

NOTICE TO THE MARKET

In response to official letter Bovespa GAE/SAE 1,835-08 of June 30, 2008, which cites that the news report published in the newspaper Valor Econômico on 6/30/2008, states, among other information, that Banrisul, from January to May 2008, recorded net income of R\$257.8 million (R\$ 171.6 million excluding the non-recurring effects related to the appropriation of tax credits) and had shareholders' equity of R\$2.92 billion, we hereby clarify the following:

1. Banrisul recorded in the first five months of 2008 net income of R\$257.8 million, which includes R\$86.2 million in revenue from the appropriation of the net effect from tax credits and debits booked in May 2008, in light of the approval on 5/28/2008 of Provisional Measure 413/08, which changed the rate of the Social Contribution Tax on Net Income from 9% to 15%;
2. Banrisul's performance in the period also reflects the higher volume of loan revenue resulting from the growth in loan volumes, particularly in commercial loans, as well as from the improvement in the quality of the portfolio, which reduced the need to allocate funds to expenses with provisions. The performance of the securities portfolio also had a positive effect on the results in the period;
3. The result was also affected by the booking in May 2008 of expenses with wage increases under the collective bargaining agreement and the payment of variable compensation linked to the achievement of performance targets in the amount of R\$26.6 million related to the pro rata appropriation in the period from January to May 2008, given the linear distribution of the impact from seasonal events.
4. Another positive impact on revenue was the increase in the Selic basic interest rate, which already affected treasury revenue, as well as the adjustment in the rates of various credit lines to levels similar to those practiced in the market, as shown by the consolidated information published by the Central Bank of Brazil. These effects should become more evident over the coming months as these operations are expanded.

The table below shows the main figures recorded in the period, which were submitted to the Central Bank on 6/13/2008.

Main figures (R\$ Million)	May/2007	Dec/2007	May/2008	%on Dec/07	% on May/07
Total Assets	16,591.0	20,480.3	22,335.0	9.06%	34.62%
Lending Operations	6,741.4	8,024.1	9,663.7	20.43%	43.35%
Commercial Portfolio - Individuals	2,446.9	2,713.1	3,359.2	23.81%	37.28%
Commercial Portfolio - Companies	2,075.0	2,813.7	3,606.9	28.19%	73.82%
Securities (*)	5,650.2	6,624.0	6,272.8	-5.30%	11.02%
Funding	15,140.8	17,149.9	17,990.4	4.90%	18.82%
Stockholders' Equity	1,903.5	2,792.0	2,917.3	4.49%	53.26%
Allowance for Loan Losses	861.1	892.6	923.1	3.42%	7.20%
Provisioning Level	12.77%	11.12%	9.55%	-	-
Default Rate	4.31%	3.68%	3.17%	-	-

(*) Include Interbank Investments and exclude Matched Transactions.

Porto Alegre, July 1, 2008

Ricardo Richiniti Hingel
 Chief Financial and Investor Relations Officer
 Banco do Estado do Rio Grande do Sul S.A. – Banrisul