

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"), informs that it has not yet received any official communication in relation to requests from the Federal Public Ministry to the Federal Police to investigate the sales of Banrisul's preferred B and common shares in auctions held on April 10 and 27, 2018, respectively, as mentioned in news published in the local press.

As previously reported in the material fact dated May 15, 2018, both auctions were carried out in strict compliance with CVM regulations, particularly CVM Instruction No. 168, dated September 23, 1991, as amended ("**CVM Instruction No. 168**"), which governs the procedures for conducting auctions, including the obligation of prior disclosure of public notice in certain cases. Such requirement was only applicable for the auction of April 10, 2018, taking into consideration the amount of shares involved, in which the State of Rio Grande do Sul sold 26,000,000 preferred B shares, without voting rights, representing 12.75% of the total preferred B shares issued by Banrisul and 6.35 % of total share capital. In the auction of April 27, the State of Rio Grande do Sul sold 2,974,500 common shares, with voting rights, representing 1.45% of the total common shares issued by Banrisul and 0.73% of the capital stock total.

The State of Rio Grande do Sul, the controller of Banrisul, currently holds 201,225,359 common shares, 751,479 class A preferred shares and 2,056,962 class B preferred shares, corresponding to 98.13%, 48.72% and 1.02% shares, respectively, of the Bank's capital stock.

Banrisul reiterates that all the auctions held in April have strictly followed the provisions of the applicable legislation and specific regulations, in particular CVM Instruction No. 168 and CVM Instruction No. 358.

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

Porto Alegre, July 11, 2018.

Julio Francisco Gregory Brunet

Chief Planning, Service Channels and Investor Relations Officer

Investor Relations Department

Phone: +55 (51) 3215-3232

Email: ri@banrisul-ri.com.br

Website: www.banrisul.com