

Financial Statements

RIO BRAVO INVESTIMENTOS DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.

Years ended December, 31 2016 and 2015
with independent auditor's report on financial statements

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Financial Statements

Years ended December, 31 2016 and 2015

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's report on financial statements

The Quotaholders and Officers,

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.
São Paulo – SP

Opinion

We have audited the accompanying financial statements of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. ("Company"), which comprise the balance sheet as at December 31, 2016 and the related statements of income, changes in equity and of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. as at December 31, 2016, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to 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 financial statements" section of our report. We are independent in relation to the Company and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Other matters

Audit of amounts corresponding to the prior year

The Financial Statements for the year ended December 31, 2015, presented for comparison purposes, were examined by other independent auditors that issued unqualified opinion dated March 28, 2016.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal control as Management

determines is necessary to enable the preparation of 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of 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 Brazilian and International standards on auditing will always detect material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or jointly, they can influence, within a reasonable perspective, the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted 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 risks of material misstatements 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 one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- 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 Company'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 substantial doubt as to the Company'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 Company 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 corresponding 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.

São Paulo, March 29, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Flávio Serpejante Peppe
Partner

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Balance Sheets

December 31, 2016 and 2015

(Amounts expressed in thousands of reais - R\$)

	Notes	2016	2015
Assets			
Current Assets		5,704	8,522
Cash	4	314	310
Marketable Securities	5	2,581	6,405
Own portfolio		2,581	6,405
Other credits		2,491	1,582
Receivables	7,a	1,286	1,366
Sundry	7,b	1,205	216
Other assets	8	318	225
Prepaid expenses		318	225
Noncurrent assets		936	1,527
Other credits		936	1,527
Receivables	7,a	716	636
Sundry	7,b	220	891
Permanent Assets	9	366	461
Fixed assets		366	447
Other fixed assets		1,905	1,889
(-) Accumulated depreciation		(1,539)	(1,442)
Deffered assets		-	3
Other deffered assets		-	6
(-) Accumulated amortization		-	(3)
Intangible		-	11
Other intangible assets		-	294
(-)Accumulated amortization		-	(283)
Total Assets		7,006	10,510

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Balance Sheets

December 31, 2016 and 2015

(Amounts expressed in thousands of reais - R\$)

	Notes	2016	2015
Liabilities			
Current Liabilities		3,209	6,740
Other Liabilities		3,209	6,740
Social and statutory	10.a	250	462
Taxes and social security	10.b	549	483
Sundry	10.c	2,410	5,795
Equity		3,797	3,770
Capital		3,750	3,770
Residents	11	3,750	3,750
Income reserves		47	20
Total Liabilities		7,006	10,510

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Income Statements

Years ended December 31, 2016 and 2015 and six-month period ended December 31, 2016

(In thousands of reais - R\$, except net income per share)

	Notes	2 nd Half	Year	
		2016	2016	2015
Income from financial intermediation		145	323	555
Marketable securities	5	145	323	555
Gross income from financial intermediation		145	323	555
Other operating income (expenses)		1,553	747	659
Income from services rendered	15	8,707	14,876	12,932
Personnel expenses	19	(3,256)	(6,898)	(6,914)
Other administrative expenses	16	(2,770)	(5,325)	(4,301)
Taxes	20	(754)	(1,277)	(1,046)
Other operating income	17	205	496	196
Other operating expenses	18	(579)	(1,125)	(208)
Operating results		1,698	1,070	1,214
Income before taxes and profit sharing		1,698	1,070	1,214
Income and social contribution taxes	14	(313)	(313)	(126)
Provision for employee's profit sharing		(250)	(730)	(1,014)
Net income for the six-month period/years		1,135	27	74
Net income per share - R\$		0,30	0,01	0,02

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Statements of changes in equity

Years ended December 31, 2016 and 2015 and six-month period ended December 31, 2016

(In thousands of reais)

	Capital	Income reserves		Retained earnings (accumulated losses)	Total
		Legal	Statutory		
Balances at December 31, 2014	2,750	-	-	(54)	2,696
Net income for the year	-	-	-	74	74
Allocations of reserves	-	1	19	(20)	-
Capital increase	1,000	-	-	-	1,000
Balances at December 31, 2015	3,750	1	19	-	3,770
Net income for the year	-	-	-	27	27
Allocations of reserves	-	1	26	(27)	-
Balances at December 31, 2016	3,750	2	45	-	3,797
Balances at June 30, 2016	3,750	1	19	(1,108)	2,662
Net income for the period	-	-	-	1,135	1,135
Allocations of reserves	-	1	26	(27)	-
Balances at December 31, 2016	3,750	2	45	-	3,797

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Statements of cash flows - Indirect method

Years ended December 31, 2016 and 2015 and Six-month period ended December 31, 2016

(In thousands of reais)

	2nd Half	Year	
	2016	2016	2015
Operating activities			
Net income of the six-month period/years	1,135	27	74
Depreciation and amortization	49	107	218
Provision for contingent and legal liabilities	305	599	-
Adjusted net income of the six-month period/years	1,489	733	292
Changes in assets and liabilities			
Decrease/(Increase) in Receivables	193	(7)	10
Decrease/(Increase) in Other Credits	(463)	(310)	(581)
Decrease/(Increase) in Other Assets	65	(94)	(150)
Decrease/(Increase) in Other Liabilities	131	(4,130)	4,733
Cash flow (used in) / provided by operating activities	1,415	(3,808)	(4,305)
Acquisition of fixed assets and intangible	(4)	(12)	(52)
Cash (used in) / provided by investment activities	(4)	(12)	(52)
Financing activities			
Capital increase	-	-	1,000
Cash (used in) / provided by financing activities	-	-	1,000
Increase / (Decrease) of cash and cash equivalents	1,411	(3,820)	5,253
At beginning of the six-month period/years	1,484	6,715	1,462
At end of the six-month period/years	2,895	2,895	6,715
Change in cash and cash equivalents	1,411	(3,820)	5,253

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

1. Operations

The Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. "the Company" has the purpose of subscribing separately or in consortium with other authorized companies, intermediation, purchase and sale of securities for own account and third parties, the administration of custody portfolios; The exercise of functions as a fiduciary agent, distribution, organization and administration of investment funds and investment clubs, the main activity being the administration and distribution of real estate investment funds.

2. Financial statements presentation and significant accounting practices

The financial statements were prepared in accordance with the accounting practices adopted in Brazil, which consider the accounting guidelines issued by Law nº 6.404/76, being observed, according to regulatory procedures of the Brazilian Central Bank, the changes introduced by Law nº 11.638/07 and Law nº 11.941/09, in addition to the rules and instructions of the Central Bank of Brazil, based on the Accounting Plan for National Financial System Institutions (COSIF) and the Pronouncements issued by the Accounting Pronouncements Committee (CPC), approved so far by the Central Bank of Brazil.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires management to use assumptions and judgments in determining the value and recording of accounting estimates. The settlement of these transactions involving these estimates may result in values different from those estimated due to the inaccuracies inherent to the process of their determination.

In adherence to the process of convergence with international accounting standards, the Accounting Pronouncements Committee (CPC) issued several pronouncements related to the process of international accounting convergence, although not all of them have been ratified by BACEN. Accordingly, in the preparation of the financial statements, the Company adopted the following pronouncements already approved by BACEN:

- a) CPC 00 (R1) – Conceptual framework for preparation and disclosure of accounting report - Financial - approved by CMN Resolution nº 4.144/12;
- b) CPC 01 (R1) - Impairment of assets - approved by CMN Resolution nº 3.566/08;
- c) CPC 03 (R2) – Cash Flow Statement - approved by CMN Resolution nº 3.604/08;
- d) CPC 05 (R1) - Related-Party Disclosures - homologated by CMN Resolution nº 3.750/09;
- e) CPC 10 (R1) – Share-based payment - approved by CMN Resolution nº 3.939/11;

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

2. Financial statements presentation, consolidation criteria and significant accounting practices—Continuation

3. CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors - approved by Resolution CMN nº 4.007/11;
4. CPC 24 – Subsequent Events - approved by CMN Resolution nº 3.973/11;
5. CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - approved by CMN Resolution nº 3.823/09;
6. CPC 33 (R1) – Employee Benefits - approved by CMN resolution nº 4.424/15, with effect from January 1, 2016. Applicable not conflicting with the standards issued by the National Monetary Council or by the Central Bank.

Currently, it is not possible to estimate when the BACEN will approve the other accounting pronouncements issued by the CPC, nor if the adoption of the same will be done prospectively or retrospectively.

We confirm that all relevant information, specific to the financial statements, and only them, are being evidenced and correspond to those used in the management of the operations of the Company.

These financial statements were approved by the Board of Executive Officers and authorized to be disclosed on March 29, 2017.

3. Summary of significant accounting practices

The accounting practices described below were applied consistently for the years presented in these financial statements.

a) Revenue and expenses

Revenues and expenses are recognized on an accrual method, observing the *pro rata* criteria for those of financial nature.

b) Cash and cash equivalents

According to CMN Resolution No. 3.604 / 08, it includes cash, bank deposits, high liquidity short-term investments with insignificant risk of change in value and limits, with a maturity of 90 days or less, from the date of application.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

3. Summary of significant accounting practices--Continuation

c) Marketable securities and derivative financial instruments

In accordance with the provisions of Circular No. 3.068, of November 8, 2001, of the Central Bank of Brazil, the securities included in the portfolio are classified into three distinct categories, according to the management's intention:

- Securities held for trading;
- Available-for-sale securities; and
- Held-to-maturity securities.

Trading securities are presented in current assets, regardless of the respective maturities. It includes securities acquired for the purpose of being actively and frequently traded. They are valued at market value, and the result of the valuation or devaluation is computed to profit or loss.

The available for sale securities represent securities that were not purchased for frequent trading. They are used, among other purposes, to reserve liquidity, guarantees and protection against risks. Income earned according to the acquisition rates, as well as possible permanent losses are computed to income. These securities are valued at market, and the result of the valuation or devaluation accounted for as a contra entry to the deferred account of shareholders' equity (net of tax effects), which will be transferred to the result at the time of its realization.

The Held to maturity securities refer to the securities acquired for which the Company has the intention and financial capacity to hold them in the portfolio to maturity. They are valued at acquisition cost, plus income earned. If they present permanent losses, they are immediately recorded in the income statement.

On December 31, 2016 and 2015 the Company has no derivative financial instruments.

d) Impairment of non-financial assets

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable value. Impairment losses are recognized in profit or loss for the period.

Management annually reviews the net book value of the assets with the purpose of evaluating events or changes in economic, operational or technological circumstances that may indicate deterioration or loss of their recoverable value.

On December 31, 2016 and 2015, no non-financial assets with an indication of impairment were identified.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

3. Summary of significant accounting practices--Continuation

e) Investments

Investments are stated at cost and adjusted by provision for losses, when applicable.

f) Permanent assets

Correspondence of objects consisting of tangible and intangible goods intended for the purpose of maintaining the Institution's activities or exercised for that purpose.

Fixed assets (tangible assets) and intangible assets (intangible assets) are recorded at cost. A depreciation of property, plant and equipment is calculated using the straight-line method at rates of 20% p.a. For data processing systems and 10% p.a. For other items. Amortization of intangible assets is calculated using the straight-line method at a rate of 20% p.a.

The balance of a deferred asset is represented by organizational expenses and a recorded cost of acquisition. Amortization is calculated on a straight-line basis over a period of five years

g) Other assets and liabilities

Other assets and liabilities are stated respectively at the realization amounts and commitments established in the contracts, including, when applicable, the income and expenses incurred up to the balance sheet dates.

h) Income tax and social contribution

The provision for income tax is recorded based on taxable income at a rate of 15%, plus an additional 10% on annual profit exceeding R\$ 240. The social contribution on profit was calculated up to August 2015, considering the aliquot of 15%. For the period from September 2015 to December 2018, the rate was changed to 20%, according to Law 13.169/15, returning to the rate of 15% from January 2019.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

3. Summary of significant accounting practices--Continuation

i) Contingent assets and liabilities and legal, fiscal and social security obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are made in accordance with the criteria defined in Resolution No. 3.823, dated December 16, 2009, and Circular Letter No. 3.429, dated February 11, 2010, according to the following criteria:

Active contingencies - are not recognized in the financial statements, except when there is evidence to guarantee their realization, on which there are no more resources.

Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and management, the risk of loss of a judicial or administrative action is considered probable, with a probable outflow of funds for the settlement of the obligations and when the amounts involved measurable with sufficient safety. Liability contingencies classified as possible losses are only disclosed in explanatory notes, whereas those classified as a remote loss do not require a provision or disclosure.

Legal, tax and social security obligations - refer to lawsuits, in which the legality or unconstitutionality of some taxes (taxes or contributions) are being challenged. The amount discussed is quantified and recorded in the accounts.

j) Earnings per share.

Earnings per share are determined by dividing the profit of the period by the number of shares.

k) Functional currency and presentation currency

The financial statements are being presented in thousands of reais.

4. Cash and cash equivalent

On December 31, 2016 and 2015, the balance of cash and cash equivalents is represented by:

	<u>2016</u>	<u>2015</u>
Cash	10	8
Bank deposits	304	302
Total	314	310
Marketable securities (notes 5)	2,581	6,405
Total Cash and cash equivalent	2,895	6,715

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

5. Marketable Securities

On December 31, 2016 and 2015, the securities portfolio, classified according to the categories established in the current regulations, was composed as follows:

	<u>2016</u>	<u>2015</u>
Own portfolio		
Rio Bravo Liquidez DI	<u>2,581</u>	6,405
Total	<u><u>2,581</u></u>	<u><u>6,405</u></u>

On December 31, 2016, marketable securities are represented by quotas of investment fund ("Rio Bravo Liquidez DI Fundo de Investimento Referenciado), without maturity, managed by BEM - Distribuidora de Títulos e Valores Mobiliários Ltda., classified as "Securities held for trading". Income from securities transactions was R\$ 323 (R \$ 555 in 2015).

6. Risk management

The acceptable level of risk in conducting business is defined by the Senior Management of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

a) Credit Risk

Possibility of losses occurring by the Company, associated to the uncertainty regarding to the receipt by its customers. Management understands that the credit risk incurred by the Company is immaterial, since almost all of the operations occur in the financial market institutions - CBLC and BM&F.

b) Market risk

Market risks are related to potential losses arising from changes in risk factors such as interest and exchange rates, indexes and prices. The Company manages these risks aiming to optimize the risk-return relationship through internal models and use of management tools based on the best practices adopted by the market. In addition, a conservative policy is employed in the management of exposures to market risks, supervising and controlling independently. Market risk management is carried out in a centralized manner, by administrative area that maintains independence with respect to the operations desk. The Company is able to meet the requirements of CMN Resolution No. 3.464 / 07, which deals with the risk management structure.

c) Liquidity risk

Liquidity risk management verifies the occurrence of imbalances between traded assets and callable liabilities and, therefore, mismatches between payments and receipts, that may affect the Company's ability to pay, taking into account the different currencies and settlement periods of its rights and duties. Management understands that the risk incurred by the Company is immaterial, since almost all operations are carried out in the short term.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

6. Risk management --Continuation

d) Operational risk

Actions were implemented to an operational risk management structure, in accordance with CMN Resolution No. 3.380 / 2006, which reach the management model, concept, categories and operational risk policy, documentation procedures and storage of information and operational risk management reports in order to minimize the possibility of fraud and errors related to the business, people and processes involved, including legal risks associated with the inadequacy or deficiency of the contracts entered into by the Company, as well as penalties for noncompliance with legal provisions and damages for third parties arising from the activities carried out.

e) Social and environmental risk

This Social and Environmental Responsibility Policy defines the guidelines, responsibilities and recommendations adopted by the Company in its activities, in accordance with the requirements of Resolution No. 4.327, of April 25, 2014, issued by the Bank Central Brazil.

Management recognizes the responsibility to play a transforming role, which impacts society and the market in a positive way, guaranteeing the integration of social and environmental dimensions into its strategies, policies, practices and procedures, especially in the scope of its work with employees And customers

The policy with the detailed description of the risk management structure is available at www.riobravo.com.br.

7. Other credits

a) Receivables

On December 31, 2016 and 2015, the balance of receivable is represented by:

	<u>2016</u>	<u>2015</u>
Short-term	<u>1.286</u>	1.366
Investment Funds Administration	958	1,155
Distribution of investment funds Quotas	328	211
Long-term	<u>716</u>	636
Other services receivable (i)	<u>716</u>	636
Total	<u>2,002</u>	<u>2,002</u>

(i) Other services receivable includes business intermediation agreements with individuals and legal entities.

Aging list:	<u>2016</u>	<u>2015</u>
Until 3 months	<u>1,286</u>	1,366
5 to 15 years	<u>716</u>	636
Total	<u>2,002</u>	<u>2,002</u>

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

7. Other credits--Continuation

b) TAssets under management – (Unaudited)

As of December 31, 2016, the Company manages R \$ 7,956,443 (R \$ 5,241,194 in 2015) of third-party assets, as shown below:

	<u>2016</u>	<u>2015</u>
Equity investment funds	-	636,450
Real Estate Investment Funds	7,956,443	4,595,877
Film industry investment funds	-	8,867
Total	<u>7,956,443</u>	<u>5,241,194</u>

Revenues earned in the year from the administration and management of these resources amounts to R\$ 10,993 (R\$ 10,342 in 2015) - Note 15.

c) Sundry

	<u>2016</u>	<u>2015</u>
Short-term	1,205	216
Sundry advances (i)	64	33
Related parties receivables (Note 12)	72	54
Payments to be reimbursed (ii)	317	125
Taxes and contributions to be offset	328	4
Checks receivable	424	-
Long-term	220	891
Judicial deposits	220	891
Total	<u>1,425</u>	<u>1,107</u>

(i) The amount of miscellaneous advances refers to advances to suppliers and wage prepayments

(ii) The amounts of payments to be reimbursed refer to the general expenses of the Investment Funds settled by Rio Bravo DTVM

8 Other assets

The balance as of December 31, 2016 and 2015 refers substantially to expenses paid in advance with software license R\$ 168 (R\$ 155 in 2015), meal voucher benefits for employees whose payment is made in the month prior to the benefit of R\$ 46 (R\$ 48 in 2015), condominium R\$ 29 (R\$ 0 in 2015) and other anticipated expenses in the amount of R\$ 50 (R\$ 0 in 2015).

	<u>2016</u>	<u>2015</u>
Prepaid expenses	318	225
Total	318	225

9 Fixed assets

		<u>2016</u>		<u>2015</u>	
	<u>Annual depreciation rates</u>	<u>Corrected cost</u>	<u>Accumulated depreciation</u>	<u>Net value</u>	<u>Net value</u>
Installations	10%	282	(202)	80	90
Furniture and equipment	10%	666	(490)	176	223
Equipments	10%	122	(115)	7	14
Data processing system	20%	834	(732)	102	130
Security system	20%	1	-	1	-
		<u>1,905</u>	<u>(1,539)</u>	<u>366</u>	<u>447</u>

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

10. Other liabilities

a) Social and statutory

On December 31, 2016, the amount of R\$ 250 (R\$ 462 in 2015) refers to the provision for employees profit sharing, applied to all employees according to the collective bargaining agreement signed on March 4, 2016 ratified on November 29, 2016.

b) Taxes and social security

	<u>2016</u>	<u>2015</u>
Provision for income and social contribution taxes	170	119
Collection of income tax and social contribution	379	364
Total	549	483

c) Sundry

	<u>2016</u>	<u>2015</u>
Provision for personnel expenses	481	707
Amounts payable - related companies (Note 12)	13	16
Suppliers	236	220
Investment funds - liabilities (i)	970	4.785
Provisions for contingencies	599	-
Other provisions	111	68
Total	2.410	5.795

(i) Refers to the amounts related to the closing of funds administrated by the Company, which are assumed after the shutdown of funds operations.

11. Capital and dividends

At December 31, 2016 and 2015, the capital is R\$ 3,750 (R\$ 3,750 in 2015), represented by 3,750,285 quotas belonging exclusively to quotaholders in the country.

On December 31, 2016, Company's net income amounted to R\$ 27 (R\$ 74 in 2015) constituting a profit reserve in the period.

On December 31, 2016, the Company allocated the equivalent of 5% of the profit of the year to legal reserve under current legislation, totaling R\$ 2 in 2016 (R\$ 1 in 2015), the remainder being R\$ 26, destined to the statutory reserve (R\$ 19 in 2015) totaling R\$ 45 in 2016 (R\$ 19 in 2015).

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to Financial Statements
December 31, 2016 and 2015
(In thousands of reais)

12. Related party transactions

In the years ended December 31, 2016 and 2015, the balances of transactions with related parties were represented as follows:

	<u>Asset/(Liabilities)</u> <u>2016</u>	<u>Asset/(Liabilities)</u> <u>2015</u>
Intermediation Services Receivables	585	519
Partners and shareholders	585	519
Amounts receivable from related companies (Note 7.b)	<u>72</u>	<u>54</u>
Fundamental Investimentos Ltda.	12	19
Rio Bravo Investimentos Ltda.	9	23
Rio Bravo Advisory Ltda.	33	12
Rio Bravo Financial Holding S.A	18	-
Amounts payable to related companies (Note 10.c)	<u>(13)</u>	<u>(16)</u>
Rio Bravo Advisory Ltda.	(12)	(3)
Rio Bravo Investimentos Ltda.	-	(12)
Rio Bravo Investimentos S.A.	(1)	(1)

On December 31, 2016, the Company registered intermediation services receivables of purchase and sale of financial assets to shareholders in the amount of R\$ 585 (R\$ 519 in 2015), according to an instrument signed on April 7, 2010. This amount comprises an amount recorded in the income receivable and is considered as long-term receivables (Note 7.a).

13. Contingent assets and liabilities and legal, tax and social security obligations

a) Contingent Assets

There are no contingent assets recorded as of December 31, 2016 and 2015.

b) Contingent liabilities classified as probable losses and legal obligations

As of December 31, 2016, the provision for contingencies recorded in its financial statements amounted to R\$ 599 (R\$ 0 in 2015). Considering Management's opinion, supported by its legal advisors, its policy is its recognition as to the likelihood of loss being probable or when there is an expectation of future cash disbursement.

Some processes classified as probable, have the presence of the name of the institution as a party. However, some of the funds of the lawsuits classified as possible and probable losses are closed, and, in the event of loss, the liability for any eventual disbursement of capital is entirely from the quota holders.

There are tax proceedings related to infraction notices related to the non-payment of the CPMF on the financial transactions carried out in the current accounts of the Investment Funds managed by Rio Bravo, related to the periods between September 03, 2003 and December 31, 2007.

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13. Contingent assets and liabilities and legal, tax and social security obligations -- Continuation

b) Contingent liabilities classified as probable losses and legal obligations -- Continuation

The financial discharges, if any, related to this process, will be immediately reimbursed by the funds, as provided in its regulations. Thus, both the amounts related to the judicial deposit carried out and the provision for contingencies are recorded directly in the funds.

There are no significant administrative proceedings pending for noncompliance with National Financial System (SFN) standards or payment of fines that may cause representative impacts on Rio Bravo DTVM financial results.

c) Contingent liabilities classified as possible losses

The amount of possible contingencies not provisioned against the Company totals R\$ 12,258 (R\$ 12,516 in 2015), referring to civil and tax lawsuits.

14. Income tax and social contribution

	<u>2016</u>	<u>2015</u>
Income before taxation on profit	340	200
(+) Additions	738	962
(-) Exclusions	-	(659)
(-) Compensation of tax losses	<u>(323)</u>	<u>(151)</u>
(=) Basis of calculation of income tax and social contribution	<u>755</u>	<u>352</u>
Income tax - rates of 15% and 10%	162	57
Social contribution - rate of 20%	151	69
(i)	<u>313</u>	<u>126</u>

(i) Company reviewed its tax bases and detected a necessary adjustment of (R\$ 11) that was made in 2017.

On December 31, 2016, Rio Bravo DTVM has tax credits of unrecorded tax losses in the amount of R\$ 914, of which R\$ 508 is income tax and R\$ 406 is social contribution tax (R\$ 1,056 in 2015, of which R\$ 587 is Income tax and R\$ 469 of social contribution). Tax losses have no maturity for use and is limited to 30% for offset with taxable income calculated in each future base period.

15. Revenue from services rendered

	<u>2016</u>	<u>2015</u>
Revenue Administration Fee (Note 7.a)	10,933	10,342
Revenue from distribution of quotas	3,883	2,197
Commissions	-	150
Other services provided	-	243
Total	<u>14,816</u>	<u>12,932</u>

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16. Other administrative expenses

	2016	2015
Rents	(981)	(777)
Communication	(168)	(97)
Data processing	(1,154)	(975)
Specialized technical services	(1,137)	(794)
Travels	(120)	(153)
Financial System Services	(320)	(238)
Promotions and public relations	(243)	(206)
Insurance	(48)	(12)
Third Party Services	(37)	(63)
Depreciation / Amortization	(107)	(218)
Maintenance and preservation of goods	(176)	(148)
Transportation	(97)	(102)
Materials	(87)	(74)
Water, energy and gas	(111)	(78)
Other administrative expenses	(539)	(366)
Total	(5,325)	(4,301)

17. Other operating income

	2016	2015
Reversal of operating provisions	7	-
Recovery of charges and expenses	374	-
Other operating income	115	196
Total	496	196

18. Other operating expenses

	2016	2015
Provisions for contingencies	(599)	-
Donations not encouraged	(273)	(133)
Other operating expenses	(253)	(75)
Total	(1,125)	(208)

19. Personnel expenses

	2016	2015
Salary	(4,201)	(4,303)
Social charges	(1,461)	(1,375)
Benefits	(1,132)	(1,145)
Trainings	(104)	(91)
Total	(6,898)	(6,914)

20. Tax Expenses

	2016	2015
COFINS	(613)	(545)
PIS	(99)	(89)
ISS	(414)	(334)
Others	(151)	(78)
Total	(1,277)	(1,046)

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21. Operational limits

As of December 31, 2016, the Company was within the capital limits established by the regulations in force. With the Basel Index at 15.79% (13.27% in 2015), composed of exposure to market, credit and operational risks, in accordance with CMN Resolution No. 4,133 / 13 and other complementary regulations that determine the Reference Equity (PR) above the minimum required, which is 9.875% (11% in 2015).