Haitong Banco de Investimento do Brasil S.A.
CNPJ/MF nº 34,111,187/0001-12
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MANAGEMENT REPORT (In thousands of Reais)

To our Shareholders,

We hereby submit to you the management report and financial statements of Haitong Banco de Investimento do Brasil S.A. for the six-month period ended June 30, 2017, including the notes to the financial statements, prepared in accordance with Brazilian Corporate Law and the standards of the Central Bank of Brazil.

PERFORMANCE OF ACTIVITIES

Haitong Banco de Investimento do Brasil S.A. (Bank) is a direct subsidiary of Haitong Bank S.A., headquartered in Lisbon (Portugal).

In the six-month period ended June 30, 2017, Haitong Banco de Investimento do Brasil S.A. posted loss of R$ 40,093 was mainly due to the addition of a provision to cover possible losses on delinquent loans (see notes 8 "b" and 8 "c") and the increase in personnel and administrative costs resulting from the organizational restructuring plan implemented during the semester (see note 17).

Equity totaled R$ 575,529 at the end of period, after considering profit for the six-month period. The capital adequacy ratio, as prescribed by the Basel Committee and regulated by the Central Bank of Brazil, reached 18.5% at the end of six-month period in the consolidated prudential, higher than the minimum of 10.5% required by the Central Bank of Brazil.

Total assets amounted to R$ 6,120,634 at the end of the period. Interbank investments and the securities and derivatives portfolio reached R$ 5,230,252 accounting for 85.5% of the total assets.

The securities portfolio reached R$ 2,924,361, accounting for 47.8% of the total assets, represented by 86.7% of government bonds and 13.3% of private securities. Out of this portfolio, the Bank classified 80.9% of the securities as "trading securities", 12.7% as "available-for-sale securities" and 6.4% as "held-to-maturity securities", based on Management's intention and the Bank's financial capacity to hold them to maturity. The Bank's liquidity position, represented by the portfolio of free securities, reached R$ 466,571, accounting for 81.1% of total equity.

The loan portfolio reached R$ 468,448 at the end of the period. This portfolio, including collaterals provided in the amount of R$ 259,629, reached the balance of R$ 728,077 at the end of the period. Out of this loan portfolio, 71.0% of transactions was classified between risk levels "AA" and "C" in accordance with the prevailing regulations of the Central Bank of Brazil. The past-due installments totaled R$ 68,679 corresponding to 14.7% of the portfolio. The allowance for loan losses totaled R$ 67,720, corresponding to 14.5% of the loan portfolio.

The amount of funds raised totaled R$ 5,291,507 at the end of the period. These funds raised are represented by R$ 426,687 of interbank deposits, R$ 1,162,398 of time deposits, R$ 3,366,729 of money market funding, R$ 236,102 of onlendings from BNDES and R$ 99,591 of financial bills, agribusiness letters of credit and structured transaction certificates.

ACKNOWLEDGEMENTS

We wish to thank our clients, employees and shareholders for their collaboration, which has enabled us to achieve the results recorded in the period and the constant improvement in our products and services.

São Paulo, August 29, 2017

Board of Directors

BALANCE SHEETS - JUNE 30, 2017 AND 2016 (In thousands of Reais)

Assets	Note	June 30, 2017	June 30, 2016
Current assets		**4,483,358**	**6,574,506**
Cash and cash equivalents	4	**4,359**	**8,544**
Interbank investments		**1,888,215**	**2,187,904**
Money market	5	1,629,519	2,018,388
Interbank deposits	5	258,696	169,516
Securities and derivative instruments		**2,442,191**	**3,691,634**
Own portfolio	6 a	313,532	494,347
Subject to repurchase commitments	6 a	1,652,717	2,463,185
Subject to guarantees	6 a	440,967	590,145
Derivative instruments	7 c	34,975	143,957
Loans		**75,544**	**219,595**
Loans - Private sector	8 a	100,572	232,160
(Allowance for loan losses)	8 b	(25,028)	(12,565)
Other receivables		**66,751**	**463,038**
Receivables on sureties and guarantees honored	8 a	33,763	–
Foreign exchange portfolio	9 a	–	317,392
Income receivable		4,751	5,627
Securities trading	9 b	15,130	36,493
Other	9 c	36,741	105,192
(Allowance for loan losses)	8 b	(23,634)	(1,666)
Other assets		**6,298**	**3,791**
Prepaid expenses		6,298	3,791
Long- term assets		**1,460,552**	**1,316,514**
Interbank investments		**56,266**	**67,440**
Interbank deposits	5	56,266	67,440
Securities and derivative instruments		**843,580**	**752,914**
Own portfolio	6 a	153,039	131,553
Subject to repurchase commitments	6 a	151,681	193,142
Subject to guarantees	6 a	212,425	9,726
Derivative instruments	7 c	326,435	418,493
Loans		**295,066**	**299,730**
Loans - Private sector	8 a	313,922	314,408
(Allowance for loan losses)	8 b	(18,856)	(14,678)
Other receivables		**263,290**	**195,321**
Income receivable		3,535	3,300
Other	9 c	259,957	192,219
(Allowance for loan losses)	8 b	(202)	(198)
Other assets		**2,350**	**1,109**
Prepaid expenses		2,350	1,109
Permanent assets		**176,724**	**179,368**
Investments		**155,538**	**157,406**
Subsidiaries and affiliates - Domestic	10	145,559	147,427
Other investments	10	9,979	9,979
Property and equipment		**11,654**	**21,761**
Other fixed assets for own use		18,774	28,584
(Accumulated depreciation)		(7,120)	(6,823)
Intangible assets		**9,532**	**201**
Intangible assets		10,770	689
(Accumulated amortization)		(1,238)	(488)
Total		**6,120,634**	**8,070,388**

Liabilities	Note	June 30, 2017	June 30, 2016
Current liabilities		**4,396,742**	**6,072,843**
Deposits		**1,005,009**	**1,228,590**
Interbank deposits	11 a	173,388	60,149
Time deposits	11 a	831,621	1,168,441
Money market funding		**3,279,940**	**4,161,965**
Own portfolio	11 a	1,679,725	2,501,102
Thir	11 a	1,600,215	1,660,863
Proceeds from securities issuance		**40,514**	**54,438**
Proceeds from securities issuance	11 a	31,984	48,691
Structured Transaction Certificates	11 a	8,530	5,747
Onlendings from public sector		**25,583**	**22,746**
BNDES	11 a	17,433	14,095
FINAME	11 a	8,150	8,651
Derivative instruments		**15,778**	**204,233**
Derivative instruments	7 c	15,778	204,233
Other payables		**29,918**	**400,871**
Collection of taxes		21	15
Foreign exchange portfolio	9 a	–	321,864
Social and statutory		3,825	26,222
Taxes payable	9 d	15,611	39,393
Other	9 e	10,461	13,377
Long-term liabilities		**1,147,831**	**1,361,058**
Deposits		**584,076**	**839,808**
Interbank deposits	11 a	253,299	203,500
Time deposits	11 a	330,777	636,308
Money market funding		**86,789**	**91,329**
Own portfolio	11 a	86,789	91,329
Proceeds from securities issuance		**59,077**	**30,725**
Proceeds from securities issuance	11 a	59,077	30,725
Onlendings from public sector		**210,519**	**230,150**
BNDES	11 a	207,716	219,196
FINAME	11 a	2,803	10,954
Derivative instruments		**61,058**	**65,894**
Derivative instruments	7 c	61,058	65,894
Other liabilities		**146,312**	**103,152**
Taxes payable	9 d	23,142	–
Other	9 e	123,170	103,152
Deferred income		**532**	**687**
Deferred income		532	687
Equity		**575,529**	**635,800**
Capital - Domestic	12 a	420,000	420,000
Revenue reserve		203,504	235,136
Valuation adjustments to equity		(5,403)	(3,710)
Retained earnings		(42,572)	(15,626)
Total		**6,120,634**	**8,070,388**

STATEMENTS OF PROFIT AND LOSS
SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(In thousands of Reais, except for the net income period per share)

	Note	Six-month period ended June 30, 2017	2016
Financial operations income		**500,425**	**944,710**
Loans		26,004	41,990
Securities income		373,108	561,083
Profit from derivative instruments		99,170	342,573
Trade finance and foreign exchange income		2,143	(936)
Financial operations expenses		**(539,745)**	**(721,040)**
Deposits, money market and interbank investments		(479,200)	(704,580)
Loans operations, assignment and onlending		(9,609)	(10,379)
Allowance for loan losses	8 c	(50,936)	(6,081)
Profit (loss) from financial operations		**(39,320)**	**223,670**
Other operating income (expenses)		**(38,013)**	**(122,151)**
Service fee income	16 b	7,831	7,517
Personnel expenses		(34,064)	(34,573)
Other administrative expenses	16 c	(15,553)	(16,186)
Tax expenses	16 d	(3,101)	(4,834)
Equity in the earnings (losses) of subsidiaries	10	812	(5,792)
Other operating income	16 e	6,599	1,527
Other operating expenses	16 f	(537)	(69,810)
Operating result		**(77,333)**	**101,519**
Non-operating income (loss)		10	(48)
Profit before income taxes and profit sharing		**(77,323)**	**101,471**
Income tax and social contribution		**38,809**	**(70,533)**
Income tax	13 a	1,390	(23,478)
Social contribution	13 a	2,870	(16,593)
Deferred tax assets	13 b	34,549	(30,462)
Profit sharing		**(1,579)**	**(706)**
Profit (loss) for the semester		**(40,093)**	**30,232**
Number of shares	12 a	**127,338,665**	**127,338,665**
Earnings per share for the period - in R$		**(0.31)**	**0.24**

STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(In thousands of Reais)

Operating activities	Six-month period ended June 30, 2017	2016
Profit (loss) for the semester	**(40,093)**	**30,232**
Adjusted profit	**37,544**	**98,270**
Allowance for loan losses	50,936	6,081
Depreciation and amortization	1,956	1,278
Share of profit (loss) of subsidiaries	(812)	5,792
Current and deferred tax liabilities	(4,260)	40,071
Tax credits	(34,549)	30,462
Other provision	24,273	12,669
Exchange rate changes on cash and cash equivalents	–	1,917
Adjustments to equity valuation in subsidiary	**408**	**–**
(Increase) decrease in operating assets	**1,757,227**	**1,088,809**
Interbank investments	76,689	14,924
Securities and Derivative Instruments	1,645,035	1,107,282
Loans operations	42,813	106,656
Other receivables	(10,125)	(144,467)
Other assets	2,815	4,414
Increase (decrease) in operating liabilities	**(2,591,140)**	**12,382**
Deposits	(241,315)	535,520
Money market funding and interbank investments	(2,300,138)	(519,582)
Proceeds from securities issuance	13,573	(262,021)
Borrowings and onlendings	(8,541)	(13,872)
Derivative instruments	(20,959)	29,533
Other payables	(33,594)	248,270
Deferred income	(166)	(456)
Income Tax and Social Contribution paid	–	(5,010)
Net cash provided by/used in operating activities	**(836,054)**	**1,229,693**
Investing activities		
Acquisition of property and equipment	(2,055)	(3,261)
Sale of property and equipment	205	407
Net cash provided by/used in investing activities	**(1,850)**	**(2,854)**
Exchange rate changes on cash and cash equivalents.	**–**	(1,917)
Increase (decrease) in cash and cash equivalents	**(837,904)**	**1,224,922**
Beginning of period	1,558,011	581,741
End of period	720,107	1,806,663
Increase (decrease) in cash and cash equivalents	**(837,904)**	**1,224,922**

STATEMENTS OF CHANGES IN EQUITY - SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(In thousands of Reais)

	Note	Capital	Earnings reserves: Legal reserve	Reserves for expasion	Valuation adjustments to equity	Retained earnings	Total
Equity as at January 1, 2017		**420,000**	**31,043**	**172,461**	**(2,195)**	–	**621,309**
• Adjustments from prior years to equity	9.f	–	–	–	–	(2,479)	(2,479)
Other Events:							
• Mark-to-market of securities - available for sale	6 b	–	–	–	(3,208)	–	(3,208)
Loss for the six-month period		–	–	–	–	(40,093)	(40,093)
Equity as at June 30, 2017		**420,000**	**31,043**	**172,461**	**(5,403)**	**(42,572)**	**575,529**
Equity as at January 1, 2016		**420,000**	**30,612**	**203,013**	**(2,384)**	**(32,347)**	**618,894**
Other Events:							
• Mark-to-market of securities - available for sale	6 b	–	–	–	(1,326)	–	(1,326)
Profit for the six-month period		–	–	–	–	30,232	30,232
Allocations:							
Reserves		–	1,511	–	–	(1,511)	–
Interest on capital		–	–	–	–	(12,000)	(12,000)
Equity as at June 30, 2016		**420,000**	**32,123**	**203,013**	**(3,710)**	**(15,626)**	**635,800**

1. GENERAL INFORMATION

Haitong Banco de Investimento do Brasil S.A. (Bank) is a direct subsidiary of Haitong Bank S.A., headquartered in Lisbon (Portugal), whose transactions are conducted within the context of a group of companies that operate together in the financial market, and certain transactions of which are carried out or intermediated by related institutions, comprising the financial system, whose activities include the securities distribution and foreign exchange and securities brokerage.

On August 12, 2015, the Central Bank of Brazil approved the transfer of the indirect shareholding control of Haitong Banco de Investimento do Brasil S.A. and its subsidiaries Haitong Securities do Brasil S.A. - CCVM and Haitong DTVM S.A. to Haitong International Holdings Limited, headquartered in Hong Kong, a wholly-owned subsidiary of Haitong Securities Co. Ltd, headquartered in Shanghai, China, in accordance with the terms and conditions set forth in the purchase and sale agreement entered into with the "New Bank" in December 2014. The corporate structure of the Bank and its subsidiaries has not changed in Brazil, and they continued to be directly controlled by Haitong Bank S.A.

As part of its business strategy, the Bank maintained the operations of Haitong Banco de Investimento do Brasil S.A. - Cayman Branch, whose total assets and equity totaled US$129,877,000 (2016 - US$177,669,000) and US$97,747,000 (2016 - US$97,550,000), respectively.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The Bank's financial statements, including its foreign branch, have been prepared in accordance with the accounting practices adopted in Brazil, based on the accounting guidelines set forth in Law 6404/76 and amendments introduced by Law 11638/07 and by Law 11941/2009, for the accounting for transactions, together with the rules and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN). These financial statements were approved by Management on August 29, 2017.

The financial statements of the foreign branch were adjusted to the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the BACEN, and were translated into Brazilian reais based on the exchange rate of the local currency. These financial statements were consolidated in the financial statements of Haitong Banco de Investimento do Brasil S.A.. The balances of assets and liabilities and profit or loss arising from transactions between the Bank and its foreign branch have been eliminated, when applicable.

As part of the process of convergence with international financial reporting standards, certain accounting pronouncements and related interpretations were issued by the Accounting Pronouncements Committee (CPC), which will be applicable to financial institutions only after approved by the CMN. The accounting pronouncements already approved by the CMN include the following:

a) Resolution 3566/08 - Impairment of Assets (CPC 01 (R1)),
b) Resolution 3604/08 - Statement of Cash Flows (CPC 03 (R2)),
c) Resolution 3750/09 - Related-Party Disclosures (CPC 05 (R1)),
d) Resolution 3823/09 - Provisions, Contingent Liabilities and Contingent Assets (CPC 25),
e) Resolution 3973/11 - Events After the Reporting Period (CPC 24),
f) Resolution 3989/11 - Share-Based Payment (CPC 10 (R1)),
g) Resolution 4007/11 - Accounting Policies, Changes in Accounting Estimates and Errors (CPC 23),
h) Resolution 4144/12 - Conceptual Framework (R1),
i) Resolution 4424/15 - Employee Benefits (CPC 33 (R1)),
j) Resolution 4524/16 - Effects of Changes in Exchange Rates and Translation of Financial Statements (CPC 02 (R2)),
k) Resolution 4534/16 - Intangible Asset (CPC 04 (R1)), and
l) Resolution 4535/16 - Property, plant and Equipment (CPC 27).

Presently, it is not possible to estimate when CMN will approve the other CPC accounting pronouncements or whether they will be prospectively or retroactively applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a. Income and expenses are recognized on the accrual basis.

b. The securities purchased to comprise the Bank 's portfolio are recorded at the amount effectively paid, including brokerage and fees, and are classified according to the Bank Management's intention into three distinct categories, pursuant to BACEN Circular 3068 (see Note 6 "b"): **b.1)** Trading securities - securities acquired for the purpose of being actively and frequently traded. They are recorded at cost, plus income earned and adjusted to market value as a contra entry to profit or loss for the period; **b.2)** Available-for-sale securities - securities that are not specifically intended for trading purposes or to be held to maturity. They are recorded at cost, plus income earned, which is recorded as a contra entry to profit or loss for the period and adjusted to market value as a contra entry to equity, net of tax, which will only be recognized in profit or loss when effectively realized; and **b.3)** Held-to-maturity securities - securities that the Bank has the intent and financial capacity to hold in portfolio to maturity. They are recorded at cost, plus income earned as a contra entry to profit or loss for the period.

c. The Bank uses derivative instruments aiming at mitigating its exposure to market, currency and interest rate risks, by using the instruments available on the BM&F Bovespa S.A. and over-the-counter market. These derivative instruments are stated at fair value, in accordance with BACEN Circular 3082 (see Note 7 "c"). The derivative instruments (hedge instruments) used to mitigate risks arising from exposure to changes in the fair value of financial assets and financial liabilities (hedged items) are considered as hedge instruments (hedge transaction) and, when the transaction is contracted, they are classified as "market risk hedge" (see Note 7 "e"). In addition, since the beginning of the transaction and continuously, the Bank documents whether the hedge instrument is highly effective in offsetting changes in the fair value of the hedged item, attributable to the hedged risk. The hedge transaction is discontinued when the Bank cancels or no longer qualifies as a hedge or the hedge instrument expires or is sold, terminated or executed.The gains and losses arising from changes in the fair value of hedge instuments and hedged items are accounted for in income or expense accounts in profit or loss.

d. Loan transactions are classified in accordance with the Management's assessment in nine risk levels, considering the analysis of clients and collaterals, past experience, as well as specific risks underlying the transaction, in compliance with the parameters established by CMN Resolution 2682. After 60 days, the income from past-due transactions is only recognized as revenue when effectively received. H-rated (maximum risk) transactions remain at this level for six months, after which period they are written down against the existing allowance and controlled in memorandum accounts for at least five years, no longer being recognized in the balance sheets. Renegotiated transactions are maintained, at least, at the same classification level as their prior rating. The allowance for loan losses was recorded taking into account the current economic scenario and expectations regarding the realization of the portfolio, so that an adequate allowance in an amount sufficient to cover specific and overall risks is recorded, associated to the allowance calculated in accordance with the risk levels and the respective minimum percentages established by the CMN Resolution 2682 (see Note 8 "b").

e. Impairment of assets: An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable value. Impairment losses are recognized in profit or loss for the period. The carrying amount of non-financial assets, except other assets and tax credits, are reviewed at least once a year to determine whether there is any indication of impairment loss.

f. Permanent assets are stated at cost, taking the following aspects into consideration: **f.1)** Interests in subsidiaries are measured under the equity method of accounting (see Note 10). **f.2)** Depreciation of property and equipment is calculated using the straight-line method at the following annual rates: 20% for data processing systems and vehicles and 10% for furniture and equipment. **f.3)** Intangible assets are basically represented by software licenses. Their amortization is calculated using the straight-line method over the contractual term.

SIX-MONTH PERIOD ENDED JUNE 30, 2017 (In thousands of Brazilian Reais - R$)

g. Current and noncurrent liabilities are measured at their known or estimated amounts, plus, when applicable, the charges and inflation adjustments (on a pro rata basis) and foreign exchange changes incurred.

h. Provisions, contingent liabilities and legal obligations are recognized, measured and disclosed in accordance with the criteria defined by CPC 25 (see Note 14), approved by CMN Resolution 3823:

- **Provisions**: recognized taking into consideration the opinion of legal advisors, the nature of the lawsuits, similarity with previous cases, complexity and position of the courts, whenever the loss is assessed as probable, which would cause a probable outflow of funds for the settlement of liabilities and when the relevant amounts are reliably measured;
- **Contingent liabilities**: according to CPC 25, "contingent" refers to liabilities whose recognition will depend on whether one or more future and uncertain events that are beyond Management's control take place or not. Contingent liabilities do not meet the recognition criteria since they are assessed as possible losses, and they must only be disclosed in the notes to the financial statements when relevant. Contingent liabilities assessed as remote losses are neither accrued nor disclosed; and
- **Legal obligations**: provision for tax risks: result from lawsuits, which are being challenged on the grounds of legality or constitutionality, which, regardless of the assessment of the likelihood of a favorable outcome, are fully recognized in the financial statements.

i. Provisions for Income Tax (IRPJ), Social Contribution (CSLL), PIS (tax on revenue) and COFINS (tax on revenue) are calculated at the rate of 15% plus a 10% surtax above a certain limit, 15% through August 31, 2015, 0.65% and 4%, respectively, considering for tax base purposes, the legislation applicable to each tax (see Note 13 "a" for Income Tax and Social Contribution). Law 13169/15, which amended Law 7689/88, raises the social contribution rate to 20% of profit from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, the rate will be 15% again. The Bank also complies with the accounting practice of recognizing income tax and social contribution tax credits, calculated on tax losses and temporary additions, at the same effective tax rates applied in the recognition of the provision (see Note 13 "b"). Such tax credits are recognized for accounting purposes based on current expectations for realization, considering the technical studies and analyses conducted by Management.

j. Financial guarantees provided: losses associated with the probability of future disbursements pledged to financial guarantees provided were evaluated according to the nature of the obligation provided, past experience, future expectations and the risk assessment policy of the Management. This review is reviewed at least every six months. The provision for financial guarantees provided was recorded in an amount sufficient to cover probable losses throughout the term of the guarantee provided and is recorded in an appropriate liability account, with a corresponding entry to the income statement for the period. The adoption of these procedures had their effect as of January 1, 2017, and the recording of the provision initial was recorded as a contra entry to retained earnings in equity, by the net amount of the tax effects, in accordance with CMN Resolution no. 4512 (see Note 9 "f").

k. The financial statements, in accordance with accounting practices adopted in Brazil, include some line items whose amounts are determined using estimates based on past experience, legal and business environment, likelihood of occurrence of events subject or not to Management's control, etc. These estimates are reviewed at least semianually, so as to determine amounts that approximate the future settlement amounts of the assets or liabilities considered.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, in accordance with CMN Resolution 3604, include cash on hand, bank deposits, and highly liquid short-term investments with insignificant risk of change in value and limits and maturity equal to or below 90 days. Cash and cash equivalents comprise:

	June 30, 2017	June 30, 2016
Cash and cash equivalents	4,359	8,544
- Money market	457,052	1,635,596
- Funds invested abroad	258,696	162,523
Total - Interbank investments	715,748	1,798,119
Total	**720,107**	**1,806,663**

5. INTERBANK INVESTMENTS

					June 30, 2017		June 30, 2016	
	Up to 3 months	3 months to 1 year	1 a 3 years	3 a 5 years	Carrying Amount	Cost Value	Carrying Amount	Cost Value
- Public securities - L.T.N.	114,263	181,889	–	–	296,152	295,675	359,140	359,140
- Public securities - N.T.N.-B	–	111,227	–	–	111,227	111,198	142,670	142,670
- Public securities - N.T.N.-F	342,789	879,351	–	–	1,222,140	1,220,621	1,516,578	1,504,884
Own portfolio position	457,052	1,172,467	–	–	1,629,519	1,627,494	2,018,388	2,006,694
Interbank deposits	–	–	21,412	34,854	56,266	56,266	74,433	74,433
Funds invested abroad	258,696	–	–	–	258,696	258,696	162,523	162,523
Total as at June 30, 2017 - R$	**715,748**	**1,172,467**	**21,412**	**34,854**	**1,944,481**	**1,942,456**	**–**	**–**
- %	**36.8%**	**60.3%**	**1.1%**	**1.8%**	**100.0%**	**–**	**–**	**–**
Total as at June 30, 2016 - R$	**1,798,119**	**389,785**	**–**	**67,440**	**–**	**–**	**2,255,344**	**2,243,650**
- %	**79.7%**	**17.3%**	**–**	**3.0%**	**–**	**–**	**100.0%**	**–**

6. SECURITIES

a. Breakdown of securities

	June 30, 2017			June 30, 2016		
	Unpledged	Pledged	Total	Unpledged	Pledged	Total
Public securities - L.F.T.	187,198	1,580,099	1,767,297	74,897	1,304,414	1,379,311
Public securities - L.T.N.	27,038	491,995	519,033	238,159	1,623,699	1,861,858
Public securities - N.T.N.B.	9,394	234,016	243,410	20,331	106,734	127,065
Public securities - N.T.N.F.	6,018	–	6,018	3,979	–	3,979
Debentures	135,811	35,758	171,569	179,509	69,127	248,636
Investment fund quotas	48,486	–	48,486	72,159	–	72,159
Quotas of Credit Assignment Investment Funds (F.D.I.C.s)	–	–	–	98	–	98
Eurobonds	17,228	115,922	133,150	14,009	142,498	156,507
Agribusiness credit bills	3,601	–	3,601	–	9,726	9,726
Certificate of real estate	–	–	–	13,714	–	13,714
Promissory notes	31,797	–	31,797	9,045	–	9,045
Total	**466,571**	**2,457,790**	**2,924,361**	**625,900**	**3,256,198**	**3,882,098**

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b. Securities portfolio per category

							June 30, 2017		June 30, 2016	
	Unpaid	**Up to 3 months**	**3 a 12 months**	**1 a 3 years**	**3 a 5 years**	**Over 5 years**	**Carrying Amount**	**Cost Value**	**Carrying Amount**	**Cost Value**
Public securities - L.F.T.	–	–	–	–	477,197	1,290,100	1,767,297	1,763,725	1,379,311	1,378,931
Public securities - L.T.N.	–	3,099	1,470	18,449	439,350	–	462,368	459,636	1,292,745	1,284,779
Public securities - N.T.N.B.	–	–	–	–	80,690	6,959	87,649	86,685	127,065	127,206
Public securities - N.T.N.F.	–	–	5,932	–	–	86	6,018	5,928	3,979	3,993
Investment fund quotas	43,171	–	–	–	–	–	43,171	43,171	67,802	67,802
Certificate of real estate	–	–	–	–	–	–	–	–	13,714	14,329
Total Trading Securities (b.1)	**43,171**	**3,099**	**7,402**	**18,449**	**997,237**	**1,297,145**	**2,366,503**	**2,359,145**	**2,884,616**	**2,877,040**
Public securities - L.T.N.	–	–	–	–	56,665	–	56,665	57,185	–	–
Public securities - N.T.N.B.	–	–	–	–	–	155,761	155,761	158,940	–	–
Debentures	–	–	–	34,053	71,399	13,495	118,947	124,197	187,235	193,467
Investment fund quotas	5,315	–	–	–	–	–	5,315	5,315	4,357	4,357
Quotas of Credit Assignment Investment Funds (F.D.I.C.s)	–	–	–	–	–	–	–	–	98	98
Agribusiness credit bills	–	–	3,601	–	–	–	3,601	3,651	9,726	10,050
Promissory notes	–	31,797	–	–	–	–	31,797	31,881	9,045	9,235
Total Available for Sale (b.2)	**5,315**	**31,797**	**3,601**	**34,053**	**128,064**	**169,256**	**372,086**	**381,169**	**210,461**	**217,207**
Public securities - L.T.N.	–	–	–	–	–	–	–	–	569,113	569,113
Debentures	52,622	–	–	–	–	–	52,622	52,622	61,401	61,401
Eurobond	–	–	–	115,922	4,898	12,330	133,150	133,150	156,507	156,507
Total Held to maturity (b.3)	**52,622**	**–**	**–**	**115,922**	**4,898**	**12,330**	**185,772**	**185,772**	**787,021**	**787,021**
Total as at June 30, 2017 - R$	**101,108**	**34,896**	**11,003**	**168,424**	**1,130,199**	**1,478,731**	**2,924,361**	**2,926,086**	**–**	**–**
- %	**3.5%**	**1.2%**	**0.4%**	**5.8%**	**38.5%**	**50.6%**	**100.0%**	**–**	**–**	**–**
Total as at June 30, 2016 - R$	**72,159**	**47,194**	**669,619**	**380,039**	**1,550,578**	**1,162,509**	**–**	**–**	**3,882,098**	**3,881,268**
- %	**1.8%**	**1.2%**	**17.2%**	**9.8%**	**40.1%**	**29.9%**	**–**	**–**	**100.0%**	**–**

The fair value of securities was obtained based on price quotations in the market on the balance sheet date. In case there is no liquidity or price quotation to calculate the fair value of a given security, the amounts are estimated based on dealer quotations, pricing models or price quotations for securities with similar features. **b.1. "**Trading securities": The positive adjustment to the fair value of securities in the amount of R$ 7,358 (2016 R$ 7,576), obtained between the cost amount of R$ 2,359,145 (2016 R$ 2,877,040) and the fair value of R$ 2,366,503 (2016 R$ 2,884,616), was recorded in a specific line item in profit or loss for the semester and previous periods. **b.2. "**Available-for-sale securities": The negative adjustment to the fair value of securities in the amount of R$ 9,083 (2016 R$ 6,746), obtained between the cost amount of R$ 381,169 (2016 R$ 217,207) and the fair value of R$ 372,086 (2016 R$ 210,461), was recorded in a specific line item in equity, net of taxes. **b.3. "**Held-to-maturity securities": recorded at acquisition cost, plus income earned and deducted from provision of credit risk of R$ 42,055 (2016 R$ 11,748), when applicable, as a contra entry to profit or loss for the semester and previous periods. The fair value of these securities amounted to R$ 215,504 (2016 R$ 792,513) on the balance sheet date.

7. DERIVATIVE INSTRUMENTS

The Bank uses derivative instruments aiming at meeting its needs and the needs of its clients, and mitigating its exposure to market, currency and interest rate risks, using for such purpose the instruments available on the BM&F Bovespa S.A. and the over-the-counter market. The management and monitoring of the underlying risks are performed by an independent area by means of control policies, establishment of operating strategies, determination of limits and constant monitoring of the portfolios contracted using specific techniques, which are consistent with the guidelines established by the Management.

a. Risk management

The Planning, Control, and Risk Management Office (DPCGR), through the Risk Control area, is responsible for the management and monitoring of market, liquidity and capital risks, and maintains an integrated, independent structure, in such a manner to meet the guidelines established by Management. The Bank adopts strategies that aim at mitigating the risks underlying its transactions, which risks are in line with its risk management policy and the goals proposed.

- **Market risk -** Refers to the likelihood of loss of a portfolio due to fluctuations in rates, mismatches of terms, currencies and indices of the borrowing and loan portfolios held by the companies. In the meantime, the market risk is managed by means of daily monitoring of the exposure levels in comparison with the limits established, using tools such as VaR (Value at Risk), sensitivity analysis (V01) and stress testing. The methodology for the determination of VaR is based on the parametric model, with a 98% confidence interval for a five-day time range and volatility calculated through the EWMA methodology using a 0.94 lambda. The capital requirement for the coverage of risks - supplementing the market risk monitoring, control and management framework - is calculated daily in compliance with the regulations of the Central Bank of Brazil.
- **Liquidity risk** - The liquidity risk is managed by the Risk Control area whereas the liquidity strategy is defined by the Treasury department, which analyzes the behavior of the various domestic and foreign interest, dollar and stock markets. The Bank manages the liquidity risk by concentrating its portfolio in high quality and highly-liquid assets, whose positions are monitored carefully in order to reach a secure management with respect to the exposure to currency and terms. Additionally, the Bank uses the projected cash flow for liquidity risk control in compliance with the prevailing resolutions, adopting assumptions on the maturity flow of financial transactions, payment flow of expenses, the level of late payment in the portfolios, if any, and the anticipated settlement of liabilities for a minimum period of 365 days.
- **Credit risk** - Refers to the risk related to a potential loss for the failure to perform future obligations by a client with whom a direct or indirect financial relationship is maintained. The credit risk is managed through the monitoring of the quality of the credit risks in our portfolio, which involves a high level of discipline and control in the analyses and transactions carried out, preserving the integrity and independence of the processes. The Bank has a credit policy approved by Management that aim at achieving security, quality and liquidity objectives in the investment of funds, efficiency and profitability of the business, so as to mitigate the risks inherent to any loan transaction, as well as to establish the operating and/or lending limits. The DPCGR and the Credit and Risk Committee (CCR) play, for the implementation of the credit policy, a very important role, which consists of deciding on business proposals and analyses performed by the credit analysts. The Bank's methodology includes a process that assigns ratings to clients from different risk segments. This risk rating is based on the intrinsic profile of each client and is directly related to the likelihood of default regarding his/her obligations to the Bank. The Bank has a Credit Risk Management Policy according to the prevailing resolutions of the Central Bank of Brazil and the Credit Risk Management area which aims at continuously measuring, monitoring and controlling on integrated manner the positions and risk exposures against the previously approved limits for all transactions carried out by the Group and the risk factors to which the Group is subject, whose processes are documented through periodic reports. The scope of analysis include all transactions, regardless of whether classified or not in the trading portfolio. Such risk exposures and positions in own portfolio that guide risk tolerance limits are defined and documented by specific committees. The loan portfolio and collaterals provided totaled R$ 728,077, distributed among the following main sectors: 36.7% electricity, 13.6% telecommunications, 10.1% water and sanitation, 8.7% food processing, and 8.3% infrastructure and transport. Of this portfolio, 57.2% of operations are secured by collaterals provided by the clients, which are mainly represented by: 46.9% pledge, 25.2% letter of credit,13.5% conditional sale, 12.8% surety and guarantees from individuals and legal entities and 1.6% stand by letter of credit (responsibility transferred to the "New Bank").
- **Operating risk -** The Compliance area is responsible for the management of the Bank's operating risk. It maintains an independent structure which is able to identify, assess and monitor the risks defined in CMN Resolution 3380. As this area is considered an essential activity for the generation of added value, actions were developed aiming at the implementation of an operating risk management framework that includes the management model, the operating risk categories and policy, the documentation and information storage procedures, the operating risk management reports and the disclosure process to comply with the aforementioned Resolution.

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b. *Capital Management:* Capital management is defined as the continuous process of monitoring and control of capital maintained by the Bank, assessing the capital requirement to cover the risks to which the institution is subject and goal and capital requirement planning, considering the strategic objectives of the institution, always adopting a prospective position and anticipating capital requirements arising from potential changes in market conditions. According to prevailing legislation, set forth in CMN Resolution 3988, the Bank has a capital management framework compatible with the nature of its operations, the complexity of products and services offered and the extent of its exposure to risk. The Planning, Control and Risk Management Officer (DPCGR), who is currently subordinated to the Group President in Brazil, was appointed as the person in charge of capital management before the Central Bank of Brazil. The Risk Control and Management Control teams, both included in such Office, comprise the technical and operational team for capital management of Haitong Brasil. The capital management process is aligned with best market practices and covers all areas concerned with the identification and assessment of the significant risks incurred by the Bank. The Capital Plan of Haitong Brasil Group is prepared consistently with the strategic planning and concurrently with the annual review of the Business Plan (no less than three years) and annual budget. The responsibilities and the organizational capital management framework involves the Executive Board, the Board of Directors, and the Risk Control and Management Control areas. The capital management policy is reviewed at least annually or whenever specific regulatory circumstances change.

c. *Derivatives:* The derivative instruments are represented by futures, forward, options and swap contracts, registered with the Futures and Commodities Exchange (BM&F Bovespa S.A.) or the Clearing House for the Custody and Financial Settlement of Securities (CETIP) or the Brazilian Company for Custody and Settlement (CBLC), involving fixed rates, interbank rate (DI), exchange rate change or price indices, as shown below:

	June 30, 2017			June 30, 2016		
		Fair Value	Cost Value		Fair Value	Cost Value
	Reference Value	Net Exposure Asset (Liability)	Net Exposure Asset (Liability)	Reference Value	Net Exposure Asset (Liability)	Net Exposure Asset (Liability)
PRE	16,690	(1,737)	(1,741)	38,630	(1,072)	522
DI	1,901,631	284,196	333,440	2,297,812	383,146	367,714
DOLLAR	559,178	8,467	7,291	629,134	(24,771)	(21,496)
LIBOR	18,220	(117)	(1)	83,502	(3,242)	(173)
Swaps	**2,495,719**	**290,809**	**338,989**	**3,049,078**	**354,061**	**346,567**
EURO	–	–	–	132,415	4,082	5,065
DOLLAR	115,084	(5,683)	(4,842)	1,690,870	(65,896)	(62,773)
LIBRA	–	–	–	6,978	(157)	(157)
Forward	**115,084**	**(5,683)**	**(4,842)**	**1,830,263**	**(61,971)**	**(57,865)**
BOI	–	–	–	13,017	94	39
Commodities	**–**	**–**	**–**	**13,017**	**94**	**39**
DOLLAR	–	–	–	15,965	132	577
SHARES	6,376	276	314	3,263	144	208
Purchase with call option	**6,376**	**276**	**314**	**19,228**	**276**	**785**
DI	–	–	–	7,864,500	51	5,170
EURO	–	–	–	53,445	104	540
DOLLAR	–	–	–	3,350	136	34
SHARES	4,717	9	36	740	2	6
Purchase with put option	**4,717**	**9**	**36**	**7,922,035**	**293**	**5,750**
DOLLAR	9,161	(476)	(1,020)	16,950	(200)	(901)
SHARES COE	3,455	(271)	(460)	–	–	–
Sales with call option	**12,616**	**(747)**	**(1,480)**	**16,950**	**(200)**	**(901)**
DI	–	–	–	7,861,000	(21)	(4,020)
EURO	–	–	–	52,962	(1)	(195)
DOLLAR COE	–	–	–	1,399	(63)	(102)
SHARES COE	4,217	(90)	(468)	4,200	(145)	(443)
Sales with put option	**4,217**	**(90)**	**(468)**	**7,919,561**	**(230)**	**(4,760)**
TOTAL Derivative instruments (Asset - Liabilities)	**2,638,729**	**284,574**	**332,549**	**20,770,132**	**292,323**	**289,615**
BGI	–	–	–	12,698	117	117
DDI	2,627,100	(1,288)	(1,288)	2,792,293	(1,951)	(1,951)
DI	5,076,569	5,692	5,692	9,878,612	3,180	3,180
DOLLAR	1,359,907	(389)	(389)	1,619,812	7,118	7,118
OC1	–	–	–	2,913,485	(236)	(236)
Future - Purchase and sale	**9,063,576**	**4,015**	**4,015**	**17,216,900**	**8,228**	**8,228**

The premiums/differentials receivable and payable from options, futures and swaps transactions and the daily adjustments receivable and payable from futures transactions are adjusted to their fair value and recorded in asset and liability accounts as "Derivative instruments" and "Trading account", respectively, and the reference values of these transactions are recorded in clearing accounts. For the measurement of fair values, the Bank adopted the following criteria: for futures transactions, it uses stock exchange quotations, for options transactions, it uses own pricing models based on market benchmarks and for swap and Forward transactions, it estimates the future cash flows of each of its parties discounted to present value, in accordance with the respective interest curves, which reflect appropriate risk factors, primarily based on the B3 prices. The exposure to credit risk in futures contracts is mitigated due to the daily financial settlement. The swap contracts are subject to credit risk in case the counterparty does not have the capacity or willingness to perform its contractual obligations. As at June 30, 2017, the total exposure of credit risk in swaps set forth in Art. 1, Item III of BACEN Circular 2770, totaled R$ 744,786 (2016 R$ 973,316).

d. *Aging list of derivative instruments*

	Up to 30 days	from 31 a 90 days	from 91 a 180 days	from 181 a 360 days	Over 360 days	Total 2017	Total 2016
Swaps (a)	132	138	(812)	25,590	265,761	290,809	354,061
Forward (a)	(196)	(894)	(76)	(4,517)	–	(5,683)	(61,971)
Commodities (a)	–	–	–	–	–	–	94
Options (a)	(89)	–	(10)	(68)	(385)	(552)	139
Total	**(153)**	**(756)**	**(898)**	**21,005**	**265,376**	**284,574**	**292,323**
Future (b)	1,128,603	1,149,629	683,142	1,179,892	4,922,310	9,063,576	17,216,900

(a) Net exposure values and (b) reference values

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e. *Derivatives used as hedge instruments for market risk:* The Bank had the following market risk accounting hedge framework in order to offset risks arising from the exposure to changes in fair value arising from the accumulated fluctuation of the DI interest rate and the fixed interest rate applicable to repurchase transactions and time deposits:

			June 30, 2017				
			Fair value		Variation in the fair value		
Hedge object	Risk	Hedge	Derivative instruments	Total Portfolio Hedged	Derivative instruments	Total Portfolio Hedged	% Effectiveness
Money market (a)	PRE	Future	1,616,545	1,629,519	13,985	14,099	99.2%

			June 30, 2016				
			Fair value		Variation in the fair value		
Hedge object	Risk	Hedge	Derivative instruments	Total Portfolio Hedged	Derivative instruments	Total Portfolio Hedged	% Effectiveness
Money market (a)	PRE	Future	1,860,205	2,018,388	55,278	55,958	98.8%
Time deposits (b)	PRE	Future	222,519	227,823	2,357	2,385	98.8%

(a) The positive adjustment to fair value of the hedged repurchase transactions totaled R$ 2,025 (2016 R$ 11,694) and is recorded as "Open market investments" (see Note 5) and

(b) The positive adjustment to fair value of hedged time deposits totaled R$ zero (2016 R$ 3,343) and is recorded as "Deposits" (see Note 11 "a").

8. LOANS

The loan portfolio, including receivables on sureties and guarantees honored and receivables arising from export contracts, totaled R$ 468,448 (2016 R$ 646,301) on the balance sheet date. If the balance of R$ 259,629 (2016 R$ 333,477) of sureties and guarantees provided recorded in memorandum accounts is included, the portfolio would total R$ 728,077 (2016 R$ 979,778).

a. Breakdown of the loan portfolio per economic activity and per maturity:

	Current					Past-due				
	Up to 3 months	3 a 12 months	1 a 3 years	3 a 5 years	Over 5 years	15 to 90 days	91 to 180 days	Over 360 days	Total June 30, 2017	Total June 30, 2016
Loans - Industry	1,806	20,032	8,075	1,676	1,741	–	–	–	33,330	81,478
Loans - Commerce	7,569	125	42	–	–	–	–	–	7,736	39,885
Loans - Other services	63	5,000	53,933	–	–	–	34,917	–	93,913	116,889
Financing - Industry	6,686	8,070	46,590	19,079	103,421	–	–	–	183,846	198,003
Financing - Other services	4,320	11,984	19,810	18,968	40,587	–	–	–	95,669	110,313
Loans	**20,444**	**45,211**	**128,450**	**39,723**	**145,749**	**–**	**34,917**	**–**	**414,494**	**546,568**
Receivables on sureties and guarantees honored	–	–	–	–	–	30,887	2,876	–	33,763	–
Contracts:										
- Industry	21	–	–	–	20,170	–	–	–	20,191	99,733
Other receivables - Sundry (note 9 "c")	**21**	**–**	**–**	**–**	**20,170**	**30,887**	**2,876**	**–**	**53,954**	**99,733**
Total as at June 30, 2017 - R$	**20,465**	**45,211**	**128,450**	**39,723**	**165,919**	**30,887**	**37,793**	**–**	**468,448**	**–**
- %	**4.4%**	**9.6%**	**27.4%**	**8.5%**	**35.4%**	**6.6%**	**8.1%**	**–**	**100.0%**	**–**
Total as at June 30, 2016 - R$	**177,849**	**127,477**	**115,085**	**40,820**	**178,356**	**789**	**5,066**	**859**	**–**	**646,301**
- %	**27.5%**	**19.7%**	**17.8%**	**6.3%**	**27.6%**	**0.1%**	**0.8%**	**0.2%**	**–**	**100.0%**

b. ***Classification of the loan portfolio by risk level:*** CMN Resolution 2682 introduced the criteria for the classification of loans and the recognition of the allowance for loan losses. These allowances are based on client risk assessment systems and operations. Below is the breakdown of the loan portfolio and the minimum allowance for loan losses required at their corresponding risk levels as established in the aforementioned Resolution.

		June 30, 2017					June 30, 2016				
		Loan portfolio			Provision		Loan portfolio			Provision	
Risk Level	%	Current	Past-due	Total	Minimum	Accounting	Current	Past-due	Total	Minimum	Accounting
AA	–	91,668	–	91,668	–	–	502,446	–	502,446	–	–
A	0.5	191,275	–	191,275	956	1,040	30,680	–	30,680	153	153
B	1.0	20,191	–	20,191	202	202	36,711	–	36,711	367	367
C	3.0	29,606	–	29,606	888	1,480	43,659	–	43,659	1,310	1,316
D	10.0	15,929	–	15,929	1,593	1,593	–	–	–	–	–
E	30.0	51,100	–	51,100	15,330	15,330	–	–	–	–	–
F	50.0	–	–	–	–	–	7,736	3,332	11,068	5,534	5,534
G	70.0	–	68,679	68,679	48,075	48,075	–	–	–	–	–
H	100.0	–	–	–	–	–	18,355	3,382	21,737	21,737	21,737
Total		**399,769**	**68,679**	**468,448**	**67,045**	**67,720**	**639,587**	**6,714**	**646,301**	**29,101**	**29,107**

c. ***Allowance for loan losses:*** As at December 31, 2016, the allowance for loan losses totaled R$ 18,723, subject to changes during the six-month period by: a) additional allowance of R$ 50,936 (2016 R$ 6,264), b) reversal of allowance of R$ zero (2016 R$ 183), c) write-offs R$ 1,903 (2016 R$ zero) and d) exchange loss of R$ 36 (2016 R$ 35), reaching the final balance of R$ 67,720, corresponding to 14.5% (2016 - 4.5%) of the loan portfolio. During the 1st half of 2017 and 2016 there were no loan recoveries against loss and the balance of renegotiated operations in the first half 2017 totaled R$ 51,100 (2016 R$ 51,068).

d. Concentration of Loan portfolio (includes collaterals provided):

	June 30, 2017		June 30, 2016	
	Amount	%	Amount	%
• Main debtor	147,204	20.2%	146,069	14.9%
• 10 main debtors	596,029	81.9%	648,832	66.2%
• 20 main debtors	698,238	95.9%	839,654	85.7%
• 50 main debtors	728,077	100.0%	976,160	99.6%
• Total - Portfolio	**728,077**	**100.0%**	**979,778**	**100.0%**

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9. OTHER RECEIVABLES AND OTHER PAYABLES

a. **Other receivables - Foreign Exchange portfolio (Asset):** composed of foreign exchange purchase pending settlement of R$ zero (2016 R$ 204,336), exchange sale receivables of R$ zero (2016 R$ 116,001) and advances received in local currency R$ zero (2016 R$ 2,945). **Other payables - Foreign Exchange portfolio (Liabilities):** composed of foreign exchange sales pending settlement of R$ zero (2016 R$ 210,637) and exchange purchase payables of R$ zero (2016 R$ 111,227).

b. **Other receivables - trading account (Asset):** represented by escrow deposits held in banks abroad of R$ 11,115 (2016 R$ 28,265) and transactions with financial assets carried out at BM&F Bovespa S.A. in the amount of R$ 4,015 (2016 R$ 8,228), whose financial settlements take place up to the third business day following the balance sheet date.

c. **Other receivables - Sundry:** composed of receivables arising from export contracts (see Note 8 "a") of R$ 20,191 (2016 R$ 99,733), tax credits (see Note 13"b") of R$ 141,977 (2016 R$ 85,245), escrow deposits (see Note 14 "a") of R$ 123,010 (2016 R$ 105,350), taxes for offset of R$ 8,408 (2016 R$ 4,130) and advances, reimbursable payments and sundry debtors of R$ 3,112 (2016 R$ 2,953).

d. **Other payables - tax and social security:** composed of the provision for deferred income tax calculated on the adjustment to fair value of securities and derivative instruments (see Note 13 "b") of R$ 37,190 (2016 R$ 32,656), taxes and contributions on income of R$ zero (2016 R$ 2,405) and taxes and contributions payable of R$ 1,563 (2016 R$ 4,332).

e. **Other payables - Sundry:** composed of accrued payments of R$ 4,420 (2016 R$ 9,022), provision for tax risks (see Note 14 "a") of R$ 122,785 (2016 R$ 105,182), provision for labor liabilities R$ 1,131 (2016 R$ zero), provision for credit risks R$ 349 (2016 R$ zero), provision for guarantees provided (see Note 9 "f") R$ 3,504 (2016 R$ zero) and sundry creditors - domestic of R$ 1,442 (2016 R$ 2,325).

f. **Financial guarantees provided:** CMN Resolution 4512 of July 28, 2016 regulated the assessment of losses associated to the probability of future disbursements related to financial guarantees provided, as well as, on the constitution and registration of a provision sufficient to cover these probable losses to be applied prospectively to effective January 1, 2017. In January 2017, the Bank performed an initial assessment and recorded a provision for possible losses for the financial guarantees provided in the amount of R$ 4,506, as a contra entry to the retained earnings in equity (R$ 2,479 net of tax credits). During the six-month period, this provision was reversed in the amount of R$ 1,002, reaching the final balance of R$ 3,504 corresponding to 1.3% of the guarantees provided portfolio (R$ 259,629).

10. INVESTMENTS

Composed of interests in subsidiaries of R$ 145,559 (2016 R$ 147,427) and other investments of R$ 9,979 (2016 R$ 9,979), which are represented basically by shares issued by privately-held companies.

	Haitong Securities do Brasil CCVM S.A.	Haitong do Brasil DTVM S.A.	Haitong do Brasil Participações Ltda.	Total
Capital	100,000	19,375	40,780	–
Adjusted equity	86,891	4,051	54,617	–
Profit for the period	415	(232)	629	–
Number of common shares	12,809,890	377,491,836	–	–
Number of preferred shares	12,528,520	–	–	–
Number of quotas owned	–	–	40,779,891	–
% ownership interest	100.00%	100.00%	100.00%	–
Share of profit (loss) of subsidiaries:				
• for the six-month period ended June 30, 2017	**415**	**(232)**	**629**	**812**
• for the six-month period ended June 30, 2016	**(3,875)**	**(3,034)**	**1,117**	**(5,792)**
Carrying amount of investment:				
• as at June 30, 2017	**86,891**	**4,051**	**54,617**	**145,559**
• as at June 30, 2016	**88,330**	**5,751**	**53,346**	**147,427**

11. FUNDS RAISED

a. ***Breakdown by aging list:***

	Up to 3 months	3 a 12 months	1 a 3 years	3 a 5 years	Over 5 years	June 30, 2017 Carrying Amount	June 30, 2017 Cost Value	June 30, 2016 Carrying Amount	June 30, 2016 Cost Value
Interbank Deposits **(a)**	74,721	98,667	–	253,299	–	426,687	426,687	263,649	263,649
Time Deposits **(b)**	110,725	720,896	330,777	–	–	1,162,398	1,162,398	1,804,749	1,808,092
Total - Deposits	**185,446**	**819,563**	**330,777**	**253,299**	**–**	**1,589,085**	**1,589,085**	**2,068,398**	**2,071,741**
Money Market funding	2,132,609	1,147,331	–	86,789	–	3,366,729	3,366,729	4,253,294	4,253,294
Structured Finance Certificates	4,796	3,734	–	–	–	8,530	8,530	5,747	5,747
Agribusiness credit letters	–	–	–	–	–	–	–	45,678	45,678
Financial bills **(c)**	–	31,984	59,077	–	–	91,061	91,061	33,738	33,738
Onlendings - BNDES **(d)**	5,387	12,046	36,918	26,790	144,008	225,149	225,149	233,291	233,291
Onlendings - FINAME **(d)**	2,090	6,060	2,803	–	–	10,953	10,953	19,605	19,605
Total as of June 30, 2017	**2,330,328**	**2,020,718**	**429,575**	**366,878**	**144,008**	**5,291,507**	**5,291,507**	**–**	**–**
% Concentration 2017	**44.0%**	**38.2%**	**8.1%**	**7.0%**	**2.7%**	**100.0%**	**–**	**–**	**–**
Total as of June 30, 2016	**4,158,184**	**1,311,966**	**709,791**	**328,232**	**151,578**	**6,659,751**	**–**	**6,659,751**	**6,663,094**
% Concentration 2016	**62.4%**	**19.7%**	**10.7%**	**4.9%**	**2.3%**	**100.0%**	**–**	**100.0%**	**100.0%**

As at June 30, 2017, the funds raised in Brazil had the following characteristics: **(a)** Interbank deposits with maturities up to August 2020, indexed to the Interbank Deposit (DI) rate fluctuation; **(b)** Time deposits negotiated at a fixed rate of up to 19.06% p.a., maturing through June 2019 and indexed to the DI and IPCA fluctuation, maturing through September 2019; **(c)** Financial bills issued with maturities through January 2020, basically indexed to the DI and IPCA fluctuation; and **(d)** Onlendings (BNDES) with maturity through March 2034, basically indexed to the fluctuation of the Long-Term Interest Rate (TJLP) plus interest of up to 7.4% p.a.

b. ***Concentration of Deposits (include interbank and time deposits):***

	June 30, 2017 Amount	June 30, 2017 %	June 30, 2016 Amount	June 30, 2016 %
• Main depositor	312,526	26.2%	543,128	26.2%
• 10 main depositors	1,316,986	78.0%	1,616,753	78.0%
• 20 main depositors	1,442,883	87.5%	1,813,009	87.5%
• 50 main depositors	1,534,646	95.9%	1,986,685	95.9%
• Total	**1,589,085**	**100.0%**	**2,068,398**	**100.0%**

SIX-MONTH PERIOD ENDED JUNE 30, 2017 (In thousands of Brazilian Reais - R$)

12. EQUITY

a. Capital - Capital of R$ 420,000 is represented by 127,338,665 registered shares, of which 63,669,344 are common shares and 63,669,321 are preferred shares, with no par value.

b. Dividends - The Bank's bylaws establishes a minimum dividend of 25% of annual profit, adjusted as provided for in Article 202 of the Brazilian Corporate Law. As for preferred shares, dividends are fixed in an amount at least 10% higher than the amount of common shares, in accordance with item I, Article 17 of Law 6404/76, as amended by Law 9457/97. During the six-month period ended June 30, 2017, no dividends were distributed on account of the estimated loss. In June 30, 2016, interest on capital totaled R$ 12,000, corresponding to gross values of R$0,089749421 per common share and R$0,098724363 per preferred share, subject to the levy of withholding income tax at a rate of 15%. Interest on capital was calculated based on the Long-Term Interest Rate (TJLP) applicable to equity accounts in accordance with Law 9249 of December 26, 1995. The adoption of the payment of the aforementioned interest on capital increased the reduced the Bank's current income tax and social contribution by approximately R$ 5,400. This interest was accounted for in accordance with BACEN Circular 2739/97 and in compliance with tax provisions.

c. Earnings reserves - The "Reserve for Expansion" is recorded to support future investment plans and, it will be used to offset losses, if any, increase capital or pay dividends. Out of the profit for the year, 5% is allocated to the Legal Reserve, which should not exceed 20% of capital.

13. INCOME TAX AND SOCIAL CONTRIBUTION

a. Statement of calculation of income tax (IRPJ) and social contribution (CSLL):

	Six-month period ended June 30			
	2017		2016	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes and profit sharing	**(77,323)**	**(77,323)**	**101,471**	**101,471**
Additions and exclusions on the calculation of the taxes:	**76,359**	**76,353**	**(69,648)**	**(67,364)**
• Non-deductible expenses	80,382	79,212	617	630
• Non-deductible provisions	(6,610)	(6,610)	38,223	38,223
• Share of profit (loss) of subsidiaries	(812)	(812)	5,792	5,792
• Profit (loss) from branch abroad	(6,467)	(6,467)	67,250	67,250
• Interest on capital	–	–	(15,250)	(15,250)
• Profit sharing	(1,579)	(1,579)	(706)	(706)
• Mark-to-market - securities and derivatives	12,609	12,609	(163,303)	(163,303)
• Other additions and deductions	(1,164)	–	(2,271)	–
Calculation Basis before offsetting	**(964)**	**(970)**	**31,823**	**34,107**
Total charges due in the current year	**–**	**–**	**(3,837)**	**(3,578)**
Supplementation (Reversal) of deferred tax credits on income tax and social contribution losses	241	194	–	–
Supplementation (Reversal) of deferred tax credits on temporary differences	19,166	14,948	(16,813)	(13,649)
(Supplementation) Reversal of deferred tax on mark-to-market - securities and derivatives	1,390	2,870	(19,641)	(13,015)
Income Tax and Social Contribution expenses	**20,797**	**18,012**	**(40,291)**	**(30,242)**

b. Tax credits and deferred provisions

Variations in the first six-month period of 2017	Dec 31, 2016	Recognition	Realization and/or reversal	Jun 30, 2017
Deferred tax credits on social contribution losses	–	194	–	194
Deferred tax credits on income tax	–	241	–	241
Allowance for loan losses	8,393	22,064	–	30,457
Provision for guarantees provided	2,029	1,577	(2,029)	1,577
Credits written off against loss	9,781	35,389	–	45,170
Provision for credit risks	36,317	8,863	(34,533)	10,647
Provision for tax risks	45,439	3,074	–	48,513
Other taxes receivable	1,382	–	(291)	1,091
Sub Total Tax credits	**103,341**	**71,402**	**(36,853)**	**137,890**
Adjustment to fair value - Avaliable for sale securities	1,796	2,291	–	4,087
Tax credits	**105,137**	**73,693**	**(36,853)**	**141,977**
Deferred tax (Positive adjustment to fair value of securities and derivatives instruments)	(41,450)	–	4,260	(37,190)
NET	**63,687**	**73,693**	**(32,593)**	**104,787**

Variations in the first six-month period of 2016	Dec 31, 2015	Recognition	Realization and/or reversal	Jun 30, 2016
Sub Total Tax credits	**112,670**	**9,435**	**(39,897)**	**82,208**
Negative adjustment to fair value - Avaliable for sale securities	1,951	1,086	–	3,037
Tax credits	**114,621**	**10,521**	**(39,897)**	**85,245**
Deferred tax (Positive adjustment to fair value of securities and derivatives instruments)	**–**	(32,656)	**–**	(32,656)
NET	**114,621**	**(22,135)**	**(39,897)**	**52,589**

b.1. The balance of tax credits net of deferred tax liabilities amounted to R$ 104,787 (2016 R$ 52,589) corresponding to 18.2% (2016 8.3%) in relation to final equity. The income tax and social contribution credits amounted to R$ 141,977 (2016 R$ 85,245), accounting for 24.7% (2016 13.4%) of the final equity, and recognized in line item "Other receivables - Sundry" (Note 9 "c"). The recognition of these tax credits is based on the expected generation of future taxable income.

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Management estimates that the realization of these tax credits and deferred tax liabilities will take place in the following proportion:

	Carrying Amount as of June 30, 2017				% Long Term Asset (Liabilities)	
	Tax credits	Deferred tax	NET	Present Value	Annual	Acumulated
2017	6,819	(256)	6,563	5,876	6.3%	6.3%
2018	34,838	(22,656)	12,182	11,034	11.6%	17.9%
2019	22,534	(9,203)	13,331	12,174	12.7%	30.6%
2020	279	14,468	14,747	13,492	14.1%	44.7%
2021	16,310	422	16,732	15,308	16.0%	60.7%
2022	60,141	(22,315)	37,826	34,608	36.1%	96.7%
2023 to 2025	1,056	2,350	3,406	3,116	3.3%	100.0%
Total	**141,977**	**(37,190)**	**104,787**	**95,609**	**100.0%**	

As at June 30, 2017 and 2016, there were no tax credits not recorded in assets and the present value of the tax credits calculated based on the Selic rate amounts to R$ 95,609 (2016 R$ 48,584).

b.2. The provisions for deferred income tax and social contribution in the amount of R$ 37,190 (2016 R$ 32,656) were calculated on the positive adjustments to the fair value of securities and derivative instruments and recognized in line item "Other payables - Tax and social security" (Note 9 "d").

14. PROVISIONS, CONTINGENT LIABILITIES AND LEGAL OBLIGATIONS

The Bank and its subsidiaries, in the ordinary course of business, are parties to lawsuits of tax, social security, labor and civil nature. The respective provisions for risks were recognized based on the prevailing law, the opinion of the legal counsel, the nature and complexity of lawsuits, former court rulings, loss history and other criteria that enable Management to estimate the probable cash outflow amount as reliably as possible.

a. Legal obligations: Legal obligations refer to amounts payable related to tax liabilities, whose legality or constitutionality is being challenged in courts, particularly: **a.1)** payment of taxes on revenue (PIS and COFINS), ruling out Article 3 of Law 9718, which established the inappropriate expansion of such tax basis, whose provision and corresponding escrow deposit totaled R$ 121,282 (2016 R$ 103,680) and R$ 121,444 (2016 R$ 103,841), respectively. Both the legal obligation and the escrow deposit were adjusted based on the Selic rate fluctuation. As at December 31, 2016, the provision totaled R$ 113,598, which was increased during the year by new obligations of R$ 2,213 (2016 R$ 3,995) and inflation adjustment of R$ 5,471 (2016 R$ 6,396), reaching the final balance of R$ 121,282, which amount fully supports the risk arising from such obligations. **a.2)** collection of alleged income tax, withholding tax and Federal VAT (PIS) credits, whose amounts were deposited in escrow to obtain a debt clearance certificate, with unclearance effects, from the Federal Revenue Service and the General Attorneys' Office of the National Treasury, whose provision and corresponding escrow deposit totaled R$1,502 (2016 R$1,502). These legal obligations are recorded in the item "Tax contingencies" of the "Other liabilities - Miscellaneous" (Note 9 "e") and the existing judicial deposits are recorded under the caption "Debtors for escrow deposits" in the group "Others Credits - Other "(Note 9" c ").

b. Contingent liabilities: b.1) The Bank recognized the following main contingencies that were individually assessed by our legal counsel as "possible loss" (R$ 15,474): **i)** social security - R$ 8,131: administrative proceedings relating to the levy of social security contribution on non-compensatory amounts (from 2008 to 2012); **ii)** tax - R$ 3,792: represented mainly by administrative proceedings relating to the offset of social contribution tax loss carryforwards for 2008 (R$ 2,282), collection of IRPJ and CSLL on inflation adjustment of equity securities of CETIP (R$ 501) and compensation claimed by PER/DCOMP and not approved (R$ 753); and **iii)** labor - R$ 3,551: lawsuits filed by former employees intended to seek indemnity related to alleged labor rights. **b.2)** The Bank recognized a single contingency of labor nature assessed as "probable loss", the process of which awaits the approval of the agreement, for which specific provisions of R$ 158 and an additional provision of R$ 973 to cover future labor losses, was recorded under "Provision for Labor Liabilities" in "Other payables - Sundry" (see Note 9 "e"). **b.3)** The subsidiary Haitong Securities do Brasil S.A. - C.C.V.M. recognized tax, social security and labor contingencies in the total amount of R$ 61,350, which are being challenged at administrative and judicial levels and were assessed by our legal counsel as "possible loss", mainly represented by lawsuits relating to the collection of IRPJ and CSLL on the inflation adjustment of equity securities of the Stock Exchanges and CETIP (R$ 34,460) and collection of PIS and COFINS on the proceeds from the sale of shares of Stock Exchanges and CETIP (R$ 20,790) and labor lawsuits (R$ 5,323).

15. RELATED-PARTY TRANSACTIONS

a) The Bank's transactions are conducted within the context of a group of companies that operate in an integrated manner in the financial and capital markets and are broken down as follows:

		Assets/(Liabilities)		Income/(Expenses)	
		2017	2016	2017	2016
Time deposits		**(17,973)**	**(19,367)**	**(1,028)**	**(1,367)**
Haitong Negócios S.A.	controlled	(5,952)	(6,538)	(360)	(515)
Haitong do Brasil Participações Ltda.	controlled	(12,021)	(12,829)	(668)	(852)
Money market funding	controlled	**(14,277)**	**(23,060)**	**(1,131)**	**(2,289)**
Haitong Securities do Brasil C.C.V.M. S.A.	controlled	(14,277)	(23,060)	(1,131)	(2,278)
Haitong do Brasil D.T.V.M. S.A.	controlled	–	–	–	(11)
Swaps		**(117)**	**(1,018)**	**(185)**	**(813)**
Haitong Investment Ireland Plc. (Irlanda)	related company	(117)	(1,018)	(185)	(813)
Dividends and Interest on capital to be payed		**(3,060)**	**(20,978)**	**–**	**–**
Haitong Bank S.A. (Lisboa)	direct controller	(3,060)	(20,978)	–	–
Debtors (Creditors)		**–**	**8,228**	**(14)**	**(650)**
Haitong Securities do Brasil C.C.V.M. S.A.	controlled	–	8,228	(14)	(650)

b) Compensation of key Management personnel totaled R$ 4,208 in the six-month period of 2017 (2016 R$ 4,283). The Bank does not offer long-term or severance benefits, or share-based compensation to its key Management personnel.

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16. OTHER INFORMATION

a. Haitong Banco de Investimento do Brasil S.A. determines its operational limits on a consolidated basis, within the parameters set by the framework defined by Basel III, which requirements imposed more and better quality in the level of capital of institutions, and the prudential measures, which made the financial system more resilient to crises that may occur. Below is the ratio between the regulatory capital and the required capital and the weighted average risk (risk-weighted assets - RWA):

	June 30, 2017	June 30, 2016
• Principal capital	529,189	634,736
• Regulatory capital - Total	**529,189**	**634,736**
• Capital allocation - credit risk	169,700	241,809
• Capital allocation - market risk	67,548	193,234
• Capital allocation - operational risk	25,500	15,071
• Required regulatory capital	**262,748**	**450,114**
• Regulatory capital calculated for covering the interest rate risk of operations not classified	24,104	609
• Excess regulatory capital	**242,337**	**184,013**
• Ratio as of June 30, 2017	**18.5%**	**14.8%**

As at June 30, 2017, the leverage ratio reached 8.07% (2016 6.85%), calculated on a consolidated basis between the ratio of Tier I of R$ 529,189 (2016 R$ 634,736) and Total Exposure of R$ 6,560,683 (2016 R$ 9,609,039).

b. Service revenue is composed of revenue from specialized technical advisory services in the amount of R$ 3,972 (2016 R$ 3,146); income from guarantees provided - R$ 3,855 (2016 R$ 4,326) and other revenues from fees, and Brokerage fee for securities placement and intermediation R$ 4 (2016 R$ 45).

c. Other administrative expenses are composed of expenses on financial system services of R$ 1,371 (2016 R$ 3,144); communications of R$ 2,492 (2016 R$ 2,203); third-party and specialized technical services of R$ 1,592 (2016 R$ 1,792); rent and common area maintenance fees of R$ 3,790 (2016 R$ 3,121); data processing and IT services of R$ 2,022 (2016 R$ 1,788); travel expenses of R$ 385 (2016 R$ 941); depreciation and amortization of R$ 1,923 (2016 R$ 1,239) and other expenses of R$ 1,978 (2016 R$ 1,958).

d. Tax expenses are composed of expenses on federal taxes (PIS, COFINS, IOF) of R$ 2,433 (2016 R$ 4,201), state taxes of R$ 45 (2016 R$ 70) and municipal taxes (ISS, IPTU) of R$ 623 (2016 R$ 563).

e. Other operating income are composed basically of exchange gain on investments in foreign branches of R$ 4,774 (2016 R$ zero), finance income of R$ 79 (2016 R$ 1,527), reversal of provision for guarantees provided of R$ 1,002 (2016 R$ zero), and income from receivables on sureties and guarantees honored R$ 602 (2016 R$ zero).

f. Other operating expenses are composed basically of additional provision for credit risks of R$ 341 (2016 R$ zero) and exchange losses on investments in foreign branches of R$ zero (2016 R$ 67,700).

17. RESTRUCTURING ORGANIZATION

In March 2017, Haitong Bank S.A. laid the groundwork for its strategic planning called **"Haitong 2025".** This strategic plan has the following main definitions: ***(i)*** Definition of 3 Business Pillars: Investment Bank, Markets and Alternative Products (Asset/Private Equity/Structured Funds); ***(ii)*** Emphasis on the Chinese angle; ***(iii)*** Focus of action in Brazil, Iberia and Poland as "Originator" countries and New York and London as "Distributors" countries; and ***(iv)*** Cost structure review and optimization. As part of the Haitong 2025 project, the Haitong Bank of Brazil Investment Management has been perfecting its strategic plan based on business profitability and increased operational efficiency, with effective cost control. In this scenario, during the first half of 2017, a series of changes in the organizational structure of the Bank and subsidiaries were adopted, with emphasis on: a) completion of the processes of optimization of the governance structure and reorganization of the business, operational, institutional and administrative areas, making it possible to reduce the number of employees of the Bank and its subsidiaries; b) the subsidiary Haitong Securities of Brasil Corretora de Câmbio e Valores Mobiliários S.A. (CCVM) suspended its activities as a Trading Participant ("PN") with B3, failing to carry out its own operations and to intermediate its clients' operations; and c) a reduction of 30% in personnel and infrastructure costs, mainly related to the physical space of the facilities, communications and technology and computer expenses, among others. The adoption of these changes in the organizational structure of the Bank and subsidiaries increased personnel expenses and other administrative expenses, increasing the loss for the six-month period ended June 30, 2017, as follows:

	Impacts of Restructuring Organizational
Loss for the semester	**(40,093)**
Extraordinary adjustments:	9,827
• Personnel expenses	10,889
• Other administrative expenses	2,906
• Equity in the earnings (losses) of subsidiaries	2,240
• Income tax and social contribution	(6,208)
Adjusted loss for the semester	**(30,266)**

On the other hand, it confirms the strategic plan adopted with positive impacts as of the second half of this year. With this emphasis, Management will continue to evaluate its strategies in order to seek operational efficiency and profitability for its shareholders.

BOARD OF DIRECTORS

Alan do Amaral Fernandes
President
Yong Lin
Frederico dos Reis Arrochela Alegria

DIRECTORS

Alan do Amaral Fernandes
President

Carlos José Caetano Guzzo
Vice-President

Frederico dos Reis Arrochela Alegria
Executive Director

Fábio de Souza Queiroz Ferraz
Executive Director

Roberto Fonseca Simões Filho

Silvan Barros Suassuna

ACCOUNTANT

Marcos Tetsuo Takeda - CRC-1SP197374/O-1

To the

Board of Directors and Shareholders of

Haitong Banco de Investimento do Brasil S.A.

São Paulo - SP

Opinion

We have audited the accompanying financial statements of Haitong Banco de Investimento do Brasil S.A. ("Bank"), which comprise the balance sheet as of June 30, 2017, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Haitong Banco de Investimento do Brasil S.A. as of June 30, 2017, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Bank in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information Accompanying the Financial Statements and the Independent Auditor's Report

Management is responsible for the other information. The other information comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 29, 2017

DELOITTE TOUCHE TOHMATSU

Auditores Independentes

CRC nº 2 SP 011609/O-8

Vanderlei Minoru Yamashita

Engagement Partner

CRC nº 1 SP 201506/O-5

Deloitte.

The financial statements were published in the "DCI - Diário Comércio, Indústria & Serviços" edition of August 30, 2017