

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.
CNPJ 92.702.067/0001-96

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, as amended ("**CVM Instruction 358**"), and for the purposes of paragraph 4 of article 157 of Law No. 6404 of December 15, 1976, as amended ("**Law 6404/76**"), in addition to the Material Fact released on March 23 and 25, 2018, hereby informs the market that, due to current capital market conditions, decided to postpone the initial public offering of preferred shares issued by Banrisul Cartões S.A. ("**Banrisul Cartões**").

On the other hand, the registration as a public company and issuer of "A" class securities of Banrisul Cartões maintains standard procedures within CVM.

Banrisul also informs that, upon the approval of the Central Bank of Brazil for the capital reduction submitted to the Extraordinary General Meeting held on April 10, 2018, and with the expiration, without objections, of the 60-day opposition deadline by unsecured creditors, mandatory stage for the capital reduction to take effect, the remaining conditions contained in the minutes of said Extraordinary General Meeting are still pending.

Banrisul will maintain shareholders and the market duly informed of any facts subsequent to the disclosure of this Material Fact.

This Material Fact is for information purposes only and must not under any circumstances be construed as, or constitute, an investment recommendation or an offer to sell, or a solicitation or an offer to purchase any securities issued by Banrisul, Banrisul Cartões and/or any other subsidiary company.

Porto Alegre, July 5, 2018.

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