



NOTICE TO SHAREHOLDERS

INTEREST ON EQUITY PAYMENT

We hereby inform the Shareholders that we will carry out the initial payment of interest on equity, according to the decision made at the Board of Directors' Meeting held on April 10, 2007.

All shareholders registered with this company as owners or beneficial owners of these shares on 04/10/2007 will be entitled to these payments.

Initial Payment: 05/29/2007

Interest on Equity's Gross Value:

R\$ 1,92901662 per one thousand common shares and R\$ 1,99045766 per one thousand preferred shares.

The net value will be credited to the dividend referring to fiscal year 2007.

Income Tax:

The payments will be subject to Income Tax Withholding at Source, pursuant to the pertinent legislation, except for corporate shareholders with proof of immune or exempt condition.

Forms of Payment:

The payments will be credited to the current accounts of the shareholders holding current accounts with BANRISUL,S.A.. For the remaining shareholders, the payment will be carried out in any bank branch agency, upon identification.

The holders of shares in custody will receive the interest on equity payments through the brokerage firm where they carry out the respective deposit.

Limitation Period:

Pursuant to the pertinent legislation, Law 6404 - art. 287, unclaimed interest on equity payments expire in three years, as from the date they were made available to the shareholder.

Porto Alegre, May 29 2007.

Ricardo Richiniti Hingel
Investor Relations Officer

BANCO DO ESTADO DO RIO GRANDE DO SUL S/A