

NOTICE TO THE MARKET

Notice of Clarification

With regard to the news story published on Folha de São Paulo newspaper, on June 17, on agreements signed by Banrisul with the Faurgs (Rio Grande do Sul University Support Foundation), the Bank, out of respect to its thousands of customers and shareholders, believes it is necessary to explain what follows:

- Banrisul's contracting the Faurgs for the development of banking technology and management tools, technical advising, technical support, research, training, analysis, programming and testing of basic banking software, products and applications, began in the year 2000.
- The agreements have been signed in conformity with the provisions of the Biddings Law, no. 8,666/93, and the Faurgs has provided services in conformity with an agreement entered into by the Foundation and the Federal University of Rio Grande do Sul, pursuant to Law no. 8,958/94.
- The report of the Budget Oversight Board of the State of Rio Grande do Sul, as the authority itself confirms in Official Letter no. 704/2008 of May 28, 2008, is preliminary, and is being analyzed against all clarifications provided by Banrisul.
- According to the documents included in the proceedings, all payments made by the Bank to the Faurgs have been credited in the Foundation's current account, and have been accounted for by the Foundation under the item "resources from agreements and contracts."

- Thus, there is no “vanishing” of resources, in the amount of R\$18 million, as the news story published by Folha de São Paulo suggests.
- It is worth pointing out that there is no entry on services not provided. All services contracted in 2006, in the amount of R\$24.2 million, have been delivered and are operative.
- This topic was the object of discussion by Banrisul's Board of Directors, at the meeting held on June 2, 2008. At that time, the Board examined all public questionings presented by the Vice-Governor and, based on the highest technical criteria, concluded Banrisul’s accounting records are regular with regard to the transactions carried out with the Faurgs in 2006, and confirmed the totality of the payments made on the same year. It also deemed groundless the claims that part of the resources have not entered Faurgs's current accounts.

Banrisul, reaffirming the terms of the Notice to the Market, filed with the Brazilian Securities and Exchange Commission on June 2, 2008, herein manifests its disagreement with the public exposure, with no conclusive judgment or manifestation by the qualified inspection authorities.

Porto Alegre, June 17, 2008.

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BANCO DO ESTADO DO RIO GRANDE DO SUL S/A