

MATERIAL FACT

Banco do Estado do Rio Grande do Sul S.A. ("Banrisul"), pursuant to Instruction No. 358 of the Brazilian Securities and Exchange Commission (CVM), of January 3, 2002, and Paragraph 4 of Article 157 of Law No. 6,404 of December 15, 1976, hereby informs its shareholders and the market that, given the negotiations addressed in the material facts published on January 19, February 17, February 26, May 2 and May 31, 2016, the Bank and the State of Rio Grande do Sul ("State") signed on June 17, 2016 the final agreement regarding the transfer of services related to the payroll of civil servants ("Agreement"), in line with the main terms and conditions previously approved by Banrisul's Board of Directors at the meeting held on May 30, 2016, in which Board members in potential situation of conflict of interest did not take part. The main provisions of the Agreement are presented below.

1. Price and Form of Payment: Banrisul shall pay to the State the amount of R\$1,250,638,220.00 (one billion, two hundred and fifty million, six hundred thirty-eight thousand, two hundred and twenty reais) in a single installment, due up to 2 (two) business days upon the signing of the Agreement;

2. Term of the Agreement: The Agreement will be valid for a period of 10 (ten) years, starting June 17, 2016.

For further information, please reached the Investor Relations department by the telephone +55 51 3215-3232 or the electronic mail address ir@banrisul-ri.com.br.

Porto Alegre, June 20, 2016.

Ricardo Richiniti Hingel

Chief Financial and Investor Relations Officer

Banco do Estado do Rio Grande do Sul S/A