

September 14, 2015



BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.
(incorporated in the Federative Republic of Brazil)

Offer to Purchase for Cash
Up to U.S.\$275,000,000 of Banco do Estado do Rio Grande do Sul S.A.'s Outstanding 7.375% Subordinated Notes due 2022
(CUSIP: 05965B AA5 and P12445 AA3; ISIN: US05965BAA52 and USP12445AA33)

Banco do Estado do Rio Grande do Sul S.A. (the "Bank") hereby announces its offer to purchase for cash, upon the terms and subject to the conditions set forth in the Offer to Purchase up to U.S.\$275,000,000 (the "Tender Cap") of its outstanding 7.375% Subordinated Notes due 2022 (CUSIP: 05965BAA5 and P12445AA3; ISIN: US05965BAA52 and USP12445AA33) (the "Notes"), from holders thereof (each, a "Holder" and collectively, the "Holders"), at the price set forth below, upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 14, 2015 (as it may be amended or supplemented from time to time, the "Offer to Purchase") and in the related Letter of Transmittal dated September 14, 2015 (as it may be amended or supplemented from time to time, the "Letter of Transmittal" and, together with the Offer to Purchase, the "Offer Documents"), which together constitute the Offer (the "Offer"). As of September 14, 2015, the aggregate principal amount of Notes outstanding was U.S.\$775,000,000.

D. F. King & Co., Inc. is acting as the tender agent (in such capacity, the "Tender Agent") and as the information agent (in such capacity, the "Information Agent") for the Offer. Deutsche Bank Securities Inc. is acting as Dealer Manager for the Offer (the "Dealer Manager").

Subject to the terms and conditions set forth in the Offer to Purchase, the Bank hereby offers to pay each Holder that validly tenders its Notes on or prior to the Early Tender Date (as defined in the Offer to Purchase) an amount in cash in U.S. dollars equal to the Total Consideration (as defined herein) and Accrued Interest (as defined herein). The "Total Consideration" for each U.S.\$1,000 principal amount of Notes validly tendered and not validly withdrawn is equal to U.S.\$800, such price being rounded to the nearest U.S.\$0.01 per U.S.\$1,000 principal amount of Notes. The Total Consideration includes an early tender premium (the "Early Tender Premium") of U.S.\$30 per U.S.\$1,000 principal amount of Notes validly tendered on or prior to the Early Tender Date and not validly withdrawn on or prior to the Withdrawal Date (as defined in the Offer to Purchase). The "Purchase Price" for each U.S.\$1,000 principal amount of Notes validly tendered and not withdrawn is equal to the Total Consideration less the Early Tender Premium. Holders who validly tender their Notes after the Early Tender Date but on or prior to 11:59 p.m., New York City time, on October 9, 2015 (such time and date, as the same may be extended in the Bank's sole discretion, the "Expiration Date") and do not withdraw their tender will be eligible to receive the Purchase Price. In each case, Holders whose Notes are accepted for purchase shall receive accrued and unpaid interest from, and including, the last interest payment date to, but not including, the applicable Settlement Date (as defined herein), payable on the applicable Settlement Date ("Accrued Interest"). Tenders of Notes will not be valid if submitted after the Expiration Date.

The following table summarizes the material pricing terms for the Offer:

| <u>CUSIP and ISIN Nos.</u> | <u>Outstanding Principal Amount of Notes</u> | <u>Title of Security</u> | <u>Purchase Price*</u> | <u>Early Tender Premium*</u> | <u>Total Consideration*</u> |
|--|--|---|------------------------|----------------------------------|---------------------------------|
| <i>Restricted Notes</i> CUSIP: 05965B AA5 ISIN: US05965BAA52 | U.S.\$775,000,000 | 7.375% Subordinated Notes due 2022 | U.S.\$770 | U.S.\$30 | U.S.\$800 |
| <i>Regulation S Notes</i> CUSIP: P12445 AA3 ISIN: USP12445AA33 | | | | | |

*Per U.S.\$1,000 principal amount of Notes accepted for purchase.

If the purchase of all Notes validly tendered (and not validly withdrawn) on or prior to the Early Tender Date would cause the Bank to purchase an aggregate principal amount of Notes in excess of the Tender Cap, then such Offer will be oversubscribed at the Early Tender Date and the Bank will not accept for purchase any Notes after the Early Tender Date and the Bank will (assuming satisfaction or, where applicable, the waiver of the conditions to the Offer) accept for purchase on the Early Settlement Date, the Notes tendered at or prior to the Early Tender Date on a prorated basis such that the Bank purchases the maximum aggregate principal amount of Notes tendered that does not exceed the Tender Cap. If the Offer is not oversubscribed at the Early Tender Date and the purchase of all Notes validly tendered (and not validly withdrawn) on or prior to the Expiration Date would cause the Bank to purchase an aggregate principal amount of Notes in excess of the Tender Cap, then the Offer will be oversubscribed at the Expiration Date and the Bank will (assuming satisfaction or, where applicable, the waiver of the conditions to the Offer) accept for purchase such tendered Notes as follows (i) on the Early Tender Date, the Bank will accept for purchase all Notes validly tendered (and not validly withdrawn) on or prior to the Early Tender Date; and (ii) promptly after the Expiration Date, the Bank will accept for purchase all Notes validly tendered (and not validly withdrawn) after the Early Tender Date and on or prior to the Expiration Date on a prorated basis such that the Bank purchases the maximum aggregate principal amount of Notes that does not exceed the Tender Cap. **Accordingly, if the Tender Cap is reached in respect of tenders made on or prior to the Early Tender Date, no Notes that are tendered after the Early Tender Date will be accepted for purchase and any Notes accepted for purchase on the Early Settlement Date will be accepted on a prorated basis up to the amount of the Tender Cap.**

To ensure the return of Notes in minimum principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 above U.S.\$200,000, if necessary, the Bank will make appropriate adjustments downward to the nearest U.S.\$1,000 principal amount, or if applicable, the minimum denomination of U.S.\$200,000, with respect to each Holder validly tendering Notes. If the principal amount of Notes that are not accepted and returned to a Holder as a result of proration would result in less than the minimum denomination of U.S.\$200,000 principal amount being returned to such Holder, we will reject all of such Holder's validly tendered Notes. Holders who tender less than all their Notes must continue to hold Notes in Authorized Denominations.

The "Settlement Date" for (i) Notes validly tendered on or prior to the Early Tender Date and not validly withdrawn on or prior to the Withdrawal Date, will be a date which the Bank currently anticipates will be on or about September 30, 2015 (the "Early Settlement Date"), and (ii) Notes validly tendered after the Early Tender Date and on or prior to the Expiration Date, will be a date which the Bank currently anticipates will be on or about October 15, 2015 (the "Final Settlement Date" and, together with the Early Settlement Date and any additional settlement dates, each a "Settlement Date"). If the Bank determines, in its sole discretion, to extend the Offer beyond the Expiration Date, the Bank will have a new Settlement Date with respect to Notes validly tendered on or prior to the Expiration Date. "Business Day" shall mean a day other than a Saturday, Sunday or other day on which banking institutions in New York City or São Paulo, Brazil are permitted or required by applicable law to remain closed. During any extension of the Offer, all Notes previously tendered and not accepted for purchase pursuant to the Offer will remain subject to the Offer and may, subject to the terms and conditions of the Offer, be accepted for purchase by us.

The Bank's obligation to accept for payment, and to pay the Total Consideration or the Purchase Price, as applicable, and Accrued Interest for, Notes validly tendered and not validly withdrawn pursuant to the Offer are subject to, and conditioned upon, the satisfaction of, or the Bank's waiver of, the Conditions described under the heading "Conditions to the Offer" in the Offer to Purchase.

THE OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE A DECISION IS MADE WITH RESPECT TO THE OFFER.

NEITHER THE OFFER TO PURCHASE NOR ANY OF THE OTHER DOCUMENTS RELATING TO THE OFFER HAVE BEEN FILED WITH OR REVIEWED BY THE FEDERAL OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY COUNTRY, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFER TO PURCHASE OR ANY OF THE OTHER DOCUMENTS RELATING TO THE OFFER. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND MAY BE A CRIMINAL OFFENSE.

Subject to applicable laws and the terms set forth in the Offer, the Bank reserves the right, with respect to the Notes, (i) to waive or modify in whole or in part any and all conditions to the Offer, (ii) to extend the Expiration Date, the Early Tender Date, or any other date mentioned herein, (iii) to modify or terminate the Offer or (iv) to otherwise amend the Offer in any respect.

NONE OF THE BANK, ITS BOARD OF DIRECTORS, THE INDENTURE TRUSTEE, THE INFORMATION AGENT, THE TENDER AGENT, THE DEALER MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY RECOMMENDATION AS TO WHETHER HOLDERS SHOULD TENDER, OR REFRAIN FROM TENDERING AS TO ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF THEIR NOTES PURSUANT TO THE OFFER, NOR SHOULD THE OFFER TO PURCHASE BE CONSTRUED AS INVESTMENT, ACCOUNTING,

LEGAL OR TAX ADVICE BY SUCH PARTIES OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, ATTORNEYS OR EMPLOYEES. HOLDERS MUST MAKE THEIR OWN DECISIONS AND SHOULD CONSULT THEIR OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS WITH REGARD TO TENDERING NOTES.

The Offer to Purchase does not constitute an offer to purchase the Notes in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities or “blue sky” laws. If the Bank becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable laws, the Bank will make a good faith effort to comply with any such laws. If, after such good faith effort, the Bank cannot comply with any such laws, the Offer will not be made to (nor will tenders of Notes be accepted from or on behalf of) the owners of Notes residing in such jurisdiction. Neither the delivery of the Offer to Purchase nor any purchase hereunder shall under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or in the Bank’s affairs since the date hereof. The Dealer Manager may be tendering Notes in connection with the Offer.

The Offer to Purchase does not constitute an offer to sell any securities or the solicitation of an offer to buy any securities (other than the Notes). Any offering of securities will only be made by an offering document and any such offering may not be registered with the U.S. Securities and Exchange Commission.

The Tender Agent and Information Agent for the Offer is:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
United States
Banks and Brokers call: +1 (212) 269-5550
All others call toll free (U.S. only): +1 (877) 283-0320
Email: banrisul@dfking.com

By Facsimile Transmission:
(for Eligible Institutions only)
+1 (212) 709-3328
For Confirmation: +1 (212) 493-6940

Any questions or requests for assistance or for additional copies of the Offer to Purchase may be directed to the Information Agent at one of its telephone numbers above. A Holder (or a beneficial owner that is not a Holder) may also contact the Dealer Manager at its telephone number set forth below or its broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Dealer Manager for the Offer is:

Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005
Attention: Liability Management Group
Collect: (212) 250-7527
U.S. Toll Free: (855) 287-1922

The Offer to Purchase and the Letter of Transmittal shall be available online at www.dfking.com/banrisul until the consummation or termination of the Offer.