

## 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, at the meeting held on February 25, 2016, Banrisul's Board of Directors approved of its response in reply to the correspondence sent on February 15, 2016 by the State of Rio Grande do Sul ("State") and addressed in its Material Fact of February 17, 2016, informing the State that Banrisul is interested in discussing the new terms related to the payroll of civil servants and the use of public spaces for the provision of banking services ("Transaction").

Banrisul will take all adequate legal measures to prevent any kind of conflict of interest between Banrisul and the State during the aforementioned negotiation. In this sense, it was approved by the Board of Directors the constitution of a Special Committee to coordinate and carry on the Transaction.

The deliberations of the Board of Directors on the meeting of February 25, 2015 were submitted today to Comissão de Valores Mobiliários (CVM, Brazilian Securities and Exchange Commission).

Banrisul will maintain its shareholders and the market in general informed of any new material facts regarding to the subject matter.

Porto Alegre, February 26, 2016.

*Ricardo Richiniti Hingel*

Chief Financial and Investor Relations Officer

**Banco do Estado do Rio Grande do Sul S/A**