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

Consolidated financial statements for the years ended December 31, 2015 and 2014

KPDS 146453

Contents

Management report

Dear shareholders,

The Management of China Construction Bank (Brasil) Banco Múltiplo S/A (CCB Brasil) hereby submits for your appreciation the Management Report and corresponding Financial Statements, including the opinion of the independent auditors, with no qualified opinions, for the year ended December 31, 2015. The remarks presented here, except when emphasized differently, are demonstrated on a consolidated basis covering their subsidiary companies and the Credit Receivables Investment Funds (FIDCs) and in national currency (Reais - R$). The consolidated financial statements of CCB Brasil were prepared in accordance with International Financial Reporting Standards (IFRS) and reflect the corporate structure of CCB Brasil for the respective period.

Main indicators for 2015:

- **R$ 14.0 billion in assets;**
- **R$ 8.3 billion expanded loan portfolio**;
- **R$ 12.1 billion in total funding;**

Acquisition of 100% of the total capital of CCB Brasil by China Construction Bank - CCB.

On August 29, 2014, CCB Brazil Financial Holding - Investimentos e Participações Ltda. (“CCB Holding”) acquired control of CCB Brasil, as per the Contract for the Purchase and Sale of Shares between China Construction Bank Corporation ("CCB") and the former controlling shareholders of the Bank, signed on October 31, 2013.

In the Organization, important events related to the process of acquisition by CCB group, defined the year of 2015: (1) completion of Public Offering of Shares - OPA; (2) the cancellation of publicly-held company registration and (3) the change of corporate name:

(1) Public Offering of Shares - IPO

. Approval of OPA of Common and Preferred Shares Issued by the Company. The Securities Commission (CVM) granted on August 25, 2015, in favor of the Offeror CCB Brazil Financial Holding - Investimentos e Participações Ltda. the registration for holding the Public Offering of Shares ("IPO") to acquire up to all common and preferred shares issued by the Company to be held (i) due to the disposal of its interest; (ii) the cancellation of its registration for the trading of shares on the market as an issuer of securities; and (iii) as a result of the discontinuance of differentiated practices of corporate governance set out in the special listing segment of BM&FBOVESPA S.A, Level 1 of Corporate Governance.

The IPO Notice was published on August 27, 2015.

. The IPO auction. On September 28, the IPO auction was conducted and, as a result, the Offeror acquired 2,150,605 common shares issued by the Company, equivalent to approximately 1.3% of the common shares issued by the Company and 0.9% of the Company's capital; and 52,704,417 preferred shares issued by the Company, equivalent to 56.9% of the preferred shares issued by the Company and 20.8% of the total Company's capital.

Therefore, after the settlement of the acquisitions, which took place on October 1, 2015, the Offeror holds 159,545,537 common shares issued by the Company, equivalent to 99.6% of the common shares, and 77,406,999 preferred shares, equivalent to 83.5% of the same, jointly corresponding to 93.7% of the share capital, or 96.1% of the Company's capital excluding treasury shares.

Given that the number of shares acquired by the Offeror at the auction exceeded the minimum amount of two-thirds of common and preferred shares, the holders expressly agreed with the cancellation of registration or enabled for the Auction, the Company initiated procedures for the cancellation of the publicly-held company registration before Securities Commission (CVM).

(2) Approval of cancellation of Securities Commission (CVM) registration

On October 19, 2015, the CVM approved the cancellation of issuer registration of securities in category "A" of the Company, continuing the successful completion of the takeover bid auction for IPO for the acquisition of the common and preferred shares of the Company and in compliance with all applicable regulations.

Thus, the institution became a privately-held company and its shares are no longer listed for trading on the BM&FBOVESPA or any other organized market.

(3) Approval of corporate name change

The Central Bank of Brazil, in publication in the Official Gazette of Brazil on November 4, 2015, authorized the change of the corporate name of Banco Industrial e Comercial S.A. to China Construction Bank (Brasil) Banco Múltiplo S.A., in line with the Annual Shareholders' Meeting of September 30, 2015, which deliberated on this matter.

The full text of Relevant Facts related to the operation and the IPO, are on the CVM website: www.cvm.gov.br and the CCB Brasil Investor Relations website: www.br.ccb.com.

Economic environment.

In 2015, the official inflation measured by the National Amplified Consumer Price Index (IPCA) reached 10.67%. The basic interest rate (Selic) ended 2015 at 14.25% per year, a level that has been maintained at the last five meetings of the Monetary Policy Committee (Copom) of the Central Bank Brazil, covering the period from July 2015 to March 2016.

The exchange rate was highly volatile during 2015. The Real depreciated 47.01% against the US Dollar with the exchange rate at the end of the period R$3.90/US$.

The trade balance (foreign sales greater than imports) of US$ 19.69 billion was the most favorable income (loss) since 2011 and reversed the $4.05 billion deficit of 2014. In 2015, exports totaled US$ 191.13 billion, while imports reached US$ 171.45 billion. China was the main destination for Brazilian exports and imports, accounting for 18.63% and 17.92%, respectively, of bilateral trade.

Total loans in the financial system reached R$ 3.22 trillion in December 2015, representing growth of 6.61% in 12 months. The credit-to-GDP ratio reached 54.25%.

Assets

Total assets.

Total assets totaled R$ 14,043.5 million at the end of 2015, a decrease of 10.18% compared to 2014.

Loan operations.

On December 31, 2015, total loans were R$ 6,282.8 million. The expanded credit portfolio, which aggregates the operations of guarantees and sureties, totaled R$ 8,348.3 million.

Corporate credit, the main business of the Bank, represented 79.4% of loans, while loans to individuals and payroll accounted for 20.6%, arising mainly from the operations of CCB Brasil Financeira subsidiary.

Liabilities

Total funding

The amount of funds raised reached R$ 12,120.4 million in 2015, a 3.3% increase in the last 12 months, in line with the new operating volumes of the Bank.

Time deposits and resources of letters issued.

In 2015, time deposits totaled R$ 2,793.5 million, decrease in 53.8%, over the prior year. Of the total sum of time deposits, R$ 1,050.9 million were restricted to the "Time Deposit with Special Guarantee from the Credit Guarantee Fund" - DPGE, pursuant to CMN Resolution no. 3.692/09.

As of December 31, 2015, the breakdown of time deposits by type of depositor was as follows: legal entities 63.5%, institutional investors 29.4%, individuals 5.9%, and financial institutions 1.3%.

The Bank has diversifies its mix of financial products through resources of letters issued such as the Agribusiness Letters of Credit (LCAs), Financial Letters (LFs) and Real Estate Letters of Credit (LCIs). These fundings totaled R$ 486.5 million at the end of the 12 months of 2015, corresponding to 4.0% of total funding.

Shareholders' equity.

As of December 31, 2015, the shareholders' equity was R$ 921.1 million. The Basel III Index was at 14.68% in December 2015; the minimum reference equity in Brazil is 11%.

Recognition.

Due to its governance practices, the Bank values the quality and improvement in its relationship and accountability to its stakeholders. In order to improve the communication of information and reveal the activities and economic, social and environmental results the Bank publishes its Annual Report and Sustainability Report, aimed at all audiences, available on its website.

In 2015, the CRF Institute, based in Amsterdam, granted for the fourth consecutive year, the award "Top Employers Brazil 2015". The Institute specializes in the area of international research into HR management and working conditions. In its yearly report, Top Employers pointed out that "the Bank offers excellent working conditions, promotes and develops talent at all levels of the business and demonstrates it is a leader in the Human Resources field, striving to continuously improve its practices and develop, always."

The bank is on the list of the 100 Best Companies in Corporate Citizenship in 2015, after being listed among the "1,000 Biggest and Best Companies in Brazil" (*Exame*) and "Best Workplaces" *(Você S/A | FIA - GPTW | Época)*. The research involved five pillars: Quality of Life at Work, Social Responsibility, Environmental Responsibility, Ethics and Relationships with Stakeholders, and Diversity and Social Inclusion.

The institution is among the "Best Companies for Workers with Disabilities" alongside another 56 companies that also signed up. This acknowledges the important role of the inclusion of people with disabilities in the labor market, which meets the Quota Act - Law Number 8,213/91, which stipulates a company must have a mandatory ratio of between 2% and 5% of people with disabilities on the general staff of a company of more than 100 employees. The prize "The Best Companies for Workers with Disabilities" is a Secretariat initiative for the Rights of Persons with Disabilities (SEDPcD) in partnership with the Economic Researches Foundation Institute (Fipe) and aims to create a process of inclusion for people with disabilities in the labor market, create an additional tool to support the Quota Act through the recognition of good inclusive practices, and to encourage continuous improvement in business initiatives across the state of Sao Paulo.

The Bank was rated as A grade of its Sustainability Rating, issued by the Consultoria Management & Excellence in June 2015, recognition that drives and reinforces its commitment to sustainability by means of the effectiveness of its actions, its performance and strategy.

CCB Brasil was one of the companies included the list of 100 Companies in Organizational Human Development Index - IDHO 2015.

Human Resources

The Bank ended 2015 with 691 employees, a decrease of 10.3% against 2014.

Relationship with auditors.

The Bank and its subsidiary companies have not contracted or received services provided by KPMG Auditores Independentes, except external audit services. The policy adopted fulfills the principles that preserve the independence of the auditor, in accordance with criteria accepted worldwide, which are that the auditor shall not audit his own work, or exercise management roles at his client or promote the interests thereof.

Final comments.

We would like to thank our shareholders, clients and suppliers for their support and trust concerning our management, and also our employees for their valuable contribution.

(Disclosure authorized at the meeting of the Board of Directors on March 29, 2016).

The complete and audited Financial Statements are available at the website of CCB Brasil - www.br.ccb.com

Ratings

Agencies/ Consulting	Rating	Scope/Classification	Publication date rating
Moody's	**Ba3 NP** **Aal.br** **BR-1** **Negative**	**• Global deposits in foreign and domestic currency** **- Long-term** **- Short-term** **• Domestic deposits** **- Long-term** **- Short-term** **• Perspective**	**02/25/2016**
Standard & Poor's	**BB-B** **brA-** Negative Credit Watch	**• Global deposits in foreign and domestic currency - counterparty rating** **- Long-term** **- Short-term** **• Domestic** **• Perspective**	**03/14/2016**
Fitch ratings	**AAA (bra) F1 + (bra)** **Stable**	**• Domestic** **- Long-term** **- Short-term** **• Perspective**	**06/29/2015**
Management & Excellence	**A**	**• Sustainability Rating**	**Jul 2015**

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Independent auditors' report on the consolidated financial statements

To
The Board of Directors and Shareholders of
China Construction Bank (Brasil) Banco Múltiplo S.A. – CCB Brasil (new corporate name of Banco Industrial e Comercial S.A.)
São Paulo - SP

We have audited the accompanying consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. – CCB Brasil (the "Bank"), which comprise the balance sheet as of December 31, 2015, the statements of profit or loss, changes in equity and cash flows for the year then end, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
The Bank's Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of China Construction Bank (Brasil) Banco Múltiplo S.A. – CCB Brasil as of December 31, 2015, and of its financial performance and its cash flows for the year then end in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Emphasis of a matter

Transfer of share control and operations

As described in to Note 1 – Operations, which informs about the Bank's share control transfer, occurred on August 29, 2014, and the actions that the new Controlling shareholder has been implementing for the resumption of positive operating results with the obtainment of taxable income at sufficient levels for the realization of the deferred tax assets, taking into consideration the rates in effect for each period, and the minimum required regulatory capital limits, which establishes the capital increase, whose is under approval by the China Banking Regulatory Commission (CBRC), performance of which, and consequent feasibility achievement of this business plan, is expected by Management by the end of the first semester of 2016. Our opinion does not contain any qualification with respect to this subject.

São Paulo, March 29, 2016

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

CCB 中国建设银行 China Construction Bank

CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014

ASSETS	Note	12/31/2015	12/31/2014
CASH AND CASH EQUIVALENTS AND RESERVES AT THE CENTRAL BANK OF BRAZIL	3	426,827	273,249
FINANCIAL ASSETS FOR TRADING		4,381,638	3,277,507
Debt instruments	5	3,417,143	2,625,367
Equity instruments	6	2,117	1,867
Derivatives	7	962,378	650,273
FINANCIAL ASSETS AVAILABLE FOR SALE			
Debt instruments	5	628,131	976,894
LOANS AND RECEIVABLES		6,549,461	9,500,853
Loans and advances to financial institutions	4	724,184	409,853
Loans and advances to clients	8a	6,282,822	9,765,727
Other loans and receivables	9	33,658	42,604
Other financial assets	10	160,091	150,935
(-) Impairment of loans and receivables	8e	(651,294)	(868,266)
ASSETS HELD FOR SALE	11	253,733	244,846
INVESTMENTS	12	4,425	4,164
TANGIBLE ASSETS	13	114,338	125,681
INTANGIBLE ASSETS	14	107,813	108,081
TAX CREDITS		1,525,332	1,019,059
Current	24c	29,910	63,186
Deferred assets	24d	1,495,422	955,873
OTHER ASSETS	15	51,876	104,103
TOTAL ASSETS		14,043,574	15,634,437

See the accompanying notes to the consolidated financial statements.

CCB 中国建设银行 China Construction Bank

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	12/31/2015	12/31/2014
FINANCIAL LIABILITIES FOR TRADING		25,132	12,505
Derivatives	7	25,132	12,505
OTHER LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		3,786,942	2,045,931
Subordinated debts	19	1,190,293	892,515
Foreign borrowings	21	205,427	223,581
Securities issued	18	-	929,835
Financial liabilities from hedged objects	21	2,391,222	-
FINANCIAL LIABILITIES AT AMORTIZED COST		8,333,472	11,322,863
Subordinated debts	19	705,200	263,291
Deposits from financial institutions	16	2,325,673	2,018,873
Deposits from clients	17	2,950,654	6,306,139
Securities issued	18	573,725	855,966
Domestic borrowings	20	68,018	89,403
Foreign borrowings	21	1,710,202	1,789,191
PROVISIONS	23	789,356	714,914
OTHER LIABILITIES	25	187,527	188,153
TOTAL LIABILITIES		13,122,429	14,284,366
SHAREHOLDERS EQUITY			
Capital	26a	2,012,810	2,012,810
Treasury shares		(55,105)	(55,105)
Accumulated loss		(1,031,550)	(596,048)
Other comprehensive income		(5,010)	(11,586)
TOTAL SHAREHOLDERS' EQUITY		921,145	1,350,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,043,574	15,634,437

See the accompanying notes to the consolidated financial statements.

CCB 中国建设银行 China Construction Bank

STATEMENT OF INCOME

Years ended December 31, 2015 and 2014

	Note	12/31/2015	12/31/2014
Interest income and alike	28	4,596,344	3,321,790
Interest expenses and the like	28	(4,119,464)	(2,772,266)
Gains from financial assets and liabilities (net)	29	82,908	(64,992)
Exchange differences (net)	30	47,370	13,504
NET INTEREST INCOME		607,158	498,036
Equity in income of subsidiaries		(1,622)	(685)
Income from fee and commissions	31	65,908	88,409
Other operating income (expenses)	32	(123,623)	(59,683)
TOTAL REVENUE		547,821	526,077
Personnel expenses	33	(239,332)	(255,997)
Other administrative expenses	34	(150,452)	(168,791)
Tax expenses	35	(28,133)	(51,280)
Depreciation and amortization		(23,905)	(24,792)
Impairment losses of financial assets	8e	(1,059,777)	(967,555)
Gains (losses) with other assets (net)		(2,673)	(80,076)
LOSS BEFORE TAX		(956,451)	(1,022,414)
Current and deferred income tax and social contribution	24	520,949	429,170
NET LOSS FOR THE YEAR		(435,502)	(593,244)

See the accompanying notes to the consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Years ended December 31, 2015 and 2014

	12/31/2015	12/31/2014
NET INCOME FOR THE PERIOD	(435,502)	(593,244)
Assets available for sale - Adjustment to market value	10,959	11,577
Tax charges on comprehensive income	(4,384)	(4,631)
COMPREHENSIVE NET LOSS FOR THE YEAR	(428,927)	(586,298)

See the accompanying notes to the consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended December 31, 2015 and 2014

	Note	Capital	(-) Treasury shares	Profit reserves		Equity valuation adjustments	Accumulated loss	Total
				Legal	Statutory			
Balances at January 01, 2014		1,434,206	(57,506)	78,538	488,653	(18,532)	-	1,925,359
Share-based payment		-	2,401			-	-	2,401
Capital increase with reserves		578,604	-	(75,487)	(503,117)	-	-	-
Equity valuation adjustments		-	-	-	-	6,946	-	6,946
Transfer for the amortization of loss		-	-	(3,051)	14,464	-	(11,413)	-
Net loss for the year		-	-	-	-	-	(593,244)	(593,244)
Allocations:								-
Reserves		-	-	-	-	-	8,609	8,609
December 31, 2014		2,012,810	(55,105)	-	-	(11,586)	(596,048)	1,350,071
Balances at January 01, 2015		2,012,810	(55,105)	-	-	(11,586)	(596,048)	1,350,071
Equity valuation adjustments						6,576	-	6,576
Net loss for the year		-	-	-	-	-	(435,502)	(435,502)
December 31, 2015		2,012,810	(55,105)	-	-	(5,010)	(1,031,550)	921,145

See the accompanying notes to the consolidated financial statements.

CCB 中国建设银行 China Construction Bank

STATEMENT OF CASH FLOWS
Years ended December 31, 2015 and 2014

	12/31/2015	12/31/2014
Cash flows from operating activities		
Consolidated net income for the year	(435,502)	(593,245)
Depreciation and amortization	15,915	24,792
Equity in income of subsidiaries	1,622	685
Changes in tax credits and deferred tax liabilities	(506,272)	(392,133)
Formation of provisions - Impairment of loans and receivables	1,059,777	967,555
Formation of provisions	163,660	110,057
Changes in assets and liabilities	(568,346)	(1,195,911)
Decrease (increase) in loans and advances to financial institutions	(75,753)	44,363
Decrease (increase) in debt instruments	(436,437)	(2,179,967)
Decrease (increase) in equity instruments	(250)	1,983
Increase (decrease) in derivatives	(299,478)	(11,356)
Decrease (increase) in loans and advances to clients	2,206,156	343,961
Decrease (increase) in other loans and receivables	8,946	(7,002)
Decrease (increase) in other financial assets	(9,156)	(71,964)
Decrease (increase) in assets held for sale	(8,887)	187,100
Decrease (increase) in other assets	117,068	20,101
Increase (decrease) in deposits of financial institutions	306,800	1,553,245
Increase (decrease) in deposits of clients	(3,355,485)	(459,768)
Increase (decrease) in securities issued	(1,212,076)	(78,695)
Increase (decrease) in domestic borrowings	(21,385)	151
Increase (decrease) in foreign borrowings	(97,142)	(410,264)
Increase (decrease) in other financial liabilities	(3,783)	(199,724)
Increase (decrease) in other liabilities	(78,706)	71,925
Increase (decrease) of financial liabilities, hedged objects	2,391,222	-
Used cash deriving from operating activities	(269,146)	(1,078,200)
Cash flows from investment activities		
Disposals of intangible assets	-	34,290
Investments	(1,883)	(1)
Investments in intangible assets	(9,511)	(30,464)
Investments in intangible assets	(2,149)	(10,179)
Used cash deriving from investment activities	(13,543)	(6,354)
Cash flows from financing activities		
Subordinated debt eligible for capital instruments level II	739,687	163,154
Used cash deriving from financing activities	**739,687**	**163,514**
Cash flow used in the year	456,998	(921,040)
Cash and cash equivalents at the beginning of the year	287,466	1,208,506
Cash and cash equivalents at the end of the year	744,464	287,466

See the accompanying notes to the consolidated financial statements.

1. Operations, presentation of consolidated financial statements, and other information

a. Operations.

China Construction Bank (Brasil) Banco Múltiplo S/A - CCB Brasil (formerly Banco Industrial e Comercial S.A. - BICBANCO) ("CCB Brasil" or "Bank") created on December 29, 1938 and authorized by the Central Bank of Brazil to operate as a multiple service bank, developing its operations through commercial, investment, mortgage and foreign exchange portfolios.

Through subsidiaries, it operates in the following markets: Leasing, credit, financing and investments, investment fund management, distribution and brokerage of foreign exchange and securities, and credit card administration, and has a 50% stake in a joint venture aimed at operations in the Factoring and Forfaiting market.

On August 29, 2014, the transfer of control to the CCB Brazil Financial Holding - Investimentos e Participações Ltda (CCB Holding) ("Controlling shareholder") was completed, a subsidiary of China Construction Bank, of shares representing the shareholding control of CCB Brazil and its subsidiaries.

On September 01, 2014, three representatives were elected to the Board of Directors of CCB Brasil and five new members elected to the Executive Board. The approval of the Central Bank of Brazil took place on March 23, 2015 and the new members took office on May 26, 2015. The new members appointed by the Parent Company are leading the management of CCB Brasil and the remaining members of the previous board are participating in a shared manner, three members of the Board of Directors and four Executive Officers, the vast majority on the condition of independent directors.

From the transfer of shareholder control CCB Brasil operations began to be conducted in the operational context of its new Parent Company, and included the adjustment of internal policies, accounting estimates, the alignment of operating practices, the strengthening and addressing matters of funding costs, by way of line of credit from the Parent Company of US$ 2 billion. Also sought is the repositioning of income (loss) from financial intermediation with a view to the resumption of positive operating income (loss), the achievement of taxable income in sufficient levels to carry out the inventory of tax credits, compliance with the minimum operating limits by issuing the instruments assimilated to capital and the direct capitalization of the Bank.

In the context of compliance with the operational limits are situated on: (a) the issue of securities abroad, on September 30, 2015, amounting to US$ 100 million of eligible Subordinated Debt to make up the Reference Equity Level II (Tier II), and (b) the approval by administrators of Parent Company of CCB Brasil a capitalization plan, which is in the process of approval by the China Banking Regulatory Commission - CBRC in order to increase the capital of CCB Brasil to the amount equivalent to $ 200 million. The purpose of this capitalization is to enable the execution of the business plan and rebuild regulatory capital levels, thus re-establishing the Tier-I capital required by current regulations. The process of approval by the CBRC and the subsequent approval by the Central Bank of Brazil are expected by the end of the first semester of 2016.

These actions aim to meet the future capital requirements, as determined by the Central Bank of Brazil to comply with Basel III requirements and enable the resumption of business operations of the Bank and its subsidiaries and correspond to the commitment made by the new Parent Company in its Business Plan for setup and operation in Brazil, which rests on the basic premise of maintaining adequate capitalization of the financial institution. In addition to the actions mentioned above, for the year ended December 31, 2015, in addition, the Parent Company raised R$ US$ 900 million of the approved credit line to US$2 billion, as shown in Note 38.

The above assumptions, including: vigorous growth in the loan portfolio in transactions with Chinese companies, resumption of operations with foreign currency aimed at financing foreign trade, concentration of greater efforts in processes aimed at recovery of loans and incentives to obtain revenue through operations that do not expose the Bank to risks, establish the Technical Study of Tax Credit Realization, duly approved by the executive board and the board of executives, which shows the ability to generate future taxable income over the next few years, volume sufficient to complete the inventory of credits, offsetting the current rates in each period.

On September 30, 2015, an Special Shareholders' Meeting was held to approve the change of name of Banco Industrial e Comercial S/A - BICBANCO para China Construction Bank (Brasil) - Banco Múltiplo S.A - CCB Brasil and standardize the company title of the other companies. The Central Bank of Brazil approved the change of the name on October 29, 2015, and on November 16, 2015 was recorded by JUCESP.

CCB Holding on September 1, 2014, submitted for consideration and approval by the Securities Commission - CVM, the request of a public offering for the acquisition of all the shares of CCB Brasil held by minority shareholders, with a view to the future cancellation of registration of a publicly-held company. On September 29, 2015, a unified public offering auction was held for the acquisition of all the common and preferred shares of the Company. As a result of the Auction, CCB Brazil Financial Holding - Investimentos e Participações Ltda. ("Offeror") acquired 2,150,605 common shares issued by the Company, equivalent to approximately 1.3% of the Company's common shares and 0.9% of total Company's capital; and 52,704,417 preferred shares issued by the Company, equivalent to 56.9% of the preferred shares issued by the Company and 20.8% of the total Company's capital. The settlement of the acquisitions took place on October 1, 2015.

On October 19, 2015, the CVM approved the cancellation of issuer registration of securities in category "A" of the Company, thus, the institution becomes a privately held company and its shares ceased to be listed for trading on the BM&FBOVESPA and any other organized market.

b. Presentation of consolidated financial statements.

The consolidated financial statements of CCB Brasil were prepared in accordance with International Financial Reporting Standards (IFRS) in compliance with the requirement of Resolution 3.786 of the National Monetary Council ("CMN") that, as of the base date December 31, 2010, required the annual preparation and disclosure of the consolidated financial statements according to the pronouncements issued by the International Accounting Standards Board (IASB), translated to Portuguese by a Brazilian entity accredited by "International Accounting Standards Committee Foundation - IASC".

In order to improve the presentation of its results according to the rules established by the IASB, the Management proceeded with the reclassification of certain amounts in the statement of the 2014 financial year, in respect to results covering the items Income with interest and similar, Expenses with interest and similar, Gains on financial assets and liabilities (net), Net foreign exchange differences, among others. Such reclassifications did not affect the net loss recorded in that year.

The technical study for the realization of tax credits and assessment of financial statements were completed by management and approved for disclosure by the Board of Directors' meeting of March 29, 2016.

c. Estimates used.

Consolidated income and the determination of consolidated equity are impacted by accounting policies, assumptions, estimates and measurement methods used by CCB Brasil management in the preparation of financial statements. All estimates and assumptions emphasized below, applied by Management in conformity with IFRS, are the best estimates in accordance with the applicable standard. The main accounting policies and measurement methods are detailed in **Note 2**.

Consolidated financial statements include estimates and assumptions, such as the evaluation of asset and liability fair values, measurement of the recoverable value of financial and non-financial assets and the recognition and evaluation of deferred taxes. These estimates, which were prepared with the best information available, are as follows:

• *Evaluation of fair value for certain financial instruments;*

The fair value of a financial instrument in a certain date is interpreted as the amount by which it could be acquired or sold on that date by two well-informed parties, acting deliberately and with prudence, in a transaction under regular market conditions. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it in an active, transparent and significant market ("quoted price" or "market price").

If there is no market price available for a financial instrument, its fair value will be estimated based on the price established in recent transactions involving the same instrument or similar instruments and, in the absence of those, based on evaluation techniques normally used by the financial market, considering, when applicable, market observable data, as follows:

The method of discount to present value to evaluate financial instruments (method applicable mainly to debt instruments, swaps, and forward transactions): future expected cash flows are discounted to present value using the curves calculated based on observable market data (PU Anbima, DIs and Future DDIs, etc.).

The methodology used to evaluate the fair value of certain financial instruments is described in detail in **note 2**:

• *Impairment of financial assets;*

CCB Brasil recognizes the losses inherent to financial assets not evaluated at fair value taking into consideration the historical experience with impairment and other evaluation circumstances. For this purpose, inherent losses are losses incurred on financial statements base date, calculated through the measurement at present value of estimated cash flows of the transactions in which objective impairment evidences were verified. Further details are presented in **Note 2 j.**

Income from loans overdue for more than 60 days, regardless of their level of risk, are only recognized as income when effectively received.

• *Measurement of the recoverable value of tangible and intangible assets*

On financial statements disclosure date, CCB Brasil verifies the existence of objective evidences of impairment of non-financial assets. This measurement may involve subjective evaluation criteria, such as the technical and operational obsolescence analysis or the expected replacement of the asset by another asset that generates higher future economic benefits.

• *Recognition and evaluation of deferred taxes;*

Deferred tax assets are recognized in relation to temporary differences and tax losses to be offset to the extent it is probable that the Bank will have future taxable income that will allow the utilization of deferred tax assets.

Estimates regarding the determination of future taxable income are based on current expectations and estimated future events and trends, which may affect consolidated financial statements.

• Provisions, Contingencies and Other Commitments;

The Bank and its subsidiaries periodically review their contingencies. Such contingencies, which are evaluated based on best Management estimates, taking into consideration the opinion of legal advisors, whenever it is probable that financial funds will be required to settle obligations and when total obligations may be reasonably estimated.

Contingencies classified as "Probable" are recognized in the Balance sheet as "Provisions".

Contingency amounts are defined using models and criteria that allow proper measurement, despite uncertainties inherent to terms and amounts, as detailed in **Note 23.**

The detail of Provisions, Contingencies and Other Commitments are shown in **note 23**

2. *Accounting practices and calculation criteria.*

The accounting practices and calculation criteria used in the preparation of consolidated financial statements are as follows:

a) Foreign currency transactions and functional currency

The individual financial statements of the entities are presented in the currency of the primary economic environment in which the entity operates (functional currency). For financial statements consolidation purposes, the results and the financial position of consolidated entities are expressed in Brazilian Reais, CCB Brasil's functional currency and the consolidated financial statements presentation currency. Monetary assets and liabilities are translated at the foreign exchange rate on balance sheet date.

Foreign exchange variation arising from the translation of foreign currency balances to the functional currency are usually recognized at the net amount as "Net Foreign Exchange Differences" in the consolidated statement of income, except for foreign exchange variation arising from financial instruments at fair value through profit or loss, which are recognized in the consolidated financial statements as "Gains (losses) on financial assets (net)" without separating them from other fair value variation.

b) Consolidation basis.

i. Subsidiaries

The financial statements of the entities controlled by the Bank are consolidated. Accordingly, all intercompany balances and transactions are eliminated on consolidation.

Consolidated financial statements include the individual financial statements of CCB Brasil, as well as the following subsidiaries:

Company name	Country of origin	Consolidation method	Interest	
			2015	2014
Foreign branches				
Cayman	Cayman	Full	100%	100%
Direct subsidiaries in the country				
CCB Brasil Arrendamento Mercantil S/A	Brazil	Full	100%	100%
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A	Brazil	Full	100%	100%
CCB Brasil Informática S/A	Brazil	Full	100%	100%
CCB Brasil Administradora de Cartões de Crédito Ltda.	Brazil	Full	100%	100%
CCB Brasil S/A - Crédito, Financiamentos e Investimentos	Brazil	Full	100%	100%
CCB Brasil Promotora de Vendas Ltda.	Brazil	Full	100%	100%
CCB Brasil Cobrança Ltda.	Brazil	Full	100%	100%

The subsidiaries had the following equity positions and income (loss) (*):

	Total assets		Total liabilities		Income (loss)		Total shareholders' equity	
	2015	2014	2015	2014	2015	2014	2015	2014
CCB Brasil DTVM	20,169	18,666	2,001	1,745	1,247	1,029	16,921	15,892
CCB Brasil Leasing**	280,137	471,156	51,660	256,701	14,022	(4,836)	214,455	219,291
CCB Brasil Financeira	1,290,610	1,189,445	1,159,831	1,054,605	(4,027)	7,476	134,806	127,364
Other	79,647	56,210	63,484	43,215	2,128	252	14,035	12,743

(*) Balances presented according to accounting practices required by the Central Bank of Brazil.

(**) Lease transactions are presented at the financial method, which consists in reclassifying leased property, plant and equipment to the caption lease transactions, less residual value received in advance. The other subsidiaries are in accordance with their individual statements.

ii. Investment funds in credit rights - FIDCs

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

In accordance with CVM rules, on condition of originator of receivables assigned to the FIDC, the Investment Fund in Corporate Credit Rights II and Investment Fund in Open Credit Rights were consolidated in the financial statements of the referred to FIDCs in December 2014.

The FIDCs mentioned above were established to conform to CVM instruction No. 393/03, in the format of a closed-end fund, originating from loans and with undefined maturities, CCB Brasil subscribed to all subordinated quotas, and qualified investors subscribed the senior quotas.

CCB Brasil's FIDCs presented the following consolidated equity positions(*):

Assets	2015	2014
Cash and cash equivalents	-	16
Interbank funds applied	-	22,349
Federal government bonds	-	41,798
Credit receivables	-	47,351
(-) Allowance for doubtful accounts	-	(7,068)
(-) Provision for other credits	-	(1,127)
Other assets	-	3
Total assets	-	103,322
Liabilities		
Obligations	-	118
Shareholders' Equity	-	103,204
Senior quotas	-	28,209
Subordinated quotas	-	74,995
Total liabilities	-	103,322

(*) Presented in accordance with the accounting policies of these funds.

c) Investment in Joint Venture - BRASILFactors.

On April 25, 2011, CCB Brasil assumed the 40% interest in the capital of BRASILFactors S.A, a joint venture that has FIMBank PLC (40%) and International Finance Corporation - IFC (20%) as its other shareholders. In the first quarter of 2015, CCB Brasil and FIMBANK changed the percentage of capital of BRASILFactors S.A to 50%, the control remains shared. BRASILFactors remains an investment and is not part of the Consolidated CCB. The Company's main activities are geared towards factoring and forfaiting services, involving the purchase of receivables from the domestic and international markets, having small and midsized businesses as a target market.

d) Definitions and classification of financial instruments

i. Recognition date

All financial assets and liabilities are originally recognized on negotiation date, that is, the date in which CCB Brasil becomes an integral part of the instrument contractual relationship. It includes: Financial assets purchases or sales requiring the asset to be delivered within a determined period established by the bylaws or market standards.

ii. Initial recognition of financial instruments.

The classification of financial instruments at initial recognition depends on their characteristics and the purpose for which financial instruments were purchased by Management. All financial instruments are initially recognized at fair value plus transaction costs.

iii. Classification of financial assets for measurement purposes.

Financial assets are classified in one of the following categories, for measurement purposes:

• Financial assets for trading (measured at fair value through profit or loss): this category includes financial assets acquired for the purpose of short-term income creation due to their trading. Due to their characteristics, derivatives are held in this category.

• Other financial assets at fair value through profit or loss: This category includes financial assets not held for trading and measured at fair value. Financial assets may only be included in this category on the date they are acquired or originated.

• Financial assets available for sale: This category includes financial assets not classified as "Investments held to maturity", "Loans and receivables" or "Financial assets at fair value on profit or loss" and equity instruments issued by entities other than subsidiaries, associates and jointly-controlled subsidiaries. Financial assets available for sale are stated at fair value, and changes in fair value are recognized in a separate line of "adjustment to fair value" in shareholders' equity, net of tax effects, except for impairment losses and interest on these assets, which are recognized in income. When the investment is disposed of or there are indications of impairment, income previously accumulated in the adjustment of fair value account in shareholders' equity is reclassified to income.

• Loans and receivables: This category includes loans, financing and other receivables with or without loan characteristics, based on their nature, regardless of the type of credit taker and the manner in which credit was granted. The main characteristic of the loans and receivables group is the lack of an active market; they are measured at amortized cost less possible impairments, and the revenues of this group are recognized on the effective return basis, at the effective interest rate.

• Investments held to maturity: This category includes debt instruments traded in an active market, with fixed maturity and fixed or determinable payments for which CCB Brasil has the intention and proven capacity of holding to maturity. These investments are measured at amortized cost less impairment losses, with revenues recognized on the effective return basis.

e) Measurement of financial assets and liabilities and recognition of changes in fair value.

In general, financial assets and liabilities are initially recorded at fair value, which is considered equivalent to the transaction price, unless otherwise proven. Financial instruments not measured at fair value through profit or loss are adjusted at transaction costs. Financial assets and liabilities are later measured, at the end of each year, as follows:

i. Measurement of financial assets.

Financial assets are measured at fair value without the deduction of estimated transaction costs that would possibly be incurred upon disposal, except loans and receivables, investments held to maturity, equity instruments whose fair value cannot be calculated on a sufficiently objective manner, and financial derivatives whose object is this type of equity instruments and that are settled with the delivery of these instruments.

All derivatives are recognized in the balance sheet at fair value since negotiation date. When the fair value is positive, they are recognized as assets; when negative, as liabilities. Fair value on negotiation date is equivalent to the transaction price, unless otherwise proven. Changes in fair value of derivatives since negotiation date are recognized under "Gains (losses) with net financial assets and liabilities" of the consolidated statement of income. Specifically, the fair value of a financial derivative included in portfolios of financial assets or liabilities held for trading is considered as equivalent to its daily quoted price; if, for exceptional reasons, it is not possible to calculate quoted price on a specific date, these derivatives are measured through methods that are similar to those used to measure derivatives traded in the over-the-counter market.

The fair value of derivatives traded in the over-the-counter market is considered equivalent to the sum of the instrument future cash flows, discounted to present value on measurement date ("present value" or "theoretical closing"), using the evaluation techniques commonly adopted by financial markets: NPV (net present value), option pricing models and other methods.

"Loans and receivables" are measured at amortized cost, using the effective interest method. The "amortized cost" is considered as equivalent to the acquisition cost of a financial asset or liability, plus or less, as appropriate, principal and accumulated amortization payments (included in the statement of income) of the difference between initial cost and the value on maturity. In the case of financial assets, the amortized cost includes possible impairment losses or losses due to impossible collection. In the case of hedged loans and receivables, changes in fair value related to the hedged risk are recognized.

The "effective interest rate" is the discount rate that corresponds exactly to the initial amount of the financial instrument in relation to total any estimated cash flows during the remaining useful life. For fixed rate financial instruments, the effective interest rate is similar to the contract interest rate defined on contract date plus commissions and transactions costs that, due to their nature, are part of their financial return, as applicable. For variable rate financial instruments, the effective interest rate is equal to the prevailing return rate of all commitments up to the next interest renewal reference date.

Equity instruments whose fair value cannot be calculated in a sufficiently objective basis and financial derivatives whose object is this type of instrument and that are settled with the delivery of these instruments are measured at acquisition cost, adjusted, as applicable, to related impairment losses.

Recognition amounts of financial assets represent, under all material aspects, the maximum exposure of the Bank to credit risk on each of the financial statement dates. In addition, the Bank received guarantees and other credit improvements to mitigate its credit risk exposure; its receivables are comprised mainly of mortgages, cash collaterals, equity instruments, collateral signatures, assets leased, assets acquired through repurchase commitments, security and derivative loans.

ii. Measurement of financial liabilities.

Generally, financial liabilities are measured at amortized cost, as previously defined, except for those recorded in "Financial liabilities for trading" and hedged financial liabilities (or hedging instruments) at fair value, measured at fair value.

iii. Valuation techniques.

The methods used by CCB Brasil to calculate fair value of financial instruments are rated in three different levels, as follows:

- Level 1: Uses public quotations and prices available in the active market as references. This level includes, mainly, securities issued by the national treasury, private issued securities with an "active" secondary market, equity instruments (shares) of other entities.

- Level 2: In the absence of public quotations, CCB Brasil, through internal models, makes its best estimate of the price that would be determined by the market for negotiation. For this, it uses data based on observable market parameters. Derivative financial instruments, which are measured using curves determined through rates disclosed by BM&F, are assigned to this level, including the issuances abroad with prices available in the secondary market.

- Level 3: If there is no available data based on observable market parameters, Management uses internal information and models to determine the best fair value of financial assets and liabilities. As of December 31, 2015 and 2014, there were no financial instruments qualifying for this level.

There were no reclassifications between level 1 and level 2 in the years ended December 31, 2015 and 2014.

The chart below shows a summary of financial assets and liabilities fair values for the years ended December 31, 2015 and 2014, classified based on several measurement methods adopted by the Company to determine their fair values:

	2015			2014		
	Published price quotations in active markets (Level 1)	Internal models (Level 2)	Total	Published price quotations in active markets (Level 1)	Internal models (Level 2)	Total
Financial assets for trading	3,419,260	962,378	4,381,638	2,627,234	650,273	3,277,507
Financial assets available for sale	628,131	-	628,131	976,894	-	976,894
Financial liabilities for trading	-	25,132	25,132	-	12,505	12,505
Other liabilities at fair value through profit or loss	-	1,395,720	1,395,720	-	2,045,931	2,045,931
Obligations to a subsidiary (Hedge)	-	2,391,222	2,391,222	-	-	-

The main techniques used by CCB Brasil internal models (level 2) to determine the fair value of financial instruments detailed in the chart below are as follows:

	Fair value amounts calculated using internal models		Valuation techniques	Main assumptions
	2015	2014		
Derivatives Assets	962,378	650,273		
Swap contracts	933,773	644,179	Present value method	Observable market data (discount rates and interest)
Forward transactions	28,605	6,094	Present value method	Observable market data and liquidity (discount rates and interest)
Derivatives Liabilities	25,132	12,505		
Swap contracts	24,527	7,599	Present value method	Observable market data (discount rates and interest)
Purchase/Sale obligation of share option	605	4,906	Black-Scholes model	Observable market data and liquidity (discount rates and interest)
Other liabilities at fair value through profit or loss	3,786,942	2,045,931		
Subordinated debts	1,190,293	892,515	Present value method	Observable market data (discount rates and interest)
Securities issued	-	929,835	Present value method	Observable market data (discount rates and interest)
Financial liabilities from hedged objects	2,391,222	-	Present value method	Observable market data (discount rates and interest)
Foreign borrowings	205,427	223,581	Present value method	Observable market data (discount rates and interest)

iv. Financial instruments measured at fair value.

The classification of external fund raising under category "financial liabilities at fair value through profit or loss" supports the neutralization of derivatives fair value measurement effect, as liabilities originally assigned as such are measured at fair value.

The chart below is intended to compare the fair value that is being used to measure said liabilities (including all risk factors) and the fair value that does not consider the credit risk factor and the amortized cost (used to measure the base value to settle obligations on maturity):

	2015			2014		
	Amortized cost	Fair value (no credit risk)	Fair value	Amortized cost	Fair value (no credit risk)	Fair value
Subordinated debts	1,200,899	1,315,282	1,190,293	815,616	892,515	892,515
Foreign borrowings	223,262	222,419	205,427	233,842	223,581	223,581
Securities issued	-	-	-	920,658	929,835	929,835
Parent company's obligations	2,355,297	2,391,222	2,391,222	-	-	-
Total	3,779,458	3,928,923	3,786,942	1,970,116	2,045,931	2,045,931

f) Fair value of financial assets and liabilities not measured at fair value

Financial assets are measured at fair value in the consolidated balance sheet, except loans and receivables. Similarly, financial liabilities, except financial liabilities for trading and those measured at fair value through profit or loss, are evaluated at the amortized cost.

The purpose of the chart below is to demonstrate the fair value of assets and liabilities not measured to fair value.

	2015		2014	
	Book value	**Fair value**	**Book value**	**Fair value**
LOANS AND RECEIVABLES				
Loans and advances to financial institutions	724,184	724,184	409,853	409,853
Loans and advances to clients	6,282,822	6,530,746	9,765,727	10,155,116
Other loans and receivables	33,658	33,658	42,604	42,604
Other financial assets	160,091	160,091	150,935	150,935
FINANCIAL LIABILITIES AT AMORTIZED COST				
Subordinated debts	705,200	890,868	263,291	396,387
Deposits from financial institutions	2,325,673	2,330,540	2,018,873	2,018,960
Deposits from clients	2,950,654	2,986,933	6,306,139	6,483,318
Securities issued	573,725	486,869	855,966	865,143
Domestic borrowings	68,018	68,018	89,403	89,403
Foreign borrowings	1,710,202	1,690,914	1,789,191	1,778,929

g) Write-off of financial assets and liabilities

The accounting treatment for financial asset transfers depends on the extent to which risks and benefits related to transferred assets are transferred to third parties:

h) Normal purchases of financial assets.

Normal purchases of financial assets are recognized on transaction date. Assets are reversed when the rights to receive cash flows expire or when CCB Brasil has substantially transferred all ownership risks and benefits.

i) Net reporting of financial instruments.

Assets and liabilities and its respective income and expenses are presented net in the financial statements if, and only if, there is a current legal and enforceable right to offset the recognized amounts and if the intention of offsetting, or realizing the asset and settling the liability simultaneously.

Income and expenses are presented on a net basis only when referring to Foreign Exchange Variations (net) and Gains and losses on financial assets and liabilities (net), as shown in detail in **notes 31 and 30**, respectively.

j) Non-recoverable financial assets.

At each balance sheet date, CCB Brasil evaluates if there are objective evidences that financial assets (except those accounted for at fair value through profit or loss) present any evidence of impairment. Financial assets are considered as impaired when objective evidences demonstrate that a loss occurred after the asset initial recognition, and that this loss represents an impact on the assets future cash flows that may be reliably estimated. CCB Brasil considers the evidences of impairment both for individually significant assets and collectively significant assets. All individually significant financial assets are evaluated to detect specific and collective losses. Assets that are not individually significant are collectively evaluated to detect impairment, which is estimated considering the grouping of financial assets (accounted for at the amortized cost) with similar characteristics and risks.

CCB Brasil considers the following indicators as "objective evidences of impairment":

a) A contract breach, such as default or delayed contract payment;

b) Classifications defined by the credit area of CCB Brasil that indicate deterioration of operations;

c) Client operations under court-ordered reorganization;

d) Renegotiated loan operations

For assets of debt or equity instruments negotiated in active market, a significant reduction in the volume of operations or absence of liquidity may also be considered as evidence of impairment, for purposes of such analysis, such assets being periodically evaluated by the Market Risk area of CCB Brasil.

Operations individually identified as having objective impairment evidence are assessed as to the expectation of recovery, considering aspects, such as the economic and financial situation of the client, payment capacity of debtor, estimate term for receipt, guarantees, probability of recovery, and other aspects related to the conditions of the operation. This evaluation aims obtaining facts and data to be utilized for measuring the recoverable present value.

Impairment losses of assets accounted for by the amortized cost are measured as being the difference between the carrying value of financial assets and the recoverable present value, discounted by the actual original interest rate of assets. Losses are recognized in income (loss) under "Impairment losses of financial assets". Income from loans overdue for more than 60 days, regardless of their level of risk, are only recognized as income when effectively received.

In the evaluation and calculation of reduction to the collective recoverable value carried out for assets that do not individually present evidence of impairment, as well as to assets not individually significant, CCB Brasil makes use of percentages calculated based on historical loss studies taking into account amounts of loss incurred in the last three years, and the behavior of groups of assets with similar credit risks and characteristics. In situations in which it is verified that the percentages of historical loss do not accurately represent the present conditions of credit risk of a group of assets, these percentages will be adjusted at the management's criterion. The exercise of such criterion, if required, takes into account, among others, the present conditions of the economy (and the domestic credit scenario), and may lead to adjustments to the percentages of historical loss, once it is ascertained that real losses are likely to be higher or lower than those suggested by the historical model.

From September 2014, with the objective of aligning the internal policy for impairment of operations, credits to new controlling shareholder practices, the provision for impairment, considering the following aspects considered relevant:

a) increase in exposure base value for the determination of significant exposure.

b) a greater emphasis on the use of collateral to evaluate the impairment of credit operations.

c) modify loss indicators for delays of more than 90 days, operations under court-ordered reorganization and credits classified between D and H in accordance with the criteria established by Resolution 2,682/99 of the Central Bank of Brazil.

d) decrease in the number of years to determine the moving average of historical loss for calculating the provisions of loss of value of non-significant exposures.

Impairment losses with investment securities available for sale are recognized by transferring the difference between the amortized acquisition cost and the actual fair value, from shareholders' equity to income of the period.

Financial assets are withdrawn from the entity's balance sheet when there is no more expectation of recovery.

k) Purchase and sale commitments.

Purchases (sales) of financial assets based on non-optional fixed price resale (repurchase) agreement are recognized in the consolidated balance sheet as financing awarded (received), based on debtor's (creditor's) nature, under the account "Loans and advances to financial institutions" or "Loans and advances to clients" ("Deposits from financial institutions" or "Deposits from clients").

Differences between purchase and sale prices are recognized as long-term interest of the agreement.

l) Non-financial assets held for sale

Non-current assets destined to sale include the carrying amount of individual items, or groups of assets for disposal or items making part of a business unit destined to disposal ("Discontinued Operations"), the sale of which in their present condition is highly likely and which shall probably occur within one year as of the base date of financial information. Non-current assets for sale are generally measured for the lower between the fair value less the sale cost and the carrying amount on the date in which they are classified in such category. Non-current assets destined to sale are not depreciated, provided that they remain in such category.

Losses for non-recovery of an asset or disposal group as a result of reduction in its carrying amount to the fair value (less sales cost) are recognized in "Gains (losses) from non-current assets destined to sale not classified as discontinued operations" in the consolidated income statement. Gains from non-current asset destined to sale arisen from subsequent increases in fair value (less sales costs) increase their carrying amount and are recognized in the consolidated income statement up to the value equivalent to losses from non-recovery previously recognized.

m) Residual maturity periods.

Analysis of maturities of balances from certain items in consolidated balance sheets is informed in **Note 36-b.**

n) Tangible assets.

Tangible assets include the value of furniture, vehicles, hardware and other accessories owned by consolidated entities, being presented at acquisition cost less the respective accumulated depreciation and any loss for non-recovery (net carrying amount higher than the recoverable value).

Depreciation is calculated by the straight-line method, based on the acquisition cost of assets less its residual value.

Depreciation expense of tangible assets is recognized in the consolidated income statement and basically calculated utilizing the following depreciation rates (based on average years of estimated useful life of different assets):

Type of asset	Annual rate
Buildings for own use	4%
Furniture	10%
Fixtures	10%
Automobiles	20%
Office and IT equipment	20%
Leasehold improvements	20%

Consolidated entities evaluate, on the base date of financial information, if there is any indication that an asset may or may not be recoverable (that is, proportionally to the revised carrying amount and to the new remaining useful life (if useful life has to be estimated again). s, if its carrying amount exceeds its recoverable value). In case of impairment of a tangible asset, the value determined and respective reversions (as the case may be) are recorded in income of the period in the account "(Net) Gains (Losses) with other assets".

Similarly, in case of recovery of value of the tangible asset, consolidated entities recognize loss reversion from non-recovery recognized in prior periods and adjust expenses from future depreciation accordingly. In no event, reversion of a loss from non-recovery of an asset may increase its carrying amount above the value it would have had, if no loss from non-recovery would have been recognized in previous years.

Conservation and maintenance expenses related to fixed assets for own use are recognized as expenses in the period they will be incurred.

o) Lease accounting.

Financial leases relates to leases transferring substantially all risks and benefits associated to the property of asset leased.

Whenever consolidated entities act in the capacity of lessors with respect to an asset, the sum of present value of payments to be received from lessee with respect to lease plus the residual value guaranteed - which, in general, it is the price of exercise of the purchase option of lessee at the end of the term of lease - is recognized as loan to third parties and, therefore, included in the account “loans and advances to clients” in the consolidated balance sheet.

p) Intangible assets.

Intangible assets represent identifiable non-monetary assets (separated from other assets) without physical substance resulting from a legal transaction or which are internally developed by consolidated entities. Assets the costs of which may be reliably estimated, and from which consolidated entities shall deem likely that future economic benefits will be generated are recognized.

Intangible assets are initially recognized at the acquisition or production cost and are subsequently measured at the acquisition cost less any accumulated amortization and any losses due to non-recovery (net book value higher than the recoverable value).

i. Goodwill obtained from acquisition of subsidiaries

Goodwill arises from the process of acquisition of subsidiaries.

Goodwill represents the surplus of acquisition cost in view of the entity's interest in fair value of identifiable assets, liabilities and contingent liabilities in the company acquired on the date of acquisition. When such surplus is a negative one (negative goodwill), it is immediately recognized in income. Goodwill is classified as an intangible asset having undefined useful life, hence, it is not subject to amortization for the term of the expected future economic benefit.

Non-recovery of goodwill (that is, a reduction in its recoverable value below its carrying amount) is evaluated at the end of each period presented, and any non-recovery is written-off and charged to the account "(Net) Gains (losses) with other assets - other intangible assets" in the consolidated income statement.

A loss from non-recovery recognized to goodwill is not reversed in a subsequent period.

q) Other assets.

This item includes the balance of all advances, prepaid expenses, and the amount of any other values and goods not included in other items.

r) Other liabilities.

Other obligations include the balance of all expenses provided and deferred income, excluding interest accrued, and the value of any other obligations not included in other categories.

s) Provisions, contingent assets and liabilities.

In preparing the consolidated financial statements, Management makes a distinction between:

- Provisions: creditor balances covering obligations existent on the date of the balance sheet arisen from past events that could have given origin to a loss for consolidated entities, the occurrence of which is considered likely and the nature of which is certain, but value and/or time of which are uncertain. According to accounting standards, provisions should be recognized in the consolidated financial statements.

- Contingent assets - Potential assets arising from past events, the existence of which depends of the occurrence or not of events beyond the control of CCB Brasil. Contingent assets are not recognized in the consolidated balance sheet or in the consolidated income statement, but disclosed in the explanatory notes, provided that it is likely that said assets shall give origin to an increase in resources incorporating economic benefits.

- Contingent liabilities - potential obligations arisen from past events and the existence of which might only be confirmed by the occurrence or not of one or more future events that are not fully under the control of consolidated entities. They include existing obligations of the consolidated entities, in case it is not likely that an exit of resources incorporating economic benefits will be necessary for settlement. According to accounting standards, contingent liabilities are not recognized in the books, and the effects thereof should only be disclosed in the explanatory notes.

Provisions quantified based on the best information available on the consequences of the event that has given origin to them, and revised and adjusted at the end of each year are used to supply specific obligations for which they have been originally recognized. Provisions are totally or partially reverted when such obligations do not exist anymore or are reduced.

Provisions for contingent liabilities, commitments, provisions for taxes and other legal contingencies, and other provisions include the value of provisions recognized to cover tax and legal contingencies and labor and civil lawsuits and other provisions recognized by consolidated entities.

t) Recognition of income and expenses.

The most significant criteria used by CCB Brasil to recognize its income and expenses are summarized as follows:

i. Interest income and expenses and the like

Income and expenses on interest and similar are recognized by the accrual basis, utilizing the effective rate of interest method.

ii. Commissions, fees and similar items

Fees and commissions' income and expenses are recognized in the consolidated income statement, using criteria varying according to their nature. The main criteria are the following:

- Income and expenses on fees and commissions, related to financial assets and liabilities measured at the fair value through profit or loss, are recognized upon payment.

- Those arising from transactions or services performed during a period of time are recognized throughout the life of such transactions or services.

- Those related to services rendered in one time are recognized upon execution thereof.

iii. Non-financial income and expenses

Are recognized for accounting purposes by the accrual basis of accounting.

u) Financial guarantees.

Financial guarantees are defined as agreements through which an entity undertakes to make specific payments on behalf of a third party in case the third party does not make it, independently of the several legal forms they might take, such as, guarantees, irrevocable documentary credits issued or guaranteed by the entity, etc.

CCB Brasil initially recognizes the financial guarantees rendered in liabilities in the consolidated balance sheet at fair value, that is, in general, the present value of fees, commissions and interest receivable from these agreements during the term thereof, and concurrently it recognizes in assets in the consolidated balance sheet the value of fees, commissions and interest receivable at present value.

Financial guarantees, independently of guarantor, instruments or other circumstances, are periodically revised for determination of the credit risk to which they are exposed to, and, as the case may be, to consider if a provision is required. The credit risk is determined by application of criteria similar to those established for quantification of losses on non-recovery on loans and receivables measured at amortized cost.

In case a specific provision shall be required for financial guarantees, the respective commissions to be apportioned recognized under "Financial liabilities at amortized cost - other financial liabilities" in the consolidated balance sheet are reclassified to the appropriate provision.

v) Taxes on income.

Taxes on income are calculated on net income adjusted in accordance with tax legislation, at rates of 15%, plus an additional 10% above a certain income tax level and 15% of profit before deduction of income tax for social contribution taxes to August 2015 and from September 2015 until December 31, 2018, at 20%, according to Law Number 13,169/15.

The expectation of realization of the Bank's tax credits, as shown in **note 24**.

Corporate Income Tax - IRPJ expense is recognized in the consolidated income statement, except when resulting from a transaction directly recognized in shareholders' equity, and, in this event, the tax effect is also recognized in shareholders' equity.

Current income tax expense is calculated as the sum of current tax resulting from application of the appropriate tax rate to the taxable income of the year (net of any deductions permitted for tax purposes), and changes in deferred tax assets and liabilities recognized in the consolidated income statement.

Deferred tax assets and liabilities include temporary differences identified as values expected to be paid or recovered upon differences between accounting values of assets and liabilities, and their respective calculation basis, and accumulated tax credits and losses. These values are measured at the rates expected to be applied in the period in which asset will be realized or liability will be liquidated.

Deferred tax assets are only recognized for temporary differences in the extent it shall be deemed likely that consolidated entities will have sufficient future taxable income against which deferred tax assets might be utilized.

w) Consolidated statements of cash flows.

The terms below are used in the consolidated statements of cash flows and have the following meanings:

- Cash flows: Inflow and outflow of cash and cash equivalents, that are high liquidity interest earning bank deposits subject to insignificant risk of changes in value.
- Operating activities: Main activities generators of income from financial institutions and other activities that are not financing or investment activities.
- Investment activities: Acquisition and sale of other investments not included in cash and cash equivalents.
- Financing activities: activities resulting in changes in the size and composition of shareholders' equity and liabilities that are not operational activities.

In preparing the consolidated cash flow statement, high liquidity financial applications that are subject to insignificant risk of changes in value have been classified as "Cash and cash equivalent".

x) Standards, changes and interpretations of standards not yet in effect:

The following pronouncements will be effective for periods after the date in these financial statements. The institution did not go about the early adoption of the standards and/or alterations of the standards presented below:

- IFRS 9 Financial Instruments, issued in its final form in July 2014, with a mandatory application date from January 2018 (earlier application is permitted), to replace in its entirety the IAS39 Financial Instruments: Recognition and measurement. IFRS 9 has significant differences with respect to:

  (i) Classification and measurement: The classification of financial assets based on the business model in which such assets are maintained and the contractual cash flows of this asset. Thus, three categories of financial assets have been defined; they are "amortized cost", "fair value through other comprehensive income" and "fair value through profit or loss". For financial liabilities, the main alteration concerns the option at fair value, in which the change in fair value of the financial liability is attributed to the credit risk of the entity and should be in highlighted lines of the equity of other comprehensive income.

(ii) Impairment methodology: With the introduction of the concept of recognition of expected credit loss for the financial instrument from its initial recognition, with subsequent changes in the provision as subsequent measurements of the expected credit loss. Therefore, it is no longer necessary that the loss event occurs for which the provision is recognized (as defined in IAS 39). The concepts introduced by the standard and should be applied only to the categories of "amortized cost" and "fair value through other comprehensive income."

(iii) Hedge accounting: With the inclusion of requirements that bring hedge accounting closer to the risk management of the entity, with a principles-based approach, as such the main inconsistencies and weaknesses of IAS39 are pointed out. The three existing hedge accounting methods applied in the standard are currently held (which are: cash flow hedge, fair value hedge and the hedge of net investment in operations abroad).

The adoption of the aforementioned IFRS will take effect on the consolidated financial statements with respect to the current categorization of financial instruments and the current methodology of impairment measurement, which is based on the recognition of the loss from the credit event that occurred. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- IFRS 15 - Income from contracts with clients: It was issued in May 2014 and is effective for annual reports commencing on/or after January 1, 2018. The rules in the IFRS specify how and when revenue will be recognized, as well as the requirement that entities provide users of financial statements a higher level of information and relevant notes. The standard has five basic principles to be applied to all contracts with clients. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- Amendments to IFRS 11 - Joint Arrangements - The amendment outlines accounting criteria for the acquisition of joint ventures and joint operations, which constitute a business, as set forth in the methodology in IFRS 3 - Business Combinations. Applicable for years beginning on January 1, 2016 and its early adoption is permitted by the IASB. The impact of this amendment shall be required if there is an acquisition of joint control. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- Amendments to IFRS 16 - Leases - Issued in January 2016, with a mandatory application date from January 2019. This standard contains a new approach to leasing contracts, which requires Lessors to recognize assets and liabilities for the rights and obligations created by the contract. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- Amendments to IAS 1 - Presentation of Financial Statements - Changes are related materiality concepts, order explanatory notes, subtotals, accounting policies and breakdown. Effective for years beginning on January 1, 2016 and its early adoption is permitted by the IASB. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- Amendments to IAS 27 - Equity Method in the Separate Financial Statements - These amendments allows the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Effective for years beginning on January 1, 2016 and its early adoption is permitted by the IASB. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

- Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture - These amendments provide that a gain or loss shall be recognized for the full amount when the transaction involves assets that constitute a business (whether the business is housed in a subsidiary or not). When the transaction involves assets that do not constitute a business, a gain or partial loss is recognized, even if these assets are recorded in a subsidiary. Effective for years beginning on January 1, 2016 and its early adoption is permitted by the IASB. The possible impacts arising from the adoption of this amendment are being assessed and will be completed until the standard becomes effective.

IFRS Update cycles

- Changes in IFRS. Cycle 2012 - 2014 (required for annual periods, beginning on/or after January 1, 2016) - These amendments introduce minor changes to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The possible impacts of changes in effect from 2016 are under the analysis by the Bank, and should be completed before the standard enters into force.

3. *Cash and cash equivalents and reserves at the Central Bank of Brazil*

	2015	2014
Cash	1,073	1,606
Foreign currency deposits	392,445	173,429
Compulsory deposits at the Central Bank of Brazil	33,309	98,214
	426,827	273,249
Currency:		
Real	35,300	101,161
USD	391,527	172,088
	426,827	273,249

4. *Loans and advances to financial institutions*

The composition by rating, type, and currency of the balances in the item "Loans and advances to financial institutions" in the consolidated balance sheets is as follows:

	2015	2014
Rating:		
Loans and receivables	724,184	409,853
	724,184	409,853
Type:		
Purchase and sale commitments	-	22,843
Interbank deposits	350,946	157,703
Other loans	373,238	229,307
	724,184	409,853
Currency:		
Real	393,570	370,652
USD	330,614	39,201
	724,184	409,853

Note 36-b contains details for the periods of residual maturity of loans and receivables.

5. *Debt instruments*

The composition by rating, type, and currency of the balances in the item "Debt instruments" is as follows:

	2015	2014
Financial assets for trading	3,417,143	2,625,367
Financial assets available for sale	628,131	976,894
	4,045,274	3,602,261
Type:		
Financial assets for trading:	3,417,143	2,625,367
Brazilian government bonds	3,313,850	2,563,817
Multimarket fund quotas	103,293	61,550
Financial assets available for sale:	628,131	976,894
Brazilian government bonds - NTN	628,131	962,336
Eurobonds	-	14,558
Currency:		
Real	4,045,274	2,625,367
U.S. dollar	-	976,894
	4,045,274	3,602,261

6. *Equity instruments*

The composition by rating and type, of the balances in the item "Asset instruments" is as follows:

	2015	2014
Rating:		
Financial assets for trading	2,117	1,867
Type:		
Shares of domestic companies	1,861	1,615
Other financial assets	256	252
	2,117	1,867

Note 36-b contains details of the residual maturity periods of financial assets held for trading, equity instruments.

7. *Derivative financial instruments*

The details per type of inherent risk, of the market value of tradable derivatives are shown as follows:

			2015			
			Reference value			
	Differential		Net position of asset contracts and (Liabilities)			
	Receivable	Payable	Falling due Up to 3 months	Falling due 3-12 months	Falling due >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	-	-	-	-
Adjustment to market value	(20,011)	(24,072)	-	-	-	-
Total	933,773	24,527	-	-	-	-
Forward contracts/Non-deliverable forwards—NDF						
Forward purchase/NDF	26,014	172	78,400	142,907	-	221,307
Forward sale/NDF	2,591	433	(17,110)	(64,480)	-	(81,590)
Subtotal	28,605	605				
Flexible Options Contracts						
Purchase of Flexible Options	-	-	-	-	175,689	175,689
Subtotal	-	-				
Total	962,378	25,132				
Futures contracts:						
Purchase - Interbank market	-	-	16,242	28,651	-	44,893
Sale - Interbank market	-	-	(79,417)	(233,338)	(3,831,878)	(4,144,633)
IND purchase	-	-	3,071	-	-	3,071
Buy - DDI - For. cur. coupon	-	-	9,826	23,487	-	33,313
Sale - DDI - For. cur. coupon	-	-	-	(56,963)	-	(56,963)
Sale - Foreign currency	-	-	(374,793)	-	-	(374,793)

			2014			
			Reference value			
	Differential		Net position of asset contracts and (Liabilities)			
	Receivable	Payable	Falling due Up to 3 months	Falling due 3-12 months	Falling due > 12 months	Total
Swap contracts:						
Interbank market	34	2,935	43,112	(591,116)	(468,165)	(1,016,169)
Foreign currency	636,718	5,125	(53,002)	574,757	468,165	989,920
Shares - BICB4	2,188	-	9,890	16,359	-	26,249
Subtotal	638,940	8,060	-	-	-	-
Adjustment to market value	5,239	(461)	-	-	-	-
Total	644,179	7,599				
Forward contracts/Non-deliverable forwards—NDF						
Forward purchase/NDF	4,973	313	43,635	92,498	-	136,133
Forward sale/NDF	1,121	4,593	(161,794)	(4,391)	-	(166,185)
Subtotal	6,094	4,906				
Total	650,273	12,505				
Futures contracts:						
Purchase - Interbank market	-	-	-	-	3,495	3,495
Sale - Interbank market	-	-	(179,224)	(415,901)	(2,540,767)	(3,135,892)
IND purchase	-	-	3,028	-	-	3,028
Buy - DDI - For. cur. coupon	-	-	33,174	56,578	-	89,752
Sale - DDI - For. cur. coupon	-	-	-	(28,817)	-	(28,817)
Sale - Foreign currency	-	-	(197,071)	-	-	(197,071)

Note 36-b contains details for the periods of residual maturity of derivatives.

The Bank operates with traditional derivatives intended to meet client needs and to practice its risk management policy, as a form of minimizing risks arising from financial transactions.

From the first half of 2015, to seek protection from exposure to changes in exchange rate coupons in foreign currency, CCB Brasil contracted swap operations (USDxCDI), registered at CETIP, with similar values, terms, and rates, classified with a structure of hedge accounting of market risk. The effectiveness calculated for the hedge portfolio is in accordance with the provisions of IFRS 39.

8. *Loans and advances to clients*

a) Breakdown

The composition by rating of the balances in the item "Loans and advances to clients" in the consolidated balance sheets is as follows:

Loans and advance to clients	2015	2014
Working capital	2,337,844	4,584,027
Import/Export financing	1,887,720	2,229,488
Payroll loan	917,906	803,015
CDC	334,780	390,907
Other Loans - Debt Composition	290,361	473,834
Other loans	165,659	158,195
Lease operations	116,463	250,112
Discounted securities	91,291	227,380
Rural	56,011	116,867
Overdraft protection (*cheque especial*) and secured account	45,969	445,957
Honored Collateral	34,855	5,161
Real estate	2,136	2,018
Consumer financing	1,827	78,766
Total loans and advances to clients	6,282,822	9,765,727

The leasing operations make up the balance of the "Consumption Finance" form of lending.

Note 36-b contains details for the periods of residual maturity of loans and receivables.

There are no loans and advances to clients of expressive sums without defined maturity dates.

b) Diversification per index

Below follow details by type, activity of borrower, and interest rate formula of loans and advances to clients reflecting the Bank's credit risk exposure in its predominant activity, gross of losses due to non-recovery:

						2015
Type of operation	**Prefixed rates**	**CDI**	**TR / TBF**	**Dollar**	**Others (*)**	**Total**
Loans and advance to clients	1,727,903	2,790,093	14,950	1,645,670	104,206	6,282,822
Total	1,727,903	2,790,093	14,950	1,645,670	104,206	6,282,822

(*) Comprised mainly by transactions subject to indices - TJLP (long-term interest rate), UMBNDES and IGPM (general market price index).

2014

Type of operation	Prefixed rates	CDI	TR / TBF	Dollar	Others (*)	Total
Loans and advance to clients	2,143,877	5,799,789	80,115	1,715,395	26,551	9,765,727
Total	2,143,877	5,799,789	80,115	1,715,395	26,551	9,765,727

(*) Comprised mainly by transactions subject to indices - TJLP (long-term interest rate), UMBNDES and IGPM (general market price index).

c) Diversification by sector of activity

Sector of activity	2015	2014
Private sector	**4,895,079**	**8,342,321**
Industry	2,764,738	3,981,429
Other services	1,112,778	2,622,393
Commerce	745,860	1,394,554
Agribusiness	248,535	276,792
Financial intermediaries	23,168	67,153
Individuals	**1,293,997**	**1,248,027**
Public sector	**93,746**	**175,379**
Total	6,282,822	9,765,727

d) Credit assignment to non-financial institution

In the year ended December 31, 2015, loan operations with substantial transfer of risks and benefits in the amount of R$ 3,655 (December 2014 - R$ 31,472) were assigned for legal entities not belonging to the national financial system (unassociated), generating a negative result of R$ 1,715 (December 2014 - R$ 654). Furthermore, defaulted credit operations already written-off as loss were sold, resulting in an income (loss) in the amount of R$ 9,000 (December 2014 - R$ 1,879).

e) Breakdown of impairment

The changes in provisions for losses due to non-recovery in the balances of the item "Loans and financing - loans and advances to clients" are the following:

Loans and advances to clients

	2015	2014
Operations individually assessed	1,014,516	698,038
Provision for impairment	(421,703)	(377,144)
	592,813	320,894
Operations collectively assessed	5,268,306	9,046,159
Provision for impairment	(229,591)	(491,122)
	5,038,715	8,555,037
Total loans and advances to clients	6,282,822	9,744,197
Total provision for impairment	(651,294)	(868,266)
Net balance of loans and advances to clients	5,631,528	8,875,931

	2,015	2,014
Opening balance of provision for impairment losses	868,266	408,442
Formation/(reversal) of balances against the provision for impairment losses	1,059,777	967,555
Write-off of balances against the provision for losses due to the decrease in recoverable value	(1,276,749)	(507,731)
Ending balance of the provision for losses due to the decrease in recoverable value	651,294	868,266
Recovery of credits offset	106,710	16,420
Credits traded during the period	356,504	433,363
Percentage of provision on credit portfolio	10.37%	8.81%

9. Other loans and receivables.

All the balances of counterparties that are not clients or financial institutions are considered "Other Loans and Receivables." As of December 31, 2015, this item is composed basically of balances outstanding with stock exchanges (under usual market terms) and credits granted and not typified as loans, totaling the sum of R$ 33,658 (2014 - R$ 42,604).

10. Other financial assets

The composition of this item's balances is as follows:

	2015	2014
Foreign exchange portfolio (net)	160,091	150,935

11. Assets held for sale

Non-financial assets stated as held for sale are recorded in the balance sheet when actually appropriated or intended for sale. In CCB Brasil's case, these assets mainly refer to property available for sale and received as payment for debt, which were initially stated at the lowest value between book and market values, less sales costs.

CCB Brasil's policy consists in having control of a real property (though it is not yet in possession) when it obtains the adjudication order or writ of public bid or payment in kind (control of asset), and in the case of vehicles / others this will be based on the definite sentence (control of asset). At the moment the asset is owned, credit agreement is written off and accounted for in "Assets Held For Sale" at the amount included in an appraisal report prepared by an expert accredited by CCB Brasil conglomerate, limited to the debt amount.

The certificate should specify the appraisal criteria and the comparison parameters employed to arrive at the value. The asset should be put up for sale only after settling any outstanding items (except writ of delivery). It should be reassessed following the regulatory term (1 year) plus extensions and the mandatory public auction. A provision for loss should be created or increased whenever the market value (assessment) is below book value.

Management makes efforts to sell assets held for sale in a maximum of 3 years, beginning as of the term date, provided that there is no legal hindrance. If property is not sold within mentioned period, factors preventing the sale will be reviewed and considered in the process of periodic assessment of recoverable value of the asset.

Any subsequent reductions of the asset's book value should be recorded as losses due to reduction to fair value, less cost of sale, and should be stated in Statement of comprehensive income under "Gains (losses) with other assets (net)." Gains and losses arising from the disposal of assets held for sale should be recorded under "Gains (losses) with financial assets (net)."

a) Breakdown

	2015	2014
Rating:		
Assets held for sale	253,733	244,846
	253,733	244,846
Type:		
Machinery and equipment	26,461	26,078
Real estate	288,464	282,922
Vehicles	16,448	12,220
Others	188	-
Inventories	-	367
Provision for impairment losses	(77,828)	(76,741)
	253,733	244,846

b) Changes

	2015	2014
Opening balance	244,846	431,946
Assets seized	57,939	34,065
Disposals	(49,052)	(221,165)
Balance at the end of the year	253,733	244,846

12. Investments

The composition of this item's balances is as follows:

	2015	2014
Jointly controlled entities - BrasilFactors	4,425	4,164

On April 25, 2011, CCB Brasil assumed the 40% interest in the capital of BRASILFactors S.A, a joint venture that has FIMBank PLC (40%) and International Finance Corporation - IFC (20%) as its other shareholders. In the first quarter of 2015, CCB Brasil and FIMBANK changed the percentage of capital of BRASILFactors S.A to 50%, the control remains shared.

The Company's main activities are geared towards factoring and forfaiting services, involving the purchase of receivables from the domestic and international markets, having small and midsized businesses as a target market.

Since it is established as a joint venture, CCB Brasil, as an entrepreneur, recognizes its investment in the entity through the equity method, proportional to the interest held, i.e. 50%, in the financial statements of the Bank.

13. Tangible assets

CCB Brasil's tangible assets consist in fixed assets in use. CCB Brasil has no tangible assets stated as investment property or leased under operating lease operations.

On December 31, 2015 and 2014, CCB Brasil assessed losses due to non-recovery in the tangible assets groups totaling R$ 1,117 and R$ 686, in 2015 and 2014, respectively.

Details by types of assets, of the tangible assets in the consolidated balance sheets are as follows:

	Cost	Accumulated depreciation	Impairment	Net balance
Land and buildings	164,275	(54,845)	(10)	109,420
Data processing systems	12,966	(11,644)	(42)	1,280
Facilities, furniture and equipment in use	20,474	(8,914)	(615)	10,945
Leasehold improvements	32,132	(32,132)	-	-
Construction in process	2,159	-	-	2,159
Others	2,880	(984)	(19)	1,877
Balances at December 31, 2014	234,886	(108,519)	(686)	125,681
Land and buildings	166,813	(63,785)	-	103,028
Data processing systems	12,762	(12,022)	(82)	658
Facilities, furniture and equipment in use	21,099	(10,876)	(984)	9,239
Leasehold improvements	19,089	(19,089)	-	-
Others	2,691	(1,227)	(51)	1,413
Balances at December 31, 2015	222,454	(106,999)	(1,117)	114,338

The changes in the "Tangible assets" item in the consolidated balance sheets are as follows:

	2015	2014
Cost:		
Balances at the beginning of the year	234,886	245,262
Additions	9,488	12,127
Disposals	(21,920)	(22,503)
Balances at the end of the year	222,454	234,886
Impairment	(1,117)	(686)
Accumulated depreciation:		
Balances at the beginning of the year	(108,519)	(111,169)
Additions	(4,407)	(3,779)
Disposals	5,927	6,429
Total depreciation at yearend	(106,999)	(108,519)
Net balance of Tangible Assets	114,338	125,681

14. Intangible assets

The composition of the item "Other intangible assets" is as follows:

	Estimated useful life	2015	2014
With defined useful life:			
Expenses on software acquisition and development	Other	10,656	8,555
Accumulated amortization	Up to 5 years	(8,033)	(5,664)
Without defined useful life:			
Goodwill - CCB Brasil Financeira		105,190	105,190
		107,813	108,081

The changes in the item "Other intangible assets" are as follows:

	2015	2014
Opening balances	108,081	108,497
Additions	2,101	(4,164)
Amortizations	(2,369)	3,748
Balances at the end of the year	107,813	108,081

Depreciation and amortization expenses were included under "Depreciation and amortization", in the statement of income.

CCB Brasil assessed losses due to non-recovery in the intangible assets groups. Impairment losses were not detected in these assets on analyzed base date.

a) Business combination (Intangible assets)

In accordance with its strategy of expanding its financing activities, CCB Brasil acquired 100% of the equity capital of CCB Brasil S.A. Crédito, Financiamento e Investimentos. The transaction was approved by the Central Bank of Brazil conditioned to a R$ 150,000 capital contribution, made on June 1, 2010, on which date the entity's transfer of control took place. The key activity of CCB Brasil Financeira is in the retail area, chiefly by granting payroll-based loans to individuals.

The goodwill of R$ 105,190, represented by the excess fair value in the consideration paid to former controlling shareholders and the fair value of shareholders' equity of the company on acquisition date, is basically based on the expected future profitability from the synergy between CCB Brasil and CCB Brasil Financeira. This expectation is duly supported by a report of specialized company.

The recorded goodwill is subject to a recoverability test once a year, or more often if there is an indication of reduction in the recoverable value of the asset, and was allocated to cash generating units identified in accordance with operating segments (Note 37).

The basis used for the recoverability test is the value in use, and for this purpose Management estimates the cash flow that is subject to several factors, such as: (i) macro-economic projections of the interest rate, inflation, and others; (ii) National financial system's behavior and growth estimates; (iii) increased costs, returns, synergies and investment plan; (iv) client behavior and (v) growth rates and adjustments applied to perpetuity flows. The adoption of these estimates involves the probability of the occurrence of future events and changes in one of these factors could have a different result.

Based on the aforementioned assumptions no goodwill recoverable value loss was identified in 2015.

CCB Brasil S.A. Crédito, Financiamentos e Investimentos	105,190
Operating segment:	105,190
Retail	105,190

	Retail
Main assumptions:	
Evaluation basis	Value in use: cash flows
Cash flow projection period (1)	10 years
Growth rate in perpetuity	5.0% p.a.
Discount rate (2)	13.35%

(1) Cash flow projections are based on internal budget and on management's growth plans, taking into account historical data, expectations and market conditions such as industrial growth, interest rate and inflation indexes.

(2) The discount rate is calculated with basis on the capital asset pricing model (CAPM), considering the method for calculation: KE = RF + β. (RM - RF) of the factors described below:

R_F	BMF Reference Rate for 10 years in Dec-12 (BMFBovespa)	10.56%
Beta	Adjusted Beta (Scholes & Williams model) per liquidity/size of BICB4, 5Y, weekly returns (FBM)	85%
R_M - R_F	Implicit market premium, DEC-12 (Damodaran/NYU)	3.28%
K_E BRL	Cost of own capital in nominal Brazilian Reais	13.35%

A sensitivity test was conducted for the main assumptions that could have reasonable changes, and no loss in goodwill recoverable value was identified.

Others Assets

a) Breakdown of "Other assets" balance is as follows:

	2015	2014
Prepaid expenses	25,838	65,193
Sundry receivables	11,535	28,671
Other payments	10,597	4,920
Salary advances	1,725	1,492
Advances for payments on our account	1,724	3,345
Sundry accounts	457	464
Dividends receivable	-	18
	51,876	104,103

15. Deposits from financial institutions

The composition by rating, counterpart, type, and currency of the balances in these items is as follows:

	2015	2014
Rating:		
Financial liabilities at amortized cost	2,325,673	2,018,873
	2,325,673	2,018,873
Type:		
Interbank deposits	810,814	401,990
Obligations related to purchase and sale commitments	1,511,007	1,614,644
Other banks	3,852	2,239
	2,325,673	2,018,873
Currency:		
Real	2,325,673	2,018,873
	2,325,673	2,018,873

On December 31, 2015 and on December 31, 2014 CCB Brasil did not hold any restricted debt instruments in its own portfolio as guarantee of purchase and sale commitments.

Note 36-b contains details for the periods of residual maturity of financial liabilities at amortized cost, financial institution's deposits.

16. Deposits from clients

The composition by rating, type, in the item "Client deposits" is as follows:

	2015	2014
Rating:		
Financial liabilities at amortized cost	2,950,654	6,306,139
	2,950,654	6,306,139
Type:		
Time Deposits	2,793,593	6,040,543
Demand deposits	110,253	217,298
Savings deposit	12,734	12,834
Other deposits	31,699	21,975
Correspondent accounts	3	10,332
Foreign currency deposit	2,372	3,157
	2,950,654	6,306,139
Currency:		
Real	2,948,282	6,302,982
USD	2,372	3,157
	2,950,654	6,306,139

Note 36-bcontains details for the periods of residual maturity of financial liabilities at amortized cost, deposits to clients.

17. Securities issued

The composition by rating, type, and currency of the balances in the item "Securities issued" is as follows:

	2015	2014
Rating:		
Financial liabilities at amortized cost	573,725	855,966
Other liabilities at fair value through profit or loss	-	929,835
	573,725	1,785,801
Type:		
Financial liabilities at amortized cost		
Obligations related to securities issued abroad	86,966	109,453
Domestic currency funds	486,518	746,304
Liabilities due to acceptances of tradable notes	241	209
	573,725	855,966
Other liabilities at fair value through profit or loss		
Obligations related to securities issued abroad	-	929,835
	-	929,835

Note 36-b contains details for the periods of residual maturity of financial liabilities at amortized cost, security obligations.

The composition by currency of denomination of this item's balance is as follows:

Currency of denomination	2015	2014
Real	486,518	746,304
USD	87,207	1,039,497
Balances at the end of the year	573,725	1,785,801

18. Subordinated debts

Details of the balance of "Subordinated debt" are as follows:

	2015	2014
Rating:		
Other liabilities at fair value through profit or loss	1,190,293	892,515
Financial liabilities at amortized cost	705,200	263,291
	1,895,493	1,155,806
Type:		
Other liabilities at fair value through profit or loss		
Foreign securities	126,887	86,308
Eurobonds	1,063,406	806,207
	1,190,293	892,515
Financial liabilities at amortized cost		
Subordinated CDB	705,200	263,291
	705,200	263,291

Details by currency of denomination of the balance of "Subordinated debt" are as follows:

Currency:	2015	2014
USD	1,190,293	892,515
Real	705,200	263,291
	1,895,493	1,155,806

Note 36-b contains details on residual maturity periods of subordinated debts at each yearend.

19. Domestic borrowings

The composition of the item "Liabilities due to domestic loans" is as follows:

	2015	2014
Rating:		
Financial liabilities at amortized cost	68,018	89,403
	68,018	89,403
With:		
Obligations due to onlending - Other official institutions	60,389	78,069
Other funds and programs	7,629	11,334
	68,018	89,403
Currency:		
Real	68,018	89,403
	68,018	89,403

Note 36-b contains details for the periods of residual maturity of financial liabilities at amortized cost, domestic borrowings.

20. Foreign borrowings

The breakdown of the balances in the item "Foreign borrowings" is as follows:

	2015	2014
Rating:		
Financial liabilities at amortized cost	1,710,202	1,789,191
Other liabilities at fair value through profit or loss	205,427	223,581
Financial liabilities from hedged object (*)	2,391,222	-
	4,306,851	2,012,772
With:		
Financial liabilities at amortized cost:		
Import/export financing	1,467,159	1,728,612
Repass borrowings abroad	97	49,098
Other liabilities	-	11,481
	1,467,256	1,789,191
Other liabilities at fair value through profit or loss		
Import/export financing	242,946	20,264
Repass borrowings abroad	205,427	203,317
	448,373	223,581
Financial liabilities from hedged object:		
Foreign loans	2,355,297	-
Mark-to-Market	35,925	-
	2,391,222	-
Currency:		
USD	4,306,851	2,012,772

Note 36-b contains details for the periods of residual maturity of financial liabilities at amortized cost, foreign borrowings.

(*) Hedge accounting

From the first half of 2015, to seek protection from exposure to changes in exchange rate coupons in foreign currency, CCB Brasil contracted swap operations (USDxCDI), registered at CETIP, with similar values, terms, and rates, classified with a structure of hedge accounting of market risk. The effectiveness calculated for the hedge portfolio is in accordance with the provisions of IAS 39.

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

	CCB Brasil - MULTIPLE AND CONSOLIDATED			
	Hedge instrument		Hedged object	
	Nominal value	Market value adjustment (*)	Book value	Market value adjustment (*)
Hedge of funds raised abroad	2,357,914	36,257	2,355,297	35,925

(*) Recorded under "Derivatives"

21. Other financial liabilities

Refer to the value of FIDCs senior quotas recorded as liabilities in FDICs consolidation process.

	2015	2014
Receivables Investment Fund (FIDC) obligations	-	74,664

Note 36-b contains details for the periods of residual maturity of financial liabilities at amortized cost, other financial liabilities.

22. Provisions

CCB Brasil and its subsidiaries are parties in lawsuits and administrative proceedings arising from the normal course of business, involving issues of a civil, labor, fiscal, and welfare nature.

a) Liabilities of a civil, labor, and fiscal nature

Based on information from its legal advisors, on examinations of outstanding court proceedings, and on the background of losses in labor issues, Management created a provision for contingent liabilities of an amount deemed to be sufficient to cover estimated losses in the lawsuits in progress.

b) Legal obligations and contingent liabilities classified as probable losses

Legal liabilities and contingent liabilities stated as likely losses are fully stated, the most relevant being:

b.1) CSLL x Equal tax treatment - amount involved R$ 129,310: claims the suspension of CSLL payments for the base period from 2008 onwards, in connection with the rate increase from 9% applied to other legal entities, to 15% applied to financial institutions, in view of non-compliance with the constitutional principal of equal treatment. The involved amount is under a judicial deposit.

b.2) COFINS x Law No. 9.718/98 - amount involved R$ 438,119: claims payment of the contribution as of November 2005, based on the calculation provided in Complementary Law no. 7/70, in view of the unconstitutionality of expanding the calculation basis provided for in Law 9718/98. Part of the amount involved was placed in a judicial deposit in the amount of R$ 21,790.

b.3) COFINS x Law No. 9.718/98 - amount involved R$ 71,145: claims payment of the contribution as of November 2005, based on the calculation provided in Complementary Law no. 7/70, in view of the unconstitutionality of expanding the calculation basis provided for in Law 9718/98. Part of the amount involved was placed in a judicial deposit in the amount of R$ 70,880.

b.4) PIS - Constitutional Amendment no. 17/97 - amount involved R$ 15,013: claims to annul the requirement for the retroactive PIS tax and for a 90-day period from March 7, 1995 to June 07, 1996, in view of principles against retroactivity and 90-day time limit and to ensure the right to calculate and pay the PIS tax on gross operating revenue, understood as that arising solely from the provision of services and sale of goods as established in article 44 of Law No. 4506/64, in article 12 of Decree-Law 1587/77 and in article 226 of Decree 1041/94. The amount involved was placed in a judicial deposit.

b.5) PIS - Constitutional Amendment no. 17/97: claims to annul the requirement for the retroactive PIS tax and for a 90-day period from November 25, 1997 to February 23, 1998, in view of principles "against retroactivity" and "90-day time limit" and to ensure the right to calculate and pay the PIS tax after February 23, 1998 in accordance with Complementary Law No. 7/70.

b.6) INSS - Sundry/Autonomous/Management: claims to offset undue tax payments since the Federal Supreme Court has declared unconstitutional the words "entrepreneurs" and "autonomous" since they were found to lack support under Federal Constitution article 195.I, which, until the Constitutional Amendment No. 20/98, established that social contribution taxes were due only on the payroll, gross sales and profit. The amount involved was placed in a judicial deposit. Decision fully favorable and unappealable in the 1st semester of 2013. Awaiting full deposit in court.

c) Contingent liabilities classified as possible losses

c.1) Tax and social security proceedings

Contingent liabilities stated as likely losses are monitored by the institution and are based on opinions by legal counsel, with regard to each of the lawsuits and administrative proceedings. Hence, pursuant to the rules in force, any likely losses are not recognized in the accounting records, and these are composed basically of the following issues:

PIS - Constitutional Amendment no. 17/97 - amount involved R$ 10,829: claims to annul the requirement for the retroactive PIS tax and for a 90-day period from November 25, 1997 to February 23, 1998, in view of principles “against retroactivity” and “90-day time limit” and to ensure the right to calculate and pay the PIS tax after February 23, 1998 in accordance with Complementary Law No. 7/70. Final decision entirely in favor of CCB Brasil rendered final in June 2015.

Withholding income tax on interest remittances to foreign countries - amount involved R$ 11,669: claims to offset the unduly withheld amounts of withholding income tax on remittances of interest to foreign countries, against the same corporate income tax, as allowed by article 39 of Law No. 9250/96, and excluding restrictions contained in Circular Letters 2269/92 and 2372/93 and Communication 2747/92, which placed a condition that the zero income tax rate requires observance of minimum amortization periods, considering that condition as a clear violation of legal principles. The amount involved was placed in an judicial deposit.

Service Tax - São Paulo - Taxed services - Correctness of levying the service tax on services listed in the attachment to complementary law 56/87 - involved amount of R$ 17,696**:** claims to discontinue the charges of the service tax levied on supposed revenues from provision of taxable services, not expressly included in the list of services attached to complementary law No. 56/87, with the allegation that the list contains mere examples, contrary to understanding taken for granted at the Superior Court of Justice, which adopts the interpretation that only the listed services are taxed. The amount involved was placed in an judicial deposit.

Allowance for loan losses / 1994 - amount involved R$ 21,352: claims to deduct, from the calculation of income tax and social contribution on net income, for the tax base year of 1994, the expense related to the setting up of the Allowance for loan losses, as specified by the National Monetary Council and the Central Bank of Brazil, as allowed by Resolution No. 1748/90 and subsequent amendments, and dismissing, due to unconstitutionality and unlawfulness, the provision of article 43, paragraph 4, of Law No. 8981/95. The amount involved was placed in a judicial deposit.

INSS - Profit Sharing of Directors - amount involved R$ 69,803: claims the cancellation of alleged INSS debt for the base periods of 2006 to 2011 generated by Tax Assessment Notice since the debts regarding the taxable events that occurred up to 10/10/2006 have already elapsed and also because it does not affect Social Security Tax on profit under the terms of Article 7, XI of the Federal Constitution and Article 28, § 9 of Law 8812/1991.

INSS - Indemnified Prior Notice - amount involved R$ 1,288: pleads rejecting the requirement of INSS tax on amounts paid to employees as Indemnified Previous Notice in the face of legal nature of indemnity and, therefore, not subject to Social Security contribution provided for in article 22, item I, and Article 28 of Law 8212/1991. Final decision entirely in favor of CCB Brasil rendered final in November 2015.

c.2) Labor proceedings

CCB Brasil is party to 109 (Dec/14 - 95) labor lawsuits, evaluated as having a probable risk, which have been fully accrued and amount to R$ 29,060 (Dec/14 - R$ 17,533). CCB Brasil has 128 lawsuits (Dec/14 - 121) with the indemnities claimed rising to R$ 10,725 (Dec/14 - R$ 41,618), which are stated as a likely risk, and no provisions were formed for these cases. According to an estimate by legal counsel, the maximum sum of reparations for these lawsuits in case of losses will be R$ 6,630 (Dec/14 - R$ 14,412). Contingencies relate to lawsuits discussing labor claims referring to labor law that is specific of the professional category, such as overtime, salary equalization, additional payment due to transfer and other.

c.3) Civil proceedings

CCB Brasil is party to 2,749 (Dec 2014 - 2,861) civil lawsuits evaluated as having a probable risk, which have been fully accrued and amount to R$ 86,863 (Dec 2014 - R$ 71,908). CCB Brasil has 569 (Dec 2014 - 614) lawsuits with the amounts claimed rising to R$ 712,902 (Dec 2014 - R$ 883,576), which are stated as a likely risk, and as such, no provision was formed. According to an estimate by legal counsel, the likely sum of reparations for these lawsuits is R$ 337,453 (Dec/14 - R$ 355,764). In general the contingencies are the result of contract revisions and indemnities for material damages and pain and suffering, mostly under the Special Civil Court.

d) Changes in provision for legal obligations and contingent liabilities classified as probable losses

				CCB Brasil CONSOLIDATED	
Description	2014	Addition	Reversal	Restatement	2015
Civil	71,908	21,675	(4,638)	(2,082)	86,863
Labor	17,533	14,285	(1,057)	(1,701)	29,060
Subtotal	89,441	35,960	(5,695)	(3,783)	115,923
Tax and social security	2014	Addition	Reversal	Restatement	2015
CSLL - Equal Treatment in Rates - 2008 onwards	118,747	-	-	10,563	129,310

PIS - Gross Operating Revenues - EC 10/96 and EC 17/97	11,762	-	-	346	12,108
PIS - Expansion of Calculation Basis - Law 9718/98	68,489	-	(2,053)	5,400	71,836
COFINS - Expansion of Calculation Basis - Law 9718/98	424,881	-	-	33,589	458,470
ISS - Services not taxed - LC Number 56/87	1,435	-	-	114	1,549
ISS - Lease transactions outside the head office	159	-	-	-	159
Subtotal	625,473	-	(2,053)	50,012	673,432
Total	714,914	35,960	(7,748)	46,229	789,355

In the case of the above-described contingencies, CCB Brasil made a judicial deposit of R$ 64,086 (2014 - R$ 8,607), of which for civil lawsuits R$ 17,289 (2014 - R$ 13,067) - for labor lawsuits, and R$ 291,792 (2014 - R$ 207,595) for fiscal lawsuits; these amounts were allocated under the caption "Loans and Advances to Financial Institutions."

23. Current income tax

a) Statement of calculation of income tax and social contribution charges

Total charges for the fiscal year may be reconcile with book profits as follows:

	2015		2014	
	Income tax	Social contribution	Income tax	Social contribution
Income before tax on profit	(956,451)	(956,451)	(1,022,414)	(1,022,414)
Temporary additions	1,310,348	1,102,704	1,555,886	1,555,894
Permanent additions	176,508	176,508	166,354	158,487
Exclusions	(696,249)	(696,249)	(674,245)	(712,449)
Taxable Income and CSLL calculation basis	(165,844)	(373,488)	25,580	(20,483)
(+) Negative taxable result of consolidated companies	260,088	548,080	364,796	372,280
(-) Offsetting of tax loss / negative calculation basis of social contribution	7,001	(153,613)	(28,384)	(9,780)
Taxable Income and CSLL calculation basis	101,245	20,979	361,992	342,017
Charges at the rates of 15% for Income Tax and Social Contribution	15,698	3,004	8,230	5,234
10% IR Surtax	9,665	-	5,463	-
Current taxes	25,363	3,004	13,693	5,234
Reconciliation of Income (loss)				
Current taxes	25,363	3,004	13,693	5,234
Tax deductions (Tax incentives)	-	-	-	-
Income tax and deferred CSLL	(8,780)	9,730	(13,486)	(2,236)
(=) Provision for income and social contribution taxes	16,583	12,734	207	2,998
Formation of tax credits (on temporary additions)	(307,066)	(326,797)	(293,246)	(206,063)
Formation of tax credits (on tax loss carryforwards)	(65,022)	(82,212)	(91,199)	(55,842)

Realization of tax credit (Reversal of temporary additions)	104,088	102,059	128,384	77,028
Realization of tax credits (on offset of tax loss carryforwards)	1,642	23,042	7,096	1,467
(=) Net effect of tax credit	(266,358)	(283,908)	(248,965)	(183,410)
Total	(249,775)	(271,174)	(248,758)	(180,412)
Income and social contribution taxes		(520,949)		(429,170)

b) Effective tax rate calculation

Effective tax rates are as follows:

	2015	2014
Income (loss) before taxes	(956,451)	(1,022,414)
Current income tax (Note 24.a)	520,949	429,170
Effective rate	54.47%	41.98%

The effective tax rate differs from the current rate applied to the calculation of income tax, as per additions and exclusions presented below:

	2015	Rate
Results before income tax	(956,451)	
Income tax at current rates	(382,581)	40%
Additions and exclusions in tax calculation:		
Gain on foreign branch	(38,531)	
Profit sharing	5,000	
Non-deductible expenses - Deposit restatement	(3,622)	
Adjustment of inventories CT CSLL Dif. rate 15% x 20% MP.675/15	(191,343)	
Adjustment CT CSLL 20% X 15% (Realized after 2018)	60,350	
Adjustment of deferred liabilities - Dif. rate CSLL 15% x 20%	1,911	
Other non-deductible permanent additions	27,866	
Income tax for the year	520,949	54%

c) Income and social contribution taxes - current

Breakdown of "Current income tax" balances:

	2015	2014
Income and social contribution taxes recoverable	68,442	96,185
Income and social contribution taxes on profits	(24,704)	(27,409)
Income and social contribution taxes on salaries	(10,428)	(11,090)
Others	(3,400)	5,500
Total current income and social contribution taxes (*)	29,910	63,186

d) Deferred taxes

Breakdown of "Deferred taxes" Assets/ (Liabilities) is as follows:

	2015	2014
Tax credits	1,535,113	994,638
Liabilities Deferred assets		
Income and social contribution taxes on MTM positive adjustment	(30,924)	(8,211)
Income tax on excess depreciation	(8,767)	(30,554)
	(39,691)	(38,765)
Total deferred taxes	1,495,422	955,873

e) Realization of tax credits

Based on a technical study, it was possible to estimate the generation of future taxable income over which the tax credits will be realized. For existing tax credits on the balance sheet date, the following realized percentages were estimated: 31.4% up to December 2016, 27.8% up to December 2017, 14.7% up to December 2018, 7.1% up to December 2019, 16.2% up to December 2020, 0.5% up to December 2021, 0.3% up to December 2022, 0.1% up to December 2023, 0.1% up to December 2024 and 1.8% up to December 2015.

The tax credit record and its maintenance depend on the realization of future taxable income, based on technical studies, and the deferred tax asset is recognized only to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered over time.

Management believes that the efforts made in the generation of future taxable income, as shown in the aforementioned technical study, will be sufficient to support the maintenance of the record of tax credits.

At the end of the fiscal year of 2015, CCB Brasil had its second consecutive year of tax losses for the purpose of calculating income and social contribution taxes According to Resolution Number 3059 of December 20, 2002, among other requirements, the reporting of tax credits can only arise from tax losses on income tax, a negative social contribution basis on net profit and those arising from temporary differences when present on expectations of profit generation or future taxable income or historical profit or taxable income for the purpose of income and social contribution taxes and, where appropriate, confirmed by these situations in, at least, three of the last five fiscal years, a period that should include the period of reference.

Based on the above, with the completion of the capital increase previously authorized by the Chinese, which allowed the return to business, due to regulatory limitations, as well as the combinations of other measures, such as a profound change in the funding profile, with a significant reduction of costs, the administration projects the occurrence of taxable income in the coming years. There is the possibility, as the first half of 2016 comes to an end, a justification will be presented to the Central Bank of Brazil, based on the technical analysis of expected taxable income as established by Resolution Number 4441 of October 29, 2015, and

Circular No. 3,776, of December 30, 2015, to ensure the maintenance of tax credit records of the Bank. This transition was expected, the new Parent Company and management have full confidence in the viability of the new business plan and the realization of estimates underlying the technical study on tax credits.

The present value of tax credits - based on the projected SELIC rate, discounting tax effects, the tax credits calculated at present value amount to, approximately, R$ 1,220,926 (December/2014 - R$ 787,237).

24. Other liabilities

The breakdown of the balance of "Other liabilities" is as follows:

	2015	2014
Sundry payables - domestic - Country	93,806	95,539
Other payments	29,174	30,596
Commissions on deferred finances	22,898	21,507
Personnel expenses	17,477	17,708
Bonuses and profit sharing payable	12,500	440
Other administrative expenses	10,855	8,738
Dividends payable	816	914
Liabilities due to acquisitions of assets and rights	1	12,711
	187,527	188,153

25. Shareholders' equity

a) Capital

Bank's capital is R$ 2,012,810 and divided into 252,903,569 nominative shares, being 160,206,833 common shares and 92,696,736 preferred shares, with no par value, fully paid and approved by the Central Bank of Brazil.

The composition of paid in capital ratified by the Central Bank of Brazil is displayed in the table below:

	Shares					
	2015			2014		
	Common	Preferred	Total	Common	Preferred	Total
Local residents	160,206,832	92,036,011	252,242,843	160,206,832	92,036,011	252,242,843
Foreign residents	1	660,725	660,726	1	660,725	660,726
Total shares	160,206,833	92,696,736	252,903,569	160,206,833	92,696,736	252,903,569
Total Reais	1,275,054,738	737,755,127	2,012,809,865	1,275,054,738	737,755,127	2,012,809,865

b) Treasury shares

The Management of CCB Brasil, in view of decisions of Board of Directors' meetings, authorized the repurchase of shares issued by the Bank to hold them in treasury and subsequent cancellation.

On July 6, 2011, Management was authorized to repurchase shares in the period from July 6, 2011 to July 5, 2012, without reducing the capital, up to the limit of 10% of the outstanding registered preferred shares, i.e., up to 6,879,540 shares (4th Share Repurchase Program).

For the purposes of article 21 of CVM Instruction no. 10, of 2.14.1980, it is specified that:

1) The purpose of authorizations decided in Board of Directors' meetings is the application of resources available, deriving from capital reserve;

2) From January 1, 2011 to December 31, 2011 the Bank acquired a total of 6,879,540 nominative shares in the amount of R$ 58,593. The average costs of repurchased shares was of R$ 8.52 per share, the highest cost was R$ 9.70 and the lowest cost was R$ 6.96.

In the first half of 2014, CCB Brasil transferred to the Administrator shares of its own issuance, which were held in treasury, the share of payments under a variable remuneration of the year 2013 (307,188 shares).

During 2015, there was no movement of the treasury shares - R$ 55,105,000 (2014 - R$ 55,105,000), the number of shares corresponding to 6,398,518.

26. Guarantees provided

CCB Brasil offers many guarantees for their clients to improve their credit position and become competitive. The following table shows all the guarantees as of December 31, 2015 and 2014.

Maximum potential amount of future payments	2015	2014
Guarantees provided		
Sureties and guarantees	2,065,537	2,472,199
Export Performance	1,426,867	1,685,203
Standby letter	18,206	61,873
Custody	86,360	80,031
Export Billing	1,322,301	1,543,299
Total guarantees provided	3,492,404	4,157,402

The Bank's expectation is that these guarantees mature without the need of making cash advances. Therefore, during the normal course of business, the Bank expects these transactions not to have any impact on its liquidity. On December 31, 2015, guarantees provided by CCB Brasil, whose exercise was considered "probable" for the amount of R$ 99,940, for which the Bank recorded a provision of R $ 78,078, which takes into account the guarantees obtained in these operations.

27. Interest income and expenses and the like

Interest and the like in the consolidated statement of income (loss) are comprised of interest accrued in the year on all financial assets with implicit or explicit return, calculated using the effective interest method, regardless of the fair value measurement and of the errors in results due to the accounting of hedge. Interest is recognized for their gross amount, without the deduction of tax withheld at source.

Expenses from interest and similar in the consolidated statement of income (loss) comprise interest accrued in the year on all financial liabilities with implicit or explicit returns, including compensation in cash, calculated using the effective interest method, regardless of the measurement of fair value.

	2015	2014
Interest income and the like	4,596,344	3,321,790
Loans and advances to financial institutions	25,855	113,808
Loans and advances to clients		
- Loan operations	1,252,463	1,452,287
Non-impaired transactions	1,252,463	1,407,021
Impaired transactions	-	45,266
- Leases	10,595	45,454
Non-impaired transactions	10,595	45,454
Financial assets for trading		
- Debt instruments	491,619	362,928
- Equity instruments	92	-
- Investment funds	13,298	545
Derivatives	2,802,422	1,346,768
Interest income and the like	(4,119,464)	(2,772,266)
Deposits from financial institutions		
- Interbank deposits	(86,059)	(36,532)
- Money market funding	(151,123)	(14,066)
Deposits from clients		
- Savings	(972)	(933)
- Time	(706,959)	(797,404)
Securities issued	(982,454)	(45,074)
Domestic borrowings	(3,246)	(43,500)
Foreign borrowings	(492,276)	(372,110)
Commissions for payroll loans	(65,760)	(30,913)
Derivatives	(1,630,615)	(1,431,734)
Net interest income	463,582	548,980

28. Gains from financial assets and liabilities (Net)

Gains (losses) from financial assets and liabilities are composed of the amounts of adjustments from the evaluation of financial instruments, except for those attributed to interest accrued as results after the application of the effective interest method and provisions, and of gains (or losses) from the sale or purchase of financial instruments.

a) Breakdown

The breakdown of the balance of this line, by type of instrument, is shown below:

	2015	2014
Gains (losses) with:		
Financial assets for trading	8,792	1,788
Other assets at fair value through profit or loss	5,786	(19,035)
Other liabilities at fair value through profit or loss	104,255	(47,745)
Other liabilities from hedged object	(35,925)	-
With:	82,908	(64,992)
Financial assets for trading		
Debt instruments	574	1,788
Equity instruments	-	
Derivatives	8,218	
Other assets at fair value through profit or loss		
Debt instruments	5,786	942
Derivatives	-	(19,977)
Other liabilities at fair value through profit or loss	104,255	(47,745)
Other liabilities from hedged object	(35,925)	-

29. Exchange differences (net)

The foreign exchange differences show basically the gains and losses in currency transactions, the differences arising from the conversion of monetary items from foreign currency into functional currency and gains or losses disclosed for non-monetary assets in foreign currency upon disposal.

	2015	2014
Gains (losses) with:		
Foreign Exchange Variation from assets and liabilities	47,370	13,504
From financial assets		
Loans and advances to clients	89,740	4,153
Debt instrument	7,816	(978)
Foreign exchange portfolio	475,647	168,852
Derivatives	1,169,093	239,063
From financial liabilities:		
Securities issued	(778,300)	(192,513)
Foreign borrowings	(916,626)	(205,073)
	47,370	13,504

30. Income from fee and commissions

The "Fee and commission income" line comprises all fees and commissions accumulated on behalf of the Bank in the year, except for those that make up the effective interest rate on financial instruments.

The breakdown of the balance related to this line is shown below:

	2015	2014
Income from guarantees granted	38,066	38,542
Income from other services	14,707	19,343
Other Income from bank fees - Legal entities	13,004	30,380
Bank fee income - Individual	131	144
	65,908	88,409

31. Other operating income (expenses)

In this line of the consolidated statement of income (loss) are:

	2015	2014
Provision for guarantees issued	(78,079)	-
Civil, labor and tax provisions	(72,225)	(84,279)
Reversal of tax contingencies	2,053	187
Recovery of charges and expenses	7,462	4,523
Income for the acquisition of receivables	13,945	18,010
Other income (expenses)	3,221	1,876
	(123,623)	(59,683)

32. Personnel expenses

The composition of the "Other Personnel Expenses" line is shown below:

	2015	2014
Salaries	137,374	138,160
Benefits	22,851	22,163
Compensation program for employees	18,981	25,672
Management remuneration	-	7,867
Social charges	44,633	44,956
Management fees	12,935	14,593
Others	2,558	2,586
	239,332	255,997

33. Other administrative expenses

The breakdown of the balance of this line is as follows:

	2015	2014
Property, facilities and materials	41,177	43,155
Third-party services	40,662	62,806
Technology and systems	19,538	17,675
Expenses with lawsuits	13,634	9,008
Expenses of the financial system	11,965	12,884
Other administrative expenses	9,393	8,446
Advertising	5,441	5,153
Reimbursement and travel expenses	2,787	2,344
Communications	2,772	4,066
Transportation system	2,008	2,172
Insurance premiums	1,075	1,082
	150,452	168,791

34. Tax expenses

Refers mainly to federal contributions to Taxes on Revenue (PIS and COFINS) which amounted to R$ 28,133 (2014 - R$ 51,280)

35. Other disclosures

a) Third-party securities held in custody

As of December 31, 2015 and 2014, the Bank held no third-party debt bonds or securities under its custody.

b) Residual maturity

Pursuant to IFRS 7 - Financial Instruments - Evidencing, we present as follows the composition of the financial instruments, cash balance, cash and cash equivalents, as well as the corresponding liquidity gap of said assets and liabilities, according to the maturity brackets.

	December 31, 2015						
	Without maturity	Up to 3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Assets:							
Cash and cash equivalents and reserves at the Central Bank of Brazil	35,300	391,527	-	-	-	-	426,827
Debt instruments	-	-	483,106	248,316	2,679,782	634,070	4,045,274
Equity instruments	2,117	-	-	-	-	-	2,117
Derivatives	-	8,924	334,972	173,576	369,236	75,670	962,378
Loans and advances to financial institutions	-	347,417	2,482	374,285	-	-	724,184
Loans and advances to clients	258,434	1,405,209	2,139,980	2,016,097	382,289	80,813	6,282,822
Other loans and receivables	-	1,196	32,462	-	-	-	33,658
Other financial assets	-	469,681	(309,580)	(10)	-	-	160,091
Total	295,851	2,623,954	2,683,422	2,812,264	3,431,307	790,553	12,637,351
Liabilities:							
Deposits from financial institutions	3,852	1,549,693	106,516	41,471	461,083	163,058	2,325,673
Deposits from clients	126,837	988,372	1,131,079	670,853	33,513	-	2,950,654
Derivatives	-	6,094	19,038	-	-	-	25,132
Securities issued	-	154,657	288,156	130,912	-	-	573,725
Subordinated debts	-	-	366,300	510,247	1,018,946	-	1,895,493
Domestic borrowings	7,629	29,414	27,383	3,592	-	-	68,018
Foreign borrowings	-	243,233	371,913	54,671	44,619	22,310	736,746
CCB Financial liabilities			3,570,104				3,570,104
Total	138,318	2,971,463	5,880,489	1,411,746	1,558,161	185,368	12,145,545
Liquidity GAP (1)	157,533	(347,509)	(3,197,067)	1,400,518	1,873,146	605,185	491,806

(1) Investments with immediate liquidity presented in accordance with their respective nominal maturity dates.

	December 31, 2014						
	Without maturity	Up to 3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Assets:							
Cash and cash equivalents and reserves at the Central Bank of Brazil	101,160	172,089	-	-	-	-	273,249
Debt instruments	15,452	58	77,270	937,869	302,164	2,269,448	3,602,261
Equity instruments	1,867	-	-	-	-	-	1,867
Derivatives	-	2,305	367,747	280,221	-	-	650,273
Loans and advances to financial institutions	-	155,051	22,354	232,448	-	-	409,853
Loans and advances to clients	368,315	3,048,868	2,994,181	2,840,918	87,734	425,711	9,765,727
Other loans and receivables	-	17,138	3,954	21,512	-	-	42,604
Other financial assets	-	469,663	753,040	(1,071,766)	-	-	150,935
Total	486,794	3,865,172	4,218,545	3,241,202	389,898	2,695,159	14,896,769
Liabilities:							
Deposits from financial institutions	2,239	71,412	196,437	231,401	1,379,298	138,086	2,018,873
Deposits from clients	242,028	1,298,069	2,326,036	2,437,710	2,296	-	6,306,139
Derivatives	-	10,524	1,287	694	-	-	12,505
Securities issued	-	240,044	1,305,223	240,534	-	-	1,785,801
Subordinated debts	-	-	13,406	424,140	-	718,260	1,155,806
Domestic borrowings	-	55,463	30,800	3,140	-	-	89,403
Foreign borrowings	-	519,141	820,471	612,460	30,350	30,350	2,012,772
Total	244,267	2,194,653	4,693,660	3,950,079	1,411,944	886,696	13,381,299
Liquidity GAP (1)	242,527	1,670,518	(475,115)	(708,877)	(1,022,046)	1,808,463	1,515,470

(1) Investments with immediate liquidity presented in accordance with their respective nominal maturity dates.

c) Cash and cash equivalents for the cash flow

Cash and cash equivalents	2015	2014
Cash and cash equivalents	393,518	175,098
Money market repurchase commitments (purchase and sale commitments)	-	22,843
Interbank deposits	20,332	50,324
Investments in foreign currency	330,614	39,201
	744,464	287,466

d) Commitments assumed for guarantees received and funding from international bodies

CCB Brasil is a taker of guarantees from international bodies IDB (Inter-American Development Bank), IFC (International Finance Corporation) and debtor due to loans taken from IDB (Inter-American Development Bank) e IFC (Internacional Finance Corporation), DEG (Deutsche Investitions und Entwicklungsgesesellschaft Mbh) e Proparco (Société de Promotion et de Participation pour la Coopération Économique) for onlending to Brazilian companies, at terms ranging from 02 to 05 years, whose agreements require the maintenance of certain minimum financial indexes (financial covenants) in addition to the assumption of social and environmental responsibility obligations.

The financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Central Bank of Brazil (BACEN). These are monitored and assessed quarterly by the aforementioned creditors.

e) Insurance contracts

The Bank adopts the policy of contracting insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual claims, considering the nature of its activity.

36. Operating segments

According to the international accounting standards, an operating segment is a component of an entity:

(a) That operates activities which may generate income and incur expenses (including income and expenses related operations with other components of the same entity).

(b) Whose operating results are regularly reviewed by the person in charge of making the entity's operating decisions related to the allocation of funds to the segment and the evaluation of its performance.

(c) For which the individual financial information is available.

The Bank has identified, based on these instructions, the following business segments as being its operating segments:

- Wholesale
- Retail

The Bank maintains as main strategic focus the operations in the Wholesale segment. This segment basically includes the concession of loan operations with guarantee of receivables, and the Working Capital is the most profitable product of this segment. A significant portion of the wholesale portfolio is represented by short-term loans that provide higher liquidity and greater risk control to the Bank. Additionally, the Bank participates actively in the foreign exchange market, whose funding is carried out with international banks.

The Retail segment includes operations of Payroll loans for employees in the public sector. The Bank has been operating in this sector for over 10 years with history of low default rates.

Information on the geographical distribution of revenue generated from the Wholesale and Retail segments is not relevant for making decisions at the top management of the institution. Considering this scenario and also the fact that this information is not available, CCB Brasil chose not to disclose it.

All income shown in the segmentation table were obtained from external clients. In 2015 and 2014 there were no income between the Wholesale and the Retail segments.

The condensed statements of income (loss) and other significant data are listed as follows. There are no material differences between the total income from the segments and CCB Brasil's income (loss).

	Wholesale	Retail	2015	Wholesale	Retail	2014
Interest income and alike	4,424,097	172,247	4,596,344	3,130,105	191,685	3,321,790
Interest expenses and the like	(4,007,691)	(111,773)	(4,119,464)	(2,677,232)	(95,034)	(2,772,266)
Gains (losses) with financial assets and liabilities (net)	82,908	-	82,908	(64,992)	-	(64,992)
Exchange differences (net)	47,370	-	47,370	13,504	-	13,504
Net interest income	546,684	60,474	607,158	401,385	96,651	498,036
Equity in income of subsidiaries	(1,622)	-	(1,622)	(685)	-	(685)
Income from fee and commissions	56,295	9,613	65,908	78,330	10,079	88,409
Other operating income (expenses)	(147,940)	24,317	(123,623)	(59,683)	-	(59,683)
Personnel expenses	(223,897)	(15,435)	(239,332)	(241,154)	(14,843)	(255,997)
Other administrative expenses	(122,550)	(27,902)	(150,452)	(149,929)	(18,862)	(168,791)
Tax expenses	(22,453)	(5,680)	(28,133)	(45,305)	(5,975)	(51,280)
Depreciation and amortization	(23,905)	-	(23,905)	(24,792)	-	(24,792)
Deductions from recoverable value of financial assets	(1,020,905)	(38,872)	(1,059,777)	(942,998)	(24,557)	(967,555)
Gains (losses) with other assets (net)	28,705	(31,378)	(2,673)	(50,214)	(29,862)	(80,076)
Loss before tax	(931,588)	(24,863)	(956,451)	(1,035,045)	12,631	(1,022,414)
Total assets	12,752,963	1,290,611	14,043,574	14,444,993	1,189,444	15,634,437
Main asset line:						
- Loans and advances to clients	5,127,447	1,155,375	6,282,822	8,678,207	1,087,520	9,765,727
Total liabilities	11,962,598	1,159,831	13,122,429	13,229,762	1,054,604	14,284,366
Main liability line:						
- Deposits from clients	1,812,685	1,137,969	2,950,654	5,218,619	1,087,520	6,306,139

37. Related party transactions

CCB Brasil's related parties should include parties with joint control over the entity, joint ventures in which the entity is an investor and post-employment benefit plans to benefit workers of an entity or any other entity qualified as a related party to this entity.

CCB Brasil and its direct subsidiaries carry out transactions between themselves, which were eliminated in the consolidated statement.

The Bank's balances related to transactions with direct and indirect subsidiaries, related companies and key management personnel are shown below:

	Assets / (liabilities)		Income / (expenses)	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Interbank funds applied	1,137,969	1,222,401	130,357	116,738
CCB Brasil Arrendamento Mercantil S/A	-	189,216	18,616	24,727
CCB Brasil S.A. Crédito, Financiamentos e Investimentos (a)	1,137,969	1,033,185	111,741	92,011
Investment fund quotas - FIDC	71,024	28,896	14,387	2,082
BRASILFactors (a)	71,024	28,896	14,387	2,082
Credit assignment operations	277,656	485,038	75,550	94,347
CCB Brasil S.A. Crédito, Financiamentos e Investimentos (a)	263,575	208,372	75,550	94,347
Investment funds in credit rights - FIDCs	14,081	276,666	-	-
Demand deposits	(3,639)	(2,352)	-	-
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A	(22)	(12)	-	-
CCB Brasil Arrendamento Mercantil S/A (a)	(488)	(509)	-	-
CCB Brasil Informática S/A (a)	(2)	(4)	-	-
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(882)	(54)	-	-
BRASILFactors (a)	(1)	(1)	-	-
CCB Brasil S.A. Crédito, Financiamentos e Investimentos (a)	(1,454)	(1,446)	-	-
Key management personnel and Controlling shareholders (c)	(790)	(326)	-	-
Time deposits	(135,062)	(136,504)	(20,537)	(18,133)
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S/A	(19,416)	(17,984)	(2,470)	(1,676)
CCB Brasil Arrendamento Mercantil S/A (a)	(9,253)	(88,352)	(9,340)	(13,527)
CCB Brasil Informática S/A (a)	(657)	(591)	(83)	(65)
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(40,996)	(23,464)	(2,941)	(2,326)
BRASILFactors (a)	(10,516)	(5,088)	(832)	(392)
FDIC BRASILFactors (b)	(1,663)	-	(2,408)	-
CCB Brazil Financial Holding Ltda. (e)	(52,457)	-	(2,410)	-
Key management personnel and Controlling shareholders (c)	(104)	(1,025)	(53)	(147)
Purchase and sale commitments	(180,029)	(131,808)	(20,829)	(9,327)
CCB Brasil Arrendamento Mercantil S/A (a)	(127,987)	(127,106)	(18,527)	(8,167)
CCB Brasil S.A. Crédito, Financiamentos e Investimentos (a)	(52,042)	(4,702)	(2,302)	(1,160)
Debentures	-	-	-	(234)
BRASILFactors (a)	-	-	-	(234)

	Assets / (liabilities)		Income / (expenses)	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014
LCA	(2,517)	-	(131)	(19)
Key management personnel and Controlling shareholders (c)	(2,517)	-	(131)	(19)
LCI	(25,944)	(2,693)	(267)	(44)
Key management personnel and Controlling shareholders (c)	(25,944)	(2,693)	(267)	(44)
Swap	-	(694)	(4,178)	(694)
BRASILFactors (a)	-	(694)	(4,178)	(694)
NDF	(1,650)	-	(3,908)	-
BRASILFactors (a)	(1,650)	-	(3,908)	-
Borrowings	3,570,104	-	383,999	-
China Construction Bank Corporation (d)	3,570,104	-	383,999	-
Debt instruments eligible to capital	(397,526)	-	(7,410)	-
China Construction Bank Corporation (d)	(397,526)	-	(7,410)	-
Rendering of services	-	80	-	201
CCB Brasil Arrendamento Mercantil S/A (a)	-	80	-	201

(a) Subsidiaries and direct associated companies;
(b) Subsidiaries and indirect associated companies;
(c) Controlling shareholders and key management personnel;
(d) Indirect parent company headquartered overseas;
(e) Direct parent company.

Related party transactions due dates and rates:

LCA (Agribusiness Letter of Credit) operations were carried out with rates of 97% of the CDI for post-fixed letters and 8% for the prefixed letters, with final maturity up to 3 years. Term deposits are remunerated at the average rate of 104% of CDI (2014 - 106% of CDI), directly related to the invested amount, with final maturity in up to 5 years.

Management fees

At the annual shareholders' meeting the maximum aggregate compensation for administrators who are members of the Board of Directors, Executive Board and Audit Committee is established, and a decision is made ceiling regarding administrators' profit sharing for each year.

CMN Resolution 3,921/10 took effect as of January 1, 2012, determining the minimum structure of variable remuneration to be paid to Managers and Directors of Financial Institutions, with the following delimitation: 50% of the Variable Remuneration can be paid in cash; 10% of the variable remuneration should be paid in shares of CCB Brasil, with deliberation and immediate availability; and 40% of the variable remuneration should be paid in shares of CCB Brasil with availability deferred proportionately for 3 consecutive years, contingent upon the attainment, in each one of those years, of the individual, team and corporate targets established in a specific plan, which ties the payment of variable remuneration to the effective positive performance of the institution. CCB Brasil paid remuneration in the first semester of 2014 in the amount of R$ 2,402 for 2013 and 2012, following the provisions of Resolution 3921/10 for payment in cash and payment in shares. The accounting effect is recorded in profit sharing, according to the statutory limits.

i) Short term benefits

Remuneration of the Board of Directors, Executive Board and of the Audit Committee of the CCB Brasil Múltiplo e Consolidado:

	2015	2014
Fixed Compensation	12,935	14,593
Variable compensation	-	7,536
Others	833	1,759
Total	13,768	23,888

ii) Long-term and post-employment benefits

CCB Brasil does not have post-employment nor long term benefits to key management personnel.

iii) Agreement termination

CCB Brasil does not offer long-time benefits for termination of employment contract to the Key Management Personnel.

iii) Other benefits

CCB Brasil has not granted, until now, any type of long-term benefit or post-employment benefit to the management of the entity.

Loans

Pursuant to prevailing rules, financial institutions cannot grant loans or advances to:

i) Any individual or legal entities controlling the institution or any entity under common control of the institution, or any officer, director or member of the audit committee or members of the immediate family of said individuals.

ii) Any entity controlled by the institution.

Any entity in which the Banks holds directly or indirectly 10% or more of the capital.

Accordingly, no loans or advances are given to any subsidiaries, executive officers, members of the Board of Directors or their families.

Equity interest

Upon completion of public offer of acquisition of shares that occurred on September 29, 2015, the Board of Directors and Executive Board have no shareholding interest in Bank.

38. Risk management

Risk management

The control structure of market, credit and operating risks is centralized, aiming to ensure compliance with the policies established and improved identification of the risks that may affect the business strategy, as well as compliance with objectives. Additionally, it provides a global vision of the exposures to improve and streamline strategic decisions. The Risk Management Policy establishes the underlying principles of the institutional strategy with regards to the control and management of risks in all operations. In the administrative scope, the shares are valued in the several committees that guarantee management compliance, considering the complexity of the products, the exposure to risk and the risk-return ratio that involves all the Institution's business decisions.

The Bank has several policies, standards and procedures to perform risk management. These instruments provide the basic operational guidelines expressed by Top Management in accordance with the standards of integrity and ethical values of the institution and cover all the activities of the organization.

Policies, standards and procedures ensure that the organization has a control structure compatible with the nature of its operations, the complexity of its products and services, activities, processes, systems and the definition of its risk exposure, allowing its proper management.

The risk management policies of CCB Brasil are aligned with the organization's strategic objectives, best practices and are in compliance with regulations established by supervisory bodies, being reviewed and updated regularly to reflect changes in markets, products and regulations.

Risk governance and responsibility

The organizational structure of CCB Brasil presents an adequate level of segregation of duties in the subordination process of the various boards responsible for Internal Audit, Risk

Management and Internal Controls, which is consistent with the size of the Institution.

Regarding Risk Management, CCB Brasil has three independent Risk Management units - Operational, Market and Credit - subordinate to the Corporate Governance Board, which reports directly to the Operations Vice-President, which was assigned the director responsible for Capital Management before the Central Bank.

Risk appetite

Risk appetite refers to the types and levels of risks that the institution is willing to take in achieving its objectives and is reflected in the philosophy of corporate risk management which in turn influences the culture and mode of operation of the Institution.

This tolerance is influenced by several factors, including the assessment of the consistency of risk with corporate strategy.

For CCB Brasil, the risk appetite structure is regarded as a key element in meeting the obligations of existing capital requirements.

Stress testing scenarios

The analysis of scenarios for stress testing is important mechanisms to understand CCB Brasil's capital sensibility and business plans in extreme but plausible events. This tool not only considers the potential financial effect on business plans, but it also enables the Executive Board the possibility of establishing action plans to mitigate these events, if they happen.

Exercises are carried out on a regular basis to compare the existing capital required with the volume demanded by stress scenarios, including the most severe deterioration of the global economic scenario. Qualitative and quantitative techniques are used to estimate the potential impact on capital position in these scenarios.

These instruments help to mitigate the risks presented by financial crisis. While the prediction of future events may not cover all events, or identify precisely future events, the scenarios analyzed in the past may be related to insider information concerning the identification of actions needed to mitigate risks when similar events happen.

Table I - Amounts emphasized for each risk portion

	CCB Brasil - MULTIPLE AND CONSOLIDATED	
	2015	
Description	Highlighted amount	Risk
Portion of credit risk - (Pepr)	958,447	
Portion of exchange risk - (Pcam)	3,532	
Portion of interest rate risk - (Pjur)	2,386	
Share risk portion - (Pacs)	491	
Portion of operational risk - (Popr)	160,769	
REQUIRED REFERENTIAL SHAREHOLDERS' EQUITY (PRE)	1,125,625	
REFERENCE SHAREHOLDERS' EQUITY - Level I	435,401	
REFERENCE SHAREHOLDERS' EQUITY - Level II	1,066,668	
REFERENCE SHAREHOLDERS' EQUITY - Level I + II	1,502,069	
Risk factor - 11% under (PR)		165,228
Basel index - (Risk factor/ PRE)		14.68%

	2014	
Description	Highlighted amount	Risk
Portion of credit risk - (Pepr)	1,374,929	
Portion of exchange risk - (Pcam)	-	
Portion of interest rate risk - (Pjur)	-	
Share risk portion - (Pacs)	8,712	
Portion of operational risk - (Popr)	170,136	
REQUIRED REFERENTIAL SHAREHOLDERS' EQUITY (PRE)	1,553,777	
REFERENCE SHAREHOLDERS' EQUITY - Level I	1,160,451	
REFERENCE SHAREHOLDERS' EQUITY - Level II	764,734	
REFERENCE SHAREHOLDERS' EQUITY - Level I + II	1,925,185	
Risk factor - 11% under (PR)		211,770
Basel index - (Risk factor/ PRE)		13.63%

The Management believes that the implementation of the existing business plan (note 1), permits the achievement of the capital requirement targets stipulated by the company's business plan and also meets the minimum capital required by the Central Bank of Brazil.

On March 1, 2013, the Central Bank of Brazil issued four Resolutions and 15 circulars, known as "Basel III", which established new capital requirements for financial institutions operating in the Brazilian banking system, among them Resolution No. 4.192/13 which imposed measures that impact on the calculation methodology of Reference Equity, in force since October/2013, especially for the treatment of tax credits and composite Tier-II Capital in the case of CCB Brasil, subordinated debt.

CCB Brasil - MULTIPLE AND CONSOLIDATED

Calculation of Basel Index	Basel III Dec 2015[1]	Basel III DEC 2014[2]
Level II Referential Shareholders' Equity	435,401	1,160,451
- Main Capital	435,401	1,160,451
Tier II Referential Shareholders' Equity	1,066,668	764,734
- Subordinated debt	1,066,668	764,734
REFERENTIAL SHAREHOLDERS' EQUITY	1,502,069	1,925,185
Credit Risk	958,447	1,374,929
Market Risk	6,409	8,712
Operational risk	160,769	170,136
RISK-WEIGHTED ASSETS - RWA	1,125,625	1,553,777
Basel Ratio	14.68%	13.63%
Price-earnings ratio - Level I	4.25%	8.22%
Price-earnings ratio - Level II	10.42%	5.41%

(1) Amounts calculated based on consolidated information of the Prudential Consolidated.
(2) Amounts calculated based on the consolidated information of Financial Institutions (Financial Conglomerate).

Market Risk

Market risk is defined as the possibility of losses arising from the variation in the market value of positions held by the institution.

CCB Brasil's Market Risk Management Policy defines a set of controls, process, tools, systems and standard reports, needed to provide the appropriate control and management of Market Risk.

The Market Risk Management Department is responsible to maintain and update the Policy and the area's structure and discuss it with the executive board annually. It is independent in relation to the business areas and has a duty to monitor and analyze market risks arising from business activities and the Bank's treasury. It also has a duty to guarantee that the levels of exposure to risk comply with the limits adopted by the Financial Committee and to identify and recommend capitalization levels that are appropriate and compatible with these risks.

The Bank has designated the Controller as the person in charge of the Market Risk Structure with the Central Bank. He is not responsible for functions related to the management of third-party resources or treasury transactions.

Below is a summary of the main market risks taken into account by the Bank:

Interest rate risk: The risk associated with changes in the market value of a certain assets arising from variations in interest rates practiced by the market.

Share Risk: It involves shares indices and quotation and arises from the fluctuations of shares prices and indices.

Foreign Exchange Risk: It is the risk associated with fluctuations in the foreign exchange rates and their volatility.

Commodity Risk: It is the risk associated with the fluctuation in commodity prices (e.g.: oil, gas, agricultural products).

Inflation risk: It arises from the fluctuation in prices of goods and services.

Methodology for market risk

Market Risk can be characterized by four main types of measurements: Positions, sensibilities (PV 01), stress testing and "Value-at-Risk" (including adherence and validation tests).

All risk metrics are monitored continuously on an integrated basis with the purpose of offering a global view of CCB Brasil's risk profile.

Positions

The monitoring and control of the bank's positions for its market value alone does not provide appropriate sensibility to the actual exposure to the several factors involving the bank's risk. Complementing this measure with the other risk control tools is necessary to provide improved monitoring and analysis of exposures.

Throughout the year 2015, the average levels of market risk did not present significant changes, and had a decrease throughout the year. On December 31, 2015, the VaR for trading exposure reached R$ 265.8 thousand and the Global VaR (Trading and Banking) - R$ 34,776,300. In comparison, as of December 31, 2014, VaR for trading position reached R$ 529.1 thousand and Global VaR reached R$ 64505.1 million.

Analysis of stress scenarios

Stress testing is a method for measuring the potential loss from a portfolio due to extreme market events (low probability). Carrying out stress testing for the market risk areas complies with the Bank's global policies in relation to the demands of regulatory authorities.

Stress testing is an important tool for complementing the primary model of the VaR (Value-at-Risk).

The market risk department is responsible for:

- Defining and reviewing the internal methodology used for stress testing;
- Carrying out and monitoring stress testing on a regular basis;
- Preparation of reports from test results.

The market risk area is also responsible for conducting and defining the parameters used in stress testing required by the regulatory authorities.

Sensitivity analysis

The sensibility analysis shows the impact that a change in a certain risk factor has on the institution's portfolio. The sensibility analyses are a particularly important metric to manage the institution's market risk, since small changes in risk factors may lead to significant losses/gains if we take into account all portfolios.

The Institution has conducted a sensibility analysis using the scenario of 10% for foreign exchange appreciations or depreciation, interest rates and shares (Scenario I), 25% (Scenario II) and 50% (Scenario III). It is necessary to disclose the demonstrative table of sensibility analysis for each type of relevant market risk arising from financial instruments that expose the Institution on the closing date for each period. For its preparation we identified the types of risks that could generate material losses, including transactions with derivative financial instruments in a more probable scenario, as well as two (2) scenarios that could generate adverse results for the Institution. In the definition of the scenarios, the situation considered probable by management had as reference an independent external source: BM&F - BOVESPA and a situation, with depreciation or appreciation of 25% and 50% in the risk variable was considered.

We present in the sensibility analysis table the set of operations involving financial instruments registered in equity accounts that CCB Brasil has with the purpose of managing its exposure to market risks and that aims to protect it, especially in periods of historical records. This valuation is systematically carried out by the risk management area and evaluated by the Treasury Committee, which assembles to define a set of scenarios in a crisis environment. A scenario, in this context, is regarded as a certain combination of prices and interest rates. The preparation of the table followed the procedure below:

(i) In each scenario, the amounts of the trading portfolio (Trading Book) and the structural transactions from several of the Institution's business lines and their respective hedges (Banking Book) were calculated;

(ii) For each one of the risk factors, we chose the calculation that incurred in the highest loss and, based on it, applied the defined increase or decrease;

(iii) Finally, we obtained the losses, corresponding to the related hypothetical scenario.

The following scenarios do not necessarily reflect the market risk management of the Institution neither is it associated with the accounting practices. The stress models may represent extreme situations that are distant from a day-to-day situation.

Below is the summary of the premises for each one of the scenarios.

We chose for each portfolio the trend (increase or decrease) that maximizes loss for each risk factor. The parallel dislocations of the curve were maintained, that is, a dislocation of + 1,000 basis means that in all future curves there was a 10% increase to the current rates.

For each scenario, the expected loss of the portfolio in relation to the marked-to-market position was measured.

Scenarios are described as follow

Scenario 1: Lower oscillation situation. Assumptions used: Parallel shock of 10% in risk variables, based on market conditions seen on December 31, 2015, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 2: Potential situation. Assumptions used: Parallel shock of 25% in risk variables, based on market conditions seen on December 31, 2015, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 3: Potential situation. Assumptions used: Parallel shock of 50% in risk variables, based on market conditions seen on December 31, 2015, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

The scenarios adopted for the Banking Portfolio are shown in the following table, and also reflects the deterioration in the macroeconomic expectations since it maximizes loss for each risk factor in this portfolio. (Fixed) interest rates strongly increase (10%; 25% and, 50%), there is a substantial parallel dislocation of the foreign exchange coupon curves, the foreign exchange rates increase widely, the Brazilian stock exchange faces a downfall and the inflation has expanded considerably, reflecting in the indicators and indexed contracts.

Trading Portfolio - assumptions for risk factors

	Scenario 1	Scenario 2	Scenario 3
(Fixed) Interest Rate Curve	parallel shift of + 1,000 basis points	parallel shift of + +2,500 basis points	parallel shift of + +5,000 basis points
Foreign Exchange Coupon Curve	parallel shift of + 1,000 basis points	parallel shift of + +2,500 basis points	parallel shift of + +5,000 basis points
Dollar - Spot	10% increase	25% increase	50% increase
BM&FBOVESPA	decrease of 10%	decrease of 25%	decrease of 50%
Inflation	increase of 10%	25% increase	50% increase

The scenarios shown in the table above related to the Trading Portfolio reflects the situation of deterioration in the macroeconomic expectations: (Fixed) interest rates increase swiftly (10%; 25% and 50%), there is a substantial parallel dislocation of the foreign exchange coupon curves.

Banking Portfolio - premises for risk factors

	Scenario 1	Scenario 2	Scenario 3
(Fixed) Interest Rate Curve	parallel shift of + 1,000 basis points	parallel shift of +2,500 basis points	parallel shift of +5,000 basis points
Foreign Exchange Coupon Curve	parallel shift of + 1,000 basis points	parallel shift of +2,500 basis points	parallel shift of + +5,000 basis points
Dollar - Spot	10% increase	25% increase	50% increase
BM&F BOVESPA Stock Exchange	10% decrease	decrease of 25%	decrease of 50%
Inflation	10% increase	25% increase	50% increase

The results of the losses calculated in the scenarios presented summarize the losses from market fluctuations by risk factor, generated by CCB Brasil's systems and calculated for the portfolios (Trading and Banking). These losses are shown in the following table:

Trading Portfolio - results for risk factors (R$ thousand)- December 31, 2015

Risk factors	Scenario 1	Scenario 2	Scenario 3
Fixed Rate in Reais	(703)	(1,731)	(3,383)
Shares and Indices	(307)	(767)	(1,535)
Inflation			(1)
Dollar and dollar coupon	(102)	(256)	(514)
Total loss	(1,112)	(2,754)	(5,433)

Banking Portfolio - results for risk factors (R$ thousand)

Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(8,371)	(19,238)	(33,900)
Fixed Rate in Reais	(23,482)	(50,231)	(76,163)
Shares and Indices	(187)	(468)	(937)
Inflation	(3,298)	(8,101)	(15,744)
Total loss	(35,338)	(78,038)	(126,744)

The risk factors are presented as follows:

- Includes all the products that have price variations pegged to dollar variations and interest rates in dollars.

- Fixed rate in real - Includes all products that have price variations pegged to dollar variations and interest rates in Real.

- Shares and Indices - Comprises the shares and indices of stock exchanges, shares and options pegged to share indices.

- Inflation - Refers to all products that have price variations pegged to inflation coupon variations and inflation rates.

For calculation purposes, we adopted as premise a 99% confidence interval to calculate VaR and a time frame of 10 days to leave this position.

The Sensibility Analysis Table has limitations and the economic impact on a potential fluctuation in interest rates might not represent necessarily a profit or a material accounting loss for the institution. The specific combination of prices which determine each scenario is an arbitrary decision, though possible. The signs of historical correlations between the assets were not necessarily respected and the scenarios chosen were analyzed according to a past time frame.

The accounting of the "Banking" Portfolio instruments, at a large extent, is made by the contract curve, which is different from the derivative financial instruments in the "Trading" Portfolio that are subject to fluctuations in the respective accounting record due to mark-to-market.

The results presented in the chart referring to the banking portfolio may, at first glance, give the impression of high sensitivity to volatility. For a better analysis of results obtained in this portfolio, the management chart below - which includes derivatives, assets and others - indicates the mismatching of the Institution's operations. It shows that there is substantial mismatching of prefixed positions, which would produce a negative impact on results, if there were an increase in interest rates. Nevertheless, the sensitivity chart presented does not consider correlations between and among the different risk factors. This means that the analysis disregards the correlation between the prefixed and CDI factors, that is, losses of prefixed rates are not offset by gains in CDI.

Likewise, in the sensitivity chart, interest rates and foreign exchange were considered unrelated. The limitations of the analysis of scenarios also involve the marking to market of all positions, which contradicts the Institution's determination in taking operations (especially foreign currency funding operations) to maturity, which may lead readers to make a mistake in judging that the losses presented in the scenarios will materialize, even if the oscillations provided for in the risk factors are verified.

	2015	
Index	Assets	Liabilities
Prefixed	2,228,207	4,818,775
LFT / LBC	3,307,263	524,146
CDI	2,930,356	6,339,293
Dollar - BCC Sale	7,172,688	6,678,388
Monthly TR	14,860	12,561
IGPM	104,303	18,103
IPCA	638,554	529,161
UR1516-BTN	3,071	-
LIBOR-BIANNUAL	88,271	-
Total	16,487,573	18,920,427

Index	2014 Assets	Liabilities
Prefixed	1,399,327	761,765
LFT / LBC	2,368,218	569,462
CDI	6,035,819	6,176,020
Dollar - BCC Sale	1,891,687	4,005,802
Monthly TR	66,355	12,657
IGPM	26,614	15,294
IPCA	1,136,623	1,086,793
Ibovespa Futures	3,028	-
	8,744	-
Total	12,936,415	12,627,793

Backtesting

Backtesting is a method used to assess the quality of the VaR model used by the bank.

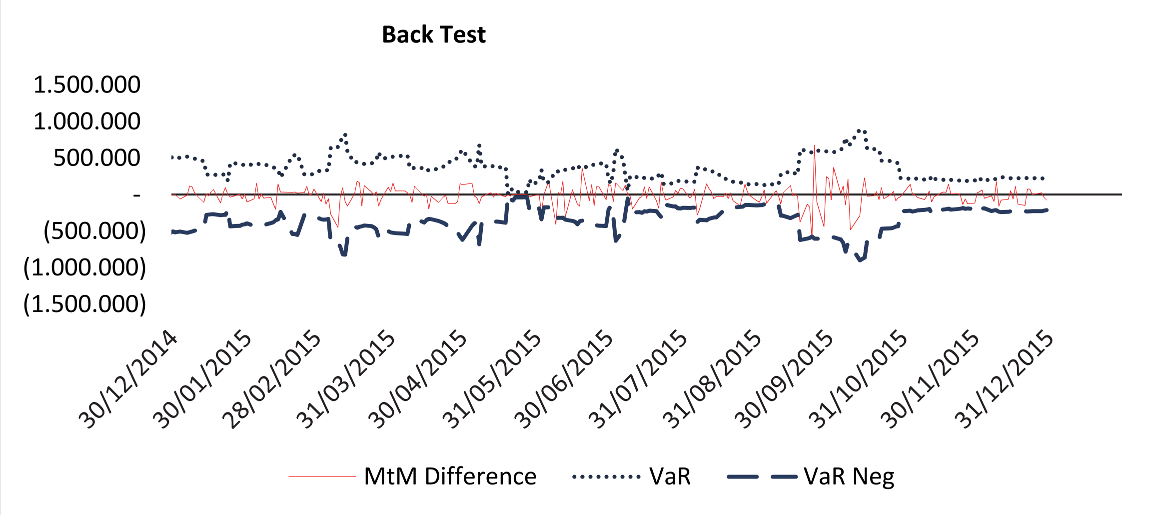
The method compares the results predicted by the VaR model with the effective results measured by the differences of amounts of the portfolio every day, when marked to market. (clean P&L).

Its purpose is to measure the potential loss prediction ability of the VaR model under normal market conditions, given a certain confidence level. If the P&L exceeds the VaR we have an outlier, and if the quantity of outliers surpasses the confidence level, the model should be reviewed.

The Bank uses backtesting as a practice in the validation and adherence of the Value-at-Risk model in its portfolios.

The market risk area is responsible for the performance of backtesting.

The methodology applied and the existing statistical models are validated daily using backtesting techniques. Backtesting compares the daily VaR calculated with the result obtained with these positions (excluding result with intraday positions, brokerage fees and commissions). Its main purpose is to monitor, validate and evaluate the adherence of the VaR model, whereas the number of disruptions must be in accordance with the confidence interval pre-established in the modeling. The graph below shows the daily VaR and the corresponding result of the last 12 months, in which adverse results did not exceed the estimate, that is, the number of disruptions is within the limit defined by the confidence level of the model adopted, proof of its consistency.



Value-at-Risk

The Value-at-Risk (VaR) of a portfolio represents the maximum potential loss expected for a given confidence level and over a particular period of time (holding period).

The Value-at-Risk is an important risk management tool used internally and also employed for calculating regulatory capital.

The parameters used in the VaR calculation can vary according to the profile of the positions being analyzed. Regulatory and proprietary models may have different holding periods and confidence intervals.

Systems

CCB Brasil uses the following systems for calculation and monitoring of market risk:

- MAPS - RMS Risk Management System : Global System for Calculation of market risk and control of positions and calculation of regulatory market risk;

- Proteu - CRK Soluções Financeiras: Global System for the calculation of results of the trading portfolio.

Responsibilities

The market risk department is responsible for:

- Monitoring and analyzing positions to the risk factors;
- Ensuring that positions are in accordance with established limits approved internally;
- Ensuring that internal procedures are in accordance with the market risk policies defined by the Financial Committee;
- Analyzing the risk factors of new operations in advance;
- Calculating and sending the regulatory reports concerning market risk;

- Preparing and reviewing the documentation of policies and procedures of the market risk area.

Credit risk

Introduction to the handling of credit risk

Credit risk consists of the possibility of occurrence of losses associated with the non-performance, by the borrower or counterparty, of financial obligations under the agreed terms, as well as with the devaluation of a loan agreement resulting from deterioration in the borrower's risk rating, with the reduction of earnings or remuneration, with advantages granted in the renegotiation and with the recovery costs.

The decision-making process guarantees agility and focus in credit actions, taking into account business opportunities and changing scenarios. The priority has been to increase the volume of assets, maximizing the risk/return ratio. For this purpose, CCB Brasil has an independent area for managing credit risk, in accordance with best governance practices. This area operates independently from the credit approval structure, calculates the ratings of clients based on metrics that consider their behavior in the market as well as that arising from their operations at the Institution. Thus it differs from the concepts used by the credit approval area, whose structure is built on careful analysis procedures, developed from the expertise acquired throughout the Bank's history.

In line with benchmarking practices benchmark, the Bank continues to upgrade its controls and analytical models. In compliance with Resolution CMN 3,721 and the new Basel accord, there are specific structures of committees and commissions for better management, control and monitoring of this risk.

For some operations involving more significant sums, CCB Brasil extends credit against presentation of a guarantee that mitigates the counterparty risk.

Below are main credit risk exposure of the CCB Brasil:

	2015	2014
Debt instruments	4,045,274	3,602,261
Derivatives	962,378	650,273
Loans and advances to financial institutions	724,184	409,853
Loans and advances to clients	6,282,822	9,765,727
Other loans and receivables	33,658	42,604
Guarantees provided	3,492,404	4,157,402
Maximum exposure to credit risk	15,540,720	18,628,120

Guarantees received (mitigating maximum exposure to credit risk)

The bank guarantees used for financial transactions at CCB Brasil are usually collateral securities and personal guarantees. Collateral securities are those that apply to an asset or specific object, and the most common are mortgage, pledge (or escrow) and chattel mortgage. Personal guarantees apply to the entire equity of the joint obligors without express determination on a specific asset. These guarantees only apply to equity, which puts an insolvent debtor, without equity, beyond the range of any contract execution measure.

Personal guarantees may be granted by individuals or legal entities, where these take on the obligation of honoring commitments assumed in the loan operation maintained with the client. Personal guarantees in use are the guarantee and the surety. The bank guarantee is an autonomous and accessory guarantee agreement whereby the guarantor undertakes to perform the obligations of the principal before the bank, and requires the qualification of the parties. This guarantee can only be expressly formalized by a written public or private instrument. The surety is a contract that guarantees contracts (loan for consumption, credit facility, etc.). The guarantor is accountable with all their equity and is entitled, if they do not waive this right, to the benefit of order, that is, this party can only have their assets executed after the execution of the assets of the principal. The surety is a characteristic of a credit instrument, which allows a third party, merely by signing the instrument, to agree to act as joint obligors in relation to the obligations of the secured party. If the surety does not identify the secured party, the guarantor will be securing the last debtor of the bill. The surety does not require the concession of the spouse or the qualification of the guarantor and does not have benefit of order, whereas the guarantor is co-obliged to make the full payment of the bill. The Bank makes use of personal guarantees in almost all loan operations, although they represent a lower mitigation than that of collateral securities.

The collateral securities used in the operations are assets or rights to receivables pledged as collateral for obligations relating to loan operations. Operations with receivables (escrow) represent the second major credit risk mitigator at CCB Brasil and are represented by contracts that the borrowers have with third parties, trade notes and credit receivables in general. The pledge of rights, money or credit instruments may also be called collateral.

The commercial pledge is classified as other guarantees and its main advantage is the possibility of its use in operations where other guarantees cannot be used (as in the case of rural credit). Its main drawback is connected to the nature or to the value of the assets that are the subject of a pledge: depreciation, removal, transportation, obsolescence, difficulties finding a buyer etc. This guarantee is not used whenever it is possible to form collateral given in guarantee, since the pledge should respect the preference of privileged debts (labor and tax). The mercantile or industrial pledge can be formed in the inventory of raw materials or of finished products, as an asset subject of the relationship.

The pledge is also basically a privilege in the execution of chattel. As in the case of the mortgage, the property should be described through a contract formalized by a written instrument, although it does not require authentication. The contract also has to be registered at a Registry for Deeds and Documents for precautionary action against third party rights. The pledge can comply with different rules of law: civil, commercial, schedular etc. Civil, commercial, banknote etc. However, all the types of guarantee used in the bank's operations waive the requirement of delivery of the property for their formation, and a depositary may be constituted to assume responsibility for the property, if necessary.

Among guarantees, special emphasis is placed on the collateral and the mortgage, whereas in the first there is the transfer to the creditor of the conditional property of the asset, that is, the creditor will have the ownership of the asset related to a term or to a resolute condition, while in the second, real estate of the debtor or third party is pledged to secure the payment of a particular debt, without the transfer of possession of the asset to the creditor.

The mortgage is the security right classified in the chart as "Real Estate" that grants the creditor the privilege in the execution of a property and of its added parts. In Brazilian Civil Law, real estate is basically the land. The buildings and the movable property introduced thereupon represent accessories and can be incorporated to the property. A mortgage is a formal contract, which requires a public deed (engrossed in the respective book of the Notary Office) and registration at the Deeds Registry Office (RGI) of the judicial district in which the property is located, for its constitution. Its main drawback is the preference that is suffers for labor and tax creditors, which are entitled to receive before the mortgagees and the period of its execution.

Collateral given in guarantee applies to movable property, classified in the chart as "equipment and property" and, more recently, real estate, and consists of the transfer of ownership of the property to the creditor for the duration of the secured obligation. This characteristic allows us to waive the right of preferential creditors, since we are dealing with third party property, foreign to the equity of the debtor until the settlement of the debt. Collateral, in principle, will not be affected by bankruptcy, as it is an asset foreign to the bankrupt estate. In case of bankruptcy, the chances of recovery of loans with mortgage guarantee or guarantee with pledge of collateral are even more remote, since the framework of classification of credits to be paid, after the entire lengthy inquiry process, requires beforehand the payment of labor and tax credits, expenses incurred by third parties for conservation of the property and charges of the estate.

Measurements and Tools for Measurement of Credit Risk in the Portfolio

Rating tools

CCB Brasil uses its own internal rating models with respect to the risk analysis of the operation, in compliance with Resolution 2,682, which refers to the classification and formation of provision for loan operations, through the use of the nine levels of risk. Operations are classified according to the judgment of Management, taking into account the economic situation, past experience and specific risks in relation to the operation, debtors and guarantors, periods of delay and economic group.

For the purpose of assessing the loan portfolio, the risk management area adopted an internal model for measuring the credit VaR, with theoretical grounds based on an actuarial approach. The VaR of the loan portfolio is associated with a distribution of aggregate loss for a given confidence level. The mean of this distribution is the Expected Loss (EL), which represents the average loss expectation over a given period of time, which is hedged through provision. The Economic Capital, which is associated with Unexpected Loss, is determined by the difference between the VaR and the EL. For this portion, the Bank protects itself by allocating capital to cover risks. Thus, the VaR with confidence level of 99% (standard adopted by the Bank) is the maximum loss that a portfolio can sustain in 99% of cases, disregarding rare events with a likelihood of occurrence of only 1%., i.e. the likelihood that the portfolio loss will exceed the VaR is 1%.

The Bank uses the Monte Carlo simulation methodology to calculate VaR and other statistical measures. It is a methodology where credit events are simulated in a computational environment for a very large number of times, where the amounts of losses, for each one of the simulated scenarios, are stored and grouped statistically in a collection from where the values at risk (VaR) are calculated directly for each one of the confidence levels.

Calculation of probability of individual default

Scale of Risk

To be able to calculate the risk of the loan portfolio, it is necessary to evaluate each client and to define differentiated risk thresholds. Represented by a numerical scale from 1 to 22 (1 = lowest risk and 22 = highest risk), companies are grouped into homogeneous classes of risk, which indicates the degree of risk of the company analyzed and the respective probability of default.

The scale adopted presents 19 active classes and 3 classes indicating default used to rank companies at default at the time of the inquiry, (which present at least one of the events characterizing default).

Probability of default

The risk management area has evaluation independent from the credit concession area of the risk classes of clients. The 22 classes follow the indication of the probability of default associated with each class of risk, which offers the objective measurement of the degree of risk. We present below the probabilities of default associated with the risk classes.

Equivalente Serasa Expirian	Probabilidade de Default	Probabilidade média de Default	Risco
1	0,00% 0,10%	0,05%	Muito Baixo
2	0,10% a 0,20%	0,15%	Muito Baixo
3	0,20% a 0,30%	0,25%	Muito Baixo
4	0,30% a 0,40%	0,35%	Muito Baixo
5	0,40% a 0,50%	0,45%	Baixo
6	0,50% a 0,75%	0,62%	Baixo
7	0,75% a 1,0%	0,87%	Baixo
8	1,00% a 1,25%	1,12%	Baixo
9	1,25% a 1,50%	1,37%	Moderado
10	1,50% a 2,00%	1,75%	Moderado
11	2,00% a 3,00%	2,50%	Moderado
12	3,00% a 4,00%	3,50%	Moderado
13	4,00% a 5,00%	4,50%	Moderado
14	5,00% a 8,00%	6,50%	Moderado
15	8,00% a 10,00%	9,00%	Moderado
16	10,00% a 15,00%	12,50%	Alto
17	15,00% a 30,00%	22,50%	Alto
18	30,00% a 50,00%	40,00%	Alto
19	50,00% a 99,99%	75,00%	Alto
20	Default	Cesta de Eventos	Muito Alto
21	Default	Recup. Judicial e Extra	Muito Alto
22	Default	Falência	Muito Alto

Calculation of the credit VaR

The Bank makes use of the tool developed together with SERASA EXPERIAN, called *Portfólio Multi-Análise* (Multi-Analysis Portfolio). Developed according to the market criteria of SERASA, it receives the probabilities of default adjusted for each one of the flows and, given the confidence level specified in its input, calculates the VaR (Value-at-Risk) of the loan portfolio.

In the actuarial paradigm the risk is measured in terms of future cash flows, i.e. the default risk of a present contract up to its expiry date. As it is an actuarial methodology and not a methodology for the measurement of values, the actuarial methodology does not consider the effects of interest rates on risk exposures, calculating losses in terms of face value, adjusted to the recovery rate determined by CCB Brasil based on evaluation and historical experience, since the unrecovered portions are the effective exposures under credit risk. Thus, the actuarial paradigm correctly captures the credit risk component, adjusting the probabilities of default to the contract expiry dates. The calculation methodology is sensitive to the fact that contracts with longer validity periods have a higher credit risk than contracts expiring sooner.

Credit risk parameters

The estimates of risk parameters (RP) are based on the evaluation of Serasa Experian and consider the Transition Matrix that is the main tool for determining the likelihood that a debtor with a given qualification will change qualification during a specific period.

The calculation of LGD (loss given default) is based on the observation of the recovery of non-performing loans, taking into account not only income and expenses related to the recovery process, but also its timing and the indirect costs resulting from this process.

Management of assets and liabilities and liquidity risk

Overview

The Bank uses the Immediately Available Liquidity (IAL) concept as the amount of resources that can be used by the Bank, without discussion or contingencies, in a timeframe that characterizes the settlement window of 24 hours. The liquidity evaluation in this short period is justified given the limited time available for resolution of problems within the settlement window and also the limited scope for making use of other instruments that usually can only occur on D+1, D+2 or D+3. In this scenario we consider the disposal of assets, assignment or settlement of operations, with a realization time that can exceed that defined, thus limiting their use in a growing contingency regime.

Maintenance of IAL is intended to fulfill any needs arising from the non-consummation of planned events in the normal flow of assets and/or liabilities, in a time horizon, and materializes through the addition of assets recorded in cash, Federal Government Securities held in a specific portfolio, investments backed by federal securities and surpluses provided for in the cash flow, which includes return of reserve requirements. The resources for its maintenance, in turn, may arise from transactions with CBD and own Working Capital of the institution.

Some of the factors that may impact the IAL originate outside the Bank: Changes in the Brazil Risk, international crisis causing severe narrowing of liquidity over Brazil (international crises), sharp interest rate hike or tightening of liquidity in the market, loss of some mid-sized bank, followed by a "herding" effect of investors, request for liquidity of term deposits before the scheduled date, sudden increase in demand for reserve requirements.

And others, originating outside the Bank: non-performing loan assets, including LCs not covered by the importers, activation of Guarantees provided, withdrawals from Guaranteed Checking Accounts (by the committed and unused part), withdrawal of investors due to a negative event affecting the Bank's image, and significant deterioration in the Bank's performance.

Determination of the Potential Need for Liquidity of CCB Brasil

Regularity (frequency) of scenario evaluations

The liquidity scenarios are evaluated daily, enabling the evaluation of the flow of resources for a horizon of up to 180 days. Considers the CCB Brasil’s potential need for cash, which results from the risks borne and also of the number of clients that might not renew their operations simultaneously.

In order to determine the CCB Brasil's liquidity requirement, one initially works under the assumption that it will only be capable of executing the assets after their settlement window. This hypothesis is of a conservative nature and justifiable given the short time available for the resolution of problems within this timeframe and also due to the possibility of reduction or execution of the assets whose settlement will only occur on D+1, D+2 or D+3.

CCB Brasil's potential liquidity requirement is analyzed according to two different and complementary methods, one of which is backward-looking and the other forward-looking, that is, analysis of the historical volumes of securities and analysis of the current portfolio by means of stress tests, respectively. The two proposed methods are complementary, as the first reflects what actually happened in the past while the second is "forward looking", based on the current portfolios and on the stress scenarios determined.

Analysis of historical volumes settled by clients - Backward-looking

It is possible to conduct a retrospective analysis of the CCB Brasil's liquidity risk observing the impacts, day by day, suffered due to the non-renewal of clients.

Analysis of the liquidity risk by means of stress test: *Forward-looking*

The Bank'S potential liquidity requirement is analyzed CCB Brasil "looking forward", that is, taking the following sets of information as a reference:

(i) The stress scenarios considered by the Financial Committee;

(ii) The consolidated positions of clients; and

(iii) The theoretical number of clients that might not renew operations with liabilities or not pay operations with assets simultaneously. Possible delays in reception are included in the stress scenarios.

The Financial Committee uses these elements when analyzing its projections.

Based on the analysis of the Potential Liquidity Requirement Matrix and also in keeping with the composition of its assets, the Bank may size the total volume of contracted credit facilities or the need for ready availability of its cash and have enough time to obtain alternatives in the domestic or international market.

Liquidity risk

The liquidity risk is defined as the possibility of cash scarcity, which might entail an inability for the Institution to honor its short-term commitments. The Bank conducts a continuous monitoring of the degree of mismatch between primary risk factors, rates and terms between portfolio assets and liabilities.

The Bank maintains adequate liquidity levels resulting from the quality of its assets, and risk control, in accordance with the Market and Liquidity Risk Policy established for the Institution, by adopting as management instruments the short, medium and long-term liquidity projections; risk limit and liquidity contingency plan.

CCB Brasil has an integrated system for liquidity risk management which allows it to meet Central Bank regulatory requirements (Resolution No. 2.804). Results of Liquidity Gap analyses are presented on a monthly basis at the Risk Committee.

Operational risks

Operational risk is defined as the possibility of losses arising from any failure, deficiency or inadequacy of internal processes, people or systems, or from external events. It also includes the legal risk associated to the inadequacy or deficiency in contracts signed by the institution, and to fines due to failure to abide by legal provisions and indemnities for damages to third parties arising from activities performed by the institution.

The operating risk management process starts with the application of an appropriate methodology for mapping the risks and controls inherent to the processes. As required, action plans are prepared to mitigate the main threats identified in the processes. Operating risk management comprises the following steps: Risk identification, evaluation, monitoring, control and mitigation, communication and elaboration and monitoring of the action plan.

In addition, records are made in the database system for operating losses and operating risk management, all events occurring in the institution. This procedure's purpose is the compilation of a database to be used in calculating capital allocation for covering the operating risk, as established by the Basel II accord, and it provides sufficient information to identify the causes of these risks.

The combination of risk mapping and monitoring actions with the information obtained from the records of incurred losses allows a continuous improvement in the adopted policies and procedures, as well as the reduction of existing risks.

Exposure to operational risk is reviewed at least every six months, including the assessment of its controls and adjusting them in accordance with the strategy and risk appetite. Operational risk governance is carried out by the area and the entire management of the Institution, with supervision by the Audit Committee. The management structure is different from those that deal with market risk and credit risk, allowing an effective system of internal controls aimed at reducing the likelihood of human errors and irregularities in processes, products and systems. The Risk and Internal Control Committees determine the acceptable risk tolerance level.

The table below shows the percentage of loss resulting from operational failures by event category for CCB Brasil:

Category of loss event	2015	2014
Inad. Practices Relat. to Clients/Products/Services	81.53%	80.21%
External fraud	0.81%	0.00%
Labor claims	17.19%	19.79%
Failures in the Execution and Fulfillment of Deadlines	0.47%	0.00%
Internal fraud	0.00%	0.00%
Damage to Own Assets or Assets in Use by the Institution	0.00%	0.00%
Activity Interruption Events	0.00%	0.00%
Failures in Information Technology Systems	0.00%	0.00%
Total	100.00%	100.00%

39. Convergence of the accounting standard to the international accounting standards (IFRS)

As detailed in note 1.b, the transition to IFRS was accounted for according to IFRS 1 and the date of transition chosen by CCB Brasil was January 1st, 2009. Consequently, the accounting policies adopted in these financial statements have been amended in this same date with the purpose of satisfying IFRS in relation to those applied for purposes of BR GAAP.

The changes in accounting policies derived from transition to IFRS and the reconciliation of the effects of such transition are presented below.

Reconciliation between BRGAAP and IFRS applicable to consolidated Shareholders' equity and Comprehensive Income of CCB Brasil as of December 31, 2015 and December 31, 2014.

	Note	12/31/2015	12/31/2014
Shareholders' equity attributable to the Parent company - BR GAAP		734,469	1,219,448
Effect of consolidation of FIDCs		-	(4,667)
Shareholders' equity - IFRS base		734,469	1,214,781
IFRS adjustments, net of taxes:			
Impairment of financial assets	a	230,369	319,640
Recoverable credits	b	52,426	-
Reversal of amortization of goodwill for CCB Brasil Financeira	c	45,600	49,627
Fair value measurement of foreign funding	d	28,441	(75,814)
Provision for contingency of guarantees provided	e	24,988	-
Commission to domestic correspondents	f	14,090	-
Designation of hybrid instruments in the category “fair value through profit or loss”	g	(1,343)	(15,767)
Measurement of Loans and Receivables at amortized cost as per the Effective Rate of Interest	h	(12,322)	(8,690)
Measurement of discount granted on loans to clients	i	(38,507)	(43,514)
Deferred taxes	j	(157,066)	(90,192)
Shareholders' equity attributed to the Parent company in IFRS		921,145	1,350,071
Net loss attributed to the Parent company in BR GAAP		(491,757)	(735,158)

	Note	12/31/2015	12/31/2014
IFRS adjustments, net of taxes:			
Fair value measurement of foreign funding	d	104,255	(47,744)
Recoverable credits	b	52,426	-
Provision for contingency of guarantees provided	and	24,988	-
Designation of hybrid instruments in the category "fair value through profit or loss"	g	14,425	(8,851)
Commission to domestic correspondents	f	14,090	-
Measurement of discount granted on loans to clients	i	5,007	(13,695)
Alteration in the rates of conversion of foreign currency-denominated transaction	l	(3,055)	16,778
Measurement of Loans and Receivables at amortized cost as per the Effective Rate of Interest	h	(3,633)	(2,090)
Reversal of amortization of goodwill for CCB Brasil Financeira	c	(4,027)	7,474
Impairment of financial assets	a	(83,982)	307,051
Deferred taxes	j	(64,239)	(117,009)
Net loss attributed to parent company in IFRS		(435,502)	(593,244)

Description of the main differences between BRGAAP and IFRS

We present below the accounting practices applicable to CCB Brasil in conformity with BRGAAP which materially differ from IFRS and which are presented in the above reconciliations

a. Impairment of financial assets

In BRGAAP, the allowance for doubtful accounts is set up based on analysis of the risks of credit realization, according to a specific rule of the National Monetary Council. According to such regulation, provisions are set up as from credit concession, based on credit risk rating, taking into consideration a periodic analysis of a client's quality and the segments of activity, and not only upon occurrence of default. In BRGAAP, the provision cannot be lower than the minimum required by regulator's standards.

IAS 39 establishes that the entity should evaluate at each base date if there is objective evidence that loan operation or a group of loan operations is subject to impairment loss. A loan operation or group of loan operations is subject to loss for reduction in its recoverable value and impairment losses, if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the loan operation (event of loss) and this event or events have an impact on its future estimated cash flow and may be reliably estimated.

First, we need to evaluate individually if an objective evidence of impairment exists for operations that are individually significant and individually or collectively for operations that are not individually significant. If an objective evidence does not exist for an individually evaluated operation, significant or not, it must be included in a group of operations with similar characteristics and be collectively evaluated. Those operations that are individually evaluated and for which an impairment loss is recorded should not be included in the collective evaluation.

For individually significant assets, an impairment loss is measured by the difference between carrying amount and present value of future estimated cash flows (excluding future credit losses that did not occur), discounted at the original effective rate of interest of the loan operation.

Differences between BRGAAP and IFRS standards have resulted in distinct values of impairment losses and consequently, the adjustment was recognized.

New internal methodology for client classification and assignment of ratings (Valid from September 2014), in BRGAAP.

Loan operations are classified according to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operation, to obligators and guarantors, observing the parameters established by BACEN Resolution 2682/99, which requires the periodic analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (potential loss) and Management's judgment.

From September 2014, aiming at aligning internal policy of client classification and rating allocations for the compliance of practices of the new controlling shareholder, allowance for doubtful accounts the following aspects will be deemed relevant:

a) a greater emphasis on the consideration of the result of the assessment of the financial situation of companies, with other factors are also taken into account in risk analysis; b) review the importance attributed to related guarantees, when they improve the rating of a client; c) review the minimum periods for ratings downgrades, when due to late payments; d) reduction of the threshold for delay in operations resulting in the ratings downgrade of an entire corporate group; e) immediate reclassification to higher risk level with transactions with companies in receivership at any stage. Finally, Management has considered necessary to reposition the main elements included in the economic analysis of their clients and thus to adopt these principles in the calculation of allowance for doubtful accounts, in compliance with, but limited to the minimum conditions required by BACEN Resolution No. 2.682/99.

Due to the change above, there was a significant increase in the difference between provisions for impairment of BRGAAP and IFRS, as the latter considers only the losses incurred in the calculation process of such provision.

b. Recoverable credits

According to BRGAAP credit operations classified more than 180 days in the risk level H, also, according to criteria established by BACEN Resolution No. 2.682/99, they shall be written-off as loss, while IFRS requires that the write-off of credits as loss considers the recoverable value of the operation and the impossibility of success in several collection mechanisms used by the institution.

c. Reversal of amortization of goodwill for CCB Brasil Financeira

Under BRGAAP, goodwill is amortized over the amount equivalent to profit or loss earned by the company acquired, and the recorded goodwill is subject to a recoverability test once a year or more often, if there is any indication of reduction in the asset's recoverable value.

Under the IFRS, goodwill is not amortized but is reviewed annually to devalue its value recorded at the level of cash generating units (as defined by IAS 36 - Impairment of Assets) or if and when indicators arise of reduction in the recoverable value (impairment).

Accordingly, the amount of the amortization of the goodwill amortized in the previous GAAP was recomposed due to the absence of evidences of impairment.

d. Fair value measurement of foreign funding

According to BRGAAP standards, all liabilities issued by the entity should be measured at amortized cost, through valuation of contract by the nominal rate agreed upon with investor. According to IFRS, an entity may designate a financial liability at fair value through profit or loss whenever such measurement result in a more relevant information, once it significantly eliminates or reduces an inconsistency in measurement or in recognition (sometimes called accounting inconsistency) which, otherwise, would result from measurement of assets and liabilities or from recognition of gains or losses upon them by distinct measurement criteria. CCB Brasil has designated foreign funding (measured at amortized cost according to BRGAAP) in the category "financial liabilities at fair value through profit or loss" with the purpose of equaling the measurement model of those liabilities to that of linked derivatives, that are also measured at fair value.

The difference between amortized cost and the fair value of liabilities classified in the category "financial liabilities at fair value through profit or loss" has generated adjustment to accounting criterion.

e. Provision for contingencies - guarantees provided

According to BRGAAP, the guarantees provided by the Bank are classified into risk levels according to criteria established by Resolution 2,682/99 of the Central Bank of Brazil, for which minimum percentages exists for, while under IFRS the guarantees provided by the institution are evaluated as contingent liabilities whose registration will occur when the disbursement of funds is probable.

f. Correspondent commission in Brazil

Under BRGAAP, from 2015, one-third of commissions paid in the intermediation of payroll loans were recognized in the income (loss) while for IFRS have been incorporated in the effective rate of their loans.

g. Designation of hybrid instruments in the category "fair value through profit or loss"

In 2010, CCB Brasil acquired Credit Linked Notes issued by a foreign financial institution. These financial instruments are characterized as "hybrid financial instruments" due to the existence of an implicit derivative (credit derivative linked to the underlying risk of a third party) not intimately related to the main contract (debt instrument whose credit risk remains with the issuer). As an alternative to the segregated measurement of two components of the structure, CCB Brasil elected by classifying the instrument, in its totality, in the category "assets at fair value through profit or loss".

In view of non-existence of the option of measuring assets "to the fair value through profit or loss" in BRGAAP, the difference between amortized cost of such instrument (classified in BRGAAP as held to maturity) and the fair value generated adjustment to accounting criterion.

h. Measurement of Loans and Receivables at amortized cost as per the Effective Rate of Interest

According to BRGAAP, Fee income charged to clients constituting an effective income should be recognized in income of the year to which it refers. Costs paid by the institution for origination of operations (originator commissions) are presently recorded under "prepaid expenses", and recognized as expenses according to the accrual basis and straight-line basis for the same term of the loan operations generated. According to IAS 18, recognition of income for financial service fees depends on the purposes for which the fees are fixed and the accounting basis of any associated instrument. Rates that are part of the Effective Rate of Interest include basically fees / origination commissions received by the entity by the generation of financial assets not classified in the category "fair value through profit or loss".

In such concept the following are included: Credit Opening Tariff (TAC - PJ) and Credit Rights Management Tariff (TADC). Such fees include remuneration for activities of assessment of financial conditions of borrower, evaluation and registration of guarantees, administration of the financial flow of receivables guaranteeing debt, among others. These fees are an integral part in the generation of a continuous involvement with the resulting financial instruments, and jointly with the respective costs of transaction, are deferred and recognized as adjustment to the effective rate of interest.

Considering the above concept, the following are qualified under this concept: Credit Opening Tariff (TAC - PJ) and Credit Rights Management Tariff (TADC).

The difference between interest appropriation by the contractual rate (BRGAAP) and by the effective rate of interest (IFRS) generates adjustment in accounting criterion.

i. Measurement of discount granted in renegotiation of loans, not required by BRGAAP

Measurement of present value of long-term loan operations not required by BRGAAP

According to IAS 39, the entity must measure the discount arising from the adjustment to present value of loans and advances to clients and recognize the asset at its present value in the equity position. The rate of contractual or implicit discount should be adopted consistently until the realization of the asset in future periods, recognizing the effect of interests in the statement of income.

j. Deferred taxes

IAS 12 requires accounting for the deferred income tax and social contribution for all temporary taxable or deductible differences, except for deferred taxes originated from initial recognition of goodwill, initial recognition of a liability originated or asset acquired that does not qualify as a business combination, and that on the date of transaction does not affect income and does not affect profit (or loss) for tax purposes. The adjustments of deferred Income Tax and Social Contribution have been calculated upon IFRS adjustments.

l. Alteration in the rates of conversion of foreign currency-denominated transaction

In BRGAAP, foreign currency-denominated operations are converted to the functional currency of the entity (Real) through the use of "PTAX 800" quotation (average practiced in the day), as determined by the rules of the Central Bank of Brazil. According to IAS 21, foreign currency operations should be converted to the functional currency of the entity on the dates of closing of balance sheet as of the utilization of the purchase (for foreign currency assets) and sale (for foreign currency liabilities) closing rates.

m. Other differences of criterion

At the time of forming the opening balance sheet, CCB Brasil made some asset reclassifications with the purpose of better meeting the characteristics of assets and liabilities at the light of the international accounting standards. These adjustments generate reclassifications between asset and liability lines, but do not have impact on shareholders' equity or income of the year.

- **Foreign exchange portfolio**

  A financial asset and a financial liability will be offset and the net value presented in the financial statements whenever, and just whenever, an entity: (a) shall have a legally enforceable right of offsetting recognized values; (b) attempt to settle on a net basis or realize the assets and settle the liability simultaneously. Considering that the exchange transactions in Brazil meet these requirements, they were stated on a net basis for IFRS purposes, and may be shown in assets or liabilities depending on the net amount (credit or debit) at the end of the reporting period.

- **Leases**

Domestic lease operations covered by Law 6099 are deemed to be, pursuant to international rules, financial instruments with fixed and defined payments and with no active market. These features lead to their being stated in the line - "loans and receivables - loans and advances to clients."