

**BANCO DO ESTADO DO RIO GRANDE DO SUL S/A**  
**Corporate Taxpayer's ID (CNPJ): 92.702.067/0001-96**

**NOTICE TO SHAREHOLDERS**  
**PAYMENT OF DIVIDENDS**

We hereby inform the Shareholders that the Executive Board, at its meeting held on December 14<sup>th</sup>, 2007 approved, in compliance with the Bylaws of Banrisul, advance payment of dividends for the year 2007, in the amount of R\$ 71,518,708.88 (seventy-one million, five hundred eighteen thousand, seven hundred eight Reais and eighty-eight Centavos), based on the earnings of the first half of the year ended on June 30<sup>th</sup>, 2007. This amount will be imputed to the dividends to be calculated on the results of the year ending on December 31<sup>st</sup>, 2007.

Dividends will be paid as follows:

<b>Class / Type of Share</b>	<b>Dividends per Share</b>
Common Shares	R\$ 0.17470530
Preferred Shares – Class A	R\$ 0.19217583
Preferred Shares – Class B	R\$ 0.17470530

All the shareholders registered in the Company's records as owners or usufruct right holder of such shares as on December 14<sup>th</sup>, 2007, will be entitled to dividends, after which shares will be traded 'ex-dividend'.

**Income Tax:**

As per legislation, dividends are exempt from Income Tax.

**Types of Payment:**

On December 27<sup>th</sup>, 2007, dividends will be credited directly into the checking accounts of shareholders who are accountholders of BANRISUL. For other shareholders, dividends will be paid at any branch of Banrisul starting on the same date, with proper proof of identity required.

Shareholders, whose shares are in custody at the Stock Exchanges, will receive dividends through the brokerage firm where they made the respective deposit.

**Expiry Period:**

According to Article 287 of Law 6404, dividends not claimed within three years from the date they have been declared, will lapse.

Porto Alegre, December 19<sup>th</sup>, 2007.

Ricardo Richiniti Hingel  
CFO and Investor Relations Officer  
BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.