China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

(A free translation of the original report in Portuguese prepared in accordance with accounting policies adopted in Brazil applicable to the institutions authorized to operate by Central Bank of Brazil)

Financial Statements as of December 31, 2016 and 2015

KPDS 177268

Contents

MANAGEMENT REPORT | December 31, 2016

Dear Shareholders,

The Management of China Construction Bank (Brasil) Banco Múltiplo S.A "CCB Brasil" - hereby submits for your consideration the Company's Management Report and the corresponding Financial Statements, the opinion of Independent Auditors, of unqualified instance, related to the period ended on December 31, 2016. All operational and financial information contained in this Report, except where otherwise indicated, is presented in Brazilian currency (Reais - R$), on a consolidated basis, and includes the Bank's subsidiaries. The financial statements herein posted comply with the directives laid down by the Brazilian Central Bank (BACEN).

Economic environment

The Brazilian economy shrank by 3.6 percent in 2016. The economic downturn amounted to 7.2% in two years according to IBGE Brazilian Institute of Geography and Statistics, which calculates the Brazilian Gross Domestic Product.

The official inflation rate as measured by IPCA (Broad Consumer Price Index) was on a downward trend throughout 2016 and closed the year at 6.28%, versus 10.67% in 2015. As a result, monetary authorities started reducing the benchmark interest rate (Selic) in October. In fact, the Selic rate was 13.75% p.a. at the close of 2016.

There was significant exchange rate volatility during 2016. At the close of the year, the dollar rate stood at R$3.26, down from R$3.90 at the close of 2015.

In addition, Brazil recorded a trade surplus-exports exceeding imports-of US$47.68 billion in 2016, up from US$19.69 billion in the previous year. Exports amounted to US$185.24 billion whereas imports totaled US$137.55 billion. China was Brazil's main trading partner. Indeed, the trade flow between both countries came to US$58.49 billion. Exports and imports totaled US$35.13 billion and US$23.36 billion respectively.

Lending in the financial system reached R$3.10 trillion in December 2016, representing a decrease of 3.55% compared to the previous year, and accounted for 49.39% of the Brazilian GDP.

The China Construction Bank (Brazil) subsidiary

Since August 29, 2014, the Bank has been part of the China Construction Bank Group (CCB), the second largest commercial bank in China, with nearly 60 years of operational track record. CCB's shares are listed on the Hong Kong Stock Exchange and on the Shanghai Stock Exchange.

CCB Brasil's capital increased by R$905.0 million in 2016 - R$760.0 million in the first half and R$145.0 million in the second half.

Financial Highlights of CCB Brasil

R$ Million	December 31, 2016	December 31, 2015
Total assets	21,801.3	14,003.3
Loan operation - expanded portfolio	9,063.8	8,289.2
Funding in Reais	3,212.5	4,652.3
Funding in foreign currency	9,101.1	5,953.1
Shareholders´ equity	1,358.5	734.5
Basel index	15.13%	14.67%
Net result	(305.5)	(491.5)
Service outlets	37	37
Number of employees	733	809

Risks

Bank´s risk management practices are intended so an appropriate balance between risk and return. The criteria for the Bank to evaluate portfolios is how profitable operations are and how much economic capital they consume considering the main market, credit, social environmental, liquidity and operational risks identified, among others. Specialized structures carry out the Bank's risk management activities based on its current objectives, policies and strategies.

The Governance Committee is mainly in charge of risk governance. It also sets overall exposure limits, as well as compliance and capital allocation levels based on risks. The risk management policies are approved by the Board of Directors.

The Bank centralizes the decisions of the group companies and adopts internal models for ratings, capital management based on scenario assessments, and VaR and EVE analyses to serve as control mechanisms and set limits, in addition to stress tests. It adopts cross-cutting measures to prevent the excessive concentration client, industry, product and geographical risks.

The Bank has several internal initiatives to stimulate the culture of risks and strengthen individual responsibility and ethical behavior to manage the business, in order to reinforce its values and align the employee behavior to the guidelines set out in the risk management.

A description of the Bank's risk management framework can be found on http://www.br.ccb.com/en/

Market Risk

Market risk management performs the monitoring of potential risks connected with the changes in market quotations of financial instruments that make up the portfolios. This function is essential to pursue the maximization of the use of capital, by concentrating efforts on business opportunities that may yield the best relation of risk versus the expected return.

All risk metrics are consistently monitored and, for the purpose of segmentation, with a view to planning the negotiation, the portfolios have been grouped into two categories. Transactions intended for trading and destined for resale, likely to enjoy benefits brought about by the occurrence of both price oscillation and arbitration (Trading Book), have been segregated from those classified as structural transactions, which are intended for active portfolio management (Banking Book) upon their settlement. The Group follows the Volcker Rule, which sets limits for trading book transactions. As a result, it has been dealing conservatively with derivatives-only for hedging purposes, without speculating with prices and engaging in arbitrage transactions.

The limits previously established by the Treasury Committee are compared to the marked-to-market (MtM) value of the portfolios on a daily basis, as well as to the Value at Risk (VaR) and VaR under stress scenarios and EVE (Economic Value of Equity). The monitoring of the Bank's market risk positions calculated at market value aims to facilitate sensitivity analysis on the actual exposure to the various risk factors.

During the year the average level of market risks remained low when compared with the Institution's shareholders' equity. As at December 30, 2016, due to limitations adopted as from July, 2016, VaR for the Bank's trading exposure totaled less than R$ 40.8 million and the Global VaR (Trading and Banking) - R$ 122.3 million. Comparatively, on December 30, 2015, the VaR for the trading position came to R$266 thousand and the Global VaR (Trading and Banking) to R$ 34.8 million.

With the approval by US regulators of the Volcker rule that includes the Dodd-Frank Act regarding the Wall Street reform, the China Construction Bank Corporation and all its subsidiaries had to adjust their portfolios. Were suspended since July, 2016 trading portfolio transactions (trading) of CCB Brazil, as the rule prevents a banking entity associated to a corporation with operations in the USA, conduct transactions through which it is the primary beneficiary of short-term movements in prices assets included in these operations.

Foreign Exchange Exposure

The CCB Brasil Consolidated monitors the assets and liabilities composition, detailed per index, with a view to managing the exposure levels and analyzing the possible impacts under distinct scenarios. The strategy adopted for the foreign exchange risk management aims to compensate the risks arising from the exposure to currency variations. To this end, foreign exchange risks are neutralized, and investments are remunerated in Reais through the use of derivative instruments.

In compliance with the capital requirements set forth in BACEN Circular Letter No. 3389 of June 25, 2008, alongside with BACEN Circular Letter No. 3662 of July 11, 2013, the Bank's foreign exchange exposure as at December 30, 2016 totaled R$ 104.7 million, representing an increase of R$ 35.3 million in December 2015.

Liquidity risk

For the purpose of controlling and mitigate any unbalance between the flow of liabilities and tradable assets that may affect the institution's payment capacity, the Bank has a set of technical controls and limits. Cash flow is valued on a daily basis, when the tactical actions taken for its maintenance are defined. Due to their importance, liquidity limits and stress models, as well as the strategic decisions and contingency policies, are consistently assessed for a time horizon of a minimum of three years.

The indicators assumed for institutional or market stress scenarios are intended to simulate cash behavior and anticipate actions. The Bank's minimum cash policy in effect takes into account the possibility of early redemption of liabilities and the need to renew active transactions in case of economic turbulence.

Credit risk

Credit risk management enables an integrated control of the portfolio from a series of different views, including both the drawn balances and undrawn credit facilities, derivatives and operations that are not listed in the financial statements. Credit risks chiefly derive from loan operations, marketable securities and derivatives, as well as financial obligations related to loan commitments and provision of guarantees. The use of limits is previously set by internal committees, through the use of rating models. In turn, collateral values are based on market prices and updated every month. The Bank's policy regarding portfolio risk dispersal aims at mitigating its exposure to markets, industries and products.

Risk assessments take into account the adverse social and environmental impact of clients' activities arising from any interruptions of, or constraints on, their activities, which may lead to higher risks in connection with their ability to pay debts and fulfill obligations, as well as their performance and other credit risks. In addition to the attribution of credit rating, all clients are segmented by socio-environmental ratings. As at December 30, 2016, over 75% of the clients held medium and low socio-environmental risk ratings.

Operating Risk

CCB Brasil allocates capital for operating risks in accordance with applicable regulations, adopting the Simplified Alternative Standardized Approach provided for in paragraph 1 of Article 1 of Circular Letter No. 3383, of April 30, 2008. To supplement operational risk view, the Bank adopts an economic valuation management model by business line, which quantifies operating risks through statistics models using a system that enables assessment of expected losses and capital allocation for non-expected losses (VaR within a confidence interval of 99.9%).

The exposure to operating risks is reviewed at least on a half-yearly basis, and includes evaluation of controls, which are adjusted according to the Bank's strategies and risk appetite. Management structure differs from that used in the management of market and credit risks, and results in an effective system of internal controls, aimed at minimizing the probability of human errors or irregularities in processes, products and systems.

Corporate Governance

The Committee structure of the technical and decision-making areas makes, enabling the exchange of experiences and the preparation of consistent solutions for development of an environment that favors sustainability of business, preservation of the Bank's image and management of risks. According to the opinion of the committees on important decisions, especially within a high-volatility environment and cash flow liquidity risks, there is an alignment with the business strategy and risk appetite.

With a solid focus on the supervision pillar, the Audit Committee regularly reviews important reports and meets with managers in order to get a comprehensive view of the Bank's primary risks and controls, with the purpose of supporting the Board of Directors in issues related to accounting, audit and finance, and aiming at providing greater transparency to information and assuring the proper disclosure of accounts by the management team.

In view of its corporate governance practices, the Bank greatly values the quality and improvement of its relationship with, and accountability toward, its stakeholders. It publishes a Sustainability Report every year, in addition to its Annual Report, both of which are targeted at all its stakeholders and can be found on its website. The purpose of these publications is to communicate information more effectively and report clearly on the Bank's activities and economic, social and environmental results.

Relationship with Independent Auditors

In compliance with CVM Instruction No. 381 of January 14, 2003, The Bank and its subsidiaries did not hire or received services provided by KPMG Auditores Independentes, other than external auditing services. The policy adopted by the Bank is based on principles that ensure the preservation of auditor independence, in line with internationally accepted criteria, namely: (a) the auditor shall not audit its own work, (b) the auditor shall not perform management functions in the company and (c) the auditor shall not promote the interests of the company.

BACEN Circular No. 3068/01

CCB Brasil states to have the financial capacity and intention to maintain up to the maturity date the securities classified under the category " Held to Maturity", in the amount of R$ 1,270.8 million, representing 16.5% of the total marketable securities portfolio.

Final considerations

We would like to express our gratitude to our clients and suppliers for their support and trust in our management, as well as to our employees, for their valuable contribution.
(Disclosure authorized at the Company's Board of Directors' Meeting held on March 28, 2017).

Ratings

Agencies/ Consulting	Rating	Scope of Activities - Classification	Date of Publication of Ratings
Moody's	 Ba3 NP Stable Ba1 NP Negative Aaa.br BR-1	• International Scale – Foreign currency deposits - Long Term - Short Term Outlook • International Scale –Local currency deposits - Long Term - Short Term Outlook • National Scale - Long Term Deposits - Short Term Deposits	03/16/2017
Standard & Poor´s	B+ B brBBB CreditWatch developing	• International Scale – Foreign and •Local currency – counterparty ratings - Long Term - Short Term • National Scale • Outlook	03/08/2017
Fitch Ratings	AAA(bra) F1+ (bra) Stable	• National Scale - Long Term - Short Term • Outlook	02/02/2017

China Construction Bank (Brasil) Banco Múltiplo S/A

RESUMO DO RELATÓRIO DO COMITÊ DE AUDITORIA

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE

The Audit Committee of China Construction Bank (Brazil) Banco Múltiplo S / A - CCB was established in compliance with Resolution 3,198 / 04 of the National Monetary Council (CMN) and the Bank's by-laws, consisting of three independent members, two Members of the Board of Directors. It is incumbent upon the Audit Committee to advise the Board of Directors in the performance of its duties related to: (i) monitoring the accounting practices adopted in the preparation of the financial statements of CCB and its subsidiaries; (Ii) the quality and effectiveness of the internal control and risk management system, and (iii) the indication and evaluation of the effectiveness of the Independent Audit. The Committee acts as an auxiliary, advisory and advisory body of the Board of Directors, without decision-making powers or executive functions.

The former Bicbanco, succeeded by CCB, had its shareholding control acquired by CCB - China Construction Bank through CCB Brazil Financial Holding - Investimentos e Participações Ltda., And the bank's operations are being conducted in this new context. Already the cancellation of registration as a publicly-held company has occurred. In its technical study, the institution foresees the obtainment of taxable results at sufficient levels for the realization of the tax credits stock, as well as capital increases, in view of the levels defined by the regulations, aspects included in explanatory note 1, regarding the context Operational, as well as the report of the independent auditors in paragraph of emphasis and as one of the main audit subjects.

The report of the Committee and this summary were approved at the meeting of 03/28/2017. The Committee monitors the determinations and notes of the regulatory body, and has also maintained during the specific meeting period with representatives of the Central Bank of Brazil (BACEN). The Audit Committee reviewed the quality of the individual and consolidated financial statements for the six-month periods ended December 31, 2016, focusing on the application of accounting practices adopted by the market and compliance with standards issued by BACEN. The Audit Committee evaluated the recommendations proposed by the Internal and Independent Auditors, as well as the determinations coming from the BACEN's area of supervision, discussing with the Administration the measures with a view to their attendance, and accompanying the process of implementing them. The Committee, based on the information and reports received from the areas of internal controls and risks, in the work of the Internal Audit and the reports of the Independent Audit, concluded that there were no failures to comply with regulations and internal regulations that could jeopardize the Continuity of the institution.

Management is responsible for the definition and implementation of information systems that produce the financial statements of the Institution, in compliance with corporate law, accounting practices, standards of the National Monetary Council (CMN) and BACEN. Management is also responsible for the definition and implementation of internal control policies, procedures, processes and practices that ensure the safeguarding of assets, the timely recognition of liabilities and the identification, quantification and mitigation, at acceptable levels, of the Institution's risk factors. The Internal Audit is responsible for assessing the degree of attendance or compliance by all areas of the Institution with internal control procedures and practices and that these are in effective application. The Independent Audit is responsible for examining the financial statements and issuing an opinion as to their preparation according to the accounting practices adopted in Brazil. The Audit Committee shall assist the Board of Directors in evaluating the quality and effectiveness of Internal and Independent Audits and the quality and sufficiency of internal control systems and financial statements.

Regarding the work of the Internal Audit, the Committee reviewed the planning and work carried out, as well as the reports produced, verifying and following the recommendations, especially in the areas of credit, risks and internal controls, as well as specific demands during the period. The Committee understood that the coverage and quality of Internal Audit work throughout the period were carried out with appropriate quality.

The Audit Committee discussed with the persons responsible for KPMG Independent Auditors the results of the work and its conclusions on the audit of the financial statements for the semester and year ended December 31, 2016, the report of which, presented in a new format, is dated March 28, 2017, and is presented without qualification, with an emphasis paragraph on the transfer of share control and tax credits, referring to the explanatory note on operational context, in relation to the actions aimed at the recovery of deferred tax assets and Compliance with the minimum capital limits. The main points discussed with the Independent Auditors related to the accounting practices, recommendations and other notes in the reports of internal controls and risks and presentation of the financial statements. The Audit Committee understood the adequacy of the independence policy in the execution of the independent audit work of the CCB.

The Committee met with those responsible for the areas of accounting, internal controls, internal audit, risk and with the Independent Auditors, for the analysis of financial statements, including the related notes, for the semester and the year ended December 31, 2016 . were discussed and reviewed the main aspects of the preparation and presentation and there were no differences that could materially affect the financial position of the institution, as indicated by the independent auditors' unqualified.

The Audit Committee met with the Board of Directors, stockholders' representatives and Directors of the institution, presenting their opinions and recommendations within the scope of their performance, and also discussed with the Management the recommendations presented by the Independent Auditors and the results of Control actions of BACEN. Its main recommendations are centered on the definition and implementation of the strategic plan and the need to recompose regulatory capital, both essential aspects to enable the recovery of deferred tax assets.

The Audit Committee, as a result of evaluations based on information received from Management, Internal Audit, Independent Audit and the area responsible for corporate monitoring of internal controls and risks, considering the limitations arising from the scope of its function, understands that the Statements Audited consolidated financial statements for the six-month periods ended December 31, 2016, are in a position to be approved by the Board of Directors of the institution. According to comments in explanatory note 1 and paragraph of emphasis in the auditors' report, the institution carries out a series of measures aimed at regularizing the minimum levels of capitalization and realization of deferred tax assets.

São Paulo, March 28, 2017

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Independent auditor report on the individual and consolidated financial statements

To
Board of Directors and Shareholders
China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil
São Paulo - SP

Opinion
We have audited the accompanying individual and consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil (the "Bank"), referred to as "Multiple" and "Consolidated", respectively, which comprise the balance sheet as of December 31, 2016, and the statements of income, changes in equity and cash flows for the year and semester then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the China Construction Bank (Brasil) Banco Múltiplo S.A. as of December 31, 2016, and its individual and consolidated financial performance and its cash flows for the year and semester then ended in accordance with the accounting policies adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil.

Basis for Opinion
We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of individual and consolidated financial statements section of our report. We are independent from the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements and are set forth on the Professional Code of Ethics for Accountants and on the professional standards issued by the Regional Association of Accountants, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a matter - Transfer of share control and deferred tax assets
We draw attention to Note 1 - Operations, which provides information about the actions planned and implemented by the Bank and its Controller to maintain the records of deferred tax assets, for the recovery of positive operating income, as of the obtainment of taxable income in sufficient levels for the realization of the deferred tax assets, and the actions to recover the minimum capitalization limits. Our opinion does not contain any qualification regarding this matter.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Allowance for loan losses**
As mentioned in notes 3e.4, for the calculation of the allowance for loan losses, loan operations are classified according to the level of risk, taking into consideration the economic situation, past experience and specific risks in relation to the operations and the debtors, observing the minimum parameters and requirements established by CMN (National Monetary Council) Resolution 2682/1999, which requires the periodic analysis of the portfolio and its risk classification in nine levels, from AA (minimum risk) to H (potential loss) and Judgment of the Bank. Due to the relevance of loan operations and the allowance for loan losses and the degree of judgment related to the definition of the classification of loan operations at the risk levels that may impact the value of these assets in the individual and consolidated financial statements and the value of the Equity method of accounting in the individual financial statements, we have considered a key audit matter.

How the matter was conducted in our audit
We have evaluated the design, implementation and effectiveness of the judged as keys internal controls and related to the approval, record and classification process of loan operations at the nine levels of credit risk, from AA to H. We have evaluated the reasonableness of the judgments used by the Bank in defining the main assumptions used to assign credit risk levels to the calculation of the allowance for loan losses and recalculated the arithmetic accuracy of the allowance for loan losses. We have also evaluated, based on sampling, whether the Bank met the minimum requirements established by CMN’s Resolution No. 2682/99, related to the calculation of the allowance for loan losses and the disclosures in the individual and consolidated financial statements.

- **Estimated future taxable income for the realization of deferred tax assets**
As mentioned in explanatory notes no. 1, 3.b and 28, the individual and consolidated financial statements include assets related to deferred tax assets whose realization is supported by future profitability estimates based on the business plan and budget prepared by the Bank and approved at their levels of governance. The Bank have prepared a technical study to estimate the generation of future taxable income on which the deferred tax assets are estimated based on the economic and financial assumptions in the New Controller's business plan and considers actions to be implemented by the Bank and the Controller, the which will be reviewed in a timely manner. Due to the relevance of deferred tax assets and business and economic-financial assumptions used to estimate the generation of future taxable income for the realization of deferred tax assets that may impact the value of these assets in the individual and consolidated financial statements and the amount of the investment registered by the Equity method in the individual financial statements, we have considered a key audit matter.

How the matter was conducted in our audit
We have evaluated the design and implementation of the Bank's key internal controls related to the process of determining and approving the economic-financial assumptions and the actions to be implemented by the Bank and its Controller used in the preparation

of the technical study to estimate the generation of future taxable profits, as well as the premises for the realization of deferred tax assets. With the assistance of our corporate finance specialists, we have recalculated the arithmetic accuracy of the technical study prepared by Management and analyzed the reasonableness of the main economic-financial assumptions and the actions to be implemented by the Management and the Controller contained in the technical study designed to estimate the generation of future taxable income. With the assistance of our tax specialists, we analyze the reasonableness of the calculation bases of the deferred tax assets constituted and the assumptions of realization of these deferred tax assets in the technical study. We have also evaluate the disclosures in the individual and consolidated financial statements.

- **Credit Assignments**
  As mentioned in explanatory notes no. 8h.4, loan operations that were fully provisioned and loan operations that were written off as loss, resulting in the recognition of revenues. The assignments were carried out considering internal evaluations of the credit recovery expectation, which serve to mark-up the pricing model and specialized company analyzes regarding the debtors and condition of the credits, used as a source of information for those evaluations of the credit recovery expectation. As it is a relevant transaction carried out in the year and the degree of judgment related to the internal evaluations regarding the credit recovery expectation and the mark-up of the price model that may impact the value of these assets in the individual and consolidated financial statements, we have considered a key audit matter.

How the matter was conducted in our audit
We have evaluated the design and implementation of the key internal controls of the Bank related to the process of evaluating the credit recovery expectation and the mark-up of the pricing model. With the assistance of our corporate finance specialists, we have analyzed the reasonableness of the amounts involved in the transaction, the specialized company valuations contracted by the Bank, the methodology and assumptions used to determine the credit recovery expectation, as well as the price of the assignment. We have also evaluate the disclosures in the individual and consolidated financial statements.

Other matters - Statement of value added
The individual and consolidated statements of value added for the year and semester ended December 31, 2016, prepared under the responsibility of the Bank's management, and presented as supplementary information in relation to the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil - Bacen, were subject to audit procedures performed in conjunction with the audit of the Bank's financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other Information
Management is responsible for the other information. The other information comprises the information included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal control as management determines is necessary to enable the preparation of individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International and Brazilian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International and Brazilian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 28, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report signed in portuguese by
Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP252419/O-0

China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

Balance sheets

At December 31,2016 and 2015

(In thousands of Reais)

	Note	CCB Brasil		CCB Brasil Consolidated	
Assets		**2016**	**2015**	**2016**	**2015**
Current assets		11,462,353	8,627,623	11,330,805	8,521,067
Cash and cash equivalents	4a.	110,289	392,599	110,743	393,518
Interbank funds applied		4,455,261	828,122	3,722,092	350,946
Money market	4b.	3,578,596	-	3,578,596	-
Interbank deposits	4c.	745,508	497,508	12,339	20,332
Foreign currency	4d.	131,157	330,614	131,157	330,614
Securities and derivative financial instruments		3,858,518	4,136,474	3,858,518	4,142,745
Own portfolio	5b.	46,279	1,868,657	46,279	1,868,657
Subject to repurchase commitments	5b.	2,910,915	1,645,069	2,910,915	1,645,069
Subject to Brazilian Central Bank	5b.	141,623	-	141,623	-
Subject to guarantees	5b.	695,951	278,851	695,951	285,122
Derivative financial instruments	6b.	63,750	343,897	63,750	343,897
Interbank accounts		10,303	33,309	10,303	33,309
Restricted deposits:					
Brazilian Central Bank	7.	10,303	33,309	10,303	33,309
Loans		2,307,683	2,260,927	2,827,211	2,531,167
Loans	8.	2,290,028	2,467,978	3,070,809	2,923,219
Public sector		14,427	70,358	14,427	70,358
Private sector		2,275,601	2,397,620	3,056,382	2,852,861
Loans linked to assignments		237,706	166,499	-	-
Allowance for loan losses	9.	(220,051)	(373,550)	(243,598)	(392,052)
Lease operations	8i.	-	-	28,756	69,620
Lease receivables - Private sector		-	-	31,902	76,934
Unearned lease income					
Allowance for doubtful lease receivables		-	-	(3,146)	(7,314)
Other receivables		672,469	948,574	720,207	958,245
Guarantees and Sureties Honored		9,782	34,317	9,782	34,317
Foreign exchange portfolio	10.	541,860	827,160	541,860	827,160
Income receivable		31,907	18,612	31,906	18,611
Securities clearing accounts		4,285	1,196	4,285	1,196
Other	11.	113,223	155,559	161,128	166,376
Allowance for losses	9.	(28,588)	(88,270)	(28,754)	(89,415)
Other assets		47,830	27,618	52,975	41,517
Prepayments	12b.	47,830	27,618	52,975	41,517
Noncurrent assets		10,635,328	5,441,259	10,261,875	5,300,575
Interbank funds applied		1,478,782	660,793	927	-
Interbank deposits	4c.	1,478,782	660,793	927	-
Foreign currency	4d.	-	-	-	-
Securities and derivative financial instruments		4,167,951	868,111	4,176,797	868,111
Own portoflio	5b.	1,362,882	197,135	1,362,882	197,135
Subject to repurchase commitments	5b.	2,531,836	52,495	2,531,836	52,495
Subject to guarantees	4c.	-	-	8,846	-
Derivative financial instruments	6b.	273,233	618,481	273,233	618,481
Loans		2,372,115	1,539,461	3,314,146	1,909,780
Loans	8.	2,161,860	1,610,721	3,529,777	2,262,630
Public sector		-	22,506	-	22,506
Private sector		2,161,860	1,588,215	3,529,777	2,240,124
Loans linked to assignments		411,683	271,186	-	-
Allowance for loan losses	9.	(201,428)	(342,446)	(215,631)	(352,850)
Lease operations	8i.	-	-	16,114	34,781
Lease receivables - Private sector		-	-	18,756	39,529
Allowance for doubtful lease receivables		-	-	(2,642)	(4,748)
Other receivables		2,315,920	2,115,248	2,418,770	2,207,077
Foreign exchange portfolio	10.	-	2,231	-	2,231
Tax Credit	28a.	1,356,468	1,615,618	1,444,477	1,692,179
Deferred tax credits - law 12838/2013	28a.	380,662	-	380,662	-
Other	11.	583,311	538,472	598,179	552,966
Allowance for losses	9.	(4,521)	(41,073)	(4,548)	(40,299)
Other assets		300,560	257,646	335,121	280,826
Other assets	12a.	349,089	316,617	363,573	331,561
Prepayments	12b.	39,609	13,394	67,048	27,093
Provision for devaluation of other assets	12a.	(88,138)	(72,365)	(95,500)	(77,828)
Investments		475,489	453,887	2,595	5,137
Investments in domestic subsidiaries	15.	474,746	453,177	1,850	4,425
Other investments		1,191	1,158	1,235	1,202
Provision for devaluation of investments		(448)	(448)	(490)	(490)
Fixed assets	13b.	101,664	113,595	105,866	114,338
Property for use		196,034	166,813	196,034	166,813
Other fixed assets		32,623	32,732	39,083	35,435
Accumulated depreciation		(126,993)	(85,950)	(129,251)	(87,910)
Intangible	13c.	3,214	2,376	100,163	62,213
Intangible assets		12,249	8,501	119,594	115,846
Accumulated amortization		(9,035)	(6,125)	(19,431)	(53,633)
Deferred charges	13d.	-	-	-	-
Organization and expansion costs		-	30,784	-	30,784
Accumulated amortization		-	(30,784)	-	(30,784)
Total assets		**22,678,048**	**14,638,740**	**21,801,304**	**14,003,330**

	Note	CCB Brasil		CCB Brasil Consolidated	
Liabilities		**2016**	**2015**	**2016**	**2015**
Current liabilities		17,727,988	9,729,040	17,328,550	9,434,142
Deposits	17a.	2,145,232	2,671,557	1,978,641	2,656,321
Demand deposits		83,219	116,952	80,185	114,104
Saving deposits		10,849	12,733	10,849	12,733
Interbank deposits		254,464	145,202	94,540	145,202
Time deposits		1,791,310	2,394,298	1,787,677	2,381,910
Foreign deposits		5,390	2,372	5,390	2,372
Money market repurchase commitment	18.	6,923,133	1,691,036	6,868,236	1,511,007
Own portfolio		5,421,573	1,691,036	5,366,676	1,511,007
Third parties portfolio		1,501,560	-	1,501,560	-
Debt securities		291,628	442,814	291,630	442,814
Resources from issued bills and notes		291,628	410,914	291,628	410,914
Real Estate Credit Bill		121,061	141,910	121,061	141,910
Agribusiness bills		162,779	192,662	162,779	192,662
Financial bills		7,788	76,342	7,788	76,342
Resources of exchange acceptance				2	-
Securities issued abroad	19.	-	31,900	-	31,900
Interbank accounts		-	3	-	3
Unsettled payments and receipts		-	3	-	3
Interbranch accounts		8,235	23,202	8,235	23,202
Third parties funds in transit		8,235	23,202	8,235	23,202
Internal transfers		-	-	-	-
Borrowings	20.	7,417,486	4,102,098	7,417,486	4,102,098
Foreign currency borrowings		7,417,486	4,102,098	7,417,486	4,102,098
Repass borrowings	21.	115,287	45,285	115,287	45,285
Ministry of Agriculture - Funcafé		112,893	37,656	112,893	37,656
Ministry of City - PSH		2,394	7,629	2,394	7,629
Foreign currency repass borrowings	20.	44,036	216,399	44,036	216,399
Derivative financial instruments	6b.	28,194	25,132	28,194	25,132
Other liabilities		754,757	511,514	576,805	411,881
Tax Collection		1,027	887	1,841	1,097
Foreign exchange portfolio	10.	23,242	20,476	23,242	20,476
Social and statutory payables		204	13,316	204	13,316
Taxes and social security contributions	22.	82,968	42,633	108,083	69,320
Securities clearing accounts		36,192	8,181	36,192	8,181
Subordinated debts	25.	120,796	19,025	120,796	19,025
Noncurrent liabilities		3,560,587	4,145,848	3,083,281	3,805,612
Deposits	17a.	359,862	1,135,230	324,878	1,077,295
Interbank deposits		125,785	665,612	105,024	665,612
Time deposits		234,077	469,618	219,854	411,683
Debt securities		143,024	130,670	143,303	130,912
Resources from issued bills and notes	18b.	87,958	75,604	87,958	75,604
Real Estate Credit Bill		36,082	56,844	36,082	56,844
Agribusiness bills		26,705	11,964	26,705	11,964
Financial bills		25,171	6,796	25,171	6,796
Funds from Debentures issued	20.	-	-	-	-
Resources of exchange acceptance		-	-	279	242
Securities issued abroad	19.	55,066	55,066	55,066	55,066
Repass borrowings	21.	1,525	22,732	1,525	22,732
Ministry of Agriculture - FUNCAFÉ		1,525	22,732	1,525	22,732
Foreign currency repass borrowings	20.	74,480	5,507	74,480	5,507
Derivative financial instruments	6b.	1,592	-	1,592	-
Other liabilities		2,980,104	2,851,709	2,537,503	2,569,166
Taxes and social security contributions	22.	708,165	652,232	732,299	681,240
Subordinated debts	25.	1,244,259	1,489,548	1,244,259	1,489,548
Other	24.	467,754	312,403	1,019	852
Deferred incomes	26.	30,997	29,107	30,997	29,107
Shareholders' equity	27.	1,358,476	734,745	1,358,476	734,469
Total Paid-in Capital		1,699,886	2,012,810	1,699,886	2,012,810
Capital - Domestic		1,699,886	2,012,810	1,699,886	2,012,810
Unpaid Capital		(3,738)	-	(3,738)	-
Capital reserves		24,956	-	24,956	-
Valuation Adjustments to equity		(1,700)	(5,010)	(1,700)	(5,010)
Net income of the period		(305,823)	(1,217,950)	(305,823)	(1,218,226)
(-) Treasury share		(55,105)	(55,105)	(55,105)	(55,105)
Total liabilities		**22,678,048**	**14,638,740**	**21,801,304**	**14,003,330**

See the accompanying notes to the financial statements.

China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

Statements of income

At December 31,2016 and 2015

(In thousands of Reais except for net income per share)

	Note	CCB Brasil			CCB Brasil Consolidated		
		2nd semester 2016	2016	2015	2nd semester 2016	2016	2015
Financial operations income		**933,784**	**1,668,265**	**3,448,193**	**965,934**	**1,710,881**	**3,477,116**
Loans	29a.	364,961	746,370	1,104,604	533,571	1,009,981	1,268,582
Leases		-	-	-	8,721	13,297	(6,736)
Securities	29b.	558,162	911,095	647,258	412,981	676,803	516,092
Derivative financial instruments	29c.	-	-	1,145,009	-	-	1,147,856
Foreign exchange transactions		-	-	551,104	-	-	551,104
Income from compulsory investments	29d.	134	273	218	134	273	218
Assignments of financial assets		10,527	10,527	-	10,527	10,527	-
Financial operations expenses		**(725,628)**	**(1,750,508)**	**(4,039,616)**	**(660,143)**	**(1,635,616)**	**(3,972,044)**
Deposits, money market and interbank funds	29e.	(508,085)	(729,347)	(2,008,722)	(491,300)	(698,328)	(1,971,788)
Borrowings and repasses	29f.	(102,947)	665,470	(1,017,248)	(102,947)	665,470	(1,022,288)
Derivative financial instruments	29c.	(193,328)	(1,308,987)	-	(193,328)	(1,308,987)	-
Foreign exchange transactions	29d.	25,302	(96,657)	-	25,302	(96,657)	-
Assignments of financial assets	29g.	(945,457)	(1,001,608)	(43,472)	(870,842)	(870,842)	(2,198)
Allowance for loan losses	9a.	998,887	720,621	(970,174)	972,972	673,728	(975,770)
Gross profit from financial operations		**208,156**	**(82,243)**	**(591,423)**	**305,791**	**75,265**	**(494,928)**
Other operating income (expenses)		**(181,731)**	**(301,754)**	**(486,716)**	**(277,802)**	**(453,268)**	**(575,936)**
Service fee income	29j.	26,623	47,871	49,344	36,049	64,972	62,993
Income from banking services	29l.	2,413	5,493	10,398	2,445	5,926	10,474
Personnel expenses	15.	(117,888)	(220,903)	(205,188)	(128,333)	(239,962)	(222,503)
Tax	29k.	(12,517)	(20,470)	(22,962)	(19,861)	(33,129)	(32,092)
Equity earnings of subsidiaries	29h.	(15,714)	(15,710)	13,370	(1,541)	(2,574)	(1,157)
Other administrative expenses	29i.	(59,486)	(120,897)	(137,196)	(85,550)	(166,218)	(170,007)
Other operating income		58,110	151,898	53,913	64,184	161,609	65,960
Other operating expenses		(63,272)	(129,036)	(248,395)	(145,195)	(243,892)	(289,604)
Operating result	29n.	**26,425**	**(383,997)**	**(1,078,139)**	**27,989**	**(378,003)**	**(1,070,864)**
Non operating result		(12,411)	(11,792)	(1,526)	(12,987)	(12,006)	(2,673)
Income before taxes		**14,014**	**(395,789)**	**(1,079,665)**	**15,002**	**(390,009)**	**(1,073,537)**
Income tax	28c.	(16,687)	(22,608)	(13,074)	(20,559)	(32,262)	(16,583)
Social contribuition	28c.	(5,217)	(11,654)	(9,755)	(8,385)	(18,947)	(12,734)
Tax credit	28c.	42,310	124,228	610,680	48,362	135,671	611,308
Statutory profit sharing				-		-	-
Net		**34,420**	**(305,823)**	**(491,814)**	**34,420**	**(305,547)**	**(491,546)**
Number of shares paid in (thousand)	27.	354,323	354,323	252,904			
Net income per share - R$		0.10	(0.86)	(1.94)			

See the accompanying notes to the financial statements.

China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

Cash flow

At December 31,2016 and 2015

(In thousands of Reais)
Cash flow - Indirect method

	CCB Brasil			CCB Brasil Consolidated		
	2nd semester 2016	**2016**	**2015**	**2nd semester 2016**	**2016**	**2015**
Cash flow of operating activities						
Net income for the period	**34,420**	**(305,823)**	**(491,814)**	**34,420**	**(305,547)**	**(491,546)**
Adjustments to the net income	**(974,402)**	**(716,348)**	**995,368**	**(956,499)**	**(673,691)**	**1,022,291**
Provisions for loan losses	(998,887)	(720,621)	970,174	(972,972)	(673,728)	975,770
Depreciation and amortization	9,575	19,707	15,299	9,840	20,179	15,915
Provision & Reversal of Provisions	15,357	15,529	(550)	17,126	17,429	1,519
Civel, Labor and Fiscal Provisions	11,684	(6,777)	24,041	15,811	(47)	29,268
Equity earnings from subsidiaries	15,714	15,710	(13,370)	1,541	2,574	1,157
(Earnings)/Losses for selling of fixed assets	(1,682)	(1,677)	2,481	(1,682)	(1,677)	2,478
Losses for selling assets not for own use	(296)	(932)	(2,707)	(296)	(1,134)	(3,808)
Amortization of Goodwill	(25,867)	(37,287)	-	(25,867)	(37,287)	-
Others	-	-	-	-		(8)
Adjusted net Income	**(939,982)**	**(1,022,171)**	**503,554**	**(922,079)**	**(979,238)**	**530,745**
(Increase) Decrease in interbank funds applied	(539,721)	(1,065,989)	132,279	40,860	7,066	47,847
Decrease in securities and derivative financial instruments	(2,806,801)	(1,932,750)	(722,920)	(2,807,366)	(1,935,331)	(672,079)
(Incrase) Decrease in interbank/interbranch accounts	8,826	8,036	62,515	8,826	8,036	62,515
Increase in lending and leasing operations	269,335	(128,065)	1,889,534	(321,438)	(936,612)	1,986,603
Increase in other assets	(66,848)	125,490	(369,212)	(81,288)	83,049	(352,386)
Increase in Tax Credit IR and CS	(42,344)	(121,512)	-	(48,399)	(132,960)	-
Increase in deposits	291,492	(1,301,694)	(3,006,424)	135,575	(1,430,099)	(2,942,090)
(Increase) Decrease money market repurchase commitments	5,600,685	5,232,096	(55,415)	5,734,458	5,357,229	(103,637)
Increase in Other Liabilities	49,726	359,536	126,608	81,119	116,267	50,453
(Increase) Decrease in taxes payable IR and CS				7,201	(1,839)	
Increase in deferred income	1,145	1,891	3,007	1,145	1,891	3,007
Prior year adjustments						
Cash flow of investing activities	**(1,089,673)**	**(1,119,431)**	**(4,113)**	**(1,092,745)**	**(1,122,524)**	**(58,847)**
(Increase) Decrease in securities	(1,070,267)	(1,081,162)	9,619	(1,070,267)	(1,081,162)	(35,953)
Selling of assets not for own use	5,436	12,306	27,257	9,066	18,788	31,891
Disposal of investments	-	-	7	-	-	7
Selling of fixed and Lease assets	4,208	4,212	427	4,208	4,212	510
Investment in assets not for own use	(22,309)	(43,847)	(28,544)	(25,258)	(49,666)	(38,057)
Investments	(34)	(34)	(1,045)	(34)	(34)	(5,585)
Ivestment of fixed and Lease assets	(5,144)	(7,158)	(9,436)	(8,898)	(10,915)	(9,511)
Investment in intangbile assets	(1,563)	(3,748)	(2,398)	(1,563)	(3,748)	(2,149)
Investment in deferred assets						
Net cash provided by (used in) investing activities	**(1,089,673)**	**(1,119,431)**	**(4,113)**	**(1,092,746)**	**(1,122,525)**	**(58,847)**
Cash flow of financing activities						
Increase (decrease) in deposits	-	-	-	-	-	-
Decrease in money market repurchase commitments	-	-	-	-	-	-
Increase (decrease) in issuing of securities	(115,699)	(138,832)	(1,204,532)	(115,678)	(138,793)	(1,204,500)
(Decrease) Debt instruments eligible to capital	233,165	162,401	397,526	233,165	162,401	397,526
Capital increase	141,288	901,288	-	141,288	901,288	-
						-
Goodwill of the issue of shares	24,956	24,956	-	24,956	24,956	-
Statement of cash variations	**3,756,354**	**3,096,829**	**459,794**	**3,756,403**	**3,096,364**	**436,666**
Cash at the beginning of the period	63,688	723,213	263,419	64,093	724,132	287,466
Cash at the end of the period	3,820,042	3,820,042	723,213	3,820,496	3,820,496	724,132
(Increase) decrease in cash and equivalents	**3,756,354**	**3,096,829**	**459,794**	**3,756,403**	**3,096,364**	**436,666**

See the accompanying notes to the financial statements.

China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

Statements of Value added

At December 31,2016 and 2015

(In thousands of Reais)

	CCB Brasil			CCB Brasil Consolidated		
	2nd semester 2016	2016	2015	2nd semester 2016	2016	2015
Income	**1,993,986**	**2,514,497**	**2,505,993**	**1,934,422**	**2,423,461**	**2,515,692**
Financial intermediation	933,784	1,668,265	3,448,193	965,934	1,710,881	3,477,116
Fees for services rendered	29,036	53,364	59,742	38,494	70,898	73,467
Allowance for loan losses	998,887	720,621	(970,174)	972,972	673,728	(975,770)
Other	32,279	72,247	(31,768)	(42,978)	(32,046)	(59,121)
Financial intermediantion expenses	**1,724,515**	**2,471,129**	**3,069,442**	**1,633,115**	**2,309,344**	**2,996,274**
Inputs acquired from third parties	**63,388**	**88,231**	**210,720**	**88,565**	**129,891**	**241,382**
Materials, energy and other	13,515	27,501	27,845	24,091	45,134	44,592
Third party services	22,070	43,352	52,317	35,547	67,073	64,476
Losses/Recovery of assets values	27,803	17,378	130,558	28,927	17,684	132,314
Gross value added	**206,083**	**(44,863)**	**(774,169)**	**212,742**	**(15,774)**	**(721,964)**
Allowance & Reversal of Provisions	**9,575**	**19,707**	**15,298**	**9,841**	**20,180**	**15,916**
Net value added produced by the entity	**196,508**	**(64,570)**	**(789,467)**	**202,901**	**(35,954)**	**(737,880)**
Value added received in transfer	**(15,228)**	**(14,909)**	**14,000**	**(1,055)**	**(1,773)**	**(525)**
Equity in earnings	(15,714)	(15,710)	13,369	(1,541)	(2,574)	(1,156)
Other	486	801	631	486	801	631
Value added to distribute	**181,280**	**(79,479)**	**(775,467)**	**201,846**	**(37,727)**	**(738,405)**
Value added to distribute	**181,280**	**(79,479)**	**(775,467)**	**201,846**	**(37,727)**	**(738,405)**
Personnel	**102,152**	**189,859**	**173,980**	**111,079**	**206,141**	**188,657**
Direct remuneration	81,862	152,657	141,225	88,140	164,161	151,747
Benefits	11,748	21,852	20,023	13,884	25,645	23,336
FGTS	8,542	15,350	12,732	9,055	16,335	13,574
Taxes, fees and contributions	**33,745**	**12,969**	**(484,507)**	**44,360**	**36,169**	**(464,323)**
Federal	26,783	(766)	(500,052)	35,899	19,699	(482,274)
State	342	610	706	699	1,187	1,107
Cities	6,620	13,125	14,839	7,762	15,283	16,844
Third-party capital compensation	**10,963**	**23,516**	**26,874**	**11,987**	**25,510**	**28,807**
Rents	10,963	23,516	26,874	11,987	25,510	28,807
Shareholder's equity compesation	**34,420**	**(305,823)**	**(491,814)**	**34,420**	**(305,547)**	**(491,546)**
Retained earnings/loss of the year	34,420	(305,823)	(491,814)	34,420	(305,547)	(491,546)

See the accompanying notes to the financial statements.

China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil

Statements of changes in shareholders' equity

At December 31,2016 and 2015

(In thousands of Reais)

	Note	Capital	Capital Increase	(-) Capital in Paid	Tresuary Share	Capital reserves Goodwill of the issue of shares	Valuation Adjustments to equity	Retained earnings	Total
Balances at January 01, 2015		**2,012,810**			**(55,105)**		**(11,586)**	**(726,136)**	**1,219,983**
Valuation Adjustments to equity							6,576		6,576
Net loss								(491,814)	(491,814)
Balances at December 31,2015		**2,012,810**		**-**	**(55,105)**	**-**	**(5,010)**	**(1,217,950)**	**734,745**
Changes in the period		**-**		**-**	**-**	**-**	**6,576**	**(491,814)**	**(485,238)**
Balances at January 01, 2016		**2,012,810**		**-**	**(55,105)**	**-**	**(5,010)**	**(1,217,950)**	**734,745**
capital decrease	27a.	(1,217,950)						1,217,950	-
capital increase in kind	27a.	760,000	145,026	(3,738)		24,956			926,244
Valuation Adjustments to equity							3,310	-	3,310
Transfer to amortization loss							-	-	-
Net loss								(305,823)	(305,823)
Balances at December 31,2016		**1,554,860**	**145,026**	**(3,738)**	**(55,105)**	**24,956**	**(1,700)**	**(305,823)**	**1,358,476**
Changes in the period		**(457,950)**	**145,026**	**(3,738)**	**-**	**24,956**	**3,310**	**912,127**	**623,731**
Balances at Julhy 01, 2016		**1,554,860**		**-**	**(55,105)**	**-**	**(1,652)**	**(340,243)**	**1,157,860**
capital increase in kind			145,026	(3,738)		24,956			166,244
Valuation Adjustments to equity							(48)	-	(48)
Net loss								34,420	34,420
Balances at December 31,2016		**1,554,860**	**145,026**	**(3,738)**	**(55,105)**	**24,956**	**(1,700)**	**(305,823)**	**1,358,476**
Changes in the period		**-**	**145,026**	**(3,738)**	**-**	**24,956**	**(48)**	**34,420**	**200,616**

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais)

1 Operational context

China Construction Bank (Brasil) Banco Multiplo S/A - CCB Brasil (the former Banco Industrial e Comercial SA - BICBANCO) ("the Company") was incorporated on December 29, 1938 and authorized by the Brazilian Central Bank - BACEN to operate as a Multiple Bank, developing its operations through commercial, investments, mortgage and foreign exchange portfolios.

Through its subsidiaries, the Bank acts in the markets of Leasing, Credit, Financing and Investment, investment funds management, brokerage and dealing of securities and credit card administration. The Bank also has a 50% participation in a Joint Venture for operations in factoring and forfaiting markets.

On August 29, 2014, the transfer of control, for the CCB Brazil Financial Holding - Investimentos e Participações Ltda (CCB Holding) (a "Parent Company" subsidiary of China Construction Bank) was completed, as well as the shares of CCB Brasil and its subsidiaries.

Afterwards, in 2015, the public company registration was canceled in the CVM (Brazilian Exchange Commmission). On September 30th. 2015 an Extraordinary General Meeting was held to approve the change of the name from Banco Industrial e Comercial S/A - BICBANCO to China Construction Bank (Brasil) - Banco SA - CCB Brasil to standardize the company name with the other companies of CCB Group. The Brazilian Central Bank approved the change of the name on October 29th. 2015, being that on November 16th. 2015 it was recorded at JUCESP (the Commercial Regulatory Board of Sao Paulo state).

As of the changing of control, the Bank´s operations began to be conducted in the operational context of its new controller CCB Group with Headquarters in the Popular Republic of China, following guidelines which include the consistency of internal policies, accounting estimates and operating practices alignment.

Towards this, under the guidance of the controlling shareholder the Management has implemented a set of measures to adapt the Bank and its subsidiaries to the new policies of conducting business vis-à-vis the Brazilian global economic scenario. These actions, described below, are in line with the assumptions for the realization of the tax credits (note 28) expected for the next ten years - maximum realization period determined in CMN Resolution 3059/02, which can be summarized as follows:

(a) equalization and improvement of funding costs, by obtaining credit lines gathered up to December 31, 2016, from the parent company abroad within the approved credit facility in the amount of US$ 2 billion, with possibility of access to an additional credit of US$ 1 billion;

(b) Foreign funding through the issuance of securities abroad, of which:

- Perpetual Bonds in the amount of USD 70 million, issued on December 29th. 2016, eligible for the composition of the Tier I Capital and

- A 10-year subordinated debt, in the amount of USD 100 million issued on September 30th. 2015, to integrate the Tier II Capital.

(c) capital increases in 2016:

- R$ 760 million fully paid, in April 2016;
- R$ 145 million fully paid, in December 2016;

(d) forecast of capital increase in fresh money in 2017, in amounts foreseen in the business plan;

(e) Gradual resumption of the corporate credit concession, with increase in revenues from credit operations to large and medium-sized companies;

(f) Increase in revenues obtained with the payroll loan portfolio, due to the decision to increase the representativeness of those operations in the portfolio of the conglomerate;

(g) Increase in revenues from services rendered, in line with the Bank's new international business profile and the development of products and services provided to strategic clients;

(h) Improvement in credit recovery processes, and other possible operations of securitizations, similar to those carried out in November/2016, which resulted in revenues of R$ 326,000;

(i) Reduction of administrative and operational costs; and

(j) Investment in the development of products with technological support.

(k) the management will submit to the Central Bank of Brazil (BACEN), during the first half of 2017, the request for exemption provided for in paragraph 3 of article 5 of Resolution 3,059/02 and subsequent amendments.

The measures listed will meet the objective of gradually recomposing the result of financial intermediation and consequent resumption of positive operating results and taxable results, at levels sufficient to the realization of the inventory of accounted tax credits, the establishment of higher margins and compliance with the minimum operating limits of capitalization, which lies on the basic assumption of maintnance of adequate capitalization level of the Iinstitution by the controlling shareholder.

2 Presentation of the Financial Information

a. Presentation of the financial statements

The individual financial statements of China Construction Bank (Brasil) Banco Multiplo S/A - CCB Brasil , including a foreign branch, and the consolidated financial statements of China Construction Bank (Brasil) Banco Multiplo S/A - CCB Brasil and its controlled companies; the investment funds in receivables - FIDC, have been prepared in accordance with accounting practices enacted from the Corporate Law n° 6,404/76, amended by Law 11,638/07 and 11,941/09, and the rules and instructions of the National Monetary Council - CMN, the Brazilian Central Bank (Bacen) and the Brazilian Exchange Commission - CVM, if not conflicting with BACEN regulations.

Since 2008, the Brazilian “Comitê de Pronunciamentos Contábeis - CPC” has issued a number of pronouncements related to the process of convergence with international accounting standards, being that not all pronouncements has been ratified by BACEN. In this way, for the preparation of the financial statements, the following pronouncements already ratified by

BACEN were adopted by CCB Brasil:

a. CPC 01 - Impairment - Resolution CMN (National Monetary Council) nº 3566/08;

b. CPC 02 - Effects of changes in exchange rates and conversion for financial statements - CMN Resolution No. 4,524/16;

c. CPC 03 - statement of cash flow - Resolution CMN n°3604/08;

d. CPC 04 - Intangible Assets - CMN Resolution nº 4.534/16;

e. CPC 05 - exhibit on related party transactions - Resolution CMN n° 3750/09;

f. CPC 10 - payment based on shares - Resolution CMN nº 3.989/11;

g. CPC 25 - provisions, contingent assets liabilities and legal obligations - Resolution CMN n° 3823/09;

h. CPC 23 - Accounting policies & procedures, changes in estimation and correction of errors - Resolution CMN nº 4.007/11;

i. CPC 24 - Subsequent Event - Resolution CMN nº. 3.973/11;

j. CPC Conceptual Basic Pronouncement- Resolution CMN nº 4.144/2012, and

k. CPC 33 - Employee benefits - Resolution CMN nº 4.424/15.

l. CPC 27 - Fixed Assets - CMN Resolution nº 4.535/16.

The financial statements were completed by the Senior Management and approved for disclosure by the Board of Directors in the meeting of March 28th. 2017.

b. Consolidated financial statements

The consolidated financial statements include CCB Brasil Multiplo Bank and its subsidiaries (see table below), and the FIDC's , being prepared in compliance with Law 6404/76, as amended by Laws 11,638/07 and 11,941/09 and CMN norms, when applicable, presenting the lease operations by the financial method, with the reclassification of leased assets to lease operations, less the anticipated residual value.

Equity balances and results from intercompany transactions were eliminated in the preparation of the consolidated financial statements.

Investment	**%**
CCB Brasil Arrendamento Mercantil S.A.	100
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	100
CCB Brasil Informática S.A.	100
CCB Brasil Administradora de Cartões de Crédito S/C Ltda.	100
CCB Brasil S.A. Crédito, Financiamento e Investimentos	100
CCB Brasil Promotora de Vendas Ltda.	100
CCB Brasil Cobrança Ltda.	100

b.1 Credit Receivables Investment Fund's - FIDC

The Investment Funds in "Rights of Credit" and "Corporate Open II" were settled down on April 17 and August 4, 2015, respectively.

In compliance with the CVM rules, provided that the Bank is the originator of receivables assigned to the FIDC, the Investment Fund in Rights of Credits , Corporate Credit II and Corporate Open, the financial statements of such FIDCs were consolidated into the Bank´s FS on June 30th. 2015.

The FIDC's were constituted in the form of CVM instruction no. 393/03, characterized as "closed condominium", from lending operations with indeterminate duration, having the CCB Brasil subscribed the totality of subordinate quotas, whereas the senior quotas were subscribed by "qualified investors".

b.2 Investment in Joint Venture - BRASILFactors

On April 25, 2011, CCB Brasil acquired 40% of the capital of BRASILFactors S.A, a joint venture in partnership with FIMBank PLC (40%) and the International Finance Corporation - IFC (20%). In the first quarter 2015, CCB Brasil and FIMBank changed the percentage of shareholding BRASILFactors SA to 50% each, the management control remains shared. The company "BRASILFactors" is not part of the Consolidated CCB Group, being so presented in the balance sheet as "investment" .

The main activities of the company are driven to factoring and forfaiting services, including the purchase of receivables in domestic and international market, having small and medium companies as target market.

b.3 Balance sheet of subsidiaries under direct control

As of December 31, 2016

	CCB DTVM	CCB Brasil Leasing	CCB Financeira	CCB Brasil Cartões	Others	Total
Total assets	**20,911**	**293,507**	**2,336,306**	**31,833**	**78,278**	**2,760,835**
Current and non-current assets	**20,911**	**293,507**	**2,331,194**	**31,833**	**78,204**	**2,755,649**
Cash and cash equivalents	18	346	2,410	779	130	3,683
Interbank Investment	20,761	214,821	-	-	-	235,582
Securities and derivative financial instruments	-	-	8,846	17,128	22,745	48,719
Loans	-	-	1,461,560	-	49,969	1,511,529
Leasing operations	-	44,871	-	-	-	44,871
Other receivables	132	30,560	821,580	13,926	5,311	871,509
Other assets	-	2,909	36,798	-	49	39,756
Permanent assets	**-**	**-**	**5,112**	**-**	**74**	**5,186**
Total liabilities	**20,911**	**293,507**	**2,336,306**	**31,833**	**78,278**	**2,760,835**
Current and non-current liabilities	**1,075**	**45,037**	**2,242,820**	**18,284**	**75,520**	**2,382,736**
Deposits	-	-	2,211,024	-	-	2,211,024
Debentures issued	-	-	281	-	-	281
Borrowings and Repasses	-	-	-	-	25,479	25,479
Other liabilities	1,075	45,037	31,515	18,284	50,041	145,952
Shareholders' equity	**18,168**	**228,477**	**130,773**	**11,093**	**5,297**	**393,808**
Net income of the period	**1,668**	**19,993**	**(37,287)**	**2,456**	**(2,539)**	**(15,709)**

(*) Presenting the leasing operations by *financial method*, with reclassification of permanent assets for leasing to Leaing Operations deducted from *anticipated residual values* (see note 2b). Others subsidiaries are in accordance with their individual statements.

As of December 31, 2015

	CCB Brasil DTVM	CCB Brasil Leasing (*)	CCB Brasil Financeira	CCB Brasil Cartões	Others	Total
Total assets	**20,169**	**280,137**	**1,290,610**	**42,047**	**37,600**	**1,670,563**
Current and non-current assets	**20,169**	**280,137**	**1,289,396**	**42,047**	**37,513**	**1,669,262**
Cash and cash equivalents	22	488	1,041	8,713	842	11,106
Interbank Investment	-	127,987	52,042	-	-	180,029
Securities and derivative financial instruments	19,653	9,291	6,272	23,656	31,540	90,412
Loans	-	-	640,558	-	926	641,484
Leasing operations	-	104,401	-	-	-	104,401
Other receivables	494	31,707	558,668	9,678	4,191	604,738
Other assets	-	6,263	30,815	-	14	37,092
Permanent assets	**-**	**-**	**1,214**	**-**	**87**	**1,301**
Total liabilities	**20,169**	**280,137**	**1,290,610**	**42,047**	**37,600**	**1,670,563**
Current and non-current liabilities	**2,001**	**51,660**	**1,159,831**	**30,954**	**32,530**	**1,276,976**
Deposits	-	-	1,137,969	-	-	1,137,969
Debentures issued	-	-	241	-	-	241
Borrowings and Repasses	-	-	-	-	29,219	29,219
Other liabilities	2,001	51,660	21,621	30,954	3,311	109,547
Shareholders' equity	**16,921**	**214,455**	**134,806**	**8,241**	**5,794**	**380,217**
Net income of the period	**1,247**	**14,022**	**(4,027)**	**2,852**	**(724)**	**13,370**

(*) Presenting the leasing operations by *financial method*, with reclassification of permanent assets for leasing to Leaing Operations deducted from *anticipated residual values* (see note 2b). Others subsidiaries are in accordance with their individual statements.

b.4 Reconciliation of net income and Shareholders' Equity of CCB BRASIL and CCB BRASIL CONSOLIDATED

	Dec/2016	Dec/2015
Net income of CCB BRASIL	**(305,823)**	**(491,814)**
MTM from Securities of related parties	276	268
Net income of CCB BRASIL-Consolidated	**(305,547)**	**(491,546)**

	Dec/2016	Dec/2015
Shareholders' Equity of CCB BRASIL	**1,358,476**	**734,745**
MTM from Securities of related parties	276	(543)
MTM from Securities of related parties - prior year	(276)	267
Consolidated Shareholders' Equity	**1,358,476**	**734,469**

3 Description of significant accounting policies

a. Statement of income

Income and expenses are recorded on accrual basis.

b. Accounting estimates

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil valid to institutions authorized to operate by the Brazilian Central Bank, requires that the Senior Management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include: evaluation of the credit portfolio´s potential of realization to determine the allowance for doubtful loans, the technical studies to estimate the periods for tax credits realization, the assessment of liabilities and contingencies for its provisions, impairment of assets including goodwill of investments and the derivative financial instruments evaluation.

The actual amounts required to settle these transactions may be different from the amounts estimated due to the lack of precision inherent in the estimation process. CCB Brasil reviews the adequacy of the estimates and assumptions at a minimum, every three months.

c. Currency of the financial statements, foreign currency

The financial statements are presented in “Brazilian Real” (R$), which is the CCB BRASIL´s functional currency.

The monetary assets and liabilities denominated in foreign currency have been converted into Brazilian Reais at the foreign exchange rate effective as of the date of the balance sheet, as released by the BACEN, being that, the relevant exchange variations are recognized in profit & loss of the period.

Since the overseas branch is essentially an extension of the activities of Brazil, the assets, liabilities and results are adapted to the accounting practices used by CCB BRASIL and were converted into Brazilian Reais by the use of exchange rate at the balance sheet date . The result of exchange rate variations is recorded in the relevant accounts which originated them, in the income statement.

d. Cash and cash equivalents

Cash and cash equivalents comprise liquid assets in local or foreign currency, open-market investments, inter-bank investment deposits and own portfolio of securities, generally with maturities of less than 90 days at acquisition, with insignificant risk of changes in their fair value in case of early redemption.

e. Current and non-current assets

e.1 Interbank funds applied

These assets are recorded *at cost*, including accrued income as of the reporting date.

e.2 Securities and derivative financial instruments

According to the Brazilian Central Bank rules (Circular 3.068/01), the classification and evaluation of securities are defined as follows:

- **Trading securities** - Securities acquired for the purpose of being actively and frequently traded are adjusted to their market value, with the corresponding entry recorded in profit or loss for the period;

- **Securities available for sale** - Securities that are not available for trading or held to maturity are adjusted to their market value with unrealized gains and losses recorded in shareholders’ equity, net of any tax effects;

- **Securities held to maturity** - Securities acquired for which the Bank has the intention and financial ability to be hold as part of its portfolio until maturity date. These securities are measured at acquisition cost, plus income earned. Interest income is recognized in profit or loss.

e.3 Derivative financial instruments

Derivative financial instruments are generally measured at fair value, with unrealized gains and losses recognized in profit or loss for the period.

e.4 Credit operations and allowance for credit losses

The Loans are classified by level of risk, taking into consideration the overall economic situation, the past experience and the specific risks of the operation, the debtors and guarantors, in line with the parameters established by Resolution 2682/99 of BACEN (the Brazilian Central Bank), which requires a continuous review of the portfolio and its classification in nine levels, being AA the lower risk and H, potential loss, according to the Management's judgement.

As of September 1st. 2014, aiming to align the internal policies & procedures for classification and assignment of ratings to the practices of the new Controller, based on the regulations of Resolução #2682/99 of BACEN, the provisioning for doubtful loans takes into consideration the following aspects, deemed as significant:

(a) Greater emphasis on the weighting of the financial situation of the companies, prevailing over other elements taken into account in the analysis of the risk;

(b) Revision of the importance attributed to the guarantees offered by the clients, in the improvement of their ratings;

(c) Revision of minimum time as limits for down grade in ratings, when arising from delay in payments;

(d) Reduction of the minimum limit as reference for down grade in ratings, for attribution to the entire "economic group" when arising from delay in payments;

(e) Immediate reclassification of risk (down grade), in transactions with companies in "Judicial Reorganization" (a legal frame for insolvent companies), regardless of the stage of that process.

Finally, the Management considered as necessary the repositioning of the main elements considered in economic analysis of its clients and to adopt these rules in calculating the allowances for loan losses, complying with the minimum required by Resolução 2682/99 from CMN.

The income from credit operations in arrears for more than 60 days, will only be recognized as income when effectively received, regardless of their risk classification.

Overdue loans classified as "H" are retained in this category for six months. After that, they are written off as losses and monitored by five years, in off-balance sheets accounts no longer in equity accounts. The provision for loan losses, meets the minimum requirements established by the above mentioned Resolution, as shown in the explanatory "Note 9c - Composition of provision by risk levels".

e.5 Assets not for own use

Assets not in use are recorded on the basis of evaluation report prepared by specialized companies. The base date of this record is the actual receipt of the goods and, consequently, the settlement of the transaction. Profits or losses incurred in sales are recognized in the income statement of the period. The assets not for own use are subject to annual review of impairment or whenever there is indication of depreciation of tis value.

e.6 Outros valores e bens

Substantially refer to prepaid expenses, deferred for obtaining benefits by the amount paid for over a year, composed of costs associated to resources gathered abroad and commissions paid to correspondent banks, due to the maintenance of the lending operations and financing, which will be recognized as expenses according to the term of contracted operations, settlement due to the portability of the operations, or written-off for losses.

e.7 Other current and non-current financial assets

They are measured at net value of realization.

f. Permanent assets

f.1 Investments in subsidiaries are valued by the equity method. The goodwill in investments resulting from the estimated profitability is amortized based on estimated profits from the acquired company.

f.2 Fixed assets, stated at cost, are depreciated using the straight line method based on annual rates that take into consideration the useful lives of the assets, as follows: property 4%, fixtures, fittings, communication systems and facilities - 10%, data processing system and vehicles 20%.

f.3 Intangible assets comprise “Software”, which are stated at cost and amortized using the straight-line method, utilizing a depreciation rate of 20% per annum.

g. Current and non-current liabilities

Current and non-current Liabilities are stated at contractual or estimated amounts, including charges, monetary variation and foreign exchange variation on a daily pro rata basis.

Income tax and social contribution are recorded in “Other liabilities - Tax and social security contributions” calculated on the book income adjusted by additions and exclusions, at the rate of 15%, plus an additional of 10% above a determined limit for income tax, and 15% on the income before income tax for social contribution, until August 2015 and, as of September 2015 until December 31, 2018 , 20%, according to Law No. 13,169/15. The deferred Income Tax and Social contribution are registered in the account “Other Liabilities - Others”.

h. Contingencies and legal obligations

The recognition, measurement and disclosure of contingent asset and liabilities and legal obligations is performed in accordance with CMN - Resolution nº 3823/09.

- **Contingent assets** - are not recognized in the books unless there is a favorable judicial decision, for which no appeals are admitted, and unless the probability of realization of the the contingent is practically assured. Contingent assets with a likely success of realization are disclosed in a note to the Financial Statements (note 24). CCB BRASIL has no contingent assets for which realization is deemed probable.

- **Contingent liabilities** - have accounting recognition when, based on the opinion of the Bank’s management and its legal advisors, the chance of loss is deemed. Cases where the likelihood of loss is considered possible are simply disclosed in a note to the Financial Statements (note 24).

- **Legal obligations** - recognized, regardless of the evaluation of the loss probability during the course of the judicial proceeding.

i. Financial assets selling or transfer - Credit assignment

A financial asset is writed-off when the contractual right to its cash flows expires or, in the case of saling or transfer of it.

According to the CMN Resolution No. 3.533/08, the sale or transfer of a financial asset can be classified into three categories:

- ***Operations with substantial transfer of risks and benefits***
  Transactions in which the seller substantially transfers all risks and benefits of the financial asset, such as: (i) unconditional sale of financial asset (ii) sale of financial asset together with repurchase option at fair value, of the asset at the time of repurchase, (iii) sale of financial asset together with the option of buying or selling, the exercise of which is unlikely to occur.

- ***Operations with substantial retaining of risks and benefits***
  Operations in which the seller substantially retains all the risks and benefits of the financial asset, such as: (i) the sale of financial asset together with a commitment to repurchase the asset at a fixed price or sale price plus any income, (ii) contracts for securities lending and securities, (iii) sale of a financial asset in connection with swap of the rate return that transfers the full exposure to market risk to the seller, (iv) sale of financial asset together with the option of buying or selling which is likely to occur, (v) sale of receivables for which the seller guarantees to compensate the buyer for losses that may occur, or whose sale has occurred in connection with the acquisition of subordinated quotas of the buyer Investment Fund (FIDC).

- ***Operations without substantial transfer or retaining of risks and benefits***
  Operations in which the Bank (the seller) neither transfer nor retains the substantial risks and benefits of the financial asset.

The assessment of the transfer or retaining of risks and benefits of the financial assets is made on the basis of a consistent and verifiable criterion, using as methodology the comparison of the exposure before and after the sale or transfer, with regard to the variation of the present value of expected cash flows, associated with financial asset discounted by the appropriate market interest rate.

j. Value added statements

CCB BRASIL prepared individual and consolidated statements of value added (DVA) in compliance with the “Technical Pronouncement CPC 09” (the Brazilian “Accounting Pronouncements Committee), which are presented as additional information to this financial statements.

4 Cash and cash equivalents and Interbank funds applied

a. Cash and cash equivalents

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Cash and cash equivalentes	1,102	1,073	1,101	1,073
Foreign currency investments, abroad (*)	109,187	391,526	109,642	392,445
Total	**110,289**	**392,599**	**110,743**	**393,518**

b. Money market

	CCB Brasil and CCB Brasil consolidated	
Maturity	**Dec/2016**	**Dec/2015**
Due up to 30 days	3,578,596	-
Total	**3,579,596**	**-**

c. Interbank deposits

	CCB Brasil		CCB Brasil consolidated	
Maturity	**Dec/2016**	**Dec/2015**	**Dec/2016**	**Dec/2015**
Due up to 30 days	228,527	32,821	2,139	2,541
From 31 to 90 days	70,570	115,894	2,482	16,743
From 91 to 360 days	446,410	348,793	7,718	1,048
Over 360 days	1,478,783	660,793	927	-
Total (*)	**2,224,290**	**1,158,301**	**13,266**	**20,332**

d. Foreign currency

	CCB Brasil and CCB Brasil consolidated	
Maturity	**Dec/2016**	**Dec/2015**
Due up to 30 days	131,157	330,614
Total	**131,157**	**330,614**

5 Securities

a. The Bank's policy

The securities are valued, as to their distribution, upon acquisition and the portfolio formed is valued at every semi-annual reporting date. CCB BRASIL has the intention and the financial capacity to hold the securities classified as "held to maturity" until their maturity dates.

b. Composition of securities by type and category

			CCB BRASIL consolidated				CCB BRASIL
	No Maturity.	**91 to 360 days**	**Over 360 days**	**Total book value l**	**Accrued cost value**	**Market Value**	**Total book value il**
Securities for trading	**-**	**33**	**3,794,735**	**3,794,768**	**3,800,396**	**3,794,768**	**3,794,768**
Own portfolio	**-**	**33**	**46,246**	**46,279**	**46,313**	**46,279**	**46,279**
Financial Treasury Bills	-	-	46,246	46,246	46,279	46,246	46,246
National Treasury Notes-C	-	33	-	33	34	33	33
Subject to repurchase agreements	**-**	**-**	**2,910,915**	**2,910,915**	**2,915,514**	**2,910,915**	**2,910,915**
Financial Treasury Bills	-	-	2,910,915	2,910,915	2,910,514	2,910,915	2,910,915
Subject to guarantees	**-**	**-**	**695,951**	**695,951**	**696,813**	**695,951**	**695,951**
Financial Treasury Bills	-	-	695,951	695,951	696,813	695,951	695,951
Subject to Brazilian Central Bank	**-**	**-**	**141,623**	**141,623**	**141,756**	**141,623**	**141,623**
				1			
Financial Treasury Bills	-	-	141,623	41,623	141,756	141,623	141,623
Securities available for sale	**-**	**-**	**2,632,749**	**2,632,749**	**2,635,837**	**2,632,749**	**2,623,903**
Own Portfolio	**-**	**-**	**92,067**	**92,067**	**92,784**	**92,067**	**92,067**
Financial Treasury Bills	-	-	38,529	38,529	38,584	38,529	38,529
National Treasury Bills - B	-	-	53,538	53,538	54,200	53,538	53,538
Linked to Repurchase commitments	**-**	**-**	**2,531,836**	**2,531,836**	**2,534,196**	**2,531,836**	**2,531,836**
Financial Treasury Bills	-	-	2,531,836	2,531,836	2,534,196	2,531,836	2,531,836
Subject to guarantees	**-**	**-**	**8,846**	**8,846**	**8,857**	**8,846**	**-**
Financial Treasury Bills	-	-	8,846	8,846	8,857	8,846	-
Securities held to maturity	**-**	**-**	**1,270,815**	**1,270,815**	**1,270,815**	**1,259,856**	**1,270,815**
Own portfolio	**-**	**-**	**1,270,815**	**1,270,815**	**1,270,815**	**1,259,856**	**1,270,815**
Quotas - FIDC	-	-	50,598	50,598	50,598	50,598	50,598
Global Bonds	-	-	1,220,217	1,220,217	1,220,217	1,209,258	1,220,217
Total in Dec/2016	**-**	**33**	**7,698,299**	**7,698,332**	**7,707,048**	**7,687,373**	**7,689,486**
Total in Dec/2015	**1,861**	**483,106**	**3,563,511**	**4,048,478**	**4,055,412**	**4,047,135**	**4,042,207**

(*) Total of transactions in connection to guarantees R$ 704,797 (Dec 2015 - R$ 285,122) being the amount of R$ 574,984 (Dec 2015 - R$ 155,305) related to deposited margins as guarantees in transactions involving derivative financial instruments, according to explanatory note nº6b6.

The government securities are registered in the Special System for Settlement and Custody (SELIC) of the Brazilian Central Bank, and the corporate bonds in the Clearing House for the Custody and Settlement of Securities (CETIP). The stocks are registered in the Brazilian Company for Settlement and Custody (CBLC) and the FIDCs quotas, are controlled by the Fund Administrators.

The market value of securities was gathered on the basis of the *unit prices*, disclosed by ANBIMA (a Brazilian Association of Entities acting in the Financial and Capital Markets) on the balance sheet date. The market value of the Global Bonds was determined based on the secondary market (Bloomberg).

The shares that comprise the variable income portfolio were adjusted on the basis of the average negotiated quotation on the last business day, or in the absence of such, on the last quotation available in the stock exchange. The remaining securities were valued at BM&FBOVESPA market rates; the investment funds by the value of quotas released by the administrator.

c. Composition of securities by indexer

			CCB Brasil consolidated		
			Dec/2016		
	Dollar	**Selic**	**IPCA**	**Others**	**Total**
Funds	-	-	-	50,598	50,598
Global Bonds	1,220,217	-	-	-	1,220,217
Financial Treasury Bills	-	6,373,946	-	-	6,373,946
National Treasury Notes (NTN-B)	-	-	53,538	-	53,538
National Treasury Notes (NTN-C)	-	-	-	33	33
Total	**1,220,217**	**6,373,946**	**53,538**	**50,631**	**7,698,332**

	CCB Brasil consolidated			
	Dec/2015			
	Selic	IPCA	Others	Total
Shares	-	-	1,861	1,861
Funds	-	-	103,293	103,293
Financial Treasury Bills	3,313,850	-	-	3,313,850
National Treasury Notes (NTN-B)	-	629,443	-	629,443
National Treasury Notes (NTN-C)	-	-	31	31
Total	**3,313,850**	**629,443**	**105,185**	**4,048,478**

6 Derivative financial instruments portfolio

a. Financial instruments

The carrying value of the financial instruments registered in the balance sheet is close to that which could be obtained by negotiation in the market, or in its absence, close to the present value of adjusted cash flows calculated using the prevailing market interest, except for Loans and Lease operations. The market value of Loans was calculated on the basis indexes available in the market and in accordance with the characteristic of each operation.

The market values of Interbank Deposits and “pre-fixed” Time Deposits and Debentures were calculated by using the discounted cash flows of the operations based on the market interest rate published by the Brazilian Futures and BM&FBovespa. The securities issued abroad had the market value calculated on the basis of the values available at feeder released by Bloomberg screen.

The estimated fair values on December 31, 2016 were obtained by the estimation through the available market information and the usual methodology of pricing: the assessment of the nominal value until the maturity date and the discounted present value of future market rates, published in the bulletins of the Stock Exchange Securities, Commodities and Futures Exchange - BM & F or other market sources.

These estimates of fair values presented are not necessarily indicative of values that the institution and its subsidiaries could achieve in the market. The use of different assumptions or valuation methodologies may differ from the estimated fair value amounts presented herein, in view of the need of considerable portion of judgment in the interpretation of market information and its liquidity.

The principal financial instruments recorded in equity accounts, compared to the above-referenced market value, are as follows:

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016		Dec/2016	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	7,689,486	7,687,231	7,698,332	7,687,373
Derivatives (net)	336,983	336,983	336,983	336,983
Loans and Lease Operations	5,789,283	6,746,942	7,341,955	8,299,614
Liabilities				
Interbank Deposits	380,249	380,220	199,564	199,535
Time Deposits	2,025,387	2,193,606	2,007,531	2,175,750
Securities issued abroad	55,066	22,820	55,066	22,820
Derivatives	29,786	29,786	29,786	29,786
Subordinated debt	1,365,055	1,567,931	1,365,055	1,567,931

	CCB Brasil		CCB Brasil consolidated	
	Dec/2015		Dec/2015	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	4,042,207	4,040,864	4,048,478	4,047,135
Derivatives (net)	962,378	962,378	962,378	962,378
Loans and Lease Operations	5,433,436	5,681,360	6,223,682	6,471,606
Liabilities				
Interbank Deposits	810,814	815,681	810,814	815,681
Time Deposits	2,863,916	2,900,195	2,793,593	2,829,872
Securities issued abroad	86,966	95,856	86,966	95,856
Derivatives	25,132	25,132	25,132	25,132
Subordinated debt	1,512,133	1,697,801	1,512,133	1,697,801

b. Derivatives

b.1 The adopted policy for the use of derivatives

China Construction Bank Corporation current controller of CCB Brasil - is one of the largest commercial banks in China, and operates globally, also having a branche in New York, United States. After the approval by the US regulators the "Volcker rule" that integrates the Dodd-Frank law within the reformulation Wall Street, CCB Brasil and all its subsidiaries had to adjust their portfolios. The rule is relatively simple in its original setting. The beneficiaries of the protection network constituted by the access to the lender of *last instance* or insurance of deposits no longer could carry out purchase and sale transactions of securities in proprietary trading, avoiding operations of speculation with prices of bonds. This type of operation has been identified as the main speculative behavior channel that have put the banks at risk. Thus, the institutions focused on traditional credit operations should no longer operate with own positions more speculative and risky. The Volcker rule also prevents banks, covered by the State protection, to invest their own capital, or sponsor, in some way, hedge funds and private equity funds.

In this scenario, the operations of trading portfolio of CCB Brazil were suspended. Similarly, there is a prohibition on transacting with hedge funds and private equity, admitted some exceptions to its application, as certain *market making* activities, portfolio management, underwriting and government securities transactions, provided they are conducted "to the benefit of customers."

During the period, CCB Brasil held traditional derivative operations to meet the clients' needs, as well as perform its risk management policy as a way of minimizing the risks arising from proprietary financial trasacitons. Its objective is to mitigate the exposure to market variables which impair assets and liabilities of the Conglomerate. To fulfill this purpose the Bank uses derivative transactions as hedge of its cash flow and to mitigate the variability of exposures..

Therefore, derivative instruments traded in the period were acquired for two basic purposes:

- **Trading** - as an instrument of risk management traded with clients which aim at managing market risks resulting from the volatility of floating interest rates, exchange rates and asset prices.

- **Hedge** - for the realization of hedge of structural portfolio;

The derivatives that made up the Trading Book had their risk measured, their own limits and strategies and encompass all operations to hedge other elements of the trading book.

Strategically the limits of current trading portfolio at December 31, 2016, were well below the Banking portfolio and there were no directional positioning to be admitted beyond those defined by the Policy & Prodcedures.

The transactions with clients comprise the banking portfolio and the hedge conditions with another counterparty are immediately assessed being that the Bank only have gains as the intermediary party. However, there was a possibility of mismatching in the cases in which the Treasury Department deemed to better manage its trading position within its VaR limit, which is no longer admitted according to the adopted Volcker rule. The risk calculation for this portfolio is daily prepared and reported to the Treasury Committee. Any breaches of limits are promptly evaluated and necessarily originate containment measures.

Therefore, the trading book is composed of public bonds and funds raised through repurchase operations. The banking portfolio is mostly composed of credit operations (including direct consumer financing and working capital) and funding (mostly deposits and international funding). It´s worthy to note that these portfolios present as the main characteristic the intention to be kept up to the maturity. For operations classified as Non-Trading Portfolio, the valuation or devaluation as a result of changes in interest rates practiced in the market does not represent a significant financial and accounting impair on the Bank's results.

b.2 Protection of foreign exchange exposures

CCB BRASIL enters into Swap and NDF’s operations to hedge its obligations of securities issued abroa, to protect the foreign exchange risk and coupon of operations against currency fluctuations by the use of economic hedge for these operations.

b.3 Risk management

CCB BRASIL operates with derivative financial instruments as a part of the range of products offered to its clients and to meet its own necessity related to the management of market risks which arise, principally, due to the normal mismatches between currencies, interest rates, indices and terms of its asset and liability operations. The derivative financial instruments represent future commitments to swap currency or index, or to purchase and sell financial assets on dates and previously established contractual terms.

CCB BRASIL has adopted the policy of minimizing exposure to market risks consistent with its main business purpose, which is the granting of loans. Risk management is performed directly by upper management through instruments previously tested and evaluated.

The strategy of exchange risk management for capital invested abroad is to prevent impacts on income derived from exchange variation. In order to achieve this goal, exchange risk is neutralized and the investments are remunerated in Reais (R$) through the use of derivative financial instruments.

b.4 Strategies and parameters used for risk management for each market operation strategy

The main risk factors of the derivatives contracted at December 31, 2016 are related to exchange rate, interest rate, dollar and variable income coupon, which aim to maximize the return-risk ratio, even in circumstances of high volatility. The risk management control of the portfolios is performed through the use of systems, such as: VaR, Profitability and Liquidity Risk.

b.5 Criteria for valuation and measurement, methods and assumptions used in the determination of the market value

Normally, the quoted prices at the stock exchange are the best ones to give a parameter of the Market Fair Value of the Financial Instruments. However, not all instruments have market liquidity or quotations. The valuation of these instruments requires the use of estimates using present value and other pricing techniques. To obtain these market values the following criteria are adopted:

- **Futures and Forward**: quotations on stock exchanges;

- **Swap:** it is used the cash flows of each part discounted to the present value, according to the interest curves, obtained through BM&FBOVESPA, and/or in the market prices of public securities for the operations of Brazil, and in the prices of international exchanges for operations abroad, whenever applicable;

- **Options:** statistical models that incorporate the behavior of the price of the asset, purpose of the contract, interest, the price of exercising and the spot price of the commodities.

b.6 Recording of the values

The balances of these operations are recorded in equity and memorandum accounts, in accordance with the specific rules issued by the Brazilian Central Bank.

The derivative instruments are classified, according to Management´s intention of using them as "Hedge" or not, according to Bacen-Circular no. 3.082 /02 and its subsequent updates.

The operations with financial instruments, by request of customers, or that do not meet the criteria of Hedge (mainly derivatives used to manage the overall risk exposure until December 31,2016), are accounted by the market value, with the realized and unrealized gains and losses recognized directly in the statement of income.

Specifically for *Hedge* of the Market Risk - The financial assets and liabilities, as well as their financial instruments are accounted at market value with the realized and unrealized gains and losses recognized directly in the statement of income.

The result of these operations is shown in Note 30.c.

The Outstanding Operations at December 31, 2016 have the following characteristics:

CCB Brasil consolidated

Reference Value

Net Position of Assets and Liabilities contracts

	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	11,069	18,812	11,750	(909,037)	(290,655)	(1,187,942)
Foreign currency	324,935	112	(11,750)	947,057	290,655	1,225,962
Prefixed	968	3,213	-	(38,020)	-	(38,020)
Subtotal	**336,972**	**22,137**	-	-	-	-
Market value adjustment	(2,000)	5,621	-	-	-	-
Total	**334,972**	**27,759**	-	-	-	-
NDF contracts						
Forward for buying - NDF	-	1,811	3,693	19,833	-	23,526
Forward for selling - NDF	2,011	217	(1,800)	(66,980)	(11,156) -	79,936
Subtotal	**2,011**	**2,028**	-	-	-	-
Flexible Options contracts						
Flexible Options - buying	-	-	-	-	146,632	146,632
Flexible Options selling	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	**336,983**	**29,786**	-	-	-	-
Future contracts						
Sell - Interbank market	-	-	(4,113,826)	(199,586)	(3,829,243)	(8,142,655)
Buy-DDI-Coupon Exchange	-	-	823,416	2,593,119	10,946	3,427,481
Sell-DDI-Coupon Exchange	-	-	(61,046)	-	-	(61,046)
Buy - foreign currency	-	-	66,845	-	-	66,845
Sell - foreign currency	-	-	(335,391)	-	-	(335,391)

The Outstanding Operations at December 31, 2015 have the following characteristics:

CCB Brasil consolidated

Reference Value

Net Position of Assets and Liabilities contracts

	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	-	39,187	(37,627)	(2,036,479)	(397,203)	(2,471,309)
Foreign currency	953,784	9,412	37,627	2,036,479	397,203	2,471,309
Subtotal	**953,784**	**48,599**	-	-	-	-
Market value adjustment	(20,011)	(24,072)	-	-	-	-
Total	**933,773**	**24,527**	-	-	-	-
NDF contracts						
Forward for buying - NDF	26,014	172	78,400	142,907	-	221,307
Forward for selling - NDF	2,591	433	(17,110)	(64,480)	-	(81,590)
Subtotal	**28,605**	**605**	-	-	-	-
Flexible Options contracts						
Flexible Options - buying	-	-	-	-	175,689	175,689
Flexible Options selling	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	**962,378**	**25,132**	-	-	-	-
Future contracts						
Buy - Interbank market	-	-	16,242	28,651	-	44,893
Sell - Interbank market	-	-	(79,417)	(233,338)	(3,831,878)	(4,144,633)
Buy - IND	-	-	3,071	-	-	3,071
Buy-DDI-Coupon Exchange	-	-	9,826	23,487	-	33,313
Sell-DDI-Coupon Exchange	-	-	-	(56,963)	-	(56,963)
Sell - foreign currency	-	-	(374,793)	-	-	(374,793)

The swap operations are registered in the Futures and Commodities Exchange (BM&FBOVESPA) and in the Clearing House for the Custody and Settlement of Securities

(CETIP). The operations performed in the future market are registered in the Futures and Commodities Exchange (BM&FBOVESPA). The adjustments related to differences to pay or to receive are recorded in assets or liabilities accounts with the differential recognized monthly in the balance sheets.

Guarantees given for transactions involving derivative financial instruments comprise the following:

CCB Brasil and CCB Brasil consolidated

		Dec/2016		Dec/2015	
Paper	**Due Date**	**Book value**	**Market value**	**Book value**	**Market value**
L.F.T.	03/01/2019	9,157	9,157	5,279	5,279
L.F.T.	09/01/2020	560,109	560,109	144,998	144,998
L.F.T.	09/01/2021	5,718	5,718	5,028	5,028
Total		**574,984**	**574,984**	**155,305**	**155,305**

b.7 Sensitivity - Qualitative and quantitative information on the Derivative Financial Instruments

The Sensitivity Analysis presents operations involving financial instruments registered in the Bank's equity accounts, maintained for the administration and hedge of its market risk exposure, especially in times of braking of the historical standards.

The Committee of Treasury defines a set of scenarios containing a combination of prices and interest rates in an environment of crisis and taken to the area of risk management for simulation.

For the elaboration of the chart below, the following assumptions were taken into consideration:

(i) the values of the trading portfolio (Trading Book) and of the transactions from the business lines of the Bank as well as its relevant Hedges (Banking Book), were calculated for each one of the three scenarios;

(ii) for each one of the risk factors, the largest possibility of losses was chosen and, on this value, a defined "increase or decrease" hypothesis was applied;

(iii) Finally, the losses corresponding to each pertinent scenario were obtained.

The following scenarios do not necessarily reflect the risk management of CCB Brasil nor are associated with its accounting practices. The stress models can present a very extreme situation, distant from the usual business environment of the Bank.

Summary of assumptions for each scenario:

For each portfolio, the direction (increase or decrease) was chosen that maximizes the loss for each risk factor. The parallel displacement curves were kept, i.e. a dislocation of + 1,000 basis points means that across the forward curve there was a 10% increase at current rates.

- **Scenario 1** - Probable Situation, reflects the perception of the Bank in relation to the scenario with highest probability for a three month horizon, considering macroeconomic factors and market information (BM & F Bovespa, ANBIMA, CETIP).

- **Scenario 2** - Occasional situation. Assumptions used: parallel shock of 25.0% for the risk variables, based on market conditions observed on 12/31/2016 taking into consideration the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

- **Scenario 3** - Occasional situation. Assumptions used: parallel shock of 50% for the risk variables, based on market conditions observed on 12/31/2016 and taking into consideration the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

Risk Factor Assumptions -Trading Portfolio

	Prefixed rate R$	US$ Coupon
Scenario 1	- 1000 basis points	+ 1000 basis points
Scenario 2	- 2500 basis points	+ 2500 basis points
Scenario 3	- 5000 basis points	+ 5000 basis points

The scenarios presented in the table above, reflect a decline in the macroeconomic expectations: interest rates (prefixed and exchange coupon) increase sharply (10%, 25% and 50%), the Brazilian Stock Exchange inflation rates decrease, facts which reflect on the indices and indexed contracts.

The scenarios in the table below (Banking Portfolio) also reflect a decline in macroeconomic expectations in the sense that maximizes the loss for each risk factor of this portfolio. Toward this, interest rates (pre) increase sharply (10%; 25% and 50%), there is a substantial parallel displacement of the curves of exchange coupon, the exchanges rates increase, the Brazilian stock market falls, the inflation increases, reflecting on ratios and indexed contracts.

Risk Factor Assumptions -Banking Portfolio

	Prefixed rate R$	US$ Coupon	US$ Spot	BM&F Bovespa	Inflation
Scenario 1	+ 1000 basis points	- 1000 basis points	10% decrease	10% decrease	10% increase
Scenario 2	+ 2500 basis points	- 2500 basis points	25% decrease	25% decrease	25% increase
Scenario 3	+ 5000 basis points	- 5000 basis points	50% decrease	50% decrease	50% increase

The results deriving from the losses calculated in the scenarios for the "Trading and Banking portfolios", on December 31, 2016.

Results for the Risk Factors - in thousand of Reais	Trading Portfolio		
Risk Factor	**Scenario 1**	**Scenario 2**	**Scenario 3**
Prefixed rate in R$	(182)	(459)	(932)
Total Loss	**(182)**	**(459)**	**(932)**

Results for the Risk Factors - in thousand of Reais	Banking Portfolio		
Risk Factor	**Scenario 1**	**Scenario 2**	**Scenario 3**
USD and USD Cupom	(63,212)	(169,699)	(375,148)
Prefixed rate in R$	(154,338)	(366,474)	(672,572)
Shares And Indexes	-	-	-
Inflation	(1,027)	(2,572)	(5,062)
Total Loss	**(218,577)**	**(538,745)**	**(1,052,782)**

The risk factors are:

- **US$ Coupon** - Comprises all products that present price variations connected to variations of the US dollar and of the interest rate in dollars.

- **Prefixed rate in Reais**- Comprises all products that present price variations in the interest rate variations denominated in Reais.

- **Shares and Indexes -** Comprises shares and indexes of stock exchanges, shares and options linked to share indexes.

- **Inflation -** It refers to all products whose price variation is linked to the variations in inflation coupons and inflation indexes.

For the calculation purposes the assumptions of a confidence interval of 99% for the VaR calculation and a timeframe of 10 days to exit the position were adopted.

The sensitivity analysis disclosed has certain limitations. The economic impact on an occasional interest rate fluctuation could not necessarily represent a material accounting gain or loss for the Institution. The specific combination of price that determines each scenario is an arbitrary decision. The signs of the historical correlations between assets were not necessarily considered and even the chosen scenarios were observed in the past.

The results presented in the table for the *"Banking Portfolio"*, designed with a drop in interest rates and rising inflation (in opposite direction of the common sense), could give the impression of high sensitivity to volatility. However, the presented table does not consider the correlations between different factors of risk. This analysis ignores the correlation between "pre-fixed" rates and the "CDI" (Interbank Deposit Rate standard) or, in other words, the losses with fixed rates in this model, are not offset by gains with "CDI". In addition the results presented in the table for the *"Banking Portfolio"*, designed with a drop in interest rates and rising inflation, in opposite direction of the common sense.

Likewise, in the "chart of sensitivity", the interest rates and foreign exchanges were considered as non-correlated. The limitations of scenarios analysis also involve the mark-to-market of the Bank´s positions, contradicting the decisions of the Management, to keep its positions, especially the foreign liabilities, as "held to maturity". Although the balances of the loans, in these cases, represent the balances calculated by the curves, their respective "Hedges" are marked to market. This may lead the reader to misinterpretation, since even the losses of the derivatives were calculated regardless of those objects of the Hedge.

b.8 Accouting Hedge

As of the first half year 2015, seeking protection against exposure to changes in foreign exchange coupon of funding in foreign currency, CCB BRASIL entered into swap operations (USDxCDI) registered in CETIP , with similar values, terms and rates, and classified this structure as accounting hedge of market risk . The effectiveness figured for the hedge portfolio complies with the provisions of Bacen Circular No. 3082 of January 30th. 2002

On December 31, 2016 the hedging structure is represented as follows:

CCB Brasil and CCB Brasil CONSOLIDATED

	Hedge instrument		Hedge object	
	Nominal value	Adjustment to market value (*)	Book value	Adjustment to market value (*)
Hedge funds raised abroad	4,268,389	5,340	4,276,926	4,622

(*) Recorded as Income from securities and derivative financial instruments.

On December 31, 2015 the hedging structure is represented as follows:

CCB Brasil and CCB Brasil CONSOLIDATED				
	Hedge instrument		Hedge object	
	Nominal value	Adjustment to market value (*)	Book value	Adjustment to market value (*)
Hedge funds raised abroad	2,357,914	36,257	2,355,297	35,925

(*) Recorded as Income from securities and derivative financial instruments.

7 Interbank accounts - Deposits at the Brazilian Central Bank

CCB Brasil and CCB Brasil consolidated		
	Dec/2016	Dec/2015
Compulsory Deposits on demand deposits	2,848	23,327
Compulsory Deposits on saving deposits (*)	4,312	5,739
Micro-finance destination of resources	3,143	4,243
Total	**10,303**	**33,309**

(*) For revenues generated on compulsory deposits, see note nº 29g.

8 Loans

a. Diversification by type of operation

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	Dec/2015	Dec/2016	Dec/2015
Working capital and discounts	1,650,278	2,313,395	1,651,960	2,313,395
Secured accounts	2,879	43,360	2,879	43,360
Consigned personal credit (*)	185,304	59,985	2,038,790	895,139
Corporate Checks	390	1,899	390	1,899
Import financing	2,014,646	984,673	2,014,646	984,673
Export financing	170,923	226,681	170,923	226,681
Rural and agro-industrial financing	107,300	55,146	107,300	55,146
Real estate and housing	2,068	2,103	2,068	2,103
Financing of machinery and heavy vehicles	11,134	28,589	11,134	28,589
Resolution 63 (current Resolution 2770)	-	12,174	-	12,174
Personal/consumer credit	41	33,226	293,571	305,221
Loans linked to assignments	649,389	437,685	-	-
Others	306,925	317,468	306,925	317,469
Loans	**5,101,277**	**4,516,384**	**6,600,586**	**5,185,849**
Guarantees and Sureties Honored	9,782	34,317	9,782	34,317
Debtors through purchase of assets	83,178	142,768	84,660	144,684
Notes and credits receivable	53,872	91,144	55,095	93,546
Advances on export contracts (**)	541,174	648,823	541,174	648,823
Other receivables	**688,006**	**917,053**	**690,711**	**921,370**
Leases	-	-	50,658	116,463
Total	**5,789,283**	**5,433,436**	**7,341,955**	**6,223,682**

(*) CCB BRASIL Consolidated includes loans ceded before the issuing of BACEN Resolution nº 3533/08 to the FIDC as follows:

- CCB Brasil Financeira S/A - CFI portfolio in the amount of R$ 1,204,097 (Dec/2015 - 397,469) and loans to individuals in the amount of R$ 293,530 (Dec/2015 R$ 271,995) totaling R$ 1,497,627 (Dec/2015 R$ 669,464).

(**) CCB BRASIL Consolidated includes loans linked to assignment under BACEN Resolution nº 3533/08, distributed according to the type of operations which have originated the credit as follows:

- CCB Brasil Financeira S/A consigned payroll loans to individuals in the amount of R$ 649,389 (Dec/2015 - R$ 437,685).

(***) The transactions of "Advances on Export Contracts - ACC" are recorded in "Other liabilities - Foreign exchange portfolio". Income receivable on advances granted is recorded in "Other receivables - Foreign exchange portfolio". For purposes of presentation in this note, both amounts have been presented as "Other receivables".

b. Diversification by activity

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Public sector	**33,421**	**92,864**	**33,421**	**92,864**
Federal Government	-	47,747	-	47,747
State Government	33,280	43,645	33,280	43,645
Municipal Government	141	1,472	141	1,472
Private sector	**4,831,469**	**4,738,239**	**4,880,275**	**4,849,002**
Agribusiness	**231,827**	**245,667**	**231,827**	**246,196**
Industry	**1,939,497**	**2,694,997**	**1,952,768**	**2,738,713**
Builders, Contractors & Undertakers	240,615	396,876	241,314	410,287
Sugar and alcohol refinery	220,201	352,216	225,225	362,561
Incorporators	77,942	327,061	78,081	331,394
Production of flour, pasta, cakes and biscuits	143,416	76,279	143,484	76,995
Slaughterhouses and meat industry	143,852	104,219	143,949	104,477
Chemical and petrochemical industry	108,520	71,183	113,742	77,956
Metallurgical & Mechanical Production	206,594	100,057	207,193	101,785
Production of electric and electronic goods	17,104	33,649	17,104	33,649
Pulp and paper manufacturing	75,443	81,402	75,978	83,173
Production of manures, fertilizers, Insecticides	119,763	56,804	119,763	56,804
Beverage industry in general	37,247	134,405	37,247	134,710
Building material industry	45,617	82,697	46,281	84,338
Production of pipes and metalwork	50,348	90,852	50,348	90,852
Manufacture of vehicles, body parts and others	114,080	66,831	114,171	67,030
Plastic packaging manufacturing	21,602	43,723	21,676	44,569
Production of threads and fabrics	3,216	45,841	3,216	45,841
Production of footwear and leather goods	53,849	86,889	53,908	87,340
Tobacco industry	59,020	65,858	59,020	65,858
Vegetal and mineral extraction	85,233	364,917	85,233	364,917
Graphic arts services	11,470	8,010	11,470	8,010
Clothing industry	71,405	54,672	71,405	54,672
Furniture manufacturing	397	5,349	397	5,394
Others	32,563	45,207	32,563	46,101
Commerce	**703,549**	**730,735**	**708,426**	**738,839**
Supermarkets and wholesalers	319,719	252,438	319,721	252,508
Vehicle dealerships and sale yards	24,458	93,074	24,458	93,074
Commerce of others Chemical Products	179,119	47,659	179,119	47,665
Commerce of agricultural products	153	2,139	153	2,139
Commerce of medicines	6,061	21,730	6,061	21,730
Commerce of electric and electronic products	3,962	64,762	3,962	64,762
Commerce of clothing and fabrics	13,394	24,497	13,394	24,497
Commerce of machinery and equipments	12,499	26,251	12,572	26,944
Trading Companies	16,869	35,920	16,869	35,920
Commerce of Oil derivates	10,373	19,412	15,175	25,239
Commerce of furniture and items for decoration	4,876	14,995	4,876	14,995
Commerce of Metallurgical Products	6,156	10,846	6,156	10,846
Commerce of building material	17,923	23,778	17,923	23,778
Commerce of books, magazines and newspapers	306	1,007	306	1,007
Import/export of agricult, Products & foodstuffs	419	1,972	419	1,972
Commerce of sewing accessories	10,208	422	10,208	422
Others	77,054	89,833	77,054	91,341
Financial intermediation	**5,157**	**22,950**	**5,157**	**22,950**
Other services	**1,951,439**	**1,043,840**	**1,982,097**	**1,102,304**
Medical and dental services	31,008	79,245	34,546	83,803
Technical and professional services	68,925	162,062	69,471	165,254
Passenger and cargo transportation	103,798	214,199	105,369	226,268
Holdings in general	689,948	97,170	689,948	97,719
Services of public utility	23,138	48,583	23,138	51,100
Renting in general	42,680	95,175	52,572	104,392
Distribution of power	678,943	38,826	678,943	38,826
Education	2,796	10,316	2,879	10,896
Communication and entertainment services	7,856	15,619	10,108	19,311
Repairing, maintenance and installation services	22,656	23,785	22,656	23,785
Sports Associations	4,699	12,552	4,699	12,552
Unions and Associations	10,621	27,490	10,621	27,490
Storage services	15,134	18,871	15,134	18,871
Cleaning, preservation and surveillance services	10,558	19,858	10,558	19,858

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	Dec/2015	Dec/2016	Dec/2015
Accommodation services	10,477	344	10,477	368
Cooperatives of production	6,571	13,724	6,571	13,724
Metallurgical Services	12,552	6,494	12,552	6,494
Telecommunication Services	-	1,526	-	1,546
Cards Administration	9,250	16,161	9,250	16,159
Others	199,829	141,840	212,605	163,888
Individuals	**924,393**	**602,333**	**2,428,259**	**1,281,816**
Total	**5,789,283**	**5,433,386**	**7,341,955**	**6,223,682**

(*) The operations of personal credit and consigned personal credit assigned (note 8 h.1), were sold to CCB BRASIL's subsidiary CCB Brasil SA Credito, Financiamento e Investimento, which concentrates operations provided to individuals.

c. Diversification by term

	CCB Brasil				CCB Brasil consolidated			
	Dec/2016	%	Dec/2015	%	Dec/2016	%	Dec/2015	%
Public sector								
Due within 3 months	5,886	0.08	29,494	0.54	5,886	0.08	29,494	0.47
Due from 3 to 12 months	13,108	0.21	40,864	0.75	13,108	0.16	40,864	0.66
Due over 1 year	14,427	0.15	22,506	0.41	14,427	0.11	22,506	0.37
Private sector								
Due within 3 months	1,345,686	23.26	1,272,271	23.42	1,504,136	20.50	1,375,715	22.10
Due from 3 to 12 months	1,649,291	28.51	1,856,567	34.17	2,044,794	27.86	2,099,116	33.73
Due over 1 year	2,620,793	45.37	1,969,945	36.26	3,599,772	49.11	2,397,553	38.52
Overdue (from 15 days on)	140,092	2.42	241,789	4.45	159,832	2.18	258,434	4.15
Total	**5,789,283**	**100.00**	**5,433,436**	**100.00**	**7,341,955**	**100.00**	**6,223,682**	**100.00**

d. Diversification by indexer

CCB Brasil consolidated						
Dec/2016						
Type of operation	**Prefixed**	**CDI**	**TR/TBF**	**Dollar**	**Others (*)**	**Total**
Loans	2,555,610	1,977,019	18,913	2,590,218	-	7,141,760
Leasing	11,032	39,626	-	-	-	50,658
Others	103,735	28,601	-	-	17,201	149,537
Total	**2,670,377**	**2,045,246**	**18,913**	**2,590,218**	**17,201**	**7,341,955**

(*) Mainly consisted of transactions subject to indexation with TJLP and IGPM.

CCB Brasil consolidated						
Dec/2015						
Type of operation	**Prefixed**	**CDI**	**TR/TBF**	**Dollar**	**Others (*)**	**Total**
Loans	1,467,548	2,657,249	14,950	1,645,670	49,255	5,834,672
Leasing	17,598	98,865	-	-	-	116,463
Others	183,617	33,979	-	-	54,951	272,547
Total	**1,668,763**	**2,790,093**	**14,950**	**1,645,670**	**104,206**	**6,223,682**

(*) Mainly consisted of transactions subject to indexation with TJLP and IGPM.

e. Geographic distribution

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Northern region	5,158	0.07	16,753	0.27
Northeastern region	578,488	7.88	929,498	14.93
Southeastern region	3,957,911	53.91	3,167,245	50.89
Center-western region	269,126	3.67	487,352	7.83
Southern region	571,855	7.79	803,409	12.91
Abroad	1,959,417	26.68	819,425	13.17
Total	**7,341,955**	**100.00**	**6,223,682**	**100.00**

f. Risk concentration level

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Largest debtor	393,382	5.36	195,880	3.15
10 largest debtors	1,769,172	24.10	997,040	16.02
20 largest debtors	2,365,766	32.22	1,472,618	23.66
50 largest debtors	3,215,937	43.80	2,348,272	37.73
100 largest debtors	3,907,069	53.22	3,110,344	49.98
Largest economic group debtor	393,382	5.36	195,880	3.15

g. Distribution of terms by portfolio

g.1 Maturities of the trade portfolio (installments)

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Up to 3 months	810,357	31.45	721,727	20.81
3 months to 1 year	760,867	29.53	1,203,839	34.71
More than 1 year	858,496	33.32	1,299,043	37.45
Overdue (from 15 days on)	146,702	5.69	243,757	7.03
Total	**2,576,422**	**100.00**	**3,468,366**	**100.00**

g.2 Maturities of trade finance (installments)

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Up to 3 months	511,326	18.75	590,599	31.74
3 months to 1 year	811,841	29.77	699,717	37.62
More than 1 year	1,403,147	51.46	564,728	30.36
Overdue (from 15 days on)	429	0.02	5,133	0.28
Total	**2,726,743**	**100.00**	**1,860,177**	**100.00**

g.3 Maturities of consigned personal credit (installments)

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Up to 3 months	188,339	9.24	92,883	10.38
3 months to 1 year	485,194	23.80	236,424	26.41
More than 1 year	1,352,556	66.34	556,288	62.14
Overdue (from 15 days on)	12,701	0.62	9,544	1.07
Total	**2,038,790**	**100.00**	**895,139**	**100.00**

h. Credit assignment

h.1 Interbank credit assignment

In the period ended on December 31, 2016, CCB BRASIL, assigned credits to its subsidiary “CCB Brasil SA Credito Financiamento e Investimentos”. As set out in Resolution no. 3.533/08 of CMN which established new criteria for accounting, recognition and classification of transfers of credit, made effective since January 1st. 2012, these assets were classified in the "substantial retaining of risk and benefits" category, at the present value of R$ 558,913 (Dec 2015 - R$ 263,575). The relevant amount recorded as obligations related to this operations is R$ 602,153 (Dec 2015 R$ 287,303). The result of R$ 43,240 (Dec 2015 R$ 23,728) shall be recognized in the Bank by using the *“pro rata temporis methodology"* by the term of every contract. These assignments are subject to the statements of Bacen - Resolution N° 2.682/99 for purpose of risk classification and provisioning for loan losses.

h.2 Assignment of credit for investment fund in asset-backed Securities

In the period ended on December 31, 2016 there were no assignment operations of the type of "working capital" for Investment Funds in “Corporate Credit I, II and Open”. In December 2015 the transacitons amounted to R$ 14,081. Consequently, there were no gains in such operations. As set forth in Resolution no. 3,533 /08 of BACEN, those transactions were classified in the category of "operations with sub stantial retention of risk and benefits". The credit operations transferred are subject to application of the Resolution no. 2.682 /99, for the purpose of classification of credit risk and constitution of allowances for credit losses.

h.3 Assignment of credit to a non-financial Company

During the period ended on December 31, 2016, there was a credit operations with substantial transfer of risks and benefits to non-financial non-related companies in the amount of R$ 37 (Dec 2015 R$ 3,655). In the quarter there was no result (Dec / 15 - R $ 1,715).

In the quarter ended on December 31, 2016 there were transfers of credits previously written-off as losses. The result of these ceeded transactions reached to R$ 12,156 (December/15 - R$ 9,000).

h.4 Assignment of credit to credit securitizadora (unrelated company)

In the fiscal year ended December 31st. 2016, there were assignegment of credits for non-realted credit securitization companies, of the type of “working capital” and other assets classified as "operations with substantial transfer of risks and benefits", which were fully covered by allowances for loan losses, resulting in the recognition of revenues in the amount of R$ 25,234 (2015 - R$ nil).

Loan operations previously written-off were also assigned to unrelated credit securitization companies, resulting in the recognition of revenues in the amount of R$ 325,644 (2015- R$ nil).

Those assignments were made considering amounts obtained through evaluations that included the prospects for recovery of credits. Based on analysis of specialized consulting company regarding the situation of debtors, existing guarantees, and condition of credits.

Statement of the results of the assignment:

	CCB Brasil consolidated	
	Dec/2016	**Dec/2015**
Results of credit assignment to non related securitizer companies		
Reversal of allowances for wiritten-off ceeded loans (Note 9.a)	1,221,720	-
Losses from sales/transfers of financial assets (Note 30.g)	(870,842)	-
Total	**350,878**	-

i. Lease operations

The value of leasing transactions is presented at their present value, as determined pursuant to the internal rate of return set under each contract. Pursuant to the applicable Brazilian Central Bank rules, these amounts are presented in several line items in the balance sheet, as follows:

	CCB Brasil consolidated	
	Dec/2016	**Dec/2015**
Lease receivables	41,467	102,053
Unearned lease income	(41,093)	(100,416)
Leased goods	213,620	379,267
Depreciation surplus	13,796	35,067
Depreciation of leased goods	(129,497)	(210,666)
Losses to amortize of lease operations	5,119	4,874
Anticipated Residual Value	(52,754)	(93,716)
Total Lease Operations	**50,658**	**116,463**

9 Allowance for loan losses

a. Movement of the allowance

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Opening balance	**845,339**	**1,121,119**	**886,678**	**1,184,920**
Reconstitution of provisions for assignment of credit	1,155,170	-	1,155,170	-
Allowances for non-written-off assigned credits (*)	66,550	-	66,550	-
Constitution (1)	524,156	1,040,302	580,108	1,098,662
Reversal of provisions	(89,607)	(70,128)	(98,666)	(122,892)
Reversal of provision for credit assignment	(1,221,720)	-	(1,221,720)	-
Subtotal	**1,279,888**	**2,091,293**	**1,368,120**	**2,160,690**
Write-offs	(825,300)	(1,245,954)	(869,801)	(1,274,012)
Closing balance	**454,588**	**845,339**	**498,319**	**886,678**
Written-off credit, recovery	103,121	101,324	110,172	106,710
Renegotiated loans	158,867	356,504	158,867	356,504
% of allowance for loans and leases	7.85%	15.56%	6.79%	14.25%

On December 31st. 2016, a reclassification of the allowances for doubtful accounts was included, returning to the Bank's assets that amount against the loan portfolio, in order to recognize the effects arising from assignment of credit to a credit securitization company, according to the notes 8.h.4 and 30.g.

(*) Considering the items impacting our results for the period we have R $ 720,621 in the multiple and R $ 673,728 in the consolidated.

b. Composition of the allowance by type of operation

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	Dec/2015	Dec/2016	Dec/2015
Working capital and discounts	166,781	487,791	166,789	487,791
Secured accounts	1,200	15,411	1,200	15,411
Consigned personal credit	6,410	5,658	31,362	22,492
Corporate check	108	1,364	108	1,364
Import financing	82,678	52,739	82,678	52,739
Export financing	6,442	25,580	6,442	25,580
Rural and agro-industrial financing	738	241	738	241
Housing & Real Estate	19	11	19	11
Financing of machinery and heavy vehicles	2,931	6,009	2,931	6,009
Personal/consumer credit	1	4,182	25,616	25,622
Loans linked to assignments	12,825	9,368	-	-
Others	141,346	107,642	141,346	107,642
Loans	**421,479**	**715,996**	**459,229**	**744,902**
Guarantees and Sureties Honored	6,651	26,531	6,651	26,531
Debtors for buying assets	5,595	44,431	5,639	44,441
Bills and other receivables	2,563	37,958	2,712	38,319
Advances on exchange contracts	18,300	20,423	18,300	20,423
Other receivables	**33,109**	**129,343**	**33,302**	**129,714**
Leases	-	-	5,788	12,062
Total	**454,588**	**845,339**	**498,319**	**886,678**

c. Composition of the provision per risk level

						CCB Brasil
			Dec/2016			Dec/2015
Risk level	**Calculation basis**	**Provision**	**%**	**Calculation basis**	**Provision**	**%**
AA	1,119,645	-	19.34	832,577	-	15.34
A	2,156,599	10,783	37.25	1,594,077	7,970	29.34
B	728,190	7,282	12.58	791,337	7,914	14.56
C	661,176	19,836	11.42	695,059	20,852	12.79
D	347,608	34,761	6.00	485,984	48,598	8.94
E	333,371	100,011	5.76	250,157	75,047	4.60
F	298,366	149,183	5.15	182,740	91,370	3.36
G	38,652	27,056	0.67	26,391	18,474	0.49
H	105,676	105,676	1.82	575,114	575,114	10.58
Total	**5,789,283**	**454,588**	**100.00**	**5,433,436**	**845,339**	**100.00**

	CCB Brasil consolidated					
	Dec/2016			Dec/2015		
Risk level	**Calculation basis**	**Provision**	**%**	**Calculation basis**	**Provision**	**%**
AA	1,119,902	-	15.25	852,907	-	13.71
A	3,550,825	17,754	48.36	2,198,408	11,052	35.32
B	768,858	7,688	10.47	836,617	8,366	13.44
C	714,659	21,440	9.74	744,628	22,338	11.96
D	362,910	36,291	4.94	511,048	51,105	8.21
E	347,606	104,282	4.73	260,024	78,007	4.18
F	305,983	152,991	4.17	189,035	94,518	3.04
G	44,464	31,125	0.61	32,409	22,686	0.52
H	126,748	126,748	1.73	598,606	598,606	9.62
Total	**7,341,955**	**498,319**	**100.00**	**6,223,682**	**886,678**	**100.00**

10 Foreign exchange portfolio

	CCB Brasil and CCB Brasil consolidated	
Assets	**Dec/2016**	**Dec/2015**
Foreign exchange purchased to settle	520,107	809,133
Rights from sale of foreign exchange	12,464	2,326
Advances received in local currency	(50)	(734)
Income receivable on advances of foreign exchange contracts	9,339	18,666
Total	**541,860**	**829,391**

	CCB Brasil and CCB Brasil consolidated	
Liabilities	**Dec/2016**	**Dec/2015**
Foreign exchange sold to settle	10,970	21,210
Financed imports - Contracted foreign exchange	(50)	(734)
Liabilities from foreign exchange purchases	544,156	630,157
Advances on foreign exchange contracts	(531,834)	(630,157)
Total	**23,242**	**20,476**

11 Other receivables - Other

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Salary advances and prepayments	10,877	1,643	10,884	1,725
Advances for payments	612	1,667	675	1,724
Debtors from the purchase of assets	83,178	142,769	84,661	144,684
Debtors from guaranteed deposits	412,900	366,569	419,713	373,238
Income tax to compensate & recover	55,355	55,409	78,742	68,442
Payments to compensate	12,299	9,102	17,459	10,597
Accounts receivable	107,252	97,094	115,531	107,397
Receivables from related companies	-	-	-	201
Sundry domestic debtors	14,061	19,778	31,642	11,334
Total	**696,534**	**694,031**	**759,307**	**719,342**

(*) Containing: R$ 38,222 (Dec 2015 R$ 38,222) of IRRF on remittance of interest to the Cayman Islands branch, R$ 232 (Dec 2015 R$ 296) on interest on capital and taxes retained by Public Organism. The IRRF offsetting on remittance of interest to the Cayman Islands branch occurred on a regular basis until the fiscal year 2011. In order to ensure and accelerate the off-set of such withholding tax, the Bank has undertaken changes in its business strategy, increasing the generation of eligible results subject to that off-set, in line with a technical study.

(**) Including: receivables for acquisition of financial assets of credit operations without substantial transfer of risks and benefits.

12 Other assets

a. Assets not for own use

Comprises assets received in settlement of loans as follows:

The Bank´s management prepared an “impairment analysis” which resulted in the provision for losses shown in the table below:

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Property	317,778	285,824	320,418	288,464
Vehicles and similar	4,009	4,444	15,389	16,448
Machinery and equipment	26,363	26,161	26,827	26,461
Material in stock	231	-	231	-
Others	708	188	708	188
Subtotal	**349,089**	**316,617**	**363,573**	**331,561**
Provision for other assets	(88,138)	(72,365)	(95,500)	(77,828)
Total	**260,951**	**244,252**	**268,073**	**253,733**

b. Prepayments

Substantially refer to prepaid expenses, deferred for obtaining benefits by the amount paid for over a year, composed of costs associated to resources gathered abroad and commissions paid to correspondent banks, due to the maintenance of the lending operations and financing, which will be recognized as expenses according to the term of contracted operations, settlement due to the portability of the operations, or written-off for losses.

The amount of R$ 104,669 (Dec/15 - R$ 65,760) was allocated in the statement of income for the period under the accounting line "Other operating expenses - payroll loans Fees" (Note 29h).

13 Fixed assets for use

a. Investments

See details of investments in subsidiaries and controlled companies in the Explanatory Note #15.

b. Fixed assets for own use

		CCB Brasil consolidated							
Depreciation rate %		**Cost**		**Provision for loss**		**Accumulated depreciation**		**Net value**	
		Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**	**Dec/2016**	**Dec/2015**	**Dec/2016**	**Dec/2015**
Land	-	3,913	3,913	-	-	-	-	3,913	3,913
Buildings	4	192,122	162,900	-	-	(103,181)	(63,785)	88,941	99,115
Installations	10	5,176	1,922	-	-	(1,725)	(1,487)	3,451	435
Machinery and equipment for	10	17,201	16,970	(769)	(984)	(9,582)	(8,481)	6,850	7,505
Data processing system	20	12,630	12,762	(67)	(82)	(12,111)	(12,022)	452	658
Transport systems	20	1,175	1,175	-	-	(742)	(534)	433	641
Communication system	10	2,297	2,207	-	-	(1,115)	(908)	1,182	1,299
Security System	10	1,477	1,516	(38)	(51)	(795)	(693)	644	772
Total		**235,991**	**203,365**	**(874)**	**(1,117)**	**(129,251)**	**(87,910)**	**105,866**	**114,338**

c. Intangible assets

c.1 Intangible assets

The Intangible Assets have defined useful lives and comprise the following:

CCB Brasil consolidated							
		Cost		Accumulated amortization		Net amount	
Amortization rate %		Dec/2016	Dec/2015	Dec/2016	Dec/2015	Dec/2016	Dec/2015
Softwares (*)	20	14,104	10,656	(11,118)	(8,033)	3,286	2,623
Goodwill	10	105,190	105,190	(8,313)	(45,600)	96,877	59,590
Total		**119,594**	**115,846**	**(19,431)**	**(53,633)**	**100,163**	**62,213**

c.2 Movement of intangible assets

CCB Brasil consolidated					
	Dec/2015	Addition	Amortization	Reversal	Final Balance
Softwares (*)	2,623	3,748	(3,085)	-	3,286
Goodwill	59,590	-	-	37,287	96,877
Total	**62,213**	**3,748**	**(3,085)**	**37,287**	**100,163**

(*) Software purchased and/or developed by specialized companies.

(**) The Goodwill recorded on the acquisition of the company CCB Brasil S/A, in November 03, 2009, corresponding to the sum of the amount paid in the transaction with the amount of negative net assets, resulted in the net value of R$ 105,190. The mentioned goodwill is supported on estimations of results, which takes into consideration the assessment of synergy identified in the retail operations of CCB BRASIL and CCB Brasil S/A as stated in a valuation report, prepared by specialized consulting company. The expectation for realization of the goodwill is of 10 years, and the periodic depreciation takes into consideration the positive values by the “Equity method”, in compliance with the regulations of the BACEN.

d. Reduction on the recoverable value of non-financial assets

In compliance with the provisions of the Technical Pronouncement CPC 01 issued by the Accounting Pronouncements Committee - CPC, the Management made impairment test of its assets, not generating a provision for losses in the period ended December 31, 2016. In 2015, a provision was recorded For losses in the amount of R$ 874,00 (Dec 2015 - R $ 1,117) , resulting from improvements on its own and third party properties, whose lease agreements was not renewed by the Bank, besides items of permanent assets that presented evidences of loss in the recoverable value.

14 Overseas branch

At the balance sheet, the operations conducted in the Cayman Islands branch presented: net equity of R$ 228,514 (Dec 2015 - R$ 292,245) and total assets of R$ 3,539,120 (Dec 2015 - R$ 2,202,030). The balances were converted into Reais at the US dollar exchange rate informed by the BACEN.

15 Domestic subsidiaries

The main information on the Bank's subsidiaries is presented below:

	Dec/2016						Dec/2015
Company name	**Number of shares / quotas held**	**Investment percentage**	**Shareholders' equity**	**Net income for the period**	**Equity pick up**	**Book value of investments**	**Book value of investments**
CCB Brasil Arrendamento Mercantil S,A,(*)	180,920,168	100%	248,470	19,993	19,993	248,470	228,475
CCB Brasil Distribuidora de Títulos e Valores Mobiliários	14,223,228	100%	19,836	1,668	1,668	19,836	18,168
CCB Brasil Informática S,A,	50,000	100%	681	35	35	681	647
CCB Brasil Adm. Cartão Créd. S/C Ltda,	3,670,000	100%	13,549	2,456	2,456	13,549	11,093
CCB Brasil S,A, CFI (*)	116,405,774	100%	93,483	(37,287)	(37,287)	190,360	190,369
Brasil Factors	62,931	50%	4,155	(4,695)	(2,574)	1,850	4,425
Total					**(15,709)**	**474,746**	**453,177**

(*) Including premium, net of amortization in the amount of R$ 96,877 (Dec 2015 - R$ 59,590) calculated on the acquisition of CCB Brasil Financeira S/A.

16 Related party transactions

a. Related party transactions

The Bank and its subsidiaries undertake transactions among themselves, which were eliminated in the consolidation process.

The balances from operations between China Construction Bank (Brasil) Banco Múltiplo S.A. with direct subsidiaries, indirect and key personnel of the administration are presented below:

	Assets (Liabilities)		Revenues (Expenses)	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Interbank funds applied	**2,211,024**	**1,137,969**	**235,361**	**130,357**
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	2,211,024	1,137,969	235,361	111,741
CCB Brasil Arrendamento Mercantil S/A (a)	-	-	-	18,616
FIDC Quotas	**43,872**	**71,024**	**15,305**	**14,387**
Brasil Factors (a)	43,872	71,024	15,305	14,387
Credit Assignments	**558,913**	**277,656**	**162,924**	**75,550**
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	558,913	263,575	162,924	75,550
Credit Receivables Investment Fund's - FIDC's (note 8.h2.)	-	14,081	-	-
Demand deposits	**(5,011)**	**(3,639)**	**-**	**-**
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A (a)	(18)	(22)	-	-
CCB Brasil Arrendamento Mercantil S/A (a)	(346)	(488)	-	-
CCB Brasil Informática S/A (a)	(1)	(2)	-	-
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(306)	(882)	-	-
CCB Brasil Promotora de Vendas Ltda. (a)	-	-	-	-
Brasil Factors (a)	(1)	(1)	-	-
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	(2,364)	(1,454)	-	-
CCB Brazil Financial Holding Ltda (e)	(769)	-	-	-
Control and management key staff (c)	(1,206)	(790)	-	-
Interbank deposits	**(180,685)**	**-**	**(12,193)**	**-**
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A (a)	(20,761)	-	(2,347)	-
CCB Brasil Arrendamento Mercantil S/A (a)	(159,924)	-	(9,846)	-
Time deposits	**(130,986)**	**(135,062)**	**(18,965)**	**(20,537)**
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A (a)	-	(19,416)	(65)	(2,470)
CCB Brasil Arrendamento Mercantil S/A (a)	-	(9,253)	(166)	(9,340)
CCB Brasil Informática S/A (a)	(683)	(657)	(90)	(83)
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(16,232)	(40,996)	(3,660)	(2,941)
Brasil Factors (a)	(2,316)	(10,516)	(815)	(832)
FDIC Brasil Factors (b)	(62,727)	(1,663)	(4,189)	(2,408)
CCB Brazil Financial Holding Ltda (e)	(47,704)	(52,457)	(9,936)	(2,410)
CCB Brasil Promotora de Vendas Ltda. (a)	(940)	-	(19)	-
Control and management key staff (c)	(384)	(104)	(15)	(53)
Repurchase Operations	**(54,897)**	**(180,029)**	**(14,589)**	**(20,829)**
CCB Brasil Arrendamento Mercantil S/A (a)	(54,897)	(127,987)	(12,769)	(18,527)
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	-	(52,042)	(1,820)	(2,302)
LCA	**(1,718)**	**(2,517)**	**(211)**	**(131)**
Control and Management Key Personnel	(1,718)	(2,517)	(211)	(131)
LCI	**(802)**	**(25,944)**	**(296)**	**(267)**
Control and Management Key Personnel	(802)	(25,944)	(296)	(267)
Swap	**-**	**-**	**-**	**4,178**
Brasil Factors (a)	-	-	-	4,178
NDF	**(753)**	**(1,650)**	**(9,760)**	**(3,908)**
Brasil Factors (a)	(753)	(1,650)	(9,760)	(3,908)
Borrowings and Repasses	**(7,285,717)**	**(3,570,104)**	**(421,011)**	**(383,999)**
China Construction Bank Corporation (d)	(7,285,717)	(3,570,104)	(421,011)	(383,999)
Debt Instruments Eligible to Capital	**(559,926)**	**(397,526)**	**(16,544)**	**(7,410)**
China Construction Bank Corporation (d)	(559,926)	(397,526)	(16,544)	(7,410)
Services rendered	**(1)**	**-**	**(12)**	**-**
CCB Brasil Arrendamento Mercantil S.A. (a)	(1)	-	(12)	-

Being:

(a) Direct - Subsidiaries
(b) Indirect - Subsidiaries
(c) Management Key Personnel (c)
(d) Foreign Indirect Controller Company (note 1)
(e) Direct Controller Company

a.1 Maturities and rates of the operations

The interbank “pos fixed” investments are valued at the “average CDI” (Interbank Deposits rates) of 105% (Dec/2015 - 105%)and the “pre-fixed” at the average rate of 14,85% (Dec/2015 - 14.09%); the Repo operations were made at the average rates 13.65% (Dec 2015 - 14.15%) with maturity on January 01, 2017, backed by securities maturing over 3 years (Dec 2015: over 2 years); the LCA operations (Agribusiness Credit Bills) were performed at interest rates of 96.00% of CDI (Dec 2015 - 97 %) and final due date up to 3 years (Dec 2015 - up to 3 years).

The operations of LCI were performed with rates of 96.00% of CDI (Dec 2015 - 96%) and have final maturity up to 01 year (Dec 2015 up to 3 years). The time deposits are remunerated by the average rate of 101.00% of the CDI (Dec 2015 - 104% of CDI), directly related to the amount invested, with final maturity up to 05 years (Dec 2015 up to 5 years). The borrowings were made at the average rate of 1.60% (Dec 2015 - 1.15%) plus foreign exchange variation, with final due date within 1 year (Dec /15 -1 year). The information regarding the transfers of credit, with related parties, is included in the explanatory note #8h.

b. Remuneration of key Management personnel - CCB Brasil consolidated

The maximum aggregate remuneration intended to the members of the Board, the Senior Management, the Executive Board and the Audit Committee, as well as the maximum Statutory Profit sharing of the fiscal year is set at the Annual General Meeting of Shareholders.

As of January 1st., 2012, The BACEN Resolution Nº 3921/10 of, established a minimal structure of variable remuneration to be paid to the Directors of financial institutions, stipulating: 50% of variable remuneration may be paid in kind; 10% of variable remuneration should be paid in shares, instruments backed on shares or other assets with deliberation and immediate availability; and 40% of variable remuneration should be paid by , instruments backed on shares or other assets with availability proportionally deferred for 3 consecutive years, conditioned to the meeting, in each of those years, of individual; of the team and of the Corporate goals, established in “Specific Plan”, that links the payment of variable remuneration to the effective and positive performance of the Institution.

During the fiscal years of 2015 and 2016, the Board of Directors did not approve payments of profit sharing to the Senior Management, for carrying out a negative accounting results.

b.1 Short-term benefits - Board of Directors and Executive Board

	CCB Brasil and CCB Brasil consolidated	
	Dec/2016	**Dec/2015**
Fixed remuneration	15,649	12,935
Other	1,029	833
Total	**16,678**	**13,768**

b.2 Post-retirement benefits

CCB Brasil does not offer long term retirement benefits for the key personnel of the Administration.

b.3 Long-term benefits

CCB Brasil does not offer long-term benefits for extinguishing of labor contracts to the key personnel of the Administration.

b.4 Other information

In accordance with the legislation in force, CCB Brasil cannot grant loans or advances to:

- Directors and members of consulting or administrative councils, tax and similar boards, nor to their respective spouses and relatives up to the 2nd. degree;
- Individuals or Legal Entities that hold interest in its capital, of more than 10%;
- Legal entities of whose capital the financial institution itself, any directors or managers of the institution, as well as their respective spouses and relatives up to 2nd, Degree, hold interest, of more than 10%.
- Thereby, CCB Brasil didn' t do any loans or financing to any subsidiary, members of Board of Directors or of the Executive Board, Auditing Committee, its spouses and their second degree relatives.

17 Deposits

a. Composition per type of client

CCB Brasil consolidated

	Dec/2016					
	Demand deposits	**Time deposits (*)**	**Interbank deposits**	**Saving deposits**	**Foreign currency**	**Total**
Legal entities	63,055	1,648,425	-	1,999	5,390	1,718,869
Individuals	16,579	159,733	-	8,850	-	185,162
Financial institutions	551	10,129	199,564	-	-	210,244
Institutional investors	-	189,244	-	-	-	189,244
Total	**80,185**	**2,007,531**	**199,564**	**10,849**	**5,390**	**2,303,519**

(*) Of the total amount of R$ 2,007,531 of time deposits, R$ 32,482 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

CCB Brasil consolidated

	Dec/2015					
	Demand deposits	**Time deposits (*)**	**Interbank deposits**	**Saving deposits**	**Foreign currency**	**Total**
Legal entities	92,735	1,772,852	-	1,946	2,372	1,869,905
Individuals	17,517	165,194	-	10,787	-	193,498
Institutional investors	-	820,459	-	-	-	820,459
Financial institutions	3,852	35,088	810,814	-	-	849,754
Total	**114,104**	**2,793,593**	**810,814**	**12,733**	**2,372**	**3,733,616**

(*) Of the total amount of R$ 2,793,593 of time deposits, R$ 1,050,912 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

b. Diversification per term

CCB Brasil consolidated

Dec/2016

	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Foreign currency	Total
No due date	80,185	-	-	10,849	-	91,034
Up to 3 months	-	498,458	34,554	-	5,390	538,402
3 months to 1 year	-	982,299	59,986	-	-	1,042,285
1 to 3 years	-	489,605	335	-	-	489,940
3 to 5 years	-	37,169	104,689	-	-	141,858
Over 5 years	-	-	-	-	-	-
Total	**80,185**	**2,007,531**	**199,564**	**10,849**	**5,390**	**2,303,519**

(*) Of the total amount of time deposits with maturity over one year, the amount of R$ 306,920 refers to deposit with liquidity commitment and is registered in CETIP SA - OTC Derivatives and Asset and - classified in current liabilities in the balance sheet.

CCB Brasil consolidated

Dec/2015

	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Foreign currency	Total
No due date	114,104	-	-	12,733	-	126,837
Up to 3 months	-	986,000	38,686	-	2,372	1,027,058
3 months to 1 year	-	1,131,079	106,516	-	-	1,237,595
1 to 3 years	-	643,001	41,471	-	-	684,472
3 to 5 years	-	33,513	461,083	-	-	494,596
Over 5 years	-	-	163,058	-	-	163,058
Total	**114,104**	**2,793,593**	**810,814**	**12,733**	**2,372**	**3,733,616**

(*) Of the total amount of time deposits with maturity over one year, the amount of R$ 264,831 refers to deposit with liquidity commitment and is registered in CETIP SA - OTC Derivatives and Asset and - classified in current liabilities in the balance sheet.

c. Number of depositors

	CCB Brasil consolidated	
	Dec/2016	**Dec/2015**
Demand deposits (active accounts)	2,934	4,008
Saving deposits	657	761
Time deposits	617	950
Foreign currency deposits	1	1

d. Concentration of main depositors - Time deposits

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
Depositors	**R$**	**%**	**R$**	**%**
The largest depositor	261,393	13.02	201,068	7.20
10 largest depositors	849,809	42.33	656,324	23.49
20 largest depositors	1,145,219	57.05	883,941	31.64
50 largest depositors	1,496,006	74.52	1,384,630	49.56
100 largest depositors	1,726,588	86.01	1,936,045	69.30

18 Resources gathered from the Open Market and Mortgage Bills

a. Money Market resources

Basically represented by repurchase commitments of securities at a fixed price, to be settled on January 1, 2017, backed by LFT with maturities on September 2022 and NTN-B with maturities on May, 2019.

b. Resources from issued Bills

Comprised by LCA- Letras de Credito de Agronegocio (Agribusiness Bills), LF - Letras Financeiras (Financial Bills) and LCI - Mortgage Bills.

b.1 Composition per type of client

	CCB Brasil and CCB Brasil consolidated					
	Dec/2016			Dec/2015		
	LCI	**LCA**	**LF**	**LCI**	**LCA**	**LF**
Legal entities	-	-	31,729	-	-	24,864
Individuals	154,960	154,168	-	197,305	196,829	-
Institutional investors	-	-	1,230	-	7,797	1,072
Financial institutions	2,183	35,316	-	1,449	-	57,202
Total	**157,143**	**189,484**	**32,959**	**198,754**	**204,626**	**83,138**

b.2 Diversification per term

	CCB Brasil and CCB Brasil consolidated					
	Dec/2016			Dec/2015		
	LCI	**LCA**	**LF**	**LCI**	**LCA**	**LF**
Up to 3 months	30,498	60,680	1,933	61,072	87,479	1,516
3 months to 1 year	90,563	102,099	5,855	80,838	105,183	74,826
1 to 3 years	36,082	26,705	25,171	56,844	11,964	6,796
Total	**157,143**	**189,484**	**32,959**	**198,754**	**204,626**	**83,138**

19 Foreign debt securities

Basically represented by the issuance of securities in the international market for on-lending, with charges due at the average rate of 7.40% p.a. (Dec 2015 - 1.82% p.a.), and whose maturities are as follows:

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Up to 3 months	-	-	4,591	5.28
3 months to 1 year	-	-	27,309	31.40
1 to 3 years	55,066	100.00	55,066	63.32
Total	**55,066**	**100.00**	**86,966**	**100.00**

20 Foreign currency borrowings and “on-lending”

Basically refers to the funds raising for import and export financing and re-passes provided by the Direct Controller Company and by the multilateral development agencies, on which fixed charges are due at the average rate of 1.64% p.a. (Dec 2015 - 1.34% p.a.).

	CCB Brasil consolidated			
	Dec/2016		Dec/2015	
	R$	%	R$	%
Up to 3 months	1,219,083	16.18	242,679	5.61
3 months to 1 year	6,242,050	82.83	3,940,853	91.14
1 to 3 years	37,225	0.49	73,564	1.70
3 to 5 years	37,226	0.50	44,604	1.03
Over 5 years	-	-	22,304	0.52
Total	**7,535,585**	**100.00**	**4,324,004**	**100.00**

The expenses related to the foreign funds in the amount of R$ 417 (Dec 2015 - R$ 2,137) are recorded as reducers of the relevant funding accounts and accrued according to the term of the operations.

The foreign borrowing and onlending operations and subordinated debt (note 25), whose contracts contains restrictive clauses ("covenants") are classified as current liability in the Balance Sheet for non-compliance with some financial ratios. However, the note above keeps the deadlines previously established, considering the success of "waiver" obtained at earlier dates.

21 On-lending borrowings

On lending operations performed with resources from the Ministry of Agriculture in the type of FUNCAFÉ with maturities up to February 2018 and Ministry of Cities in the types of PSH - Social Program of Housing and PMCMV - *My House My Life Program,* this one, without final due date.

22 Other liabilities - Tax and social security contributions

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Taxes and contributions on profits to pay	-	-	20,456	22,262
Provision for Taxes and contributions on profit	-	-	1,735	1,768
Taxes and contributions payable	17,907	11,833	20,831	13,404
Provision for deferred income	65,061	30,800	68,510	39,691
Provisions for tax liabilities (*)	708,165	652,232	728,850	673,435
Total	**791,133**	**694,865**	**840,382**	**750,560**

(*) Refer to legal and contingent liabilities, as stated in note 23.

23 Contingent assets and liabilities and legal obligations

CCB Brasil and its subsidiaries are parties to legal and/or administrative proceedings arising from the normal course of operations, involving civil, labor, tax and social security issues.

a. Contingent assets

There are no contingent assets registered in the Bank´s books.

b. Civil, labor and tax liabilities

Based on information of its legal advisors, analysis of pending legal proceedings, and previous experience with regard to the amounts claimed, the Senior Management recorded provisions in amounts considered sufficient to cover probable losses from the lawsuits in progress.

c. Legal obligations and contingent liabilities classified as probable

The legal obligations and contingent liabilities classified as probable losses are fully covered by provisions. The most significant issues are:

c.1 CSLL (Social Contribution on Net Profits) Isonomy

Amount involved R$ 140,644 (Dec/2015 - R$ 129,310) - Pleads to cancel the imposition of CSLL based on 2008 and subsequent periods, in relation to the increasing of tax rates from 9% valid for non-financial entities to 15%, required from financial institutions, in view of the non-observance of the constitutional criterion of isonomy.
The amount involved is being deposited as judicial deposits.

c.2 COFINS- Law 9718/98

Amount involved R$ 476,029 (Dec/2015 - R$ 438,119) - Pleads the payment of the contribution, as of November 2005, on the basis of the calculation stipulated by Complementary Law 7/70, in view of the unconstitutionality of the enlargement of the calculation basis determined in Law 9 718/98. Part of the amount involved R$ 24,317 (Dec/2015 - R$ 22,405) was made as “Judicial Deposits”.

c.3 PIS- Law 9718/98

Amount involved R$ 77,302 (Dec/2015 - R$ 71,145) - Pleads the payment of the contribution, as of November 2005, on the basis of the calculation of Complementary Law 7/70, in view of the unconstitutionality of the enlargement of the calculation basis determined in Law 9 718/98.

Part of the amount involved R$ 82,905 (Dec/2015 - R$ 73,160) was collected as "Judicial Deposits".

c.4 *PIS - Constitutional Amendment No. 10/96*

Amount involved R$ 12,511 (Dec/2015 - R$ 12,109) Pleads the rejection of requirement of PIS retroactively, for the period of 90 days between 03/07/1996 and 06/07/1996, in observance of the principles of "retroactivity" and "prior ninetieth" as well as to ensure the right to calculate and collect as of from 06.07.1996 the contribution to PIS on the gross operating income, so understood as that arising solely from the provision of services and sale of goods as defined in Art. 44 of Law No. 4.506/64, in Art.12 of Decree-Law No. 1.587/77 and Art. 226 Decree No. 1.041/94. Part of the amount involved R$ 16,471 (Dec/2015 - R$ 15,013) was collected as "Judicial Deposits".

c.5 ***ISS - Taxed Services - Taxation of the List of Services Attached to LC No. 56/87*** *- amount involved R$ 1,679 (December/15 - R$ 1,549): pleads for the deconstitution of ISS debit entry on alleged revenues for the provision of taxable services, not expressly foreseen in the list of services annexed to LC No. 56/87 (assuming the list as explanatory), in disagreement with the jurisprudence of the Superior Court of Justice, given its exhaustive nature. The amount involved was deposited in Court.*

d. Contingent liabilities classified as possible losses

d.1 *Fiscal and social security processes*

The contingent liabilities classified as possible losses are monitored by the Institution based on legal advisors opinion in relation to each judicial and administrative proceeding. Therefore, in compliance with the laws that regulate this matter in Brazil, there´s no accounting registers of the contingencies classified as possible losses, and mainly refer to the following issues:

- **IRF on Interests Remittance Abroad - amount involved R$ 12,622 (Dec/2015 R$ 11,901):** pleads offset amounts unduly retained as income tax on remittances of interest abroad, with the same income tax of legal entities under art. 39 of Law No. 9.250/96, removing the restrictions contained in Carta Circular Nºs 2.269/92 and 2.372/93, and "Comunicado" No. 2.747/92, which conditioned the application of zero rate of income tax compliance of minimum terms for repayment, for violation of the principle of legality. A "Judicial Deposits" was made in the amount involved.

- **ISS - Services Taxed (List of Taxable Services) Annex to LC No.56/87 -amount involved R$ 19,182 (Dec/2015 - R$ 17,696):** pleads the extinguishing of debit launched on alleged revenue service taxable, not expressly provided for in the list of services attached to LCNo.56/87, once referred list is merely illustrative, and also in violation of the conclusive character of the Superior Court jurisprudence. A "Judicial Deposits" was made in the amount involved.

- **PLL/1994 - Amount involved R$ 23,216 (Dec/2015 - R$ 21,352):** pleads to deduct the calculation of tax and social contribution on net profits based on the fiscal year of 1994, of the expenditure on the allowance for doubtful debts, in the terms of the National Monetary Council and the Brazilian Central Bank regulations, as provided in Resolution No.1.748/90 and subsequent changes, moving unconstitutional and illegal from the provisions of art.43, paragraph4, of Law No.8.981/95. A "Judicial Deposits" was made in the amount involved.

- **INSS - Management´s participation in the profits - amount involved R$ 73,562 (Dec/2015 - R$ 69,803)**: pleads the reversal of launched debits regarding to INSS, concerning the period-basis from 2006 to 2011, through *note of infraction*, by the fact that (i) already have occurred the time barred in relation to debits on tax generating facts occurred up to October 10, 2006 and, (ii) because there´s no incidence of INSS on profit sharing, as stated in the Federal Constitution and in - Art. 7 item XI, and Law no. 8.812/1991 in Art. 28, § 9.

e Contingent Liabilities

e.1) Labor processes

CCB Brasil is party to 157 labor processes (Dec 2015 - 109 processes) assessed by the legal advisors and classified as probable risks which were fully covered by provisions totaling R$40,921 (Dec 2015 - R$ 29,060). There are 105 processes (Dec 2015 - 128 processes), for which the claimed indemnifications amounts to R$ 7,757 (Dec 2015 - R$ 10,725), classified as ‘possible risks’ and for which no provision was recorded.

According to the appraisal of the legal advisors, the maximum amount of indemnification for these processes is R$ 5,633 (Dec 2015 - R$ 6,630). The contingency is related to processes in which labor issues are discussed such as overtime, wages, transfers and related matters of specific legislation of the banking professional category.

e.2) Civil processes

CCB Brasil is party to 3,196 civil cases (Dec 2015 - 2,749), assessed as probable risk, which were fully covered by provisions totaling R$ 70,578 (Dec 2015 - R$ 86,863). CCB Brasil is part of 509 (Dec 2015 - 569) processes, for which the amounts claimed reaches R$ 724,764 (Dec 2015 - R$ 712,902) and which are classified as possible risks and therefore no provision was recorded. According to the estimation of the legal advisors, the maximum amount of indemnification from these processes is R$ 348,312 (Dec 2015 - R$ 337,453). The contingencies are generally due to review of contract and compensation for material and moral damages, the most part of it belonging to the Special Civil Court.

f Movement of provisions

	CCB Brasil consolidated				
Description	**Opening balance**	**Additions**	**Reversals**	**Utilization**	**Closing balance Dec/16**
Civil	86,863	17,419	(30,120)	(3,584)	70,578
Labor	29,060	14,029	(558)	(1,610)	40,921
Subtotal	**115,923**	**31,448**	**(30,678)**	**(5,194)**	**111,499**

Fiscal	**Closing balance Dec/15**	**Additions**	**Reversals**	**Utilization**	**Closing balance Dec/16**
CSL Isonomy (*)	129,310	-	-	11,334	140,644
PIS Amend, 10/96	12,108	-	-	403	12,511
PIS Law 9,718	71,838	-	(107)	6,218	77,949
Cofins Law 9,718	458,471	-	(853)	38,202	495,820
ISS - LC 56/87	1,549	-	-	130	1,679
ISS - Leasing Operations	159	-	-	88	247
Subtotal	**673,435**	**-**	**(960)**	**56,375**	**728,850**
Total	**789,358**	**31,448**	**(31,638)**	**51,179**	**840,347**

For the contingencies above described, CCB BRASIL has deposited as guarantee (note 11 - Other Receivable - Other) the amount of R$ 73,614 (Dec 2015 - R$ 64,086) for civil processes, R$ 22,393 (Dec 2015 - R$ 17,289) for labor processes and R$ 323,635 (Dec 2015 - R$ 291,792) for fiscal processes.

24 Other liabilities - Other

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	**Dec/2015**	**Dec/2016**	**Dec/2015**
Banker's checks	589	316	589	316
Liabilities for assignment of financial assets (a)	710,029	485,554	-	-
Obligation acceptance contracts	-	-	1	-
Accounts payable	28,115	19,236	52,652	51,299
Provision for legal claims (b)	95,576	102,354	111,499	115,923
Other domestic creditors (c)	123,773	111,939	122,725	113,779
Total	**958,082**	**719,399**	**287,466**	**281,318**

(a) Refers to obligations for the assignment of credits with substantial retention of risk, to be amortized by the re-passes to the assignees. The costs of this obligation will be recognized in profit or loss during the term of the contract.
(b) Refers to the provisions for labor, civil, processes - note 23e;
(c) Including the amount of R$ 104,815 (Dec 2015 - R$ 103,066) as Provisions for Losses from Guarantees and Sureties (Note 33).

25 Funding and foreign borrowings

a. Subordinated debt

Represented funds compounding the Tier II Capital for purposesof the operational limits calculations, as follows:

CCB Brasil and CCB Brasil consolidated							
Funding	**Value**	**Issuing**	**Maturity**	**Issuing Value**	**Interest Rate**	**Dec/2016**	**Dec/2015**
Time deposits - subordinated debt status	R$ 200,00	11/03/2009	11/04/2019	200,000	100% Selic	417,728	366,300
Eurobonds	US$ 300,000	04/27/2010	04/27/2020	529,153	8,50%	841,467	1,018,945
Securities issued abroad	US$ 32,000	07/30/2010	10/15/2017	52,093	7,31%	105,860	126,887
Total - Capital Tier II						**1,365,055**	**1,512,132**
(-) Expenses						(2,637)	(3,559)
Total						**1,362,418**	**1,508,573**

(*) See note 20.

b. Debt Instrument eligible to Capital Level II

On November 30, 2015 the Brazilian Central Bank approved the amount of R$ 397,299 (US$ 100 million) of *subordinated debt* to be eligible as Tier II Capital, being in force since the basis date of September 30, 2015.

On December 30, 2016, a perpetual bond was issued in the amount of R$ 228,025 (US$ 70 million) eligible for Capital Tier I. The authorization process is pending of approval from the Braizlian Central Bank.

CCB Brasil and CCB Brasil consolidated							
Funding	**Value**	**Issuing**	**Maturity**	**Issuing Value**	**Interest Rate**	**Dec/2016**	**Dec/2015**
EMTN - ITB	US$ 100,000	09/29/2015	09/29/2025	397,299	7.20%	331,780	397,526
EMTN - ITB	US$ 100,000	12/30/2016	12/28/2021	228,025	8.00%	228,146	-
Total - Capital Tier II						**559,926**	**397,526**

26 Deferred Income

Refers to revenues received before completion of term of the obligation that gave rise to them, on which there is no potential of liability and for which the accrual as income solely depends on the passage of time.

27 Shareholders' equity

a. Stocks

The Bank´s Capital is R$ 1,554,886 (Dec 2015 - R$ 2,012,810) represented by 337,014,373 (Dec 2015 - 252,903,569) registered shares, of which 213,488,507 (Dec 2015 - 160,206,833) are common shares and 123,525,866 (Dec 2015 - 92,696,736)are preferred shares, without nominal value.

On April 29, 2016 the Extraordinary General Meeting approved the capital reduction to R$ 794,860 through the absorption of accumulated losses in the amount of R$ 1,217,950. On the same date, approved the capital increase of R$ 794,860 to R$ 1,554,860, with the issuance of 84,110,804 new shares at the price of R$ 9.0354 each, and 53,281,674 common shares and 30,829,130 preferred, totaling an increase of R$ 760,000, which was exclusively paid by the controlling shareholder, after the expiration of the pre-emptive rights period in favor of minority shareholders. On June 30, 2016, this increase was approved by the Brazilian Central Bank.

On September 2nd. 2016, the Board of Directors approved a capital increase proposal through the issuance of 2,632,449 common shares, at a price of R$ 9.49 per share, which amounts to R$ 24,982, of which R$ 26,000 for capital increase and R$ 24,956 for capital reserves. Of the total, the amount of 2,613,527 shares was subscribed and paid in cash, in the amount of R$ 24,803. The remaining shares totaling 18,922 at value of R$ 179 were subscribed and paid up on October 10th. 2016 by the controlling shareholders after the non-exercise of the right of preference by the other shareholders. On November 4, 2016, this referred increase was approved by the BACEN.

On December 28th., 2016, the Board of Directors proposed a capital increase from R$ 1,554,886 to R$ 1,699,886 within the limit of the authorized Capital, with the issuance of 14,676,113 new shares at the price Of R$ 9.88 per share, of which 9,338,570 were common shares and 5,337,543 preferred shares, an increase of R$ 145,000, after the preemptive rights period in favor of minority shareholders.
The parent company subscribed and paid, on December 28th. 2016, the amount corresponding to its proportional participation in the Bank's Capital, corresponding to the amount of R$ 141,262. On February 1st. 2017, the Board of Directors approved the referred capital increase, after proving that the Company subscribed the remaining shares of minority shareholders that did not exercise their preemptive right, in the amount of R$ 3,738. As of December 31st. 2016, the capital increase is in process of approval by the Bacen.

b. Treasury Stocks

Based on the Board of Directors meeting, the Senior Management repurchased the shares of own issuance to be kept in treasury for further cancellation.

Only July 06, 2011, the Bank' Senior Management was authorized to acquire shares issued by the CCB Brasil in the period from July 6, 2011 to July 5, 2012, without Capital reduction, up to the limit of 10% of the nominative preferred shares issued, or up to 6,879,540 shares (4th. repurchase program).

To comply with CVM Instruction nº 10 art. Nº 21, from 02/14/80, it is stated that:

1. The referred authorization deliberated by the Board of Directors aim the investment of available resources from "capital reserves".

2. In the period from January 1, 2011 to December 31, 2011 the Bank acquired the amount of 6,879,540 shares, amounting to R$ 58,593. The weighted average cost was R$ 8.52 per share, the maximum cost was R$ 9.70 and the minimum cost was R$ 6.96.

In the first half 2013, CCB Brasil transferred to the Senior Management, shares of its own issuance which were held in treasury, as payment of variable remuneration of 2012 (173,834 shares).

In the first half 2014, CCB Brasil transferred to the Management, shares of its own issuance which were held in treasury, as payment of variable remuneration of 2013 (307,188 shares - See note 16.b)

Until December 31, 2016 there were no movement of treasury shares - R$ 55,105,000 (2015 - R$ 55,105,000), number of shares corresponding to 6,398,518.

c. Interest on capital

A minimum dividend corresponding to 25% of net income of the year, is assured in accordance with the Company´s bay-law and the Brazilian corporate law.

There was no payment of interest on equity in the period.

d. Reserves - based on the losses obtained, there were no constitution of reserves**.**

28 Income tax and social contribution

The tax credits and deferred liabilities related to the Social Contribution on Net Income (CSLL), calculated up to December, 31 2016, based on the assumptions of the Technical Study for Tax Credits, were calculated at the rate of 20% for the period 2016 to 2018 and a 15% rate for the years beginning in 2019, inclusive.

a. Tax credits

The income tax and social contribution recorded in CCB Brasil - "Non-current assets - Other receivables - Other" and Non-current liabilities - other liabilities - tax and social security contributions presented the following movement:

	CCB Brasil					
Description	**Opening balance Dec/2015**	**Realization**	**Additions**	**Additions 15% - 20%**	**Transf. Credito Presumido**	**Closing balance Dec/2016**
Income tax						
Allowance for loan losses	523,724	(555,551)	367,779	-	(216,964)	118,988
Provision for the devaluation of assets not for own use	16,645	(158)	4,040	-	-	20,527
Provision for contingencies and others	215,711	(71,183)	142,174	-	-	286,702
Subtotal	**756,080**	**(626,892)**	**513,993**	**-**	**(216,964)**	**426,217**
Fiscal losses from Lease operations	152,713	-	230,524	-	-	383,237
Subtotal	**908,793**	**(626,892)**	**744,517**	**-**	**(216,964)**	**809,454**
Social contribution						
Allowance for loan losses	418,980	(444,440)	294,223	-	(163,698)	105,065
Provision for the devaluation of assets not for own use	11,341	(126)	4,131	(1,957)	-	13,389
Provision for contingencies and others	136,221	(66,844)	151,161	(52,462)	-	168,076
Subtotal	**566,542**	**(511,410)**	**449,515**	**(54,419)**	**(163,698)**	**286,530**
Fiscal losses from Lease operations	140,283	-	206,474	(86,273)	-	260,484
Subtotal	**706,825**	**(511,410)**	**655,989**	**(140,692)**	**(163,698)**	**547,014**
Total	**1,615,618**	**(1,138,302)**	**1,400,506**	**(140,692)**	**(380,662)**	**1,356,468**

	CCB Brasil				
	Dec/2014	**Dec/2015**			
Description	**Opening balance**	**Realization**	**Additions**	**Additions 15% - 20%**	**Closing balance**
Income tax					
Allowance for loan losses	345,324	(70,784)	249,184	-	523,724
Provision for the devaluation of assets not for own use	17,699	(2,880)	1,826	-	16,645
Provision for contingencies and others	159,313	(13,424)	69,822	-	215,711
Subtotal	**522,336**	**(87,088)**	**320,832**	**-**	**756,080**
Fiscal losses from Lease operations	89,198	-	63,515	-	152,713
Subtotal	**611,534**	**(87,088)**	**384,347**	**-**	**908,793**
Social contribution					
Allowance for loan losses	207,196	(42,471)	149,510	104,745	418,980
Provision for the devaluation of assets not for own use	10,619	(1,728)	1,096	1,354	11,341
Provision for contingencies and others	95,586	(46,373)	41,893	45,115	136,221
Subtotal	**313,401**	**(90,572)**	**192,499**	**151,214**	**566,542**
Fiscal losses from Lease operations	83,651	(22,062)	38,109	40,585	140,283
Subtotal	**397,052**	**(112,634)**	**230,608**	**191,799**	**706,825**
Total	**1,008,586**	**(199,722)**	**614,955**	**191,799**	**1,615,618**

	CCB Brasil consolidated					
Description	**Opening balance Dec/2015**	**Realization**	**Additions**	**Additions 15% - 20%**	**Transf. Credito Presumido**	**Closing balance Dec/2016**
Income tax						
Allowance for loan losses	536,279	(567,925)	378,615	-	(216,964)	130,005
Provision for the devaluation of assets not for own use	17,739	(1,212)	4,120	-	-	20,647
Provision for contingencies and others	225,672	(72,246)	144,150	-	-	297,576
Subtotal	**779,690**	**(641,383)**	**526,885**	**-**	**(216,964)**	**448,228**
Fiscal losses from Lease operations	173,133	(2,619)	241,987	-	-	412,501
Subtotal	**952,823**	**(644,002)**	**768,872**	**-**	**(216,964)**	**860,729**
Social contribution						
Allowance for loan losses	429,020	(454,338)	302,892	-	(163,698)	113,876
Provision for the devaluation of assets not for own use	12,216	(969)	4,195	(1,957)	-	13,485
Provision for contingencies and others	142,835	(67,586)	152,562	(52,462)	-	175,349
Subtotal	**584,071**	**(522,893)**	**459,649**	**(54,419)**	**(163,698)**	**302,710**
Fiscal losses from Lease operations	155,285	(1,769)	213,795	(86,273)	-	281,038
Subtotal	**739,356**	**(524,662)**	**673,444**	**(140,692)**	**(163,698)**	**583,748**
Total	**1,692,179**	**(1,168,664)**	**1,442,316**	**(140,692)**	**(380,662)**	**1,444,477**

	CCB Brasil consolidated				
	Dec/2014	**Dec/2015**			
Description	**Opening balance**	**Realization**	**Additions**	**Additions 15% - 20%**	**Closing balance**
Income tax					
Allowance for loan losses	361,037	(85,616)	260,858	-	536,279
Provision for the devaluation of assets not for own use	19,046	(3,522)	2,215	-	17,739
Provision for contingencies and others	168,852	(14,732)	71,552	-	225,672
Subtotal	548,935	(103,870)	334,625	-	779,690
Fiscal losses from Lease operations	111,274	(2,583)	64,442	-	173,133
Subtotal	660,209	(106,453)	399,067	-	952,823
Social contribution					
Allowance for loan losses	216,623	(52,598)	160,250	104,745	429,020
Provision for the devaluation of assets not for own use	11,427	(2,114)	1,549	1,354	12,216
Provision for contingencies and others	101,314	(47,215)	43,621	45,115	142,835
Subtotal	**329,364**	**(101,927)**	**205,420**	**151,214**	**584,071**
Fiscal losses from Lease operations	96,662	(23,360)	41,398	40,585	155,285
Subtotal	**426,026**	**(125,287)**	**246,818**	**191,799**	**739,356**
Total	**1,086,235**	**(231,740)**	**645,885**	**191,799**	**1,692,179**

Tax credit realization - Based on technical studies, the Bank managed to estimate the generation of future taxable profits, on which will occur the realization of the tax credits. For the tax credits existing at the balance sheet date, the following percentage of accomplishment was estimated:

- 17.3 up to December 2017; 11.1% up to December 2018; 2.4% up to December 2019; 2.7% up to December 2020; 19.6% up to December 2021, 8.5% up to December 2022; 10.1% up to December 2023; 12.3% up to December 2024, 13.1% up to December 2025 and 2.9% until December 2026.

It is important to note that the study of tax credit realization was drawn under the new Controller business plan assumptions and takes into consideration actions to be implemented by the Management & Controller, which will promptly be reviewed in accordance with the regulations in force. The realization and maintenance of the tax credits records depends on the realization of future taxable income and accomplishment of the timetable and conditions for completions set by the Bacen Resolution No. 3059/02. In this context, it´s worth to point out the following aspects for tax credits registration:

- The referred Resolution provides that the accounting record of tax credits can only be made if the Bank presents historical taxable income for income tax and social contribution purposes, evidenced by the occurrence of this situation at least three out of the last five fiscal years. The Bank had tax losses of income tax and negative basis of social contribution in the fiscal years 2013 and 2014;

- The above condition is no longer applicable to the Bank in the year 2014, due to the effective change of control occurred at the end of that year and then, a new five years period of historic profitability has started as of 2015.

  The New Management exercised under the influence of the new Controller, believes that the efforts made in the generation of future taxable income, as evidenced in the technical study above mentioned and in the operational context in which the Bank is involved (note 1), will be sufficient to support the realization of tax credits.

  At the end of the period 2016 , CCB Brasil Banco Multiplo made tax losses for purposes of calculating the income tax and social contribution, and according to the Management estimation, the reversal to profit tax until the end of this year is improbable and in addition, according to these same estimatations, the Bank will possibly make tax losses in 2017.

  According to the Resolution No. 3059 - December 20th. 2002, it is only allowed to make the accounting record of tax credits arising from tax losses of tax income, negative basis of social contribution on net profit and those arising from temporary differences, when existing expectations of generation of future taxable income or profits and history of profits or taxable income for income tax and social contribution purposes, as the case, proven by the occurrence of such situations in at least three of the last five fiscal years, including the basis-data year in question.

  In view of the above described, with the completion of the capital increase by the controlling shareholders, together with other measures, as described in note 1, the senior management should be able to revert the negative trend of fiscal results and will present a justification to the Bacen, during the first half of 2017, based on the technical study for the realization of tax credits, as established by CMN Resolution No. 3,059/02 amended by CMN Resolution 4,441/15 and Circular 3,776/15, in order to ensure the maintenance of the Bank's tax credits records. This process of transition was already expected, and the new controllers and senior management fully rely on the feasibility and effective realization of the estimations that support the realization of the tax credits within the term established in the current regulation.

- **Present value of tax credits -** Based on the projected Selic rate (the Brazilian basic interest rate) less tax effects, the present value of tax credit amounts to approximately R$ 789,675 (Dec 2015 - R$ 1,220,926).

In view of the high level of inventory of "temporary differences" arising from credit losses occurring after 2014, the Bank decided to calculate the "Presumed Tax Credit" in the amount of R$ 380,662, according to criterium established by Law 12,838/2013 and Circular No. 3,624/2013 of BACEN, which require the determination of tax losses and credits arising from temporary differences arising from allowances for doubtful loans established and existing in the previous calendar year.

	2014	2015	2016	Total
Presumed Tax Credit - Constitution	78,983	107,450	194,229	380,662

According to Law 12,838, the Federal Revenue Service may verify the accuracy of presumed tax credits calculated for a period of 5 (five) years, calculated from the date of the request for compensation, which may be in kind or in securities of federal public debt securities, being admitted deduction of tax or non-tax nature amounts due to the National Treasury.

The Management believes that, given the macroeconomic scenario and the expectation of future taxable income generated by the institution, the option for Presumed Tax Credit stands for the best alternative to reduce the time of realization of temporary differences arising from allowance for doubtful accounts.

b. Deferred liability

CCB Brasil has R$ 65,061 (Dec 2015 - R$ 30,924) as deferred income tax and social contribution calculated on the positive adjustment of "MTM"(marked-to-market) of the government securities portfolio, which will be realized during the term of operations with securities at "fair-value".

The subsidiary company CCB Brasil Arrendamento Mercantil recorded R$ 3,449 (Dec 2015 - R$ 8,767) as deferred income tax on excess of depreciation, which will be realized during the term of the leasing operations.

	CCB Brasil consolidated			
Deferred liability	**Opening balance Dec/2015**	**Realization**	**Additions**	**Closing Balance Dec/2016**
IR e CS on positive MTM adjustment	30,924	-	34,137	65,061
Income tax on depreciation surplus	8,767	(5,318)	-	3,449
Total	**39,691**	**(5,318)**	**34,137**	**68,510**

	CCB Brasil consolidated			
	Dec/2014		**Dec/2015**	
Deferred liability	**Opening balance**	**Realization**	**Additions**	**Closing Balance**
IR e CS on positive MTM adjustment	8,210	(23,373)	46,087	30,924
Income tax on depreciation surplus	30,554	(21,787)	-	8,767
Total	**38,764**	**(45,160)**	**46,087**	**39,691**

c. Income tax and social contribution - Calculation

	CCB Brasil	
	Dec/2016	
Calculation	**Income Tax**	**Social contribution**
Income before taxes, contributions and interest	**(395,789)**	**(395,789)**
Temporary differences	1,980,902	1,980,902
Permanent diferences	378,391	378,391
Exclusions	(2,886,365)	(2,886,365)
Adjusted profit and calculation basis of CSLL (Accumulated 2016)	**(922,861)**	**(922,861)**
Reconciliation with results		
Income Tax - Deferred CSLL	22,608	11,654
(=) Income Tax and CSLL provisions (2016)	**22,608**	**11,654**
Constitution of tax credits on temporary additions	(515,502)	(396,303)
Constitution of tax credits on fiscal losses	(230,524)	(120,201)
Tax Credit realization (reversal of temporary additions)	626,892	511,410
(=) Net effect of tax credits	**(119,134)**	**(5,094)**
Income Tax and CSLL expenses	**(96,526)**	**6,560**

CCB Brasil		
	Dec/2015	
Calculation	**Income Tax**	**Social contribution**
Income before taxes, contributions and interest	**(1,079,665)**	**(1,079,665)**
Calculation basis for income tax and social contribution	**(1,079,665)**	**(1,079,665)**
Temporary differences	1,274,142	1,274,142
Permanent diferences	176,270	176,270
Exclusions	(624,807)	(624,807)
Adjusted profit	**(254,060)**	**(254,060)**
Reconciliation with results		
Deferred Income tax - depreciation surplus	13,074	9,755
(=) Income Tax and CSLL provisions (2011)	**13,074**	**9,755**
Constitution of tax credits on temporary additions	(323,397)	(344,796)
Constitution of tax credits on fiscal losses	(63,515)	(78,694)
Tax Credit realization (reversal of temporary additions)	87,088	90,572
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	-	22,062
(=) Net effect of tax credits	**(299,824)**	**(310,856)**
Income Tax and CSLL expenses	**(286,750)**	**(301,101)**

	CCB Brasil consolidated	
	Dec/2016	
Calculation	**Income Tax**	**Social contribution**
Income before taxes, contributions and interest	**(390,009)**	**(390,009)**
Calculation basis for income tax and social contribution	**(390,009)**	**(390,009)**
Temporary differences	2,067,837	2,043,292
Permanent diferences	378,619	378,619
Exclusions	(2,946,894)	(2,943,743)
Adjusted profit	**(890,447)**	**(911,841)**
(+) Fiscal losses	**922,861**	**926,395**
Fiscal Loss Compensation / CSLL - Negative Calculation Basis	**-**	**-**
Adjusted profit	**32,414**	**11.020**
Charges at the rates of 15%for income tax and social contribution	8,980	6.615
10% income tax surcharge	5,627	-
Current taxes	**14,607**	**6.615**
Reconciliation with results		**-**
Deferred Income tax - depreciation surplus	14,607	7,319
	17,655	11,628
(=) Income Tax and CSLL provisions (2011)	**32,262**	**18,947**
Constitution of tax credits on temporary additions	(528,388)	(406,437)
Constitution of tax credits on fiscal losses	(241,987)	(127,522)
Tax Credit realization (reversal of temporary additions)	641,382	522,893
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	2,619	1,769
(=) Net effect of tax credits	**(126,374)**	**(9,297)**
Income Tax and CSLL expenses	**(94,112)**	**9,650**

CCB Brasil consolidated		
		Dec/2015
Calculation	**Income Tax**	**Social contribution**
Income before taxes, contributions and interest	**(1,073,537)**	**(1,073,537)**
Calculation basis for income tax and social contribution	**(1,073,537)**	**(1,073,537)**
Temporary differences	1,430,842	1,343,693
Permanent diferences	176,508	176,508
Exclusions	(696,249)	(696,249)
Adjusted profit	**(162,436)**	**(249,585)**
(+) Fiscal losses	**260,088**	**548,080**
Fiscal Loss Compensation / CSLL - Negative Calculation Basis	**(4,137)**	**(153,613)**
Adjusted profit	**104,653**	**13,885**
Charges at the rates of 15%for income tax and social contribution	15,698	3,004
10% income tax surcharge	9,665	-
Current taxes	**25,363**	**3,004**
Reconciliation with results		
Deferred Income tax - depreciation surplus	(8,780)	9,730
(=) Income Tax and CSLL provisions (2011)	**16,583**	**12,734**
Constitution of tax credits on temporary additions	**(337,190)**	**(357,715)**
Constitution of tax credits on fiscal losses	(65,022)	(82,212)
Tax Credit realization (reversal of temporary additions)	104,088	102,059
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	1,642	23,042
(=) Net effect of tax credits	**(296,482)**	**(314,826)**
Income Tax and CSLL expenses	**(279,899)**	**(302,092)**

29 Composition of the main income accounts

a. Income from loans

CCB Brasil

	2nd Semester 2016	2016	2015
Working capital and discounts	159,321	347,708	665,550
Secured accounts	769	3,425	30,125
Personal consigned credit	95,653	168,161	21,326
“Compror”	241	258	156
Corporate checks	197	539	5,224
Import financing	2,259	4,289	17,866
Export financing	34,663	66,421	72,751
Rural and agro-industrial financing	3,815	5,331	6,328
Real estate and housing	144	279	281
Financing of machinery and heavy vehicles	2,419	5,854	14,110
Resolution 2770 (former “Res, 63”)	20	312	730
Personal credit	63	890	14,627
Other loans and financing	28,113	52,854	64,466
Recovery of loans written off as losses	35,200	103,121	101,324
Exchange variation on loans in foreign currency	2,084	(13,072)	89,740
Total	**364,961**	**746,370**	**1,104,604**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Working capital and discounts	159,321	347,708	660,718
Secured accounts	769	3,425	30,124
Personal consigned credit	223,206	353,023	118,619
“Compror”	241	259	156
Corporate checks	198	539	5,224
Import financing	2,259	4,289	17,866
Export financing	34,663	66,421	72,751
Rural and agro-industrial financing	3,815	5,330	6,328
Real estate and housing	144	279	282
Financing of machinery and heavy vehicles	39,520	77,323	79,973
Resolution 2770 (former “Res, 63”)	20	311	730
Personal credit	63	890	14,640
Other loans and financing	28,210	53,084	64,721
Recovery of loans written off as losses	39,058	110,172	106,710
Exchange variation on loans in foreign currency	2,084	(13,072)	89,740
Total	**533,571**	**1,009,981**	**1,268,582**

b. Income from securities

CCB Brasil

	2nd Semester 2016	2016	2015
Income from Interbank funds invested	194,842	288,515	155,269
Income from fixed income securities	129,894	281,427	297,088
Income from REPO transactions	216,463	313,743	166,597
Other operations with securities	16,326	24,430	20,488
Exchange variation	637	2,980	7,816
Total	**558,162**	**911,095**	**647,258**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Income from Interbank funds invested	49,093	53,155	25,665
Income from fixed income securities	130,461	282,495	299,450
Income from REPO transactions	216,463	313,743	166,597
Other operations with securities	16,327	24,430	16,564
Exchange variation	637	2,980	7,816
Total	**412,981**	**676,803**	**516,092**

c. Results from derivative financial instruments

CCB Brasil

	2nd Semester 2016	2016	2015
Future market - Dollar	(131,339)	(389,439)	(47,575)
Future market - Interbank Index	(23,667)	(118,933)	107,386
Result of flex-options	-	-	(1,188)
Swaps	(90,050)	(253,709)	(132,800)
Swap - Dollar	49,628	(542,413)	1,212,782
Forward currencies	2,100	(4,493)	6,404
Total	**(193,328)**	**(1,308,987)**	**1,145,009**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Future market - Dollar	(131,339)	(389,439)	(47,575)
Future market - Interbank Index	(23,667)	(118,933)	107,386
Result of flex-options	-	-	(1,188)
Swaps	(90,050)	(253,709)	(128,622)
Swap - Dollar	49,628	(542,413)	1,212,782
Forward currencies	2,100	(4,493)	5,073
Total	**(193,328)**	**(1,308,987)**	**1,147,856**

d. Foreign exchange results

CCB Brasil and CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Income from foreign exchange operations	14,734	29,455	77,955
Expenses with foreign exchange operations	(596)	(1,367)	(2,498)
Foreign exchange variations	11,164	(124,745)	475,647
Total	**25,302**	**(96,657)**	**551,104**

e. Deposits, money market and Interbank funds

CCB Brasil

	2nd Semester 2016	2016	2015
Savings deposits	461	957	973
Foreign securities	56,053	113,806	173,845
Interbank deposits	27,013	65,183	86,059
Time deposits	151,012	331,647	696,544
Repurchase operations	230,048	327,613	171,952
Agribusiness bills expenses	13,578	26,154	31,052
LCI - Mortgage Bills	9,094	21,021	30,310
Financial bills expenses - LF	5,580	11,668	14,172
Other	1,890	6,231	25,515
Exchange variations on securities issued abroad	13,356	(174,933)	778,300
Total	**508,085**	**729,347**	**2,008,722**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Savings deposits	462	957	973
Foreign securities	56,054	113,807	173,844
Interbank deposits	15,812	52,990	86,059
Time deposits	149,259	327,375	680,407
Repurchase operations	226,200	313,023	151,122
Agribusiness bills expenses	13,578	26,152	31,052
LCI - Mortgage Bills	9,094	12,532	30,310
Financial bills expenses - LF	5,580	11,668	14,172
Other	1,905	14,757	25,549
Exchange variations on securities issued abroad	13,356	(174,933)	778,300
Total	**491,300**	**698,328**	**1,971,788**

f. Expenses (income) from borrowings and on-lending

CCB Brasil

	2nd Semester 2016	2016	2015
BNDES repasses	7,355	8,992	4,847
Foreign banking expenses	53,253	92,470	64,508
Exchange variation on loans and re-passes	57,833	(726,292)	911,967
Marking to market - item subject to hedge	(15,494)	(40,640)	35,926
Total	**102,947**	**(665,470)**	**1,017,248**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
BNDES repasses	7,355	8,992	4,847
Foreign banking expenses	53,253	92,470	64,911
Exchange variation on loans and re-passes	57,833	(726,292)	916,604
Marking to market - item subject to hedge	(15,494)	(40,640)	35,926
Total	**102,947**	**(665,470)**	**1,022,288**

g. Financial assets assigmnments and transfer operations

CCB Brasil

	2nd Semester 2016	2016	2015
Expenses linked to assignment of interbank credits - related company - (note 8 h.1)	74,615	130,766	41,274
Losses from transfer of financial assets - to non related credit securitizer company (note 8 h.4)	870,842	870,842	2,198
Total	**945,457**	**1,001,608**	**43,472**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Expenses linked to assignment of interbank credits - related company - (note 8 h.1)	-	-	-
Losses from transfer of financial assets - to non related credit securitizer company (note 8 h.4)	870,842	870,842	2,198
Total	**870,842**	**870,842**	**2,198**

h. Other operating income

CCB Brasil

	2nd Semester 2016	2016	2015
Recovery of charges and expenses	1,075	1,989	3,185
Remuneration of funds deposited with BACEN	-	-	141
Income from other receivables selling of other assets	4,565	9,406	15,387
Monetary restatement of deposits for guarantees	13,766	22,634	9,585
Reversal of provisions	-	24,591	2,364
Reversal of sureties provisions	151	151	-
Income from government receivables	-	38,928	-
Reversal of Goodwill	25,867	37,287	-
Other operating income	12,686	16,912	23,251
Total	**58,110**	**151,898**	**53,913**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Recovery of charges and expenses	5,839	9,208	7,462
Remuneration of funds deposited with BACEN	-	-	141
Income from other receivables selling of other assets	4,626	9,585	15,619
Monetary restatement of deposits for guarantees	13,917	22,917	9,921
Reversal of tax contingencies	-	961	2,053
Reversal of provisions	18	22,453	3,533
Reversal of sureties provisions	151	151	-
Income from government receivables	-	38,928	-
Reversal of Goodwill	25,867	37,287	-
Other operating income	13,766	20,119	27,231
Total	**64,184**	**161,609**	**65,960**

i. Other operating expenses

CCB Brasil

	2nd Semester 2016	2016	2015
Expenses with discounts conceded in renegotiation	2,133	9,317	8,362
Expenses with labor and civil provisions	11,684	17,664	25,497
Provision for losses of guarantees and sureties	-	1,900	103,068
Expenses from updating of taxes	22,535	44,599	38,338
Commissions of assigned credits	8,992	36,121	36,757
Employees profit sharing	6	6	18,705
Taxes on exchange operations	370	752	1,158
Other operating expenses	17,552	18,677	16,510
Total	**63,272**	**129,036**	**248,395**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Expenses with discounts conceded in renegotiation	2,133	9,317	8,362
Expenses with labor and civil provisions	15,829	22,404	32,684
Provision for losses of guarantees and sureties	-	1,900	103,068
Expenses from updating of taxes	22,578	45,358	39,540
Commissions of assigned credits	84,986	141,370	65,760
Employees profit sharing	6	98	18,981
Taxes on exchange operations	371	753	675
Other operating expenses	19,292	22,692	20,534
Total	**145,195**	**243,892**	**289,604**

j. Personnel expenses

CCB Brasil			
	2nd Semester 2016	**2016**	**2015**
Salaries	73,585	137,096	128,175
Benefits	11,473	21,416	19,732
Social charges	24,279	46,395	43,937
Directors' compensation	8,112	15,240	12,504
Other	439	756	840
Total	**117,888**	**200,903**	**205,188**

CCB Brasil consolidated			
	2nd Semester 2016	**2016**	**2015**
Salaries	79,515	147,980	138,028
Benefits	13,578	25,165	23,020
Social charges	26,309	50,157	47,418
Directors' compensation	8,341	15,649	12,935
Other	590	1,012	1,102
Total	**128,333**	**239,962**	**222,503**

k. Other administrative expenses

CCB Brasil			
	2nd Semester 2016	**2016**	**2015**
Rents and rates	11,791	25,296	27,490
Communication	682	1,357	1,752
Maintenance and conservation	3,129	6,540	9,489
Data processing	6,010	11,875	9,827
Promotions and public relations	722	1,578	2,373
Publicity	856	1,698	2,530
Financial system services	3,719	7,361	8,956
Third party services	13,572	26,940	33,784
Transportation and travels	2,586	4,742	3,893
Amortization and depreciation	9,575	19,707	19,326
Other administrative expenses	6,844	13,803	17,776
Total	**59,486**	**120,897**	**137,196**

CCB Brasil consolidated			
	2nd Semester 2016	**2016**	**2015**
Rents and rates	12,856	27,377	29,502
Communication	1,219	2,465	2,786
Maintenance and conservation	4,359	8,672	10,471
Data processing	12,412	21,297	19,538
Promotions and public relations	737	1,616	2,404
Publicity	1,200	2,371	3,059
Financial system services	5,838	11,674	12,065
Third party services	23,475	43,738	40,852
Transportation and travels	3,607	6,375	4,806
Amortization and depreciation	9,839	20,179	19,942
Other administrative expenses	10,008	20,454	24,582
Total	**85,550**	**166,218**	**170,007**

l. Tax expenses

CCB Brasil

	2nd Semester 2016	2016	2015
Taxes expenses	2,607	5,059	4,856
ISS expenses	1,402	2,620	3,062
COFINS expenses	7,319	11,003	12,941
PIS expenses	1,189	1,788	2,103
Total	**12,517**	**20,470**	**22,962**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Taxes expenses	3,172	6,080	5,789
ISS expenses	1,849	3,506	3,921
COFINS expenses	12,752	20,187	18,806
PIS expenses	2,088	3,356	3,576
Total	**19,861**	**33,129**	**32,092**

m. Financial operations results, variation of foreign exchange rates

In the “Gross Profit from Financial Operations”, the foreign exchange variations on assets and liabilities indexed to the US dollar were computed, which net composition is as follows:

CCB Brasil

	2nd Semester 2016	2016	2015
Exchange variation on loans in foreign currency	2,084	(13,072)	89,740
Securities issued abroad	637	2,980	7,816
Future market - Dollar	21,932	(189,492)	(47,575)
Flexible options - Dollar	-	-	(1,189)
Swaps - Dollar	49,628	(542,413)	1,212,782
Forward currency - Dollar	2,100	(4,493)	6,404
Exchange operations result	11,164	(124,745)	475,647
Exchange variation on securities	(13,356)	174,933	(778,300)
Exchange variation on foreign currency borrowings and on-lending	(57,833)	726,292	(911,967)
Total	**16,356**	**29,990**	**53,358**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Exchange variation on loans in foreign currency	2,084	(13,072)	89,740
Securities issued abroad	637	2,980	7,816
Future market - Dollar	21,932	(189,492)	(47,575)
Flexible options - Dollar	-	-	(1,189)
Swaps - Dollar	49,628	(542,413)	1,212,782
Forward currency - Dollar	2,100	(4,493)	5,073
Exchange operations result	11,164	(124,745)	475,647
Exchange variation on securities	(13,356)	174,933	(778,300)
Exchange variation on foreign currency borrowings and on-lending	(57,833)	726,292	(916,604)
Total	**16,356**	**29,990**	**47,390**

n. Non-operating result

Basically refers to results obtained by disposal of own assets and provisioning for adjustments to the realization value of goods or other non-operating assets.

CCB Brasil

	2nd Semester 2016	2016	2015
Results from disposal of assets	2,157	2,877	226
Capital losses	294	45	(3,002)
Expenses (or reversal) of provisions for adjustment to the goods fair value	(15,357)	(15,529)	551
Others	495	815	699
Total	**(12,411)**	**(11,792)**	**(1,526)**

CCB Brasil consolidated

	2nd Semester 2016	2016	2015
Results from disposal of assets	3,350	4,569	1,149
Capital losses	294	39	(3,002)
Expenses (or reversal) of provisions for adjustment to the goods fair value	(17,126)	(17,429)	(1,519)
Others	495	815	699
Total	**(12,987)**	**(12,006)**	**(2,673)**

30 Operating segment

The Bank presents the statements of operating segment in accordance with "CPC 22". According to this statement, an operating segment is a component of an entity that:

a. Operates in activities that can earn revenue and incur expenses (including revenues and expenses related to transactions with other components of the same entity).

b. Whose operating results are regularly reviewed by the chief of contracting for operational decisions related to resource allocation to the segment and assessing its performing.

Based on those guidelines, the Bank has identified the below listed business segments as its "operating segments":

- **Wholesale**
- **Retail**

The Bank maintains its strategy of focusing its operations in the wholesale segment. This segment includes short term working capital transactions. A significant portion of the portfolio is represented by wholesale short-term loans that provide the bank with greater liquidity and more effective risk control.

The Retail segment basically includes consigned payroll loans to public sector employees, a segment, in which the bank has been operating for over ten years experiencing historically low delinquency ratios.

On November 3, 2009, the Bank signed the purchase agreement to acquire 100% of CCB Brasil SA Credito, Financiamento e Investimento, or CCB Brasil Financeira, which provides loans to individuals (including payroll loans , personal loans and auto financing) and for small companies.

The condensed statements of income and other significant data are:

	CCB Brasil consolidated					
	Dec/2016			Dec/2015		
	Wholesale	**Retail**	**Total**	**Wholesale**	**Retail**	**Total**
Financial Operations Income	**1,369,767**	**341,114**	**1,710,881**	**3,304,869**	**172,247**	**3,477,116**
Loans	746,370	263,611	1,009,981	1,099,772	168,810	1,268,582
Leases	13,297	-	13,297	(6,736)	-	(6,736)
Securities	673,915	2,888	676,803	512,655	3,437	516,092
Derivative financial instruments	-	-	-	1,147,856	-	1,147,856
Foreign Exchange transactions	-	-	-	551,104	-	551,104
Income from Compulsory Investments	273	-	273	218	-	218
Financial Assets Assignment	(64,088)	74,615	10,527	-	-	-
Financial Operations Expenses	**(1,346,864)**	**(288,752)**	**(1,635,616)**	**(3,845,716)**	**(126,328)**	**(3,972,044)**
Deposits, Money markets, interbank funds	(462,928)	(235,400)	(698,328)	(1,860,015)	(111,773)	(1,971,788)
Borrowings and repasses	665,470	-	665,470	(1,022,288)	-	(1,022,288)
Results from derivative financial instruments	(1,308,987)	-	(1,308,987)			
Foreign exchange results	(96,657)	-	(96,657)			
Financial Assets Assignment	(870,842)	-	(870,842)	(26,515)	24,317	(2,198)
Allowance for loan losses	727,080	(53,352)	673,728	(936,898)	(38,872)	(975,770)
Gross profit from financial operations	**22,903**	**52,362**	**75,265**	**(540,847)**	**45,919**	**(494,928)**
Other operating income (expenses)	**(293,430)**	**(159,838)**	**(453,268)**	**(505,507)**	**(70,429)**	**(575,936)**
Service fee income and banking tariff	58,707	12,191	70,898	63,854	9,613	73,467
Personnel expenses	(221,845)	(18,117)	(239,962)	(207,068)	(15,435)	(222,503)
Taxes	(24,411)	(8,718)	(33,129)	(26,412)	(5,680)	(32,092)
Result of participation in subsidiaries	(2,574)	-	(2,574)	(1,157)	-	(1,157)
Other administrative expenses	(125,101)	(41,117)	(166,218)	(142,105)	(27,902)	(170,007)
Other operating income	152,932	8,677	161,609	60,221	5,739	65,960
Other operating expenses	(131,138)	(112,754)	(243,892)	(252,840)	(36,764)	(289,604)
Operating result	**(270,527)**	**(107,476)**	**(378,003)**	**652,606**	**(24,510)**	**628,096**
Non-operating result	(11,873)	(133)	(12,006)	(2,320)	(353)	(2,673)
Income before taxes	**(282,400)**	**(107,609)**	**(390,009)**	**650,286**	**(24,863)**	**625,423**

	CCB Brasil consolidated					
	Dec/2016			Dec/2015		
	Wholesale	**Retail**	**Total**	**Wholesale**	**Retail**	**Total**
Total assets	19,464,999	2,336,305	21,801,304	12,712,720	1,290,610	14,003,330
Total liabilities	18,200,007	2,242,821	20,442,828	12,109,030	1,159,831	13,268,861
Main line of the Assets						
Loans	5,841,894	1,500,061	7,341,955	5,068,307	1,155,375	6,223,682
Main line of the Liabilities						
Time deposits	2,118,356	185,163	2,303,519	2,595,647	1,137,969	3,733,616
Foreign borrowings	7,535,584	-	7,535,584	4,102,098	-	4,102,098

31 Basel agreement

On March 1st. 2013, the Brazilian Central Bank (Bacen) issued a set of four “Resoluções” and 15 “Circulares”, known as "Basel III", which established a new capital requirements for financial institutions active in the Brazilian banking system, among them Resolutions #4192/13 and #4193/13, which established new methodology for the calculation of the Reference Net Equity, in force since October / 2013. Following the adoption of the rules established by Resolution #4192/13 entered into force Consolidated Prudential Balance Sheet as of January 2015 as defined by Resolution #4280/13.

The index calculated under the prudential consolidated form is composed as follows:

CCB Brasil and CCB Brasil consolidated

	Basel III	
Basel Index calculation	**Dec/2016**	**Dec/2015**
Reference Net Equity - Tier I	**472,315**	**435,401**
Principal Capital	336,303	435,401
Perpetual Bonds (*)	136,012	
Reference Net Equity - Tier II	905,331	1,066,668
Subordinated Debt	905,331	1,066,668
REFERENCE NET EQUITY	**1,377,646**	**1,502,069**
Credit Risk	830,401	958,447
Market Risk	9,290	6,409
Operating Risk	62,158	160,769
RISK WEIGHTED ASSETS - RWA	**901,859**	**1,125,625**
Basel ratio	**15.08%**	**14.67%**
Tier I ratio (**)	5,17%	4.25%
Tier II ratio	9.98%	10.42%

(*) Part of the Perpetual Bond in the total amount of R$ 228,145 (US$ 70 million), issued on December 29, 2016, in the process of approval by the Brazilian Central Bank.

(**) If the Parent Company´s paid in capital increase on December 28, 2016 was considered in the calculation, the index would reach 6.89% (see note 27a).

Statement of fixed assets limit

	CCB BRASIL and CCB BRASIL CONSOLIDATED	
	Dec/2016	**Dec/2015**
Limit	611,102	715,333
Situation	145,464	158,354
Margin	465,638	556,979
Fixed assets index	**11.90%**	**11.07%**

32 Guarantees and sureties provided

a. Responsibilities for guarantees and sureties provided amounted to R$ 1,721,806 (Dec 2015 - R$ 2,065,537) presenting the following concentration:

	CCB Brasil and CCB Brasil consolidated			
	Dec/2016	**%**	**Dec/2015**	**%**
Highest guarantee granted	182,859	10.62	162,481	7.87
10 largest guarantees	755,259	43.86	762,188	36.90
20 largest guarantees	1,041,284	60.48	1,098,953	53.20
50 largest guarantees	1,428,152	82.95	1,572,935	76.15

In the period ended on December 31, 2016, CCB Brasil recorded in "Other liabilities", the amount of R$ 104,815 (Dec/2015 - R$ 103,066) as provisions for losses from Guarantees and Sureties granted (note 24).

b. Liabilities on guarantees honored amounts to R$ 9,782 (Dec/2015 R$ 34,317) classified in the loan portfolio in compliance with the "Resolução" #2682/99 of Bacen (Note 8a).

33 Risk Management Structure

The risk management system of the Bank ensures that risks are properly identified, measured, mitigated and managed, to support the sustainable development of the activities and continuous improvement of the risk management of the Institution.

The Bank has centralized the management of the Socio-Environmental, Market, Credit, Liquidity and Operational Risks and Capital Management in order to enhance the effectiveness of its controls. Therefore, it results in an overview of the exposures to which the Bank is subject by the nature of its activities, enabling the Bank to improve and become more agile in making strategic decisions, ensuring compliance with established policies & procedures and improving the identification of risks that may affect the business strategy and achievement of objectives. The non-audit "Risk Management Report" in compliance with Circular No. 3678 of October 31st. 2013, which provides for the disclosure of information related to risk management, is available on the site http://www.br.ccb.com/en/menu/Investor-Relations/Corporate-Governance/Risk-Management/Risk-Management-Reports-109 and may provide further details on the subject.

In compliance with the (CMN) Resolution No. 3988 of June 30, 2011, the structure of Capital Management is fully implemented. It was approved by the Board of Directors the appointment of the Director and the definition of the organizational structure, applicable to the whole financial conglomerate and companies integrating the financial conglomerate. There is an institutional policy and procedures defining the procedures and systems required for effective deployment of the Capital Management Structure.

In the same way, to comply with the Resolution #4090 of May 24, 2012 of the National Monetary Council (CMN), the structure of Liquidity Management was implemented and currently is phase of development. The organizational structure, applicable to the entire financial conglomerate and other companies' members of economic-financial consolidation was approved by the Executive Board as well as the appointment of Director in charge of the area, and the institutional policies for the management of liquidity.

Resolution 4,327, of April 25th. 2014 from the National Monetary Council (CMN) is also observed in relation to the establishment and implementation of the Social and Environmental Responsibility Policy.

The Risk Management Policy & Procedures sets out the principles that guide the institutional strategy to control and manage risks in all operations. Administratively, the actions are evaluated in the various committees to ensure the adequacy of management, considering the complexity of products, the exposure to risk and the risk-return involving all business decisions of the institution. The risk management is in line with the guidelines established by the Brazilian Central Bank and covers all the Bank´s subsidiaries.

The risk management policies and procedures of CCB BRASIL intend to support the formulation of risk appetite, to guide our employees and to provide procedures to monitor, control, and measure and report the risks to the Board. The involvement of the senior management with issues of risk management occurs through deliberations of its board of directors, defined statutorily as the Board of Directors, Executive Board and the Committees. The Corporate Governance structure ensures an effective management of risks. The risk management is carried out by the Institution through collegiate decisions, relying on specific committees. The Corporate Governance Area comprises, among others, three departments targeted for the management of market risk: i) social & environmental risk, ii) credit risk, iii) operational risk, iv) liquidity and capital management. These areas give support to the Risk Committees, Internal Controls Committees, Financial and Operational Committees who analyze and define strategies and actions within their area of expertise.

The committees and departments for management and controls of risks support the development and minimizing of losses by adopting an integrated and centralized outlook, aiming at the automation and creation of a database for management and risk modeling, based on a historical data of losses and evolution of the controls.

I The mitigating controls allow the definition of limits in advance, taking into consideration the strategic and operational aspects of each unit.

II The limits to the risk takes into consideration the values that the institution is willing to admit in achieving its objectives and is reflected in the philosophy of corporate risk management, which in turn influence the culture and way of operation of the institution. This tolerance is influenced by several factors, including risk assessment of consistency with corporate strategy.

I. Risks of the institution

In conducting its operations, CCB BRASIL is mainly exposed to the following risks:

1. External risk

Risk related to external factors which are not under the Bank’s control.

2. Financial risks

(2.1) Credit risk

The possibility of incurring losses associated with the failure of the borrower or counterparty to comply with its financial obligations, and the devaluation of the credit agreement arising from the deterioration of the borrower's credit rating, reduction of the profit or remuneration, reduction of profitability for advantages granted in renegotiations, recovery costs and other amounts related to the breach of financial obligations by the counterparty.

(2.2) Market risk

The possibility of financial losses caused by oscillation of prices and interest rates of financial assets given any mismatching of maturities, currencies and indexes between the assets and liabilities of the Institution.

(2.3) Liquidity risk

Characterized by the mismatch in cash flows resulting from the difficulty to quickly dispose of an asset, or to obtain resources for the settlement of liabilities, generating “open positions”. The Current Liabilities of CCB BRASIL’s Balance Sheet is greater than Current Assets, however, the Bank has securities classified as “available for sale” (note 5b) in the amount of R$ 401,633 thousand. In addition, a significant portion of Borrowings included in the Bank´s Liabilities, refers to transactions undertaken within related parties, which minimizes the risk of leading the Institution to an illiquid situation. On the other hand, the Bank has a weekly updated control of minimum cash, systematically controlling the level of resources to face stressful scenarios. The Minimum Cash Policies & Procedures establishes the level of cash sufficient to meet 30 days of non-entry cash (non-receipt of funds), which enables the Institution to face and comply in advance with any market liquidity changes.

3. Non-financial risk

(3.1) Operational risk

Operational risks are losses resulting from internal processes, inadequate or deficient people and/or systems and external events. This definition includes legal risk but excludes strategic and image-related risks.

(3.2) Socio-Environmental risk

Environmental risk deals with own risks and those of customers and suppliers regarding the social and environmental impact of the activities, which and are adequately monitored, as these aspects can interfere with client performance and generate a higher credit risk. On the other hand, it can refer to the way in which clients treat the environment and society values differently to those adopted by the Bank, which could result in a risk of image and reputation.

4. Strategic risk

Strategic Risk is the risk of losses resulting from processes or decisions that affect the continuity, the growth and the competitive advantage of the Bank. The Bank has instruments, and systems that allow the monitoring of the outcome of actions and empower people to fast and decisively react when they face a risk of great magnitude, but even more important and effective is the ability to anticipate the risk and develop a plan to minimize impacts and transform them in advance.

II. Risk management

CCB BRASIL's Risk Management Policies define a set of controls, processes, tools, systems and reporting standards required for adequate control and management of risks.

The Bank has nominated the Senior Controlling Manager as the person responsible for Risk Structure at the Brazilian Central Bank (BACEN). The director nominated is not responsible for functions related to the administration of third party funds or treasury operations.

Market risk management

The Market Risk Management Department is in charge of maintaining and annualy updating the Policy and structure of the area. It operates independently of the business and is responsible for the monitoring and analysis of market risks arising from trading activities and liquidity of the Bank. It is also responsible for ensuring that levels of risk exposure are consistent with the limits adopted by the Financial Committee, as well as monitoring appropriate levels of capitalization, consistent with those risks.

The Market risk comprises four main types of measures: position (stale positions), sensitivity (PV01), stress tests and "Value-at-Risk (including compliance tests and validations).

All risk metrics are continuously monitored in an integrated manner with the objective of providing an overview of the risk profile of CCB BRASIL. The monitoring and control of the positions of the Bank is not limited to the calculation of its market value since it recognizes the adequate sensitivity of the Bank's actual exposure to various risk factors. The completion of these measures with other tools of risk control makes it a better monitoring system and analyzes the exposures.

Instruments for managing the market risk

Scenario analysis

The Bank uses the analysis of scenarios for stress tests, which are important mechanisms to understand the sensitivity of capital and business plans of CCB BRASIL, in situations of extreme, but plausible events. Besides considering the potential financial effect on the business plans, this tool enables the Board to establish action plans to mitigate such events, should they arise. Periodic exercises are conducted to compare the existing capital requirement with the volume demanded using stress scenarios, including the more severe deterioration of the global economic scenario. Qualitative and quantitative techniques are used to estimate the potential impact on the capital position under such scenarios. These tools assist in mitigating the risks posed by financial crises. Moreover, it is also necessary to use of past scenarios, which can represent inside information to identify the actions required to mitigate risks, when similar events occur.

Sensitivity analysis

The analysis of sensitivity shows the impact of the change of a particular risk factor on the Bank's portfolio. The analysis of sensitivity is a particularly important measurement for managing the interest rate risk to the institution because small changes in risk factors could generate significant gains or losses when considering all the portfolios.

In order to measure the potential loss in a portfolio derived from extreme-risk events (low probability) the Bank uses the "stress test". The "stress test" is a method to measure the potential loss in a portfolio due to extreme (low probability) events in the market. The stress test related to the market risk area complies with the overall policies of the Bank and the demands of the regulatory authorities. The stress tests are important tools for complementing the primary model of measuring risk (VaR).

The market risk area is responsible for setting and reviewing the methodology used for internal stress testing, monitoring of performance and periodic stress testing and for reporting test results. It is also responsible for achieving and defining parameters used in stress tests required by regulatory authorities.

Value at risk

The Value-at-Risk is an important risk management tool used internally and also used for purposes of calculating the regulatory capital. The Value-at-Risk (VaR) of a portfolio represents the maximum potential loss expected for a given level of confidence and for a certain period of time (holding period). The parameters used in the calculation of VaR can vary according to the profile of the positions under analysis. For transactions classified as Banking (Non-Trading) risk management has internally been used the methodology of EVE - Economic Value of Equity.

The EVE methodology is an alternative and complementary solution to the traditional parametric VaR for market risk management associated with the banking portfolio. This model (EVE) provides a more adapted to long-term assessment, since it considers that the assets and liabilities will not be broken and may recover during the time changes in rates that occur in the short term. This model estimates the fair value of financial instruments in different stress scenarios and estimates the changes in value based on each case.

Back testing

Back testing is a method used to assess the quality of the VaR model used by the Bank. The method compares the results predicted by the model with actual VaR results calculated by the differences in prices of assets and liabilities marked to market (clean P & L). Its function is to measure the forecasting ability of potential loss against the VaR model under normal market conditions, given a certain level of confidence. If the P & L exceeds VaR, there is an outlier, if the number of outliers exceeds the level of confidence, the model is reviewed.

Through the area of Corporate Governance, the Bank uses Back Testing to validate the model of Value-at-Risk in its portfolios.

Limits

The limits of market risk are important forms of control used to ensure that the exposures are in line with the risk appetite set by the Bank. The Financial Committee sets VaR limits for both the Treasury portfolio and the banking portfolio, beside specific limits when subjected to stress, and compares the various risk factors to which the Bank may be exposed. The type of limit to be set will be determined in advance by the market risk area.

The market risk area is responsible for ensuring that all exposures to risk factors are in compliance with the limits previously established and approved. The monitoring of positions, regardless of the classification of operations and the results of the trading portfolio is daily obtained.

The market risk area is in charge of informing the excesses of market risk for a particular risk factor to the Financial Committee, which should take the necessary measures to adapt the exposure, according to the bank's internal policy. The market risk limits are annually reviewed by the Financial Committee.

In accordance with Bank policies and procedures of the Brazilian Central Bank that govern the subject (Resolução no. 3464 and Circular no. 3354), the operations are divided into “trading and banking” portfolios according to the following basic principle:

Trading portfolio - consists of all transactions in goods and financial instruments, including derivatives held-for-trading or to hedge other elements of the trading book, which are not subject to the limitation of their marketability. The operations held-for-trading are those intended for resale, and to obtain the benefit of price movements in actual or expected arbitrations. The Volcker rule prevents the institutions of investing their own capital, or to sponsor in some way, hedge funds and private equity funds. Therefore, from June 30, 2016, considering the the international adhesion of CCB Corporation to the Volker rule, the operations of trading portfolio in CCB Brasil were suspended.

Banking portfolio - Consists of transactions not classified in the trading book.
The classification process is defined by the operations of the business at the time of the transaction.

Main market risk managed

1. *Interest rate risk*
The Bank and its subsidiaries use funds generated by operating activities and, in particular by attracting funds from customers. To complement its cash needs, the Bank and its subsidiaries gather resources substantially indexed to the CDI and, thus are at risk due to interest rates. To mitigate this effect, the Bank and its subsidiaries have adopted the policy of lending and financing its clients in transactions also indexed to the CDI. Only the spread of these transactions are exposed to the volatility of the CDI, which may influence the results and profits, in case of significant fluctuations.

2. *Risk of exchange rate (coupon and dollar spot)*
The objective of the strategy of exchange risk management is to avoid impairment on the income arising from variation in the price of currencies. Thus, the currency risk is neutralized and the investments are paid in Brazilian Reais, through the use of derivative financial instruments.

In line with its main business activity, which is granting loans to its clients, the Bank adopts the policy of avoiding significant foreign currency exposure that requires capital for its coverage. The positions of assets and liabilities of the Bank are widely hedged in its normal course, since its funding and loans are indexed to the CDI. Likewise, the international funding is protected through hedging with appropriate derivatives.

The use of derivatives such as swaps and futures contracts in U.S. dollars are intended to counteract or minimize currency losses with a sharp devaluation of the Brazilian Real (R$) against foreign currencies. After the hedge, these transactions are matched in terms of value, maturities and currencies, exchanging the initial foreign currency exposure on loans for the exposure to the CDI. The Bank ensures that the maturities of its hedges and transactions occur simultaneously.

3. *Risk of securities, commodities and futures exchange (BM&FOVESPA)*
They come from the position of the Treasury in its portfolio and may contain positions in stocks and futures that pose risks of volatility and impairment on the results.

4. *Inflation risk*
Based on the Bank’s positions in securities or loans indexed to price indexes, which are hedged, it is improbable or nonexistent. The policies and procedures of risk exposure do not allow important impacts even in adverse scenarios, considering all the risk factors already mentioned in this report. The Bank conducts its business with minimal gaps between assets and liabilities, besides performing Hedge transactions of its operations in relation to CDI indices, exchange rates and inflation. Consequently, it is improbable that any volatility will impact the Bank’s results significantly.

Operational risk management
The exposure to operational risk is reviewed at least every six months, including the assessment of its controls and their adjustment according to their strategies and risk appetite. The

operational risk governance is exercised by the managers, the area of corporate governance and risks of the Institution. The management structure is distinct from those that deal with market and risk credit enabling an effective system of internal controls aimed at reducing the likelihood of human errors and irregularities in the processes, products and systems. The Committees on Risk and Internal Controls deliberate on the acceptable level of tolerance to risk.

The calculation of operational risk exposure is made and adjusted monthly according to the business strategy and risk appetite determined for that period.

Credit risk management
CCB BRASIL has an independent area for managing the Credit Risk, in accordance with best governance practices. This area operates independently from the structure of credit approval, and calculates the ratings of customers based on metrics that consider customer behavior in the market, in addition to the outcome of the institution's operations. Thus, it uses different concepts to those used by the area of credit approval, whose structure is based on thorough analysis procedures developed from the expertise the Bank has gained over the years.

In its process of providing credit, the Bank permanently enhances the methodologies and tools used to evaluate the social and environmental variables to mitigate risks associated with the client's capacity to solve its liabilities. Therefore, the Bank has established policies & procedures that enable the suspension of the operation, the anticipation of payment of contracts or limiting penalties.

In line with the practices of market benchmark, the Bank continues to improve its controls and analytical models. In compliance with CMN Resolução no. 3721/09 and the new Basel agreement, there are structures of committees and special committees to better manage, control and monitor this risk.

Rating tools
The calculation of risk of a portfolio of contracts containing credit risk is primarily done through a statistical measure called Credit Value-at-Risk (VaR credit). The VaR with a confidence level of 99% (standard adopted by the Bank) is the maximum expected loss that a portfolio can sustain in 99% of the cases, disregarding the rare events whose probability of occurrence is only 1% (100% - 99% = 1%). The probability that the portfolio loss exceeds the VaR is 1%.

The results are obtained by the using of "Monte Carlo simulation", which means a methodology where the credit events are simulated in a computational environment for a very large number of times, and the values of losses for each scenario are simulated, statistically grouped and stored in a collection, whereby the exposure values are directly calculated for each level of confidence.

This is an actuarial methodology that does not take into consideration the effects of interest rates on risk exposures, calculating the losses in terms of nominal value, adjusted to the recovery rate determined by CCB BRASIL, based on historical experience and evaluation, since the non-recovered portions are the effective exposures to credit risk. Thus, the model correctly catches the actuarial component of credit risk, adjusting the probabilities of default at the maturity of the contracts. The calculation methodology is sensitive to the fact that contracts with longer maturities have higher credit risk compared to those with shorter maturities.

The calculation of LGD (Loss Given Default) is based on the observation of the recovery of nonperforming loans, taking into account not only revenues and expenses related to the recovery process, but also the moment it happens and any indirect costs resulting from this process.

34 Other information

a. The Bank has 37 selling points in Brazil and 01 (one) overseas branch. The bank' staff is distributed as follows:

	Dec/2016	Dec/2015
Operational		
Trade	121	155
Funding	8	9
Subtotal	**129**	**164**
Support and control		
Administrative	248	281
Legal/audit	30	29
Controllership	85	101
Information technology	103	115
Other	-	1
Subtotal	**466**	**527**
Total	**595**	**691**

b. Commitments assumed by funding and guarantees received from International Organizations

CCB BRASIL is a debtor for loans from the IDB (Inter-American Development Bank), DEG (Deutsche Investitions und Entwicklungsgesesellschaft Mbh) and Proparco (Societe de Promotion et de Participation pour la Coopération Economique.) for lending to Brazilian companies, with maturities ranging from 02 to 05 years, which contracts require maintenance of minimum financial ratios (financial covenants), beside requirement of social and environmental responsibilities & obligations.

The financial ratios are calculated on the basis of the financial information prepared in accordance with Brazilian law and the rules of the Brazilian Central Bank. They are also monitored and checked by the above mentioned suppliers.

	CCB Brasil consolidated
Description	**Required**
Capitalization	≥ 11%
Immobilization	≤ 30%
Liquid Assets to short term liabilities	≥ 35%
D-H Loans + Goods - Provisions on PR	≤ 25%
Largest debtor on PR	≤ 20%
Operating Expenses to Operating Result	≤ 85%
Foreign exchange Exposure to PR	≤ 15%
Foreign exchange Exposure aggregate of currencies on PR	≤ 25%
Liquidity Gap (90 days) in R$	› 0

c. Pension and retirement plans

CCB Brasil is not responsible for the maintenance of any pension and/or retirement plan, neither as administrator nor as a sponsor.

d. Insurance

CCB Brasil maintains policy of risk protection. The Bank's Management believes that the values of its contracted insurance offers reasonable coverage for its business.

e. Cash and cash equivalentes

	CCB Brasil		CCB Brasil consolidated	
	Dec/2016	Dec/2015	Dec/2016	Dec/2015
Liquidity	110,289	392,599	110,743	393,518
Money Market Repurchase	3,578,596	-	3,578,596	-
Foreign currency deposits	131,157	330,614	131,157	330,614
Total	**3,820,042**	**723,213**	**3,820,497**	**724,132**

f. Prudential Adjustment in compliance with Resolution No. 4277/13

The BACEN Resolution No. 4277/13 implemented as of June 30, 2015, prudential adjustments regarding the valuation of derivative financial instruments booked at market value. The Bank has developed controls and pricing methodology approved by the Senior Management, as well as measures for evaluating the necessity of adjustments in the value of financial instruments.

Such assessments, based on expressed policy revealed that, for the financial statements ended on December 31, 2016, there is no need of prudential adjustments by the Institution, justified by the following:

- The securities portfolio mainly consists of federal government bonds 99.34% (Dec/2015 - 97.40%) on a securities portfolio of R$ 7,698,332 (Dec/2015 - R$ 4,048,478), which represent low risk and plentiful liquidity.

- The derivative instruments marked to market, amounting to R$ 336,983 (Dec/2015 - R$ 962,378), is substantially made for hedge of liabilities positions of foreign funds, which will be brought up to the final maturity.]

- There are no significant amounts of *other* financial instruments.

Board of Directors

Wensheng Yang
President

Xi Zhang
Daniel Joseph McQuoid
Heraldo Gilberto de Oliveira
Members

Senior Management

Xi Zhang
President Director

Yongdong Jiang
Hong Yang
Milto Bardini
Paulo Celso Del Ciampo
Vice-President Senior Managers

Andrew Murray Hemm
Carlos José Roque
Francisco Edênio Barbosa Nobre
Senior Managers

Audit Committe

Heraldo Gilberto de Oliveira
President & Qualified Member

Walter Mallas Machado de Barros
Daniel Joseph McQuoid
Members