



Notice to the Market
Clarification on CVM/BOVESPA Queries
News Published by the Midia

In response to Official Letter No. 60/2016-CVM/SEP/GEA-1 (transcription below) requesting information on the article published by the website www.veja.abril.com.br on February 18, 2016, under the heading "*In Banrisul, a payroll and a conflict*", Banco do Estado do Rio Grande do Sul ("Banrisul") informes that:

1. On January 19 and on February 17, 2016, it informed shareholders and the market, in the form of Material Facts, in accordance with CVM Instruction No. 358/2002 ("Material Facts"), that:

- (i) the Government of the State of Rio Grande do Sul was authorized, pursuant to State Law No. 14837/2016 (the "Law"), to onerously transfer to Banrisul services related to the payroll of civil servants and the use of public spaces for the provision of banking services, and formally expressed its interest in giving effect to the provisions of the Law; and
- (ii) Banrisul has started the necessary analyses to evaluate the impacts of such onerous assignment upon its activities (including any amount eventually agreed for such assignment).

2. As presented in the Material Facts, Banrisul is currently studying the feasibility of eventually entering in agreement with the Government of Rio Grande do Sul State, which will depend on factors such as price negotiation, discussion of the applicable legal terms and agreements and the obtaining of mandatory internal approvals, should the commercial terms of the transaction be set.

3. Banrisul will adopt the appropriate and necessary measures to prevent any actions regarding the above matters be taken in situations of conflict of interests or for the sole benefit of the controlling shareholder, divulging information informed about the negotiations accordingly.

Certain of having provided the requested explanations, Banrisul is available for any further clarification that may be necessary.

Porto Alegre, February 22, 2016.

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

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Official Letter No. 60/2016-CVM/SEP/GEA-1

Rio de Janeiro, February 19, 2016.

To Mr.

Ricardo Richiniti Hingel

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Subject: Clarification Request about News Article

Dear Sir,

1. We refer to the article published on 02.18.2016, on the blog *Veja Mercados* of *Revista Veja*, under the title: "In Banrisul, a payroll and a conflict", which contained the following statements:

Its controlling shareholder, the State of Rio Grande do Sul, needs money and wants to sell to the bank the payroll rights of its civil servants, who have always been paid at Banrisul. (Interestingly, the Government obtained the approval of the State Assembly House to a law requiring the State to sell the payroll to Banrisul, and Banrisul alone, giving up a competitive bid that could maximize the price.)

No one knows yet how much Banrisul will have to shell out. An article on *Zero Hora* speculated that the figure could be BRL 1.5 billion (for 5 years) or BRL 2.5 billion (for 10 years) - an estimate that most investors think aggressive - but Banrisul already said it is unaware of how such figure was produced.

To be on the safe side, Polo Capital Management, portfolio manager whose funds hold 3.4 million Banrisul's shares, sent a letter to the bank's management emphasizing the conflicts of interest. The government of Rio Grande do Sul, now commanded by PMDB, indicates eight of the nine directors of Banrisul, and the Chairman of the bank, Luiz Antonio Bins, is the Deputy Secretary of the State Treasury.

On one hand, the Rio Grande wants to maximize the value of its payroll. On the other, it will use its bank to pay the bill. *Bah*, what a conflict, *tché!*

2. In view of the above, we determined that you clarify whether the news is true and, if confirmed its veracity, explain the reasons why decided not to treat it as material fact, as well as review other information deemed relevant on the issue, especially about the possible conflict of interest inherent in operation.

3. Your response is to be presented via *Empresa.NET*, classification: *Notice to the Market*, type: *Clarification on CVM/BOVESPA Queries*, subject: *News Published by the Midia*, and should include a transcript of this letter.

4. Note that, pursuant to CVM Instruction 358/02, Art. 3, it is the responsibility of the Chief Investor Relations to disclose to and communicate CVM and, if applicable, to the stock exchange and entity of organized OTC market in which the securities issued by the company are admitted to trading, any act or fact occurred or related to its business, as well as ensure its wide and immediate dissemination, simultaneously in all markets in which such securities are traded.

5. We alert you that, according to the orders of the Superintendent of Corporate Relations, in the exercise of statutory duties and based on section II, Article 9 of Law 6385/76, and CVM Instruction No. 452/07, the company may be subject to a punitive fine in the amount of BRL 1,000.00 (one thousand Reais), for non-compliance with the present determination within one (1) business day from the date of receipt of this official letter, delivered by e-mail, without prejudice to other administrative sanctions.

Regards,

NILZA MARIA SILVA DE OLIVEIRA

Monitoring Business Manager-1