



NOTICE TO THE MARKET

Today, with the purpose of centralizing the financial transactions performed by the municipalities in the state of Rio Grande do Sul with Banrisul, the Company executed an agreement with the Rio Grande do Sul Municipalities Confederation (FAMURS) for a period of five years. Among the 440 municipalities currently participating in this negotiation, 50 have already signed contracts with other banks.

The final agreement executed between the Bank and the FAMURS shall be approved at the entity's meeting on November 13, with the subsequent execution of individual contracts with every municipality.

This agreement will enable the centralization of all financial transactions performed by the municipalities under the agreement, including the collection of municipal taxes, financial investments, exclusive payroll and payroll deductible loan rights, among others that will be contemplated by the agreement. At this same negotiation, Banrisul ensured the financing of 20,000 housing units for the municipal public servants in the form of payroll deductible real estate loans, whose estimated amount may reach R\$500 million.

The amount involved in this negotiation is R\$230 million and will be passed through to all the 440 municipalities – the number of public servants of each municipality has been used as the main criterion – which have been sorted out by the number of municipal public servants, ranging from 300 (bottom boundary) to over 5,000 servants (top boundary).

Talks have been performed exclusively by intermediation of the FAMURS enabling the use of a standard and transparent criterion, and preventing any sort of individual arrangements.

It is worth to mention that unlike the state public servants, for whom the bank provides legal and constitutional guarantees for exclusive financial transactions, including payroll and payroll deductible loans, there is not any provision of law which enables equal treatment as that reserved to the group of municipalities.

The established amount is expected to be passed through this year upon the execution of the necessary contracts, and allocated in a differentiated manner in the course of the coming years, during the effective term of the contract, on a proportionate basis to the number of days elapsed since the release of funds until the end of each year.

This confirms Banrisul's strategy of continuous expansion and consolidation of its operations in the state of Rio Grande do Sul, where its activities are concentrated, thus increasing its businesses with the municipalities involved, in addition to enabling the growth of one of its core clients, the individuals, with a wide variety of products, including an important segment represented by payroll deductible loans, where it expects to further leverage its businesses.

With the incorporation of approximately 140,000 municipal public servants, as a result of the negotiation, plus the exclusive rights on payroll and payroll deductible loans already held for the state servants, Banrisul takes an important step toward becoming a financial institution which consolidates the financial transactions in the state of Rio Grande do Sul, covering most municipalities and their servants.

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