



**FINANCIAL
STATEMENTS**

**MARCH
2019**

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PRESS RELEASE

This Press Release contains forward-looking statements, which not only relate to historic facts but also reflect the targets and expectations of the Company management. The terms “anticipate”, “desire”, “expect”, “project”, “plan”, “intend” and similar words are intended to identify statements that necessarily involve known and unknown risks.

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

TABLE 1: ECONOMIC AND FINANCIAL INDICATORS

Main Income Statement Accounts - R\$ Million									
	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18	1Q19/ 1Q18	1Q19/ 4Q18
Net Interest Income	1,345.7	1,347.3	1,345.7	1,578.1	1,428.6	1,337.1	1,347.3	-0.1%	-14.7%
Allowance for Loan Losses Expenses	285.4	304.9	285.4	449.8	247.6	277.7	304.9	-6.4%	-36.5%
Gross Profit from Financial Operations	1,060.3	1,042.4	1,060.3	1,128.3	1,181.1	1,059.4	1,042.4	1.7%	-6.0%
Financial Income	2,264.7	2,143.5	2,264.7	2,449.7	2,445.2	2,513.4	2,143.5	5.7%	-7.6%
Financial Expenses	1,204.4	1,101.2	1,204.4	1,321.5	1,264.1	1,454.0	1,101.2	9.4%	-8.9%
Income from Services and Fees	490.7	481.2	490.7	538.2	488.0	489.7	481.2	2.0%	-8.8%
Recurring Administrative Expenses ⁽¹⁾	950.8	930.4	950.8	989.3	960.0	928.8	930.4	2.2%	-3.9%
Other Operational Expenses	129.3	134.9	129.3	147.7	183.0	152.9	134.9	-4.2%	-12.5%
Other Recurring Operational Income	97.5	76.6	97.5	79.1	91.0	84.6	76.6	27.3%	23.2%
Recurring Net Income	320.0	244.0	320.0	300.1	290.2	262.0	244.0	31.1%	6.6%
Net Income	320.0	244.0	320.0	252.5	290.2	262.0	244.0	31.1%	26.7%
Main Balance Sheet Accounts - R\$ Million									
	Mar 2019	Mar 2018	Mar 2019	Dec 2018	Sep 2018	Jun 2018	Mar 2018	Mar 2019/ Mar 2018	Mar 2019/ Dec 2018
Total Assets	77,870.6	71,783.5	77,870.6	77,427.9	75,840.0	75,331.2	71,783.5	8.5%	0.6%
Securities ⁽²⁾	21,096.4	19,206.7	21,096.4	21,067.1	22,121.9	20,827.1	19,206.7	9.8%	0.1%
Total Credit Portfolio	34,301.9	31,780.1	34,301.9	34,063.7	31,742.6	32,007.0	31,780.1	7.9%	0.7%
Allowance for Loan Losses	2,582.3	2,777.0	2,582.3	2,612.1	2,392.4	2,658.4	2,777.0	-7.0%	-1.1%
Past Due Loans > 90 Days	878.0	1,084.7	878.0	868.5	924.0	1,082.2	1,084.7	-19.1%	1.1%
Funds Raised and Under Management	67,887.4	62,005.6	67,887.4	67,780.4	65,330.8	62,963.8	62,005.6	9.5%	0.2%
Shareholders' Equity	7,369.0	7,198.3	7,369.0	7,278.9	7,251.9	7,034.9	7,198.3	2.4%	1.2%
Prudential Conglomerate Reference Equity	6,322.0	6,166.5	6,322.0	6,145.5	6,190.4	5,963.4	6,166.5	2.5%	2.9%
Average Shareholders' Equity	7,323.9	7,116.6	7,323.9	7,265.4	7,143.4	7,116.6	7,116.6	2.9%	0.8%
Average Total Assets	77,649.2	72,535.5	77,649.2	76,633.9	75,585.6	73,557.4	72,535.5	7.1%	1.3%
Average Profitable Assets	68,941.7	66,346.5	68,941.7	67,693.1	67,569.5	65,833.0	66,346.5	3.9%	1.8%
Stock Market Information - R\$ Million									
	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18	1Q19/ 1Q18	1Q19/ 4Q18
Interest on Own Capital / Dividends ⁽³⁾	127.7	84.5	127.7	130.7	88.3	116.4	84.5	51.1%	-2.3%
Market Capitalization	9,893.1	8,289.9	9,893.1	9,071.1	6,126.4	6,032.3	8,289.9	19.3%	9.1%
Book Value Per Share	18.02	17.60	18.02	17.80	17.73	17.20	17.60	2.4%	1.2%
Average Price per Share (R\$)	24.24	17.38	24.24	19.93	15.26	17.35	17.38	39.5%	21.6%
Earnings per Share (R\$)	0.78	0.59	0.78	0.62	0.71	0.64	0.59	31.0%	26.7%
Financial Index									
	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18		
ROAA (pa.) ⁽⁴⁾	1.7%	1.4%	1.7%	1.6%	1.5%	1.4%	1.4%		
ROAE (pa.) ⁽⁵⁾	18.7%	14.4%	18.7%	17.6%	17.3%	15.6%	14.4%		
Efficiency Ratio ⁽⁶⁾	51.5%	52.5%	51.5%	51.5%	51.8%	51.8%	52.5%		
Net Interest Margin on Profitable Assets	8.04%	8.37%	8.04%	9.66%	8.73%	8.38%	8.37%		
Recurring Operating Cost	4.9%	5.1%	4.9%	4.9%	4.9%	4.9%	5.1%		
Default Rate > 90 Days ⁽⁷⁾	2.56%	3.43%	2.56%	2.55%	2.91%	3.37%	3.43%		
Cover Ratio 90 days ⁽⁸⁾	294.1%	256.0%	294.1%	300.8%	258.9%	245.7%	256.0%		
Provisioning Index ⁽⁹⁾	7.5%	8.7%	7.5%	7.7%	7.5%	8.3%	8.7%		
Basel Ratio (Prudential Conglomerate)	15.6%	15.6%	15.6%	15.2%	15.9%	15.0%	15.6%		
Structural Indicators									
	Mar 2019	Mar 2018	Mar 2019	Dec 2018	Sep 2018	Jun 2018	Mar 2018		
Branches	518	518	518	518	518	517	518		
Service Stations	184	189	184	187	187	187	189		
Electronic Service Stations	436	486	436	443	455	461	486		
Employees	10,182	10,732	10,182	10,763	10,732	10,705	10,732		
Economic Indicator									
	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18		
Effective Selic Rate	1.51%	1.59%	1.51%	1.54%	1.59%	1.56%	1.59%		
Exchange Rate (R\$/USD - end of period)	3.90	3.32	3.90	3.87	4.00	3.86	3.32		
Exchange Rate Variation (%)	0.57%	0.48%	0.57%	-3.22%	3.84%	16.01%	0.48%		
IGP-M (General Market Price Index)	2.16%	1.48%	2.16%	-0.69%	2.75%	3.86%	1.48%		
IPCA (Extended Consumer Price Index)	1.51%	0.70%	1.51%	0.39%	0.72%	1.89%	0.70%		

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

(2) Includes Interbank Deposits and deduces Repurchase Obligations.

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

(4) Net Income / Average Total Asset.

(5) Net Income / Average Shareholders' Equity.

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

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

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

(9) Allowance for Loan Losses / Credit portfolio.

BUSINESS ENVIRONMENT

Continuing the strategy adopted since the previous year, Banrisul has continued to improve credit risk models and origination processes and the recovery of non-performing loans while gradually implementing digital transformation processes within the Company, by means of internalizing agile methodologies. Commercial targeting is maintained on liquid operations, especially payroll loans to public sector employees, in the offering of highly collateralized loans, corporate credit cards, fast credit and new Vero solutions to corporate clients, as well as in prospecting of businesses with the entire agricultural chain of Rio Grande do Sul.

FINANCIAL HIGHLIGHTS

The summary of Banrisul's 1Q19 results are presented below. The Analysis of Performance, Management Report, Financial Statements and the Accompanying Notes are available at the Bank's website www.banrisul.com.

TABLE 2: KEY ITEMS OF THE INCOME STATEMENT

Result - R\$ Million	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18	1Q19/ 1Q18	1Q19/ 4Q18
Net Interest Income	1,345.7	1,347.3	1,345.7	1,578.1	1,428.6	1,337.1	1,347.3	-0.1%	-14.7%
Allowance for Loan Losses Expenses	285.4	304.9	285.4	449.8	247.6	277.7	304.9	-6.4%	-36.5%
Gross Profit from Financial Operations	1,060.3	1,042.4	1,060.3	1,128.3	1,181.1	1,059.4	1,042.4	1.7%	-6.0%
Income from Services and Fees	490.7	481.2	490.7	538.2	488.0	489.7	481.2	2.0%	-8.8%
Recurring Administrative Expenses	950.8	930.4	950.8	989.3	960.0	928.8	930.4	2.2%	-3.9%
Operating Income	461.1	420.7	461.1	416.5	503.8	442.2	420.7	9.6%	10.7%
Net Income	320.0	244.0	320.0	252.5	290.2	262.0	244.0	31.1%	26.7%
Recurring Net Income	320.0	244.0	320.0	300.1	290.2	262.0	244.0	31.1%	6.6%

Net income amounted to R\$320.0 million in 1Q19, 31.1% above 1Q18 and 26.7% above 4Q18. **Recurring net income** increased 6.6% above 4Q18.

Banrisul's **performance** from 1Q18 to 1Q19 reflects the relative stability of net interest income, lower provision expenses, increasing banking service fees, controlled administrative expenses, the favorable evolution of other operating expenses/income and the lower tax rate, particularly in view of the tax rate reduction in January 2019.

From 4Q18 to 1Q19, performance was mainly influenced by the NII reduction, by lower banking fees and administrative expenses, the favorable trend of other operational income/expenses and the lower tax rate.

Net interest income of R\$1,345.7 million in 1Q19, stable from 1Q18, and down 14.7% (R\$232.4 million) from 4Q18.

Resilient **NII** from 1Q18 to 1Q19 reflects the reduction of loan rates, in line with the decrease of basic interest rate, in an environment of increasing credit assets. From 4Q18 to 1Q19, NII performance mainly reflects a decrease in credit revenues, due to the comparison base, as credit revenues in 4Q18 were boosted by the recovery of companies write offs, while assets remained flat.

Provision for loan losses reached R\$285.4 million in 1Q19, decreasing 6.4% (R\$19.5 million) from 1Q18 in the wake of lower delinquency rates and the rollover of the credit portfolio by risk ratings. From 4Q18 to 1Q19, provision expenses decreased 36.5% (R\$164.4 million), also because of comparison basis (in 4Q18, expenses were impacted by the full provision expenses in relation to the recovery of companies write offs).

Banking Fees totaled R\$490.7 million in 1Q19, increasing 2.0% (R\$9.5 million) from 1Q18, particularly driven by current account fees, insurance, pension bonds, and group sales management fees, minimized by the lower acquiring MDRs, impacted by change in Vero accreditation agreements, with effects both on revenues and expenses recorded as of May 2018. From 4Q18 to 1Q19, banking fees decreased 8.8% (R\$47.5 million) due to the decrease in MDRs, insurance, pension and pension bonds, and revenues from account fees.

Administrative expenses totaled R\$950.8 million in 1Q19, increasing 2.2% (R\$20.4 million) from 1Q18. Recurring administrative expenses decreased 3.9% (R\$38.5 million) from 4Q18 to 1Q19.

Personnel expenses increased R\$19.2 million in 1Q19, growing 4.0% over 1Q18, mainly due to collective agreements entered into in 2018. In 1Q19, recurring personnel expenses were down 2.4% (R\$12.4 million) from 4Q18, particularly due to holidays seasonality and the employees enrolled into the voluntary retirement plan.

Other administrative expenses were mostly flat from 1Q18 to 1Q19. From 4Q18 to 1Q19, other administrative expenses decreased 5.4% (R\$26.1 million) mainly due to the decrease in expenses with third-party services and specialized technical services.

The reconciliation between reported and recurring net income is presented below, due to extraordinary event recorded in 2018. ROAE, ROAA and efficiency ratio are based on recurring net income. The referred extraordinary event was the voluntary retirement plan, launched in December 2018, in which 555 employees left the Institution during 1Q19. The gross cost of the voluntary retirement plan amounted to R\$86.5 million in 4Q18.

TABLE 3: ACCOUNTING NET INCOME STATEMENT X RECURRING NET INCOME

Extraordinary Events - R\$ Million	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18
Recurring Net Income	320.0	244.0	320.0	300.1	290.2	262.0	244.0
Extraordinary Events	-	-	-	(47.6)	-	-	-
Retirement Plans ⁽¹⁾	-	-	-	(86.5)	-	-	-
Tax Effects ⁽⁵⁾	-	-	-	38.9	-	-	-
Net Income	320.0	244.0	320.0	252.5	290.2	262.0	244.0
Recurring ROAA	1.7%	1.4%	1.7%	1.6%	1.5%	1.4%	1.4%
Recurring ROAE	18.7%	14.4%	18.7%	17.6%	17.3%	15.6%	14.4%
Recurring Efficiency Ratio ⁽⁶⁾	51.5%	52.5%	51.5%	51.5%	51.8%	51.8%	52.5%

(1) Tax effect from the voluntary retirement plan.

(2) Based on the last 12 months.

Recurring annualized ROAE reached 18.7% in 1Q19, 4.3 pp. above 1Q18, as the result of flat NII, decreasing provision expenses, increasing banking fees, stable administrative expenses and the favorable performance of other operational expenses/income, as well as lower tax rates.

Recurring efficiency ratio reached 51.5% in 1Q19, improving from the 52.5% in 1Q18, reflecting the expansion of financial margin and banking fees at a faster growing ratio than that observed for administrative expenses, mostly linked to the increase of business and the collective wage agreement.

OPERATIONAL HIGHLIGHTS

TABLE 4: ASSET EVOLUTION STATEMENT

Asset Evolution Statement - R\$ Million	Mar 2019	Dec 2018	Sep 2018	Jun 2018	Mar 2018	Mar 2019/ Mar 2018	Mar 2019/ Dec 2018
Total Assets	77,870.6	77,427.9	75,840.0	75,331.2	71,783.5	8.5%	0.6%
Credit Operations	34,301.9	34,063.7	31,742.6	32,007.0	31,780.1	7.9%	0.7%
Securities + Interbank Transactions - Repurchase Obligations	21,096.4	21,067.1	22,121.9	20,827.1	19,206.7	9.8%	0.1%
Funds Raised and Under Management	67,887.4	67,780.4	65,330.8	62,963.8	62,005.6	9.5%	0.2%
Shareholders' Equity	7,369.0	7,278.9	7,251.9	7,034.9	7,198.3	2.4%	1.2%

Total assets reached R\$77,870.6 million in March 2019, growing 8.5% (R\$6,087.1 million) from March 2018 and flat since December 2018. The year-on-year asset increase was mainly driven by the R\$5,063.6 million growth in funding (deposits, bank notes and the subordinated debt) and the R\$652.5 million in open market funding. As to asset allocation, it is worth pointing out the increase of R\$2,542.1 million in the balance of securities and interbank transactions by, of R\$2,521.8 million in the loan book, and of R\$674.9 million in the stock of reserve requirements deposited at the Central Bank of Brazil. In the last three months, the asset trend particularly reflected the expansion of R\$357.1 million in fund raising, and by the reduction of R\$304.2 million in interbank and interbranch accounts, minimized by the reduction of R\$317.6 million on deposits. As for asset allocation, the stock of reserve requirements deposited at the Central Bank of Brazil increased R\$277.9 million, and the credit assets increased R\$238.2 million.

Total **credit assets** (expanded concept) reached R\$34,783.4 million in March 2019, increasing 7.7% in twelve months. Excluding sureties and guarantees, loan book increased 7.9% year-on-year, especially driven by the

growth of R\$2,974.1 million in non-earmarked credit to individuals, trend minimized by the reduction of R\$574.5 million in corporate non-earmarked loans. From December 2018 to March 2019, credit assets presented stability.

TABLE 5: STATEMENT OF THE CREDIT PORTFOLIO

Credit Operations - R\$ Million	Mar 2019	% Total Credit	Dec 2018	Sep 2018	Jun 2018	Mar 2018	Mar 2019/ Mar 2018	Mar 2019/ Dec 2018
Foreign Exchange	713.6	2.1%	736.5	699.9	743.4	651.4	9.6%	-3.1%
Commercial	25,433.0	74.1%	25,018.0	22,679.1	22,897.7	23,033.5	10.4%	1.7%
Individuals	19,369.5	56.5%	18,790.4	16,733.5	16,588.7	16,395.4	18.1%	3.1%
Payroll	14,107.9	41.1%	13,351.6	12,278.5	11,820.4	11,451.7	23.2%	5.7%
Other	5,261.6	15.3%	5,438.8	4,455.0	4,768.2	4,943.7	6.4%	-3.3%
Companies	6,063.5	17.7%	6,227.6	5,945.5	6,309.0	6,638.1	-8.7%	-2.6%
Working Capital	3,977.5	11.6%	4,153.8	3,992.7	4,234.0	4,444.4	-10.5%	-4.2%
Other	2,086.1	6.1%	2,073.8	1,952.8	2,075.0	2,193.7	-4.9%	0.6%
Long-term Financing	883.1	2.6%	936.2	1,010.9	1,069.3	1,152.1	-23.3%	-5.7%
Real Estate Financing	4,167.9	12.2%	4,112.7	4,046.4	3,974.2	3,908.5	6.6%	1.3%
Agricultural Financing	2,411.9	7.0%	2,459.2	2,408.5	2,319.1	2,380.7	1.3%	-1.9%
Other ⁽¹⁾	692.2	2.0%	801.2	897.8	1,003.4	654.0	5.8%	-13.6%
Total of Credit-like Transactions	34,301.9	100.0%	34,063.7	31,742.6	32,007.0	31,780.1	7.9%	0.7%

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

Securities and interbank investments totaled R\$24,946.1 million, with net balance of R\$21,096.4 million (deducted of repurchase transactions) at the end of March 2019, increasing 9.8% (R\$1,889.7 million). The evolution of the treasury portfolio in the period was influenced by the expansion of deposits and bank notes in an environment in which reserve requirements and loan portfolio increased. From December 2018 to March 2019, the balance of securities and interbank investments, net of repo operations, was flat.

Funds raised and under management, composed by deposits, bank notes, subordinated bond and third-party funds, totaled R\$67,887.4 million in March 2019, increasing 9.5% (R\$5,881.8 million) in twelve months, especially driven by the increase of R\$3,532.5 million in deposits, of R\$1,207.3 million in banking notes and of R\$818.2 million in funds under management. In the last quarter, funds raised and under management were flat.

Shareholders' equity reached R\$7,369.0 million at the end of March 2019, increasing 2.4% (R\$170.7 million) from March 2018 and 1.2% R\$90.1 million from December 2018, on account of the incorporation of results, the payments of interest on own capital and dividends, the reclassification of R\$104.6 million recorded under results of future years, and the capital reduction of R\$353.3 million decided at a General Shareholders' Meeting and approved of by the Central Bank of Brazil, the reassessment of actuarial liabilities on post-employment benefits pursuant to the procedures set forth by CPC 33 (R1), and the exchange rate adjustments upon the equity of foreign branches. In the last quarter, the trend reflects the incorporation of results, the reclassification to results of future years and the payment of interest on own capital.

Banrisul paid and provisioned R\$294.3 million in **taxes and contributions** in 1Q19. Taxes withheld and paid, directly levied on financial intermediation and other payments, amounted to R\$292.4 million in the quarter.

TABLE 6: OTHER INDICATORS

Indicators - %	1Q19	1Q18	1Q19	4Q18	3Q18	2Q18	1Q18
Net Interest Margin	8.04%	8.37%	8.04%	9.66%	8.73%	8.38%	8.37%
Basel Ratio (Prudential Conglomerate)	15.6%	15.6%	15.6%	15.2%	15.9%	15.0%	15.6%
Loan Portfolio Normal Risk / Total Credit	87.5%	87.4%	87.5%	87.1%	88.6%	87.9%	87.4%
Loan Portfolio Risks 1 and 2 / Total Credit	12.5%	12.6%	12.5%	12.9%	11.4%	12.1%	12.6%
Default Rate > 90 Days	2.56%	3.43%	2.56%	2.55%	2.91%	3.37%	3.43%
Cover Ratio > 90 Days	294.1%	256.0%	294.1%	300.8%	258.9%	245.7%	256.0%
Provision Ratio	7.5%	8.7%	7.5%	7.7%	7.5%	8.3%	8.7%

The **NIM** evolution from 1Q18 to 1Q19 demonstrates the increase of credit assets as a proportion of the profitable assets, as well as the reduction of the Selic rate, with direct effects on financial income and expenses.

90-day default rate reached 2.56% in March 2019, decreasing 0.87 pp. in twelve months and stable since December 2018. The balance of 90-day past due credit reached R\$878.0 million in March 2019, decreasing 19.1% in twelve months and stable in the last quarter. **Coverage ratio** reached 294.1% in March 2019 (over the 90-day

past due portfolio), compared to 256.0% in March 2018 and 300.8% in December 2018. In comparison with March 2018, the trend of the 90-day coverage ratio reflects the reduction of past due credit in volumes more expressive than the reduction in credit provisions. In the in the last quarter, the 90-day coverage ratio trend was influenced by the decrease in loan losses provisions and the stability in past due credit operations.

Total provisions reached 7.5% of the outstanding credit portfolio in March 2019, 1.2 pp. below March 2018 and 0.2 pp. under December 2018. Credit provisions reduced R\$194.8 million in twelve months due to the decrease in overdue credit and the rollover of risk rating levels, in a context of increasing credit portfolio. The portfolio of normal risk loans increased 0.1 pp. in relation to March 2018. In the last quarter, the balance of provision expenses decreased R\$29.8 million, reflecting the portfolio roll by rating levels, in a context of stability of the loan portfolio and past due loans, and the share of normal risk loan portfolio in relation to the total loan book increased 0.4 pp.

GUIDANCE

The expected evolution for the credit, funding and provision portfolio, as well as the 2019 performance indicators, disclosed in 2018 Financial Statements, are maintained. Despite a slight decline in GDP, budget monitoring indicates that growth and indicators remain within expected ranges.

TABLE 7: GUIDANCE

Guidance	2019
	Expected
Credit Portfolio	4% to 8%
Non-direct Lending - Individuals	6% to 10%
Non-direct Lending - Companies	1% to 5%
Real Estate Loans	4% to 8%
Provision Expenses / Credit Portfolio	3% to 4%
Balance of Loan Losses / Credit Portfolio	6.5% to 7.5%
Funding	6% to 10%
Recurring Return on Average Shareholders' Equity	16% to 19%
Efficiency Ratio	50% to 54%
Net Financial Margin / Interest-Earning Assets	7.5% to 8.5%

(1) Originally disclosed in 4Q18.

Porto Alegre, May 14, 2019.

