



**BANCO DO ESTADO DO RIO GRANDE DO SUL S.A. Corporate
Taxpayer's ID (CNPJ) 92.702.067/0001-96**

MATERIAL FACT – STRATEGIC PARTNERSHIP

Banco do Estado do Rio Grande do Sul S.A. (“Banrisul”), in compliance with the CVM Instruction no. 358, of January 3, 2002 and Paragraph 4th of Article 157 of Law 6404 of December 15, 1976, hereby informs its shareholders and the market that:

1. On December 20, 2017, Banrisul entered into an investment agreement with Icatu Seguros S.A. (“Icatu”) in order to establish a strategic partnership between Banrisul and Icatu, which consists of the creation of a new company that will have the exclusivity, for 20 years, to sell capitalization products within Banrisul’s distribution channels. The new capitalization company will be a subsidiary of Banrisul Icatu Participações S.A. (“BIPAR”), a holding company in which Banrisul and Icatu hold, respectively, 49.99% and 50.01% of the shares representing the company’s capital stock, and which currently controls Rio Grande Seguros e Previdência S.A.
2. The objective of this partnership is to consolidate Banrisul in a prominent position regarding the sale of capitalization products within the Rio Grande do Sul State and in the South Region, diversifying and increasing its sources of revenue.
3. The implementation of the transaction is still subject to approval of the Brazilian Central Bank, SUSEP (Private Insurance Department) and the Brazilian antitrust authority.
4. Upon approval from the Brazilian antitrust authority, Banrisul and Icatu will enter into a specific contractual instrument through which Banrisul commits to exclusively sell, for 20 years, capitalization products. This instrument will be effective until the parties obtain authorization from SUSEP and the Brazilian Central Bank for Banrisul to indirectly hold interest, through BIPAR, in the capital stock of the new capitalization company, when all the rights and obligations arising from said instrument will be transferred to the new company, without interruption of the exclusivity term, in accordance with the investment agreement.
5. Banrisul will keep its shareholders and the market informed about any new fact related to the matter.

Porto Alegre, December 21, 2017.

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