Considering these uncertainties and limitations, investors should not make their investment decisions solely based on the future estimates and outlook contained herein.

11.1 The projections must identify:

a. purpose of the projection

Since 2008, we have been disclosing the following growth estimates to the market:

Loan: growth percentage expected in the year from total loan, personal and corporate commercial loan and mortgage portfolios.

Loan portfolio provisioning levels: percentage expected from loan provision expense/portfolio average balance ratio and the loan provision/loan portfolio balance ratio at the end of the period.

Funding: growth percentage expected in the year in total funding and time deposits.

Profitability: percentage expected from dividing net income for the period by average shareholders’.

Efficiency: percentage expected from the sum of personnel and other administrative expenses, divided by net interest income plus fee and other operating revenue, less other operating expenses, accumulated in twelve months.

Margin: percentage expected from dividing net interest income (gross income from financial intermediation plus provision expenses) by average profitable assets.

b. period projected and projection validity

Projections indicate amounts expected for current year. Indicators expected for the following year are disclosed in each year’s earnings results release (last quarter of each year). Revised projections are released on a quarterly basis.

c. projection assumptions, pointing out which of them may be influenced by the issuer’s Management and those beyond its control

Among the assumptions beyond the issuer’s control, we mention the following macroeconomic assumptions: the Selic rate, long-term interest rate (TJLP), benchmark interest rate (TR), price indexes, foreign exchange variation and default levels, variables the trend of which does not rely on the issuer's intervention, but prospective evolution is assessed by the Bank by means of trend studies developed by Banrisul’s specialized technical area and supported by external advisors.

The assumptions influenced by the issuer's action are: equity volumes (growth), asset and liability prices (rates), spread, default levels (maximum limits in relation to the portfolio), management of revenue and expenses, variables the evolution of which is subject to the Bank's Management. Renovation and enlargements are also assumptions adopted in volume and/or expense projections estimated for technological expansion and/or upgrade, as well as distribution network expansion (capital budget – fixed investments).

d. Guidance

Actual and Estimated

Banrisul's outlook	**2015**		
	Projected	**Adjusted 1H15**	**Adjusted September 2015**
Total Loan Portfolio	**9% to 13%**	**7% to 11%**	**7% to 11%**
Personal Commercial Loans	10% to 14%	8% to 12%	8% to 12%
Corporate Commercial Loans	8% to 12%	6% to 10%	6% to 10%
Mortgages	9% to 13%	9% to 13%	9% to 13%
Loan Provision Expenses / Loan Portfolio	2.5% to 3.5%	2.5% to 3.5%	3.5% to 4.5%
Provision Balance / Loan Portfolio	5.5% to 6.5%	5.5% to 6.5%	6% to 7%
Total Funding	**10% to 14%**	**10% to 14%**	**10% to 14%**
Return on Average Equity	14% to 17%	14% to 17%	14% to 17%
Efficiency Ratio	52% to 56%	52% to 56%	52% to 56%
Net Interest Income on Profitable Assets	7% to 8%	7% to 8%	7% to 8%

11.2 If the issuer disclosed, over the last three fiscal years, its indicators growth projections:

a. inform which projections have been replaced by new ones included in the form and those repeated in the form

2015 projections include the same indicators provided and monitored over the past three years, published for the first time together with the financial statements for the fourth quarter of 2014.

Regarding 2014, projections were disclosed in the financial statements for 4Q13 and revised in June 2014.

The rollover of specific credit transactions from within the corporate segment at higher rating levels reflected in the flow of loan loss provisions during the semester. However, the asset quality and ongoing credit recovery policy helped support less volatile expectations for the flow of provision expenses at levels consistent with the ranges set for 2015.

Margin indicators follow a recovery path due to repricing movements of the asset portfolio, with the consequent spreads expansion in an environment of higher Selic rate. ROAE and ROAA should benefit from improving NII and the consolidation of banking fees, especially those from acquiring business and insurance, pension and capitalization products.

As to the efficiency, performed indicators confirm the trajectory of convergence to more favorable levels, as verified also on the indicators of personnel expenses covered with fees, both in line with the maturity of new business.

Guidance for credit and funding reflects the environment of higher risk and of retraction in economic activity. However, Banrisul expects they will be delivered in 2015.

b. regarding projections for periods already elapsed, compare projected data with indicators effective performance, clearly indicating the reasons for deviations in projections.

***Guidance* 2014**

Banrisul Outlook	2014	Disclosed 2014
Total Loan Portfolio	**14.4%**	**10% to 14%**
Personal Commercial Loans	13.0%	12% to 16%
Corporate Commercial Loans	10.0%	6% to 9%
Mortgages	21.0%	9% to 13%
Loan Provision Expenses/ Loan Portfolio	2.6%	2.5% to 3.5%
Provision Balance / Loan Portfolio	5.6%	6% to 7%
Total Funding	**13.0%**	**10% to 14%**
Time Deposits	13.2%	10% to 14%
Return on Average Equity	13.9%	13% to 16%
Efficiency Ratio	55.3%	53% to 58%
Net Interest Income on Profitable Assets	7.2%	7% to 8%

- **Loan portfolio**

Total loan portfolio, in the broad sense, i.e., including the guarantees provided, increased by 14.6% in the last twelve months. The balance of loan operations, less co-obligation of provided guarantees, moved up by 14.4%, above the 14% guidance floor. Loan increase especially from commercial portfolio and due to credit incentives granted by the Brazilian Central Bank, in accordance with Circular Letters 3.712 of 07/24/2014 and 3.715 of 08/20/2014 (acquisition of payroll-deductible loan portfolios with co-obligation from eligible banks) and Circular Letter nº 3.723 of 10/15/2014 (working capital), policies adopted to minimize the impact of a reduction in the remuneration on reserve requirements with the Brazilian Central Bank.

By the end of December 2014, the mortgage portfolio totaled R$3,280 million, 21% or R$569 million up on the previous year. Among the period's highlights are the renewal of the Coopercon agreement for 2015, the launch of a web-based mortgage assessment system and the implementation of mortgage portability.

- **Portfolio Quality**

The flow and inventory of provisions as a share of the loan portfolio were below the interval projected for 2014. The inventory of loan loss provisions came to R$1,694 million in December 2014, representing 5.6% of the consolidated loan portfolio, a 0.4 p.p. reduction over December 2013.

Loan provision expenses totaled R$784 million in 2014. The flow of provision expenses increased 18.7% or R$123 million over the previous year. The increase in loan provision expenses, in the last twelve months, is the result of portfolio balance growth.

- **Funding**

Funds raised and managed totaled R$48,065 million by the end of December 2014, 13.3% or R$5,644 million up on the same period the previous year, mainly due to the increase in deposits balance.

Time deposit funding moved up by 13.2% in twelve months, representing the main driver of funding growth.

- **Profitability, Efficiency and Margin Indicators**

Return on average equity stood at 13.9% in 2014, in line with expectations disclosed to the market, 2.3 p.p. down in the year, influenced by the increase in loan provision expenses, in administrative expenses including payroll expenses, financial margin growth, increase in revenue from services and fees and by the improvement of other operational revenue.

Recurring income of R$753 million in 2014 was 4.9% down on 2013. Accumulated net income of R$691 million reflects the following non-recurring events: (1) a commitment to executing an agreement for exclusive distribution of life insurance products and pension plans through Banrisul network; (2) the restructuring of Fundação Banrisul de Seguridade Social post-employment benefit plans, structured and approved by Previc by the end of 2013; (3) the launch of the PAI (Incentivized Retirement Plan), implemented to favor the resignation of employees who have qualified for official and complementary retirement; (4) tax effects on non-recurring events. Added together, these events had a net negative impact of R$62 million on the income for the period.

In December, 2014, efficiency ratio stood at 55.3%, 2.4 p.p. up on December 2013 and within the projected interval. The ratio's trajectory can be explained by lower financial margin generation, impacted by the deceleration in loan operation revenues, added to an increase in administrative expenses, due to higher expenses related to the Bank's expansion strategy.

Net interest income on profitable assets came to 7.2% in 2014, within the projected interval, and 0.6 p.p. on down the previous year. It was affected by the slowdown of upturn or revenue on profitable assets and higher expenses with onerous liabilities, due to the Selic rate increase.

Guidance 2013

Banrisul Outlook	2013	Disclosed 2013
Total Loan Portfolio	**10.2%**	**11% to 16%**
Personal Commercial Loans	7.2%	12% to 17%
Corporate Commercial Loans	2.0%	4% to 8%
Mortgages	20.7%	15% to 20%
Loan Provision Expenses/ Loan Portfolio	2.6%	3% to 4%
Provision Balance / Loan Portfolio	6.0%	6% to 8%
Total Funding	**20.0%**	**13% to 18%**
Time Deposits	16.5%	18% to 23%
Return on Average Equity	16.2%	15% to 19%
Efficiency Ratio	52.9%	47% to 51%
Net Interest Income on Profitable Assets	7.8%	8% to 9%

- **Loan portfolio**

The total loan portfolio, in the broad sense, i.e. including the guarantees provided, increased by 10.2%. The balance of loan operations moved up by 9.6% in the last twelve months, below the 11% guidance floor. Loan growth, especially in the corporate segment, slowed down in 2013, particularly in the second half, impacted by a bank workers' strike and the migration of part of the receivable prepayment operations to Banrisul Cartões.

Commercial loans recorded a moderate growth pace, due to the deceleration of payroll-deductible loan purchases in the individual segment, the write-off of defaulting operations from the corporate portfolio, and the migration (R$116.5 million) of receivable prepayment operations to the new company.

By the end of 2013, the mortgage portfolio came to R$2,711 million, 20.7% or R$465 million up on the previous year. The performance was impacted by the maintenance of several partnerships, programs to grant loans to state civil servants, participation in industry events, as well as the extension of mortgage terms to 35 years, with the possibility of financing up to 90% of the property's value. The mortgage amount includes R$84 million referring to mortgage assignment operations with co-obligation.

- **Portfolio Quality**

The flow and inventory of provisions as a share of the loan portfolio were below the interval projected for 2013. The inventory of loan loss provisions came to R$1,586 million in December 2013, representing 6.0% of the consolidated loan portfolio, a 0.5 p.p. reduction over December 2012.

Loan provision expenses totaled R$661 million in 2013. The flow of provision expenses fell by 22.5% or R$191 million over the previous year. The twelve-month reduction in loan provision expenses was due to the implementation of the client rating system, which improved compliance.

- **Funding**

Funds raised and managed totaled R$42,420 million at the end of December 2013, 20.0% or R$7,062 million up on the same period the previous year, mainly due to the deposit balance expansion.

Time deposit funding, however, moved up by 16.5% in 2013, below the 18% guidance floor. The successful financial bill funding in August 2013 softened the funding policy mainly focused on time deposits. On the other hand, bank workers' strikes in September and October 2013 impacted the expected fund volume.

- **Profitability, Efficiency and Margin Indicators**

Return on average equity stood at 16.2% in 2013, in line with the expectations disclosed to the market, 1.9 p.p. down in the year, influenced by the reversal in the Selic rate trajectory and stable average loan rates, which reduced spreads, as well as the favorable effect of the increase in revenue from other services and the resulting upturn in administrative expenses associated with business expansion.

The R$792 result in 2013 reflects the year-on-year slowdown in revenue, higher interest and administrative expenses, the upturn in revenue from services and bank fees and the favorable performance of other revenue and other operating expenses.

In December 2013, the efficiency ratio stood at 52.9%, 5.4 p.p. up on December 2012 and above the projected interval. This indicator's trajectory in the last twelve months was due to the decline in net interest income, impacted by the interest rate decrease, and higher administrative expenses, following initiatives related to the Company's expansion strategy, such as the workforce increase and the service channel expansion and improvement, which were partially offset by the increase in revenue from service and bank fees, fueled by growth in other services (insurance, pension plan, savings bonds and acquiring), and by the favorable variation in other operating expenses/income, influenced by the reduction in expenses with provisions for civil and labor claims.

Net interest income on profitable assets came to 7.8% in 2013, below the projected interval. The net interest income trajectory was affected by the lower generation of interest revenue compared with the acceleration of interest expenses, both of which impacted by the Selic rate trajectory, the mark-to-market of subordinated debt and the corresponding swap contracts and balance expansion.

***Guidance* 2012**

Banrisul Outlook	Actual	Disclosed 2012
Total Loan Portfolio	**19.4%**	**15% to 20%**
Personal Commercial Loans	14.5%	12% to 17%
Corporate Commercial Loans	17.4%	16% to 21%
Mortgages	29.0%	20% to 25%
Loan Provision Expenses /Loan Portfolio	3.5%	3% to 4%
Provision Balance /Loan Portfolio	6.5%	6% to 8%
Total Funding	**16.8%**	**13% to 18%**
Time Deposits	22.1%	18% to 23%
Return on Average Equity	17.6%	17% to 21%
Efficiency Ratio	47.5%	45% to 49%
Net Interest Income on Profitable Assets	9.4%	9% to 10.5%

- **Loan portfolio**

The increase in total loan portfolio came in line with projection interval disclosed to the market in 2012. Personal and corporate commercial loan reached the expected interval. Mortgage overcame the interval ceiling estimated for the year, reaching 29.0% growth in 2012.

Personal commercial loan came to R$9,252 million at the end of 2012, up 14.5% or R$1,173 million increase year-on-year. The increase, which reached the average point of interval published, from 12% to 17%, was chiefly influenced by the expansion in payroll-deductible loan portfolio, which accounted for 38.3% of the period's commercial loan and due the increase in microcredit portfolio, which came to R$104 million at the end of 2012.

Corporate commercial loan was 17.4% up, reaching R$8,446 million in December 2012. The portfolio highlights, which increased 19.4% or R$1,057 million, totaling R$6,494 million, were the working capital lines, or 76.9% of corporate commercial portfolio and 36.7% of total commercial loan.

Mortgage portfolio came to R$2,246 million in December 2012, up 29.0% or R$505 million increase year-on-year. In 2012, Banrisul released R$1,215 million in mortgages. The performance was benefited by the execution of new government and private agreements, renewal of partnerships and participation in civil construction sector events.

- **Portfolio Quality**

Provisions flow and inventory/loan portfolio ratio remained within projection interval estimated for 2012. The inventory of loan losses provisions came to R$1,591 million in December 2012, or 6.5% of consolidated loan portfolio, in line with percentage seen in 2011.

Loan provision expenses totaled R$852 million in 12M12. The flow of provision expenses went up 35.4% or R$223 million year-on-year. In the year-on-year comparison, loan provision expenses increase was directly influenced by 19.3% growth of loan portfolio and 64.1% growth of operations overdue by more than 60 days.

- **Funding**

Asset management came to R$40,985 million in December 2012, 20.2% up or R$6,887 million increase year-on-year.

Time deposits are the Bank's main funding instrument, accounting for 41.7% of asset management. In 2012, growth estimates were achieved, making the 22.1% index in line for the interval between 18% and 23%, as disclosed to the market.

- **Profitability, Efficiency and Margin Indicators**

Profitability, efficiency and net interest income on profitable assets indicators came in line with expectations disclosed to the market.

Return on average equity came to 17.6% in 2012, down 4.3 p.p. in the year, influenced by a scenario that combines a drop of loan operations interest rates, an increase in default levels, administrative and operating expenditures due to business expansion strategy and compliance mechanisms improvements when provisioning for contingencies.

The R$819 million result in 2012 in the year-on-year comparison reflects a slowdown in loan revenue, influenced by decreased interest rates of operations, higher loan provision expenses, impacted by higher delinquency and increased administrative expenses.

The efficiency ratio came to 47.5% in December 2012, up 2.3 pp. from December 2011 and 0.9 pp. above the efficiency ratio recorded in September 2012.

The indicator's evolution in 12 months can be explained by a slowdown in net interest income, impacted by a reduction in interest rates, plus an increase in administrative expenses and other operating expenses related to the foreign funding structuring, acquisition of payroll-deductible loan sales promoter and improvements implemented in the provision for contingencies.

Net interest income on profitable assets came to 9.4% in 2012. The net interest income evolution in the periods was mainly influenced by a slowdown of loan revenues and impacted by decreased average rates, mark-to-market subordinated debt and swap, and decrease in loan, assignment and onlendings expenses, chiefly influenced by a drop in Selic rate.

c. as to projections related to periods still in progress, inform if projections remain valid on the delivery date of this reference form and, where applicable, explain why projections were removed or replaced

The 2015 Guidance was included herein and represents current projection for the period in progress.

12. DESCRIPTION OF THE ADMINISTRATIVE STRUCTURE

12.1 Administrative Structure

As provided for in Chapter IV of the Bank's Bylaws, the Board of Directors and the Executive Board are responsible for the management of Banco do Estado do Rio Grande do Sul S/A.

a. Duties of each body and committee

a.1 - *__Board of Directors__*

The Bank's Board of Directors is composed of at least five and at most nine members, who shall be elected for a unified term of two years, with the possibility of reelection, by the Annual General Meeting, which may remove them at any time.

Members of the Board of Directors shall be elected without specific designation and the controlling shareholder, the state of Rio Grande do Sul, shall name, among others, the Chairman, who must compulsorily be the State Finance Secretary, and the Vice-Chairman.

In accordance with Article 27 of the Bank's Bylaws, the Board of Directors is responsible for:

1. appointing the Company's Executive Officers and conferring on them their respective duties in accordance with the provisions of the Bylaws;

2. removing the Company's Executive Officers, following the recommendations of the controlling shareholders, the State of Rio Grande do Sul;

3. laying down the general business guidelines of the Company, in compliance with the governmental strategy of the controlling shareholder;

4. monitoring the activities of the Executive Officers, examining at any time the Company's books and documents, requesting information about contracts signed or which are about to be signed, and any other acts;

5. deciding on convening the Shareholders' Meeting when they deem convenient, or, in the case of Article 132 of the Brazilian Corporation Law;

6. issuing an opinion on the Management's Report and the Executive Board's accounts, approving the allocation of profit;

7. issuing an opinion on the provision of guarantees by the Company, when the amount exceeds five percent (5%) of the Company's shareholders' equity as determined in the latest semiannual balance sheet;

8. annually establishing the amount of subsidies and grants to be distributed by the Executive Board, in compliance with the provisions of the Bylaws;

9. approving the plans and promotional budgets of the Company and its subsidiaries;

10. appointing and removing the Independent Auditors, in compliance with the Bylaws;

11. organizing and amending the bylaws of the Board of Directors;

12. determining the maximum debt per client, including economic group, as a percentage of the Bank's shareholders' equity, while the Executive Board may approve operations up to the limit of 3% of aforementioned shareholders' equity;

13. authorizing the Company to buy back its shares under the terms of Article 6 (six) of the Bylaws, for cancellation or to be held in treasury for subsequent sale.

In association with Risk Management, the Board of Directors shall have the following duties:

1. approving the recommendations of the executive officer responsible and the risk management organizational structure;

2. approving Banrisul's Risk Management Policies following the Executive Board's proposal, in accordance with the statutory duty thereof and pursuant to the bylaws of these collective decision-making bodies;

3. issuing an express opinion on the actions to be taken for the timely correction of the deficiencies pointed out in the reports about the risk management structure addressed in the Policies;

4. taking responsibility for the information disclosed in open access reports containing the description of the risk management structures;

5. Ensuring the compliance with the requirements of Regulatory and Overseeing Agencies.

a.2 – Board of Executive Officers

The Company has an Executive Board, with executive duties, composed of a Chief Executive Officer, a Vice-President and up to six executive officers, shareholders or not, resident in Brazil, who meet the requirements of the Bylaws.

The Executive Board's resolutions are taken collectively, and the areas are distributed among the Executive Officers for purposes of administrative organization.

One of the Executive Officers shall be exclusively in charge of the Asset Management Department, pursuant to the regulations of the National Monetary Council and the Brazilian Securities and Exchange Commission, and shall not be accountable for other activities affecting the Department.

The Chief Executive Officer, the Vice-President and other members of the Executive Board shall be elected or reelected by the Board of Directors for a term of three years.

The Chief Executive Officer and the Vice-President shall necessarily be chosen among the Directors.

One of the members of the Executive Board shall be selected from among employees with more than ten years of service provided directly to the Bank and who meet the requirements of the Bylaws.

The positions of Vice-President and Director may be accumulated with the duties of the Executive Board.

Pursuant to Article 35 of the Bank's Bylaws, the Executive Board's responsibilities and duties are:

1. complying with and ensuring that the Bank's fundamental laws and the decisions of the Shareholders' and the Board of Directors' meetings are complied with;

2. proposing to the Board of Directors the general direction of the Bank's businesses and operations;

3. organizing the Bank's internal service regulations and amending them when convenient;

4. authorizing the provision of guarantees, the sale of assets and the transfer or waiving of rights, subject to the applicable provisions of the Bylaws;

5. establishing general and uniform norms for the appointment, promotion, punishment, dismissal, leaves, absences, salaries, bonuses and other benefits for employees who do not occupy positions of trust, delegating the authority for execution of these norms;

6. creating, changing and removing positions of trust, determining the amounts of their respective commissions and benefits, and appointing, punishing, dismissing, granting leave to the holders of such positions;

7. distributing and investing the profits earned, respecting, within the limits of each half-year's earnings, the compulsory requirement for distribution of fixed and minimum dividends set forth by these Bylaws and the other legal norms and regulations about dividends in kind;

8. creating and removing agencies and representations in any location in the country and abroad;

9. annually preparing and reviewing the strategic plan, indicating the main guidelines about the management policy, human resources, investments and technology, products and services.

Control and Risk Executive Officer

Regarding Risk Management, the Control and Risk Executive Officer is responsible for the following activities:

1. ensuring the risk management process that will determine, monitor and control the risks to which the Financial Conglomerate and the Economical-Financial Consolidated Group are exposed, and communicating it to the senior management and regulatory agencies;

2. ensuring that the guidelines of the Risk Management institutional policies are applied;

3. complying with the Regulatory Agency in what regards the specific resolutions of the National Monetary Council (CMN).

a.3 – Fiscal Council

The Bank shall have a permanent Fiscal Council composed of five members and an equal number of alternate member members elected annually by the Annual General Meeting, pursuant to Chapter VII of the Bylaws.

The Fiscal Council, in addition to the duties and powers assigned thereto by the Brazilian Corporate Law, must meet when convened by the Board of Directors or the Executive Board and submit a report on the matters submitted thereto.

a.3 – Internal Audit

Regarding Risk Management, the Internal Audit is responsible for the following activities:

1. assessing the risk management process at least yearly;

2. ascertaining whether the risk management policies are being complied with.

a.4 – <u>Committees</u>

The Bank has 15 statutory Committees acting as a collective decision-making body, which assist the Executive Board in the manners set forth in Chapter XII of the Bylaws (Article 77 through 80), whose duties and composition are established by internal resolution. They are the following: Acquirers and Cards Committee, Credit Committee, Administrative Management Committee, Banking Management Committee, Commercial Management Committee, Internal Control Management Committee, Marketing Management Committee, People Management Committee, Information Technology Management Committee, Economic Management Committee, Social and Environmental Management Committee, Investment Committee, Asset Pricing Committee, Corporate Risk Committee, and Treasury Committee.

Each Committee shall have a minimum of four (4) and a maximum of twelve (12) members. Generally speaking, members of the Committees will be the heads of the Superintendence of the Unit, Superintendence of the Advisory Services, Regional Superintendent Offices, Executive Secretary of the Banking Management Committee and the General Manager of the Central Office, appointed by the Executive Board itself, and career employees from Banrisul S.A. The Banking Management Committee shall be composed of Executive Officers and Coordinators of the other Committees.

The Committees may be subdivided into groups based on the Executive Board's interests and service needs. Each Committee or group shall have a permanent Coordinator who, in case of impediment, may be replaced by a Coordinator to be appointed by members of the Committee, recorded in writing. It is the responsibility of the Committee's Coordinator to call and chair over his or her respective body.

Subject to the Executive Board's regulations, each Committee provided for in these Bylaws shall opine on matters pertaining to its respective area, subsequently submitting said matters to the Executive Board, which may grant powers to the Committees up to a limit within which they shall have decision-making power. The Coordinators of the Committees and the Groups, if any, shall be appointed by the Executive Board and be represented at the monthly meetings of the Executive Board.

Pursuant to Article 5 of the Committees' Bylaws, these meetings shall ordinarily be held weekly, biweekly, or within other periods that may be established, and, extraordinarily, whenever called by the Coordinator. The quorum for the meeting shall be half the members thereof plus one. In order for the Banking Management Committees' meeting to be called to order, its Coordinator plus a minimum of three Executive Officers must be present. The Committees must set forth procedures to hold meetings resulting from emergency situations.

Pursuant to Article 6 of the Committees' Bylaws, the Committees' resolutions shall be approved by the simple majority of attending members. The Committee's Coordinator exercises his or her voting rights as do the Committee's other members, and, should there be a draw, the Coordinator has the casting vote. The Committee member who does not agree with the resolution taken must record his or her position in the meeting's minutes. The absence of one member to the meeting called regularly does not exempt said member from responsibility over the resolution taken in that meeting. Regarding the Banking Management Committee, these Bylaws apply to each of its multidisciplinary presiding board when they meet to resolve on a matter within its specific jurisdiction.

Banking Management Committee

The Banking Management Committee is subdivided into three groups: Business Composition, Technology Composition and Administrative Composition.

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following:

1. consolidating the Bank's global strategic vision, which involves the business, administration, risk, information technology, internal control and other aspects;

2. consolidating, adjusting and resolving on the proposals of the several different Committees, converging these proposals with the Bank's strategic view, and, regarding the Executive Board's exclusive powers set forth in the Bylaws or in Resolution 4273, recommending them to the Executive Board in the form of Policies or Guidelines;

3. monitoring and following up on the actions proposed and carried out as to their compliance with the guidelines established by the Executive Board; arbitrating over diverging positions among the other Committees;

4. approving the amount determined for payment of Variable Compensations RV1, RV2 and RV4 and setting the dates for disclosure and payment thereof;

5. determining and proposing to the Executive Board the guidelines of the Commercial Model and the Variable Compensations 1, 2, 3 and 4;

6. resolving on the proposals for Commercial Target, in the retail and corporate segments, and for Expense Target;

7. resolving on the determination and publication of the outcome from the Commercial Target and the Branch Certification;

8. determining the policy for expansion of the Bank's points of sale – Branch Network;

9. resolving on investments related to the Bank's Expansion Program, in accordance with the strategic guidelines set forth by the Executive Board;

10. assessing, recommending and proposing to the Executive Board measures to be adopted regarding the issues analyzed that are beyond its jurisdiction and/or power;

11. arbitrating over diverging positions from the other Committees; and

12. performing the other acts and exercising the other duties assigned thereto by the Executive Board.

<u>Business Composition</u>

- Commercial Officer, who shall be the Coordinator of the Committee and this Composition
- Financial Manager
- Credit Officer
- Distribution Officer
- Coordinator of the Economic Management Committee
- Coordinator of the Commercial Management Committee, in the Market Composition
- Coordinator of the Internal Controls Management Committee
- Executive Secretary of the Banking Management Committee

<u>Technology Composition</u>

- Information Management Officer, who shall be the Coordinator of this Composition
- Commercial Officer
- Financial Manager
- Credit Officer
- Coordinator of the Economic Management Committee
- Coordinator of the Administrative Management Committee.
- Coordinator of the Information Technology Management Committee
- Executive Secretary of the Banking Management Committee.

<u>Administrative Composition</u>

- Administrative Officer, who shall be the Coordinator of this Composition
- Commercial Officer
- Financial Manager
- Distribution Officer
- Coordinator of the Economic Management Committee
- Coordinator of the Administrative Management Committee.
- Coordinator of the Internal Controls Management Committee
- Executive Secretary of the Banking Management Committee.

Economic Management Committee

- Executive Superintendent of the Financial Unit, who shall be the Coordinator of the Committee
- Executive Superintendent of the Credit and Risk Analysis Policy Unit
- Executive Superintendent of the Controllership Unit
- Executive Superintendent of the Accounting Unit

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator; its main duties are the following: conducting the liquidity strategic management; analyzing, with the aim of subsidizing the Banking Management Committee's decisions, whether the commercial strategy meets the economic requirements, including: The volume/price, price/risk and banking and bank funding/institutional funding ratios, and the indicators that characterize the Bank's building blocks (liquidity, solvability, leverage, etc.); that the recommendations to the Banking Management Committee are necessarily preceded by economic studies that will subsidize the analysis conducted in association with the Economic Management Committee. The aforementioned economic studies shall be conducted in association with the Operational Center by the Economic Study Board, as determined by Resolution 4282; resolving on the matters that fall under its jurisdiction in the management processes set forth by Resolution 4275 and other resolutions, and performing the other acts and exercising the other duties assigned thereto by the Executive Board.

Commercial Management Committee

This Commercial Management Committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following:

<u>Market Composition</u>

- Executive Superintendent of the Retail Commercial Unit, who shall be the Coordinator of the Committee
- Executive Superintendent of the Corporate Commercial Unit
- Executive Superintendent of the Government Commercial Unit
- Executive Superintendent of the Credit and Risk Analysis Policy Unit

Product Composition

- Superintendent of the Credit Operationally Unit, who shall be the Coordinator of this Composition
- Executive Superintendent of the Financial Unit
- Executive Superintendent of the Development Unit
- Executive Superintendent of the Foreign Exchange Unit.
- Executive Superintendent of the Foreign Exchange Unit
- Executive Superintendent of the Rural Business Unit

This Composition's main duty involves: Equalizing the compositions' positions and proposing the Bank's commercial strategy involving market and products, which include product mix, commercial target and policies (credit, services, prices, recovery, tariff and others. The main duty of the Market Composition, in turn, involves: Proposing the Bank's commercial strategy. Lastly, the main duty of the Product Composition involves: Developing and technically analyzing a product and service structure that enables the commercial policy.

Acquirers and Cards Committee

- Executive Superintendent of the Credit and Debit Card Unit, who shall be the Coordinator of the Committee
- Representative of Banrisul Serviços Ltda.
- Executive Superintendent of the Service Unit
- Executive Superintendent of the System Development Unit
- Executive Superintendent of the Technology Infrastructure Unit
- Executive Superintendent of the Banricompras Network Unit

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following: Assisting the Executive Board in its decision-making process regarding the guidelines and strategies involving cards and acquirers; proposing policies that involve card issuances and capture of transactions by the Banricompras Network; establishing, monitoring and following up on marketing actions of all the products involving card issuances and capture of transactions by the Banricompras Network, as well as products and services associated with payment means, and resolving on all the strategic projects that focus on cards and acquirers.

Administrative Management Committee

- Executive Superintendent of the Corporate Management Unit, who shall be the Coordinator of the Committee
- Executive Superintendent of the People Management Unit
- Executive Superintendent of the Infrastructure Unit
- Executive Superintendent of the Service Unit
- Executive Superintendent of the Legal Counsel
- Controller (who shall coordinate specifically the current expense budgetary process)

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following: Resolving on the matters associated with the People Management, Infrastructure, Service, Corporate Management (only regarding administrative activities) and Controllership (only regarding payment and contract activities) Units; promoting the conduction of the current expenses budgetary process through a previous consultation, twice a year; analyzing and consolidating proposals and recommending logistics strategies and investments involving equipment, safety, human resources, and material resources, except those associated with the Information Technology Management Committee; proposing policies for the Bank's material investments, except those associated with the Information Technology Management Committee; analyzing the need, opportunity and convenience of the acquisition and sale of assets; Coordinating actions aiming at adapting the material means infrastructure and supply, except in what regards Information Technology, to the need for preserving the Service Network's operational quality; criticizing the monthly increase of Administrative Expenses and the need for adjustment thereof; assessing, under the viewpoint of excellence of the Human Resources management, the internal environment and conjuncture; analyzing the need for and the urgency of actions promoting the development of the workforce and measuring their impacts on the businesses of the Bank and its subsidiaries; defining and proposing projects involving the Human Resources department's actions, such as: Personnel Policy, Career and Salary Policy, Regulatory Promotion Policy, Commissioning Policy, Personnel Development and Training Policy, among others; assessing the initiatives of human resources management of the Bank and its subsidiaries; assessing the need to recruit, select, move and dismiss employees, in order to ensure the effective allocation and management of human resources, by interacting with the responsible body; assessing and recommending acts and facts involving employees to the application of the disciplinary provisions in the Bank's Personnel Regulations that are beyond the jurisdiction of the Human Resources Department; optimizing, whenever applicable, the actions of the Permanent Disciplinary Commission; analyzing the appeals filed by employees and assist the Executive Board in its decision-making process.

Information Technology Management Committee

- Executive Superintendent of the System Development Unit, who shall be the Coordinator of the Committee
- Executive Superintendent of the Technology Infrastructure Unit
- Executive Superintendent of the Technology Information Security Unit

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following: Creating and proposing the Information Technology policy based on the guidelines proposed by the Banking Management Committee (Technology Composition) and approved by the Executive Board.

Credit Committee

- Superintendent of the Credit Unit - Coordinator
- Superintendent of the Credit and Risk Analysis Policy Unit
- Superintendent of the Retail Commercial Unit
- Superintendent of the Corporate Commercial Unit
- Superintendent of the Credit Unit

This committee holds weekly ordinary meetings, and its main duties are the following: Analyzing and issuing an opinion about the credit policies that are submitted thereto; analyzing and proposing credit proposals, within the limits of its decision-making jurisdiction and the technical parameters established by the Risk Analysis and Policy Unit, with due regard for the operational provision, security, liquidity and profitability established by the general resource allocation policy approved by the Executive Board; proposing an action plan with the aim of carrying out the guidelines of the credit recovery policy; obtaining from the several credit management areas the necessary data and the services so that the decision-making flow of loan proposal may proceed smoothly; preparing studies or presentations for the Executive Board on issues related to the granting of credit operations; submitting to the Executive Board as an opinion the proposals for operations that are beyond its jurisdiction; maintaining contacts with representatives of Regional Superintendences, Branch Network, and Executive Board units regarding the issues associated with its duties.

People Management Committee

- Executive Superintendent of the People Management Unit (Coordinator)
- Executive Superintendent of the Legal Counsel
- Executive Superintendent of the Corporate Management Unit

- Head of Internal Audit
- Controller

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following: resolving on matters associated with the People Management Unit; resolving on matters within its jurisdiction in the management processes set forth in Resolution 4275, published on April 24, 2007, and in other resolutions, and perform the other acts and exercise the other duties assigned thereto by the Executive Board; assessing, under the viewpoint of excellence in the management of Human Resources, the internal environment and conjunctures; assessing the need for and urgency of the actions that promote the development of the workforce and measuring their impacts on the businesses of the Bank and its subsidiaries; determining and proposing projects involving the initiatives taken by the Human Resources Area, such as: Personnel Policy, Career and Salary Policy, Regulatory Promotion Policy, Commissioning Policy, Personnel Development and Training Policy, among others; assessing the initiatives of human resources management of the Bank and its subsidiaries; assessing the need to recruit, select, move and dismiss employees, in order to ensure the effective allocation and management of human resources, by interacting with the responsible body; assessing and recommending acts and facts involving employees to the application of the disciplinary provisions in the Bank's Personnel Regulations that are beyond the jurisdiction of the Human Resources Department; optimizing, whenever applicable, the actions of the Permanent Disciplinary Commission; analyzing the appeals filed by employees and assist the Executive Board in its decision-making process.

The Company also has the Asset Pricing and the Corporate Responsibility Committees, created recently by Resolutions 4378 e 4427, as follows:

Corporate Risk Committee

- Executive Superintendent of the Corporate Risk Management Unit - Coordinator
- Controller
- Executive Superintendent of the Accounting Unit
- Executive Superintendent of the Credit Unit
- Executive Superintendent of the Credit and Risk Analysis Policy Unit
- Executive Superintendent of the Credit Recovery Unit
- Executive Superintendent of the Technology Information Security Unit
- Executive Superintendent of the Financial Unit

Its main duties are:

1. approving methodologies applied to risk measurement;
2. ensuring the correct application of credit, market, liquidity and operational risk management policies;
3. approving the limit of risk-weighted exposures;
4. communicating the Bank's risk positions and capital allocation to the Executive Board and the Board of Directors;
5. Assessing and monitoring the Institution's tendency toward risk in relation to its strategic goals, thus ensuring that both are aligned;
6. determining the mechanisms for continuous improvement of the risk culture;
7. conducting the strategic management of credit, market, liquidity and operational risk;
8. systematically monitoring the Institution's default levels and proposing changes to the risk and credit policies whenever necessary; and
9. the specific duty of resolving on the credit, market, liquidity and operational risk management policies, performing the other acts and exercising the other duties assigned thereto by the Executive Board.

The Corporate Risk Committee must submit the proposals to the analysis and approval of the applicable management committees, the Banking Management Committee, the Executive Board and the Board of Directors, as per the resolutions of the regulatory body, and complying with the Bylaws of the Management Committees, as per Attachment I hereto, of Resolution 4471 of December 7, 2010.

Marketing Management Committee

- Executive Superintendent of the Marketing Unit - Coordinator
- Executive Superintendent of the Retail Commercial Unit
- Executive Superintendent of the Distribution Unit
- Executive Superintendent of the Legal Counsel
- Executive Superintendent of the Operational Center
- Media Relations Representative

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are analyzing and consolidating the proposals and recommending marketing strategies; assessing the need for, and the opportunity and convenience of implementing marketing actions; resolving on the marketing actions, contingent upon the jurisdiction set forth in a specific resolution; monitoring the conduction of the marketing strategy determined by the senior management; analyzing positioning of Banrisul's marketing campaigns, taking into account the Bank's main competitors, and performing the other acts and exercising the other duties assigned thereto by the Executive Board.

Internal Controls Management Committee

- Controller - Coordinator
- Head of Internal Audit
- Executive Superintendent of the Legal Counsel
- Executive Superintendent of the Corporate Risk Management Unit
- Executive Superintendent of the Technology Information Security Unit
- Ombudsman.

This committee holds weekly ordinary meetings, and extraordinary meetings whenever called by its Coordinator, and its main duties are the following: drafting the internal controls and the logical and physical security policies, in addition to the short- and medium-term action plans; coordinating actions to establish operational risk management mechanisms.

The Internal Controls Management Committee has the following duties and powers: Supporting proposals for the drafting of guideline policies to be reviewed by the Banking Management Committee and the Executive Board; drafting and proposing the internal controls and the logical and physical security policies, in addition to the short- and medium-term action plans; resolving on the guidelines for the 1, 2, 3 and 4 variable compensations; recommending and proposing to the Executive Board measures addressing the issues analyzed that are beyond their jurisdiction and/or powers; resolving on the compliance policy in the process of determining the results from the Branch Certification; resolving on the previous consultations guided/requested by the units and/or bodies associated with issues within its jurisdiction, checking whether said issues are in compliance with the Executive Board's guidelines and the policies in effect, and performing the other acts and exercising the other duties assigned thereto by the Executive Board.

Social and Environmental Management Committee

- CEO of the Bank - Coordinator.
- Representative of the Strategic Group for Social and Environmental Management
- Controller
- Executive Superintendent of the Commercial and Marketing Unit
- Executive Superintendent of the Corporate Management Unit
- Executive Superintendent of the People Management Unit
- Executive Superintendent of the Rural Business Unit
- Superintendent of the Department of Investor Relations, Capital Markets and Corporate Governance

The main duties of the Social and Environmental Management Committee are: Aligning the social and environmental responsibility actions with the institutional policies and guidelines, inserting them into all the Bank's product and service creation, development and marketing; assessing and proposing innovative and creative corporate responsibility practices, identifying efficient opportunities and methods for social and environmental projects; analyzing opportunities for institutional participation in disclosing social and environmental initiatives, strengthening Banrisul's social pillar both internally and externally; evaluating mechanisms for controlling and monitoring the Bank's social and environmental projects and programs; monitoring the public policies and social and environmental programs outside the Bank, aiming to maintain partnerships or associations with social relevance; implementing corporate instruments for rationalization and optimization of natural resources; prioritizing, in the Bank's relationships with third parties, the establishment of business partnerships with companies that value social and environmental responsibility practices; evaluating and promoting, in relationships with suppliers, the establishment of business partnerships that comply with the laws, ethical management processes, training and adaptation to the social responsibility criteria; ensuring that the Bank's social responsibility actions are ethical and transparent, and performing the other acts and exercising the other duties assigned thereto by the Executive Board.

Investment Committee

- **Executive Superintendent of the Asset Management Unit**
- **Executive Managers of the Asset Management Unit**

The Investment Committee shall meet ordinarily every fifteen (15) days, and extraordinarily whenever necessary, upon call notice issued by its Coordinator; The Committee's duties are the following: Submitting the investment policy, the fund allocation policy and the securities portfolio's risk limits to the Asset Management Executive Board for resolution and decision-making; complying with the regulations in force and the rules set forth in each of the portfolios; conducting a previous analysis of the investment proposals, and, in the case of private securities, submitting them to the Bank's department responsible for assessing the risk limit; monitoring and evaluating the portfolios' performance and proposing the creation, amendment or extinction of investment funds and the improvement of existing investments.

Asset Pricing Committee

- Executive Superintendent of the Asset Management Unit
- Executive Superintendent of the Financial Unit
- Executive Superintendent of the Credit and Risk Analysis Policy Unit
- Controller

The Asset Pricing Committee shall meet ordinarily every month, and extraordinarily in cases of crisis or significant increase in the local or global financial market's volatility, or in case there should be substantial changes in the risk, credit and/or liquidity of the assets held in the managed portfolios or in the investment fund portfolios, upon a call notice issued by its Coordinator.

The duties of the Asset Pricing Committee are the following: evaluating and validating the method that will be used in the pricing of the assets comprising the managed portfolios and the investment fund portfolios; evaluating and validating the source of rates/price curves of the assets comprising the managed portfolios and the investment fund portfolios in order to price said assets; determining the operational processes used in pricing the assets comprising the managed portfolios and the investment fund portfolios and establishing the asset pricing methodology in unusual market conditions, such as in cases of crisis or significant increase in the financial market's volatility, change in the issuer/issue's risk rating, default, stress events in which prices/rates/curves are not made public/transparent or do not adequately reflect the asset's mark-to-market; revising/determining the provisions for assets with private credit risk; assessing the private credit portfolio's share of the managed and investment fund portfolios, either globally or individually, as to the concentration by sector, rating, issuers and issues; conducting a systematic revision of the process and methodology for pricing assets in the managed and investment fund portfolios so as to comply with the best market practices; submitting the Asset Pricing Committee's resolutions to the Asset Management Executive Board.

Treasury Committee

- Executive Superintendent of the Financial Unit
- Executive Managers of the Financial Unit

The Treasury Committee is responsible for analyzing and proposing to the Executive Board for decision-making: Studies and proposals for liquidity management; strategies for correcting an eventual unbalance between negotiable assets and current liabilities (mismatches between payments and receipts) that may affect the Bank's financial capacity, taking into account the operations' different currencies, rates, indices and terms; own portfolio's management strategies so as to minimize the liquidity and market risks, complying with the reports prepared by the Corporate Risk Management Unit; strategies for management of investments in securities so as to increase the asset's profitability, complying with the limits established by the Credit Policy and Risk Analysis Unit; investment proposals, in the case of private securities with risk limit previously approved by the Credit Policy and Risk Analysis Unit; the conduction of a liquidity contingency plan; the rating (banking book and trading book) of assets acquired; the limit established for the Minimum Cash, and other resolutions in association with the treasury and liquidity management operations.

b. Fiscal Council installation date, in case it is not permanent, and Committees' creation date

The Institution's Fiscal Council is permanent.

Committees' creation date
Acquirers and Cards Committee (10/10/2011)
Credit Committee (04/27/1983)
Administrative Management Committee (04/23/2007)
Banking Management Committee (04/23/2007)
Commercial Management Committee (04/23/2007)
Internal Controls Management Committee (04/23/2007)
Marketing Management Committee (09/28/2010)
People Management Committee (05/14/1987)

Information Technology Management Committee (04/23/2007)
Economic Management Committee (04/23/2007)
Social and Environmental Management Committee (11/03/2011)
Investment Committee (03/21/2012)
Asset Pricing Committee (03/12/2010)
Corporate Risk Committee (10/10/2011)
Treasury Committee (06/20/2011)

c. Mechanisms for evaluation for the performance of each body or Committee

There are no mechanisms for evaluating bodies or Committees.

d. ***In regard to the members of the Executive Board, their individual duties and powers***

The Executive Board, responsible for managing the business, is composed of the Chief Executive Officer, the Vice-President and the Executive Officers:

1. coordinating the Executive Board meetings, exercising, in addition to his vote, the casting vote in case of a tie in decisions;
2. ensuring that the decisions taken in Shareholders', Board of Directors' and the Executive Board's meetings are carried out, and ensuring that the Bank's basic principles are complied with;
3. representing the Bank, both actively and passively, in court or in its relations with third parties, in order to contract loans, sell assets and properties, waive and renounce rights;
4. constituting the Bank's attorneys-in-fact, specifying in the instrument the actions or operations they can practice and the duration of such power of attorney which, in case of judicial power of attorney, may be for an indefinite period;
5. appointing the Bank's representatives;
6. submitting to Shareholders' Meetings the annual report on the Bank's operations and the Executive Board's management, evidenced by the respective financial statements, after consulting the Board of Directors on such documents;
7. exercising other duties assigned thereto by the Board of Directors
8. Appointing and removing the Ombudsman

According to the Bylaws, case of vacancy, absence or temporary impediment of the Chief Executive Officer, the Vice-President shall replace the former, in which case the latter shall validly perform the aforementioned acts.

When the Vice-President is unable to replace the Chief Executive Officer, any of the Executive Officers, whether or not these have a specific designation, shall temporarily or permanently replace the Chief Executive Officer, in which case the Executive Officer shall validly perform the acts under the replaced Executive Officer's responsibility.

The vacancy, absence or temporary impediment referred to in the Bylaws do not depend on notice or notification to third parties and may be characterized by the replacement's simple signature in the acts under the replaced Executive Officer's responsibility.

The Bylaws do not assign individual duties and powers to the remaining Executive Officers.

e. Mechanisms for evaluating the members of the Board of Directors, the Committees and the Executive Board

There are no mechanisms for evaluating the members of the Board of Directors, the Committees and the Executive Board.

12.2 Description or the rules, policies and practices regarding Shareholders' Meetings:

a. Call Notice Period

The Company's Shareholders' Meetings are called at least fifteen (15) days prior to the meeting at first call and eight (8) days prior to the meeting at second call, pursuant to the Brazilian Corporate Law.

b. Powers

The powers comply with the legal requirements.

c. Addresses (physical or electronic) in which the documents regarding the Shareholders' Meetings will be available to shareholders

The documents regarding the meetings' Agenda shall be made available to Shareholders at Banrisul's Head office and on its IR website, at www.banrisul.com.br/ri – Corporate Governance – Minutes of Shareholders' Meetings (special and Annual) – Management Proposal, as well as on BM&FBovespa's (www.bmfbovespa.com.br) and CVM's (www.cvm.gov.br) websites.

d. Identification and management of conflicts of interests

The Company does not adopt a specific mechanism to identify conflicts of interest in Shareholders' Meetings, in which case the rules set forth in the Brazilian legislation are applied.

e. Request of powers of attorney by the management for exercising voting rights

The Company does not make public requests for powers of attorney, pursuant to Normative Ruling 481/2009 of the Brazilian Securities and Exchange Commission (CVM).

f. Formalities needed to accept the powers of attorney granted by shareholders, indicating whether the Company admits powers of attorney granted by shareholders via electronic means

In accordance with Paragraph 1 of Article 126 of Law 6404/76, shareholders may be represented by their respective attorneys-in-fact. Aiming to organize the Shareholders' Meeting, the power of attorney and the other corporate acts evidencing that the representation is regular may, at the shareholder's discretion, be deposited at the Company's head office, located at Rua Capitão Montanha, 177, 4º andar - Secretaria Geral, in this capital city, preferably within forty-eight (48) hours prior to the date when the Shareholders' Meeting is expected to be held.

g. Maintenance of forums and pages on the internet aimed at receiving and sharing shareholders' comments on the Shareholders' Meetings' agendas

There is none.

h. Live broadcast of the video and/or audio of Shareholders' Meeting

There is none.

i. Mechanisms aimed at allowing the inclusion of proposals formulated by shareholders in the agenda

There is none.

12.3 Dates and Newspaper for publication of the notice to shareholders required by Law No. 6,404 / 76

Period	Type	Newspaper	Dates
12/31/2014	Financial Statements	Official Gazette of the State of Rio Grande do Sul	02/13/2015
		Valor Econômico	02/13/2015
		Zero Hora	02/13/2015
	Call Notice for the Annual Shareholders' Meeting – analysis of the Financial Statements	Official Gazette of the State of Rio Grande do Sul	04/13/2015
			04/14/2015
			04/15/2015
		Valor Econômico	04/13/2015
			04/14/2015
			04/15/2015
		Zero Hora	04/13/2015
			04/14/2015
			04/15/2015
	ASM Minute – Analysis of the Financial Statements	Official Gazette of the State of Rio Grande do Sul	06/30/2015
		Valor Econômico	06/30/2015
		Zero Hora	06/30/2015
12/31/2013	Financial Statements	Valor Econômico	07/28/2013
		Zero Hora	07/24/2013
		Zero Hora	02/17/2014
	Call Notice for the Annual Shareholders' Meeting – analysis of the Financial Statements	Official Gazette of the State of Rio Grande do Sul	04/14/2014
			04/15/2014
			04/16/2014
		Valor Econômico	04/14/2014
			04/15/2014
			04/16/2014
		Zero Hora	04/14/2014
			04/15/2014
			04/16/2014
12/31/2012	Financial Statements	Official Gazette of the State of Rio Grande do Sul	02/18/2013
		Valor Econômico	02/14/2013
		Zero Hora	02/18/2013
	Call Notice for the Annual Shareholders' Meeting – analysis of the Financial Statements	Official Gazette of the State of Rio Grande do Sul	04/10/2013
			04/11/2013
			04/12/2013
		Valor Econômico	04/10/2013
			04/11/2013
			04/12/2013
		Zero Hora	04/10/2013
			04/11/2013
			04/12/2013
	ASM Minute – Analysis of the Financial Statements	Official Gazette of the State of Rio Grande do Sul	07/24/2013
		Valor Econômico	07/28/2013
		Zero Hora	07/24/2013

12.4 Rules, policies and practices regarding the Board of Directors

a. Frequency of meetings

The Bank's Board of Directors meets ordinarily at least once a month, and extraordinarily whenever necessary.

b. Provisions of the shareholders' agreement, if any, which establish a limitation to or condition for exercising the Directors' voting rights

There is none.

c. Rules for identifying and managing conflicts of interest

There is none.

12.5 Description of the Commitment Clause, if any, included in the Bylaws for resolution of conflicts between shareholders and between the latter and the Company by means of arbitration

The commitment clause is provided for in the Bylaws of Banco do Estado do Rio Grande do Sul, as follows:

Chapter XIV
Sole Section
Arbitration

Article 87 - Disputes related to Regulations of Level 1 Corporate Governance Practices, these Bylaws, any shareholders' agreements filed at the Company's head office, provisions of Law 6404/76, norms of the National Monetary Council, Brazilian Central Bank, the CVM, regulations of the BOVESPA and other norms relating to the functioning of the capital markets in general, or arising from such norms, shall be resolved by means of arbitration held according to the Regulation of the Market Arbitration Panel instituted by the BOVESPA.

12.6 Management and members of the Fiscal Council

12.6.1 Board of Directors

Below is the list containing the members elected to the Bank's Board of Directors in the Annual Shareholders' Meeting held on April 30, 2015, appointed by the controlling shareholder:

Name	**Luiz Gonzaga Veras Mota**
Age	56 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	287.319.640-87
Position	Vice-Chairman
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	Yes (Bank President)
Elected by the controlling shareholder	Yes

Name	**Irany de Oliveira Sant' Anna Junior**
Age	55 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	339.511.440-68
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	Yes (Bank Vice-President)
Elected by the controlling shareholder	Yes

Name	**Joao Gabbardo Dos Reis**
Age	59 years old
Profession	Doctor
Individual Taxpayer's ID (CPF) or passport number	223.127.490-68
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Joao Carlos Brum Torres**
Age	71 years old
Profession	Attorney – Master's degree in Philosophy
Individual Taxpayer's ID (CPF) or passport number	142.916.650-91
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Joao Verner Juenemann**
Age	75 years old
Profession	Accountant – Professor
Individual Taxpayer's ID (CPF) or passport number	000.952.490-87
Position	Sitting Member, Independent Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Carlos Antonio Burigo**
Age	50 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	400.828.570-91
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Below is the list containing the members elected to the Bank's Board of Directors in the Annual Shareholders' Meeting held on April 30, 2015, appointed by the preferred and minority shareholders, respectively:

Name	**Dilio Sergio Penedo**
Age	71 years old
Profession	Engineer
Individual Taxpayer's ID (CPF) or passport number	024.211.787-20
Position	Sitting Member, Preferred Shareholders, Independent Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

Name	**Flávio Pompermayer**
Age	49 years old
Profession	Economist
Individual Taxpayer's ID (CPF) of passport number	447.089.800-78
Position	Sitting Member, Minority Shareholders, Independent Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling member	No

The Members of the Bank's Board of Directors elected in the Annual and Extraordinary Shareholders' Meeting held on April 30, 2015 took office on July 1, 2015, after the approval of the Central Bank of Brazil.

The list with the member appointed by the controlling shareholder and elected to the Bank's Board of Directors in the Extraordinary Shareholders' Meeting held on September 04, 2015 is below:

Name	**Luiz Antônio Bins**
Age	56 years old
Profession	State Public Employee
Individual Taxpayer's ID (CPF) of passport number	296.207.240-20
Position	Chairman
Election Date	09.04.2015
Date of Investiture	09.16.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling member	Sim

The Member of the Bank's Board of Directors elected in the Extraordinary Shareholders' Meeting held on September 04, 2015 took office on September 16, 2015.

12.6.2 Executive Board

The election of the Executive Officers is the Board of Directors' responsibility.

The list containing the members appointed by the controlling shareholder and elected to the Bank's Fiscal Council in the Board of Directors' Meeting of March 25, 2015 is below:

Name	**Luiz Gonzaga Veras Mota**
Age	56 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	287.319.640-87
Position	CEO
Election Date	3.25.2015
Date of Investiture	04.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	Vice-Chairman of the Board of Directors
Elected by the controlling shareholder	Yes

Name	**Irany de Oliveira Sant'Anna Junior**
Age	55 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	339.511.440-68
Position	Deputy CEO
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	Yes, member of the Board of Directors
Elected by the controlling shareholder	Yes

Name	**Ricardo Richiniti Hingel**
Age	58 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	238.182.470-72
Position	Chief Financial and Investor Relations Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Júlio Francisco Gregory Brunet**
Age	58 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	291.549.870-91
Position	Planning and Distribution Channels Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Leodir Antonio Araldi**
Age	53 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	325.579.900-78
Position	Commercial Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of Office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Oberdan Celestino De Almeida**
Age	56 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	210.989.210-20
Position	Credit Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of Office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Suzana Flores Cogo**
Age	45 years old
Profession	Attorney
Individual Taxpayer's ID (CPF) or passport number	538.611.830-72
Position	Chief Administrative Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of Office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Jorge Luiz Oliveira Loureiro**
Age	57 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	250.281.030-20
Position	Asset Management Officer
Election date	3.25.2015
Date of Investiture	4.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Sim

Name	**Jorge Fernando Krug dos Santos**
Age	56 years old
Profession	Systems Analyst
Individual Taxpayer's ID (CPF) or passport number	395.712.110-87
Position	Information Technology Officer
Election Date	3.25.2015
Date of Investiture	4.16.2015
Term of office	Until the first Board of Directors' Meeting to be held following the Annual Shareholders' Meeting of 2016
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

The Board of Executive Officers' members elected in the Board of Directors' Meeting of March 25, 2015 were vested in their offices on April 16, 2015, after ratification by the Brazilian Central Bank.

12.6.3 Fiscal Council

The list below contains the members appointed by the controlling shareholder to the Bank's Fiscal Council in the Shareholders' Meeting held on April 30, 2015 (sitting members and alternate members):

Name	**Fernando Ferrari Filho**
Age	59 years old
Profession	Economist
Individual Taxpayer's ID (CPF) or passport number	627.544.917-91
Position	Sitting Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of Office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Cláudio Morais Machado**
Age	72 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	070.068.530.-87
Position	Sitting Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of Office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other Jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**Urbano Schmitt**
Age	60 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	255.350.130-72
Position	Sitting Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	Fernando Antonio Viana Imenes – alternate member
Age	64 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) of passport number	201.365.956-34
Position	Alternate Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of Office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	Vicente Jorge Soares Rodrigues – alternate member
Age	61 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	172.994.110-91
Position	Alternate Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	Massao Fábio Oya – alternate member – preferred shareholder
Age	34 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	297.396.878-06
Position	Alternate Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

Name	Jorge Irani da Silva - minority shareholder
Age	61 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	217.750.360-49
Position	Sitting Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

Name	Maria Luiza Queiroz de Campos Matos – alternate member – minority shareholder
Age	62 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	215.950.030-53
Position	Alternate Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

Name	Tanha Maria Lauermann Schneider – alternate member – preferred shareholder
Age	55 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	297.382.370-68
Position	Alternate Member
Election Date	4.29.16
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

The members of the Bank's Fiscal Council elected in the Annual and Extraordinary Shareholders' Meeting held on April 30, 2015 were vested into their offices on July 1, 2015, after the approval of the Central Bank of Brazil.

Below is the list containing the members elected to the Bank's Fiscal Council in the Annual Shareholders' Meeting held on 30 April, 2015, appointed by the preferred and minority shareholders (sitting members and alternate members):

Name	Jorge Michel Lepeltier – preferred shareholders
Age	62 years old
Profession	Economist and Accountant
Individual Taxpayer's ID (CPF) or passport number	070.190.688-04
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	Awaiting approval from the central bank.
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2017
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

Name	Eduardo Ludovico da Silva – minority shareholder
Age	55 years old
Profession	Accountant
Individual Taxpayer's ID (CPF) or passport number	457.098.157-72
Position	Sitting Member
Election Date	4.30.2015
Date of Investiture	07.01.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2016
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	No

The members of the Bank's Fiscal Council elected in the Annual and Extraordinary Shareholders' Meeting held on April 30, 2015 were vested into their offices on July 1, 2015, after the approval of the Central Bank of Brazil.

12.7 Provide the information mentioned in item "12.6" in relation to the members of statutory committees, as well as the Audit, Risk, Financial and Compensation Committees, even if said Committees or structures are not statutory

The statutory Committees are composed of persons who occupy certain positions, depending on the case, as provided for in Chapter XII of the Bylaws (Article 77 through 80), and the Executive Board does not elect the members thereof. See item 12.1(a) for more information on the Committees' composition.

The members of Audit Committee were elected in the Annual and Extraordinary Shareholders' Meeting on June 02, 2015.

Name	**Joao Verner Juenemann**
Age	75 years old
Profession	Accountant – Professor
Individual Taxpayer's ID (CPF) or passport number	000.952.490-87
Position	Sitting Member
Election Date	06.02.2015
Date of Investiture	10.05.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2016
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

Name	**João Carlos Bona Garcia**
Age	69 years old
Profession	Lawyer
Individual Taxpayer's ID (CPF) or passport number	345.333.380-20
Position	Sitting Member
Election Date	02.06.2015
Date of Investiture	10.05.2015
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2016
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

The members of the Bank's Audit Committee elected in the Annual and Extraordinary Shareholders' Meeting held on June 02, 2015 were vested into their offices on October 5, 2015, after the approval of the Central Bank of Brazil.

The member of Audit Committee was elected in the Board of Directors Meeting on April 13, 2016.

Name	**Antoninho Scottá**
Age	58 years old
Profession	Business Administration
Individual Taxpayer's ID (CPF) or passport number	253.746.050-20
Position	Sitting Member
Election Date	04.13.2016
Date of Investiture	Awaiting the approval of the Brazil Central Bank
Term of office	Until investiture of the members elected in the Annual Shareholders' Meeting to be held in 2016
Other jobs or positions in the issuer	No
Elected by the controlling shareholder	Yes

The possession of the company's Audit Committee member elected at the Board of Directors Meeting held on April 13, 2016, will take place after the approval of the Central Bank.

***Curriculum Vitae of* the Audit Committee Members**

João Verner Juenemann – Member

Degree in Accounting and Actuarial Sciences at PUCRS (completed in 1962); Teaching in English by PUCRS (completed in 1962) and Business Administration at UFRGS (completed in 1971), with Postgraduate Degree in Auditing by UFRGS, 1965, also held the following extracurricular courses: Proficiency in German, at the Goethe Institut - Germany, 1956; English proficiency, Michigan State University - USA, 1957; Financial Management at General Electric S/A-RJ, from 1963 to 1964; Audit Course of the Central Bank of Brazil at the Brazilian Institute of Capital Markets - IBMEC 1974. Juenemann & Associados Perícias e Investigações Contábeis S/S Ltda., since 1999.; Juenemann & Associados Consultoria Empresarial Ltda, since 1999.; Senior Partner of Juenemann & Associados - Auditors and Consultants, since 1977; Expert and researcher Accounting, 1985; Professor of the Department of Accounting and Actuarial Sciences at UFRGS, from 1972 to 1986; Assistant Financial Officer of Hercules S/A - Cutlery Factory, from 1964 to 1965; Directors Assistant of Gerdau S/A, 1967; Manager of the branch of the Parada, Vidigal Pontes & Associados - Distribuidora Nacional de Títulos e Valores Mobiliários S/A, from 1971 to 1979; Sales Manager in Investbanco - Banco de Investimento Industrial S/A, from 1971 to 1972; Sales Supervisor int Crefisul Investment Bank S/A, from 1972 to 1974; Advisor to the President of Companhia Riograndense de Telecomunicações, from 1995 to 1998. Alternate Member of the Fiscal Council at Hospital Nossa Senhora da Conceição S/A, Hospital Cristo Redentor S/A and the Femina S/A Hospital, in 1991; Sitting Member, Vice-President and President of the Regional Accounting Council of the State of Rio Grande do Sul, from 1968 to 1981, and a permanent member of the Advisory Board since 2001; Counselor, Vice-President and Chairman of the Federal Accounting Council, from 1974 to 1985 and a permanent member of the Advisory Board since 2001; Member of the Board of Directors of the Instituto Brasileiro de Contadores - IBRACON - 6th Regional Section; Sitting Member, Vice-President and Chairman of the Federal Accounting Council, from 1978 to 1985; Effective Member of the National Association of Accountants - New York - USA, from 1981 until today; Coordinator of the Government Relations with Auditors Subcommittee, of the International Federation of Accountants - IFAC, from 1983 to 1986; Member of the Fiscal Council of the Banco Meridional do Brasil, from 1985 to 1987; Board Member of DHB S/A Ind. e Comércio, from 2008 to 2011, Coordinator of the Audit Committee of Tupy S/A, from 2009 to 2011, Member of the Fiscal Council of Dimed S/A, from 2009 to 2011, Member of Fiscal Council of Karsten S/A, from 2007 to 2010, Member of the Fiscal Council of the Cia. Providência Ind e Comércio, 2010; Member of the Fiscal Council of Ind. de Electro Aços Altona S/A, 2010; Member of the Audit Committee of Banrisul, from 2004 to 2009 and Member of Banrisul's Board of Directors in the period of 2003 to 2011. He is currently Director of Juenemann & Associados, is Board Member of the DHB, Coordinator of the Audit Committee of Tupy, Fiscal Council of Banco Indusval, Dimed, INDG and Plascar. It is the Brazilian representative at the ISAR/UN Members and Member of the College of CPC - Accounting Pronouncements Committee.

João Carlos Bona Garcia - Member

Lawyer and retired Judge of the Military Court of the State of Rio Grande do Sul (RS); Postgraduate degree at the University of Paris I - Sorbonne, currently holds the positions of Managing, Finance and Supervision Director of the National Supply Company - CONAB; Financial director of the International Association of Military Justice; Fiscal Council member of the ompanhia de Entrepostos e Armazéns Gerais of São Paulo state - CEAGESP and Board Member of the Empresa Brasileira de Pesquisa Agropecuária – EMBRAPA. He also held the following positions: Secretary of Public Works of the city of Passo Fundo/RS; Deputy Chief-of-staff for Interior Affairs of the State of Rio Grande do Sul - Government of Pedro Simon; Professor at the University of Passo Fundo/RS; Professor at the Alto Taquari University;

President of the Foundation for Human Resource Development and Special Programs of Banrisul; Chairman of the Amnesty of Former Political Prisoners of Rio Grande do Sul/RS; President of the Union of Rio Grande do Sul state banks; Chief of Staff of Rio Grande do Sul state - Government of Antonio Brito; Judge of the Court of Military Justice of Rio Grande do Sul state; President of the Court of Military Justice of Rio Grande do Sul.

Antoninho Scottá – Member

Degree in Business Administration at the University of Caxias do Sul (UCS) in 1983, and post-degree in Finance at UCS in 1994. He has also held the following positions: Financial/Administrative Manager of the company Vinícola Miolo Ltda. in the period from 2009 to 2012, and Director of the ARS Consultoria Empresarial Ltda., since 2009.

12.8 Regarding each of the members of the management bodies and the Fiscal Council, provide:

a. Curriculum Vitae of the members of the management bodies and the Fiscal Council

<u>a.1 - Board of Directors</u>

Luiz Antônio Bins – Chairman of the Board of Directors

Degree in Business Administration and Public Administration from Federal University of Rio Grande do Sul State (UFRGS) and degree in Legal and Social Sciences from PUCRS; Specialization in Economic Integration and International Fiscal Law (Technical University of Lisbon) and in Tax Law (UFRGS). Also, he held the positions: member of the Editorial Board of Taxation on Issues - Journal FESDT" magazine; Head of Tax Consulting (1995-1997) of the Regulatory Division and Tax Litigation (1997-1999) and the Division of Economic and Tax Studies (2000-2002), of the State Revenue of State of Rio Grande do Sul; Director of the State Revenue of State of Rio Grande do Sul (2003-2006); Judge of Administrative Court of Fiscal Resources of Rio Grande do Sul (TARF) (2007-2010); President of the Tax Law Foundation School - FESDT (2007-2009) and current Chairman of the Fiscal Council of FESDT; Chairman of the Public Union of the Servers of the Tax Administration of Rio State Grande do Sul State -SINDIFISCO-RS (2010-2013); Defender of the State Treasury-RS (July/13 - Dec/14); General Director of the Rio Grande do Sul Treasury Department (since Jan/15); Deputy State Finance Secretary of the State of Rio Grande do Sul (since Jan/15); and Chairman of the Board of Directors of PROCERGS (since Feb/15).

Carlos Antonio Búrigo – Sitting Member

Graduated in Accounting from the University of Vale do Rio dos Sinos – Unisinos. He held the positions of Administration Secretary and Chief of Staff for São José dos Ausentes (1993-1996); Vice-president of COREDE Serra in 2001; President of the Mayors' Association of the Hortênsias Region in 1998; Mayor of São José dos Ausentes (1997-2000 and 2001-2004); Treasury Secretary for Caxias do Sul (2005-2008); Secretary of Management and Finances for Caxias do Sul (2009-2012) and General Coordinator of José Ivo Sartori's campaign for governor.

Irany Sant'anna Junior – Sitting Member and Deputy CEO of Banrisul

Graduated in Economics from the Federal University of Rio Grande do Sul in 1981. He held the positions of Board of Directors' advisor at Formac Administradora, between 1982 and 1983; independent consultant in the economic and financial area for FININVEST CFI and BOZANO SISMONSEN DTVM, between 1983 and 1994; analyst of the Oversight Department of the Brazilian Central Bank (BACEN), between 1994 and 1995; Oversight Inspector at the BACEN, between 1995 and 1998; Oversight Supervisor at the BACEN, between September 1998 and April 2009; Vice-

President of Finance of Grêmio Foot-Ball Porto Alegrense, between 2009 and 2010; Technical Banking Supervision Manager for Brazil's South Region at the BACEN, between May 2009 and May 2013; Associate Head of the Banking Supervision Department (SP), between June 2013 and 2015.

Joao Carlos Brum Torres – Sitting Member

Graduated in Philosophy from the Federal University of Rio Grande do Sul (1967) and in Law from the Federal University of Rio Grande do Sul (1968), he earned a master's degree from the Departement de Philosophie - Université de Paris XIII (Paris-Nord) (1974) and a PhD in Human Sciences from the University of São Paulo (1985); (2014) and a postdoctoral degree from the University of California Berkeley. He is a four-time CNPQ research fellow (2010-2013; previously: August 1985 to July 1987, August 1988 to July 1990 and April 1992 to March 1994). He held the positions of Social and Urban Operations Officer at BADESUL (1990 – 1991); Municipal Fundraising Secretary for the city of Porto Alegre (1993-1994); Coordination and Planning Secretary for the Rio Grande do Sul State Government for two administrations (1995-1998 and 2003-2006). He is currently a Professor in the Philosophy Department of the University of Caxias do Sul (UCS) and a retired Tenured Professor of the Federal University of Rio Grande do Sul, also acting as Lecturer in the same institution.

João Gabbardo dos Reis – Sitting Member

Graduated in Medicine from the Federal University of Rio Grande do Sul (1980), with a specialization degree in Pediatrics from Hospital de Clínicas of Porto Alegre from the Federal University of Rio Grande do Sul (UFRGS) (1982). A Public Health Physician, approved in the examination of the State Health Secretary of Rio Grande do Sul (1981), he began practicing in the Sanitation Unit and became the State Health Secretary. He coordinated the implementation of SUDS-RS in 1988 and was a representative of SES-RS in the State Health Council and a member of the National Implementation Committee of SICAPS (Computerized System of Social Security Outpatient Control in 1988). A pediatrician approved in the examination of the Social Security Ministry in 1982, he was National Health Assistance Secretary of the Ministry of Health. He was President of the executive commission responsible for creating the SUS' Information System for Medium and High Complexity Procedures (2001), a member of the Advisory Committee of the National Cancer Institute, National Pharmaceutical Advisory Coordinator of the Ministry of Health, Manager of the *Avança Brasil's* Outpatient Monitoring, Hospital and Emergency Program of the Ministry of Planning, Budget and Management, Coordinator of the Work for the Preparation of Instruments and Methodology for registration at the SUS Hospital Network. He was an Executive Coordinator of the Education-Work Integration Program/PIES-MEC-MS between 1996 and 1999. He is a professor of Universidade do Contestado, Concórdia Campus, Santa Catarina, in the Health Service Management graduate course, teaching Health Politics and SUS. He has been Superintendent of the Heart Institute of the Federal District since 2010.

João Verner Juenemann – Sitting Member

Graduated in Accounting and Actuarial Science from the Pontifical Catholic University of Rio Grande do Sul (PUCRS) (concluded in 1962); English Teaching from the Pontifical Catholic University of Rio Grande do Sul (PUCRS) (concluded in 1962) and Business Administration from the Federal University of Rio Grande do Sul (UFRGS) (concluded in 1971). He holds a graduate degree in Audit from the Federal University of Rio Grande do Sul (UFRGS), 1965, and attended the following courses and holds the following certificates: Proficiency in German, at the Goethe Institut - Germany, 1956; Proficiency in English, at the Michigan State University - USA, 1957; Financial Administration - General Electric S/A-RJ, 1963/1964; Audit Course of the Brazilian Central Bank/Brazilian Institute of Capital Markets - IBMEC, 1974. He has been at Juenemann & Associados Perícias e Investigações Contábeis S/S Ltda., since 1999; Juenemann &

Associados Consultoria Empresarial Ltda., since 1999; senior partner of Juenemann & Associados - Auditores e Consultores, 1977; Investigator and Expert Account, 1985; Professor of the Accounting and Actuarial Department of UFRGS, 1972/1986; assistant of the Financial Executive Board at Hércules S/A - Fábrica de Talheres, 1964/1965; assistant of the Executive Board at Metalúrgica Gerdau S/A, 1967, Branch Manager at Parada, Vidigal Pontes & Associados - Distribuidora Nacional de Títulos e Valores Mobiliários S/A, between 1971 and 1979; Sales Supervisor at Investbanco - Banco de Investimento Industrial S/A, between 1971 and 1972; Sales Manager at Banco Crefisul de Investimentos S/A, between 1972 and 1974; Advisor to the CEO at Companhia Riograndense de Telecomunicações, between 1995 and 1998. He was an alternate member of the Fiscal Council of Hospital Nossa Senhora da Conceição S/A - 1991; Hospital Cristo Redentor S/A, 1991; Hospital Fêmina S/A, 1991; a sitting member, Vice-Chairman and Chairman of the Regional Accounting Council of Rio Grande do Sul between 1968 and 1981, and a life member of the Advisory Council since 2001; Board member, Vice-Chairman and Chairman of the Federal Accounting Council, between 1974 and 1985, and life member of the Advisory Council since 2001; a member of the Board of Directors of the Brazilian Accounting Institute (IBRACON) – 6th Regional Section; a sitting member, Vice-Chairman and Chairman of the Federal Accounting Council, between 1978 and 1985; a sitting member of the National Association of Accountants - New York - USA, since 1981; Coordinator of the Sub-committee of Government Relations with Auditors, the International Accounting Federation - IFAC, between 1983 and 1986; a sitting member of the Fiscal Council of Banco Meridional do Brasil, between 1985 and 1987; a member of the Board of Directors of DHB S/A Ind. e Comércio, between 2008 and 2011; Coordinator of the Audit Committee of Tupy S/A, between 2009 and 2011; a member of the Fiscal Council of Dimed S/A, between 2009 and 2011; a member of the Fiscal Council of Karsten S/A, between 2007 and 2010; a member of the Fiscal Council of Cia. Providência Ind. e Comércio - 2010; a member of the Fiscal Council of Ind. de Electro Aços Altona S/A – 2010; a member of Banrisul's Audit Committee, between 2004 and 2009 and a member of Banrisul's Board of Directors between 2003 and 2011. He is currently an Executive Officer at Juenemann & Associados, a member of the Board of Directors of DHB, Coordinator of the Audit Committee of Tupy, a member of the Fiscal Council of Banco Indusval, Dimed, INDG and Plascar. He is Brazil's representative with the UN's International Standards of Accounting and Reporting (ISAR) and member of the Accounting Pronouncements Committee (CPC).

Luiz Gonzaga Veras Mota – Vice-Chairman of the Board of Directors and CEO of Banrisul

Graduated in Economics from Fundação Educacional de São Gabriel and Teacher Training from Instituição Educacional São Judas Tadeu, with a graduate degree in Administration and Finances from the Federal University of Rio Grande do Sul (UFRGS), specialization in Accounting from the Pontifical Catholic University of Rio Grande do Sul (PUCRS), specialization in Banking Administration from the State Commercial Bank Association (Asbace), specialization in Marketing from ADVB. He held the following positions: Executive Officer at Companhia União de Seguros Gerais, between April 1998 and January 1999. He joined Banrisul in 1979, and held the position of head of the Real Estate Credit Department, between 1994 and 1995; head of the Risk Management Department, between 1996 and 1997; head of the Financial Department, between 1997 and 1998; sitting member of the Credit Committee, between 1994 and 1998; Chairman of the Fundraising and Fund Allocation Committee, between 1997 and 1998; head of the Organization and Method Department, between January and September 1999; regional superintendent, between 1999 and 2003; executive superintendent at the Retail Commercial Unit, between 2003 and 2006; sitting member of Banrisul's Credit Committee, between 2003 and 2006; coordinator of the Technology and Business Committee, between 2003 and 2006; member of the Fundraising and Fund Allocation Committee, between 2003 and 2006; Third Party's Fund Administration Officer, between 2006 and 2010; Financial Officer, between 2010 and April 2011; executive superintendent of the Financial Unit, between 2011 and 2015. He also held the activities of coordinator of the Economic Management Committee, member of the Corporate Risk Committee and the Commercial Management Committee.

Dilio Sergio Penedo – Member elected by preferred shareholders

Independent Member of the Board of Directors. Graduated in Electronic Engineering from the Polytechnic School of the Catholic University of Rio de Janeiro, with specialization in that area from the Centre National D'Études des Télécommunications (CNET) of Paris, France and from the Telecommunication Study Center of PUC-RJ. He held several positions in the public and private sectors, such as Engineer at Embratel (1968-1974), Technical Officer at Telecomunicações da Bahia (1974-1985), Vice-Chief Executive Officer and Technical Officer at Telecomunicações de São Paulo (1985-1987), CEO at Telemulti S/A (1987-1992) Superintendent Officer at Nife Brasil Sistemas Elétricos (1992-1995), Superintendent Officer at Indelsul-Saft Equipamentos Elétricos Ltda. (1992-1995), Executive President at Nife Argentina (1992-1995), General Manager for the South America at SAFT- Grupo Alsthom (1992-1995), CEO at Embratel (1995-2000), CEO at Embratel Participações S/A (1999-2002), member of the Board of Directors of Tupy S/A (1996 2002) and Embratel.

Flavio Pompermayer – Member elected by minority shareholders

Graduated in Economics from the Federal University of Rio Grande do Sul (UFRGS), with a specialization degree in Information Technology from UFRGS, he also held the positions of: General Officer for the Finance Department of Rio Grande do Sul State, Technical Officer of the Financial Coordination Board of Rio Grande do Sul, Director of the Budget and Finance Office of Rio Grande do Sul State, a member of the Regional Economics Council/RS, a member of the Board of Directors of Companhia Riograndense de Participações (CRP), a member of the Trustee Board of the Economics and Statistics Foundation (FEE), and Auditor of the State Revenue Office. He is currently a member of the Board of Directors of the Rio Grande do Sul Public Debt Management Council (CADIP), a member of the Board of Directors CIENTEC, a member of the Board of Directors of Empresa Gaúcha de Rodovias (EGR) and a member of the Fiscal Council of the Rio Grande do Sul Special Protection Foundation. He is currently Technical Officer of the Financial Coordination Board of the State of Rio Grande do Sul.

a.2 – Executive Board

Luiz Gonzaga Veras Mota - Chairman

Graduated in Economics from Fundação Educacional de São Gabriel and Teacher Training from Instituição Educacional São Judas Tadeu, with a graduate degree in Administration and Finances from the Federal University of Rio Grande do Sul (UFRGS), specialization in Accounting from the Pontifical Catholic University of Rio Grande do Sul (PUCRS), specialization in Banking Administration from the State Commercial Bank Association (Asbace), specialization in Marketing from ADVB. He held the following positions: Executive Officer at Companhia União de Seguros Gerais, between April 1998 and January 1999. He joined Banrisul in 1979, and held the position of head of the Real Estate Credit Department, between 1994 and 1995; head of the Risk Management Department, between 1996 and 1997; head of the Financial Department, between 1997 and 1998; sitting member of the Credit Committee, between 1994 and 1998; Chairman of the Fundraising and Fund Allocation Committee, between 1997 and 1998; head of the Organization and Method Department, between January and September 1999; regional superintendent, between 1999 and 2003; executive superintendent at the Retail Commercial Unit, between 2003 and 2006; sitting member of Banrisul's Credit Committee, between 2003 and 2006; coordinator of the Technology and Business Committee, between 2003 and 2006; member of the Fundraising and Fund Allocation Committee, between 2003 and 2006; Third Party's Fund Administration Officer, between 2006 and 2010; Financial Officer, between 2010 and April 2011; executive superintendent of the Financial Unit, between 2011 and 2015. He also held the activities of coordinator of the Economic Management Committee, member of the Corporate Risk Committee and the Commercial Management Committee.

Irany Sant'anna Júnior - Vice-Chairman

Graduated in Economics from the Federal University of Rio Grande do Sul in 1981. He held the positions of Board of Directors' advisor at Formac Administradora, between 1982 and 1983; independent consultant in the economic and financial area for FININVEST CFI and BOZANO SISMONSEN DTVM, between 1983 and 1994; analyst of the Oversight Department of the Brazilian Central Bank (BACEN), between 1994 and 1995; Oversight Inspector at the BACEN, between 1995 and 1998; Oversight Supervisor at the BACEN, between September 1998 and April 2009; Vice-President of Finance of Grêmio Foot-Ball Porto Alegrense, between 2009 and 2010; Technical Banking Supervision Manager for Brazil's South Region at the BACEN, between May 2009 and May 2013; associate head of the Banking Supervision Department (SP), between June 2013 and 2015.

Ricardo Richiniti Hingel

Graduated in Economics from the Economics School of the Federal University of Rio Grande do Sul in 1979. He held the following positions: Head of Department of the Development Bank of the State of Rio Grande do Sul (BADESUL), between 1987 and 1992; Technical Advisor in Banrisul's Planning Department, after the merger of BADESUL, between 1992 and 1995; Advisor of the Government of the State of Rio Grande do Sul, between September 1995 and March 1996; Infrastructure Project Officer at the General Secretary of the State Government, between 1996 and 1997; Technical Officer in the Department of Development and International Affairs of the State of Rio Grande do Sul, between 1997 and 1998; Parliamentary Assistant at the Legislative Assembly of the State of Rio Grande do Sul, between 1999 and 2002; Financial and Investor Relations Officer at Banrisul, between 2003 and 2010; Regional Officer at Banco BTG Pactual S.A., between April 2010 and December 2011.

Júlio Francisco Gregory Brunet

Graduated in Economics from the Federal University of Rio Grande do Sul and in Electric Engineering, also from PUCRS. He holds a Master's degree in Economics – Regional Development from PUCRS. He held the positions of Economic Analyst at Banco Iochpe de Investimento; Economist in the Public Finance area at the Economics and Statistics Foundation; Economic Affairs Advisor to the President at Corsan; International Cooperation Coordinator at the Special Department for International Affairs of Rio Grande do Sul, Public Finance Auditor and Tax Agent of the State Treasury at the Rio Grande do Sul State Revenue Office; Planning Technician at the State Department of Planning and Coordination. Employee who passed the examination for the positions of Planning Technician of the Department of Planning and Coordination and Tax Agent of the State Revenue Office.

Jorge Fernando Krug Santos

Graduated in System Analysis from the Pontifical Catholic University of Rio Grande do Sul (PUCRS), with a graduate degree in Software Engineering from the University of the State of Rio Grande do Sul. He held the following positions: Executive Superintendent of the IT Security Unit at Banrisul, between 2007 and 2015; Member of the Advisory Council of the Brazilian E-Commerce Chamber (e-Net Chamber); Leader of the Financial Payments Council at Smart Card Alliance Latin America – SCALA; Security Officer at SUCESU-RS; a Member of the Security and Fraud Committee of the Brazilian Association of Card and Service Companies (ABECS); a Member of the IT Security Committee; a Member of the Bank Automation and Technology Committee (CNAB); and a Member of the Organization Group of the International Banking Automation Conference (CIAB) at the Brazilian Bank Federation (FEBRABAN).

Leodir Antônio Araldi

Mr. Araldi holds a degree in Accounting from Universidade Passo Fundo (UPF) and a graduate degree in Banking Management from INGEN. He has also held the following positions: civil servant at Banrisul since 1981; General Manager at Banrisul's branch network, between 1993 and 1999; Regional Superintendent, between 1999 and 2015.

Oberdan Celestino de Almeida

Graduated in Economics from Universidade de Ijuí (Unijui), with an MBA in Banking Management from the Federal University of Rio Grande do Sul (UFRGS). He held the following positions: civil servant at Banrisul since January 1979, General Manager at Banrisul's branch network, in 1988, 2000 and 2003 and between 2011 and 2014; Banrisul's Regional Superintendent, between 1988 and 1999, and between 2003 and 2011.

Suzana Flores Cogo

Graduated in Law from Universidade de Passo Fundo (UPF), 1993; with a graduate degree in Economic Law and Corporate Law from the Graduate School in Economics of the Getúlio Vargas Foundation, 2000. She held the following positions: civil servant at Banrisul since 1989; Executive Manager at the Legal Advisory Contractual Center, between April 2003 and March 2010; Executive Superintendent at the Corporate Governance Department, between April 2010 and June 2011; Legal Superintendent, between June 2010 and April 2011; a Sitting member of the Commission of Governance in Financial Institutions of the Brazilian Institute of Corporate Governance, since 2009.

Jorge Luiz Oliveira Loureiro

Graduated in Economics from the Pontifical Catholic University of Rio Grande do Sul (PUCRS), 1980; he holds a graduate degree in Economic Engineering and Banking Administration from FEE, 1986; a graduate degree in Banking Administration from the Brazilian Association of the Commercial State Banks (ASBACE), 1986; and a graduate degree in Strategic Management from the Social Security Affairs Development Institute (IDEAS), 2006. He held the following positions: civil servant at Banrisul since 1976, Technical Advisor/Economist at the Planning and Control Advisory Board (ASPLAN), between 1982 and 1993; Manager at the Planning and Control Advisory Board (ASPLAN), between 1993 and 1996; Superintendent in Banrisul's Planning and Marketing Department, between 1996 and 1997; Superintendent in the Human Resources Unit, 1997; Superintendent in the Financial Unit, 1998; Chief Financial and Administrative Officer at Banrisul's Employees' Welfare Fund (Cabergs), between 1999 and 2003; Chief Financial Officer at Banrisul's Social Security Foundation, between 1999 and 2011.

a.3 – Fiscal Council

Cláudio Morais Machado – Sitting Member

Member of the fiscal council, Mr. Machado holds a bachelor's degree in accounting from the Federal University of Rio Grande do Sul in 1968, a graduate degree in audit from the Federal University of São Paulo in 1978; a graduate degree in finance from the Federal University of Rio Grande do Sul in 1987; a graduate degree in accounting and finance from the Fernando Pessoa University in Porto, Portugal, in 2001; and a Master's Degree in business economics from the Fernando Pessoa University in Porto, Portugal, in 2002. Member of the Fiscal Council certified by the Brazilian Institute of Corporate Governance (IBGC). He was the inspector of external control of the Public

Finance Court of the state of Rio Grande do Sul from 1971 to 1976 and auditor of the Central Bank from 1976 to 1997; Officer of the 6th Regional Office of IBRACON (Brazilian Institute of Independent Auditors), between 2002 and 2008; majority partner, auditor, consultant and accounting expert of Machado & Nedwed Consultores Associados, successor company of CMCS – Auditores, Peritos e Consultores Contábeis S/C Ltda. Between 2003 and 2008; board member of the Regional Accounting Council, between 2006 and 2009. Mr. Machado is professor in undergraduate and graduate courses at Faculdade Dom Bosco, partner and consultant of Quantum Consultoria.

Fernando Ferrari Filho – Sitting Member

Graduated in Economics from the University of the State of Rio de Janeiro (UERJ); with a Master's degree in Economics from the Federal University of Rio Grande do Sul (UFRGS); a PhD in Economics from the University of São Paulo (USP); postdoctoral degree from the University of Tennessee System, 1996, postdoctoral degree from the University of Cambridge. He held the following positions: Economic Advisor at the Supermarket Association of Rio Grande do Sul (AGAS), between February 2003 and December 2004; Professor of Macroeconomics and International Economics at the Pontifical Catholic University of Rio Grande do Sul (PUCRS), between 1987 and 1989; Economic Advisor at the Commercial Association Federation of Rio Grande do Sul (FEDERASUL), between September 1984 and February 1988; Professor of Economics at the Vale do Rio dos Sinos University (UNISINOS), between August 1984 and December 1987 Professor of Economics at the Federal University of Rio Grande do Sul (UFRGS), since 1987; Director and Coordinator of the undergraduate course in Economics at the Federal University of Estado do Rio Grande do Sul.

Fernando Antonio Viana Imenes – Alternate Member

Graduated in Administration from the Pontifical Catholic University of Minas Gerais (PUCMG), 1979; graduated in Accounting from PUCMG, 1979; graduated in Economics from PUCMG, 1979. He held the following positions: Advisor/instructor of PhD Corporate Advisory and Training; Lecturer at the ethics, financial, negotiation, organizational and planning areas; a member of the Commercial Board of the State of Rio Grande do Sul.

Urbano Schmitt – Sitting Member

Graduated in Accounting from the University of Caxias do Sul-UCS and in Legal Sciences from the Vale do Rio dos Sinos University (UNISINOS). He held the following positions: Director of the Studies and Guidance Division of the General Accounting and Audit Office of the State of Rio Grande do Sul; Chief of Staff of the Rio Grande do Sul State Revenue Office; Substitute Secretary of the Rio Grande do Sul State Revenue Office; Secretary of the Rio Grande do Sul State Revenue Office; Chief of Staff of the Legislative Assembly of Rio Grande do Sul; President and Vice-President of the Union of Public Finance Auditors of Rio Grande do Sul (SINDAF); Vice-CEO of Banrisul, between 2003 and 2007, Credit Officer of Banrisul, between 2007 and 2010; Financial and Administrative Superintendent of the Legislative Assembly of Rio Grande do Sul. He is currently Municipal Management Secretary of Porto Alegre.

Vicente Jorge Soares Rodrigues – Alternate Member

Graduated in Accounting and Actuarial Sciences from Faculdade Porto Alegrense/RS and technician in Accounting from Escola ACM (Associação Cristã de Moços). He held the following positions: civil servant at Banrisul, since 1972; Executive Manager at the Accounting Department, between 2000 and 2015.

Jorge Michel Lepeltier – Member elected by the preferred shareholders

Graduated in Economics and Accounting from the Pontifical Catholic University of São Paulo (PUCSP) and in Environmental Management from Escola de Ensino Superior Luiz de Queiroz (ESALQ), with extracurricular courses in Capital Markets; Finance and Strategic Planning by the New York University. Independent consultant and service provider in the administrative, financial, corporate, and audit areas, being partner of Jorge Lepeltier Consultores Associados. He has worked in collegiate boards, as member of the Board of Directors of Companhia Paranaense de Energia – Copel (between 2009 and 2011), Positivo Informática S/A (between 2009 and 2011), Triunfo Participações e Investimentos S/A (between 2009 and 2011; member of the Fiscal Councils of Alpargatas S/A, São Martinho S/A and Tim Participações S/A (between 2011 and 2012) and member of the audit committee of Positivo Informática S/A (between 2009 and 2011) and Triunfo Participações e Investimentos S/A (between 2009 and 2011).

Massao Fábio Oya – Alternate member elected by the preferred shareholders

Graduated in Accounting from Centro Universitário Padre Anchieta, with an MBA in Financial Management and Controllership from the same institution. He held the following positions: Partner at Solução Governança Corporativa e Consultoria Ltda., providing business advisory services in accounting, corporate and corporate governance; also held the position of Member of The Board of Directors at the following companies: Companhia de Saneamento do Estado de São Paulo – Sabesp, sitting member since April 2015; Companhia Paranaense de Energia – Copel, sitting member since April 2015; Pettenati Indústria Têxtil S.A, sitting member since October 2014; Companhia Providência Ind. e Com. S.A., sitting member since April 2014; Cristal Pigmentos do Brasil S/A, sitting member since April 2013; WLM Indústria e Comércio S.A., sitting member since October 2011; Bicicletas Monark S/A, sitting member since April 2015. He held the position of Member of The Fiscal Council at the following companies: Companhia de Saneamento do Paraná (Sanepar), sitting member between April 2011 and April 2012; TIM Participações S.A., sitting member between September 2011 and January 2012; Banrisul - Banco do Estado do Rio Grande do Sul S.A., sitting member between February 2011 and April 2011; Wetzel S.A., sitting member between April 2011 and April 2012; Bardella S.A – Indústrias Mecânicas, sitting member between April 2013 and April 2015; General Shopping S/A, sitting member between October 2012 and April 2013.

Eduardo Ludovico da Silva – Sitting Member

Mr. Silva holds a bachelor’s degree in accounting from the Estácio de Sá University. He is the Financial and Administrative Officer of Technos Consultoria Empresarial.

Jorge Irani da Silva – Sitting Member

Graduated in Accounting from PUCRS in 2009 with Post-graduate in Corporate Governance and Risk Management by PUCRS in 2012. He has also held the following positions: Banrisul Armazém Gerais S/A, member of the fiscal council since April 2015; Banrisul Cartões S/A, alternate member of the Fiscal Council since April 2015; Banrisul Administradora de Consórcio S/A, alternate member of the Fiscal Council, since April 2015; Banco do Estado do Rio Grande do Sul, Executive Superintendent between 2011 and 2014.

Maria Luiza Queiroz de Campos Matos – Alternate member

Graduated in journalism at Pontificia Universidade Católica do Rio Grande do Sul in 1978. She held position of General Secretary at the Banco do Estado do Rio Grande do Sul in 2013.

Tanha Maria Lauermann Schneider – Alternate member

Bachelor and master in Accounting; with postgraduate degree in Controlling. She has held the positions of Director of the IBRACON - Instituto dos Auditores Independentes - RS 6th Regional; holds the independent auditing firm Lauermann Schneider Associates Auditors SS; member of the Comissão de Educação Profissional Continuada dos

Auditores Independentes do Brasil – Conselho Federal de Contabilidade, between 2014 and 2015 and vice-president of the Associação Comercial e Industrial de Novo Hamburgo, Estância Velha e Campo Bom, between 2014 and 2015.

b. Administrative Sanctions and Court (including criminal) convictions involving the members of the administrative bodies and Fiscal Council

Board of Directors

None of the members of the Bank's Board of Directors has ever suffered any administrative sanctions or court convictions.

Executive Board

None of the members of the Bank's Executive Board has ever suffered any administrative sanctions or court convictions.

Fiscal Council

None of the members of the Bank's Fiscal Board has ever suffered any administrative sanctions or court convictions.

12.9 Conjugal relationship, common-law marriage, or family relationship up to the second degree between:

a. The Company's Board members and the Company's Executive Officers

None of those elected to the Board of Directors has any conjugal relationship, common-law marriage or family relationship up to the second degree with any of the Company's Executive Officers.

b. The Company's Board members and (ii) Executive Officers of the Company's direct or indirect subsidiaries

None of those elected to the Board of Directors has any conjugal relationship, common-law marriage or family relationship up to the second degree with any of the Executive Officers of the Company's direct or indirect subsidiaries.

c. Board members of the Company or its direct or indirect subsidiaries and (ii) the Company's direct or indirect controlling shareholders

None of those elected to the Board of Directors has any conjugal relationship, common-law marriage or family relationship up to the second degree with any of the Company's direct or indirect controlling shareholders.

d. The Company's Board members and (ii) Executive Officers of the Company's direct or indirect parent companies

None of those elected to the Board of Directors has any conjugal relationship, common-law marriage or family relationship up to the second degree with any of the Executive Officers of the Company's direct or indirect parent companies.

Additionally, we inform that the elected members to the Fiscal Council do not have conjugal relationship, common-law marriage or family relationship up to the second degree with any of the persons mentioned in items (a), (b), (c) and (d) of Item 12.9.

12.10 Relations of subordination, service provision or control maintained in the last three years between the Company's Board members and:

a. Direct or indirect subsidiary of the Company

None of the members elected to the Board of Directors has any relations of subordination, service provision or control maintained in the last three years with a direct or indirect subsidiary of the Company.

b. The Company's direct or indirect controlling shareholder

Luiz Antonio Bins

Deputy State Finance Secretary of the State of Rio Grande do Sul

Carlos Antonio Búrigo

General Secretary of the Government of Rio Grande do Sul

João Gabbardo dos Reis

Health Secretary of Rio Grande do Sul

Flavio Pompermayer

Technical Executive Officer of the Financial Coordination Board of Rio Grande do Sul

None of the other members elected to the Board of Directors and the Fiscal Council has any relations of subordination, service provision or control maintained in the last three years with a direct or indirect subsidiary of the Company.

c. In case it is relevant, any supplier, client, debtor or creditor of the Company, its subsidiary or parent company or subsidiary of any of these persons

Does not apply.

In addition, Note that any of the Bank's elected sitting or alternate members has any relation of subordination, service provision or control maintained in the last three years with any of the persons mentioned in items (a), (b) and (c) of this Item 12.10.

12.11 Directors & Officers Liability Insurance

The Bank contracts civil liability insurance of Board members, Executive Officers and/or Managers, pursuant to the information below:

- Insurance Company: XL Seguros Brasil S.A.
- Insurance policy's effectiveness period: March 9, 2015 to March 9, 2016
- Liability limit: R$50,000,000.00
- Premium: 725,000.01

- **Guarantees and Conditions:** Policy coverage based on claims made via notification; Global coverage: D&O Liability Insurance – XL Seguros Brasil S.A.; this policy includes all subsidiaries controlled by the insurance holder on this date pursuant to the legislation in force. Coverage for new subsidiaries with assets lower than 20% of total assets. 100% guarantee for the sub-limits: Fines; independent directors; claim for environmental damages; retired directors or officers; administrative, arbitration and/or court proceedings; heirs, legal representatives or estate; joint responsibility for assets; new subsidiaries. Unlimited retroactivity for generating facts unknown by the insurance holder and/or by the insurer(s) before the policy became effective; "Claims made via notification"; Bilateral Additional Period for submission of claims corresponding to 100% of the amount insured in the latest effective policy for three years without payment of an additional premium; right to acquire an additional one-year period corresponding to 100% of the amount insured in the latest effective policy, upon payment of a premium corresponding to 75% of the latest effective policy; right to acquire a two-year period corresponding to 100% of the amount insured in the latest effective policy, upon payment of a premium corresponding to 100% of the latest effective policy; right to acquire a three-year period corresponding to 100% of the amount insured in the latest effective policy, upon payment of a premium corresponding to 115% of the latest effective policy;

12.12 Other information the Company deems relevant

Statutory Committees are composed of holders of certain positions, where applicable, as provided for in Chapter XII of the Bylaws (Articles 77 to 80), and the Board of Executive Officers does not elect any member. For further information on the Committees' composition, see item 12.1 (a).

The member of the Audit Committee, elected at the Meeting of Administrative Board held on 13 April 2016 will take office after approval by the Central Bank of Brazil.

The members of the Board of Directors and The Fiscal Council, elected at the Annual and Extraordinary Shareholders' Meeting held on April 29, 2016, will take office after approval by the Central Bank of Brazil.

Positions held by members of the Board of Directors in other companies or entities.

Elected at the Annual and Extraordinary Shareholders' Meeting of April 30, 2015 and at the ESM of September 04, 2015.

Board members	Position held on the Board of Directors of BANRISUL S.A.	Management positions held in other companies/entities:
Luiz Antonio Bins	Chairman	Chairman of the Board of Directors of PROCERGS
Luiz Gonzaga Veras Mota	Board Member	President of Banrisul Cartões S.A.
Irany Sant'anna Júnior	Board Member	President of Banrisul Consórcios, member of the Board of Directors of Banrisul Cartões S.A.
João Verner Juenemann	Board Member	Member of the Board of Directors of Forjas Taurus S.A.; member of the Fiscal Council of Instituto de Desenvolvimento Gerencial S.A., Paludo Participações S.A. (Vipal Group), Unetral Empreendimentos Imobiliários S.A., Moinhos de Trigo Indígena S.A., Saraiva S/A Livreiros Editores; member of the Audit Council of Tupy S.A.
Joao Carlos Brum Torres	Board Member	Does not hold a position in other companies or entities
Carlos Antonio Búrigo	Board Member	Does not hold a position in other companies or entities
João Gabbardo dos Reis	Board Member	Does not hold a position in other companies or entities
Dilio Sergio Penedo	Board member elected by preferred shareholders	Member of the Board of Directors of Embratel Participações S.A. e da Embratel S.A. and Executive Officer of the Rio de Janeiro Commercial Association.
Flavio Pompermayer	Board member elected by the preferred shareholders	Member of the Board of Directors of the Rio Grande do Sul Public Debt Management Council – CADIP, Board of Directors of CIENTEC, member of the Board of Directors of Empresa Gaúcha de Rodovias - EGR and member of the Fiscal Council of the Rio Grande do Sul Special Protection Foundation.

13. MANAGEMENT COMPENSATION

13.1 Description of the compensation policy or practice of the Board of Directors, Statutory and Non-Statutory Board of Executive Officers, Fiscal Council, Statutory Committees, Audit, Risk, Financial and Compensation Committees, discussing the following aspects:

a. Objectives of the compensation policy or practice

We are a mixed-capital company controlled by the State Government of Rio Grande do Sul. Accordingly, in addition to the general rules of Law 6,404/76 and the Brazilian Securities and Exchange Commission rules applicable to all publicly-held companies, the Management compensation policy is subject to the public law, including laws and ruling acts enacted by the State Government of Rio Grande do Sul.

The Management compensation is established at the Shareholders' Meeting, pursuant to the corporate governance principles. In 2010, the rule set forth by the controlling shareholder through Resolution 4/2009 of November 25, 2009 of the Corporate Governance Committee of Government-Owned Companies of the State Rio Grande do Sul, created by Decree 45,273/07 of the Government of the State of Rio Grande do Sul was observed, conferring to said Committee the duty of defining the compensation of government-owned companies Management. As of 2011, the Management compensation observes the limit defined by the State Law 13,670 of January 14, 2011.

The compensation characteristics of each BANRISUL body are described below:

Board of Directors

a. Compensation policy or practice objectives	The compensation of Banrisul's Board of Directors is determined at the Shareholders' Meeting, and the unpaid accumulation of positions is a practice adopted. In this regard, members of the Board of Directors composing the Board of Executive Officers or the Audit Committee only receive the compensation assigned to the positions held in these bodies, and not that one assigned to members of the Board of Directors. From 2011 to 2014, the Vice Chairman of the Board of Directors and a Board member held the positions of Chief Executive Officer and Vice Chief Executive Officer of Banrisul's Board of Executive Officers.
b. Compensation breakdown, indicating:	
i. description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. percentage of each element in total compensation	Fees: 100%
iii. calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. reasons justifying the compensation breakdown	Our Management compensation is composed of a fixed amount which is established according to the legal precepts set forth by applicable laws and other rules concerned with mixed-capital companies in the State of Rio Grande do Sul.
v. Existence of members not compensated by the issuer and the reason for that	Board of Directors' members who are part of Banrisul's Board of Executive Officers and/or hold positions in the State Government do not receive compensation in order not to exceed the limit set forth by State Law no. 13,670 of January 14, 2011.
c. Main performance indicators considered when defining each compensation element	Not applicable.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	Not applicable. Management compensation is only composed of a fixed amount.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total Management compensation is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	Not applicable.

13.1 ii – The chart below informs the percentage of each compensation element described in item 13.1.b.i in total compensation of the Board of Directors, as mentioned in item 13.1.

BODY	2014	%	2013	%	2012	%
Board of Directors						
Salary or directors' compensation	**386,417.24**	**100%**	424,194.80	100%	444,405.00	100%

Board of Executive Officers

a. Compensation policy or practice objectives	The compensation of members of the Board of Executive Officers is determined at the Shareholders' Meeting, pursuant to the corporate governance principles and the rule established by controlling shareholder. Officers withdrawn from our staff or who are state civil servants may choose to still receive their position-related compensation. Until 2010, in case of officers pertaining to the Bank's staff, the compensation includes profit sharing, according to the terms of the collective bargaining agreement of bank employees' category, which is calculated as a fixed percentage calculated over the beneficiary's salary. Since 2011, as per proposal to amend the Company's Bylaws, Article 19, the profit sharing may be paid to all members of the Board of Executive Officers. Additionally, our Officers receive fixed entertainment pay defined by the Board of Directors, at 50% of the compensation established for related position.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation. Entertainment pay. Profit Sharing Plan (PLR): this is calculated according to the same criteria defined by the collective bargaining agreement of bank employees' category based on fees amount.
ii. Percentage of each element in total compensation	Fees: 50% of fixed monthly compensation; Entertainment pay: 50% of fixed compensation; PLR: variable calculated according to the same criteria defined by the collective bargaining agreement of bank employees' category, based on fees amount.
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Members of Banrisul's Board of Executive Officers who hold positions in the State and Federal Government may choose not to receive compensation in order not to exceed the limit defined by State Law no. 13,670 of January 14, 2011.
c. Main performance indicators considered when defining each compensation element	Not applicable.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	Not applicable. Management compensation is composed of a fixed amount, entertainment pay at a fixed percentage and profit sharing (PLR) calculated according to the same criteria defined by the collective bargaining agreement of the bank employees' category, based on fees amount.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total Management compensation is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	Not applicable.

13.1 ii – The chart below informs the percentage of each compensation element described in item 13.1.b.i in total compensation of Banrisul S.A.'s Board of Executive Officers, as per item 13.1.

BODY	2014	%	2013	%	2012	%
Board of Executive Officers						
Salary or officers' compensation	1,072,419.88	48.5%	1,016,779.52	47.5%	997,120.37	48%
Bonus	1,072,419.88	48.5%	1,016,779.52	47.5%	997,120.37	48%
PLR	67,990.83	3.1%	108,244.26	5.0%	89,678.67	4%
Other variable amounts	-		-		-	
TOTAL COMPENSATION	**2,212,830.58**	**100%**	**2,141,803.30**	**100%**	**2,083,919.40**	**100%**

Fiscal Council

Our Fiscal Council is composed of renowned professionals, which operates permanently, with powers and duties conferred thereto by laws and its compensation is defined at the Annual Shareholders' Meeting, pursuant to Paragraph 3, Article 162 of the Brazilian Corporation Law.

a. Compensation policy or practice objectives	Our Fiscal Council works on a permanent basis and is composed of well-known professionals, with powers and duties granted to them by law, and their fixed compensation is established by the Annual Shareholders' Meeting, pursuant to Article 162, Paragraph 3 of the Brazilian Corporation Law.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation;
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Not applicable. All members are compensated and members of Banrisul's Fiscal Council who hold positions in the State and Federal governments may choose not to receive compensation in order not to exceed the limit defined by State Law no. 13,670 of January 14, 2011.
c. Main performance indicators considered when defining each compensation element	No variable compensation, only fixed compensation without a linked index.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interests in the short, medium and long terms	The monthly compensation attributed Fiscal Council members was defined by the Annual and Extraordinary Shareholders' Meeting in which they were elected and, for each acting member, it should not be lower than ten percent of the compensation received in average by each Officer, excluding benefits, entertainment pay and profit sharing.
f. Compensation supported by subsidiaries, controlled companies, direct or indirect controlling shareholders	Total Management compensation is supported by Banrisul
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	Not applicable.

13.1 ii – The chart below informs the percentage of each compensation element described in item 13.1.b.i in total compensation of Banrisul S.A.'s Fiscal Council, as per item 13.1.

BODY	2014	%	2013	%	2012	%
Fiscal Council						
Salary or fiscal council members' compensation	**357,471.95**	**100%**	**339,355.81**	**100%**	**289,888.80**	**100%**

Audit Committee

a. Compensation policy or practice objectives	Our Audit Committee works permanently, which is composed of three members appointed by our Board of Directors, pursuant to the Brazilian Central Bank requirements. The monthly compensation of members of our Audit Committee is determined by our Board of Directors.
b. Compensation breakdown, indicating:	
i. Description of compensation elements and their objectives	Fees: fixed monthly compensation.
ii. Percentage of each element in total compensation	Fees: 100% of fixed monthly compensation;
iii. Calculation and adjustment methodology of each compensation element	Not applicable. Fixed compensation without a linked index.
iv. Reasons justifying the compensation breakdown	Not applicable. Fixed compensation without a linked index.
v. Existence of members not compensated by the issuer and the reason for that	Not applicable. All members are compensated and members of Banrisul's Audit Committee who hold positions in the State and Federal governments may choose not to receive compensation in order not to exceed the limit defined by State Law no. 13,670 of January 14, 2011.
c. Main performance indicators considered when defining each compensation element	No variable compensation, only fixed compensation without a linked index.
d. How compensation is structured to reflect the evolution of performance indicators	Not applicable.
e. How the compensation policy or practice is aligned to the issuer's interest in the short, medium and long terms	The monthly compensation assigned to the Committee's members was defined considering the amount paid to members of the Board of Executive Officers as fees and is in line with the Bank's interests in the short, medium and long terms, to the extent they represent compensations compatible with the domestic market, stimulating the committee's member to improve practices and to be in line with the Bank's interests.
f. Compensation supported by subsidiaries, controlled companies, indirect or direct controlling shareholders	Total Management compensation is supported by Banrisul.
g. Any compensation or benefit linked to the occurrence of certain corporate event, such as the sale of issuer's controlling interest.	Not applicable.

13.1 ii – The chart below informs the percentage of each compensation element described in item 13.1.b.i in total compensation of Banrisul S.A.'s Audit Committee, as per item 13.1.

BODY	**2014**	**%**	**2013**	**%**	**2012**	**%**
Audit Committee						
	428,966.70	**100%**	**411,060.15**	**100%**	**393,811.20**	**100%**

13.2 Compensation recognized in profit or loss over the past two fiscal years and estimated for current fiscal year of the board of directors, statutory board of executive officers and fiscal council:

Total compensation estimated for the current fiscal year (2015) – annual amounts

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	9	9	5	23
Bonus	n/a	n/a	n/a	-
Salaries established	890,343.36	1,782,559.94	395,707.80	3,068,611.10
Entertainment pay established	-	1,782,559.94	-	1,782,559.94
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Profit sharing (PLR)	n/a	137,120.00	n/a	137,120.00
Minimum amount established in the compensation plan	n/a	n/a	n/a	-
Maximum amount established in the compensation plan	n/a	n/a	n/a	-
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Total Compensation	890,343.36	3,702,239.88	395,707.80	4,988,291.04
Payroll charges		4,278,143.84		4,278,143.84
Total compensation + Charges	890,343.36	7,980,383.72	395,707.80	9,266,434.88

Total compensation established for the fiscal year ended December 31, 2014 – annual amounts

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	8.58	8.42	5.00	22.00
Bonus	n/a	n/a	n/a	-
Salaries established	386,417.24	1,072,419.88	357,471.95	1,816,309.07
Entertainment pay established	-	1,072,419.88	-	1,072,419.88
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**386,417.24**	**2,144,839.76**	**357,471.95**	**2,888,728.95**
Profit sharing (PLR)	**n/a**	**67,990.83**	**n/a**	**67,990.83**
Minimum amount established in the compensation plan	n/a	n/a	n/a	-
Maximum amount established in the compensation plan	n/a	n/a	n/a	-
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**-**	**67,990.83**	**-**	**-**
Total Compensation	**386,417.24**	**2,212,830.59**	**357,471.95**	**2,956,719.78**
Payroll charges		696,053.57		696,053.57
Total compensation + Charges	**386,417.24**	**2,908,884.16**	**357,471.95**	**3,652,773.35**

Total compensation established for the fiscal year ended December 31, 2013 – annual amounts

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	9.00	9.00	5.00	23.00
Bonus	n/a	n/a	n/a	-
Salaries established	424,194.80	1,016,779.52	339,355.70	1,780,330.02
Entertainment pay established	-	1,016,779.52	-	1,016,779.52
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**424,194.80**	**2,033,559.04**	**339,355.70**	**2,797,109.54**
Profit sharing (PLR)	**n/a**	**108,244.26**	**n/a**	**108,244.26**
Minimum amount established in the compensation plan	n/a	n/a	n/a	-
Maximum amount established in the compensation plan	n/a	n/a	n/a	-
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**-**	**108,244.26**	**-**	**-**
Total Compensation	**424,194.80**	**2,141,803.30**	**339,355.70**	**2,905,353.80**
Payroll charges		635,000.00		635,000.00
Total compensation + Charges	**424,194.80**	**2,776,803.30**	**339,355.70**	**3,540,353.80**

Total compensation established for the fiscal year ended December 31, 2012 – annual amounts

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	9.00	9.00	4.42	22.42
Bonus	n/a	n/a	n/a	-
Salaries established	444,405.00	997,120.37	289,888.80	1,731,414.17
Entertainment pay established	-	997,120.37	-	997,120.37
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**444,405.00**	**1,994,240.74**	**289,888.80**	**2,728,534.54**
Profit sharing (PLR)	**n/a**	**89,678.67**	**n/a**	**89,678.67**
Minimum amount established in the compensation plan	n/a	n/a	n/a	-
Maximum amount established in the compensation plan	n/a	n/a	n/a	-
Amount established in the compensation plan if the targets are met	n/a	n/a	n/a	-
Amount effectively recognized in the income statement	**-**	**89,678.67**	**-**	**-**
Total Compensation	**444,405.00**	**2,083,919.41**	**289,888.80**	**2,818,213.21**
Payroll charges		669,000.00		669,000.00
Total compensation + Charges	**444,405.00**	**2,752,919.41**	**289,888.80**	**3,487,213.21**

2012 Note: Concerning the related amount, we declare that: a) comparing chart 13.2 hereof with Note 25 to the 4Q12 Financial Statements, there is a difference in Management total compensation, referring to the Audit Committee compensation (R$393,811.20), included in that Note; b) of the nine members of the Board of Directors, since July 2012, only five are remunerated, as two of them are members of the Statutory Board of Executive Officers and two other members declined compensation. The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, with two decimal places.

2013 Note: Concerning the related amount, we declare that: a) comparing chart 13.2 hereof with Note 25 to the 4Q13 Financial Statements, there is a difference in Management total compensation, referring to the Audit Committee compensation (R$411,060.15), included in that Note; b) of the nine members of the Board of Directors, since July 2012, only five are remunerated, as two of them are members of the Statutory Board of Executive Officers and two other members declined compensation. The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, with two decimal places.

2014 Note: Concerning the related amount, we declare that: a) comparing chart 13.2 hereof with Note 25 to the 4Q14 Financial Statements, there is a difference in Management total compensation, referring to the Audit Committee compensation (R$428,966.70) included in that Note; b) of the nine members of the Board of Directors, since July 2012, only five are remunerated, as two of them are members of the Statutory Board of Executive Officers and two other members declined compensation. In June 2014, Board member Olívio de Oliveira Dutra resigned, and was not replaced. c) In August 2014, Board member Ivandre de Jesus Medeiros resigned. The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, with two decimal places.

2015 Note: Amounts referring to the payment estimate this year. Concerning related amount, we inform that out of nine members of the Board of Directors only seven are remunerated, as two of them are members of the Statutory Board of Executive Officers of Banrisul S.A. The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, with two decimal places.

13.3 In relation to the variable compensation of the last three fiscal years and the compensation estimated for current fiscal year:

Not applicable. Until 2010, our Management compensation was composed of only a fixed amount and entertainment pay at a fixed percentage, as described in item 13(a). As of 2011, bonuses paid to Banrisul' s Officers, related to profit sharing, are the purpose of a collective bargaining agreement applicable to all employees, pursuant to item 13(a).

	PLR recognized in the 2014 income statement	PLR recognized in the 2013 income statement	PLR recognized in the no 2012 income statement
Board of Directors (*)	-	-	-
Statutory Board of Executive Officers	67,990.83	108,244.26	89,678.67
Fiscal Council (*)	-	-	-
Total	**67,990.83**	**108,244.26**	**89,678.67**

(*) Board of Directors' and Fiscal Council's members' compensation is 100% fixed.

13.4 Referring to the share-based compensation plan of the Board of Directors and the Statutory Board of Executive Officers, in force in the last fiscal year and estimated for current fiscal year:

a. ***General terms and conditions***
b. ***Main objectives of the plan***
c. ***How the plan contributes to these objectives***
d. ***How the plan is inserted in the Company's compensation policy***
e. ***How the plan aligns the interests of Management and of the Company in the short, medium and long terms***
f. ***Maximum number of shares***
g. ***Maximum number of options to be granted***
h. ***Share vesting conditions***
i. ***Criteria to define the acquisition or exercise price***
j. ***Criteria to define the exercise term***
k. ***Payment method***
l. ***Restrictions to the transfer of shares***
m. ***Criteria and events which, when verified, will suspend, alter or extinguish the plan***
n. ***Effects of manager's withdrawal from the Company's bodies over his rights provided for in the share-based compensation plan***

Not applicable. We do not have a share-based compensation plan.

13.5 Number of shares or quotas direct or indirectly held in Brazil or abroad and other securities convertible into shares or quotas issued by the Company, its direct or indirect controlling shareholders, subsidiaries or jointly-owned subsidiaries, by members of the board of directors, statutory board of executive officers or fiscal council, grouped by body on the closing date of the last fiscal year.

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.

Shareholder	Common	%	Preferred Share Class A	%	Preferred Share Class B	%	TOTAL	%
Board of Directors	5	0.00000244%	0	0.00000000%	100	0.00004990%	105	0.00002543%
Board of Executive Officers	0	0.00000000%	4	0.00011333%	0	0.00000000%	4	0.00000122%
Fiscal Council	100	0.00004877%	90	0.00254990%	100	0.00004990%	290	0.00007091%
Total	**205,043,395**	**100.00%**	**3,529,551**	**100.00%**	**200,401,531**	**100.00%**	**408,974,477**	**100.00%**

13.6 Referring to the share-based compensation recognized in profit or loss for the last three fiscal years and the compensation estimated for current fiscal year of the board of directors and statutory board of executive officers

Not applicable. We do not have a share-based compensation plan.

13.7 Referring to the outstanding options of the Board of Directors and Statutory Board of Executive Officers at the end of the last fiscal year

Not applicable. We do not have a share-based compensation plan.

13.8 Referring to the options exercised and shares related to the share-based compensation of the Board of Directors and Statutory Board of Executive Officers over the last three fiscal years

Not applicable. We do not have a share-based compensation plan.

13.9 Summary of the information necessary to understand the data disclosed in items “13.6” to “13.8”, such as the explanation of the pricing method of shares and options

Not applicable. We do not have a share-based compensation plan.

13.10 Effective private pension plans conferred to members of the board of directors and statutory officers

Officers from our staff maintain the Supplementary Private Pension Plan they had as employees.

(R$ p.a., except number of members)

	Board of Directors	Board of Executive Officers	Total
Number of members	0	4	4
Name of the plans: Paid-in Benefit Plan - CNPB no. 2013.0021- 65 (Defined benefit plan); FBPrevII - CNPB no. 2013.0022-38 (Variable contribution) and FBPrevII Benefit Plan - CNPB no. 2013.0022-38 (Variable contribution)			
Number of managers eligible to retirement	0	0	0
Requirements for early retirement: Paid-in Benefit Plan: 55 years old + retired via INSS pursuant to Article 27 of the Benefit Plan Regulations. FBPREV II Benefit Plan: 55 years old, pursuant to Article 40 FBPREV II Plan Regulations			
Number of Officers who comply with the conditions for early retirement	0	0	0
Adjusted amount of contributions accumulated in the private pension plan up to the closing of the last fiscal year, less contributions made directly by Management.		2,959,523.90	2,959,523.90
Total accumulated amount of contributions made during the last fiscal year, less contributions made directly by Management		1,584,751.44	1,584,751.44

13.11 Average compensation of members of the Board of Directors, Board of Executive Officers and Fiscal Council over the last two fiscal years

	Board of Executive Officers			Board of Directors			Fiscal Council		
	12/31/2014	12/31/2013	12/31/2012	12/31/2014	12/31/2013	12/31/2012	12/31/2014	12/31/2013	12/31/2012
Number of members*	8.58	9.00	9.00	8.42	9.00	9.00	5.00	5.00	4.42
Highest individual compensation*	354,276.27	299,058.56	323,595.20	89,368.03	84,838.96	82,044.00	71,494.39	67,871.14	65,635.20
Smallest individual compensation*	8,610.43	722.65	10,105.45	28,945.12	84,838.96	41,022.00	28,945.10	33,137.02	5,469.60
Average individual compensation*	245,870.01	237,978.14	237,978.14	77,283.45	84,838.96	81,993.54	71,494.39	67,871.14	65,585.75

* *R $ p.a., except for number of members*

2012 Note:

a) Messrs. Tulio Luiz Zamin, Guilherme Cassel and Ivandre de Jesus Medeiros, the Chief Executive Officer and members of the Board of Executive Officers of Banrisul S.A., respectively, relocated from other bodies of the State Public Administration decided to continue receiving their position-related compensation, plus entertainment pay corresponding to the positions performed according to Article 2 of the State Law 13,670 of January 14, 2011, restricted to the same monthly subsidy, in cash, of Judges of the Court of Justice of the State of Rio Grande do Sul, corresponding to R$24,117.62. According to this law, the Officer with the smallest compensation in the period was Mr. Guilherme Cassel. Average compensation of the statutory board of executive officers – the average calculated amount is the ratio of R$2,083,919.40/9.00.

b) The number of Fiscal Council members increased from four to five as of August 2012, as defined at the Extraordinary and Annual Shareholders' Meeting of April 2012. The smallest compensation was received by the Board member, Mr. Rafael Rodrigues Alves da Rocha, elected at the Extraordinary and Annual Shareholders' Meeting of April, who attended one Board of Directors' Meeting and was replaced in the following meetings by his alternate Board member, Mr. Eduardo Ludovico da Silva. Average compensation of the Fiscal Council – the average calculated amount is the ratio of R$289,889.00/4.42.

c) Out of nine Board members, only five received directors' compensation, since two are members of the statutory board of Executive Officers and the other two declined their compensation; the Board member with the highest individual compensation in the period received 12 months of directors' compensation, while the Board member with the smallest individual compensation received directors' compensation corresponding to six months; the average calculated amount is the ratio of R$444,405.00/5.42.

2013 note:

a) Messrs. Tulio Luiz Zamin, Flavio Luiz Lammel and Ivandre de Jesus Medeiros, respectively Chief Executive Officer and members of the Board of Executive Officers of Banrisul S.A., relocated from other bodies of the State Public Administration decided to continue receiving their position-related compensation, plus entertainment pay corresponding to the positions held according to Article 2 of the State Law 13,670 of January 14, 2011, restricted to the same monthly subsidy, in cash, of Judges of the Court of Justice of the State of Rio Grande do Sul, corresponding to R$24,117.62. According to this law, the Officer with the smallest compensation in the period was Mr. Tulio Luiz Zamin. The average compensation of the members of the statutory Board of Executive Officers is the ratio of R$2,141,803.30/9.00.

b) In 2013, the Fiscal Council had five members. The lowest compensation was received by Fiscal Council member Rubens Lahude, who was replaced by the member elected by the Annual and Extraordinary Shareholders' Meeting of April 2013, Bruno Luciano Radtke. The average compensation of Fiscal Council members is represented by the division of R$339,355.70 by 5.00.

c) Of the nine members of the Board of Directors, only five were remunerated, as two of them are members of the statutory Board of Executive Officers and two other declined their compensation, as one of them declined his compensation in 2011 and, as of July 2012, the Chairman of the Board of Directors has also declined his compensation; the average compensation is the ratio of R$424,194.80/5.00.

2014 note:

a) Messrs. Tulio Luiz Zamin, Flavio Luiz Lammel and Ivandre de Jesus Medeiros, respectively Chief Executive Officer and members of the Board of Executive Officers of Banrisul S.A., relocated from other bodies of the State Public Administration decided to continue receiving their position-related compensation, plus entertainment pay corresponding to the positions held according to Article 2 of State Law 13,670 of January 14, 2011, restricted to the same monthly subsidy, in cash, of Judges of the Court of Justice of the State of Rio Grande do Sul, corresponding to R$26,589.68. According to this law, the Officer with the smallest compensation in the period was Mr. Tulio Luiz Zamin. The average compensation of the members of the statutory Board of Executive Officers is the ratio of R$2,212.830.09/9.00.

b) Messrs.Bruno Luciano Radtke and João Victor Oliveira Domingues received the lowest Fiscal Council member compensation, totaling R$28,945.10, because they were replaced in the election held during the Annual and Extraordinary Shareholders' Meeting of April 2014. Average compensation of the Fiscal Council - The average calculated amount is the ratio of R$357,471.95/5.00.

c) Referring to related amounts, we declare that of the nine members of the Board of Directors, only five were remunerated, as two of them are members of the statutory Board of Executive Officers, and the Chairman of the Board of Directors and another member declined their compensation. In August 2014, Board member Olívio de Oliveira Dutra resigned to run for office in the 2014 election. The average compensation of the Board of Directors is the ratio of R$386,417.24/5.00.

d) The average compensation of the Audit Committee is the ratio of R$428,966.70/3.00.

2015 Note: The amounts refer to the expected payment in the year.

a) Average compensation of the statutory board of executive officers – the average calculated amount is the ratio of R$3,702,239.87/9.00.

b) Average compensation of the fiscal council - the average calculated amount is the ratio of R$395,707.80/5.00.

c) Referring to the related amount, we declare that of the nine members of the Board of Directors, only seven are remunerated, since two of them are members of the statutory Board of Executive Officers. The average compensation of the Board of Directors is the ratio of R$890,343.36/9.00.

d) The average compensation of the Audit Committee is the ratio of R$474,850.44/3.00.

	2015		
	Board of Executive Officers	**Board of Directors**	**Fiscal Council**
	(R$ p.a., except for number of members)		
Number of members	9	9	5
Highest individual compensation	411,359.99	98,927.04	79,141.56
Smallest individual compensation	411,359.99	98,927.04	79,141.56
Average individual compensation	411,359.99	98,927.04	79,141.56

13.12 Contractual arrangements, insurance policies or other instruments structuring compensation or indemnification methods for the Management in the event of withdrawal or retirement and the financial consequences to the Company

Not applicable. We do not have contractual arrangements, insurance policies or other instruments structuring compensation or indemnification mechanisms for the Management in the event of withdrawal or retirement.

13.13 In relation to the last three fiscal years, indicate the percentage of total compensation of each body recognized in the Company's results, referring to members of the board of directors, the statutory board of executive officers or the fiscal council, who are related parties to the direct or indirect controlling shareholders, as defined by the accounting rules addressing this matter

Body	2014	2013	2012
Board of Directors	23.13%	20.00%	23.13%
Statutory Board of Executive Officers	0.00%	0.00%	0.00%
Fiscal Council	28.10%	40.00%	28.10%

The amounts indicated in the table above refer to the compensation recognized in our financial statements paid during 2012, 2013 and 2014. Mr. Odir Alberto Pinheiro Tonollier, Chairman of the Board of Directors, held the position of State Secretary in the public administration of the state of Rio Grande do Sul, while Messrs. Andre Luiz B. de Paiva Filho, João Victor Oliveira Domingues and Marcelo Tuerlinckx Danéris held the positions of Treasury Deputy Secretary of the state of Rio Grande do Sul, Executive Coordinator of Higher Consulting of the state of Rio Grande do Sul and Executive Secretary of the Economic and Social Development Council of Rio Grande do Sul. No member of our Board of Executive Officers holds a similar position or is qualified as a related party to our controlling shareholder

13.14 In relation to the last two fiscal years, indicate the amounts recognized in the Company's results, as compensation of members of the Board of Directors, statutory board of executive officers or the fiscal council, grouped by body, for any reason rather than the position they hold, such as commissions and consultancy or advisory services rendered.

No compensation was paid to members of the board of directors, statutory board of executive officers or the fiscal council for any reason rather than the position they hold.

13.15 In relation to the last three fiscal years, indicate the amounts recognized in the results of direct and indirect controlling shareholders, jointly-owned companies and the Company's subsidiaries, as compensation of members of the board of directors, statutory board of executive officers or the fiscal council, grouped by body, specifying how these amounts were assigned to these individuals.

Not applicable. We are controlled by the state of Rio Grande do Sul.

13.16 Other information the Company deems relevant

a) All members of the Board of Directors, Board of Executive Officers and Fiscal Council are covered by the directors and officers liability insurance (D&O), and the maximum indemnity threshold is R$50.0 million.

b) We inform that the compensation of the Audit Committee proposed for current fiscal year is up to R$474,850.44, amount of which composes the estimated amount of R$11,000,000.00, as approved in the Minutes of the Meeting of the Compensation Committee no. 5 of March 15, 2015, which includes the maximum limit to be distributed among the Management: Statutory Board of Executive Officers, Board of Directors, Fiscal Council. This amount was established as ceiling, not necessarily reflecting the effective payment of this item in the year.

14. HUMAN RESOURCES

14.1 Description of the Company's human resources, including the following information

a. Headcount (total, by groups based on activity performed and by geographic location)

	2014	2013	2012
By Group			
Board of Executive Officers	2,978	3,337	3,138
Regional Bodies	52	62	58
Branches	8,606	8,785	8,260
By Geographic Location			
Board of Executive Officers	2,978	3,006	2,826
Headquarters Superintendence	232	247	232
Center Superintendence	826	872	820
Frontier Superintendence	694	787	740
Greater Porto Alegre - North Superintendence	916	1,087	1,022
Greater Porto Alegre - South Superintendence	911	883	830
Eastern Region Superintendence	869	940	884
Northwestern Region Superintendence	648	981	922
Santa Catarina Region Superintendence	388	399	375
Serra Region Superintendence	946	943	887
South Region Superintendence	686	757	712
Alto Uruguai Region Superintendence	738	1,045	983
Other States Superintendence	228	234	220
Abroad	3	3	3
Northern Superintendence Norte	573	-	-
Total Employees	**11,636**	**12,184**	**11,456**

b. Number of outsourced workers (total, by groups based on the activity performed and by geographic location)

	2014	2013	2012
By Activity			
Surveillance	1,683	1,642	1,585
Cleaning services	907	969	854
General services	462	80	80
Elevator operators	17	17	17
Telephone operators	05	05	54
Receptionists	10	10	10
Lobby staff	40	14	14
Forklift operator	2	3	3
Motorcycle courier/transport/employees	11	11	11
Drivers/transport/employees	6	7	7
By Geographic Location			
Board of executive officers	628	246	255
Rio Grande do Sul branch network	2,367	2,362	2,228
Branch network - other states	148	150	152
Total Employees	**3,143**	**2,758**	**2,635**

c. Turnover Rate

2014	2013	2012
4.07%	6.02%	8.09%

Our turnover rate is calculated as follows: [(number of admissions + number of dismissal)/2]/number of employees.

d. Company's exposure to labor liabilities and contingencies

See item 4.3 of the Reference Form for information about the Bank's exposure to labor liabilities and contingencies relating to its employees.

In order to carry out our activities, besides our own employees, we also hire a workforce composed of outsourced workers in the areas of security, surveillance, values transport, cleaning, engineering, IT, telephone, reception, janitor services and employee transportation.

Although commonplace in the banking sector, the use of outsourced labor may imply responsibility for labor and social security contingencies. The assumption of these contingencies is inherent to the hiring of outsourced workers; thus, we may be subsidiarily liable for any labor and social security contingencies relating to outsourced workers.

Nevertheless, we have right of recourse against service providers. These contingencies are difficult to quantify, but the track record shows that the adverse judgments we have suffered were irrelevant. In this regard, no services are rendered by employees from other companies of our economic group, since our subsidiaries do not have their own staff.

14.2 Comments on any relevant change to the figures provided in item 14.1 above

Reduction on the number of employees due to the Retirement Incentive Plan (PAI).

14.3 Description of compensation policies for the Company’s employees

a. Payroll and variable compensation policy

Banrisul complies with a payroll policy which is yearly negotiated with reference date in September by Brazil’s National Federation of Banks (FENABAN) and banking category professional associations through the nationwide Collective Bargaining Agreement, with few statewide particularities negotiated in the Additional Collective Bargaining Agreement of the State of Rio Grande do Sul.

Variable compensation occurs periodically, according to the Bank’s needs and aims at establishing the relation between Banrisul’s commercial and global performances and employee compensation. The model structure provides three (3) types of compensation, payment of which is contingent upon achieving performance minimum score on result targets measured in terms of contribution margin, established for referred periods.

PERFORMANCE	PAYMENT SCHEDULE	ELIGIBILITY
Banrisul Global	Every six months	All employees
Commercial	Every six months	Sales team only
Commercial in Funding	Monthly	Only Business Operators with individuals portfolios who have goals

Besides variable compensation, employees may also qualify for financial bonuses or other physical awards according to the results attained by achieving goals in the promotion of specific campaigns or competitions, as per the Bank's business strategy.

b. Benefits policy

Our employees receive the following benefits: private pension plans, health and dental insurance plan, profit sharing plan, jobs bonus, meal voucher, undergraduate and graduate study subsidy, food vouchers, 13th bonus food voucher, day care/baby sitter assistance, assistance for special-needs children, funeral assistance, nighttime transfer assistance, transportation ticket, culture-ticket, mileage in their business area, group life insurance, loan when returning from vacation, regular attendance bonuses and a residence program for managers and controllers. In addition to these benefits, we also provide mobile phones and vehicles to our officers.

c. Characteristics of share-based compensation plans for non-managerial employees

No share-based compensation plan is in place.

14.4 Description of relationship between the Company and labor unions

Our employees, 6,738 of whom were unionized as of December 31, 2014, are represented by the Union of Bank Employees of Porto Alegre and Region, affiliated to the Federation of Bank Employees of Rio Grande do Sul), the National Confederation of Financial Sector Employees) and the Central Workers Union. Each year, with reference date in September, the salaries paid to our employees are subject to collective negotiation between Brazil's National Federation of Banks (FENABAN) and banking category professional associations, by means of nationwide Collective Bargaining Agreement, with few statewide particularities negotiated in the Additional Collective Bargaining Agreement of the State of Rio Grande do Sul. The salary adjustment of our employees for the 2014/2015 period was set at a floor between 8.5% and 9.0% over August 2014.

15. CONTROL

15.1.2 Controlling Interest

Shareholder					
Individual tax payer's register/Corporate taxpayer's ID	**Nationality**	**Party to a shareholder's agreement**	**Indirect Controlling Shareholder**	**Number of Class B preferred shares (PNB)**	**% on Total Class B Preferred Shares**
Number of Commom Shares (ON)	**% on Total Commom Shares**	**Number of Class A preferred shares (PNA)**	**% on Total Class A Preferred Shares**	**Total Number of Shares**	**% on Total Shares**
State Government of Rio Grande do Sul					**Last Change: 07/25/2007**
87.934.675/0001-96	Brazilian	No	Yes	26,086,957	13.017300%
204,199,859	99.59%	2,721,484	77.249700%	233,088,300	56.973800%
Skagen					**Last Change: 10/06/2015**
07.536.389/0001-33	Norway	No	No	29,725,637	14.830000%
				29,725,637	7.270000%
Others					
		No	No	144,590,137	72,150000%
852,346	0.420000%	798,057	22.670000%	146,240,540	35,760000%
Total					
		No	No	203,922,272	100.000000%
205,052,205	100.000000%	3,519,541	100.000000%	408,974,477	100.000000%

15.3 Capital Stock Description

Base -Annual Shareholders' Meeting	April 30, 2015
Number of shareholders – individuals	52,570
Number of shareholders – corporate	4,606
Number of institutional investors	148

Number of outstanding shares per class and type

Shares corresponding to all outstanding shares of the issuer with the exception of the controlling ownership, people linked to it, of the management of issuer and the treasury shares.

Number of Commom Shares (ON)	852,291	0.415549%
Number of Preferred Shares	175,113,716	85.872789%
Class A preferred shares (PNA)	798,042	0.195181%
Class B preferred shares (PNB)	174,315,674	42.622628%
Total	175,966,007	43.026159%

15.4 Organizational chart of the Company's shareholders, identifying the direct and indirect controlling shareholders, as well as shareholders holding interest equal to or exceeding 5% of shares

At this moment, Banrisul will not report its shareholders' organizational chart.

15.5 Shareholders' Agreement

We are a corporation controlled by the state of Rio Grande do Sul. There is no Shareholders' Agreement filed at the Company's headquarters.

15.6 Relevant changes in the interest of members of the Company's controlling interest and Management

RELEVANT CHANGES IN SHAREHOLDING POSITION

SHAREHOLDER: STATE OF RIO GRANDE DO SUL

Number of Shares

DATE	EVENT	ON	PNA	PNB	TOTAL
7/24/2007	Shareholding position prior to the tender offer	204,199,859	2,721,484	133,333,334	340,254,677
7/25/2007	(+) Acquisitions				
	(-) Sales [1]			(107,246,377)	(107,246,377)
	Shareholding on the date of tender offer [2]	204,199,859	2,721,484	26,086,957	233,008,300

[1] Sale in secondary tender offer for class B preferred shares in 2007.
[2] No changes in shareholding position since the date of tender offer.

RELEVANT CHANGES IN SHAREHOLDING POSITION (%)

SHAREHOLDER: STATE OF RIO GRANDE DO SUL [3]

DATE	EVENT	Common Share (ON)	Class A Preferred Share (PNA)	Class B Preferred Share (PNB)	TOTAL
7/24/07	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	133,333,334	340,254,677
	TOTAL NUMBER OF SHARES	204,974,060	4,000,417	133,333,334	342,307,811
	Interest (%)	99.62%	68.03%	100.00%	99.40%
7/25/07	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [4]	204,974,060	4,000,417	200,000,000	408,974,477
	Interest (%)	99.62%	68.03%	13.04%	56.97%
4/24/11	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES	205,043,374	3,577,187	200,353,916	408,974,477
	Interest (%)	99.59%	76.08%	13.02%	56.97%
8/24/12	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,043,374	3,542,351	200,388,752	408,974,477
	Interest (%)	99.59%	76.83%	13.02%	56.97%
10/22/13	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,043,374	3,531,751	200,399,352	408,974,477
	Interest (%)	99.59%	77.06%	13.02%	56.97%
01/15/15	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,043,395	3,529,551	200,401,531	408,974,477
	Interest (%)	99.59%	77.11%	13.02%	56.97%
07/31/15	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	**205,043,395**	**3,528,951**	**200,402,131**	**408,974,477**
	Interest (%)	99.59%	77.11%	13.02%	56.97%
09/02/15	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,044,395	3,527,351	200,402,731	408,974,477
	Interest (%)	99.59%	77.15%	13.02%	56.97%
10/01/2015	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,044,395	3,526,669	200,403,413	408,974,477
	Interest (%)	99.59%	77.17%	13.02%	56.97%

10/21/2015	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,048,077	3,523,669	200,402,731	408,974,477
	Interest (%)	99.59%	77.24%	13.02%	56.97%
10/26/2015	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,048,277	3,523,469	200,402,731	408,974,477
	Interest (%)	99.59%	77.24%	13.02%	56.97%
11/06/2015	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,048,477	3,523,269	200,402,731	408,974,477
	Interest (%)	99.59%	77.24%	13.02%	56.97%
11/16/15	STATE OF RIO GRANDE DO SUL	204,199,859	2,721,484	26,086,957	233,008,300
	TOTAL NUMBER OF SHARES [5]	205,048,777	3,522,969	200,402,713	408,974,477
	Interest (%)	99.59%	77.25%	13.02%	56.97%
07/12/15	ESTADO DO RIO GRANDE DO SUL	204.199.859	2.721.484	26.086.957	233.008.300
	TOTAL DE AÇÕES (5)	205.051.328	3.520.418	200.402.731	408.974.477
	Participação (em %)	99,58%	77,31%	13,02%	56,97%
10/12/15	ESTADO DO RIO GRANDE DO SUL	204.199.859	2.721.484	26.086.957	233.008.300
	TOTAL DE AÇÕES (5)	205.051.528	3.520.218	200.402.731	408.974.477
	Participação (em %)	99,58%	77,31%	13,02%	56,97%
01/25/16	ESTADO DO RIO GRANDE DO SUL	204.199.859	2.721.484	26.086.957	233.008.300
	TOTAL DE AÇÕES (5)	205.052.005	3.519.741	200.402.731	408.974.477
	Participação (em %)	99,58%	77,31%	13,02%	56,97%
01/29/16	ESTADO DO RIO GRANDE DO SUL	204.199.859	2.721.484	26.086.957	233.008.300
	TOTAL DE AÇÕES (5)	205.052.205	3.519.541	200.402.731	408.974.477
	Participação (em %)	99,58%	77,31%	13,02%	56,97%

(3) No changes in shareholding position since July 25, 2009 – date of tender offer – up to date.
(4) Includes the sale in a primary offering for 66,666,666 class B preferred shares in 2007.
(5) Includes the effects of share conversion carried out until January 21, 2016.

15.7 Other information deemed as relevant by the Company

No relevant information about this item “15”.

16. RELATED PARTY TRANSACTIONS

16.1 Related Party Transactions Rules, Policies and Practices

At present, we provide banking services for the state of Rio Grande do Sul (our controlling shareholder) as well as for bodies of the Direct and Indirect Public Administration, such as current account deposits, tax, fee and duty collection services, the agreements of which are substantially executed under the same terms and conditions practiced with other clients.

With regard to the controlling shareholder, these services are rendered pursuant to provisions of Agreement nº 1201 of June 28, 2012.

Article 115 of the Brazilian Corporation Law prohibits our shareholders from voting on resolutions referring to Appraisal reports of assets with which they concur to establishing our share capital, the approval of their accounts as managers, as well as any other matters, which may benefit them in particular, or with conflicting interests with ours.

In addition, our Management is impeded from intervening in any corporate operation with conflicting interests with ours, pursuant to Article 156 of the Brazilian Corporation Law. We do not have additional rules, besides those set forth by the Brazilian Corporation Law and banking regulations, explained below, for the purpose of ruling the approval of related party transactions.

Pursuant to Law 4,595 of December 31, 1964 and Law 7,492 of June 16, 1986, the financial institutions are not authorized to grant loans or advances or guarantee transactions of their controlling shareholders, associated companies or affiliates, managers or their relatives or companies in which these persons hold interests exceeding 10% of share capital.

Therefore, we do not provide any loans or advances to referred persons. We also did not tender any collateral to these related parties (including over the last three fiscal years). Nevertheless, all our managers are Banrisul's account holders and they are eligible to use banking services excluding loan operations.

16.2 Related Party Transactions Information

Below, the relevant agreements entered into with related parties.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 104
Amount involved (R$ thousand)		2,568,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 110
Amount involved (R$ thousand)		4,506,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 113
Amount involved (R$ thousand)		2,388,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 119
Amount involved (R$ thousand)		1,680,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 130
Amount involved (R$ thousand)		636,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 283
Amount involved (R$ thousand)		3,078,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Cia. Riograndense de Artes Gráficas - CORAG**
Relation with the Company		Same controlling shareholder
Transaction date		8/24/2010
Subject-matter of the agreement		E-receivables services
Amount involved (R$ thousand)		44,091.94
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		-
Duration		60 months
Termination		-
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Companhia de Gás do Estado do Rio Grande do Sul – SULGÁS**			
Relation with the Company		Same controlling shareholder			
Transaction date		3/04/2013			
Subject-matter of the agreement		Payroll-deductible loan Fuel card – meal ticket Procurement management – online trading E-receivables service			
Amount involved (R$ thousand)		10,316.46			
Outstanding balance (R$ thousand)	2014	Not applicable			
	2013	Not applicable			
	2012	Not applicable			
Related party's amount (R$ thousand)		Not possible to measure			
Warranties and insurance		-			
Duration (all)		60 months			
Termination		-			
Loans and Debts	Not applicable	Not applicable			
	Not applicable	Not applicable			

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Companhia Estadual de Energia Elétrica – CEEE D/GT**			
Relation with the Company		Same controlling shareholder			
Transaction date		4/02/2012			
Subject-matter of the agreement		Payroll-deductible loan Payroll deduction credit card Collecting agent – electricity bills E-receivables Procurement management – online trading			
Amount involved (R$ thousand)		3,563,205.54			
Outstanding balance (R$ thousand)	2014	Not applicable			
	2013	Not applicable			
	2012	Not applicable			
Related party's amount (R$ thousand)		Not possible to measure			
Warranties and insurance		-			
Duration		Undetermined	12 months	60 months	
Termination		-			
Loans and Debts	Nature and Reasons	Not applicable			
	Interest rate	Not applicable			

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Cia Estadual de Abastecimento - CEASA**
Relation with the Company		Same controlling shareholder
Transaction date		8/24/2010
Subject-matter of the agreement		Payroll-deductible loan Fuel card – meal ticket Procurement management – online trading E-receivables service Debit in Checking Account
Amount involved (R$ thousand)		14,884.94
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		-
Duration		60 months | 60 months | Not located
Termination		-
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

Related party name		**Banco Regional de Desenvolvimento do Extremo Sul - BRDE**
Relation with the Company		Same controlling shareholder **(Not a Government client)**
Transaction date		8/16/20128
Subject-matter of the agreement		Services agreement – payroll Services agreement – accounts payable Payroll-deductible loan agreement
Amount involved (R$ thousand)		984,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		-
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		03/31/1998
Subject-matter of the agreement		Commercial services
Amount involved (R$ thousand)		67,366,000.00
Outstanding balance (R$ thousand)		67,312,000.00
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		240 months
Termination		-
Loans and Debts	-	yes
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	

16.2

Related party name		**Bem Promotora de Vendas e Serviços S.A.**
Relation with the Company		**Affiliate**
Transaction date		8/19/2013
Subject-matter of the agreement		Accounts payable services agreement – payroll Payroll-deductible loan agreement
Amount involved (R$ thousand)		174,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		-
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		State of Rio Grande do Sul
Relation with the Company		Controlling shareholder
Transaction date		06/28/2012
Subject-matter of the agreement		Payroll of the State of Rio Grande do Sul - Agreement No. 1201/2012. To regulate the institutional relationship between Banrisul and the State with regard to the system to pay the State' public servants salary, as well as the rendering of other banking services of specific interest of direct and indirect administration of the State.
Amount involved (R$ thousand)		0.00
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		Not applicable
Duration		60 MONTHS
Termination		The parties may terminate this agreement by means of duly justified written notice, at least, one hundred and twenty (120) days in advance.
Loans and Debts	Nature and Reasons	Not applicable
	Interest rate	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Banrisul S.A. – General Warehouses**
Relation with the Company		**Subsidiary**
Transaction date		12/01/2012
Subject-matter of the agreement		Commercial Leasing – 1590
Amount involved (R$ thousand)		3,371,744.40
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Banrisul S.A. – General Warehouses**
Relation with the Company		**Subsidiary**
Transaction date		06/01/2010
Subject-matter of the agreement		Commercial Leasing – 1089
Amount involved (R$ thousand)		3,600,00.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**State of Rio Grande do Sul via the Human Resources Management Secretary - SARH**
Relation with the Company		**Same controlling shareholder**
Transaction date		2/11/2010
Subject-matter of the agreement		Commercial Leasing – 2534
Amount involved (R$ thousand)		720,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**State of Rio Grande do Sul via the Human Resources Management Secretary - SARH**
Relation with the Company		**Same controlling shareholder**
Transaction date		2/11/2010
Subject-matter of the agreement		Commercial Leasing – 2536
Amount involved (R$ thousand)		54,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**State of Rio Grande do Sul via the Human Resources Management Secretary - SARH**
Relation with the Company		**Same controlling shareholder**
Transaction date		2/11/2010
Subject-matter of the agreement		Commercial Leasing – 2544
Amount involved (R$ thousand)		2,426,100.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**State of Rio Grande do Sul via the Human Resources Management Secretary - SARH**
Relation with the Company		**Same controlling shareholder**
Transaction date		2/11/2010
Subject-matter of the agreement		Commercial Leasing – 2545
Amount involved (R$ thousand)		198,480.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**State of Rio Grande do Sul via the Human Resources Management Secretary - SARH**
Relation with the Company		**Same controlling shareholder**
Transaction date		8/31/2012
Subject-matter of the agreement		Commercial Leasing – 1492
Amount involved (R$ thousand)		779,422.20
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 35
Amount involved (R$ thousand)		444,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 36
Amount involved (R$ thousand)		1,338,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 29
Amount involved (R$ thousand)		534,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		12/01/2014
Subject-matter of the agreement		Commercial Leasing – 5031
Amount involved (R$ thousand)		407,108.40
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Cia Estadual de Silos e Armazéns - CESA**
Relation with the Company		Same controlling shareholder
Transaction date		2/21/2014
Subject-matter of the agreement		Payroll-deductible loan Payroll deduction credit card Fuel card – meal-ticket Procurement management – online trading E-receivables service
Amount involved (R$ thousand)		7,129.78
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		-
Duration		Undetermined|Not located
Termination		-
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Badesul Desenvolvimento S.A. – Development Agency**
Relation with the Company		Same controlling shareholder
Transaction date		10/27/2014
Subject-matter of the agreement		Payroll deductible-loan Collecting agent – e-receivables and Debit in checking account Fuel card – meal ticket Procurement management – online trading Mortgage
Amount involved (R$ thousand)		86,995.32
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		-
Duration		60 months | Undetermined |
Termination		-
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		11/01/2013
Subject-matter of the agreement		Commercial Leasing – 4430
Amount involved (R$ thousand)		792,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Cia de Processamento de Dados - PROCERGS**
Relation with the Company		Same controlling shareholder
Transaction date		7/17/2014 |
Subject-matter of the agreement		Payroll deductible-loan Payroll deduction credit card E-payables and e-receivables Debit in Checking Account Procurement management – online trading
Amount involved (R$ thousand)		206,186.35
Outstanding balance (R$ thousand)	2014	Not applicable
	2013	Not applicable
	2012	Not applicable
Related party's amount (R$ thousand)		Not possible to measure
Warranties and insurance		-
Duration		60 months
Termination		-
Loans and Debts	Not applicable	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 53
Amount involved (R$ thousand)		1,140,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 68
Amount involved (R$ thousand)		1,608,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 80
Amount involved (R$ thousand)		1,764,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.2

Related party name		**Fundação Banrisul de Seguridade Social**
Relation with the Company		**Sponsored entity**
Transaction date		10/01/2014
Subject-matter of the agreement		Commercial Leasing – 83
Amount involved (R$ thousand)		1,608,000.00
Outstanding balance (R$ thousand)	Not applicable	Not applicable
	Not applicable	Not applicable
	Not applicable	Not applicable
Related party's amount (R$ thousand)		Not applicable
Warranties and insurance		Not possible to measure
Duration		60 months
Termination		Undetermined
Loans and Debts	-	Not applicable
	Not applicable	Not applicable

16.3

Measures taken to deal with conflicts of interests	Appraisal reports are prepared by experts upon contracting and renewals.
Evidence the strictly arm's length nature of conditions agreed upon or the proper compensatory payment	Lease contracted by the Company with related parties observe usual standards for business activity, neither causing any benefit nor damage to either related party.

16.3 Dealing with conflicts/cumulative basis

a) Identify the measures taken to deal with conflicts of interest.

The Company adopts the corporate governance practices recommended by laws and regulations in order to avoid and to deal with conflicts of interest.

Referring to the Agreement 1,201/2012, any legal disagreement related to the construal or execution of the Agreement that rules the institutional relationship between Banrisul and the state of Rio Grande do Sul (State), with regard to the system used to pay the State's public servants salary, as well as the rendering of other banking services of specific interest of the State's direct and indirect administration, shall be solved by the State's Attorney General of Rio Grande do Sul, binding upon the parties, pursuant to Article 115 of the State Constitution.

Appraisal reports are prepared by experts in lease agreements and renewals.

b) Evidence the strictly arm's length nature of the conditions agreed upon or the proper compensatory payment.

The Company's operations carried out with related parties observe the market practices adopted for the same type of agreement between non-related parties, neither causing any benefit nor damage to either related party.

17. CAPITAL STOCK

17.1 Capital stock information

Date of Resolution	Paid-up Capital (R$)	Payment term	Common Shares (ON)	Preferred Shares (PN)	TOTAL
Type	**Subscribed Capital (R$)**				
04/29/2016	4,500,000,000.00		205,052,205	203,922,272	408,974,477
Capital by class of shares		**Other securities convertible into shares**			
Class of preferred share	**Number of Shares[1]**		**Conditions for conversion**		
Preferred Shares Class B	200,402,731				
Preferred Shares Class A	3,519,541				
Type	**Authorized capital**				
03/25/2008	0.00		300,000,000	300,000,000	600,000,000

(1) Refers to position on the date of the Extraordinary General Meeting held on April 29, 2016 (after conversion of shares PNA to ON – 01/21/2016)

Up to date, Banrisul has not issued any securities convertible into shares.

17.2 In relation to Banrisul's capital increases

Date of Resolution	Resolution Body	Issue Date	Total increase amount (R$ thousand)	Number of securities issued	Issue Price (R$)	Payment conditions	Criterion to determine the issue amount	Subscription	% of Previous capital stock
3/31/2009	Extraordinary Shareholders' Meeting	-	300,000	-	-	Incorporation of Profit Reserve	-	-	13.04%
4/30/2010	Extraordinary Shareholders' Meeting	-	300,000	-	-	Incorporation of Profit Reserve	-	-	11.54%
4/29/2011	Extraordinary Shareholders' Meeting	-	300,000	-	-	Incorporation of Profit Reserve	-	-	10.34%
4/30/2012	Extraordinary Shareholders' Meeting	-	300,000	-	-	Incorporation of Profit Reserve	-	-	9.38%
4/30/2013	Extraordinary Shareholders' Meeting	-	250,000	-	-	Incorporation of Profit Reserve	-	-	7.14%
4/30/2014	Extraordinary Shareholders' Meeting	-	250,000	-	-	Incorporation of Profit Reserve	-	-	6.67%
4/30/2015	Extraordinary Shareholders' Meeting	-	250,000	-	-	Incorporation of Profit Reserve	-	-	6.25%
4/29/2016	Extraordinary Shareholders' Meeting	-	250,000	-	-	Incorporation of Profit Reserve	-	-	5.88%

[1] See bonus in item 17.3.

[2] Ratification date by the Brazilian Central Bank (BACEN) of the capital increase deriving from the offering.

[3] Capital increase subject to ratification by the Brazilian Central Bank.

17.3 Splits, reverse splits and bonuses

There was no restructuring operation in the period.

17.4 In relation to Banrisul's capital decreases

No capital decrease over the last three (3) fiscal years.

17.5 Other information deemed relevant by Banrisul

Banrisul's capital increase, approved at Banrisul's Annual Shareholders' Meeting of April 30, 2015, has been approved on 06/30/2015 by the Brazilian Central Bank.

18. SECURITIES

18.1 Rights of each class and type of share issued

Describe the rights of each class and type of share issued:	COMMON SHARE (ON)	CLASS A PREFERRED SHARE (PNA)	CLASS B PREFERRED SHARE (PNB)
Right to dividends	Common shares entitle their holders to the following rights: (i) a fixed, non-cumulative dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; (ii) the right to participate in the distribution of any other dividends or cash bonuses distributed by the company after paying to the holders of class A and B preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of class B preferred shares.	Class A preferred shares entitle their holders to the following rights: (i) priority to receive non-cumulative, preferred, fixed dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; and (ii) the right to participate in the distribution of any other dividends or cash bonuses distributed by the company after paying to the holders of common shares and class B preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of common shares and class B preferred shares, plus ten percent (10%) over the amount paid to these shares.	Class B preferred shares entitle their holders to the following rights: (i) priority to receive non-cumulative, preferred, fixed dividend of six percent (6%) p.a., calculated over the quotient resulting from dividing the capital stock by the number of shares thereof; (ii) the right to participate in the distribution of any other dividends or cash bonuses distributed by the company after paying to the holders of common shares and class A preferred shares a dividend corresponding to the amount paid to these shares, under equal conditions of common shares.
Voting right	Yes	No	No
Convertibility into another class or type of share, indicating:	No	Class A preferred shares will be converted into common shares or class B preferred shares at any time, at the shareholder's discretion, by means of notice to the company.	No
Conditions	Not applicable	Upon shareholder's request	Not applicable
Effects on capital stock	Not applicable	None	Not applicable
Capital reimbursement rights	No reimbursement priority, no premium.	Reimbursement priority, no premium.	Reimbursement priority, no premium.
Tag-along right	100%	100%	100%
Free-float restrictions	No	No	No
Conditions to change the rights ensured by these securities	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two-thirds (2/3) of the voting capital, but may be installed on second call with any number.	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two-thirds (2/3) of the voting capital, but may be installed on second call with any number.	Amendment to the Bylaws in the part regulating the diversity of classes, if not expressly provided for and regulated, shall require the agreement of all shareholders. An Extraordinary Shareholders' Meeting called to restate the Bylaws only will be installed on first call if attended by shareholders representing, at least, two-thirds (2/3) of the voting capital, but may be installed on second call with any number.
Other relevant characteristics	Registered common and preferred shares will be held as book-entry shares in deposit accounts, on behalf of their holders, at the Company, which bears the depositary institution's legal charges, without issuing certificates.	Participation in capital increases stemming from the capitalization of reserves, under equal conditions of common and class B preferred shares.	Participation in capital increases stemming from the capitalization of reserves, under equal conditions of common and class A preferred shares.

18.2 Bylaws provisions restricting relevant shareholders' voting right or requiring them to conduct a tender offer

There are no Bylaw provisions restricting relevant shareholders' voting right.

There are Bylaws provisions requiring tender offers under certain circumstances: (a) sale of control by the state of Rio Grande do Sul; (b) deregistering as a publicly-held company; (c) decision to discontinue Level 1 Special Corporate Governance Practices. See Article 80 and subsequent sections of Banrisul's Bylaws for more information.

18.3 Description of exceptions and suspensive clauses relating to equity or political rights provided for in the Bylaws

Banrisul's Bylaws do not contain any exceptions or suspensive clauses relating to equity or political rights.

18.4 Trading volume information, as well as the highest and lowest prices of securities traded on the stock exchange or over-the-counter market in each quarter over the last 3 fiscal years

Quarter	Security	Type	Class	Market	Traded Financial Volume	Highesr Quote (R$)	Lowest Quote (R$)	
1Q14	Share	Common		BM&FBovespa	31,500	12.58	11.50	R$ by share
1Q14	Share	Preferred	PNA	BM&FBovespa	27,100	15.72	10.91	R$ by share
1Q14	Share	Preferred	PNB	BM&FBovespa	534,955,639	13.12	10.26	R$ by share
2Q14	Share	Common		BM&FBovespa	115,00	12.00	10.80	R$ by share
2Q14	Share	Preferred	PNA	BM&FBovespa	1,200	12.20	11.80	R$ by share
2Q14	Share	Preferred	PNB	BM&FBovespa	701,472,052	13.60	10.45	R$ by share
3Q14	Share	Common		BM&FBovespa	54,200	13.90	11.00	R$ by share
3Q14	Share	Preferred	PNA	BM&FBovespa	18,700	14.70	12.00	R$ by share
3Q14	Share	Preferred	PNB	BM&FBovespa	801,131,174	15.91	10.63	R$ by share
4Q14	Share	Common		BM&FBovespa	89,400	13.80	11.80	R$ by share
4Q14	Share	Preferred	PNA	BM&FBovespa	2,600	14.70	13.43	R$ by share
4Q14	Share	Preferred	PNB	BM&FBovespa	822,810,400	14.98	12.03	R$ by share

Quarter	Security	Type	Class	Market	Traded Financial Volume	Highesr Quote (R$)	Lowest Quote (R$)	
1Q13	Share	Common		BM&FBovespa	692,300	17.70	12.31	R$ by share
1Q13	Share	Preferred	PNA	BM&FBovespa	3,300	16.50	15.90	R$ by share
1Q13	Share	Preferred	PNB	BM&FBovespa	779,200,00	15.90	18.40	R$ by share
2Q13	Share	Common		BM&FBovespa	205,400	15.60	12.90	R$ by share
2Q13	Share	Preferred	PNA	BM&FBovespa	159,600	17.50	16.50	R$ by share
2Q13	Share	Preferred	PNB	BM&FBovespa	913,700,000	18.00	13.87	R$ by share
3Q13	Share	Common		BM&FBovespa	172,400	14.40	12.40	R$ by share
3Q13	Share	Preferred	PNA	BM&FBovespa	18,900	16.95	15.72	R$ by share
3Q13	Share	Preferred	PNB	BM&FBovespa	817,000,000	15.95	13.50	R$ by share
4Q13	Share	Common		BM&FBovespa	160,600	14.79	12.25	R$ by share
4Q13	Share	Preferred	PNA	BM&FBovespa	0	15.72	15.72	R$ by share
4Q13	Share	Preferred	PNB	BM&FBovespa	959,500,00	16.50	11.90	R$ by share

Quarter	Security	Type	Class	Market	Traded Financial Volume	Highesr Quote (R$)	Lowest Quote (R$)	
1Q12	Share	Common		BM&FBovespa	200,588	18.00	15.50	R$ by share
1Q12	Share	Preferred	PNA	BM&FBovespa	407,064	21.00	19.00	R$ by share
1Q12	Share	Preferred	PNB	BM&FBovespa	620,057,297	22.20	17.93	R$ by share
2Q12	Share	Common		BM&FBovespa	248,733	15.99	11.88	R$ by share
2Q12	Share	Preferred	PNA	BM&FBovespa	35,395	18.51	15.00	R$ by share
2Q12	Share	Preferred	PNB	BM&FBovespa	648,958,125	20.51	23.61	R$ by share
3Q12	Share	Common		BM&FBovespa	335,924	13.80	11.85	R$ by share
3Q12	Share	Preferred	PNA	BM&FBovespa	284,938	16.89	12.03	R$ by share
3Q12	Share	Preferred	PNB	BM&FBovespa	854,491,469	19.40	12.93	R$ by share

4Q12	Share	Common		BM&FBovespa	33,991	17.02	11.00	R$ by share
4Q12	Share	Preferred	PNA	BM&FBovespa	29,734	16.16	15.53	R$ by share
4Q12	Share	Preferred	PNB	BM&FBovespa	752,677,971	18.17	14.00	R$ by share

18.5 Description of other securities issued rather than shares

Type of security	Third Series Financial Bills
Number	150
Amount	R$30,000,000.00
Date of issue	08/01/2013
Free-float restriction	Financial bills may only be acquired by qualified investors
Convertibility	Financial bills are not convertible into shares of the issuer
Redemption	Partial or total redemption of the financial bills is prohibited before the maturity date
In case of debt securities	a) The maturity date is 08/01/2017; b) Early maturity conditions: there is a clauses listing events that cause the early maturity of the financial bills; c) The interest rate is 110% of the average DI rate (one-day Interbank Deposit rate), as an annual percentage, for a year of 252 business days, calculated and disclosed on a daily basis by CETIP; d) Regarding guarantees: none; e) Unsecured or subordinated credit: unsecured; f) Restrictions on Banrisul's dividend distribution: guaranteed payment of minimum mandatory dividends, as per Article 202 of Brazilian Corporation Law; g) Restrictions on Banrisul as to the sale of assets: none; h) Restrictions as to new debts: none; i) Restrictions as to the issue of new securities: none; and j) Financial bill agent: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários.
Conditions for changing rights	General Meeting of Holders of Financial Bills
Custodian agent, if any	-

Type of security	Level 2 subordinated debt
Number	N/A
Amount	US$500,000,000.00
Date of issue	2/2/2012
Free-float restriction	Securities only may be acquired by accredited investors.
Convertibility	Securities are not convertible without effects on the capital stock.
Redemption	a) The issuer shall not be entitled to redeem all securities prior to maturity date, except in cases of changes in the tax treatment; b) The issuer may not redeem securities without Brazil's Central Bank authorization; and c) The basis of calculation is 100% of principal plus accrued and unpaid interest rates, and all other amounts due in the Indenture.
In case of debt securities	a) The maturity date is 2/2/2022; b) Early maturity conditions: failure to make capital payment; failure to pay interest rates during a 15-day period; and/or in case of bankruptcy or insolvency proceeding; c) The interest rate is 7.375% p.a.; d) Regarding guarantees: none; e) Unsecured or subordinated credit: Level 2 subordinated debt; f) Restrictions on Banrisul as to distribution of dividends: none; g) Restrictions on Banrisul as to the sale of assets: Requires the consent of investors holding two-thirds of the financed amount issued for the sale of assets representing share control and increasing the risk of not meeting the commitments assumed; h) Restrictions as to new debts: none; i) Restrictions in relation to the issue of new securities: none; and j) Fiduciary agent and main terms: Bank of New York Mellon Trust (Japan).
Conditions for changing rights	Amendment to the indenture and/or with consent of security holders
Custodian agent, if any	-

Type of security	Level 2 subordinated debt
Number	N/A
Amount	US$389,800,000.00
Date of issue	2/2/2012
Free-float restrictions	Securities only may be acquired by accredited investors.
Convertibility	Securities are not convertible without effects on the capital stock.
Redemption	a) The issuer shall not be entitled to redeem all securities prior to maturity date, except in cases of changes in the tax treatment; b) The issuer may not redeem securities without Brazil's Central Bank authorization; and c) The basis of calculation is 100% of principal plus accrued and unpaid interest rates, and all other amounts due in the Indenture.
Conditions for changing rights	Amendment to the indenture and/or with consent of security holders
In case of debt securities	a) The maturity date is 2/2/2022; b) Early maturity conditions: failure to make capital payment; failure to pay interest rates during a 15-day period; and/or in case of bankruptcy or insolvency proceeding; c) The interest rate is 7.375% p.a.; d) Regarding guarantees: none; e) Unsecured or subordinated credit: Level 2 subordinated debt; f) Restrictions on Banrisul as to distribution of dividends: none; g) Restrictions on Banrisul as to the sale of assets: Requires the consent of investors holding two-thirds of the financed amount issued for the sale of assets representing share control and increasing the risk of not meeting the commitments assumed; h) Restrictions as to new debts: none; i) Restrictions as to the issue of new securities: none; and j) Fiduciary agent and main terms: Bank of New York Mellon Trust (Japan).
Custodian agent, if any	-

Type of security	Level 2 subordinated debt
Number	N/A
Amount	US$925,700,000.00
Date of issue	2/2/2012
Free-float restrictions	Securities only may be acquired by accredited investors.
Convertibility	Securities are not convertible without effects on the capital stock.
Redemption	a) The issuer shall not be entitled to redeem all securities prior to maturity date, except in cases of changes in the tax treatment; b) The issuer may not redeem securities without Brazil's Central Bank authorization; and c) The basis of calculation is 100% of principal plus accrued and unpaid interest rates, and all other amounts due in the Indenture.
Conditions for changing rights	Amendment to the indenture and/or with consent of security holders
In case of debt securities	a) The maturity date is 2/2/2022; b) Early maturity conditions: failure to make capital payment; failure to pay interest rates during a 15-day period; and/or in case of bankruptcy or insolvency proceeding; c) The interest rate is 7.375% p.a.; d) Regarding guarantees: none; e) Unsecured or subordinated credit: Level 2 subordinated debt; f) Restrictions on Banrisul as to distribution of dividends: none; g) Restrictions on Banrisul as to the sale of assets: Requires the consent of investors holding two-thirds of the financed amount issued for the sale of assets representing share control and increasing the risk of not meeting the commitments assumed; h) Restrictions as to new debts: none; i) Restrictions as to the issue of new securities: none; and j) Fiduciary agent and main terms: Bank of New York Mellon Trust (Japan).
Custodian agent, if any	-

Type of security	First Series Financial Bills
Number	3,500
Amount	R$700,000,000.00
Date of issue	08/01/2013
Free-float restriction	Financial bills may only be acquired by qualified investors
Convertibility	Financial bills are not convertible into shares of the issuer
Redemption	Partial or total redemption of the financial bills is prohibited before the maturity date
In case of debt securities	a) The maturity date is 08/01/2015; b) Early maturity conditions: there is an clause listing events that cause the early maturity of the financial bills; c) The interest rate is 108% of the average DI rate (one-day Interbank Deposit rate), as an annual percentage, for a year of 252 business days, calculated and disclosed on a daily basis by CETIP; d) Guarantees: none; e) Unsecured or subordinated credit: unsecured; f) Restrictions on Banrisul's dividend distribution: guaranteed payment of minimum mandatory dividends, as per Article 202 of Brazilian Corporation Law; g) Restrictions on Banrisul as to the sale of assets: none; h) Restrictions as to new debts: none; i) Restrictions as to the issue of new securities: none; and j) Financial bill agent: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários
Conditions for changing rights	General Meeting of Holders of Financial Bills
Custodian agent, if any	-

Type of security	Second Series Financial Bills
Number	4,350
Amount	R$870,000,000.00
Date of issue	08/01/2013
Free-float restriction	Financial bills may only be acquired by qualified investors
Convertibility	Financial bills are not convertible into shares of the issuer
Redemption	Partial or total redemption of the financial bills is prohibited before the maturity date
In case of debt securities	a) The maturity date is 08/01/2016; b) The interest rate is 109% of the average DI rate (one-day Interbank Deposit rate), as an annual percentage, for a year of 252 business days, calculated and disclosed on a daily basis by CETIP; c) Guarantees: none; d) Unsecured or subordinated credit: unsecured; e) Restrictions on Banrisul's dividend distribution: guaranteed payment of minimum mandatory dividends, as per Article 202 of Brazilian Corporation Law; f) Restrictions on Banrisul as to the sale of assets: none; g) Restrictions as to new debts: none; h) Restrictions as to the issue of new securities: none; and i) Financial bill agent: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários.
Conditions for changing rights	General Meeting of Holders of Financial Bills
Custodian agent, if any	-

18.6 Brazilian markets where the Company's securities are accepted for trading

Banrisul shares are traded on the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa), under the ticker symbols: BRSR3, BRSR5 and BRSR6.

18.7 Securities accepted for trading on foreign markets

No securities accepted for trading on foreign markets.

18.8 Description of tender offers carried out by the Company or by third parties, including controlling shareholders, subsidiaries and associated companies, relating to securities issued by the Company

On 7/25/2007, Banrisul's capital was increased by the Board of Directors, during Banrisul's tender offer based on the authorized capital of 66,666,666 class B preferred shares (PNB), at the issue price of R$12.00 per share, or an increase of US$800,000,000, as recorded in CVM/SER/SEC/2007/037.

18.9 Description of tender offers conducted by the Company relating to shares issued by third parties

Up to date, Banrisul has not conducted any tender offer relating to shares issued by third parties.

18.10 Other information deemed as relevant by the Company

No other relevant information about this Item “18”.

19. SHARE BUYBACK PLAN AND TREASURY SHARES

19.1 Share Buyback Plans

Up to date, the Company does not have any share buyback plan.

19.2 Treasury Shares

On this date, the Company does not hold treasury shares.

Pursuant to CVM Rules and our Bylaws, we are not allowed to held treasury shares representing more than 5% of each class of our outstanding shares.

19.3 Treasury shares on the closing date of the last fiscal year

The Company did not record any treasury share on the closing date of the last fiscal year.

19.4 Other relevant information

No other information deemed as relevant by our Management about this item "19".

20. TRADING POLICY

20.1 Securities trading policy of the Company to be abided by its direct or indirect controlling shareholders, executive officers and members of the board of directors, fiscal council and any other statutory body with technical or advisory duties.

The Bank has a Disclosure Policy that meets the terms of CVM Rule 358, of January 3, 2002, and covers the trading of securities issued by Banrisul.

In a meeting held on July 30, 2002, the Board of Directors assigned responsibility for monitoring and enforcing the policies for securities trading and the disclosure of material act or fact to the Investor Relations Officer.

Characteristics:

BANRISUL SECURITIES TRADING POLICY

We present below the Bank's Securities Trading Policy:

1. OBJECTIVE

We present below the Securities Trading Policy of Banco do Estado do Rio Grande do Sul - Banrisul, which includes the procedures and guidelines to be abided by all employees and related parties, according to the rules and/or legislation established by the Regulators or Bylaws provisions, and also committed to transparency and equal treatment in all and any trading of securities issued by Banrisul, who shall be deemed as "impeded persons" for future positions, as of the date of publication/disclosure of this Policy.

2. PERSONS SUBJECT TO THE POLICY

The Banrisul Securities Trading Policy must be complied with and observed by the following group, deemed as "impeded persons":

a) Controlling shareholders;
b) Members of the boards of directors of Banrisul, its subsidiaries and/or associated companies;
c) Members of the executive boards of Banrisul and of its subsidiaries and/or associated companies;
d) Members of the audit committees of Banrisul, its subsidiaries and/or associated companies;
e) Members of the fiscal councils of Banrisul, its subsidiaries and/or associated companies;
f) Members of the compensation committees of Banrisul, its subsidiaries and/or associated companies;
g) Employees of Banrisul, its subsidiaries and/or associated companies;
h) Employees of Banrisul, its subsidiaries and/or associated companies who maintain business and/or professional relationship with third parties (independent auditors, consulting firms and/or service providers); and
i) Trainees of Banrisul, its subsidiaries and/or associated companies.

3. DEFINITIONS

Insider information and/or Material Fact comprise all and any decision/information that may influence the quote of securities issued by Banrisul, resolved at:

a) Shareholders' Meeting;
b) Board of Directors' Meeting;
c) Board of Executive Officers' Meeting;
d) Audit Committee's Meeting;
e) Fiscal Council's Meeting;
f) Compensation Committee's Meeting; and
g) Meeting of the Board of Executive Officers' technical and advisory bodies, in compliance with Bylaws provisions of Banrisul, its subsidiaries and/or associated companies.

4. LOCKUP PERIOD FOR SECURITIES ISSUED BY BANRISUL S.A.

Impeded persons are prohibited from trading to buy or sell securities issued by Banrisul under the following circumstances:

a) 30 days prior to the disclosure of the Quarterly (ITR) and Annual (DFP) Financial Information and corporate events, according to the disclosure dates available on the websites of the Company and of the Brazilian Securities and Exchange Commission (CVM);
b) in period less than or corresponding to 90 days for buyers; and
c) whenever a person becomes aware in advance of a material act or fact disclosed by Banrisul.

j)

5. RESPONSIBILITY

In the event of failure to comply with the prohibitions mentioned in item 4, the impeded persons shall be subject to the penalties as provided for in the Personnel Regulation of Banrisul, its subsidiaries and/or associated companies, aiming at taking advantage for himself/herself or other person and failing to ensure that subordinates and reliable third parties keep said information as confidential. Said persons shall fully reimburse for all losses incurred by Banrisul and all and any related person directly or indirectly deriving from such non-compliance.

6. CONFIDENTIAL INFORMATION

Impeded persons shall keep the confidentiality of information related to all and any material act or fact they become aware of, subject to the penalties of the Personnel Regulation in the event of non-compliance.

7. ADHESION TO THE POLICY

Impeded persons shall be notified about the Banrisul Securities Trading Policy by the People Management Unit and shall acknowledge receipt by electronic access (Standardized Form) declaring to be aware of all the terms of Securities Trading Policy and to abide thereby.

The related form shall be under the responsibility of and filed at the People Management Unit.

The People Management Unit shall be liable for updating the Personnel Regulation including the penalties and responsibilities approved in the Securities Trading Policy of the Banco do Estado do Rio Grande do Sul.

8. FINAL PROVISIONS

a) The Investor Relations Officer is the person liable for applying the Banrisul Securities Trading Policy and shall be available to provide any further clarification;
b) The Banrisul Securities Trading Policy shall become effective when approved by the following authorities:
    - ✓ Risk Committee and Internal Controls Committee;
    - ✓ Banking Management Committee;
    - ✓ Board of Executive Officers' Meeting; and
    - ✓ Board of Directors' Meeting.
c) The Banrisul Securities Trading Policy shall be sent to the Banrisul Group subsidiaries and/or associated companies for acknowledgement and adjustments, if they prefer to prepare and disclose their own trading policy;
d) Thereafter, the Banrisul Securities Trading Policy shall be sent to:
    - ✓ BM&FBOVESPA;
    - ✓ Brazilian Securities and Exchange Commission (CVM);
    - ✓ published on the Bank's website;
    - ✓ Brazilian Central Bank (BACEN); and
e) The Investor Relations, Capital Markets and Governance Unit shall be liable for monitoring, controlling and ensuring compliance with the Policy, which also applies to the associated companies and/or subsidiaries, Banrisul S.A. Administradora de Consórcios, Banrisul S.A. Corretora de Valores Mobiliários e Câmbio and Banrisul Serviços Ltda. Banrisul Armazéns Gerais S.A. and Credimatone Promotora de Vendas e Serviços S.A. are responsible for monitoring and controlling their Securities Trading Policy.

    k)

20.2 Other information deemed as relevant by the Company

The Securities Trading Policy of Banco do Estado do Rio Grande do Sul – Banrisul is published at the CVM and has been available on the Bank's Investor Relations website (www.banrisul.com.br/ri) since December 18, 2012. It establishes Banrisul guidelines and procedures applicable to the direct or indirect controlling shareholders, executive officers, members of the board of directors, fiscal council and any statutory bodies with technical or advisory duties, also applicable to its employees, ensuring transparency for all stakeholders.

21. DISCLOSURE POLICY

21.1 Description of the rules, regulations or internal procedures adopted by the Company to ensure that information to be publicly disclosed is collected, processed and reported precisely and appropriately

Except for the Disclosure Policy, described in item 21.2, Banrisul does not adopt any other rule, regulation or internal procedure relating to the disclosure of information.

21.2 Description of the disclosure policy on material act or fact adopted by the Company, indicating procedures related to the confidentiality of relevant information not yet disclosed

Pursuant to CVM Rule 358/02, Banrisul adopts the Information Disclosure Policy, which consists of disclosing relevant information and keeping the confidentiality of information not yet publicly disclosed.

Relevant information consists of any decision of our controlling shareholder, resolution of our Shareholders' Meeting or Management, or any other political-administrative, technical, business or economic-financial act or fact occurred or related to our business, that may considerably influence: (i) the quote of our securities; (ii) our investors' decision to buy, sell or hold our securities; or (iii) the investors' decision to exercise any rights inherent to the condition as holders of securities.

The Controlling Shareholder, executive officers, members of the Board of Directors and the Fiscal Council signed a Statement of Adhesion, wherein they undertake to abide by Banrisul's policy provisions, which will be filed at its head offices while such person maintains a relationship with Banrisul and during, at least, five years after withdrawal.

According to our policy, our controlling shareholder, executive officers, members of the Board of Directors and the Fiscal Council have the following duties and responsibilities: (i) inform any material act or fact they are aware of to the Investor Relations Officer, who will disclose such information; and (ii) keep the confidentiality of information related to the material act or fact to which they have privileged access due to their position or title, until it is disclosed to the market, as well as ensure that subordinates and reliable third parties keep confidentiality, being jointly liable in the event of non-compliance.

The Investor Relations Officer is liable for monitoring and enforcing the disclosure policy and use of information about material act or fact, as well as disclosing and notifying to the Brazilian Securities and Exchange Commission (CVM) and, where applicable, to the stock exchanges and organized over-the-counter market entities where our securities are accepted for trading, about any relevant act or fact occurred or related to our business, deemed as relevant information, as well as ensure the broad and immediate dissemination of relevant information in all the markets where these securities are accepted for trading, concurrently with the disclosure of such information in any media, including press information or at professional associations, investors, analysts meetings or with a selected public, in Brazil or abroad.

If our Controlling Shareholder, executive officers, members of the Board of Directors and the Fiscal Council are personally aware of a material act or fact and verify Investor Relations Officer's omission in complying with his information and disclosure duty, these persons only will be held harmless from responsibility, if they immediately inform such material act or fact to CVM.

As provided by CVM Instruction 547, section II of paragraph 4, the disclosure shall be made through publication in at least one news portal page on the worldwide web that will present the information in its entirety in a free access section. The disclosure will be made through news portals hired for and authorized by BANRISUL, after the closing of BM&FBovespa SA daily trading section, and where the information will be available in full to stakeholders, and whose content will correspond to that of the original document sent to CVM and, wherever applicable, to the stock exchange and organized over-the-counter market entities where Banrisul's securities are accepted for trading.

The disclosure and information on material act or fact, including the aforementioned summarized information, shall be clear and accurate, in language accessible to investors.

Exceptionally, Banrisul may not immediately disclose the material act or fact if the Company's controlling shareholder or Management understands that such disclosure will jeopardize Banrisul's legitimate interest. However, if information goes beyond Banrisul's control or in the event of unusual fluctuation in the quote, price or amount traded of Banrisul securities, the aforementioned persons will be required to directly or through the Investor Relations Officer immediately disclose the material act or fact to the market.

21.3 Inform the managers responsible for implementing, maintaining, evaluating and monitoring the information disclosure policy

Banrisul's Investor Relations Officer is liable for implementing, maintaining, evaluating and monitoring the information disclosure policy. Controlling Shareholders, executive officers, members of the Board of Directors and Fiscal Council shall formalize their commitment to the provisions set forth herein through the Statement of Adhesion, which shall be filed at Banrisul's head offices while such person maintains a relationship with Banrisul, and during, at least, five years after withdrawal, pursuant to CVM Rule 358/2002, Articles 15, Paragraph 1, Items I and 16, Paragraph 1.

21.4 Other information deemed as relevant by the Company

No other relevant information about this item “21”.

22. NON-RECURRING BUSINESSES

22.1 Indicate the acquisition or sale of any relevant asset not classified as regular operation in the Company's businesses

Banrisul has neither acquired nor sold any relevant asset not classified as regular operation in the Company's businesses over the last three fiscal years.

22.2 Indicate relevant changes in the way how the Company's businesses are done

No relevant changes in the way how the Company's businesses were done over the last three fiscal years.

22.3 Identify relevant agreements entered into between the Company and its subsidiaries not directly related to their operating activities

Banrisul and its subsidiaries did not enter into any agreement not directly related to their operating activities over the last three fiscal years.

22.4 Other information deemed as relevant by the Company

There is no other information deemed as relevant in relation to this item 22.