

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, 2018, hereby informs market as follows.

On May 25, 2018, a filing with the Securities and Exchange Commission ("CVM") was filed for an initial public offering for the distribution of preferred shares issued by Banrisul Cartões S.A. ("Banrisul Cartões") ("Public Offering") and for the register of securities issuer category "A" ("Publicly Held Company"), with the listing of these shares under the corporate governance "Level 1" segment of B3 SA - Brasil, Bolsa, Balcão.

The Offer will comprise the issue by Banrisul Cartões of new preferred shares ("Shares"), as capital increase ("Primary Offering"), and the sale by the State of Rio Grande do Sul ("Selling Shareholder" and "Secondary Offering") of preferred shares also issued by Banrisul Cartões. The preferred shares that will be the object of the Secondary Offering will be received by the Selling Shareholder in payment of the capital reduction of Banrisul approved at the Extraordinary General Meeting of Shareholders of Banrisul held on April 10, 2018, also observing (i) the 60-day term for opposition from unsecured creditors, as determined by Article 174 of Law No. 6404/76, which is still in progress, (ii) the conclusion of the registration process as Publicly-Held Company of Banrisul Cartões and the pricing and registration of the Offer, and (iii) the approval of the capital reduction of Banrisul by the Central Bank of Brazil.

The Offer will take place in Brazil, in an unorganized over-the-counter market, in accordance with CVM Instruction No. 400, of December 29, 2003, as amended ("CVM Instruction 400"), and with the ANBIMA's Code of Regulation and Best Practices for the Public Offering for Distribution and Acquisition of Securities, currently in force ("ANBIMA Code"), and other applicable regulations, under the coordination of financial institutions that are part of the Brazilian securities distribution system, with Banrisul as the Lead Coordinator of the Offer and BTG Pactual Bank as Joint Coordinator ("Domestic Offering"). The Shares will also be subject to placement efforts abroad, by financial institutions hired for this purpose, (i) exclusively for U.S. based qualified institutional buyers, as defined in Rule 144A, enacted by the Securities and Exchange Commission ("SEC"), in operations exempt from registration, as provided for in US Securities Act of 1933 as amended ("Securities Act"), and in the regulations under the Securities Act, as well as under any other federal and state securities laws of the United States; and (ii) in countries other than the United States and Brazil, for investors who are deemed to be nonresident or domiciled in the United States or incorporated under the laws of that country (Non-US persons) pursuant to Regulation S of the Securities Act, without the need to request and obtain registration for distribution and placement of the Shares before any agency or capital market regulatory body of any other country, including the SEC ("International Offering").

In addition, Banrisul, as the controlling shareholder of Banrisul Cartões, has expressed its irrevocable and irreversible intention to carry out a private subscription of common and preferred shares to be issued by Banrisul Cartões prior to obtaining the registration of the Offering and immediately after the conclusion of the procedures for the collection of investment intentions, at the same price per share as may be fixed in said procedure. The purpose of the issuance of (i) common shares is to adjust the

shareholding structure of Banrisul Cartões prior to the issuance of preferred shares within the scope of the Offering (in order to comply with the legal limit for the issuance of non-voting preferred shares set forth in article 15, paragraph 2 of Law No. 6404/76, and of (ii) preferred shares is to make it possible to lend shares to be used in stabilization procedures, since the controlling shareholder of Banrisul Cartões will not hold preferred shares issued by Banrisul Cartões after the Offer and that the Selling Shareholder will sell all of preferred shares of Banrisul Cartões under its shareholding in the scope of the Offer.

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 under no 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, May 25, 2018.

Atenciosamente,

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