

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.
Corporate Taxpayers' ID. (CNPJ/MF): 92702067/0001-96
Open Capital Company
Company Registry (NIRE): 43300001083

Minutes No. 174

ANNUAL AND EXTRAORDINARY GENERAL MEETING

Date, Time and Place – The General Meeting was held on March 25, 2008, at 9:30 a.m., at the head office located at Rua Capitão Montanha, 177, 4º andar, in the city of Porto Alegre. **Attendance** – shareholders owning registered common shares, representing more than 2/3 (two-thirds) of the voting capital, attended the meeting, either personally or by proxy. Also present were Mr. Fernando Carrasco, Regional Accounting Council (CRC) no. 157760/T/RS, as the representative of Deloitte Touche Tohmatsu Auditores Independentes, members of the Board of Directors and the Fiscal Council. **Presiding Board** – Mr. Aod Cunha de Moraes Junior was elected to chair the meeting, and the shareholders Messrs. Almir da Costa Barreto and Jorge Irani da Silva were appointed as secretaries. **Call Notice:** The call notice for the Meeting was published in the state's Official Gazette (*Diário Oficial do Estado*) in the section *Caderno Indústria e Comércio* on pages 2, 1 and 7, in the newspapers *Zero Hora* on pages 39, 32 and 38, and *Gazeta Mercantil* on pages A17, A23 and A5 in the issues dated March 10, 11 and 12, 2008, respectively. **Agenda:** – I – For the Annual General Meeting - 1) to acknowledge management accounts, analyze, discuss and vote on the Financial Statements and Management's Report, the Independent Auditors' Report and the Fiscal Council Report for the year ended December 31, 2007; 2) to decide on the allocation of the net income of the year ended December 31, 2007, to ratify the payment of interest on equity and its allocation to dividends, to decide on the payment of additional dividends, as well as on the proposed capital budget prepared in compliance with Article 196 of Law 6404/76; 3) to elect members of the Fiscal Council and their respective alternates; 4) to set the compensation of members of the Executive Board, the Board of Directors and the Fiscal Council. II – For the Extraordinary General Meeting – 1) to ratify the increase in capital from R\$ 1,234,000,000.00 to R\$ 2,033,999,992.00 as decided at the Board of Directors' Meeting held on July 30, 2007; 2) to increase the capital from R\$ 2,033,999,992.00 to R\$ 2,300,000,000.00 using the profit reserves in the amount of R\$ 266,000,008.00, without the issue of new shares; 3) to amend Article 4 of the Bylaws to incorporate the resolutions of the above Agenda in its text; 4) to amend the Bylaws, as follows: 4.1 – to amend Paragraph 3 of Article 4, altering the Company's authorized capital from 90 billion shares to 600 million shares, considering the reverse split of shares decided at the Extraordinary General Meeting held on June 1, 2007; 4.2 – to include a sole paragraph to Article 29 relating to the Asset Management Department; 4.3 – to include rules relating to the Ombudsman office, already in operation, to comply with Resolution 3477 of June 26, 2007 of the *Conselho Monetário Nacional* (National Monetary Council) as Chapter IX of the Bylaws; 4.4 – to include, as item "8" of Article 36, a provision authorizing the Chairman to appoint and remove the Ombudsman; 4.5 – to amend Article 45 relating to the Audit Committee's term of office; 4.6 – to amend Article 60 to reduce the number of secretaries at General Meetings; 4.7 – to include provision in the Bylaws to allow the hiring of legal advisors to defend the members of the Executive Board, the Board of Directors and the Fiscal Council, in case of legal or administrative proceedings relating to actions performed in the exercise of position or function, as item "e" of Article 83; 5) to

renumber the Articles and Chapters starting from Article 58 and restate the Bylaws as to reflect the proposals mentioned in earlier items; 6) other matters of interest to the company related to the Agenda. **Resolutions: 1)** All the shareholders present, except those abstaining on account of legal impediment, unanimously approved and without restrictions, the Management Account, the Financial Statements, Management's Report, the Independent Auditors' Report and the Fiscal Council Report for the fiscal year ended December 31, 2007. **2)** the shareholders present unanimously approved the allocation of the net income of the fiscal year ended December 31, 2007, in the amount of R\$ 916,380,680.80 (nine hundred sixteen million, three hundred eighty thousand, six hundred eighty reais and eighty centavos), in the following manner: Legal Reserve in the amount of R\$ 45,819,034.04 (forty-five million, eight hundred nineteen thousand, thirty-four reais and four centavos), Statutory Reserve in the amount of R\$ 229,095,170.20 (two hundred twenty-nine million, ninety-five thousand, one hundred seventy reais and twenty centavos), Expansion Reserve in the amount of R\$ 423,826,064.87 (four hundred twenty-three million, eight hundred twenty-six thousand, sixty-four reais and eighty-seven centavos) and Mandatory Dividends (25%) in the amount of R\$ 217,640,411.69 (two hundred seventeen million, six hundred forty thousand, four hundred eleven reais and sixty-nine centavos), with the latter corresponding to interest on equity distributed on 05/29/2007 and 07/06/2007, in the amount of R\$ 80,500,000.00 (eighty million, five hundred thousand reais) and R\$ 20,200,000.00 (twenty million, two hundred thousand reais), respectively, and with such payment imputed to the dividend amounts; dividends distributed on 12/27/2007 in the amount of R\$ 71,518,708.88 (seventy-one million, five hundred eighteen thousand, seven hundred eight reais and eighty-eight centavos) and complementary dividends in the amount of R\$ 45,421,702.81 (forty-five million, four hundred twenty-one thousand, seven hundred two reais and eighty-one centavos) declared at the Meeting. **2.1)** Also approved was the proposal for the distribution of additional dividends for the fiscal years 2007 and 2008, equivalent to 10% (ten percent) of adjusted net income derived from the Statutory Reserve, totaling 35% (thirty-five percent); **2.2)** Shareholders approved the Capital Budget prepared in accordance with Article 196 of Law 6404/76; **3º)** Item three of the call notice relating to the election of the members of the Fiscal Council was approved, with the following shareholders voting against it: Capital Guardian Emerging Markets Equity Fund for Tax Exempt Trusts, Emerging Markets Growth Fund Inc, Capital Guardian Emerging Markets Equity Máster Fund, Capital Guardian Emerging Markets Restricted Equity Fund, Capital Guardian Emerging Markets Equity DC Máster Fund and The Monetary Authority of Singapore. The shareholder PSP Foreign Equity Fund abstained. The Fiscal Council shall have a term of one (01) year, pursuant to Article 38 of the Company's Bylaws, and according to paragraph 6, Article 161 of Law 6404/76, will hold office till the 2009 Annual General Meeting. The council is formed by the following members: **3.1)** Representing the majority shareholders: 3.1.1) Members: CLAUDIO MORAIS MACHADO, Brazilian, married, accountant, holder of ID Card no. 9002545292 - SSP/RS dated 07/16/1985, and Individual Taxpayer's ID (CPF/MF) no. 070.068.530/87, resident and domiciled in the city of Porto Alegre, state of Rio Grande do Sul, at Rua General Rondon, nº 411, Bairro Assunção; RUBENS LAHUDE, Brazilian, married, dentist, holder of ID Card no. 7010051551 - SSP/RS, dated 08/04/1977, and Individual Taxpayer's ID (CPF/MF) no. 001.814.630/91, resident and domiciled in the city of Porto Alegre, state of Rio Grande do Sul, at Av. 24 de Outubro, nº 700, apto. 401, Bairro Moinhos de Vento; RONEI XAVIER JANOVIK, Brazilian, divorced, accountant, holder of ID card no. 8011302315 - SSP/RS, dated 04/06/1988, and Individual Taxpayer's ID (CPF/MF) no. 296.326.500/00, resident and domiciled in the city of Porto Alegre state of Rio Grande do Sul, at Av. Palmira Gobbi, nº 990, apto. 312, Bairro Humaitá; 3.1.2) Alternate Members: ELIAS ABIP MUZA, Brazilian, married, economist, holder of ID Card no. 4002047217 - SSP/RS, dated 03/05/1975, and Individual Taxpayer's ID (CPF/MF) no. 065.614.110/72, resident and domiciled in the city of Porto Alegre

state of Rio Grande do Sul, at Rua Cância Gomes, nº 715, apto. 403, Bairro Floresta; RÉGIS EDUARDO LEAL DEVILLA, Brazilian, married, civil engineer, holder of ID Card no. 5017614991 – SSP/RS, dated 12/23/1982, and Individual Taxpayer's ID (CPF/MF) no. 514.937.800/34, resident and domiciled in the city of Cachoeira do Sul, state of Rio Grande do Sul, at Rua Marcílio Dias, nº 1626, Bairro Gonçalves; MARGARETH BELLINAZO, Brazilian, legally separated, economist, holder of ID Card no. 3991-8 - CORECON/RS, dated 04/26/1986, and Individual Taxpayer's ID (CPF/MF) no. 210.065.390/34, resident and domiciled in the city of Porto Alegre, state of Rio Grande do Sul, at Rua Pery Machado, nº 99, apto. 03, Bairro Menino Deus; **3.2)** Representing the preferred shares: 3.2.1) Members: AMERICANO LOPES NETO, Brazilian, married, lawyer, holder of ID Card no. 13.299 - OAB/RS, dated 08/12/1985, and Individual Taxpayer's ID (CPF/MF) no. 002.043.580/00, resident and domiciled in the city of Porto Alegre, state of Rio Grande do Sul, at Rua Dr. Armando Barbedo, nº 715, apto. 401, Bairro Tristeza; 3.2.2) Alternate Member: TELMO JOSÉ LOPES DE SOUZA, Brazilian, legally separated, accountant, holder of ID Card no. 3017582937 - SSP/RS, dated 07/03/1998, and Individual Taxpayer's ID (CPF/MF) nº 201.852.940/49, resident and domiciled in the city of Canoas, state of Rio Grande do Sul, at Rua São Nicolau, nº 570, Bairro Estância Velha; **3.3)** Representing minority shareholders: 3.3.1) Member – IRNO LUIZ BASSANI, Brazilian, married, administrator, holder of ID Card no. 1003744677 – SJS/RS, dated 05/09/2002, and Individual Taxpayer's ID (CPF/MF) no.010.403.400-91, resident and domiciled in the city of Porto Alegre, state of Rio Grande do Sul, at Travessa da Paz, nº 34, apto. 302, Bairro Farroupilha; 3.3.2) Alternate Member – LEONITA ZILDA MAHLKE, Brazilian, legally separated, teacher, holder of ID Card no. 9017998213 – SSP/RS, dated 10/24/1979, and Individual Taxpayer's ID (CPF/MF) no.516.616.080/00, resident and domiciled in the city of Cachoeira do Sul, state of Rio Grande do Sul, at Rua Bento Gonçalves, nº 1552, Bairro Universitário. Those elected to the Fiscal Council meet the requirements of Article 2, Resolution 3.041, of November 28, 2002, of the Brazilian Central Bank; **4)** By unanimous vote of the shareholders present, pursuant to item four of the call notice, determining the remuneration of the Executive Board as follows: Honoraries - a) For the CEO: R\$ 9,300.83 (nine thousand, three hundred reais and eighty-three centavos); b) for the Deputy CEO: R\$8,835.78 (eight thousand, eight hundred thirty-five reais and sixty-eight centavos) c) For Executive Officers: R\$8,370.74 (eight thousand, three hundred seventy reais and seventy-four centavos) and the representation budget was set at 50% (fifty percent). The annual remuneration comprises 13 (thirteen) payments. 4.1) The gross remuneration of each member of the Board of Directors was fixed at R\$ 1,860.16 (one thousand, eight hundred sixty reais and sixteen centavos) per meeting they attend. 4.2) The gross monthly remuneration of each member of the Fiscal Council was fixed at R\$930.08 (nine hundred thirty reais and eight centavos). 4.3) The elected Board members will be meet the requirements of Article 37, Clauses XVI and XVII, of the Federal Constitution of Brazil. **II – At the Extraordinary General Meeting – 1)** The increase in the capital from R\$ 1,234,000,000.00 to R\$ 2,033,999,992.00 decided at the Board of Directors' Meeting held on July 31, 2007, within the authorized capital, was ratified. **2)** The proposal to increase the capital through incorporation of the Profit Reserve in the amount of R\$ 266,000,008.00 (two hundred sixty-six million and eight reais) from the Expansion Reserve was approved. The capital thus increases from R\$ 2,033,999,992.00 (two billion, thirty-three million, nine hundred ninety-nine thousand, nine hundred ninety-two reais) to R\$ 2,300,000,000.00 (two billion three hundred million reais), without the issue of new shares. **3)** The proposal to amend Article 4 of the Bylaws to include the decisions in the previous items was approved. As a result the article will read thus: Article 4, first paragraph -- The capital is R\$ 2,300,000,000.00 (two billion, three hundred million reais); **4)** The proposed amendment to the Bylaws was approved as follows, based on the Executive Board's Justification: **4.1)** Amendment of Paragraph 3 of Article 4 to change the authorized capital from 90 billion shares to 600 million shares,

considering the reverse share split decided at the Extraordinary General Meeting (AGE) held on June 1, 2007 and the Circular DEOR/GEPAL 2007/07915 dated August 29, 2007, of the Brazilian Central Bank, as a result of which the text will read as follows: Article 4, Paragraph 3 - The capital may be increased as laid down by Article 168 of Law 6404/76, up to the limit of 600 million shares, subject to the limit for each class of shares established by legislation and regulations, through a decision of the Board of Directors and independent of any amendment to the Bylaws. The Board of Directors will fix the price and the number of shares to be issued, the period and the conditions for payment. **4.2)** Inclusion of sole paragraph in Article 29 to deal with the Asset Management Department, in compliance with Resolution 2451 of November 27, 1997, of the National Monetary Council, in the following manner: Article 29, Sole paragraph – One of the Executive Officers will be exclusively in charge of the Asset Management Department according to the regulations of the National Monetary Council and the *Comissão de Valores Mobiliários* (Brazilian Securities and Exchange Commission), and will not be accountable for other activities affecting the Department. **4.3)** Inclusion of Chapter IX, which lays down the rules regarding the Ombudsman's Office, already existing in the Company, in compliance with Resolution 3477 of July 26, 2007 of the National Monetary Council, in the following manner: Chapter IX – Ombudsman's Office - Article 58 – The Ombudsman's Office, which will be permanent, will ensure that the Company and its subsidiaries strictly comply with the legal and regulatory norms relating to consumer rights, and will serve as the communication channel between the company and the clients and users of its products and services, including for resolving disputes. Article 59 – The Ombudsman's Office will have the following duties: a) receive, record, instruct, analyze and formally and appropriately deal with complaints from the Company's clients and users of the products and services that are not resolved by traditional customer service through the branches and other customer service points; b) provide the necessary clarifications and inform the complainants about the progress of their complaints and the measures taken; c) inform the complainants the estimated time for the final response, which cannot exceed thirty days; d) forward the final response to the complaint within the deadline informed in item "c"; e) propose to the Board of Directors corrective measures and other measures to improve the procedures and routines based on analysis of the complaints received; f) prepare and forward to internal audit, the Audit Committee and the Board of Directors, at the end of every six months, a report showing the numbers and the quality of the Ombudsman's activities, containing the proposals mentioned in item "e". Article 60 – The Ombudsman's Office will be administered by the Ombudsman, selected from the Bank's employees for a term of 1 (one) year, and may be extended, who shall be appointed and removed by the Chief Executive Officer. Article 61 – The Ombudsman's Office shall be provided with adequate working conditions and its functioning will be guided by transparency, autonomy, impartiality and independence. Article 62 – The Ombudsman's Office shall have access to the information necessary for preparing the appropriate response to the complaints received, and shall have total administrative support. It can request information and documents for exercising its activities. **4.4)** Inclusion of provision giving the CEO the responsibility to appoint and remove the Ombudsman, as item "8" of Article 36, with the following wording: Article 36. 8. appoint and remove the Ombudsman. **4.5)** Amendment of Article 45 relating to the term of office of the Audit Committee to read as follows: Article 45 – The Company shall have a permanent Audit Committee, as required by the Brazilian Central Bank, composed of 3 (three) members for a term of 1 (one) year, who may be reelected up to the permitted limit. They shall be nominated and, at any time, removed by the Board of Directors. **4.6)** Amendment of Article 60 to reduce the number of secretaries at Shareholder Meetings, to read as follows: Article 60 - The business of the General Meeting will be opened by the Chairman of the Board of Directors or his statutory replacement, who will immediately request the shareholders to elect the presiding board, composed of the Chairman and Secretary. **4.7)** Inclusion of statutory provision that

enables hiring of legal professionals to defend the members of the Executive Board and the Board of Directors on any legal and administrative proceedings against them consequent to the exercise of their position or function, as item “e” of Article 83, which will read as follows: Article 83, e) will ensure for his/her present and past managers and board members, in cases where there is no incompatibility with the Company's interests, and in the manner defined by the Board of Directors, as proposed by the Executive Board, the defense in legal and administrative proceedings against them for actions in the exercise of their position or function, in compliance with Law 8906 of July 4, 1994. 5) Renumbering and Consolidation: Considering the proposed amendments to the Bylaws, approval was given to renumber its text and consolidate it, as a result of which it will come into force with the following text: “**BANCO DO ESTADO DO RIO GRANDE DO SUL S.A. - CNPJ/MF nº 92,702,067/0001-96 - NIRE 43300001083 - Bylaws** - Chapter I - Nature, Duration and Head Office - Section I – Nature -Article 1 - The BANCO DO ESTADO DO RIO GRANDE DO SUL S/A, in short ‘BANRISUL’, is a mixed-capital company constituted as a Corporation (*Sociedade Anônima*) on September 12, 1928, according to State Law 459 of June 18, 1928, regulated by State Decrees 4079, 4100, 4102 and 4139 of June 22, July 21, July 26, and September 6, 1928, respectively. Paragraph 1 - As per State Law 6223 of June 22, 1971, the interest held by the state of Rio Grande do Sul in the Bank's capital should in no case be lower than 51% (fifty-one percent), of the total voting shares. Paragraph 2 - The company has undergone restructuring according to these Bylaws, by which it has adopted the provisions of Federal Law 6404 of December 15, 1976. Section II - Duration - Article 2 - The duration of the company is indefinite, only depending on the validity of the operating license. - Section III - Head Office and Jurisdiction - Article 3 - The capital of the state of Rio Grande do Sul is the domicile of the Company for all legal purposes, and the place of the Company's head office. Sole paragraph - The Company may, based on the Executive Board's initiatives, open or close branches or representative offices in any place in Brazil or abroad, after obtaining authorization from financial authorities. Article II - Capital and Shares - Section I – Capital -Article 4 - The capital stock is R\$ 2,300,000,000.00 (two billion, three hundred million reais). Paragraph 1 - The Annual General Meeting that decides on capital increase through payment will fix the respective price and payment terms. Paragraph 2 - The subscriber in arrears with regard to payment of capital will be subject to an adjustment of his debt based on the IGP-DI (General Price Index - Internal Availability) or any other index in its place, for the period in arrears, plus interest at 12% (twelve percent) per annum and a fine of 10% (ten percent). The adjustment will be made within the legal limits applicable to the case. Paragraph 3 - The capital stock may be increased, as laid down by Article 168 of Law 6404/76, up to the limit of 600 million shares, within the limit for each class of shares established by legislation and regulations, through a decision of the Board of Directors and independent of any amendment to the Bylaws. The Board of Directors will fix the price and the number of shares to be issued, the period and the conditions for payment. Paragraph 4 - The issue of shares to increase the capital, through sale in the stock exchange or through public subscription, may exclude the preemptive rights, or reduce the period for exercising them, under Article 171 of Law 6404/76. - Section II – Shares - Article 5 - The capital stock is divided into 342,307,811 (three hundred forty-two million, three hundred seven thousand, eight hundred eleven) shares without par value, of which 204,974,060 (two hundred four million, nine hundred seventy-four thousand, sixty) are common shares and 137,333,751 (one hundred thirty-seven million, three hundred thirty-three thousand, seven hundred fifty-one) are class A preferred shares, which are convertible into common shares or class B preferred shares. Paragraph 1 - Both the common shares and the preferred shares will always be registered shares. Paragraph 2 - Each common share, without restriction, will correspond to one vote at the general meetings of the shareholders. Paragraph 3 - The registered common shares and registered preferred shares will be maintained as book entry shares without issue of

certificates, in depository accounts in the name of their holders in the Company itself, which shall bear the legal depository charges. Paragraph 4 - The class A preferred shares will be convertible into common or class B preferred shares as established by Article 8 (eight) below. The common shares and class B preferred shares are not convertible. Paragraph 5 - The state of Rio Grande do Sul, the controlling shareholder is prohibited from selling the class A preferred shares owned by it. However, it can convert them according to Paragraph 4 of this article. Article 6 - Upon authorization from the Board of Directors, the Bank may buy back its shares for cancellation or to hold them in treasury in order to sell them at a future date. Paragraph 1 - The acquisitions mentioned in this article will not reduce the capital and will be made using funds that shall not exceed the available profit balances or reserves in the last balance sheet. Paragraph 2 - The acquisitions cannot be of the shares owned by the controlling shareholder or shares not yet paid up. Paragraph 3 - The Bank cannot hold in treasury more than 5% (five percent) of each class of outstanding shares issued by it. Paragraph 4 - Acquisitions authorized by this article shall strictly comply with the norms laid down by the Brazilian Securities and Exchange Commission in this regard. Article 7 - Preferred shares, except under the provisions of Paragraph 2 of Article 20 (twenty) and Article 39 (thirty-nine) of these Bylaws, shall not have voting rights. Article 8 - The class A preferred shares shall confer on their holders the following rights: (i) priority in the receipt of fixed non-cumulative preferential dividend at 6% (six percent) per year, calculated on the result of dividing the capital amount by the number of shares comprised in it; (ii) the right to a share, after the common and class B preferred shares are paid, in the dividend equal to that paid to such shares, in any other dividends or bonuses in cash distributed by the Company, under the same conditions as the common and class B preferred shares, with an increment of 10% (ten percent) on the amount paid to such shares; (iii) share in the capital increases resulting from capitalization of reserves under the same conditions as common and class B preferred shares; (iv) priority in the repayment of capital, without premium; (v) the right guaranteed by Article 80 (eighty) of these Bylaws; (vi) convertibility into common or class B shares at any time, at the discretion of the shareholder, through a notification to the Company. Article 9 - the class B preferred shares confer upon their holders the following rights: (i) share in the capital increases resulting from capitalization of reserves under the same conditions as common and class A preferred shares; (ii) priority in the repayment of capital, without premium; and (iii) the right guaranteed by Article 80 (eighty) of these Bylaws. Class B preferred shares are not convertible. - Chapter III - Corporate Purpose, Operations and Organization - Section I - Corporate Purpose - Article 10 - The purpose of the Company is to carry out borrowing, lending and other ancillary operations inherent to the respective authorized portfolios (commercial, real estate lending - 2nd to 8th Regions, and credit, financing and investment, leasing and development and investment portfolios), including exchange operations, in accordance with legal provisions and regulations. Sole paragraph - Within the norms established by the Brazilian Central Bank and these Bylaws, the Bank may own interest in other companies. - Section II - Operations - Article 11 - The Company's operations will cover all the banking activities compatible with the nature of a multiple-service bank, which are or will be granted to it by the monetary authorities and may be or should be implicit or understood within the corporate objectives. Article 12 - The Company may acquire the property necessary for its installations or those for its expansion, within the appropriate technical limits and, exceptionally, those that are suitable to safeguard its interests. Sole paragraph - Assets acquired from those responsible for loans with difficult or doubtful settlement, when not of use to the Company, shall be sold at the moment and manner established by the Executive Board in compliance with the pertinent legal and normative provisions. - Section III - Organization - Article 13 - To carry out its operations, the Bank shall have as many Advisory Services and Units necessary for carrying out its corporate objectives. Paragraph 1 - The Company shall have a Department dedicated to rural lending, which will centralize all types of

rural lending operations. Paragraph 2 - Rural lending operations with funds allocated or granted by the shareholder, the state of Rio Grande do Sul, are restricted to persons domiciled in the same state. Article 14 – Long-term operations use funds from BNDES (the Brazilian development bank) onlendings and are limited to 50% (fifty percent) of the Company's net equity. - Chapter IV - Management of the Company - Article 15 - The management of the Company, in the manner envisaged in these Bylaws, rests with the Board of Directors and the Executive Board. Paragraph 1 - Members to be elected to the management bodies must be natural persons resident in Brazil, who have university level education and senior management experience in financial institutions of the National Financial System or other companies or, if employees of the Bank, have served as the Superintendent of the Unit or the Region or in other equivalent function. Members of the Board of Directors should be shareholders. Paragraph 2 - Names of the nominees for the Executive Board should first be approved by the Legislative Assembly of the state of Rio Grande do Sul. Paragraph 3 – Members of the Board of Directors and the Executive Board shall take office after signing the terms of consent in the Company's records, with the waiver of guarantee of management, and only after signing the Statement of Consent From Senior Managers according to the regulations governing Level 1 corporate governance practices of the São Paulo stock exchange, and the regulation relating to the Market Arbitration Panel. Article 16 - Members of the Board of Directors or the Executive Board cannot exercise any identical function in financial institutions in which the Bank or the state do not own direct or indirect shareholding control. Article 17 - The following cannot jointly exercise the functions of the member of the Board of Directors or the Executive Board: a) parents or children, adoptee or adopted, collateral relatives and others up to the second degree by civil law; b) persons belonging to the same Company, except if it is a *Sociedade Anônima*; c) two or more executive officers, managers or equivalent positions of the same Company. Paragraph 1 - In case of impediments and incompatibilities above, those with the highest number of votes will assume office. Paragraph 2 - If voting is tied, the oldest nominee will be considered elected and, if the age is the same, decision will be by draw of lots. Article 18 - For each session they take part, members of the Board of Directors shall receive remuneration approved for them, in each fiscal year, by the Annual General Meeting convened for the purpose of Article 132 (one hundred thirty-two) of Law 6404 of December 15, 1976. Article 19 - The Annual General Meeting convened for the purpose of Article 132 (one hundred thirty-two) of Law 6404 of December 15, 1976 will set the total monthly or annual remuneration of the Executive Board members. Sole paragraph - Members of the Executive Board who are also members of the Board of Directors, shall not accumulate the remuneration of each of the functions and shall be entitled only to the remuneration of the Executive Officer. - Chapter V - Board of Directors - Section I – Composition - Article 20 - The Board of Directors, composed of at least five and at most nine members, shall be elected for a unified term of two years, with the possibility of reelection, by the Annual General Meeting which may at any time remove them. Paragraph 1 - Members of the Board of Directors shall be elected without specific designation and the controlling shareholder, the state of Rio Grande do Sul, shall name, among others, the Chairman who must compulsorily be the State Finance Secretary, and the Vice Chairman. Paragraph 2 - In the election of members of the Board of Directors, excluding the controlling shareholder, the majority of shareholders, in a separate voting session at the Annual General Meeting, shall have the right to vote in the following manner: (i) owners of common shares, provided they represent at least 15% (fifteen percent) of the Company's voting capital, and (ii) owners of preferred shares, provided they represent at least 10% (ten percent) of the Company's voting capital. If neither the holders of voting shares nor the owners of preferred shares make up the quorum required above, they can choose to add up their shares to jointly elect one member of the Board of Directors, provided they jointly represent at least 10% (ten percent) of the Company's capital stock. Paragraph 3 - The Regional

Economic, Accounting and Administration Councils are assured of the right to indicate a representative on the Board of Directors, in compliance with the conditions of Paragraph 1 of Article 15 (fifteen) of these Bylaws. The indication shall be done through a list in triplicate presented to the controlling shareholder, with each Council having the option to indicate a name. The controlling shareholder may select one among the nominees. Article 21 - At least 20% (twenty percent) of the Board of Directors should be Independent Members, as laid down by Paragraph 2 below. Paragraph 1 – If, applying the percentage referred to in the first paragraph of this article results in a fraction, the number should be rounded off: (i) to the immediately higher number if the fraction is equal to or greater than 0.5, or (ii) immediately lower number if the fraction is lower than 0.5. Paragraph 2 - For the purpose of these Bylaws, an “Independent Director” is one who: (i) has no relation with the Company, except interest in the capital; (ii) is not the controlling shareholder, spouse or related up to the second degree, or is not or has not been, in the past 3 (three) years, related to the Company or any entity related to the controlling shareholders (persons related to public educational and/or research institutions are excluded from this restriction); (iii) has not been in the past 3 (three) years, employed or was an Executive Officer of the company, the controlling shareholders or the holding company of the company; (iv) is not the supplier or buyer, directly or indirectly, of the Company's products and/or services at a volume that implies loss of autonomy; (v) is not the employee or manager of the company or entity offering or requiring the Company's services and/or products; (vi) is not the spouse or relative up to the second degree of any manager of the Company; and (vii) does not receive any other remuneration from Company than as the board member (cash earnings from interest in the capital are excluded from this restriction). Paragraph 3 - Also will be considered Independent Members those elected according to Paragraphs 4 and 5 of Article 141 of Law 6404/76 and Paragraph 2 of Article 20 of these Bylaws, provided they meet, in the latter case, the provision of Paragraph 2 of this Article. - Section II – Replacement - Article 22 - In case of vacancy on the Board of Directors, the Board, after consulting the controlling shareholder, the state of Rio Grande do Sul, shall designate the replacement to exercise the function till the next Annual General Meeting. The vacancy shall be filled with voting of the minority shareholders at the first annual general meeting. Sole paragraph - Resignation with the permission of the Board of Directors will not result in a vacancy. Article 23 - The Chairman of the Board of Directors, in case of vacancy, absence or temporary impediments, shall be replaced by the Vice Chairman. Sole paragraph - The vacancy, absence or temporary impediment referred to by this article do not depend on notice or notification to third parties and can be done merely by the replacement signing the actions that the officer being replaced is authorized to carry out. - Section III – Meetings - Article 24 - The Board of Directors shall meet ordinarily at least once per month and extraordinarily, when required. Decisions shall be valid when at least four of its members, one of them the Chairman or his/her statutory replacement, are present. Article 25 - The decisions of the Board of Directors shall be taken by majority vote of those present at the meeting. Sole paragraph - If a decision is tied, the Chairman of the Board of Directors or his/her statutory replacement, besides the personal vote, shall have the casting vote. Article 26 - The work and decisions of the Board of Directors shall be recorded in the Company's books by means of minutes, which may be summarized, registering the events, matters discussed, decisions taken, disagreement, protests, declaration of vote and other necessary items, signed by the Chairman and other board members present. Paragraph 1 - For the minutes to be valid, it is enough if the number of members of the Board of Directors present needed to constitute the majority required for decision making, sign them. Paragraph 2 - The documents or proposals submitted at the meeting and the declarations of vote, protest and other papers recorded in the minutes shall be numbered and filed at the Company within six months after the term of office of the Board of Directors. Paragraph 3 - The Board of Directors, through two or more of its members present at the meeting, may,

at the request of the member interested, authenticate a specimen or copy of the proposals, declarations of vote, disagreement or protest made. Paragraph 4 - From the minutes of the Board of Directors' meetings, which contain decisions affecting third parties, certificates are extracted with a summary of the facts and the transcription of the decisions taken, which will be filed with the Board of Trade and published according to legislation. These certificates can be validated merely by the signature of the Chairman of the Board of Directors or his/her statutory replacement.

Section IV – Powers - Article 27 - The Board of Directors is empowered to: 1. appoint the Company's executive officers and confer on them their respective duties in accordance with the provisions of these Bylaws; 2. remove the Company's executive officers in consultation with the controlling shareholder, the state of Rio Grande do Sul; 3. lay down the general business guidelines of the Company, in compliance with the governmental strategy of the controlling shareholder; 4. monitor the activities of the Executive Officers, examine at anytime the Company's books and documents, request information about contracts signed or are about to be signed, and any other acts; 5. decide on convening the general meeting of the shareholders when they deem appropriate or in the case of Article 132 (one hundred thirty-two) of the *Lei de Sociedades por Ações*; 6. opine on the management's report and accounts, approving the allocation of net income; 7. opine on the provision of guarantee by the Company, when the amount is more than five percent (5%) of the Company's net equity in the last half-yearly balance sheet; 8. fix, annually, the sum of subsidies and grants to be distributed by the Executive Board, in compliance with the provisions of these Bylaws; 9. approve the plans and promotional budgets of the Company and its subsidiaries; 10. appoint and remove the independent auditors, in compliance with these Bylaws; 11. organize and amend the bylaws of the Board of Directors; 12. set the maximum debt limit per client, including business group, as a percentage of the Bank's net equity, while the Executive Board may approve operations up to the limit of 3% of aforementioned net equity; 13. authorize the Company to buy back its shares under the terms of Article 6 (six) of these Bylaws, for cancellation or to be held in treasury for sale at a future date.

Article 28 - The Chairman of the Board of Directors is empowered to: 1. convene and chair the meetings of the Board of Directors and coordinating their activities; 2. convene the Bank's Annual General meetings and establish their respective agenda; 3. comply with and ensure that the provisions of these Bylaws, the decisions of the Board of Directors and the General Meetings are complied with; 4. use the casting vote in case of tied votes at the Board of Directors' meetings; 5. authenticate copies or certificates of minutes and other documents of the Board of Directors; 6. name relaters, where applicable, to study and forward the matters under the power of the Board of Directors for voting.

Sole paragraph - In the hypotheses mentioned by Article 23 (twenty-three) of these Bylaws, the Vice Chairman of the Board of Directors is empowered to replace the Chairman and validly exercise the actions mentioned in the first paragraph of this article.

- Chapter VI – Executive Board - Section I – Composition - Article 29 - The Company shall have an Executive Board, with executive functions, composed of a Chief Executive Officer, a Deputy Chief Executive Officer and up to six executive officers, whether shareholders or not, resident in Brazil, who meet the requirements of Article 15 (fifteen) of these Bylaws.

Sole paragraph – One of the Executive Officers shall exclusively be in charge of the Asset Management Department under the regulations of the National Monetary Council and the Brazilian Securities and Exchange Commission, and will not be accountable for other activities affecting the Department.

Article 30 - The Chief Executive Officer, Deputy Chief Executive Officer and other members of the Executive Board shall be elected or reelected for a term of three years, by the Board of Directors, subject to the following conditions: a) The Chief Executive Officer and the Deputy Chief Executive Officer will necessarily be chosen from the Board of Directors; b) One of the members of the Executive Board must compulsorily be selected from among employees with more than ten years of service provided directly to the Bank and who meet the requirements of Article 15 (fifteen) of these

Bylaws; c) The positions of Deputy Chief Executive Officer and member of the Board of Directors may be accumulated with the functions of the Executive Board.

Article 31 - The Board of Directors shall assign special designations to the Executive officers, according to the functions it assigns them. - Section II – Replacement -

Article 32 - In case of any vacancy on the Executive Board, the Board of Directors shall name the replacement to exercise the function till the end of the term subject to item “b” of Article 30 (thirty) mentioned above, where applicable. Sole paragraph - Any absence/termination with the permission of the Executive Board shall not constitute a vacancy. - Section III – Meetings -

Article 33 - The Executive Board shall ordinarily meet at least once a week and, extraordinarily, when required. Decisions are valid if at least four of its members are present. Article 34 - Provisions of Section III of Chapter V of these Bylaws, with the adaptations specific to this organ, are applicable to the Executive Board meetings. - Section IV – Powers -

Article 35 - The powers and duties of the Executive Board are: 1. to comply with and ensure that the basic laws of the Bank, the decisions of the Annual General Meeting and the Board of Directors' meetings are complied with; 2. to propose to the Board of Directors the general direction of the business and operations of the Bank; 3. to organize the internal service regulations of the Bank and amend them when required; 4. to authorize the provision of guarantees, sale of assets and the transfer or renunciation of rights, subject to the pertinent provisions in these Bylaws; 5. to establish general and uniform norms for appointment, promotion, punishment, dismissal, leave, absence, salaries, bonuses and other benefits for employees not in positions of trust, delegating authority for execution of these norms; 6. to create, modify and remove positions or functions of trust, setting for them the respective commissions and benefit amounts, appoint, punish, dismiss, grant leave to the holders of such positions or functions; 7. to distribute and invest the profits while respecting, within the limits of the earnings of each half-year, the compulsory requirement of distribution of fixed and minimum dividends laid down by these Bylaws and other legal norms and regulations about dividends in kind; 8. To set up and close down branches and representative offices in any place in Brazil or abroad; 9. to prepare and review the strategic plan annually, indicating the principal guidelines about management policy, human resources, investments and technology, products and services. Article 36 - The Chief Executive Officer is empowered: 1. to coordinate the Executive Board meetings, exercising, in addition to his vote, the casting vote in case of a tie in decisions; 2. to ensure that the decisions taken at the Meeting of the Shareholders, the Board of Directors and the Executive Board are carried out, and ensure that the Bank's basic principles are complied with; 3. to represent the Bank, actively and passively, in court or in its relations with third parties, to contract loans, sell assets and properties, waive and renounce rights; 4. to constitute the Bank's attorneys-in-fact, specifying in the instrument the actions or operations they can practice and the duration of such power of attorney which, in case of judicial power of attorney, may be for an indefinite period; 5. to designate the Bank's representatives in court; 6. to present the annual report on the Bank's operations and those of the Executive Board, illustrated with the respective financial statements, to the Annual General Meeting, after consulting the Board of Directors on such documents; 7. to exercise other functions conferred on him by the Board of Directors; 8. appoint and remove the Ombudsman. Article 37 - In case of vacancy, absence or temporary impediment of the Chief Executive Officer, the Deputy Chief Executive Officer is empowered to replace him and validly exercise, under the following hypotheses, the actions laid down in the previous article. Paragraph 1 - When the Deputy Chief Executive Officer, under the hypotheses envisaged by this article, is unable to replace the Chief Executive Officer, any of the Executive Officers, who have or do not have any specific designation assigned, temporarily or permanently, can replace the Chief Executive Officer, validly carrying out the actions authorized for the Chief Executive Officer, on such occasions. Paragraph 2 - The vacancy, absence or temporary impediment referred to by this article do not depend on notice or notification to third

parties and can be done merely by the replacement signing the actions that the officer being replaced is authorized to carry out. - Chapter VII - Fiscal Council - Section I – Composition - Article 38 - The Company shall have a permanent Fiscal Council composed of five members and an equal number of alternate members elected annually by the Annual General Meeting. Members to be elected to the Fiscal Council must be natural persons resident in Brazil, who have university level education and senior management experience in financial institutions of the National Financial System or other companies. Article 39 - Owners of preferred shares without voting rights may, in separate voting, elect one member and his alternate to the Fiscal Council; minority shareholders shall have equal rights. The Regional Economic, Accounting and Administration Councils are assured of the right to indicate a representative, through a list provided in triplicate, for one of the vacancies in the Fiscal Council reserved for the majority shareholder. The controlling shareholder may select one among the nominees. Paragraph 1 - The members of the Fiscal Council elected by the minority shareholders and by holders of preferred shares, in case of absence or impediment, may be replaced only by their respective alternate members. Paragraph 2 - Other members of the Fiscal Council, in case of absence or impediment, shall be replaced by any alternate member. Paragraph 3 - Members of the Fiscal Council should sign the Statement of Consent laid down by the Regulations of the Market Arbitration Panel. Article 40 - In addition to the persons referred to in Paragraph 2 of Article 162 (one hundred sixty-two) of Law 6404 of December 15, 1976, those, by themselves or in relation to the Executive Officers or the members of the Board of Directors, meeting the conditions laid down by Article 17 (seventeen) of these Bylaws, cannot be elected to the Fiscal Council. - Section II – Functioning - Article. 41 - The Fiscal Council shall ordinarily meet once a month and extraordinarily when required. Decisions are valid if taken by at least three of its members present. Article 42 - With the specific adaptations to its functioning, the meetings of the Fiscal Council are also governed by Section III Chapter V of these Bylaws. - Section III – Powers - Article 43 - The Fiscal Council, in addition to the duties and powers given by it by the *Lei de Sociedades por Ações*, must meet when convened by the Board of Directors or the Executive Board and submit a report on the matters assigned to it. - Section IV – Remuneration - Article 44 - The monthly remuneration of members of the Fiscal Council shall be fixed by the Annual General Meeting and cannot be lower, for each member, than one tenth of the average remuneration of each Executive Officer. Sole Paragraph - The alternate member of the Fiscal Council is entitled to the remuneration of the sitting member replaced, in proportion to the number of meetings he participated in the month. - Chapter VII - Audit Committee - Section I – Composition - Article 45 – The Company shall have a permanent Audit Committee, as required by the Brazilian Central Bank, composed of 3 (three) members named by the Board of Directors for a term of 1 (one) year, can be reelected up to the permitted limit. The Board may at any time remove them. Sole paragraph - The functions of the Audit Committee members cannot be delegated. Article 46 - The Audit Committee should directly report to the Board of Directors. Article 47 - Members to be named to the Audit Committee must be natural persons resident in Brazil, who have university level education and the technical qualification required for the positions, besides meeting the conditions for exercising the function in statutory organs of financial institutions and other institutions authorized to function by the Brazilian Central Bank. Sole paragraph - At least one member of the Audit Committee should possess proven knowledge in the accounting and audit areas that qualify him for the function. Article 48 - In addition to the previous Article, the following are the basic conditions for a member of the Audit Committee: I - is not or should not have been, in the twelve months before being nominated: a) an executive officer of the institution or its associated companies; b) employee of the institution or its associated companies; c) technical person responsible, executive officer, manager, supervisor or any other member with managerial function, of the unit involved in audit work for the institution; d) member of the Fiscal Council of the institution or its associated

companies. II – should not be the spouse, or direct relatives or collateral relatives or affinity relatives, up to second degree of persons mentioned in items “a” and “c” of clause I; III – not receive any other type of remuneration from the institution or its associated companies, not related to his function as a member of the Audit Committee; IV – should not hold any licensed position at the state government level; V – should not or should not have been, in the five months before appointment, in any office or function at the state government level. Article 49 - The Audit Committee member can return to such organ in the company only at least three years after the end of his earlier term. - Section II – Replacement - Article 50 - In case of any vacancy in the Audit Committee, the Board of Directors shall designate the replacement to exercise the function till the end of the term of the person replaced. Sole paragraph - Resignation with the permission of the Board of Directors shall not result in a vacancy. - Section III – Functioning - Article. 51 - The Audit Committee shall ordinarily meet according to the rules governing its functioning, and extraordinarily when required. Decisions are valid if taken by all the members present. Article 52 - Audit Committee meetings shall be recorded in minutes, which record the main facts, matters discussed and decisions taken, and are signed by all and filed at the Company. Article 53 - The Audit Committee shall meet at least once a quarter with the Executive Board, the independent audit firm and the internal audit to check compliance with its recommendations or inquiries, including those relating to the planning of the respective audit work, formalizing the proceedings of such meetings in minutes. Article 54 – The Audit Committee may, within the scope of its powers, use the services of specialists. Sole paragraph – Usage of specialist services does not exempt the Audit Committee from its responsibilities. Article 55 – At the end of the semesters ended June 30 and December 31, the Audit Committee should prepare a document called the Audit Committee Report containing the following information: a) activities exercised in the period within the scope of its powers; b) evaluation of the effectiveness of the institution's internal control systems, with the focus being on compliance with norms laid down by the Brazilian Central Bank, and pointing out the shortcomings detected; c) description of the recommendations submitted to the Executive Board, with those not followed and the respective justification; d) evaluation of the effectiveness of the independent audit and internal audit, including with regard to checking of compliance with legal and normative provisions applicable to the institution, besides the internal regulations and codes, with evidence of shortcomings detected; e) evaluation of the quality of the financial statements relating to the respective periods, with the focus on the application of accounting practices adopted in Brazil and compliance with the norms of the Brazilian Central Bank, evidencing any shortcoming detected. Paragraph 1 - The Audit Committee should maintain the Audit Committee Report at the disposal of the Brazilian Central Bank and the Board of Directors for at least five years after it is prepared. Paragraph 2 - The Audit Committee should publish, together with the half-yearly financial statements, the summary of the Audit Committee Report, providing the main information contained in the document. - Section IV – Powers - Article 56 - The functions of the Audit Committee are: 1. to establish the operating rules for its own functioning, which must be approved by the Board of Directors in writing and placed at the disposal of the shareholders; 2. to submit the technical report to the Bank management about the firm to be hired to provide independent audit services, as well as recommend the replacement of the firm providing such services, if it deems necessary, subject to the legal norms governing the Company's rules for contracting; 3. to review, before publication, the half-yearly financial statements, including the notes, management's report and report of the independent auditor; 4. to evaluate the effectiveness of the independent and internal audits, including with regard to compliance with the legal and normative provisions applicable to the institution, in addition to the internal regulations and codes; 5. to evaluate the Bank management's compliance with the recommendations made by the independent and internal auditors; 6. to establish and report the procedures for receipt and treatment of information about noncompliance with the legal and normative provisions

applicable to the Bank, in addition to the internal regulations and codes, including the estimate of specific procedures for protecting the provider and the confidentiality of the information; 7. to recommend to the Bank's Executive Board, rectification or improvement in policies, practices and procedures identified within the scope of its duties; 8. to check, on the occasion of the meetings envisaged in Article 53 (fifty-three), the compliance of the institution's Executive Board with its recommendations; 9. to meet the Fiscal Council and the Board of Directors based on their request, to discuss the policies, practices and procedures identified within the scope of their respective powers; 10. other functions established by the Brazilian Central Bank. - Section V – Remuneration - Article 57 - The monthly remuneration of the Audit Committee members shall be set by the Board of Directors that nominates them, based on their professional qualifications, after consulting the controlling shareholder. - Chapter IX – Ombudsman's Office - Article 58 – The Ombudsman's Office, which shall be permanent, will be entrusted with ensuring that the Company and its subsidiaries strictly comply with the legal and regulatory norms relating to consumer rights, and serving as the communication channel between the Company and the clients and users of its products and services, including for resolving disputes. Article 59 – The Ombudsman's Office shall have the following duties: a) receive, record, instruct, analyze and formally and appropriately deal with complaints from the Company's clients and users of the products and services that are not resolved by traditional customer service through the branches and other customer service points; b) provide the necessary clarifications and inform the complainants about the progress of their complaints and the measures taken; c) inform the complainants the estimated time for the final response, which cannot exceed thirty days; d) forward the final response to the complaint within the deadline informed in item "c"; e) propose to the Board of Directors corrective measures and other measures to improve the procedures and routines based on analysis of the complaints received; f) prepare and forward to internal audit, the Audit Committee and the Board of Directors, at the end of every six months, a report showing the numbers and the quality of the Ombudsman's activities, containing the proposals mentioned in item "e". Article 60 – The Ombudsman's Office will be administered by the Ombudsman, selected from the Bank's employees for a term of 1 (one) year, and may be extended, who shall be appointed and removed by the Chief Executive Officer. Article 61 – The Ombudsman's Office shall be provided with adequate working conditions and its functioning will be guided by transparency, autonomy, impartiality and independence. Article 62 – The Ombudsman's Office shall have access to the information necessary for preparing the appropriate response to the complaints received, and shall have total administrative support. It can request information and documents for exercising its activities. - Chapter X - General Meeting - Section I - General Provisions - Article 63 - The General Meeting shall be convened and held and its decisions shall be according to the legal provisions and, subordinately, to these Bylaws. Article 64 - Before starting a meeting, shareholders shall sign the "Attendance Record", indicating their name, nationality, residence, and the number and type of shares held by them. Article 65 - The business of the General Meeting shall be opened by the Chairman of the Board of Directors or his statutory replacement, who will immediately request the shareholders to elect the presiding board, composed of the Chairman and Secretary. - Section II - Annual General Meeting - Article 66 - Every year, in the four months following the end of the fiscal year, there will be an Annual General Meeting to examine the material referred to in Article 132 (one hundred thirty-two) of the *Lei de Sociedades por Ações*. - Section III - Extraordinary General Meeting - Article 67 - The Extraordinary General Meeting shall be convened whenever the Company's business demands it. - Chapter XI – Committees - Section I – Composition - Article 68 – The Company shall have 9 (nine) organs to assist the Executive Board. They are: a) Banking Management Committee; b) Economic Management Committee; c) Business Management Committee; d) Channel Management Committee; e) Administrative Management Committee; f) Internal Controls Management Committee; g)

Information Technology Management Committee; h) Credit Committee; i) Personnel Management Committee. Paragraph 1 - Each Committee shall have at least 4 (four) and at most 12 (twelve) members. Paragraph 2 - As an exception to the limit mentioned in the previous paragraph, the Channel Management Committee shall have as members, in addition to the Superintendents of the Units, the Regional Superintendents and the General Manager of the Central Office. Article 69 – Members of the Committees will be the Unit Superintendents, Superintendent of Advisory Services, Regional Superintendents, Executive Secretary of the Banking Management Committee and the General Manager of the Central Office, named by the Executive Board. Sole paragraph – The Banking Management Committee shall be composed of Executive Officers and Coordinators of other Committees. Article 70 – The Committees may be subdivided into groups based on the service needs and interests of the Executive Board. Paragraph 1 - Each Committee or group shall have a permanent Coordinator who, in case of impediment, can be replaced by a coordinator to be nominated by members of the Committee in writing. Paragraph 2 - The Coordinator of the Committee or the Group is entrusted with convening and presiding over the meetings of the respective organ. - Section II - Organization, duties and powers - Article 71 - Subject to the regulations of the Executive Board, each Committee envisaged in these Bylaws shall opine on matters pertaining to its respective area, after being submitting them to the Executive Board for discussion. Paragraph 1 - The Executive Board shall determine the scope of the Committees, within which they shall have decision-making power. Paragraph 2 - The Coordinators of the Committees and the Groups, if any, shall be nominated by the Executive Board and shall be represented at the monthly meetings of the Executive Board. - Chapter XII - Fiscal Year, Financial Statements, Profits and their allocations - Section I - Fiscal Year - Article 72 - The Fiscal Year shall have duration of one year, ending on December 31. - Section II - Financial Statements - Article 73 - At the end of each half-year, in compliance with legal provisions, the Financial Statements shall be prepared, clearly explaining the Company's financial standing, the changes in the period and the respective cash flow statements. Article 74 – Before any profit sharing is made, accumulated losses and provision for income tax shall be deducted from the earnings, in compliance with Article 189 (one hundred eighty-nine) of Law 6404 of December 15, 1976. Article 75 – In compliance with the previous Article, at the discretion of the Executive Board, the employees' profit sharing shall be earmarked for distribution as performance award, up to 10% (ten percent) of the operating results of the half-year. - Section III - Profit and its allocation - Article 76 – Shareholders shall have the right to receive as mandatory dividend, every year, a percentage equivalent to 25% (twenty percent) of the year's net income, adjusted according to the following norms: I. The year's net income shall be reduced or increased with the following amounts: (a) 5% (five percent) for constitution of the Legal Reserve up to the limit established by the *Lei das Sociedades Anônimas*. The Company is exempted from constituting this Reserve in the year in which its balance, after adding the amount of Capital Reserve mentioned by Paragraph 1 of Article 182 (one hundred eighty-two) of Law 6404/76, exceeds 30% (thirty percent) of the capital; and (b) the amount allocated to constituting the contingency reserve, as proposed by the Executive Board, and the reversal of this reserve formed in previous years; II. From the amount allocated for payment of dividend mentioned by this Article, subject to the deductions envisaged in item I above, the following shall be excluded: first, the amount necessary for payment of a fixed dividend of 6% (six percent) per annum to class A preferred shares, calculated by dividing the capital by the number of shares making it (Article 8); III. Subject to the previous items, if there is any balance, dividend shall be paid to common shares and class B preferred shares, not greater than that allocated to class A preferred shares; IV. After payment of the dividend mentioned in previous items, any balance in the amount allocated for dividend shall be distributed among all the shareholders. In such a hypothesis, common shares and preferred shares shall enjoy the same conditions, in compliance with item "ii" of Article 8 (eight) of these Bylaws. Article 77 – The

Company shall maintain an Investment Reserve for investments in information technology. To constitute such reserve, the Board of Directors may propose up to 25% (twenty-five percent) of the adjusted net income of each fiscal year, up to 70% (seventy percent) of the paid-up capital. Article 78 - Without prejudice to Articles 73 to 77 of these Bylaws, the Board of Directors may determine preparation of the balance sheet and payment of dividend in periods shorter than 6 (six) months, provided the total of dividend paid in each half-year does not exceed the capital reserve amount. Sole paragraph – Moreover, the Executive Board, with the approval of the Board of Directors and the Fiscal Council, may at its discretion, and whenever the company's interests recommend it, declare interim dividend for periods shorter than six months, on account of accumulated profits or profit reserves in the last half-yearly balance sheet, subject to other statutory and legal norms concerning payment of dividends. Article 79 - The amount of interest, paid or credited, as remuneration on equity, under the terms of Article 9 (nine) Paragraph 7 of Law 9249, of 12/26/95 and pertinent legislation and regulations, may be imputed to the mandatory dividend, with that amount being added to the dividend amount distributed by the Company, for all legal purposes. - Chapter XIII - Sole Section - Preservation of the Control of the Company by the State of Rio Grande do Sul and Rights of Minority Shareholders - Article 80 – The fundamental and basic rule of the Company is that it shall necessarily be controlled by the state of Rio Grande do Sul. Under Article 22 of the Rio Grande do Sul State Constitution, any amendment to this rule is the prerogative of the state population. Thus, only through a plebiscite can there be a transfer of shareholding control in the Company, subject to public interest. If such sale is approved following this procedure required by the State Constitution, either through a single operation or through successive operations, it should be based on a suspensive or resolutive condition that the party acquiring the control undertakes to place, within 90 (ninety) days, a public tender offer for acquiring the shares owned by other shareholders, guaranteeing them a price of at least 100% (one hundred percent) of the amount paid per share with voting rights in the controlling block, in order to assure them equal treatment on par with the seller. Article 81 – The public tender offer referred to in the previous Article should also be held, subject to the constitutional norms and the plebiscite requirement mentioned in Article 80 above: (a) in cases of encumbered assignment of subscription rights of shares and other bonds or rights related to securities convertible into shares that may result in the disposal of the Company Control; and (b) in the case of indirect sale, that is sale of the control in the company by the Company's controlling shareholder(s), in which case the selling controlling shareholder(s) shall be obliged to inform the São Paulo Stock Exchange (BOVESPA) the amount to be attributed to the Company in such sale and attach documentary evidence. Article 82 – Those already holding the Company's shares and, subject to the constitutional norms and the plebiscite requirement mentioned in Article 80 above, acquiring the shareholding control through a private instrument of share purchase agreement entered into with the controlling shareholder(s) involving any amount of shares, shall be bound to: (a) make the public offer referred to in Article 42 hereof; and (b) refund the shareholders from whom they purchased shares in the stock exchange in the (6) six-month period before date of transfer of the shares representing control in the Company, and shall pay them any difference in the price paid to such controlling shareholder(s) and also the amount paid in the stock exchange for shares of the Company in this same period, duly adjusted according to the Extended Consumer Price Index - IPCA ("IPCA") up to the actual payment. Article 83 - In the public tender offer for the shares to be made by the controlling shareholder for cancellation of the Bank's registration as an open capital Company, the minimum price to be offered should correspond to the economic value calculated in the valuation report. Article 84 - If the shareholders at the Extraordinary General Meeting decide to discontinue the Level 1 Corporate Governance Practices, the controlling shareholder or group of shareholders (as defined in Article 116 of Law 6404/76) should make a public tender offer for acquisition of shares owned by other shareholders, for the economic value

of the shares according to the valuation report: (i) within 90 (ninety) days, if the discontinuance of Level 1 Corporate Governance Practices is for the shares to be traded outside the Level 1 of Corporate Governance Practices, or (ii) within 120 (one hundred twenty) days from the date of the Annual General Meeting that approved the corporate restructuring in which the Bank's shares resulting from such reorganization are not admitted for trading in Level 1. Article 85 - The valuation report referred to in Articles 83 and 84 should be prepared by a specialist company with proven experience, which is independent of the Bank, its managers or controllers. The report should also satisfy the requirements of Paragraph 1 of Article 8 of Law 6404/76 and contain the responsibility envisaged in Paragraph 6 of the same Article of said Law. Paragraph 1 - The choice of the specialist company to determine the economic value of the Company is entrusted with the Annual General Meeting, based on the presentation of the Board of Directors, from a list provided in triplicate. The decision must be taken by the majority of the shareholders representing the outstanding shares, present at the Annual General Meeting to decide on the matter. Null votes, shares owned by the controlling shareholder, spouse, companion and dependents included in the annual income tax return, shares held in treasury and shares owned by the Company's subsidiaries and associate companies, and other companies belonging to the same group by fact or by law shall not be included. Paragraph 2 - The cost of preparing the valuation report should be fully borne by the controlling shareholder. Article 86 - In compliance with the hypotheses of Article 80 and subsequent articles, the Company shall not carry out any transfer of shares to shareholder(s) acquiring control if such shareholder(s) do not sign the Statement of Consent to the Regulations of Differentiated Practices of Level 1 Corporate Governance and the Statement of Consent to the Regulations of the Market Arbitration Panel. Sole Paragraph - Similarly, no Shareholders' Agreement that provides for exercise of control can be registered at the Company's head office without its signatories signing the Statements of Consent referred to in the first paragraph of this Article. - Chapter XIV - Sole Section - Arbitration - Article 87 - Disputes related to Regulations of Level 1 Corporate Governance Practices, these Bylaws, any shareholders' agreements filed at the Company's head office, provisions of Law 6404/76, norms of the National Monetary Council, Brazilian Central Bank, the CVM, regulations of the BOVESPA and other norms relating to the functioning of the capital markets in general, or arising from such norms, shall be resolved by means of arbitration held according to the Regulation of the Market Arbitration Panel instituted by the BOVESPA. - Chapter XV - Sole Section - General Provisions - Article 88 - The Bank, in compliance with its corporate objectives, business nature and operational characteristics, following the methods used by the private sector, shall: a) adopt the principle of tenders for purchase of assets, works and services contracted; b) observe the principles instituted by the controlling shareholder for granting subsidies and grants; c) without prejudice to other norms governing the inspection of its activities as a financial institution, provide conditions essential for efficient internal control, the position of Controller and Auditor General of the controlling shareholder and external control, as laid down by the State Constitution of Rio Grande do Sul and pertinent legislation; d) implement the code of ethics governing the relations with external clients and among the employees; e) guarantee to its past and present managers and board members, in cases when there is no incompatibility of interests with those of the Company and in the manner defined by the Board of Directors and proposed by the Executive Board, their defense in legal and administrative proceedings against them for actions in the exercise of their position or function, subject to provisions of Law 8906 of 07/04/1994. Article 89 - Except for the funds needed to meet the objectives of the *Fundação Bannrisul de Seguridade Social* (Bannrisul Social Security Foundation), the amount of subsidies and grants to be distributed annually by the Executive Board shall be fixed by the Board of Directors, subject to tax restrictions and the criteria laid down by the State for concession of these. Sole paragraph - Subject to the limits fixed by the Board of Directors, this Article does not

cover small grants made individually by the Executive Officers, equal to or lower than 0.000,004 of the capital stock. Article 90 - The Executive Board shall pass the resolutions establishing the procedures to be adopted in cases of tender bids and grant of subsidies and grants. Article 91 - The Executive Board shall send to the Controller and Auditor General of the state of Rio Grande do Sul the balance sheets and the trial balances of the Bank and provide them with all the information required for the internal and external control by the controlling shareholder. Article 92 - The Company shall be dissolved and liquidated according to prevailing legislation. Article 93 - Recruitment of personnel for the Bank, in Brazil, shall be according to Brazilian Labor Laws (*Consolidação das Leis do Trabalho*) through a common entrance exam or entrance exams weighted for qualifications, depending on the nature of the position. Article 94 - Members of the Executive Board may, once a year, enjoy vacation of up to thirty days, consecutive or otherwise, without loss of any benefits or prerogatives guaranteed to these in these Bylaws. Sole paragraph - The option to choose vacation by Executive Officers is subject to the following norms: a) vacation days shall not be cumulative and, when taken, shall be within the corresponding fiscal year; b) the vacation days shall necessarily be within the term of office of the Executive Officer and shall be void outside this period; c) under no condition shall the vacation be indemnified or converted to cash. Article 95 - The Banco do Estado do Rio Grande do Sul S.A. shall, through at least one of the members of its Executive Board, have a presence on the Board of Directors of the companies in which it owns 50% (fifty percent) or more of the capital. Sole paragraph - The Bylaws of each of the companies referred to in this Article should envisage the participation of the Bank's representatives on their Boards of Directors, subject to legal provisions. Article 96 - The acquisition or subscription to the Bank's shares implies in the approval of these Bylaws and acceptance of the responsibilities arising from them and the laws in force. Article 97 - Cases omitted by these Bylaws shall be regulated by applicable legislation. - Chapter XVI - Sole Section - Temporary Provisions - 98 – The rights of current holders of preferred shares shall be given to the holders of such shares on the date of the Extraordinary General Meeting held on March 28, 1988, without prejudice to their right to convert them into registered preferred shares anytime with no pecuniary liability.” **Format** – There being no further business on the agenda, the Meeting approved the drafting of these Minutes, summarizing the events, and their publication without the signatures of the shareholders present, pursuant to paragraphs 1 and 2 of Article 130 of Law 6.404/76 (“Corporate Law”). **Closure** – Members were given the opportunity to voice their comments but since nobody came forward, these minutes were drawn up and signed as authorized by the General Meeting, pursuant to the provisions of the *Lei de Sociedades Anônimas* (Brazilian corporate legislation). Porto Alegre, March 25, 2008. Shareholders present: State of Rio Grande do Sul represented by Mr. Aod Cunha de Moraes Júnior, Fundação Bannrisul de Seguridade Social represented by Mr. José Ignácio Lock Freire, Fernando Guerreiro de Lemos, João Verner Juenemann, Ivo da Silva Lech, Irno Luiz Bassani, Almir da Costa Barreto, Jorge Irani da Silva, The Ford Foundation and other shareholders administered by Citibank N.A. represented by Mr. George Washington Tenório Marcelino, Vanguard Investment Series, PLC and other shareholders administered by HSBC Corretora de Títulos e Valores Mobiliários S.A., represented by Mr. George Washington Tenório Marcelino.

DECLARATION

As Chairman and Secretaries of the meeting, we declare that this is a faithful copy of the original filed in the Company's records.

Aod Cunha de Moraes Junior
Chairman of the Meeting

Almir da Costa Barreto
Secretary at the Meeting

Jorge Irani da Silva
Secretary at the Meeting