



## **NOTICE TO SHAREHOLDERS**

### **CAPITAL INCREASE WITH BONUS SHARES**

The shareholders of Banco do Estado do Rio Grande do Sul S.A. – Banrisul, at the Extraordinary Shareholders' Meeting held on this date, approved the Management's proposal to increase the Bank's capital stock through the capitalization of reserves in the total amount of R\$ 334,000,000.00 (three hundred thirty-four million reais), of which: (i) statutory profit reserves – R\$ 180,359,570.15 (one hundred and eighty million, three hundred fifty-nine thousand, five hundred and seventy reais and fifteen cents); (ii) legal reserve – R\$ 22,099,200.74 (twenty two million, ninety-nine thousand, two hundred reais and seventy-four cents); and (iii) expansion reserve R\$ 131,541,229.11 (one hundred thirty-one million, five hundred and forty-one thousand, two hundred twenty-nine reais and eleven cents).

As a result of the capitalization of the mentioned reserves, 10,269,234,346 bonus shares will be paid to the shareholders. All shares will be registered preferred Class A shares, regardless of the type of share type held by each shareholder. The new shares shall be issued in the proportion of 1 (one) new share for 4 (four) shares held by each shareholder.

The present capital increase and consequent issue of bonus shares are conditioned to the homologation by the Brazilian Central Bank.

Porto Alegre, Rio Grande do Sul, April 30 2007

Banco do Estado do Rio Grande do Sul  
Ricardo Richiniti Hingel  
*Investor Relations Officer*