

## **Material Fact – Strategic Partnership**

In accordance with paragraph 4 of article 157 of Law no. 6404 of December 15, 1976, and CVM Instruction no. 358, of January 3, 2002, Banco do Estado do Rio Grande do Sul S.A. – BANRISUL announces that:

1. After an extensive market analysis, a Memorandum of Understanding was signed with Icatu Seguros S.A. to initiate studies aimed at equity participation in an insurance company, which will have the exclusivity, for a period of 20 years, for the commercialization of life insurance and pension plans through the Bank's distribution channels, without, however, being limited to these.
2. This partnership aims at consolidating Banrisul in a prominent position in the insurance business within the State of Rio Grande do Sul and in the southern region of Brazil, diversifying and increasing its revenue sources.
3. Icatu Seguros S.A. is a leading independent insurance company in Brazil and leader of segment of life insurance in Rio Grande do Sul, with 27.9% of the market share. It is a solid institution, with experience and tradition in the creation of partnerships and extensive knowledge of the Brazilian insurance market.
4. Banrisul will hold 50% of the total capital of the new insurance company, composed by 49.99% of the common shares and 50.01% of the preferred shares, and Icatu Seguros S.A. shall hold 50.01% of the common shares and 49.99% of preferred shares.
5. The completion of the transaction is subject to technical, legal and financial studies, to the satisfactory negotiation of the definitive documents and the compliance to legal and regulatory requirements.
6. Additional facts deemed relevant will be disclosed to the market in due course.

Porto Alegre, July 14, 2014.

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