

Notice to the Market

Release of 2015 Financial Statements under IFRS

Banco do Estado do Rio Grande do Sul S.A. (“Banrisul”) announces the release of the consolidated financial statements for the year ended on December 31, 2015, in accordance with International Financial Reporting Standards – IFRS and the International Accounting Standards Board –IASB, and in line with CMN Resolution No. 3786/09 and CVM Instruction No. 457/07.

Among the main changes resulting from the adoption of IFRS, the most relevant aspects for Banrisul are:

- Impairment of financial assets;
- Effects of conversions and functional currency;
- Calculation of deferred taxes on GAAP adjustments;
- Financial Leasing;
- Calculation of the effective interest rate;
- Fair value of financial instruments;
- Disclosures on financial instruments;
- Release of operating segments and other additions in the notes for the financial statements.

The Balance Sheet reconciliation at December 31, 2015 is as follows:

ASSETS - R\$ Thousand	BRGAAP ⁽¹⁾	Adjustments	IFRS
CASH AND CENTRAL BANK RESERVES	9,725,474	-	9,725,474
FINANCIAL ASSETS	55,432,636	345,338	55,777,974
Investment Securities	20,593,698	-	20,593,698
Loans and Receivables	29,927,187	345,338	30,272,525
Loans and Receivables Assessed at Amortized Cost ⁽²⁾	32,179,669	19,885	32,199,554
Allowance for Impairment Losses	(2,252,482)	325,453	(1,927,029)
Other Financial Assets at Amortized Cost	4,911,751	-	4,911,751
DEFERRED TAXES	1,575,600	(172,698)	1,402,902
OTHER ASSETS	726,691	-	726,691
INVESTMENTS	86,829	-	86,829
PROPERTY AND EQUIPMENT	185,701	176,817	362,518
INTANGIBLE ASSETS	17,176	4,049	21,225
TOTAL ASSETS	67,750,107	353,506	68,103,613

(1) The information presented consider the amounts determined in accordance with the generally accepted accounting practices in Brazil (BR GAAP), applicable to financial institutions, grouped according to the presentation template required by IFRS.

(2) Refers to deferred commissions and other costs at the effective interest rate.

LIABILITIES AND EQUITY - R\$ Thousands	BRGAAP ⁽¹⁾	Adjustments	IFRS
FINANCIAL LIABILITIES AT FAIR VALUE IN THE INCOME	2,149,595	-	2,149,595
FINANCIAL LIABILITIES AT AMORTIZED COST	52,750,867	-	52,750,867
OTHER FINANCIAL LIABILITIES AT AMORTIZED COST	4,165,206	86,385	4,251,591
PROVISIONS	1,144,564	-	1,144,564
TAX LIABILITIES	303,144	-	303,144
Current	187,337	-	187,337
Deferred	115,807	-	115,807
OTHER LIABILITIES	1,028,165	-	1,028,165
TOTAL LIABILITIES	61,541,541	86,385	61,627,926
CONSOLIDATED EQUITY	6,208,566	267,121	6,475,687
TOTAL LIABILITIES AND EQUITY	67,750,107	353,506	68,103,613

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Income Statement reconciliation at December 31, 2015:

INCOME STATEMENT - R\$ Thousands	BRGAAP⁽¹⁾	Adjustments	IFRS
Interest and Similar Income	9,646,765	19,885	9,666,650
Interest and Similar Expenses	(6,553,228)	-	(6,553,228)
NET INTEREST REVENUE	3,093,537	19,885	3,113,422
Dividend Revenue	2,803	-	2,803
Net Gains (Losses) from Financial Assets and Financial Liabilities	787,323	-	787,323
Gain on Exchange Differences on Translating Foreign Operations ⁽²⁾	168,798	(98,956)	69,842
Banking Fees	1,474,986	-	1,474,986
Losses on Financial Assets (Impairment)	(1,345,111)	183,510	(1,161,601)
Other Operating Income/(Expenses)	(3,250,163)	7,766	(3,242,397)
Personnel Expenses	(1,790,523)	-	(1,790,523)
Other Administrative Expenses	(1,171,718)	7,766	(1,163,952)
Tax Expenses	(396,301)	-	(396,301)
Equity in Subsidiaries	6,194	-	6,194
Other Operating Income	514,197	-	514,197
Other Operating Expenses	(412,012)	-	(412,012)
INCOME BEFORE INCOME TAX	932,173	112,205	1,044,378
Income Tax and Social Contribution	(82,926)	(81,234)	(164,160)
PROFIT FOR THE YEAR	849,247	30,971	880,218

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(2) Refers to deferred commissions and other costs at the effective interest rate.

The consolidated financial statements under IFRS for the year ended on December 31, 2015 (a free translation of the original document in Portuguese) is available in the website www.banrisul.com.br/ri.

Porto Alegre, March 11, 2016.

Ricardo Richiniti Hingel
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Banco do Estado do Rio Grande do Sul S/A