

Material Fact

Restructuring of Insurance Business - Life and Pension Plans

In accordance with paragraph 4 of article 157 of Law no. 6,404 of December 15, 1976, and CVM Instruction no. 358 of January 03, 2002, and pursuant the Material Facts published on July 14, 2014 and September 30, 2014, Banco do Estado do Rio Grande do Sul S.A. ("Banrisul") announces that:

1. The Central Bank of Brazil, pursuant to article 8 of Resolution no. 2,723 of May 31, 2000, authorized Banrisul's participation in the capital of a holding company that will control the insurance company which will have exclusive rights for marketing products of life insurance and pension plans through Banrisul's distribution channels.
2. The Administrative Council for Economic Defense (CADE, the Brazilian Antitrust Authority) unreservedly approved of the joint venture between Banrisul and Icatu for the exploration of the businesses of life insurance and pension plan.
3. Given such approvals, Banrisul and Icatu signed on December 11, 2014 the specific contractual instrument whereby Banrisul commits to market life insurance and pension plan products on an exclusive basis for a period of 20 (twenty) years. This instrument shall be applicable until the parties are granted the authorization of the Superintendence of Private Insurance (SUSEP), in accordance with the dispositions of article no. 9 of *Conselho Nacional de Seguros Privados* (CNSP, the National Private Insurance Council) Resolution no. 166/07, which will ultimately allow for Banrisul's participation into the capital of the insurance company, whereupon all rights and obligations under said instrument will be duly transferred to the new company, without interrupting the period of exclusivity.
4. Banrisul will hold 49.99% of the shares representative of the capital of the holding, while Icatu will hold 50.01% of the capital of the holding.
5. Financial events equivalent to those related to the establishment of the new company produce effects immediately, in light of Banrisul's commitment to celebrating with Icatu the operations object of the conditions and timetable agreed between the parties.
6. Additional facts deemed relevant will be disclosed to the market in due course.

Porto Alegre, December 11, 2014.

João Emilio Gazzana
Chief Financial and Investor Relations Officer
Banco do Estado do Rio Grande do Sul S/A