Banco Santander (Brasil) S.A.

Interim Consolidated Financial Statements

Prepared in accordance with International Financial Reporting Standards - IFRS

March 31, 2017

Simple | Personal | Fair

Santander

BANCO SANTANDER (BRASIL) S.A.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Independent auditor's report

To the Board of Directors and Stockholders
Banco Santander (Brasil) S.A.

Introduction

We have reviewed the interim consolidated balance sheet of Banco Santander (Brasil) S.A. and its subsidiaries ("Bank") as at March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements referred to above do not present fairly, in all material respects, the financial position of Banco Santander (Brasil) S.A., and its subsidiaries as at March 31, 2017, their consolidated financial performance and its cash flows for the quarter then ended, in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Banco Santander (Brasil) S.A.

Other matters

Complementary information - Statements of value added

We have also reviewed the consolidated statements of value added for the quarter ended March 31, 2017, prepared under the responsibility of the management, whose presentation is required by Brazilian Corporate Law by publicly-held companies. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the interim consolidated financial statements taken as a whole.

São Paulo, April 25, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Accountant CRC 1SP127241/O-0

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED BALANCE SHEETS
Thousands of Brazilian Real

ASSETS	Note	3/31/2017	12/31/2016
Cash and Balances With The Brazilian Central Bank		**102,777,646**	**110,604,911**
Financial Assets Held For Trading	**4-a**	**77,606,281**	**84,873,663**
Debt instruments		51,206,119	59,994,946
Equity instruments		635,278	398,461
Trading derivatives	18-a	25,764,884	24,480,256
Other Financial Assets At Fair Value Through Profit Or Loss	**4-a**	**1,786,723**	**1,711,204**
Debt instruments		1,747,168	1,668,749
Equity instruments		39,555	42,455
Available-For-Sale Financial Assets	**4-a**	**63,627,318**	**57,815,045**
Debt instruments		62,044,807	55,829,572
Equity instruments		1,582,511	1,985,473
Held to maturity investments	**4-a**	**9,580,886**	**10,048,761**
Loans and Receivables	**4-a**	**297,757,823**	**296,048,506**
Loans and amounts due from credit institutions		30,967,420	27,762,473
Loans and advances to customers	15	251,901,782	252,002,774
Debt instruments		14,888,621	16,283,259
Hedging Derivatives	**18-a**	**230,148**	**222,717**
Non-Current Assets Held For Sale	**5**	**1,215,577**	**1,337,885**
Investments in Associates and Joint Ventures	**6**	**984,958**	**990,077**
Tax Assets		**27,725,914**	**28,753,184**
Current		3,224,584	4,316,072
Deferred		24,501,330	24,437,112
Other Assets		**4,659,846**	**5,104,012**
Tangible Assets	**7**	**6,518,054**	**6,646,433**
Intangible Assets		**30,286,122**	**30,236,842**
Goodwill	8-a	28,357,447	28,355,039
Other intangible assets	8-b	1,928,675	1,881,803
Total Assets		**624,757,296**	**634,393,240**

The accompanying Notes are an integral part of these financial statements.

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED BALANCE SHEETS
Thousands of Brazilian Real

LIABILITIES AND STOCKHOLDERS' EQUITY	Note	3/31/2017	12/31/2016
Financial Liabilities Held For Trading	**9-a**	**49,541,961**	**51,619,869**
Trading derivatives	18-a	21,559,585	19,925,600
Short positions	18-a.7	27,982,376	31,694,269
Financial Liabilities at Amortized Cost	**9-a**	**459,830,813**	**471,579,467**
Deposits from Brazilian Central Bank and deposits from credit institutions		73,912,276	78,634,072
Customer deposits		255,088,151	247,445,177
Marketable debt securities		89,780,483	99,842,955
Subordinated liabilities		481,035	466,246
Debt Instruments Eligible to Compose Capital		8,010,812	8,311,918
Other financial liabilities		32,558,056	36,879,099
Hedging Derivatives	**18-a**	**315,408**	**311,015**
Provisions	**10-a**	**12,506,704**	**11,776,491**
Provisions for pension funds and similar obligations		2,774,269	2,710,627
Provisions, judicial and administrative proceedings, commitments and other provisions		9,732,435	9,065,864
Tax Liabilities		**7,584,540**	**6,094,740**
Current		5,238,959	4,826,703
Deferred		2,345,581	1,268,037
Other Liabilities		**7,024,778**	**8,199,099**
Total Liabilities		**536,804,204**	**549,580,681**
Stockholders' Equity	**11**	**87,446,327**	**85,434,855**
Capital		57,000,000	57,000,000
Reserves		29,938,167	27,881,326
Treasury shares		(436,603)	(514,034)
Option for Acquisition of Equity Instrument		(1,017,000)	(1,017,000)
Profit for the period attributable to the Parent		1,961,763	7,334,563
Less: Dividends and remuneration		-	(5,250,000)
Other Comprehensive Income		**(257,863)**	**(1,347,800)**
Stockholders' Equity Attributable to the Parent		**87,188,464**	**84,087,055**
Non - Controlling Interests		764,628	725,504
Total Stockholders' Equity		**87,953,092**	**84,812,559**
Total Liabilities and Stockholders' Equity		**624,757,296**	**634,393,240**

The accompanying Notes are an integral part of these financial statements.

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED INCOME STATEMENTS
Thousands of Brazilian Real, except for per share data

	Note	1/01 to 3/31/2017	1/01 to 3/31/2016
Interest and similar income		19,123,901	18,868,432
Interest expense and similar charges		(10,899,863)	(11,272,589)
Net Interest Income		**8,224,038**	**7,595,843**
Income from equity instruments		10,491	3,907
Income from companies accounted for by the equity method	6	5,444	16,155
Fee and commission income		3,738,169	3,066,751
Fee and commission expense		(702,131)	(659,707)
Gains (losses) on financial assets and liabilities (net)		1,334,832	2,693,482
Financial assets held for trading		1,313,819	2,596,000
Other financial instruments at fair value through profit or loss		53,214	65,669
Financial instruments not measured at fair value through profit or loss		(68,928)	16,426
Other		36,727	15,387
Exchange differences (net)		509,496	1,135,503
Other operating income (expense)		(102,409)	(87,716)
Total Income		**13,017,930**	**13,764,218**
Administrative expenses		(3,852,742)	(3,562,387)
Personnel expenses	13-a	(2,157,822)	(1,962,060)
Other administrative expenses	13-b	(1,694,920)	(1,600,327)
Depreciation and amortization		(398,763)	(353,296)
Tangible assets		(291,978)	(276,133)
Intangible assets		(106,785)	(77,163)
Provisions (net)		(975,182)	(798,810)
Impairment losses on financial assets (net)		(3,285,397)	(2,757,652)
Loans and receivables	4-b.2	(3,285,854)	(2,748,361)
Other financial instruments not measured at fair value through profit		457	(9,291)
Impairment losses on other assets (net)		(42,057)	(40,839)
Other intangible assets		-	(6,594)
Other assets		(42,057)	(34,245)
Gains (losses) on disposal of assets not classified as non-current assets held for sale		(2,105)	2,411
Gains (losses) on non-current assets held for sale not classified as discontinued operations		(121,013)	6,118
Operating Income Before Tax		**4,340,671**	**6,259,763**
Income taxes	12	(2,332,858)	(4,429,086)
Consolidated Net income for the period		**2,007,813**	**1,830,677**
Profit attributable to the Parent		1,961,763	1,804,663
Profit attributable to non-controlling interests		46,050	26,014

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED INCOME STATEMENTS
Thousands of Brazilian Real, except for per share data

	Note	1/01 to 3/31/2017	1/01 to 3/31/2016
Earnings Per Share (Brazilian Real)			
Basic earnings per 1,000 shares (Brazilian Real)			
Common shares		248.82	228.64
Preferred shares		273.70	251.50
Diluted earnings per 1,000 shares (Brazilian Real)			
Common shares		248.57	228.38
Preferred shares		273.42	251.22
Net Profit attributable - Basic (Brazilian Real)			
Common shares		952,271	875,994
Preferred shares		1,009,492	928,669
Net Profit attributable - Diluted (Brazilian Real)			
Common shares		952,253	875,975
Preferred shares		1,009,510	928,688
Weighted average shares outstanding (in thousands) - basic			
Common shares		3,827,213	3,831,318
Preferred shares		3,688,354	3,692,459
Weighted average shares outstanding (in thousands) - diluted			
Common shares		3,830,956	3,835,625
Preferred shares		3,692,097	3,696,766

The accompanying Notes are an integral part of these financial statements.

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Thousands of Brazilian Real

	Note	1/01 to 3/31/2017	1/01 to 3/31/2016
Consolidated Profit for the Period		**2,007,813**	**1,830,677**
Other Comprehensive Income that will be subsequently reclassified for profit or loss when specific conditions are met:		**1,089,937**	**1,918,633**
Available-for-sale financial assets		**1,011,759**	**1,593,169**
Valuation adjustments - Gains / (Losses)		1,653,960	2,704,969
Amounts transferred to income statement		53,214	65,668
Income taxes		(695,415)	(1,177,468)
Cash flow hedges		**78,178**	**325,464**
Valuation adjustments		144,955	575,240
Amounts transferred to income statement		467	1,580
Income taxes		(67,244)	(251,356)
Net investment hedge	**18-a.5**	**-**	**153,475**
Net investment hedge		-	292,654
Income taxes		-	(139,179)
Exchange on investments Abroad	**18-a.5**	**-**	**(153,475)**
Exchange on investments Abroad		-	(153,475)
Other comprehensive income that will not be reclassified to net income:		**-**	**995**
Defined Benefits plan		**-**	**995**
Income taxes		-	995
Total Comprehensive Income		**3,097,750**	**3,750,305**
Attributable to the parent		3,051,700	3,724,291
Attributable to non-controlling interests		46,050	26,014
Total		**3,097,750**	**3,750,305**

The accompanying Notes are an integral part of these financial

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Thousands of Brazilian Real

		Stockholders´ Equity Attributable to the Parent													
									Other Comprehensive Income						
	Note	Share Capital	Reserves	Treasury shares	Option for Acquisition of Equity Instrument	Profit Attributed to the Parent	Dividends and Remuneration	Total	Available-for-sale Financial Assets	Defined Benefits plan	Translation adjustments investment abroad	Gains and losses - Cash flow hedge and Investment	Total	Non-controlling Interests	Total Stockholders´ Equity
Balances at December 31, 2015		**57,000,000**	**24,388,967**	**(423,953)**	**(1,017,000)**	**9,783,740**	**(6,200,000)**	**83,531,754**	**(2,645,417)**	**(1,141,644)**	**1,493,577**	**(1,838,048)**	**79,400,222**	**435,062**	**79,835,284**
Total comprehensive income		**-**	**-**	**-**	**-**	**1,804,663**	**-**	**1,804,663**	**1,593,169**	**995**	**(153,475)**	**478,939**	**3,724,291**	**26,014**	**3,750,305**
Appropriation of net profit		-	9,783,740	-	-	(9,783,740)	-	**-**	-	-	-	-	**-**	-	**-**
Dividends and interest on capital	11-b	-	(6,200,000)	-	-	-	6,200,000	**-**	-	-	-	-	**-**	-	**-**
Share based payment	14-a.1	-	(12,491)	-	-	-	-	**(12,491)**	-	-	-	-	**(12,491)**	-	**(12,491)**
Treasury shares	11-c	-	-	1,535	-	-	-	**1,535**	-	-	-	-	**1,535**	-	**1,535**
Results of treasury shares	11-c	**-**	(6,298)	-	-	-	-	**(6,298)**	-	-	-	-	**(6,298)**	-	**(6,298)**
Capital restructuring	11-c	-	-	(12)	-	-	-	**(12)**	-	-	-	-	**(12)**	-	**(12)**
Other	3-b	-	(97,775)	-	-	-	-	**(97,775)**	-	-	-	-	**(97,775)**	(87,667)	**(185,442)**
Balances at March 31, 2016		**57,000,000**	**27,856,143**	**(422,430)**	**(1,017,000)**	**1,804,663**	**-**	**85,221,376**	**(1,052,248)**	**(1,140,649)**	**1,340,102**	**(1,359,109)**	**83,009,472**	**373,409**	**83,382,881**
Balances at December 31, 2016		**57,000,000**	**27,881,326**	**(514,034)**	**(1,017,000)**	**7,334,563**	**(5,250,000)**	**85,434,855**	**666,190**	**(2,083,477)**	**859,370**	**(789,883)**	**84,087,055**	**725,504**	**84,812,559**
Total comprehensive income		**-**	**-**	**-**	**-**	**1,961,763**	**-**	**1,961,763**	**1,011,759**	**-**	**-**	**78,178**	**3,051,700**	**46,050**	**3,097,750**
Appropriation of net profit		-	7,334,563	-	-	(7,334,563)	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends and interest on capital	11-b	-	(5,250,000)	-	-	-	5,250,000	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**
Share based payments	14-a.1	-	(34,262)	-	-	-	-	**(34,262)**	**-**	**-**	**-**	**-**	**(34,262)**	-	**(34,262)**
Treasury shares	11-c	-	-	77,443	-	-	-	**77,443**	**-**	**-**	**-**	**-**	**77,443**	-	**77,443**
Results of treasury shares	11-c	-	(944)	-	-	-	-	**(944)**	**-**	**-**	**-**	**-**	**(944)**	-	**(944)**
Capital restructuring	11-c	-	-	(12)	-	-	-	**(12)**	**-**	**-**	**-**	**-**	**(12)**	-	**(12)**
Other		-	7,484	-	-	-	-	**7,484**	**-**	**-**	**-**	**-**	**7,484**	(6,926)	**558**
Balances at March 31, 2017		**57,000,000**	**29,938,167**	**(436,603)**	**(1,017,000)**	**1,961,763**	**-**	**87,446,327**	**1,677,949**	**(2,083,477)**	**859,370**	**(711,705)**	**87,188,464**	**764,628**	**87,953,092**

The accompanying Notes are an integral part of these financial statements.

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BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED CASH FLOW STATEMENTS
Thousands of Brazilian Real

	Note	1/01 to 3/31/2017	1/01 to 3/31/2016
1. Cash Flows From Operating Activities			
Consolidated Net income for the period		**2,007,813**	**1,830,677**
Adjustments to profit		**5,790,117**	**8,589,118**
Depreciation of tangible assets		291,978	276,133
Amortization of intangible assets		106,785	77,163
Impairment losses on other assets (net)		42,057	40,839
Provisions and Impairment losses on financial assets (net)		4,260,579	3,556,462
Net Gains (losses) on disposal of tangible assets, investments and non-current assets held for sale		123,118	(8,529)
Share of results of entities accounted for using the equity method	6-a	(5,444)	(16,155)
Changes in deferred tax assets and liabilities		1,013,326	3,514,505
Monetary Adjustment of Escrow Deposits		(146,357)	(189,072)
Recoverable Taxes		(90,399)	(69,634)
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		129,509	1,426,195
Other		64,965	(18,789)
Net (increase) decrease in operating assets		**8,749,440**	**942,368**
Balance with the Brazilian Central Bank		7,752,422	(2,094,213)
Financial assets held for trading		7,267,382	(7,875,162)
Other financial assets at fair value through profit or loss		(75,062)	(177,989)
Available-for-sale financial assets		(4,856,973)	(1,332,185)
Loans and receivables		(3,508,125)	10,135,787
Held to maturity investments		467,875	853,263
Other assets		1,701,921	1,432,867
Net increase (decrease) in operating liabilities		**2,655,567**	**(7,904,936)**
Financial liabilities held for trading		(2,077,908)	(6,256,831)
Financial liabilities at amortized cost		5,528,282	(702,100)
Other liabilities		(794,807)	(946,005)
Tax paid		**(247,792)**	**(560,978)**
Total net cash flows from operating activities (1)		**18,955,145**	**2,896,249**
2. Cash Flows From Investing Activities			
Investments		**(325,007)**	**(382,909)**
Increase / Acquisition of share capital in affiliates and joint ventures		(2,408)	-
Tangible assets	7	(175,006)	(204,874)
Intangible assets		(147,593)	(178,035)
Disposal		**76,591**	**71,155**
Tangible assets		4,450	5,927
Non-Current Assets Held For Sale		26,959	46,808
Dividends and interest on capital received		45,182	18,420
Total net cash flows from investing activities (2)		**(248,416)**	**(311,754)**
3. Cash Flows From Financing Activities			
Acquisition of own shares		77,443	1,523
Issuance of other long-term liabilities	9-b.3	10,002,848	11,474,437
Dividends paid and interest on capital		(4,200,977)	(2,778,024)
Payments of other long-term liabilities	9-b.3	(22,799,908)	(17,041,686)
Payments of Debt Instruments Eligible to Compose Capital	9-b.5	(225,428)	(287,961)
Net increase (decrease) in non-controlling interests		57	(87,667)
Total net cash flows from financing activities (3)		**(17,145,965)**	**(8,719,378)**
Exchange variation on Cash and Cash Equivalents (4)		**(129,509)**	**(1,426,195)**
Net Increase (decrease) in Cash (1+2+3+4)		**1,431,255**	**(7,561,078)**
Cash and cash equivalents at beginning of period		**18,129,581**	**33,131,614**
Cash and cash equivalents at end of period		**19,560,836**	**25,570,536**

BANCO SANTANDER (BRASIL) S.A.
CONSOLIDATED CASH FLOW STATEMENTS
Thousands of Brazilian Real

	Note	1/01 to 3/31/2017	1/01 to 3/31/2016
Cash and cash equivalents components			
Cash		4,371,097	5,835,077
Loans and other		15,189,739	19,735,459
Total of cash and cash equivalents		**19,560,836**	**25,570,536**
Non-cash transactions			
Foreclosured loans and other assets transferred to non-current assets held for sale		19,025	50,526
Supplemental information			
Interest received		19,272,851	17,880,417
Interest paid		11,214,234	10,749,380

The accompanying Notes are an integral part of these financial statements.

1. General information, basis of presentation of the consolidated interim financial statements and other information

a) General information

Banco Santander (Brasil) S.A. (Banco Santander or Bank), directly and indirectly controlled by Banco Santander, S.A., based in Spain (Banco Santander Spain), is the lead institution of the Financial and Prudential Group (Conglomerate Santander) towards the Central Bank of Brazil (Bacen), established as a corporation, with headquarters at Avenida Presidente Juscelino Kubitschek, 2041 and 2235 - A Block - Vila Olímpia - São Paulo - SP. Banco Santander operates as a multiple service bank, conducting its operations by means of portfolios such as commercial, investment, lending and financing, mortgage lending, leasing, credit card operations and foreign exchange. Through its subsidiaries, the Bank also operates in the payment institution, leasing, buying club management and securities, insurance brokerage operations, capitalization and pension plan. The Bank's activities are conducted within the context of a group of institutions that operate on an integrated basis in the financial market. The corresponding benefits and costs of providing services are absorbed between them, they are conducted in the normal course of business and under commutative conditions.

The consolidated interim financial statements for the period ended on March 31, 2017 were authorized for issue by the Board of directors at the meeting held on April 25, 2017.

b) Basis of presentation of the consolidated interim financial statements

These consolidated interim financial statements were prepared and are presented in accordance with IAS 34, Interim Financial Reporting, from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the IFRS Interpretations Committee (Current name of IFRIC) (IFRS).

In accordance with IAS 34, the interim financial information is intended only to provide an update on the content of the latest consolidated financial statements authorized for issue, focusing on new activities, events and circumstances occurred during the period, rather than duplicating information reported in the consolidated financial statements previously presented. Accordingly, these interim financial statements do not include all the information required for consolidated financial statements prepared under IFRS as issued by the IASB. To properly understand the information in these interim financial statements, this should be read together with the Bank’s consolidated financial statements for the year ended December 31, 2016. The same accounting policies and methods of computation are followed in the interim financial statements as compared the most recent annual financial statements.

Adoption of new standards and interpretations

For the fiscal year of 2017, there are no standards and interpretations with mandatory application and that are applicable to the Bank that have a material effect on the financial statements.

Annual Improvements of IFRS

2015-2017 cycle (Public Consultation) - The issues included in this cycle are: IAS 12 Income Taxes, IAS 23 Borrowing Costs and IFRS 9 Financial Instruments and IAS 28 Investments in Associates and Joint Ventures.

IAS 12 - The issue relates to the presentation of income tax consequences of payments on, and issuing costs of, financial instruments that are classified as equity (ie whether an entity recognizes the relevant income tax consequences directly in equity or in profit or loss).

IAS 23 - Clarify whether an entity transfers specific borrowings to the general borrowings pool once the construction of a qualifying asset is complete.

IFRS 9/IAS 28 - The issue relates to whether the measurement, in particular relating to impairment, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. Specifically, the Interpretations Committee considered a long-term interest in the form of an interest-bearing loan that would meet the criteria for classification as amortized cost in accordance with IFRS 9.

Standards and interpretations that will come into force after March 31, 2017

Lastly, at the date of preparation of these consolidated financial statements, the following standards and interpretations which effectively come into force after March 31, 2017 had not yet been adopted by the Bank:

• IFRS 9, Financial Instruments issued in July 2014, the International Accounting Standards Board (IASB) approved the IFRS 9, to replace IAS39 – Financial instruments: establishing the requirements for the recognition and measurement of financial instruments to be applied as from January 2018.

1. Model proposed by IFRS 9

The main new developments of the standard are as follows:

1.a) Classification of financial instruments

The criterion for classifying financial assets will depend both on their business management model and the features of the contractual flows. Consequently, the asset will be measured at amortized cost, at fair value with changes in equity, or at fair value with changes in profit/loss for the period. IFRS 9 also establishes the option of designating an instrument at fair value with changes in P/L under certain conditions.

The main activity of Banco Santander is the concession of retail banking operations and does not concentrate its exposure on complex financial products and the Bank is currently implementing an analysis of its portfolios in order to identify and classify the financial instruments into their corresponding portfolio under IFRS 9 and identify existing business models.

Based on current analysis, the Bank does not significant differences with respect to the composition of the portfolios until 2018, it is intended that there will be no significant changes with respect to the classification under pre-existing regulation:

• Financial assets classified as Loans and Advances and Held-to-Maturity under IAS 39 are generally intended to be classified into amortized cost.

• Available for sale debt instruments are generally intended to continue to be classified into fair value with changes in other comprehensive income, unless cash flows features imply its classification into other portfolio.

• Available for sale equity instruments will be classified into fair value, and depending on the nature of the investment, their variations will be recorded in the income statement or in other comprehensive income (irrevocably).

• Financial instruments currently classified into fair value through profit or loss will generally continue to be classified into this category, not expecting reclassifications.

1.b) Credit risk impairment model

The most important new development compared with the current model is that the new accounting standard introduces the concept of expected loss, whereas the current model (IAS 39) is based on incurred loss.

Scope of application

The IFRS 9 asset impairment model is applicable to financial assets classified in categories: amortized cost, debt instruments valued at fair value through other comprehensive income, leasing receivables, and contingent risks and commitments not valued at fair value and availability of credit lines.

Classification of financial instruments by phases

The financial instruments portfolio for impairment purposes will be divided into three categories, depending on the phase each instrument has with regard to its credit risk:

- Stage 1: a financial instrument is in phase 1 when there has been no significant increase in its risk since it was initially registered. If applicable, the valuation correction for losses will amount to the possible credit expected losses arising from possible defaults with a period of 12 months following the reporting date.

- Stage 2: if there has been a significant increase in risk since the date in which the instrument was initially registered, but the impairment has not actually materialized, then the financial instrument will be included in this stage. In this case, the amount of the valuation correction for losses will be the expected losses owing to defaults throughout the residual life of the financial instrument. In order to assess the significant increase in credit risk, both quantitative indicators used in the ordinary credit risk management and other qualitative variables such as the forbearance flag for not impaired exposures or the facilities are included in a special debt sustainability agreement shall be taken into account.

- Stage 3: a financial instrument will be included in this phase when it is considered to be effectively impaired. In this case, the amount of the valuation correction for losses will be the expected credit risk losses throughout the residual life of the financial instrument.

Impairment estimation methodology

Expected loss is measured using the following factors:

- Exposure at Default (EAD): is the amount of the transaction exposed to credit risk including the ratio of current undrawn exposure that could be drawn at default. Developed models incorporate hypotheses considering possible modifications in the payment schedule.

- Probability of Default (PD): is the likelihood that a counterparty will fail to meet its obligation to pay principal or interest. For the purposes of IFRS 9, this will consider both PD-12 months, which is the probability of the financial instrument entering default within the next 12 months, and also lifetime PD, which is the probability of the transaction entering into default between the reporting date and the transaction's residual maturity date. Future information of relevance is considered to be needed to estimate these parameters, according to the standard.

- Loss Given Default (LGD): is the loss produced in the event of default. In other words, this reflects the percentage of exposure that could not be recovered in the event of a default. It depends mainly on the ability to demand additional collateral, which is considered as credit risk mitigants associated with each financial asset, and the future cash flows that are expected to be recovered. According to the standard, forward-looking information must be taken into account in the estimation.

- Discount rate: the rate applied to the future cash flows estimated during the expected life of the asset, and which is equal to the net present value of the financial instrument at its carrying value. When calculating the discount rate, expected losses for default when estimating future cash flows are not generally taken into account, except in cases in which the asset is considered to be impaired, in which case the interest rate applied will take into account such losses, and it will be known as the effective interest rate adjusted for credit risk.

In order to estimate the above parameters, the Bank has applied on its experience in developing internal models for the estimation of parameters both for regulatory and management purposes.

Apart from using present and past information, the Bank currently uses forward-looking information in internal management and regulatory processes, considering several scenarios. In this sense, the Bank will re-use its experience in the management of such information and maintain consistency with the information used in the other processes.

Use of present, past and future information

1.c) Accounting of hedges

IFRS 9 includes new hedge accounting requirements which have a twofold objective: to simplify current requirements, and to bring hedge accounting in line with risk management, so allowing there to be a greater variety of derivative financial instruments which may be considered to be hedging instruments.

However, the Bank (at the moment) decided to keep its Hedge Accounting hedges in line with the accounting guidelines established in IAS 39, having seen the pronouncement provided by the Board of the IASB.

Once the analysis of the advantages and disadvantages of the proposal is completed, the Bank shall make its decision for hedge accounting under IFRS 9.

2. IFRS 9 implementation strategy

The Santander Spain Group together with its subsidiaries has established a global work stream with the aim of adapting its processes to the new classification standards for financial instruments, accounting of hedges and estimating credit risk impairment, so that such processes are applicable in a uniform way for all Bank units, and, at the same time, can be adapted to each unit's individual features.

Accordingly, the Bank is working towards defining an objective internal model and analyzing all the changes which are needed to adapt accounting classifications and credit risk impairment estimation models in force in each unit to the previous definitions.

In principle, the governance structure currently implemented at both corporate level and in each one of the units, is intended to comply with the requirements set out in the new standards.

The project's main phases and milestones

In 2016, the Bank has successfully completed the design and development phase of the implementation plan. The major milestones achieved include the definition of functional requirements as well as the design of an operational model adapted to the requirements of IFRS 9. At the IT environment, the technological needs have been identified as well as the necessary adaptations to the existing control environment.

The Bank is currently in the implementation phase of the models and requirements defined. The objective of the Bank at this stage is to ensure an efficient implementation, optimizing its resources as well as the designs elaborated in previous stages.

Once the implementation phase is completed, the Bank will test the effective performance of the model through several simulations and ensuring that the transition to the new operating model meets the objectives established in the previous phases. This last stage includes the parallel execution of the provisions calculation.

• IFRS 15 - Revenue from Customers Contracts : The standard was issued in May 2014 and applies to an annual reporting period beginning on January 1, 2018. The standard specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides five basic principles to be applied to all contracts with customers, which are: i) identify the contract with the customer; ii) identify the implementing obligations under the contract; iii) determine the transaction price; iv) allocate the transaction price to performance obligations; and v) recognize revenue at the moment (or the extent to which) the entity carrying out an obligation of execution.

• IFRS 16 - Leases Contracts - The standard was issued in January 2016 and the effective date after January 1st, 2019. This standard contains a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases.

• Amendment to IFRS 2 - Share-based payment – The standard was issued in June 2016, and the effective date after January,1st 2018. This standard is intended to clarify a) Effects of vesting conditions on the measurement of a cash-settled share-based payment b) Accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled and c) Classification of share-based payment transactions with net settlement features.

The potential impacts of changes in force from April 1, 2017 are under review by the Bank, which should be completed by the entry into force of the standard.

c) Estimates made

The consolidated results and the determination of consolidated equity are influenced by the accounting policies, assumptions, estimates and measurement bases used by the management of the Bank in preparing the consolidated financial statements. The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities of future periods. All estimates and assumptions required, in conformity with IFRS, are best estimates undertaken in accordance with the applicable standard.

In the consolidated financial statements estimates were made by the management of the Bank and of the consolidated entities in order to quantify certain assets, liabilities, revenues, expenses, and disclosure notes.

c.1) Critical estimates

The main estimates were discussed in detail for the consolidated financial statements as of December 31, 2016. In the period ended March 31, 2017, there were no significant changes in the estimates made at the end of the year 2016, in addition to those indicated in these interim financial statements.

The estimates and critical assumptions that have the most significant impact on the carrying amounts of certain assets, liabilities, revenues and expenses and the disclosure of explanatory notes, are described below:

i. Allowance for loan losses

The carrying amount of impaired financial assets is adjusted by recording a provision for losses on debts of "Impairment Losses on Financial Assets (Net) - Loans and Receivables" in the consolidated income statement. The reversal of previously recorded losses is recognized in the consolidated income statement in the period in which the impairment decrease and it can be related objectively to an event of recovery.

To determine the balance of "Provision for Impairment Losses", Banco Santander first assesses whether there is objective evidence of impairment loss individually for financial assets that are significant, and individually or collectively for financial assets that are not significant.

To measure the impairment loss on loans individually evaluated for impairment, the Bank considers the conditions of the borrower, such as their economic and financial situation, level of indebtedness, ability to generate income, cash flow, management, corporate governance and quality of internal controls, payment history, industry expertise, contingencies and credit limits, as well as characteristics of assets, such as its nature and purpose, type, sufficiency and liquidity level guarantees and total amount of credit, as well as based on historical experience of impairment and other circumstances known at the moment of evaluation.

To measure the impairment loss on loans collectively evaluated for impairment, the Bank segregates financial assets into groups considering the characteristics and similarity of credit risk, in other words, according to segment, the type of assets, guarantees and other factors associated as the historical experience of impairment and other circumstances known at the time of assessment.

For further details, see note 2.i of the Complete Financial Statements as of December 31, 2016.

ii. Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)

The current income tax expense is calculated by sum of the current tax, social contribution, pis and cofins resulting from application of the appropriate tax rate to the taxable profit for the year (net of any deductions allowable for tax purposes), and of the changes in deferred tax assets and liabilities recognized in the consolidated income statement.

Deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases, and tax loss and tax credit carry forwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax assets are only recognized for temporary differences to the extent that it is considered probable that the consolidated entities will have sufficient future taxable profits against which the deferred tax assets can be utilized, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit or accounting profit. Other deferred tax assets (tax loss and tax credit carry forwards) are only recognized if it is considered probable that the consolidated entities will have sufficient future taxable profits against which they can be utilized.

The deferred tax assets and liabilities recognized are reassessed at each balance sheets date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed. Under the current regulation, the expected realization of tax credits based on the Bank's projections of future results and based on technical study.

For further details, see note 2.aa of the Complete Financial Statements as of December 31, 2016.

iii. Fair value measurement of certain financial instruments

Financial instruments are initially recognized at fair value, which is considered equivalent to the transaction price, until proven otherwise, and those that are not measured at fair value through profit are adjusted by the transaction costs.

Financial assets and liabilities are subsequently measured at each period-end by using valuation techniques. This calculation is based on assumptions, which take into account management's judgment based on existing information and market conditions at the date of financial statements.

Banco Santander classifies fair value measurements using a fair value hierarchy that reflects the model used in the measurement process, segregating financial instruments between Level I, II or III.

For further details, see note 2.e of the Complete Financial Statements as of December 31, 2016 and 48.c8 which present the sensitivity analysis for Financial Instruments.

iv. Post-employment benefits

The defined benefit plans are recorded based on an actuarial study, conducted annually by specialized company, at the end of each year to be effective for the subsequent period and are recognized in income in "Interest expense and similar Charges" and "Provisions (net)".

The present value of the defined benefit obligation is the present value without any assets deductions of expected future payments required to settle the obligation resulting from employee service in the current and past periods.

For further details, see note 2.x of the Complete Financial Statements as of December 31, 2016.

v. Provisions, contingent assets and liabilities

Provisions for the judicial and administrative proceedings are recorded when the risk of loss of administrative or judicial proceeding is considered probable and the amounts can be reliably measured, based on the nature, complexity and history of lawsuits and the opinion of legal counsel internal and external.

Provisions are made when the risk of loss of judicial or administrative proceedings is assessed as probable and the amounts involved can be measured with sufficient accuracy, based on best available information. They are fully or partially reversed when the obligations cease to exist or are reduced. Given the uncertainties arising from the proceedings, it is not practicable to determine the timing of any outflow (cash disbursement).

Note 2 to the Bank's consolidated financial statements for the year ended December 31, 2016 includes information on provisions and the contingent assets and liabilities. There were no significant changes in the Bank’s provisions and contingent assets and liabilities between December 31, 2016 and these interim financial statements' reporting date of March 31, 2017.

For further details, see note 2.r of the Complete Financial Statements as of December 31, 2016.

vi. Goodwill

The goodwill recorded is subject to impairment test at least annually or in a short period, if any indication of impairment of assets.

The recoverable goodwill amounts are determined from value in use calculations. For this purpose, we estimate cash flow for a period of 5 years. We prepare cash flows considering several factors, including: (i) macro-economic projections, such as interest rates, inflation and exchange rates, among other, (ii) the performance and growth estimates of the Brazilian financial system, (iii) increased costs, returns, synergies and investment plans, (iv) the behavior of customers, and (v) the growth rate and long-term adjustments to cash flows. These estimates rely on assumptions regarding the likelihood of future events, and changing certain factors could result in different outcomes. The estimate of cash flows is based on valuations prepared by independent research company or whenever there is evidence of reduction to its recoverable amount, which is reviewed annually or whenever there is an evidence of reduction on its recoverable value and approved by the Executive Board.

For additional details see note 8.a.

d) Comparative information

These interim financial statements include the comparable interim period of March 31, 2016 for the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows. A comparative statement of financial position is December 31, 2016.

e) Seasonality of the Bank’s transactions

Considering the activities conducted by the Bank and its subsidiaries, their transactions are not cyclical or seasonal in nature. Accordingly, no specific disclosures are provided in these explanatory notes to the interim financial statements for the three-month period ended March 31, 2017.

f) Materiality

In determining the disclosures to be made in relation to the various items in the financial statements or other matters, the Bank, in accordance with IAS 34, took into account their materiality in relation the interim financial statements.

g) Consolidated cash flow statements

In preparing the consolidated cash flow statements, the high liquidity investments with insignificant risk of changes in value and with original maturity of ninety days or less were classified as “cash and cash equivalents”. The Bank classifies as cash and cash equivalents the balances recorded under “Cash and balance with the Brazilian Central Bank” and "Loans and amounts due from credit institutions" in the consolidated balance sheet, except for restricted resources and long term transactions.

The interest paid and received correspond primarily to operating activities of Banco Santander.

h) Functional and presentation currency

The consolidated interim financial statements of Banco Santander are presented in Brazilian Real, the functional currency of these statements.

For each subsidiary, entity abroad and investment in an unconsolidated company, Banco Santander has defined the functional currency. The assets and liabilities of these entities with functional currency other than the Brazilian Real are translated as follows:

- Assets and liabilities are translated at the exchange rate at the balance sheet date.
- Revenues and expenses are translated at the monthly average exchange rates.

- Gain and losses on translation of net investment are recorded in the statement of comprehensive income, in “exchange rate of investees located abroad”.

i) Funding, debt notes issued and other liabilities

Funding debt rates Instruments are recognized initially at fair value, considered primarily as the transaction price. They are subsequently measured at amortized cost and its expenses are recognized as a financial cost.

Among the liabilities initial recognition methods, it is important to emphasize those compound financial instruments which are classified as such due to the fact that the instruments contain both, a debt instrument (liability) and an embedded equity component (derivative).

The recognition of a compound instrument consists of a combination of (i) a main instrument, which is recognized as an entity’s genuine liability (debt) and (ii) an equity component (derivative convertible into ordinary share).

The issue of "Notes" must be registered at specific account liabilities and updated according to the agreed rates and adjusted by the effect of exchange rate variations, when denominated in foreign currency. All remuneration related to these instruments, such as interest and Exchange variation (difference between the functional currency and the currency in which the instrument was named) shall be accounted for as expenses for the period, according to the accrual basis.

The relevant details of these issued instruments are described in note 9-b.5.

j) Measurement of financial assets and liabilities and recognition of fair value changes

Recognition of fair value changes

As a general rule, changes in the carrying amount of financial assets and liabilities are recognized in the consolidated income statement, distinguishing between those arising from the accrual of interest and similar items which are recognized under “Interest and similar income” or “Interest expense and similar charges”, as appropriate and those arising for other reasons, which are recognized at their net amount under “Gains (losses) on financial assets and liabilities (net)”.

Adjustments due to changes in fair value arising from Available-for-sale financial assets are recognized temporarily in equity under “Other Comprehensive Income”. Items charged or credited to this account remain in the Bank’s consolidated equity until the related assets are write-off, whereupon they are charged to the consolidated income statement.

Hedging transactions

The consolidated entities use financial derivatives for the following purposes: i) to provide these instruments to customers who request them in the management of their market and credit risks; ii) to use these derivatives in the management of the risks of the Bank entities' own positions and assets and liabilities (“hedging derivatives”); and iii) to obtain gains from changes in the prices of these derivatives (“financial derivatives”).

Financial derivatives that do not qualify for hedge accounting are treated for accounting purposes as trading derivatives.

A derivative qualifies for hedge accounting if all the following conditions are met:

1. The derivative hedges one of the following three types of exposure:

a. Changes in the fair value of assets and liabilities due to fluctuations, among other, in the interest rate and/or exchange rate to which the position or balance to be hedged is subject (“fair value hedge”);

b. Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable forecast transactions (“cash flow hedge”);

c. The net investment in a foreign operation (“hedge of a net investment in a foreign operation”).

2. It is effective in offsetting exposure inherent in the hedged item or position throughout the expected term of the hedge, which means that:

a. At the date of arrangement the hedge is expected, under normal conditions, to be highly effective (“prospective effectiveness”).

b. There is sufficient evidence that the hedge was actually effective during the whole life of the hedged item or position (“retrospective effectiveness”).

3. There must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this effective hedge was expected to be achieved and measured, provided that this is consistent with the Bank’s management of own risks.

The changes in value of financial instruments qualifying for hedge accounting are recognized as follows:

a. In fair value hedges, the gains or losses arising on both the hedging instruments and the hedged items (attributable to the type of risk being hedged) are recognized directly in the consolidated income statement.

b. In cash flow hedges, the effective portion of the change in value of the hedging instrument is recognized temporarily in equity under “Other comprehensive Income - Cash flow hedges” until the forecast transactions occur, when it is recognized in the consolidated income statement, unless, if the forecast transactions result in the recognition of non-financial assets or liabilities, it is included in the cost of the non-financial asset or liability. The ineffective portion of the change in value of hedging derivatives is recognized directly in the consolidated income statement.

c. The ineffective portion of the gains and losses on the hedging instruments of cash flow hedges and hedges of a net investment in a foreign operation are recognized directly under “Gains (losses) on financial assets and liabilities (net)” in the consolidated income statement.

If a derivative designated as a hedge instrument no longer meets the requirements described above due to expiration, ineffectiveness or for any other reason, the derivative is classified as a trading derivative.

When fair value hedge accounting is discontinued (repealed, expired, sold our no longer meet hedge accounting criteria) the adjustments previously recognized on the hedged item are transferred to profit or loss at the effective interest rate re-calculated at the date of hedge discontinuation. The adjustments must be fully amortized at maturity.

When cash flow hedges are discontinued, any cumulative gain or loss on the hedging instrument recognized in equity under "Other comprehensive Income” (from the period when the hedge was effective) remains recognized in equity until the forecast transaction occurs at which time it is recognized in profit or loss, unless the transaction is no longer expected to occur, in which case any cumulative gain or loss is recognized immediately in profit or loss.

2. Basis of consolidation

Below are highlighted the controlled entities and investment funds included in the consolidated financial statements of Banco Santander. Similar information regarding companies accounted for under the equity method by the Bank is provided in Note 6.

		Participation %	
Directly and Indirectly controlled by Banco Santander (Brasil) S.A.	**Activity**	**Direct**	**Direct and Indirect**
Banco Bandepe S.A.	Bank	100.00%	100.00%
Santander Leasing S.A. Arrendamento Mercantil (Santander Leasing)	Leasing	78.57%	99.99%
Aymoré Crédito, Financiamento e Investimento S.A.	Financial	100.00%	100.00%
Santander Brasil Administradora de Consórcio Ltda.	Buying club	100.00%	100.00%
Santander Microcrédito Assessoria Financeira S.A.	Microcredit	100.00%	100.00%
Santander Brasil Advisory Services S.A. (8)	Other Activities	100.00%	100.00%
Atual Companhia Securitizadora de Créditos Financeiros	Securitization	100.00%	100.00%
Santander Corretora de Câmbio e Valores Mobiliários S.A.	Broker	99.99%	100.00%
Santander Participações S.A.	Holding	100.00%	100.00%
Getnet Adquirência e Serviços para Meios de Pagamento S.A. (Getnet S.A.) (1)	Payment Institution	88.50%	88.50%
Sancap Investimentos e Participações S.A.	Holding	100.00%	100.00%
Santander Brasil EFC	Financial	100.00%	100.00%
Santander S.A. Serviços Técnicos, Administrativos e de Corretagem de Seguros	Insurance Broker	60.65%	60.65%
Controlled by Santander Serviços			
Webcasas S.A.	Other Activities	-	100.00%
Controlled by Getnet S.A.			
Auttar HUT Processamento de Dados Ltda. (Auttar HUT)	Other Activities	-	100.00%
Integry Tecnologia e Serviços A.H.U Ltda. (Integry Tecnologia)	Other Activities	-	100.00%
Toque Fale Serviços de Telemarketing Ltda. (Toque Fale)	Other Activities	-	100.00%
Controlled by Sancap			
Santander Capitalização S.A.	Savings and annuities	-	100.00%
Evidence Previdência S.A.	Social Securities	-	100.00%
Controlled by Aymoré CFI			
Super Pagamentos e Administração de Meios Eletrônicos Ltda. (Super) (2)	Other Activities	-	100.00%
Banco Olé Bonsucesso Consignado S.A. (Olé Consignado) (Current Company Name of Banco Bonsucesso Consignado) (3)	Bank	-	60.00%
Banco PSA Finance Brasil S.A. (6)	Bank	-	50.00%
Controlled by Olé Consignado (Current Company Name of Banco Bonsucesso Consignado)			
BPV Promotora de Vendas e Cobrança Ltda.	Other Activities	-	100.00%
Bonsucesso Tecnologia Ltda (Current Company Name of BSI Informática Ltda.)	Other Activities	-	100.00%
Controlled by Santander Leasing			
Santander Finance Arrendamento Mercantil S.A (Current Company Name of PSA Finance Arrendamento Mercantil S.A) (6)	Leasing	-	100.00%
Controlled by Santander Participações			
BW Guirapá I S.A. (4)	Holding	-	86.81%
Controlled by BW Guirapá I S.A. (4)			
Central Eólica Angical S.A. (4)	Wind Energy	-	100.00%
Central Eólica Caititu S.A. (4)	Wind Energy	-	100.00%
Central Eólica Coqueirinho S.A. (4)	Wind Energy	-	100.00%
Central Eólica Corrupião S.A. (4)	Wind Energy	-	100.00%
Central Eólica Inhambu S.A. (4)	Wind Energy	-	100.00%
Central Eólica Tamanduá Mirim S.A. (4)	Wind Energy	-	100.00%
Central Eólica Teiu S.A. (4)	Wind Energy	-	100.00%

		Participation %	
Directly and Indirectly controlled by Banco Santander (Brasil) S.A.	**Activity**	**Direct**	**Direct and Indirect**
Santander FIC FI Contract I Referenciado DI	Investment Fund	-	(a)
Santander Fundo de Investimento Unix Multimercado Crédito Privado	Investment Fund	-	(a)
Santander Fundo de Investimento Diamantina Multimercado Crédito Privado de Investimento no Exterior	Investment Fund	-	(a)
Santander Fundo de Investimento Amazonas Multimercado Crédito Privado de Investimento no Exterior	Investment Fund	-	(a)
Santander Fundo de Investimento SBAC Referenciado DI Crédito Privado	Investment Fund	-	(a)
Santander Fundo de Investimento Guarujá Multimercado Crédito Privado de Investimento no Exterior	Investment Fund	-	(a)
Santander Fundo de Investimento Financial Curto Prazo	Investment Fund	-	(a)
Santander Fundo de Investimento Capitalization Renda Fixa	Investment Fund	-	(a)
Santander Paraty QIF PLC (5)	Investment Fund	-	(a)
Santander FI Hedge Strategies Fund (5)	Investment Fund	-	(a)
BRL V - Fundo de Investimento Imobiliário - FII (7)	Real Estate Investment Fund	-	(a)

(a)Company over which the Bank is exposed, or has rights, to variable returns and have the ability to affect those returns through the power of decision, in accordance with IFRS 10 - Consolidated Financial Statements. Banco Santander and its subsidiaries holds 100% of the shares of these investment funds.

(1) In May, 2016, it was approved by Brazil Central Bank the authorization process for operation of the Company as a payment institution.

(2)On January 4, 2016, Aymoré CFI informed the owners of the shares representing the remaining 50% of Super Pagamentos total voting capital its decision to exercise the call option for the acquisition of such shares, for a value of approximately R$113 million. The transaction was concluded on March 10, 2016. (Note 3.b)

(3) At the ESM of March 3, 2016 was approved the change from the name of Banco Bonsucesso Consignado S.A. for Banco Olé Bonsucesso Consignado S.A., the change process has been approved by the Bacen on June 1, 2016. At the ESM of November 1, 2016, was approved the capital increase of Olé Consignado in the amount of R$50,000, from the current R$350,000 to R$400,000, through the insurance of 28,509,708 new nominated ordinary shares, without nominal value. The process of the increase was approved by the Bacen in November 22, 2016.

(4) Investments transferred from the non-current assets held for sale caption in September, 2016 (Note 5).

(5) Banco Santander, through its subsidiaries, holds the risks and benefits of the Santander Paraty and the Sub-fund Santander FI Hedge Strategies, based in Ireland, and both are fully consolidated in its financial statements. The Irish market, an investment fund cannot act directly and, therefore, there was the need to create another structure (a sub-fund), Santander FI Hedge Strategies. The Santander Paraty has no equity position, and all derived position of the balance sheet of Santander FI Hedge Strategies.

(6) Investment acquired on August 1, 2016 (Note 3.c).

(7) This fund was established and became consolidated from August 2016. It is a structure where the Banco Santander figured as lender of certain debts (loans). The real object guarantee of said operations were converted into capital contributions by Fundo de Investimento Imobiliário, in conjunction concomitant transfer of the same shares to Banco Santander through dation process of payment of the above credit operations.

(8) On March 10, 2017, was approved at the EGM of Santander Brasil Advisory the group of shares representing its capital stock at the ratio of 100,000 (one hundred thousand) shares to one common share. As a result of the reverse split, the number of shares representing the Santander Brasil Advisory capital stock was changed from 1,370,914 to 13 common shares, all nominative and without par value, and any fractional shares were canceled. Shareholders who individually held less shares than the one adopted as a reason for the reverse split will receive for their shares the book value to them before the reverse split, calculated based on the shareholders' equity reflected in the Santander Brasil Advisory balance sheet drawn up in February 2017, which is, R$ 11.22 per common share.

On July 14, 2016 it has completed the sales transaction of 100% of the shares representing the capital of Mantiq by Banco Santander and by Santander Participações to Angra Ventures Participações Ltda.

3. Change in the scope of consolidation

a) Investment in Super Pagamentos e Administração de Meios Eletrônicos Ltda. (“Super”)

On January 4, 2016, Aymoré CFI informed the owners of the shares representing the remaining 50% of Super´s total voting capital its decision to exercise the call option for the acquisition of such shares, for a value of approximately R$113 million. The transaction was concluded on March 10, 2016.

Accordingly, Aymoré as the parent company purchased the remaining equity instruments of Super entity and should therefore consider the paid value of goodwill for expected future profitability as a reduction of shareholders' equity, since, according to the IFRS 10 this transaction is characterized as transactions between partners. For the same reason, the amount paid for the equity value of the interest participation acquired from non-controlling shareholder is a movement among Stockholders' Equity accounts.

b) Partnership Formation with the Hyundai Group in Brazil

On April 28, 2016, the Aymoré CFI and Banco Santander entered into a transaction for the formation of a partnership with Hyundai Motor Brasil Montadora de Automóveis Ltda. (Hyundai Motor Brazil) and Hyundai Capital Services, Inc. (Hyundai Capital) for the constitution of Banco Hyundai Capital Brasil S.A. and an insurance brokerage company to provide, respectively, auto finance and insurance brokerage services and products to consumers and Hyundai dealerships in Brazil. The partnership capital structure will have a shareholding of 50% (fifty percent) of the Aymoré, 25% (twenty five percent) of Hyundai Capital and 25% (twenty five percent) of Hyundai Motor Brazil. The closing of the transaction shall be subject to the fulfillment of certain conditions precedent usual in similar transactions, including obtaining the applicable regulatory approvals.

c) Agreement on the Acquisition, of part of the Financial Operation of PSA Group in Brazil and a consequent creation of a Joint Venture

On August 1, 2016, after the fulfillment of the applicable conditions precedent, including obtaining the appropriate regulatory approvals, the Aymoré CFI and Banco Santander, in the context of a partnership between the Banque PSA Finance ("Banque PSA") and Santander Consumer Finance in Europe for joint operation of the vehicle financing business of PSA brands (Peugeot, Citroën and DS), signed definitive documents for the formation of a financial cooperation with Banque PSA for offering a range of financial and insurance products to consumers and dealers of PSA in Brazil.

The main vehicle of financial cooperation is Banco PSA Finance Brasil S.A. which is being held in the proportion of 50% by Aymoré CFI, a subsidiary of Banco Santander, and 50% by Banque PSA. The purchase price was equal to the book value (proportional) on the closing date (08/01/2016). The operation also included the acquisition by Banco Santander subsidiary, 100% of Santander Finance Arrendamento Mercantil S.A (Current Company Name of PSA Finance Arrendamento Mercantil S.A.), whose price was equivalent to 74% of the equity value on the closing date, and also 50% of PSA Corretora de Seguros e Serviços Ltda., whose price was equal to the book value (proportional) on the closing date.

Banco Santander started to consolidate these companies from August 1, 2016.

4. Financial assets

a) Breakdown by Category

The breakdown by nature and category for measurement purpose, of the Bank's financial assets, except for the balances relating to "Cash and Balances with the Brazilian Central Bank" and "Hedging Derivatives", at March 31, 2017 and December 31, 2016 is as follows:

3/31/2017

	Financial Assets Held for Trading	Other Financial Assets at Fair Value through Profit or Loss	Available-for-Sale Financial Assets	Held to maturity investments	Loans and Receivables	Total
Loans and amounts due from credit institutions	-	-	-	-	30,967,420	30,967,420
Of which:						
Loans and amounts due from credit institutions, gross	-	-	-	-	31,177,185	31,177,185
Impairment losses (note 4-b.2)	-	-	-	-	(209,765)	(209,765)
Loans and advances to customers	-	-	-	-	251,901,782	251,901,782
Of which:						
Loans and advances to customers, gross [(1)]	-	-	-	-	267,477,078	267,477,078
Impairment losses (note 4-b.2)	-	-	-	-	(15,575,296)	(15,575,296)
Debt instruments	51,206,119	1,747,168	62,044,807	-	14,888,621	129,886,715
Of which:						
Debt instruments	-	-	-	-	16,792,556	16,792,556
Impairment losses (note 4-b.2)	-	-	-	-	(1,903,935)	(1,903,935)
Equity instruments	635,278	39,555	1,582,511	-	-	2,257,344
Trading derivatives	25,764,884	-	-	-	-	25,764,884
Held to maturity investments	-	-	-	9,580,886	-	9,580,886
Total	**77,606,281**	**1,786,723**	**63,627,318**	**9,580,886**	**297,757,823**	**450,359,031**

12/31/2016

	Financial Assets Held for Trading	Other Financial Assets at Fair Value through Profit or Loss	Available-for-Sale Financial Assets	Held to maturity investments	Loans and Receivables	Total
Loans and amounts due from credit institutions	-	-	-	-	27,762,473	27,762,473
Of which:						
Loans and amounts due from credit institutions, gross	-	-	-	-	27,963,914	27,963,914
Impairment losses (note 4-b.2)	-	-	-	-	(201,441)	(201,441)
Loans and advances to customers	-	-	-	-	252,002,774	252,002,774
Of which:						
Loans and advances to customers, gross [(1)]	-	-	-	-	268,437,556	268,437,556
Impairment losses (note 4-b.2)	-	-	-	-	(16,434,782)	(16,434,782)
Debt instruments	59,994,946	1,668,749	55,829,572	-	16,283,259	133,776,526
Of which:						
Debt instruments	-	-	-	-	17,838,162	17,838,162
Impairment losses (note 4-b.2)	-	-	-	-	(1,554,903)	(1,554,903)
Equity instruments	398,461	42,455	1,985,473	-	-	2,426,389
Trading derivatives	24,480,256	-	-	-	-	24,480,256
Held to maturity investments	-	-	-	10,048,761	-	10,048,761
Total	**84,873,663**	**1,711,204**	**57,815,045**	**10,048,761**	**296,048,506**	**450,497,179**

(1) On March 31, 2017, the amount recorded in "Loans and advances to customers" related to loan portfolio assigned is R$677,345 (12/31/2016 – R$783,967), and R$$655,266 (12/31/2016 – R$774,673) of "Other financial liabilities - Financial Liabilities Associated with Assets Transfer".

b) Valuation adjustments for impairment of financial assets

b.1) Available-for-sale financial assets

As indicated in Note 2 of the consolidated financial statements of the Bank for the year ended December 31, 2016, changes in the carrying amounts of financial assets and liabilities are recognized in the consolidated income statement. Except in the case of available-for-sale financial assets, whose changes in value are recognized temporarily in consolidated stockholders' equity under "Other Comprehensive Income".

Charge or credit to the "Other Comprehensive Income" as a result of the fair value measurement, remain in the Bank's consolidated stockholders' equity until the related assets are write-off, whereupon they are accounted to the consolidated income statement. As part of the process of fair value measurement, when there is objective evidence that the financial instruments are impaired, the amounts are no longer recognized in equity under "Other Comprehensive Income" and are reclassified, for the cumulative amount at that date, to the consolidated income statement.

On March 31, 2017 the Bank analyzed the changes in fair value of the various assets comprising this portfolio and concluded that, at that date, there were no significant differences whose origin could be considered to arise from permanent impairment. Accordingly, the total of the changes in the fair value of these assets are presented under "Other Comprehensive Income". The changes in the balance of valuation adjustments in the interim period are recognized in the Consolidated Statements of Comprehensive Income.

b.2) Loans and receivables

The changes in the balance of the allowances for impairment losses on the assets included under “Loans and Receivables” in the three-months periods ended March 31, 2017 and 2016 were as follows:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of the period	**18,191,126**	**15,411,760**
Impairment losses charged to income for the period – Loans and receivables	3,805,246	2,937,294
Write-off of impaired balances against recorded impairment allowance	(4,307,376)	(3,223,206)
Balance at end of the period	**17,688,996**	**15,125,848**
Recoveries of loans previously charged off	**519,392**	**188,933**

Considering these amounts recognized in “Impairment losses charged to income” and the "Recoveries of loans previously charged off", the "Impairment losses on financial assets - Loans and receivables” amounted to R$3,285,854 and R$2,748,361 in the three-months periods ended March 31, 2017 and 2016, respectively.

c) Impaired assets

Detail of the changes in the balance of the financial assets classified as "Loans and advances to customers" considered to be impaired due to credit risk in the three-months periods ended March 31, 2017 and 2016 is as follows:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of the period	**18,887,132**	**18,599,379**
Net additions	3,441,556	2,780,130
Write-off of impaired balances against recorded impairment allowance	(4,307,376)	(3,223,206)
Balance at end of the period	**18,021,312**	**18,156,303**

5. Non-current assets held for sale

Non-current assets held for sale includes foreclosed assets and other tangible assets for sale.

On September 30, 2014, investments in wind energy entities were transferred to this item, based on the disposal plan, whose current condition is highly probable, as approved by the Management of Banco Santander, in compliance with the requirements of IFRS 5. On September 30, 2016, due to no expectation of sale of this investment by the current market situation, management decided to transfer the total of this balance, the value of R$457,705 to caption investments in affiliates and subsidiaries in the country (Note 2).

6. Investments in associates and Joint Ventures

Jointly controlled

Banco Santander considers investments classified as jointly controlled: when they possess a shareholders' agreement, which sets the strategic financial and operating decisions requiring the unanimous consent of all investors.

Significant Influence

Banco Santander considers investments classified as significant influence when the Bank is empowered to elect members to the Executive Board.

a) Breakdown

			Participation %	
Jointly Controlled by Banco Santander	**Activity**	**Country**	**3/31/2017**	**12/31/2016**
Banco RCI Brasil S.A.	Financial	Brazil	39.89%	39.89%
Norchem Participações e Consultoria S.A.[1]	Other Activities	Brazil	50.00%	50.00%
Cibrasec - Companhia Brasileira de Securitização [1]	Securitization	Brazil	9.72%	9.72%
Estruturadora Brasileira de Projetos S.A. - EBP [1]	Other Activities	Brazil	11.11%	11.11%
Campo Grande Empreendimentos	Other Activities	Brazil	25.32%	25.32%
Jointly Controlled by Santander S.A. Serviços Técnicos, Administrativos e de Corretagem de Seguros (Santander Serviços)				
Webmotors S.A. [4]	Other Activities	Brazil	70.00%	70.00%
Tecnologia Bancária S.A. - TECBAN [1]	Other Activities	Brazil	19.81%	19.81%
Jointly Controlled by Santander Participações S.A.				
PSA Corretora de Seguros e Serviços Ltda. [3]	Insurance Broker	Brazil	50.00%	50.00%
Significant Influence of Banco Santander				
Norchem Holding e Negócios S.A. [1]	Other Activities	Brazil	21.75%	21.75%

	Investments 3/31/2017	12/31/2016
Jointly Controlled by Banco Santander	**568,409**	**578,761**
Banco RCI Brasil S.A.	528,763	538,756
Norchem Participações e Consultoria S.A. (1)	26,819	26,302
Cibrasec - Companhia Brasileira de Securitização (1)	7,292	7,435
Estruturadora Brasileira de Projetos S.A. - EBP (1)	5,535	6,268
Jointly Controlled by Santander Serviços	**394,474**	**389,678**
Webmotors S.A. (4)	252,090	246,965
Tecnologia Bancária S.A. - TECBAN (1)	142,384	142,713
Jointly Controlled by Santander Participações S.A.	**743**	**658**
PSA Corretora de Seguros e Serviços Ltda. (3)	743	658
Significant Influence of Banco Santander	**21,332**	**20,980**
Norchem Holding e Negócios S.A. (1)	21,332	20,980
Total	**984,958**	**990,077**

	Results of Investments 1/01 to 3/31/2017	1/01 to 3/31/2016
Jointly Controlled by Banco Santander	**210**	**6,957**
Banco RCI Brasil S.A.	324	7,265
Norchem Participações e Consultoria S.A. (1)	517	489
Cibrasec - Companhia Brasileira de Securitização (1)	102	(221)
Estruturadora Brasileira de Projetos S.A. - EBP (1)	(733)	(576)
Jointly Controlled by Santander Serviços	**4,798**	**9,455**
Webmotors S.A. (4)	5,126	5,460
Tecnologia Bancária S.A. - TECBAN (1)	(328)	3,995
Jointly Controlled by Santander Getnet	**-**	**(556)**
iZettle do Brasil Meios de Pagamento S.A. (1) (2)	-	(556)
Jointly Controlled by Santander Participações S.A.	**84**	**-**
PSA Corretora de Seguros e Serviços Ltda. (3)	84	-
Significant Influence of Banco Santander	**352**	**299**
Norchem Holding e Negócios S.A. (1)	352	299
Total	**5,444**	**16,155**

	Total assets	Total liabilities	3/31/2017 Total profit (5)
Jointly Controlled by Banco Santander	**10,155,312**	**8,646,604**	**23,604**
Banco RCI Brasil S.A.(Current Company Name of RCI Brasil Leasing)	9,933,403	8,603,131	28,612
Norchem Participações e Consultoria S.A.(1)	79,965	26,327	1,033
Cibrasec - Companhia Brasileira de Securitização (1)	91,847	16,859	551
Estruturadora Brasileira de Projetos S.A. - EBP (1)	50,097	287	(6,592)
Jointly Controlled by Santander Serviços	**1,540,849**	**1,018,934**	**5,665**
Webmotors S.A. (4)	153,959	35,636	7,322
Tecnologia Bancária S.A. - TECBAN (1)	1,386,890	983,298	(1,657)
Jointly Controlled by Santander Participações S.A.	**2,247**	**762**	**168**
PSA Corretora de Seguros e Serviços Ltda. (3)	2,247	762	168
Significant Influence of Banco Santander	**122,361**	**24,281**	**1,618**
Norchem Holding e Negócios S.A. (1)	122,361	24,281	1,618
Total	**11,820,769**	**9,690,581**	**31,055**

	Total assets	Total liabilities	12/31/2016 Total profit [5]
Jointly Controlled by Banco Santander	**8,831,611**	**7,318,656**	**89,544**
Banco RCI Brasil S.A.(Current Company Name of RCI Brasil Leasing)	8,603,844	7,276,320	79,223
Norchem Participações e Consultoria S.A.[1]	78,833	26,228	5,274
Cibrasec - Companhia Brasileira de Securitização [1]	91,083	14,659	7,011
Estruturadora Brasileira de Projetos S.A. - EBP [1]	57,851	1,449	(1,964)
Jointly Controlled by Santander Serviços	**1,456,444**	**940,962**	**57,502**
Webmotors S.A. [4]	145,499	35,231	29,934
Tecnologia Bancária S.A. - TECBAN [1]	1,310,945	905,731	27,568
Jointly Controlled by Santander Participações S.A.	**3,382**	**2,066**	**1,093**
PSA Corretora de Seguros e Serviços Ltda. [3]	3,382	2,066	1,093
Significant Influence of Banco Santander	**127,598**	**31,136**	**6,792**
Norchem Holding e Negócios S.A. [1]	127,598	31,136	6,792
Total	**10,419,035**	**8,292,820**	**154,931**

b) Changes

The changes in the balance of this item in the periods ended March 31, 2017 and 2016 were as follows:

Jointly Controlled	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of period	**969,097**	**1,041,239**
Income from companies accounted for by the equity method	5,092	15,856
Dividends proposed/received	(245)	-
Adjustment to market value	(10,318)	-
Balance at end of period	**963,626**	**1,057,095**
Significant Influence		
Balance at beginning of period	**20,980**	**19,504**
Income from companies accounted for by the equity method	352	299
Balance at end of period	**21,332**	**19,803**

(1) Companies with a lag of one month for the equity calculation. Accounting for equity income was used on 3/31/2017 the position of 2/28/2017.

(2) In June 2016 the interest held in iZetlle do Brasil S.A was sold.

(3) Investment acquired on August 1, 2016.

(4) At the ESM realized in September 26, 2016, was approved the reduction of the capital of Webmotors S.A. without cancellation of shares in the amount of R$109,800 to be considered excessive to maintain its activities, and the capital of R$194,580 to R$84,780.

(5) On 31 March, 2017 and 31 December 2016, the balances of Assets, Liabilities and Profit refer to 100% of the company balance sheet. There is not balance to the "Other Comprehensive Income" in these companies, except Renault.

(*) The Bank does not have collateral with associates and joint ventures.

(**) The Bank does not have contingent liabilities with significant risk of possible losses related to investments in affiliates.

c) Impairment losses

There are no impairment losses with respect to investments in associates and joint ventures for the periods ended March 31, 2017 and December 31, 2016.

d) Other information

Details of the principal subsidiaries not consolidated of Banco Santander:

• **Banco RCI Brasil S.A.:** A company incorporated in the form of corporation headquartered in Parana, is primarily engaged in the practice of loans in order to sustain the growth of automotive brands Renault and Nissan in the Brazilian market by financing the dealer network and the end consumer. It is a financial institution that is part of the RCI Banque Group and the Santander Group, with operations conducted as part of a set of institutions that operate in the financial market. According to the Shareholders' Agreement, the key decisions that impact this society are taken jointly between Banco Santander and other controllers. On July 21, 2015 was approved the Company's transformation into a Multiple Bank, with investment portfolios, leasing and credit, financing and investment and also the change of company name of Companhia de Arrendamento Mercantil RCI Brasil to Banco RCI Brasil S.A. This process was approved by the Central Bank of Brazil on October 28, 2015. On January 29, 2016, the Companhia de Crédito, Financiamento e Investimento RCI Brasil was merged into its subsidiary Banco RCI Brasil S.A., with this process the interest previously held by RCI Brasil went to Banco Santander.

• **Webmotors S.A.:** A company incorporated in the form of capital company with headquarters in São Paulo and is engaged in the design, implementation and / or availability of electronic catalogs, space, products, services or means of marketing products and / or services related to the automotive industry, on the Internet through the "website" www.webmotors.com.br (owned by Webmotors) or other means related to e-commerce activities and other uses or Internet applications, as well as participation in capital in other companies and the management of business ventures and the like. It is a company of the Economic Conglomerate - Financial Santander (Santander Group) andCarsales.com Investments PTY LTD (Carsales), and operations conducted as part of a group of institutions that operate jointly. According to the Shareholders' Agreement, the key decisions that impact this society are taken jointly between Banco Santander and other controllers.

7. Tangible assets

a) Changes

Tangible assets were acquired in the three-month periods ended March 31, 2017 and 2016 for R$175,006 and R$204,874, respectively. Also, in the three-months ended March 31, 2017 and 2016 there was sale of tangible assets amounting R$6,555 and R$3,797, respectively.

b) Impairment losses

There were no significant impairment losses on tangible assets in the period ended March 31, 2017 and December 31, 2016.

c) Tangible asset purchase commitments

On March 31, 2017, the Bank does not have contractual commitments for the acquisition of tangible fixed assets.

8. Intangible assets

a) Goodwill

Goodwill is the difference between the acquisition cost and the Bank's participation in the net fair value of assets, liabilities and contingent liabilities of the acquire. When the difference is negative (negative goodwill), it is recognized immediately through profit or loss. In accordance with IFRS 3 Business Combinations, goodwill is stated at cost and is not amortized but tested annually for impairment or whenever there is an evidence of reduction on the recoverable value of the cash generating unit to which the goodwill was allocated. Goodwill is recognized at cost considering the accumulated impairment losses. Impairment losses related to goodwill are not reversible. Gains and losses related to the sale of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recorded is subject to impairment test and has been allocated according to the operating segments (note 15).

Based on the assumptions described above management has not identified any evidence of impairment[3] on March 31, 2017 and December 31,2016.

	3/31/2017	12/31/2016
Breakdown		
Banco ABN Amro Real S.A. (Banco Real)	27,217,565	27,217,565
Olé Consignado (Current Company name of Banco Bonsucesso Consignado)	62,800	62,800
Super Pagamentos e Administração de Meios Eletrônicos Ltda. (Super)	13,050	13,050
Banco PSA Finance Brasil S.A.	2,408	-
Getnet Adquirência e Serviços para Meios de Pagamento S.A. (Santander Getnet)	1,039,304	1,039,304
BW Guirapá I S.A.	22,320	22,320
Total	**28,357,447**	**28,355,039**

	Commercial Bank 12/31/2016
Key assumptions:	
Basis for determining the recoverable amount	Value in use: cash flows
Period of the projections of cash flows [1]	5 years
Perpetual growth rate	8.0%
Discount rate [2]	15.2%

(1) Cash flow projections are based on national budget and management's growth plans, considering historical data, expectations and market conditions such as industry growth, interest rates and inflation.

(2) The discount rate is calculated based on the pricing model of capital assets (CAPM). The discount rate before tax is 20.23%.

(3) The base date of the impairment test is December 31, 2016, since the end of each reportable period or whenever there is any indication of impairment loss, goodwill is tested for impairment (test recoverability).

b) Other intangible assets

The details by asset category of the "other intangible assets" of the consolidated balance sheets are as follow:

With finite lives:	Estimated Useful Life	3/31/2017	12/31/2016
IT developments	5 years	6,015,584	5,866,944
Other assets	Up to 5 years	405,998	405,998
Amortization		(3,499,905)	(3,398,137)
Provision for impairment losses		(993,002)	(993,002)
Total		**1,928,675**	**1,881,803**

9. Financial liabilities

a) Breakdown by category

The breakdown by nature and category for purposes of measurement, of the Bank’s financial liabilities, other than “Hedging Derivatives”, as at March 31, 2017 and December 31, 2016 is as follows:

			3/31/2017
	Trading Financial Liabilities	Financial Liabilities at Amortized Cost	Total
Deposits from Brazilian Central Bank and deposits from credit institutions	-	73,912,276	73,912,276
Customer deposits	-	255,088,151	255,088,151
Marketable debt securities	-	89,780,483	89,780,483
Trading derivatives	21,559,585	-	21,559,585
Subordinated liabilities	-	481,035	481,035
Short positions	27,982,376	-	27,982,376
Debt Instruments Eligible to Compose Capital	-	8,010,812	8,010,812
Other financial liabilities	-	32,558,056	32,558,056
Total	**49,541,961**	**459,830,813**	**509,372,774**

			12/31/2016
	Trading Financial Liabilities	Financial Liabilities at Amortized Cost	Total
Deposits from Brazilian Central Bank and deposits from credit institutions	-	78,634,072	78,634,072
Customer deposits	-	247,445,177	247,445,177
Marketable debt securities	-	99,842,955	99,842,955
Trading derivatives	19,925,600	-	19,925,600
Subordinated liabilities	-	466,246	466,246
Short positions	31,694,269	-	31,694,269
Debt Instruments Eligible to Compose Capital	-	8,311,918	8,311,918
Other financial liabilities	-	36,879,099	36,879,099
Total	**51,619,869**	**471,579,467**	**523,199,336**

b) Composition and details

b.1) Deposits from the Brazilian Central Bank and Deposits from credit institutions

	3/31/2017	12/31/2016
Demand deposits [1]	93,485	314,112
Time deposits [2]	46,617,891	49,548,858
Repurchase agreements	27,200,900	28,771,102
Of which:		
Backed operations with Private Securities [3]	913	446,429
Backed operations with Government Securities	27,199,987	28,324,673
Total	**73,912,276**	**78,634,072**

(1) Non-interest bearing accounts.
(2) It includes the operation with credit institution arising from export and import financing lines, BNDES and Finame on-lending, locally and abroad, and other foreign credit.
(3) Refers primarily to repurchase agreements backed by debentures own issue.

b.2) Customer deposits

	3/31/2017	12/31/2016
Demand deposits		
Current accounts [1]	14,882,032	15,868,201
Savings accounts	36,113,897	36,051,476
Time deposits	95,383,131	94,478,875
Repurchase agreements	108,709,091	101,046,625
Of which:		
Backed operations with Private Securities [2]	65,484,796	59,460,210
Backed operations with Government Securities	43,224,295	41,586,415
Total	**255,088,151**	**247,445,177**

(1) Non-interest bearing accounts.
(2) Refers primarily to repurchase agreements backed by debentures own issue.

b.3) Marketable Debt securities

	3/31/2017	12/31/2016
Real estate credit notes - LCI [1]	23,733,865	23,983,429
Bonds and other securities	3,493,952	7,721,646
Treasury Bills [2]	54,587,879	61,157,037
Agribusiness credit notes - LCA [3]	7,964,787	6,980,843
Total	**89,780,483**	**99,842,955**

(1) LCI´s are fixed income securities underlined to mortgage loans and collateralized by mortgage or chattel mortgage on property. On March 31, 2017, there are maturities between 2017 to 2026 (12/31/2016 - there are maturities between 2017 to 2026).

(2) The main features of the financial letters are the minimum period of two years, minimum notional of R$300 and permission for early redemption of only 5% of the issued amount. On March 31, 2017, they have a maturity between 2017 to 2025 (12/31/2016 - they have a maturity between 2017 to 2025).
(3) Agribusiness credit notes are fixed income securities which resources are allocated to the promotion of agribusiness indexed between 86.0% and 94.0% of CDI. On March 31, 2017, they have maturities between 2017 to 2018 (12/31/2016 - they have maturities between 2017 to 2018).

The changes in the balance of Marketable debt instruments in the three-months period ended as of March 31, 2017 and 2016 were as follows:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of the period	**99,842,955**	**94,658,300**
Issues	10,002,848	11,474,437
Payments	(22,799,908)	(17,041,686)
Interest	2,769,065	2,862,724
Exchange differences and other	(34,477)	(418,835)
Balance at end of the period	**89,780,483**	**91,534,940**

The Composition of "Eurobonds and other securities" is as follows:

	Issuance	Maturity	Currency	Interest Rate (p.a.)	3/31/2017 Total	12/31/2016 Total
Eurobonds	jul-16	jul-17	US$	2.0%	743,612	761,129
Eurobonds	jun-16	jun-17	US$	2.0%	464,495	475,424
Eurobonds	oct-16	oct-17	US$	2.2%	243,584	249,214
Eurobonds	dec-16	dec-17	US$	2.0%	191,297	195,796
Eurobonds	sep-16	sep-17	US$	2.0%	190,717	195,206
Eurobonds	aug-16	aug-17	US$	2.0%	181,264	185,533
Eurobonds	nov-16	nov-17	US$	1.8%	135,350	138,605
Eurobonds	nov-16	nov-17	US$	2.0%	127,785	130,791
Eurobonds	apr-16	apr-17	US$	2.1%	85,883	87,887
Eurobonds	apr-16	apr-17	US$	2.3%	22,655	23,172
Eurobonds	nov-16	nov-17	US$	2.1%	79,778	81,645
Eurobonds	dec-16	jun-17	US$	1.4%	60,588	62,105
Eurobonds	dec-16	dec-17	US$	1.8%	47,306	48,448
Eurobonds	oct-16	oct-17	US$	1.8%	46,704	47,832
Eurobonds	feb-15	feb-18	US$	2.2%	38,436	39,727
Eurobonds	oct-16	oct-17	EUR	0.4%	37,008	37,507
Eurobonds	sep-16	sep-17	US$	2.1%	34,748	35,562
Eurobonds	nov-16	mai-17	US$	1.4%	33,872	34,720
Eurobonds	oct-16	apr-17	US$	1.4%	30,001	30,753
Eurobonds	sep-16	sep-17	EUR	0.8%	20,562	20,821
Eurobonds	jul-15	jul-20	US$	3.0%	9,992	10,206
Eurobonds	feb-17	feb-18	US$	2.0%	71,920	-
Eurobonds	mar-17	jun-17	US$	1.1%	57,075	-
Eurobonds	feb-17	jan-18	US$	2.3%	52,832	-
Eurobonds	mar-17	feb-18	US$	2.4%	31,730	-
Eurobonds	mar-17	mar-18	US$	2.1%	31,717	-
Eurobonds	feb-17	feb-18	US$	1.8%	19,945	-
Eurobonds	feb-17	mar-18	BRL	7.7%	18,111	-
Eurobonds	jan-17	jul-27	US$	1.4%	16,870	-
Eurobonds	feb and sep - 12	feb - 17	US$	4.6%	-	4,116,309
Eurobonds	feb-16	mar-17	US$	2.5%	-	39,940
Eurobonds	sep-16	mar-17	US$	1.4%	-	50,045
Eurobonds	oct-16	jan-17	US$	0.9%	-	32,422
Eurobonds	nov-16	feb-17	US$	0.9%	-	93,498
Eurobonds	dec-16	mar-17	US$	0.9%	-	62,219
Other					368,115	435,130
Total					**3,493,952**	**7,721,646**

On March 31, 2017 no issues were convertible into Bank shares, nor had any privileges or rights been granted that may, in certain circumstances, make them convertible into shares.

b.4) Subordinated liabilities

The Composition of "Subordinated Liabilities" is as follows:

	Issuance	Maturity [1]	Issuance Value	Interest Rate (p.a.)	3/31/2017 Total	12/31/2016 Total
Subordinated Liabilities	may - 08	may - 15 to may - 18	R$283	CDI [2]	101,689	98,378
Subordinated Liabilities	may to jun - 08	may - 15 to jun - 18	R$268	IPCA [3]	379,346	367,868
Total					**481,035**	**466,246**

(1) Subordinated deposit certificates issued with yield paid at the end of the term together with the principal.
(2) Indexed to 100% and 112% of the CDI.
(3) Indexed to the extended consumer price index plus interest of 8.3% p.a. to 8.4% p.a.

Changes in the balance of "Subordinated liabilities" in three-months period ended March 31, 2017 and 2016 were as follows:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of the period	**466,246**	**8,097,304**
Interest	14,789	281,233
Balance at end of the period	**481,035**	**8,378,537**

b.5) Debt Instruments Eligible to Compose Capital

Details of the balance of "Debt Instruments Eligible to Compose Capital" for the issuance of equity instruments to compose the Tier I and Tier II of regulatory capital due to the Regulatory Capital Optimization Plan, are as follows:

	Issuance	Maturity	Issuance Value	Interest Rate (p.a.) [3]	3/31/2017	12/31/2016 Total
Tier I [1]	jan-14	no maturity (perpetual)	R$3,000	7.4%	4,010,711	4,125,557
Tier II [2]	jan-14	jan-24	R$3,000	6.0%	4,000,101	4,186,361
Total					**8,010,812**	**8,311,918**

(1) Interest quarterly paid from April 29, 2014.
(2) The interest payable semiannually from July 29, 2014.
(3) The effective interest rate, considering the income tax source assumed by the issuer, is 8.676% and 7.059% for instruments Tier I and Tier II, respectively.

Changes in the balance of "Debt Instruments Eligible to Compose Capital" in three-months period ended March 31, 2017 and 2016 were as follows:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Balance at beginning of the period	**8,311,918**	**9,959,037**
Interest payment Tier I [1]	67,933	70,991
Interest payment Tier II [1]	54,978	58,400
Foreign exchange variation/Others	(198,589)	(802,214)
Payments of interest - Tier I	(85,817)	(109,620)
Payments of interest - Tier II	(139,611)	(178,341)
Balance at end of the period	**8,010,812**	**8,998,253**

(1) The remuneration of interest relating to the Debt Instruments Eligible to Compose Capital Tier I and II was recorded against income for the period as "Interest expense and similar charges".

10. Provisions

a) Breakdown

	3/31/2017	12/31/2016
Provisions for pension funds and similar obligations	2,774,269	2,710,627
Provisions for judicial and administrative proceedings, commitments and other provisions	9,732,435	9,065,864
Judicial and administrative proceedings under the responsibility of former controlling stockholders	604,704	814,925
Judicial and administrative proceedings	7,766,424	7,470,344
Of which:		
Civil	2,003,133	1,842,549
Labor	3,538,743	3,138,645
Tax and Social Security	2,224,548	2,489,150
Other provisions	1,361,307	780,595
Total	**12,506,704**	**11,776,491**

b) Provisions for civil, labor, tax and social security contingencies

Banco Santander and its subsidiaries are involved in litigation and administrative tax, labor and civil proceedings arising in the normal course of its activities.

The provisions were constituted based on the nature, complexity and history of actions and evaluation loss of company stock businesses based on the opinions of internal and external legal advisors. The Santander has the policy to accrue the full amount of lawsuits whose loss valuation is probable. The legal obligation statutory tax and social security were fully recognized in the financial statements.

Management understands that the provisions recorded are sufficient to meet legal obligations and losses from lawsuits and administrative proceedings as follows:

b.1) Lawsuits and Administrative Tax and Social Security

The main lawsuits related to tax legal obligations, recorded in the line "Tax Liabilities - Current", fully registered as obligation, are described below:

• **PIS and Cofins -** R$3,355,048 (12/31/2016 - R$3,290,900): Banco Santander and its subsidiaries filed lawsuits seeking to eliminate the application of Law 9,718/1998, which modified the calculation basis for PIS and Cofins to cover all revenues of legal entities and not only those arising from the provision of services and sale of goods. Regarding the Banco Santander Process, on April 23, 2015, a STF decision was issued admitting the Extraordinary Appeal filed by the Federal Government regarding PIS and denying the follow-up to the Extraordinary Appeal of the Federal Public Prosecutor regarding Cofins. Both appealed this decision, without any success, so that the suit relating to Cofins is defined, ruling the judgment of the Federal Regional Court of the 4th Region of August 2007, favorable to Banco Santander. The Banco Santander's PIS and the PIS and Cofins liabilities of the other controlled companies are pending final judgment by the STF.

• **Increase in CSLL tax rate -** R$868,003 (12/31/2016 - R$851,744) – The Bank and its subsidiaries are discussing the increase in the CSLL tax rate, from 9% to 15%, established by Executive Act 413/2008, which subsequently became Law 11,727/2008, in April 2008. Judicial proceedings are pending of judgment.

Banco Santander and its subsidiaries are parties to judicial and administrative proceedings related to tax and social security matters, which are classified based on the opinion of legal counsel as probable loss risk.

The main topics discussed in these lawsuits are:

• **CSLL - equal tax treatment -** R$54,704 (12/31/2016 - R$54,245) - The Bank and its subsidiaries filed a lawsuit challenging the application of an increased CSLL rate of 18% for financial companies, applicable until 1998, compared to the CSLL rate of 8% for non-financial companies on the basis of the constitutional principle of equal tax treatment.

• **Tax on Services for Financial Institutions (ISS) -** R$642,730 (12/31/2016 - R$621,437): The Bank and its subsidiaries filed lawsuits, in administrative and judicial proceedings, some municipalities collection of ISS on certain revenues derived from transactions not usually classified as services.

• **Social Security Contribution (INSS) -** R$254,741 (12/31/2016 - R$266,391): The Bank and its subsidiaries are involved in administrative and judicial proceedings regarding the collection of income tax on social security and education allowance contributions over several funds that, according to the evaluation of legal advisors, do not have nature of salary.

• **Provisional Contribution on Financial Transactions (CPMF) on Customer Operations -** R$697,487 (12/31/2016 – R$689,987) : In May 2003, the Federal Revenue Service issued a tax assessment against Santander Distribuidora de Títulos e Valores Mobiliários Ltda. (Santander DTVM) and another tax assessment against Banco Santander Brasil S.A. The tax assessments refer to the collection of CPMF tax on transactions conducted by Santander DTVM in the cash management of its customers' funds and clearing services provided by Bank to Santander DTVM in 2000, 2001 and the first two months of 2002. Based on the risk assessment of legal counsel, the tax treatment was accurate. Santander DTVM had a favorable decision at the Board of Tax Appeals (CARF). Banco Santander had a unfavorable decision and was considered responsible for the collection of the CPMF tax. Both decisions were appealed by the respective losing party to the highest jurisdiction of CARF. In June 2015 , Bank and Santander DTVM had obtained a non favorable decision at CARF. On July 3rd , 2015 Bank and Produban Serviços de Informática S.A. (actual Santander DTVM company name) filed lawsuit aiming to cancel both tax charges, on March 31, 2017 amounting R$1,397 million. Based on the assessment of legal counsel, provision was made to cover the probable loss in the lawsuit.

b.2) Lawsuits and Administrative Proceedings - Labor Contingencies

These are lawsuits brought by labor Unions, Associations, Public Prosecutors and former employees claiming labor rights they believe are due, especially payment for overtime and other labor rights, including retirement benefit lawsuits.

For claims considered to be similar and usual, provisions are recognized based on the history of payments and successes. Claims that do not fit the previous criteria are accrued according to individual assessment performed, and provisions are based on the probable loss, the law and jurisprudence according to the assessment of loss made by legal counsel.

b.3) Civil judicial and administrative proceedings

These provisions are generally caused by: (1) Action with a request for revision of contractual terms and conditions or requests for monetary adjustments, including supposed effects of the implementation of various government economic plans, (2) action deriving of financing agreements, (3) execution action; and (4) action indemnity by loss and damage. For civil actions considered common and similar in nature, provisions are recorded based on the average of cases closed. Sawsuits that do not fit the previous criteria are accrued according to individual assessment performed, and provisions are based on the probable loss, the law and jurisprudence according to the assessment of loss made by legal counsel.

The main lawsuits classified as probable loss are described below:

Lawsuits for indemnity - seeking indemnity for property damage and/or emotional distress, regarding the consumer relationship on matters related to credit cards, consumer credit, bank accounts, collection and loans and other operations. In the civil lawsuits considered to be similar and usual, provisions are recorded based on the average of cases closed. Civil lawsuits that do not fit into the previous criterion are accrued according to the individual assessment made, and provisions are recognized based on the probable loss, the law and jurisprudence according to the assessment of loss made by legal counsel.

Economic Plans - efforts to recover actions with collective the deficient inflation adjustments in savings accounts arising from the Economic Plans (Bresser, Verão, Collor I and II). These refer to the lawsuits filed by savings accountholders disputing the interest credited by the Banco Santander under such plans as they considered that such legal amendments infringed on the rights acquired with regard to the application of the inflation indexes. Provisions are recorded based on the average losses of cases closed.

Civil lawsuits that do not fit into the previous criterion are accrued according to the individual assessment made, and provisions are recognized based on the probable loss, the law and jurisprudence according to the assessment of loss made by legal counsel. The Banco Santander is also a party in public class action suits on the same issue filed by consumer rights organizations, Public Prosecutor's Offices and Public Defender's Offices. In these cases, the provision is made only after the final unappeasable sentence is handed down on the lawsuits, based on the individual execution orders. The Superior Tribunal da Justiça (STJ - Justice Superior Court) decided against the bank's. The STF is still analyzing the subject and has already ordered the suspension of all the procedures except those that were not already decided in trial courts and those who have a final decision. However, the assessment of this question is paralyzed in the Supreme Court for lack of quorum, considering that some of his ministers declared themselves unable to judge the matter and therefore is likely to judgment remains paralyzed for several years yet. There are decisions favorable to banks at the STF with regard to the economic phenomenon similar to that of savings accounts, as in the case of monetary restatement of time deposits - CDB and agreements (present value table).

Moreover, there are precedents at the STF regarding the constitutionality of the norms that changed Brazil's monetary standard. On April 14, 2010, in the STJ was recently decided that the deadline for the filing of civil lawsuits that argue the government's purge of five years, but this decision not handed down on the lawsuits yet. Thus, with this decision, a majority stake, as was proposed after the period of 5 years is likely to be rejected, reducing the values involved. Still, the STF decided that the deadline for individual savers to qualify in the public civil litigations, also is five years, counted from the final judgment of their sentence. Banco Santander believes in the success of the arguments defended in these courts based on their content and the sound legal basis.

b.4) Civil, labor, tax and social security contingencies classified as possible loss risk

Refer to judicial and administrative proceedings involving civil, labor, tax and social security matters assessed by the legal counsels as possible loss risk, which were not being accrued as a provision.

Tax lawsuits classified as possible loss risk, totaled R$18,525 million, including the following main lawsuits:

• **Credit Losses -** The Bank and its companies challenged the tax assessments issued by the Federal Revenue Services claiming improper deduction of losses on loans on Income Tax of Legal Entities IRPJ and CSLL bases for allegedly failing to meet the relevant requirements under applicable law. As of March 31, 2017 the amount related to this challenge is approximately R$797 million.

• **INSS on Profit Sharing Payments ("PLR") –** The Bank and the subsidiaries are involved in several legal and administrative proceedings against the tax authorities in connection with the taxation for social security purposes of certain items which are not considered to be employee remuneration. As of March 31, 2017 amounts related to these proceedings totaled approximately R$3,730 million.

• **IRPJ and CSLL - Capital Gain -** The Federal Revenue Service of Brazil issued infraction notices against Santander Seguros, successor company of ABN AMRO Brasil Dois Participações S.A. (AAB Dois Par), charging income Tax and Social Contribution to related base year 2005. The Federal Revenue Service of Brazil claiming that capital gain in sales shares of Real Seguros S.A and Real Vida Previdência S.A. by AAB Dois Par should be taxed an rate of 34% instead 15%. The assessment was contested administratively based on understanding tax treatment adopted at the transaction was in compliance and capital gain was taxed properly. The administrative process is awaiting trial. The Banco Santander is responsible for any adverse outcome in this process as Former Controller of Stockholders Zurich Santander Brasil Seguros e Previdência S.A. As of March 31, 2017 the amount related to this proceeding is approximately R$283 million.

• **Goodwill amortization of Banco Real –** The Brazilian Federal Revenue issued infraction notices against the Bank to require the income tax and social payments, including late charges, for the base period of 2009. The Tax Authorities considered that the goodwill related to acquisition of Banco Real, amortized for accounting purposes prior to the merger, could not be deduced by Banco Santander for tax purposes. The infraction notices was contested. On July 14, 2015, the Police Judging RFB decided favorably to Banco Santander, fully canceling the tax debt. This decision will craft appealed before the CARF. On March 31, 2017, the figure was R$1,281 million.

• **Goodwill amortization of Banco Sudameris –** The Tax Authorities have issued infraction notices to require the income tax and social contribution payments, including late charges, relating to tax deduction of amortization of goodwill from the acquisition of Banco Sudameris, related period of 2007 to 2012. Banco Santander presented the respective administrative defenses, which are pending. On March 31, 2017, the figure was R$581 million.

• **Unrecognized Compensation –** R$2,151 million: The Bank and its affiliates discuss administrative and legal proceedings with the Brazilian Federal Revenue, the not ratification of tax offsets with credits due to overpayment or undue payment.

The labor lawsuits classified as possible loss risk totaled R$14 million, excluding the lawsuit below:

• **Semiannual Bonus or Profit Sharing -** a labor lawsuit relating to the payment of a semiannual bonus or, alternatively, profit sharing, to retired employees from the former Banco do Estado de São Paulo S.A. - Banespa, that had been hired up to May 22, 1975, filed as Banespa's Retirees Association. This lawsuit was dismissed against the Bank by the Superior Labor Court. The STF rejected the extraordinary appeal of the Bank by a monocratic decision maintaining the earlier condemnation. Santander brought Regimental Appeal which awaits decision by the STF. The Regimental Appeal is an internal appeal filed in the STF itself, in order to refer the monocratic decision to a group of five ministers. The 1st Class of the STF upheld the appeal by the Bank and denied the Afabesp. The materials of the extraordinary appeal of the Bank now proceed to the STF for decision on overall impact and judgment. The amount related to this claim is not disclosed due to the current stage of the lawsuit and the possible impact such disclosure may have on the progress of the claim.

Readjustment of Banesprev retirement complements by the IGPDI - lawsuit filed in 2002 in Federal Court by the Association of Retired Employees of the Bank of the State of São Paulo requesting the readjustment of the supplementation of retirement by the IGPDI for Banespa retirees who have been admitted until May 22 Of 1975. The judgment granted the correction but only in the periods in which no other form of adjustment was applied. The Bank and Banesprev have appealed this decision and although the appeals have not yet been judged, the Bank's success rate in this regard in the High Courts is around 90%. In Provisional Execution, calculations were presented by the Bank and Banesprev with "zero" result due to the exclusion of participants who, among other reasons, are listed as authors in other actions or have already had some type of adjustment. The amount related to this action is not disclosed due to the current stage of the process and the possible impact that such disclosure may generate on the progress of the action.

The liabilities related to civil lawsuits with possible loss risk totaled R$1,218 million, the main lawsuit as follows:

Indemnity lawsuit arising of the Banco Bandepe - related to mutual agreement on appeal to the Justice Superior Court (STJ - Superior Tribunal de Justiça)

Indemnity lawsuit related to custody services - provided by Banco Santander (Brasil) S.A. at an early stage and still not handed down;

Lawsuit arising out of a contractual dispute - the acquisition of Banco Geral do Comércio S.A. on appeal to the Court of the State of São Paulo (TJSP - Tribunal de Justiça do Estado de São Paulo).

b.5) Judicial and administrative proceedings under the responsibility of former controlling stockholders

Refer to tax, labor and civil lawsuits in the amounts of R$596,468, R$1,800 and R$6,436 (12/31/2016 - R$810,383, R$712 e R$3,830), with responsibility of the former controlling stockholders of the banks and acquired entities. Based on the agreements signed these lawsuits have guarantees of full reimbursement by the former controlling stockholders, and amounts reimbursable were recorded under other assets.

11. Stockholders Equity

a) Capital

According to the by-laws, Banco Santander's capital stock may be increased up to the limit of its authorized capital, regardless of statutory reform, by resolution of the Board of Directors and through the issuance of up to 9,090,909,090 (nine billion, ninety million, nine hundred and nine thousand and ninety) shares, subject to the established legal limits on the number of preferred shares. Any capital increase that exceeds this limit will require shareholders` approval.

The capital stock, fully subscribed and paid, is divided into registered book-entry shares with no par value.

						Thousand shares
			3/31/2017			12/31/2016
	Common	Preferred	Total	Common	Preferred	Total
Brazilian Residents	66,784	92,344	159,128	67,498	92,949	160,447
Foreign Residents	3,784,187	3,619,768	7,403,955	3,783,473	3,619,163	7,402,636
Total	**3,850,971**	**3,712,112**	**7,563,083**	**3,850,971**	**3,712,112**	**7,563,083**
(-) Treasury shares	(21,486)	(21,486)	(42,972)	(25,786)	(25,786)	(51,572)
Total outstanding	**3,829,485**	**3,690,626**	**7,520,111**	**3,825,185**	**3,686,326**	**7,511,511**

b) Dividends and interest on capital

According to the Bank's bylaws, shareholders are entitled to a minimum dividend equivalent to 25% of net income for the year, adjusted according to legislation. Preferred shares are nonvoting and nonconvertible, but have the same rights and advantages granted to common shares, in addition to priority in the payment of dividends at a rate that is 10% higher than those paid on common shares, and in the capital reimbursement, without premium, in the event of liquidation of the Bank.

Dividend have been and will continue to be calculated and paid in accordance with Brazilian Corporate Law.

Prior to the annual shareholders meeting, the Board of Directors may resolve on the declaration and payment of dividends on earnings based on (i) balance sheets or earning reserves shown in the last balance sheet; or (ii) balance sheets issued in the period shorter than 6 months, provided that the total dividends paid in each half of the fiscal year shall not exceed the amount of capital reserves. These dividends are fully attributed to the mandatory dividend.

On March 31, 2017 there was no mention of dividends and interest under equity.

				12/31/2016
		Real per Thousand Shares / Units		
	Thousands of Reais	Common	Preferred	Units
Interest on Capital (1) (4)	500,000	63.4290	69.7719	133.2009
Intermediate Dividends (2) (5)	700,000	88.8309	97.7140	186.5448
Intercalary Dividends (2) (5)	700,000	88.8309	97.7140	186.5448
Interest on Capital (3) (5)	3,350,000	425.1192	467.6311	892.7503
Total on December 31, 2016	**5,250,000**			

(1) Established by the Board of Directors in June 2016, Common Shares - R$53.9146, preferred - R$59.3061 and Units - R$113.2207 net of taxes.

(2) Established by the Board of Directors in December 2016.

(3) Established by the Board of Directors in December 2016, Common Shares- R$361.3513, preferred - R$397.4864 and Units - R$758.8377 net of taxes.

(4) The amount of the interest on capital were be fully input into the mandatory dividends for the year 2016 and were be paid from August 26, 2016 without any compensation as monetary correction.

(5) The amount of intermediate, intercalary dividends and interest on capital were be fully attributed to supplementary and mandatory dividends for the year 2016 and were be paid from February 23, 2017, without any compensation to the restatement.

c) Treasury Shares

In the meeting held on November 3, 2016, the Bank's Board of Directors approved, in continuation of the buyback program that expired on November 3, 2016, the buyback program of its Units and ADRs, by the Bank or its agency in Cayman, to be held in treasury or subsequently sold.

The Buyback Program will cover the acquisition up to 38,402,972 Units, representing 38,402,972 common shares and 38,402,972 preferred shares, or the ADRs, which, on September 30, 2016, corresponded to approximately 1.02% of the Bank's share capital. On September 30, 2016, the Bank held 384,029,725 common shares and 411,834,140 preferred shares being traded.

The Buyback has the purpose to (1) maximize the value creation to shareholders by means of an efficient capital structure management; and (2) enable the payment of officers, management level employees and others Bank's employees and companies under its control, according to the Long Term Incentive Plans.

The term of the Buyback Program is 365 days counted from November 4, 2016, and it will expire on November 3, 2017.

	3/31/2017		12/31/2016
	Quantity	Quantity	
	Units	Units	ADRs
Treasury shares at beginning of the period	**25,785,920**	**7,080,068**	**13,137,665**
Cancellation of ADRs (1)	-	13,137,665	(13,137,665)
Shares Acquisitions	70,716	14,284,400	-
Payment - Share-based compensation	(4,370,527)	(8,716,213)	-
Treasury shares at end of period	**21,486,109**	**25,785,920**	**-**
Subtotal - Treasury Shares in thousands of reais	R$ 436,446	R$ 513,889	R$ -
Emission Costs in thousands of Reais	R$ 157	R$ 145	R$ -
Balance of Treasury Shares in thousands of reais	**R$ 436,603**	**R$ 514,034**	**-**
Cost/Market Value	**Units**	**Units**	**ADRs**
Minimum cost	R$ 7.55	R$ 7.55	US$ 4,37
Weighted average cost	R$ 16.44	R$ 16.43	US$ 6,17
Maximum cost	R$ 32.29	R$ 26.81	US$ 10,21
Market value	R$ 27.65	R$ 28.32	US$ 8,58

(1) In January 2016 was the transformation of all ADRs that were held in treasury for UNIT's.

Additionally, during the period of three-months ended in March 31, 2017, treasury shares were traded, that have resulted in loss of R$944 (12/31/2016 - loss of R$11,574) recorded directly in equity in capital reserves.

12. Income Tax

The total charge for the year can be reconciled to the accounting profit as follows:

Thousands of Real	1/01 a 3/31/2017	1/01 a 3/31/2016
Profit before Tax	4,340,671	6,259,763
Interest on capital [1]	-	-
Profit before Tax	**4,340,671**	**6,259,763**
Tax (25% of Income Tax and 20% of Social Contribution)	**(1,953,302)**	**(2,816,893)**
PIS and COFINS (net of income tax and social contribution) [1]	**(413,517)**	**(485,703)**
Permanent differences:		
Equity instruments	2,450	7,270
Goodwill [2]	199,963	197,069
Exchange variation - foreign operations [3]	(474,865)	(1,740,862)
Adjustments:		
IR/CS Constitution on temporary differences	460,243	261,554
CSLL Tax rate differential effect [4] [5]	(256,754)	(22,632)
Others Adjustments [6]	102,924	171,111
Income tax and Social contribution	**(2,332,858)**	**(4,429,086)**
Of which:		
Current taxes	(2,233,289)	(1,713,498)
Deferred taxes	(99,569)	(2,715,588)
Taxes paid in the period	(247,792)	(560,978)

(1) PIS and COFINS are considered a profit-base component (net basis of certain revenues and expenses), therefore and accordingly to IAS 12 it is recorded as income taxes.

(2) The difference between the tax basis and accounting basis of goodwill on acquisition of Banco ABN Amro Real S.A. is a permanent and definitive difference. Administration in this case the possibility of loss on impairment or disposal is remote and only applies to the entity as a whole and according to the characteristics of the business combination performed, it is not possible to segregate and identify the business originally acquired. Therefore deferred tax liability is not record.

(3) Permanent difference related of foreign currency exchange variation on investments abroad nontaxable/deductible (see details below).

(4) Effect of rate differences for the other non-financial entity, which the social contribution tax rate is 9%.

(5) Includes the increase of the provisional CSLL rate (5%) from September 2015 to December 2018.

(6) In the quarter ended on March 31, 2017 includes non-deductible expenses of R$97,528. In the same quarter of 2016, it includes IAS 21 in the amount of R$139,179 (see Investment Hedge Abroad described below) and non-deductible expenses of R$68,589.

Tax Hedge of Grand Cayman and of Santander Brasil EFC

Banco Santander operates an agency in the Cayman Islands, mainly used to raise funds in the international capital and financial markets, to provide the Bank with credit lines that are extended to its clients for financing foreign trade and working capital and a subsidiary Santander Brasil Establecimiento Financiero de Credito, EFC, EFC, or Santander Brasil EFC, which provides financing to Brazilian clients.

To hedge exposure to exchange rate variations, the Bank uses derivatives and funding. In accordance with Brazilian tax rules, gains or losses arising from the impact of the appreciation or depreciation of the Real on foreign investments are not taxable for PIS / Cofins / IR / CSLL purposes, while the gains or losses of the derivatives used as hedges are taxable. The purpose of these derivatives is to protect net income after taxes.

Tax treatment distinct from such exchange rate differences results in volatility in operating income (loss) and tax expense (PIS / Cofins) and income tax (IR / CSLL). The foreign exchange variations recorded as a result of foreign investments in the period ended March 31, 2017 resulted in a loss of R$1,066 million. On the other hand, derivative contracts contracted to cover these positions generated a gain on the income statement with derivative financial instruments of R$2,033 million. The tax effect of these derivatives impacted the line of tax expenses and the income tax and social contribution line, generating a loss of R$967 million composed of R$95 million of PIS / Cofins and R$872 million of IR / CSLL.

13. Breakdown of income accounts

a) Personnel expenses

	1/01 to 3/31/2017	1/01 to 3/31/2016
Salary	1,375,933	1,290,195
Social security costs	341,055	254,119
Benefits	326,507	320,216
Defined benefit pension plans	5,018	6,117
Contributions to defined contribution pension funds	21,133	21,279
Share-based payment costs	7,966	19,150
Training	8,641	13,517
Other personnel expenses	71,569	37,467
Total	**2,157,822**	**1,962,060**

b) Other administrative expenses

	1/01 to 3/31/2017	1/01 to 3/31/2016
Property, fixtures and supplies	324,582	324,903
Technology and systems	331,030	310,783
Advertising	78,358	70,710
Communications	114,191	120,279
Subsistence allowance and travel expenses	23,082	41,388
Taxes other than income tax	22,322	10,412
Surveillance and cash courier services	149,436	163,192
Insurance premiums	7,519	5,748
Specialized and technical services	516,988	444,539
Technical reports	104,832	107,055
Other specialized and technical services	412,156	337,484
Other administrative expenses	127,412	108,373
Total	**1,694,920**	**1,600,327**

14. Share-based compensation

Banco Santander has long-term compensation plans linked to the market price of the shares. The members of the Executive Board of Banco Santander are eligible for these plans, besides the members selected by the Board of Directors and informed to the Human Resources, may also be eligible according to the seniority of the group. For the Board of Directors members in order to be eligible, they are required to exercise Executive Board functions.

a) Local program

In 2017, the current Banco Santander's share-based compensation program is the Stock Option Plan for Share Deposit Certificates – Units (SOP 2013), approved on 29 April, 2013, held an EGM. The Long-Term Incentive Plan SOP 2014 and PSP 2013 were closed in 2016.

(i) Share purchase plans

Long-Term Incentive Plan – SOP 2013: It is a call option plan with 3 years of vesting. The period for the exercise comprises is between June 30, 2016 to June 30, 2018. The number of Units to be exercised by the participants were determined according to the result of measurement of a performance parameter of the Bank: Total Shareholder Return (TSR) and adjusted by the indicator Return on Assets by Risk (RoRWA), comparison between realized and budgeted in each year. The final result of the plan was 89.61%.

a.1) Fair Value and Plans Performance Parameters

For accounting of the Local Program plan, an independent consultant promoted simulations based on Monte Carlo methodology's, as presented the performance parameters used to calculate the shares to be granted. Such parameters are associated with their respective probabilities of occurrence, which are updated at the close of each period.

	SOP 2013 (1)
Total Shareholder Return (TSR) rank	**% of Exercisable Shares**
1st	100%
2nd	75%
3rd	50%

(1) The percentage of shares determined at the position of TSR is subject to a penalty according to the implementation of the RoRWA..

	SOP 2013
Method of Assessment	Black&Scholes
Volatility	40.00%
Rate of Dividends	3.00%
Vesting Period	3 years
Average Exercise Time	5 years
Risk-Free Rate	11.80%
Probability of Occurrence	60.27%
Fair Value of the Option Shares	R$5,96

The average value of shares SANB11(Shares of the Bank in BM&FBovespa) on March 31, 2017 is R$31.90 (12/31/2016 - R$19.94).

In the period ended on March 31, 2017, were not recorded daily pro-rata expenses (3/31/2016 - expenses of R$14,934), relating to the SOP plan.

	Number of Units	Exercise Price	Year Granted	Employees	Date of Commencement of Period	Expiration Date of Period
Final Balance on December 31, 2015	**12,663,604**					
Cancelled options (SOP - 2013)	(1,346,779)	12.84	2013	Managers	06/30/16	06/30/18
Exercised options (SOP - 2013)	(6,377,786)	12.84	2013	Managers	06/30/16	06/30/18
Granted options (SOP - 2013)	220,606	12.84	2013	Managers	06/30/16	06/30/18
Cancelled options (PSP - 2013)	(298,446)		2013	Managers	08/13/13	06/30/16
Granted options (PSP - 2013)	(2,147,515)		2013	Managers	08/13/13	06/30/16
Cancelled options (SOP - 2014)	(34,196)	14.31	2011	Managers	06/30/14	06/30/16
Exercised options (SOP - 2014)	(693,230)	12.72	2011	Managers	06/30/14	06/30/16
Final Balance on December 31, 2016	**1,986,258**					
Exercised options (SOP - 2013)	(582,485)	12.84	2013	Managers	06/30/16	06/30/18
Final Balance on March 31, 2017	**1,403,773**					
SOP 2014	-	12.72	2011	Managers	06/30/14	06/30/16
SOP 2013	1,403,773	12.84	2013	Managers	06/30/16	06/30/18
PSP 2013	-		2013	Managers	08/13/13	06/30/16
Total	**1,403,773**					

a.2) Global Program

Long-Term Incentive Policy

In 2014, a share delivery plan called Long Term Incentive Global CRDIV - Grant 2014 was released. This plan is subject to achievement of performance indicator Total Shareholder Return (TSR) of the Santander Group, comparing the evolution of the Group in this indicator for the main global competitors and the settlement will be in the World Group Santander shares.

In 2016, a stock delivery plan called Plan 2nd Global Long -Term Incentive CRDIV - Grant 2015 was launched.

Fair Value of Global Plan

1st Long-Term Incentive Global Plan CRDIV - Grant 2014

It was assumed that the grantee will not leave the Bank's employment during the term of each plan. The fair value of the 50% linked to the Bank's relative TSR position was calculated, on the grant date, on the basis of the report provided by external valuators whose assessment was carried out using a Monte Carlo valuation model, performing 10 thousand simulations to determine the TSR of each of the companies in the Benchmark Group, taking into account the variables set forth below. The results (each of which represents the delivery of a number of shares) are classified in decreasing order by calculating the weighted average and discounting the amount at the risk-free interest rate.

In view of the high correlation between TSR and EPS, it was considered feasible to extrapolate that (in a high percentage of cases) the TSR value is also valid for EPS. Therefore, it was initially determined that the fair value of the portion of the plans linked to the Bank's relative EPS position, i.e. of the remaining 50% of the options granted, was the same as that of the 50% corresponding to the TSR. Since this valuation refers to a non-market condition, it is reviewed and adjusted on a yearly basis.

Long-Term Incentive Global Plan CRDIV - Grant 2014

	2 years	3 years	4 years
Future income Dividend	11.10%	10.80%	9.50%
Expected Volatility	32.70%	34.70%	36.90%
Volatility comparator	12% -52%	16% - 56%	16% - 52%
Risk-free interest rate	1.70%	2.10%	2.50%
Correlation	0.55	0.55	0.55

The indicator will be used to measure the achievement of targets will be the comparison of the Total Shareholder Return (TSR) of the Santander Group with the RTA of fifteen leading the Group's global competitors.

The indicator is calculated in two stages: initially for program verification in 2014 and a second time in the annual payment of each installment (2015, 2016 and 2017).

Each executive has a target in reais that was converted to shares of Santander Group, by the price of R$19.2893. These shares will be delivered in the years 2016, 2017 and 2018, with sale restriction of one (1) year after each delivery.

2nd Long-Term Incentive Global Plan CRDIV - Grant 2015

The agreed ILP values for each participant will be obtained from the verification of the achievement of indicators in two moments: the first time to determine the eligibility (2015-2016) and a second time to calculate the number of actions due (2016, 2017 and 2018).

Indicators - First time

- RTA versus Competitors
- ROTE Bank versus Budget

Indicators - Second time

- RTA versus Competitors
- ROTE Bank versus Budget
- Employee satisfaction
- Customer satisfaction
- Corporate main bank costumer indicator versus Budget

Each executive has a target in reais that was converted to shares of Santander Bank Spain by the price of R$17.473. These shares will be delivered in 2019, with sale restriction of one (1) year after the delivery.

	Number of Shares	Granted Year	Employees	Data of Commencement of the Period	Data of Expiry of Period
1st Long-Term Incentive Global Plan CRDIV - Grant 2014	1,613,057	2014	Executives	jan - 2014	dec - 2017
2nd Long-Term Incentive Global Plan CRDIV - Grant 2015	1,775,049	2016	Executives	jan - 2015	dec - 2017
Balance Plans on March 31, 2017	**3,388,106**				

In the period ended March 31, 2017, were recognized daily pro-rata expenses amounting R$1,101 (3/31/2016 - were not recognized expenses), related to costs to the respective dates of the above cycles, for total plans of the Global Program.

Plans do not result in dilution of the share capital of the Bank, because they are paid in shares of Banco Santander Spain.

b) Variable Remuneration Referenced in Shares

The Annual stockholders' Meeting of Banco Santander Spain, held on June 11, 2010, approved the new policy for executive compensation through a referenced variable remuneration in shares plan effective for all the companies of the Group, including Banco Santander. This new policy, subject to adjustments applicable to Banco Santander, were approved by Appointment and Compensation Committee and Board of Directors at the meeting held on February 2, 2011.

The plan's objectives are: (i) to align the compensation program with the principles of the "Financial Stability Board" (FSB) agreed upon at the G20; (ii) to align Banco Santander's interests with those of the plan's participants (to achieve the sustainable and recurring growth and profitability of Banco Santander's businesses and to recognize the participants' contributions); (iii) to allow the retention of participants; and (iv) to improve Banco Santander's performance and defend the interests of stockholders' via a long-term commitment.

The purpose of the plan is the cash or shares payment of part of the variable compensation owed by Banco Santander to the plan's participants pursuant to the Bank's compensation policy, based on the future performance of the bank's shares.

The referenced variable compensation in shares is within the limits of the overall management compensation approved by Banco Santander's Annual Stockholders' Meeting.

The total number of shares on which the compensation plan is based will be settled in three installments and equally allocated to each of the three fiscal years following the reference year.

On March 18, 2015, the Board of Directors approved the proposed new incentive plan (deferred) for payment of the variable compensation of directors and certain employees, which was approved in AGE (Extraordinary General Meeting) of April 30, 2015.

On September 29, 2015, the Board of Directors approved the proposed new incentive plan (deferred) for payment of the variable compensation of directors and certain employees, which was approved in AGE (Extraordinary General Meeting) of December 14, 2015.

On October 25, 2016, the Board of Directors approved the proposed new incentive plan (deferred) for payment of the variable compensation of directors and certain employees, which was approved in AGE (Extraordinary General Meeting) of December 21, 2016.

This proposal includes certain requirements for deferred payment of part of the future variable compensation due to its managers and other employees, given the financial basis for sustainable long-term adjustments in future payments due to the risks assumed and fluctuations in cost of capital.

The variable compensation plan Banco Santander is divided into two programs: (i) Collective Identified and (ii) Collective unidentified.

a) Identified Collective - Participants of the Executive Committee, Statutory Officers and other executives who take significant risks in the Bank and are responsible for the control areas. The payment deferral will be held in two ways: 50% in cash, indexed to 100% of CDI and 50% in shares (Units SANB11). On the period ended on March 31, 2017, was recorded expenses amounting R$6,826 (3/31/2016 - gain of R$5,897), regarding the provision of the deferral plan in shares.

b) Collective Unidentified - managerial employees and other employees of the organization that will be benefited from the deferral plan. The deferred amount will be paid 100% cash, indexed to 100% of CDI. On the period ended on March 31, 2017, there were expenses of R$14,932 (3/31/2016 - gain of R$4,159).

15. Business segment reporting

In accordance with IFRS 8, an operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) For which discrete financial information are available.

Based on these guidelines the Bank has identified, the following reportable operating segments:

- Commercial Banking,
- Global Wholesale Banking,

The Bank operates in Brazil and abroad, through the Cayman branch and its subsidiary in Spain, with Brazilian clients and therefore has no geographical segments.

The Bank has two segments, the commercial (except for the Corporate Banking business managed globally using the Global Relationship Model) and the Global Wholesale Banking segment includes the Investment Banking and Markets operations, including departments cash and stock trades.

The income statements and other significant data are as follows:

(Condensed) Income Statement	Commercial Banking	Global Wholesale Banking	1/01 to 3/31/2017 Total
NET INTEREST INCOME	**7,594,942**	**629,096**	**8,224,038**
Income from equity instruments	10,491	-	10,491
Share of results of entities accounted for using the equity method	5,444	-	5,444
Net fee and commission income	2,685,935	350,103	3,036,038
Gains (losses) on financial assets and liabilities and exchange differences (1)	1,178,823	665,505	1,844,328
Other operating income/(expenses)	(105,080)	2,671	(102,409)
TOTAL INCOME	**11,370,555**	**1,647,375**	**13,017,930**
Personnel expenses	(1,983,026)	(174,796)	(2,157,822)
Other administrative expenses	(1,677,293)	(17,627)	(1,694,920)
Depreciation and amortization	(374,257)	(24,506)	(398,763)
Provisions (net)	(971,406)	(3,776)	(975,182)
Net impairment losses on financial assets	(3,053,247)	(232,150)	(3,285,397)
Net impairment losses on non-financial assets	(41,930)	(127)	(42,057)
Other financial gains/(losses)	(123,118)	-	(123,118)
PROFIT BEFORE TAX (1)	**3,146,278**	**1,194,393**	**4,340,671**

(1) Includes in the Commercial Bank, the economic hedge of investment in US Dollar (a strategy to mitigate the effects of fiscal and exchange rate variation of offshore investments on net income), the result of which is recorded in "Gains (losses) on financial assets and liabilities" fully offset in taxes line. Adjusted for losses amounting to R$966,783 due to the effects of the valuation of the Real against the US Dollar on March 31, 2017, the Profit before Tax for the Commercial Bank segment was R$2,179,495.

(Condensed) Income Statement	Commercial Banking	Global Wholesale Banking	1/01 to 3/31/2016 Total
NET INTEREST INCOME	**6,789,238**	**806,605**	**7,595,843**
Income from equity instruments	3,907	-	3,907
Share of results of entities accounted for using the equity method	16,155	-	16,155
Net fee and commission income	2,049,126	357,918	2,407,044
Gains (losses) on financial assets and liabilities and exchange differences (1)	3,213,946	615,039	3,828,985
Other operating income/(expenses)	(82,269)	(5,447)	(87,716)
TOTAL INCOME	**11,990,103**	**1,774,115**	**13,764,218**
Personnel expenses	(1,787,911)	(174,149)	(1,962,060)
Other administrative expenses	(1,531,915)	(68,412)	(1,600,327)
Depreciation and amortization	(327,098)	(26,198)	(353,296)
Provisions (net)	(788,504)	(10,306)	(798,810)
Net impairment losses on financial assets	(2,475,820)	(281,832)	(2,757,652)
Net impairment losses on non-financial assets	(40,465)	(374)	(40,839)
Other financial gains/(losses)	8,529	-	8,529
PROFIT BEFORE TAX (1)	**5,046,919**	**1,212,844**	**6,259,763**

(1) Includes in the Commercial Bank, the economic hedge of investment in US Dollar (a strategy to mitigate the effects of fiscal and exchange rate variation of offshore investments on net income), the result of which is recorded in "Gains (losses) on financial assets and liabilities" fully offset in taxes line. Adjusted for losses amounting to R$3,294,630 due to the effects of the devaluation of the Real against the US Dollar on March 31, 2016, the Profit before Tax for the Commercial Bank segment was R$1,752,289.

Other aggregates:	Commercial Banking	Global Wholesale Banking	3/31/2017 Total
Total assets	555,741,043	69,016,253	624,757,296
Loans and advances to customers	192,171,702	59,730,080	251,901,782
Customer deposits	237,209,683	17,878,468	255,088,151

Other aggregates:	Commercial Banking	Global Wholesale Banking	12/31/2016 Total
Total assets	557,624,385	76,768,855	634,393,240
Loans and advances to customers	191,433,209	60,569,565	252,002,774
Customer deposits	228,923,947	18,521,230	247,445,177

16. Related party transactions

The parties related to the Bank are deemed to include, in addition to its subsidiaries, associates and jointly controlled entities, the Bank's key management personnel and the entities over which the key management personnel may exercise significant influence or control.

The transactions related to the Bank with its related parties for three-months ended March 31, 2017 and December 31, 2016 were as follows:

a) Key-person management compensation

The Board of Directors' meeting, held on March 28, 2017 approved, in accordance with the Compensation Committee the maximum global compensation proposal for the directors (Board of Directors and Executive Officers) overall amounting to R$300,000 for the 2017 financial year, covering fixed remuneration, variable and equity-based and other benefits. The proposal will be approved by the extraordinary stockholders' meeting (ESM) held on April 28, 2017.

a.1) Long-term benefits

The Banco Santander as well as Banco Santander Spain, as other subsidiaries of Santander Group, have long-term compensation programs tied to their share's performance, based on the achievement of goals.

a.2) Short-term benefits

The following table shows the Board of Directors' and Executive Board's:

	1/01 to 3/31/2017	1/01 to 3/31/2016
Fixed compensation	19,892	20,221
Variable compensation	39,802	28,041
Other	2,998	4,524
Total Short-term benefits	**62,692**	**52,786**
Share-based payment	13,045	-
Total Long-term benefits	**13,045**	**-**
Total [(1)]	**75,737**	**52,786**

(1) Refers to the amount paid by Banco Santander to their Managers for positions they hold at Banco and other companies in the Conglomerate Santander.

Additionally, in the period of three-months ended March 31, 2017, charges were collected on key-person management compensation amounting R$10,258 (3/31/2016 - R$7,137).

a.3) Contract termination

The termination of the employment relationship for non-fulfillment of obligations or voluntarily does not entitle executives to any financial compensation.

b) Lending operations

Under current law, it is not granted loans or advances involving:

I - directors, members of board of directors and audit committee as well as their spouses and relatives up to the second degree;

II - individuals or legal entities of Banco Santander, which hold more than 10% of the share capital;

III - Legal entities which hold more than 10% of the share capital, Banco Santander and its subsidiaries;

IV - legal entities which hold more than 10% of the share capital, any of the directors or members of the Board of Directors and Audit Committee or management's own financial institution, as well as their spouses or relatives up to the second degree.

c) Ownership Interest

The table below shows the direct ownership interests (common shares and preferred shares):

						3/31/2017
Stockholders'	**Common Shares (thousands)**	**Common Shares (%)**	**Preferred Shares (thousands)**	**Preferred Shares (%)**	**Total Shares (thousands)**	**Total Shares (%)**
Sterrebeeck B.V. [(1)]	1,809,583	47.0%	1,733,644	46.7%	3,543,227	46.9%
Grupo Empresarial Santander, S.L. [(1)]	1,107,673	28.8%	1,019,645	27.5%	2,127,318	28.1%
Banco Santander, S.A. [(1)]	521,965	13.6%	519,268	14.0%	1,041,233	13.8%
Qatar Holding, LLC	207,812	5.4%	207,812	5.6%	415,624	5.5%
Employees	4,517	0.1%	4,531	0.1%	9,048	0.1%
Directors (*)	5,007	0.1%	5,007	0.1%	10,014	0.1%
Other	172,928	4.5%	200,719	5.5%	373,647	5.0%
Total	**3,829,485**	**99.5%**	**3,690,626**	**99.5%**	**7,520,111**	**99.5%**
Treasury shares	21,486	0.5%	21,486	0.5%	42,972	0.5%
Total	**3,850,971**	**100.0%**	**3,712,112**	**100.0%**	**7,563,083**	**100.0%**
Free Float [(2)]	385,257	10.0%	413,062	11.2%	798,319	10.6%

						12/31/2016
Stockholders'	**Common Shares (thousands)**	**Common Shares (%)**	**Preferred Shares (thousands)**	**Preferred Shares (%)**	**Total Shares (thousands)**	**Total Shares (%)**
Sterrebeeck B.V. [(1)]	1,809,583	47.0%	1,733,644	46.7%	3,543,227	46.9%
Grupo Empresarial Santander, S.L. [(1)]	1,107,673	28.8%	1,019,645	27.5%	2,127,318	28.1%
Banco Santander, S.A. [(1)]	521,965	13.6%	519,268	14.0%	1,041,233	13.8%
Qatar Holding, LLC	207,812	5.4%	207,812	5.6%	415,624	5.5%
Employees	3,914	0.1%	3,929	0.1%	7,843	0.1%
Members of the Board of Directors	(*)	(*)	(*)	(*)	(*)	(*)
Members of the Executive Board	(*)	(*)	(*)	(*)	(*)	(*)
Other	174,238	4.5%	202,028	5.5%	376,266	5.0%
Total	**3,825,185**	**99.4%**	**3,686,326**	**99.4%**	**7,511,511**	**99.4%**
Treasury shares	25,786	0.6%	25,786	0.6%	51,572	0.6%
Total	**3,850,971**	**100.0%**	**3,712,112**	**100.0%**	**7,563,083**	**100.0%**
Free Float [(2)]	385,964	10.0%	413,769	11.1%	799,733	10.6%

(1) Companies of the Santander Spain Group.
(2) Composed of Employees, Qatar Holding and other.
(*) None of the members of the Board of Directors and the Executive Board holds 1.0% or more of any class of shares.

d) Related-Party Transactions

The transactions and compensation for services among Banco Santander companies are carried out under usual market value, rates and terms, and under commutatively condition.

Banco Santander has the Policy on Related Party Transactions approved by the Board of Directors, which aim to ensure that all transactions are made on the policy typified in view the interests of Banco Santander and its stockholders'. The policy defines powers to approve certain transactions by the Board of Directors. The rules laid down are also applied to all employees and directors of Banco Santander and its subsidiaries.
The principal transactions and balances are as follows:

Thousands of Real			3/31/2017
	Parent [1]	Joint-controlled companies	Other Related-Party [2]
Assets	**13,110,054**	**662,986**	**607,637**
Trading derivatives, net	**(647,309)**	**-**	**(348,963)**
Banco Santander Spain [1]	(647,309)	-	-
Abbey National Treasury Services Plc	-	-	(90,033)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(258,930)
Loans and amounts due from credit institutions - Cash and overnight operations in foreign currency	**13,611,583**	**-**	**87,751**
Banco Santander Spain [1] [3] [5]	13,611,583	-	-
Banco Santander Totta, S.A.	-	-	1,525
Abbey National Treasury Services Plc	-	-	85,689
Bank Zachodni	-	-	158
Banco Santander, S.A. – México	-	-	379
Loans and other values with customers	**-**	**-**	**868,849**
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	110,326
Santander Brasil Gestão de Recursos Ltda.	-	-	758,523
Loans and other values with credit institutions [1]	**41,708**	**660,711**	**-**
Banco Santander Spain	41,708	-	-
Banco RCI Brasil S.A.	-	660,711	-
Other Assets	**104,072**	**2,275**	**-**
Banco Santander Spain	104,072	-	-
Banco RCI Brasil S.A.	-	2,275	-
Liabilities	**(7,892,163)**	**(71,871)**	**(1,313,128)**
Deposits from credit institutions	**(305,949)**	**(6,220)**	**(999,911)**
Banco Santander Spain [4]	(305,949)	-	-
Santander Securities	-	-	(207,623)
Banco Santander Río S.A.	-	-	(444)
Santander Brasil Asset	-	-	(10,085)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(781,466)
Banco Santander, S.A. – Uruguay	-	-	(158)
Banco Santander Totta, S.A.	-	-	(135)
Banco RCI Brasil S.A.	-	(6,220)	-
Customer deposits	**-**	**(65,651)**	**(269,476)**
ISBAN Brasil S.A.	-	-	(7,237)
Santander Securities Services Brasil Participações S.A.	-	-	(66,218)
Produban Serviços de Informática S.A.	-	-	(4,051)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	(113,540)
Santander Brasil Gestão de Recursos Ltda	-	-	(67,441)
Webmotors S.A.	-	(65,651)	-
Other	-	-	(10,989)
Debt Instruments Eligible for Capital	**(7,581,618)**	**-**	**-**
Banco Santander Spain [2]	(7,581,618)	-	-
Other financial liabilities - Dividends and interest on shareholders' equity payable	**-**	**-**	**(4,819)**
Santusa Holding, S.L.	-	-	(4,819)
Other Liabilities	**(4,596)**	**-**	**(38,922)**
Banco Santander Spain	(4,596)	-	-
Santander Brasil Asset	-	-	(73)
Produban Serviços de Informática S.A. (Produban Spain)	-	-	(7,263)
Ingeniería de Software Bancario, S.L.	-	-	(7,691)
Santander Securities	-	-	(10,243)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	(13,207)
Other	-	-	(445)

Thousands of Real			**12/31/2016**
	Parent [1]	**Joint-controlled companies**	**Other Related-Party [2]**
Assets	**10,919,116**	**794,800**	**556,248**
Financial assets for trading - Derivatives net	**(184,304)**	**-**	**(400,570)**
Banco Santander Spain	(184,304)	-	-
Abbey National Treasury Services Plc	-	-	(91,828)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(308,742)
Loans and other values with credit institutions - Cash and overnight operations in foreign currency	**10,900,941**	**-**	**94,530**
Banco Santander Spain [3] [5]	10,900,941	-	-
Banco Santander Totta, S.A.	-	-	1,261
Abbey National Treasury Services Plc	-	-	92,118
Bank Zachodni	-	-	117
Banco Santander, S.A. – México	-	-	1,034
Loans and other values with customers	**-**	**136,354**	**862,288**
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	862,553
Webmotors S.A.	-	136,354	-
Santander Brasil Gestão de Recursos Ltda	-	-	(265)
Loans and other values with credit institutions [1]	**25,546**	**656,806**	**-**
Banco Santander Spain	25,546	-	-
Banco RCI Brasil S.A.	-	656,806	-
Other Assets	**176,933**	**1,640**	**-**
Banco Santander Spain	176,933	-	-
Banco RCI Brasil S.A.	-	1,640	-
Liabilities	**(11,984,199)**	**(106,527)**	**(1,222,556)**
Deposits of Brazil Central Bank and deposits of credit institutions	**(327,466)**	**(40,202)**	**(980,702)**
Banco Santander Spain [4]	(327,466)	-	-
Santander Securities	-	-	(208,059)
Santander Brasil Asset	-	-	(12,079)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(757,874)
Banco Santander, S.A. – Uruguay	-	-	(2,158)
Banco RCI Brasil S.A.	-	(40,202)	-
Others	-	-	(532)
Customer deposits	**-**	**(66,325)**	**(189,794)**
ISBAN Brasil S.A.	-	-	(22,232)
Santander Securities	-	-	(52,484)
Produban Serviços de Informática S.A.	-	-	(19,653)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	(44,840)
Santander Brasil Gestão de Recursos Ltda	-	-	(39,361)
Webmotors S.A.	-	(66,325)	-
Other	-	-	(11,224)
Other Liabilities - Dividends and Interest on Capital Payable	**(3,794,130)**	**-**	**(16,494)**
Banco Santander Spain	(589,227)	-	-
Grupo Empresarial Santander, S.L. [1]	(1,201,612)	-	-
Sterrebeeck B.V. [1]	(2,003,291)	-	-
Banco Madesant - Sociedade Unipessoal, S.A.	-	-	(1,075)
Santusa Holding, S.L.	-	-	(15,419)
Other Liabilities	**(2,954)**	**-**	**(35,566)**
Banco Santander Spain	(2,954)	-	-
Santander Brasil Asset	-	-	(70)
ISBAN Brasil S.A.	-	-	(339)
Santander Securities	-	-	(4,430)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	(30,684)
Other	-	-	(43)
Other - Debt Instruments Eligible for Capital	**(7,859,649)**	**-**	**-**
Banco Santander Espanha [2]	(7,859,649)	-	-

(*) All loans and amounts to related parties were made in our ordinary course of business and on sustainable basis, including interest rates and collateral and did not involve more than the normal risk of collectability or present other unfavorable features.

(1) Banco Santander (Brasil) S.A. is indirectly controlled by Banco Santander Spain (note 1-a), through its subsidiary Grupo Empresarial Santander, S.L. and Sterrebeeck B.V.

(2) Refers to the Company's subsidiaries (Banco Santander Spain).

(3) On March 31, 2017, includes to the cash of R$307,206 (12/31/2016 - R$582,571).

(4) On March 31, 2017, refers to raising funds through operations transfers abroad amounting R$305,949 (12/31/2016 - R$327,466), with maturity until November, 2017 and interest until 11.52% p.a.

(5) On March 31, 2017, includes to investments in foreign currency (applications overnight): maturing on April 03, 2017 the amount of R$12,775,095 (12/31/2016 - R$10,269,812) and up to interest 0.90% p.a., held at Santander Estabelecimento Financeiro de Crédito, Banco Santander Brasil and its Agency Grand Cayman.

Thousands of Real			**1/01 to 3/31/2017**
	Parent [1]	**Joint-controlled companies**	**Other Related-Party [2]**
Income	**(64,584)**	**21,584**	**(336,240)**
Interest and similar income - Loans and amounts due from credit institutions	**21,132**	**20,311**	**133**
Banco Santander Spain	21,132	-	-
Banco RCI Brasil S.A.	-	20,311	-
Abbey National Treasury Services Plc	-	-	133
Interest expense and similar charges - Customer deposits	**-**	**(2,032)**	**(5,039)**
ISBAN Brasil S.A.	-	-	(501)
Santander Securities Services Brasil Participações S.A.	-	-	(1,864)
Santander Brasil Gestão de Recursos Ltda	-	-	(2,211)
Santander Cultural	-	-	(10)
Webmotors S.A.	-	(2,032)	-
Produban Serviços de Informática S.A.	-	-	(417)
Others	-	-	(36)
Interest expense and similar charges - Deposits from credit institutions	**(4,214)**	**(520)**	**(198,631)**
Banco Santander Spain	(4,214)	-	-
Banco RCI Brasil S.A.	-	(520)	-
Santander Securities Services Brasil DTVM S.A	-	-	(6,697)
SAM Brasil Participações	-	-	(32)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(191,522)
Santander Asset Management, S.A. SGIIC.	-	-	(380)
Fee and commission income (expense)	**(1,442)**	**3,825**	**490,546**
Banco Santander Spain	(1,442)	-	-
Banco RCI Brasil S.A.	-	3,822	-
Banco Santander International	-	-	3,658
Webmotors S.A.	-	3	-
Zurich Santander Brasil Seguros S.A.	-	-	59,592
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	426,892
Other	-	-	404
Debt Instruments Eligible to Compose Capital	**(54,978)**	**-**	**-**
Banco Santander Spain [2]	(54,978)	-	-
Gains (losses) on financial assets and liabilities and exchange differences (net)	**(25,082)**	**-**	**(373,705)**
Banco Santander Spain	(25,082)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(368,204)
Abbey National Treasury Services Plc	-	-	2,387
Other	-	-	(7,888)
Administrative expenses and amortization	**-**	**-**	**(244,690)**
ISBAN Brasil S.A.	-	-	(86,668)
Produban Serviços de Informática S.A.	-	-	(53,000)
Aquanima Brasil Ltda.	-	-	(6,411)
TECBAN - Tecnologia Bancaria Brasil	-	-	(63,686)
Produban Serviços de Informática S.A. (Produban Spain)	-	-	(8,737)
Santander Securities Services Brasil DTVM S.A	-	-	(9,999)
Ingeniería de Software Bancario, S.L.	-	-	(15,337)
Other	-	-	(852)
Other Administrative expenses - Donation	**-**	**-**	**(4,854)**
Santander Cultural	-	-	(1,004)
Fundação Santander	-	-	(350)
Fundação Sudameris	-	-	(3,500)

Thousands of Real			**1/01 to 3/31/2016**
	Parent [1]	**Joint-controlled companies**	**Other Related-Party [2]**
Income	**(103,850)**	**28,283**	**167,316**
Interest and similar income - Loans and amounts due from credit institutions	**10,536**	**33,047**	**106**
Banco Santander Spain	10,536	-	-
Abbey National Treasury Services Plc	-	-	106
Banco RCI Brasil S.A.	-	33,047	-
Interest expense and similar charges - Customer deposits	**-**	**(6,954)**	**(10,062)**
ISBAN Brasil S.A.	-	-	(987)
Santander Brasil Gestão de Recursos Ltda	-	-	(3,108)
Santander Securities Services Brasil DTVM S.A	-	-	(4,714)
Webmotors S.A.	-	(6,954)	-
Santander Securities	-	-	(628)
Produban Serviços de Informática S.A.	-	-	(528)
Other	-	-	(97)
Interest expense and similar charges - Deposits from credit institutions	**(125)**	**(3,125)**	**(30,315)**
Banco Santander Spain	(125)	-	-
Banco RCI Brasil S.A.	-	(3,125)	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(29,875)
Santander Asset Management, S.A. SGIIC.	-	-	(440)
Fee and commission income (expense)	**619**	**5,315**	**469,415**
Banco Santander Spain	619	-	-
Banco RCI Brasil S.A.	-	5,074	-
Banco Santander International	-	-	8,938
Santander Brasil Gestão de Recursos Ltda	-	-	541
Webmotors S.A.	-	241	-
Zurich Santander Brasil Seguros S.A.	-	-	76,431
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	381,997
Other	-	-	1,508
Debt Instruments Eligible to Compose Capital	**(107,966)**	**-**	**-**
Banco Santander Spain [2]	(107,966)	-	-
Gains (losses) on financial assets and liabilities and exchange differences (net)	**(6,914)**	**-**	**2,384**
Banco Santander Spain	(6,914)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(18,406)
Abbey National Treasury Services Plc	-	-	14,927
Other	-	-	5,863
Administrative expenses and amortization	**-**	**-**	**(259,442)**
ISBAN Brasil S.A.	-	-	(107,806)
Produban Serviços de Informática S.A.	-	-	(59,870)
ISBAN Chile S.A.	-	-	(28)
Aquanima Brasil Ltda.	-	-	(6,019)
TECBAN - Tecnologia Bancaria Brasil	-	-	(51,072)
Produban Servicios Informaticos Generales, S.L. (Produban Spain)	-	-	(8,345)
Santander Securities Services Brasil DTVM S.A	-	-	(8,149)
Ingeniería de Software Bancario, S.L.	-	-	(16,728)
Others	-	-	(1,425)
Other Administrative expenses - Donation	**-**	**-**	**(4,770)**
Santander Cultural	-	-	(670)
Fundação Santander	-	-	(1,000)
Fundação Sudameris	-	-	(3,100)

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(2) Refers to the Company's subsidiaries (Banco Santander Spain).

17. Fair value of financial assets and liabilities

Under IFRS 13, fair value measurement using a fair value hierarchy that reflects the model used in the measurement process should be in accordance with the following hierarchical levels:

Level 1: Determined on the basis of public (unadjusted) prices in active markets for identical assets and liabilities, these include public debt securities, stocks, derivatives listed.

Level 2: Are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Trading Financial Assets, Other financial assets at fair value on through profit or loss, Available-for-sale financial assets and Financial liabilities held for trading

Level 1: The securities with high liquidity and observable prices in an active market are classified as level 1. At this level were classified most of the Brazilian Government Securities (mainly LTN, LFT, NTN-B, NTN-C and NTN-F), shares in stocks and other securities traded in an active market.

Level 2: When price quotations cannot be observed, the Management, using their own internal models, make their best estimate of the price that would be set by the market. These models use data based on observable market parameters as an important reference. Various techniques are used to make these estimates, including the extrapolation of observable market data and extrapolation techniques. The best evidence of fair value of a financial instrument on initial recognition is the transaction price, unless the fair value of the instrument can be obtained from other market transactions carried out with the same instrument or similar instruments or can be measured using a valuation technique in which the variables used include only data from observable market, especially interest rates. These securities are classified within Level 2 of the fair value hierarchy and are composed mainly by Private Securities (prominently on Debenture portfolio) in a market with less liquidity than those classified at Level 1.

Level 3: When there is information that is not based on observable market data, Banco Santander uses internally developed models, from curves generated according to the internal model. Level 3 comprises mainly unlisted shares that are not generally traded in an active market.

Derivatives

Level 1: Derivatives traded on exchanges are classified in Level 1 of the hierarchy.

Level 2: For the valuation derivatives traded over the counter, and the valuation of financial instruments (primarily swaps and options), are usually used as observable market data: exchange rates, interest rates, volatility, correlation between indexes and market liquidity.

When pricing the financial instruments mentioned, uses the method of the Black-Scholes model (exchange rate options, interest rate options; caps and floors) and the method of present value (discount of future values by market curves).

Level 3: Derivatives not traded in the stock market and that do not have an observable data in a active market were classified as Level 3, these and are composed of complex derivatives.

The following table shows a summary of the fair values of financial assets and liabilities for the period ended March 31, 2017 and December 31, 2016 classified based on several measurement methods adopted by the Bank to determine fair value:

				3/31/2017
Thousands of Real	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	**51,031,615**	**26,574,666**	**-**	**77,606,281**
Debt instruments	50,418,200	787,919	-	51,206,119
Equity instruments	613,415	21,863	-	635,278
Trading derivatives	-	25,764,884	-	25,764,884
Other financial assets at fair value through profit or loss	**1,685,619**	**66,155**	**34,949**	**1,786,723**
Debt instruments	1,681,013	66,155	-	1,747,168
Equity instruments	4,606	-	34,949	39,555
Available-for-sale financial assets	**57,347,143**	**5,326,616**	**953,559**	**63,627,318**
Debt instruments	56,719,547	5,325,260	-	62,044,807
Equity instruments	627,596	1,356	953,559	1,582,511
Hedging derivatives (assets)	**-**	**230,148**	**-**	**230,148**
Financial liabilities held for trading	**27,982,376**	**21,559,585**	**-**	**49,541,961**
Trading derivatives	-	21,559,585	-	21,559,585
Short positions	27,982,376	-	-	27,982,376
Hedging derivatives (liabilities)	**-**	**315,408**	**-**	**315,408**

				12/31/2016
Thousands of Real	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	**59,410,908**	**25,462,755**	**-**	**84,873,663**
Debt instruments	59,034,363	960,583	-	59,994,946
Equity instruments	376,545	21,916	-	398,461
Trading derivatives	-	24,480,256	-	24,480,256
Other financial assets at fair value through profit or loss	**1,597,660**	**76,035**	**37,509**	**1,711,204**
Debt instruments	1,592,714	76,035	-	1,668,749
Equity instruments	4,946	-	37,509	42,455
Available-for-sale financial assets	**51,160,044**	**5,703,389**	**951,612**	**57,815,045**
Debt instruments	50,172,609	5,656,963	-	55,829,572
Equity instruments	987,435	46,426	951,612	1,985,473
Hedging derivatives (assets)	**-**	**222,717**	**-**	**222,717**
Financial liabilities held for trading	**31,694,269**	**19,925,600**	**-**	**51,619,869**
Trading derivatives	-	19,925,600	-	19,925,600
Short positions	31,694,269	-	-	31,694,269
Hedging derivatives (liabilities)	**-**	**311,015**	**-**	**311,015**

Movements in fair value of Level 3

The following table shows the changes that occurred in the three-months periods ended March 31, 2017 and 2016 for level 3:

In thousand of Real	**Fair Value 12/31/2016**	**Gains/ losses (Realized-Not Realized)**	**Transfers to Level 3**	**Additions / Low**	**Fair value 3/31/2017**
Other financial assets at fair value through profit or loss	37,509	(2,560)	-	-	34,949
Available-for-sale financial assets	951,612	1,980	-	(33)	953,559

In thousand of Real	Fair Value 12/31/2015	Gains/ losses (Realized-Not Realized)	Transfers to Level 3	Additions / Low	Fair value 3/31/2016
Other financial assets at fair value through profit or loss	573,664	41,470	-	-	615,134
Available-for-sale financial assets	857,817	(216)	-	(295,239)	562,362

Financial assets and liabilities not measured at fair value

The financial assets owned by the Bank are measured at fair value in the accompanying consolidated balance sheets, except for loans and receivables.

Similarly, the Bank's financial liabilities except for financial liabilities held for trading and those measured at fair value - are measured at amortized cost in the consolidated balance sheets.

i) Financial assets at a value other than fair value

Below is a comparison of the carrying amounts of financial assets of the Bank measured to a value other than fair value and their respective fair values at March 31, 2017 and December 31, 2016:

Thousands of Real **3/31/2017**

Assets	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Open market - Brazilian Central Bank	37,432,974	37,487,876	-	37,487,876	-
Held to maturity investments	9,580,886	9,493,775	6,563,710	2,930,065	-
Loans and Receivables:					
Loans and amounts due from credit institutions	30,967,420	30,971,658	-	30,971,658	-
Loans and advances to customers	251,901,782	253,781,916	-	-	253,781,916
Loans and receivables - Debt instruments	14,888,621	14,756,284	-	14,756,284	-
Total	**344,771,683**	**346,491,509**	**6,563,710**	**86,145,883**	**253,781,916**

Thousands of Real **12/31/2016**

Assets	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Open market - Brazilian Central Bank	46,371,814	46,341,971	-	46,341,971	-
Held to maturity investments	10,048,761	10,555,437	6,942,173	3,613,264	-
Loans and Receivables:					
Loans and amounts due from credit institutions	27,762,473	27,757,607	-	27,757,607	-
Loans and advances to customers	252,002,774	253,860,027	-	-	253,860,027
Loans and receivables - Debt instruments	16,283,259	16,003,885	-	16,003,885	-
Total	**352,469,081**	**354,518,927**	**6,942,173**	**93,716,727**	**253,860,027**

ii) Financial liabilities measured at a value other than fair value

Following is a comparison of the carrying amounts of financial liabilities of the Bank measured to a value other than fair value and their respective fair values at March 31, 2017 and December 31, 2016:

Thousands of Real **3/31/2017**

Liabilities	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Financial liabilities at amortized cost:					
Deposits of Brazil's Central Bank and deposits of credit institutions	73,818,791	73,819,418	-	-	73,819,418
Customer deposits	240,206,119	240,404,588	-	-	240,404,588
Marketable debt securities	89,780,483	90,094,372	-	3,579,024	86,515,348
Subordinated Debt	481,035	495,821	-	-	495,821
Debt instruments Eligible Capital	8,010,812	8,010,812	-	8,010,812	-
Other financial liabilities	32,558,056	31,301,056	-	-	31,301,056
Total	**444,855,296**	**444,126,067**	**-**	**11,589,836**	**432,536,231**

Thousands of Real **12/31/2016**

Liabilities	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Financial liabilities at amortized cost:					
Deposits of Brazil's Central Bank and deposits of credit institutions	78,319,960	78,323,271	-	-	78,323,271
Customer deposits	231,079,303	231,125,526	-	-	231,125,526
Marketable debt securities	99,842,955	99,671,288	-	7,321,870	92,349,418
Subordinated Debt	466,246	452,439	-	-	452,439
Debt instruments Eligible Capital	8,311,918	8,311,918	-	8,311,918	-
Other financial liabilities	36,879,099	35,622,099	-	-	35,622,099
Total	**454,899,481**	**453,506,541**	**-**	**15,633,788**	**437,872,753**

The methods and assumptions used to estimate the fair values summarized in the tables above are set forth below:

- Money market investments - Brazilian Central Bank - The carrying amount is approximated to the fair value.

- Loans and amounts due from credit institutions and from customers – Fair value are estimated for groups of loans with similar characteristics. The fair value was measured by discounting estimated cash flow using the interest rate of new contracts.

That is, the future cash flow of the current loan portfolio is estimated using the contractual rates, and then the new loans spread over the risk free interest rate are incorporated to the risk free yield curve in order to calculate the loan portfolio fair value. In terms of behavior assumptions, it is important to underline that a prepayment rate is applied to the loan portfolio, thus a more realistic future cash flow is achieved.

- Deposits from Bacen and credit institutions and Customer deposits – The fair value of deposits was calculated by discounting the difference between the cash flows on a contractual basis and current market rates for instruments with similar maturities. For variable-rate deposits, the carrying amount was considered to approximates fair value.

- Marketable debt securities, Subordinated liabilities and Debt Instruments Eligible to Compose Capital – The fair value of long-term loans were estimated by cash flow discounted at the interest rate offered on the market with similar terms and maturities.

The valuation techniques used to estimate each level are defined in note 1.j.

18. Other disclosures

a) Derivative Financial Instruments

a.1) Derivatives Recorded in Memorandum and Balance Sheets

Summary of Trading Derivative portfolio and Used as Hedge portfolio

Assets	**3/31/2017**	**12/31/2016**
Swap Differentials Receivable [1]	17,967,030	15,321,646
Option Premiums to Exercise	658,032	935,520
Forward Contracts and Other	7,369,970	8,445,807
Total	**25,995,032**	**24,702,973**
Liabilities		
Swap Differentials Payable [1]	15,130,944	12,267,819
Option Premiums Launched	649,299	1,166,002
Forward Contracts and Other	6,094,750	6,802,794
Total	**21,874,993**	**20,236,615**

(1) Includes swaption and embedded derivatives.

Summary by Category

Trading	**3/31/2017**		**12/31/2016**	
	Notional	**Market**	**Notional**	**Market**
Swap	**409,705,755**	**2,921,346**	**381,238,135**	**3,142,125**
Asset	**211,533,467**	**21,058,643**	**196,887,188**	**24,311,485**
CDI (Interbank Deposit Rates)	42,500,110	19,872,693	44,868,680	22,759,822
Fixed Interest Rate - Real	136,441,738	-	126,300,261	-
Indexed to Price and Interest Rates	8,751,484	-	9,225,789	-
Indexed to Foreign Currency	23,840,135	1,185,950	16,492,458	1,551,663
Liabilities	**198,172,288**	**(18,137,297)**	**184,350,947**	**(21,169,360)**
CDI (Interbank Deposit Rates)	23,850,481	-	23,178,722	-
Fixed Interest Rate - Real	140,903,149	(15,331,117)	133,185,717	(17,414,147)
Indexed to Price and Interest Rates	11,343,915	(2,585,118)	12,767,212	(3,518,297)
Indexed to Foreign Currency	21,856,885	-	15,049,776	(38,836)
Other	217,858	(221,062)	169,520	(198,080)
Options	**134,574,573**	**8,733**	**175,841,405**	**(230,482)**
Purchased Position	**58,339,484**	**658,032**	**83,883,966**	**935,520**
Call Option - US Dollar	10,293,967	146,613	12,693,748	181,463
Put Option - US Dollar	3,500,746	146,846	3,788,161	392,048
Call Option - Other	**12,384,661**	**71,322**	**20,115,932**	**62,517**
Interbank Market	5,957,900	217	17,391,500	7,062
Other [1]	6,426,761	71,105	2,724,432	55,455
Put Option - Other	**32,160,110**	**293,251**	**47,286,125**	**299,492**
Interbank Market	30,374,666	10,365	46,106,600	18,029
Other [1]	1,785,444	282,886	1,179,525	281,463
Sold Position	**76,235,089**	**(649,299)**	**91,957,439**	**(1,166,002)**
Call Option - US Dollar	3,356,359	(94,228)	4,314,988	(141,172)
Put Option - US Dollar	4,302,586	(456,987)	7,390,733	(952,407)
Call Option - Other	**15,746,468**	**(84,376)**	**30,441,646**	**(46,940)**
Interbank Market	12,497,564	(61)	27,597,764	(4,087)
Other [1]	3,248,904	(84,315)	2,843,882	(42,853)
Put Option - Other	**52,829,676**	**(13,708)**	**49,810,072**	**(25,483)**
Interbank Market	51,706,420	(15,955)	49,245,495	(5,793)
Other [1]	1,123,256	2,247	564,577	(19,690)

Trading	3/31/2017		12/31/2016	
	Notional	Market	Notional	Market
Futures Contracts	**145,227,993**	**-**	**104,651,180**	**-**
Purchased Position	**58,592,519**	**-**	**40,396,456**	**-**
Exchange Coupon (DDI)	24,193,747	-	14,473,180	-
Interest Rates (DI1 and DIA)	16,954,841	-	23,756,523	-
Foreign Currency	15,250,820	-	1,393,538	-
Indexes [2]	954,742	-	195,160	-
Other	1,238,369	-	578,055	-
Sold Position	**86,635,474**	**-**	**64,254,724**	**-**
Exchange Coupon (DDI)	37,584,114	-	15,048,490	-
Interest Rates (DI1 and DIA)	23,077,536	-	29,047,678	-
Foreign Currency	15,953,686	-	17,384,256	-
Indexes [2]	5,198,084	-	185,506	-
Treasury Bonds/Notes	4,822,054	-	2,588,794	-
Forward Contracts and Other	**54,218,877**	**1,275,220**	**50,853,154**	**1,643,013**
Purchased Commitment	**24,177,533**	**2,910,449**	**20,864,170**	**3,386,347**
Currencies	22,808,896	2,910,771	19,951,984	3,391,275
Other	1,368,637	(322)	912,186	(4,928)
Sell Commitment	**30,041,344**	**(1,635,229)**	**29,988,984**	**(1,743,334)**
Currencies	29,950,327	(1,732,987)	29,911,406	(1,826,965)
Other	91,017	97,758	77,578	83,631

(1) Includes stock options, indices and commodities.

(2) Includes Bovespa index and S&P.

a.2) Derivatives Financial Instruments by Counterparty

Notional				3/31/2017
	Customers	Related Parties	Financial Institutions [1]	Total
Swap	45,472,813	33,227,222	132,833,432	211,533,467
Options	6,523,335	1,017,585	127,033,653	134,574,573
Futures Contracts	-	-	145,227,993	145,227,993
Forward Contracts and Other	27,186,135	21,784,326	5,248,416	54,218,877

(1) Includes trades with the BM&FBovespa and other securities and commodities exchanges.

Notional				12/31/2016
	Customers	Related Parties	Financial Institutions [1]	Total
Swap	43,082,605	15,910,871	137,893,712	196,887,188
Options	5,916,105	839,182	169,086,118	175,841,405
Futures Contracts	-	-	104,651,180	104,651,180
Forward Contracts and Others	29,044,676	17,563,319	4,245,159	50,853,154

(1) Includes trades with the BM&FBovespa and other securities and commodities exchanges.

a.3) Derivatives Financial Instruments by Maturity

Notional				3/31/2017
	Up to 3 Months	From 3 to 12 Months	Over 12 Months	Total
Swap	2,092,056	18,603,323	190,838,088	211,533,467
Options	99,165,122	31,285,713	4,123,738	134,574,573
Futures Contracts	85,420,496	39,514,502	20,292,995	145,227,993
Forward Contracts and Other	33,111,595	17,880,271	3,227,011	54,218,877

Notional				12/31/2016
	Up to 3 Months	From 3 to 12 Months	Over 12 Months	Total
Swap	17,499,576	26,810,380	152,577,232	196,887,188
Options	10,785,982	10,624,762	154,430,661	175,841,405
Futures Contracts	66,298,799	16,041,642	22,310,739	104,651,180
Forward Contracts and Others	28,235,186	17,826,727	4,791,241	50,853,154

a.4) Derivatives by Market Trading

Notional				3/31/2017
	Stock Exchange (1)	Cetip (2)	Over the Counter	Total
Swap	129,289,388	53,966,385	28,277,694	211,533,467
Options	123,556,054	10,311,254	707,265	134,574,573
Futures Contracts	145,227,993	-	-	145,227,993
Forward Contracts and Other	-	42,133,584	12,085,293	54,218,877

(1) Includes trades with the BM&FBovespa and other securities and commodities exchanges.

(2) Includes amount traded on other clearinghouses.

Notional				12/31/2016
	Stock Exchange (1)	Cetip (2)	Over the Counter	Total
Swap	133,759,441	61,856,098	1,271,649	196,887,188
Options	166,899,868	8,234,147	707,390	175,841,405
Futures Contracts	104,651,180	-	-	104,651,180
Forward Contracts and Others	-	35,427,573	15,425,581	50,853,154

(1) Includes trades with the BM&FBovespa and other securities and commodities exchanges.

(2) Includes amounts traded on other clearinghouses.

a.5) Hedge Accounting

Hedge relationships are of three types: Fair Value Hedge, Cash Flow Hedge and Net Investment Hedge of Foreign Operations.

Derivatives used as hedge by index are as follows:

Fair Value Hedge

Banco Santander's fair value strategy consists of hedging exposure to changes in fair value in receivables and interest payments related to recognized assets and liabilities.

The adopted fair value management methodology segregates transactions by risk factor (e.g. Real/Dollar foreign exchange risk, fixed Reais interest rate risk, Dollar foreign exchange coupon risk, inflation risk, interest rate risk, etc.). The transactions generate exposures that are consolidated by risk factor and compared with internal pre-established limits.

In order to hedge against changes of fair value in receivables and interest payments, Santander uses interest rate Swap contracts related to pre-fixed assets and liabilities.

Banco Santander applies fair value hedges as follows:

• It contracts Foreign Currency + Coupon against % CDI swaps and designates them as a derivative instrument in a Hedge Accounting structure, having funding operations as the hedged item in this relationship, based on the instrument of Assumption of Foreign Currency Debt. The hedging relationships were designated in March 2015 and the related Swaps will mature between April 2017 and 2020.

• It contracts Foreign Currency + Coupon against % CDI swaps (sold jointly to the client) and designates them as a derivative instrument in a Hedge Accounting structure, having foreign currency loans as the hedged item in this relationship. The hedging relationships were designated in January 2016 and the related Swaps will mature between April 2017 and 2021.

• Banco Santander has a portfolio of Reais-indexed Assets traded in the Cayman Islands. In the Reais transaction, the value of the Dollar asset will be converted into Reais at the exchange rate in the contract on the date of recorded of the transaction. After the conversion, the principal, already denominated in Reais will be restated by % CDI or a pre-fixed rate. The Assets will be covered by Cross Currency Swaps in order to transfer the risk in Reais to LIBOR + Coupon. The hedging relationships were designated in October 2015 and the related Swaps will mature between March 2017 and 2021.

• Banco Santander has a portfolio of loan assets issued in foreign currency - Dollar at a fixed rate in the Balance Sheet of the "Santander EFC" (independent subsidiary in Spain), whose functional currency is the euro. In order to manage this mismatch, the Bank designates each Foreign Currency Floating EUR versus Fixed Dollar swap as the fair value hedge of the corresponding loan. The hedging relationships were designated in 2013 and the related Swaps will mature between June 2017 and 2020.

• Banco Santander has a pre-fixed interest rate risk generated by Government Securities (NTN-F and LTN) in the available for sale portfolio. To manage this mismatch, it contracts DI futures on the BM&FBovespa and designates them as a derivative instrument in a Hedge Accounting structure, with the object of this relationship being fixed-rate government securities (NTN-F and LTN). The hedge relationships were designated in March 2017 and matures in 2027.

In order to assess the effectiveness and measure the ineffectiveness of the strategies, the institution complies with international accounting standard IAS 39, which requires that the effectiveness test be performed at the beginning (prospective test) of the hedge structure and be repeated periodically (prospective and retrospective tests) in order to demonstrate that the hedge ratio remains effective.

a) Prospective test: In accordance with the standard, the prospective test must be performed on the inception date and on a quarterly basis in order to demonstrate that the expectations regarding the effectiveness of the hedge ratio are high.

a.1) Initial prospective test (at inception): it is restricted to a qualitative review of the critical terms and conditions of the hedging instrument and the hedged item in order to conclude whether changes in the fair value of the two instruments are expected to fully offset each other.

a.2) Periodic prospective test: the sensitivity of the fair value of the hedged item and the hedging instrument will be periodically computed at a parallel variation of 10 basis points in the interest rate curve. For the purposes of effectiveness, these two sensitivity ratios should be between 80% and 125%.

b) Retrospective test: the retrospective effectiveness test will be performed by comparing the MTM change of the hedging instrument since the inception date with the MTM change of the hedged item since the inception date, excluding the transaction's liquidity and credit spread:

In fair value hedges, gains or losses, both on hedging instruments and hedged items (attributable to the type of risk being hedged) are recognized directly in the consolidated statement of income.

Hedge Structure	Effective Portion Accumulated	3/31/2017 Portion Ineffective	Effective Portion Accumulated	12/31/2016 Portion Ineffective
Fair Value Hedge				
Government Securities	(1,062)	-	-	-
Eurobonds	16,110	-	13,163	-
Trade Finance Off	22,011	-	20,471	-
Total	**37,059**	**-**	**33,634**	**-**

Thousands of Real		3/31/2017		12/31/2016
Hedge Instruments	**Adjustment to Market**	**Fair Value**	**Adjustment to Market**	**Fair Value**
Swap Contracts	**(28,514)**	**(224,561)**	**(26,703)**	**(136,467)**
Asset	**9,823**	**1,552,044**	**11,486**	**1,046,012**
Indexed to Foreign Currency - Fixed Interest - US Dollar (1)	716	17,171	1,103	17,678
Indexed to Foreign Currency - USD/BRL - Dollar (2)	(3,013)	1,273,006	(8,957)	744,260
Indexed to Foreign Currency - Euro (3)	12,120	261,867	19,340	284,074
Liabilities	**(38,337)**	**(1,776,605)**	**(38,189)**	**(1,182,479)**
Indexed to Foreign Currency - US Dollar (3)	(11,055)	(293,914)	(14,958)	(323,197)
Indexed to Foreign Currency - Fixed Dollar (2)	(15,504)	(117,813)	(1,103)	(17,676)
CDI (Interbank Deposit Rates) (1) (2)	(7,927)	(1,331,916)	(18,395)	(804,059)
Fixed Interest Rate - Real (2)	(3,851)	(32,962)	(3,733)	(37,547)
Object of Hedge				
Assets	**22,685**	**766,539**	**23,165**	**693,132**
Loans and Receivables	**20,645**	**691,050**	**23,165**	**693,132**
Indexed to Foreign Currency - US Dollar	4,057	293,311	4,809	323,780
CDI (InterBank Deposit Rates)	13,929	364,777	13,253	331,805
Fixed Interest Rate - Real	2,659	32,962	5,103	37,547
Debt instruments	**2,040**	**75,489**	**-**	**-**
CDI (InterBank Deposit Rates)	2,040	75,489	-	-
Liabilities	**16,110**	**(754,207)**	**12,830**	**(803,929)**
Foreign Borrowings	**16,110**	**(754,207)**	**12,830**	**(803,929)**
Indexed to Foreign Currency - US Dollar	16,110	(754,207)	12,830	(803,929)

Hedge Instruments	3/31/2017 Reference Value
Swap Contracts	**3,696,033**
Interest Rate (DI1 and DIA)	3,696,033

Object of Hedge	3/31/2017 Adjustment to Market	Fair Value
Assets	**1,117**	**3,823,282**
Securities - Available for Sale		
Public Titles	**1,117**	**3,823,282**
National Treasury Bills - LTN	181	3,463,307
National Treasury Notes - NTN F	936	359,975

(1) Instruments whose hedged items are securities represented by promissory notes indexed in Certificates of Interbank Deposits (CDI) with market value of R$75,489 (12/31/2016 - R$108,845).

(2) These are assets whose foreign currency hedged items are foreign currency-denominated hedged items - US Dollar with a market value of R$754,207 (12/31/2016 - R$803,929), and instruments Liabilities whose hedged items are indexed credit operations of interbank deposits with market value of R$364,777 (12/31/2016 - R$222,957) and securities represented by promissory notes indexed to pre - real interest rates With market value of R$32,962 (12/31/2016 - R$37,547).

(3) Instruments whose hedge items are indexed in foreign currency - Dollar with a market value of R$293,311 (12/31/2016 - R$323,782).

Cash Flow Hedge

Banco Santander's cash flow hedge strategies consist of hedging exposure to changes in cash flows, interest payments and the exchange rate, which are attributable to changes in the interest rates related to recognized assets and liabilities and changes in the exchange rate of non-recognized assets and liabilities.

Banco Santander applies cash flow hedges as follows:

• It contracts Fixed Dollar Liabilities and Reais Asset swaps and designates them as a derivative instrument in a Cash Flow Hedge structure, having Reais funding operations with third-parties in the Cayman Islands as the hedged item in this relationship. The hedging relationships were designated in January 2016 and the related hedges will mature between 2017 and 2021.

• It contracts Fixed Dollar Asset and Floating Reais Liability swaps and designates them as a derivative instrument in a Cash Flow Hedge structure, having floating-Reias-indexed loan operations with third-parties in the Cayman Islands as the hedged item in this relationship. The hedging relationships were designated in January 2016 and the related hedges will mature between April 2017 and 2021.

• It contracts USD futures or DDI + DI Futures (Synthetic Dollar Futures) and designates them as a derivative instrument in a Cash Flow Hedge structure, having part of its dollar Loan portfolio as the hedged item in this relationship. The hedging relationships were designated in 2007 and the related hedges will mature between April 2017 and 2025.

In order to assess the effectiveness and measure the ineffectiveness of these strategies, Banco Santander follows the IAS 39, which recommends that the hedge effectiveness test be performed at the inception/beginning (prospective test) of the hedge structure and be repeated periodically (prospective and retrospective tests) in order to demonstrate that the expected hedge ratio remains effective (between 80% and 125%).

In this hedge strategy the effectiveness tests (prospective and retrospective) are conducted through creation of two hypothetical derivatives, one for the object and another for the instrument.

The hypothetical derivative of the object is a conceptual swap where the liability leg simulates the “stable portion” to be protected and the asset leg is identical to the Pre-fixed leg of the derivative designated as hedge. For the hypothetical derivative of the instrument the asset leg will be set by the number of contracts of the future and the liability leg will be the pre-fixed rate negotiated on the acquisition of these contracts. The hypothetical derivative is stable once the contracts are kept until the maturity. Any ineffectiveness will be recognized in profit or loss.

Any ineffectiveness are recognized in profit or loss.

a) Prospective Test: in accordance with the standard, the prospective test should be performed on the inception date and on a quarterly basis in order to demonstrate that the expectations regarding the effectiveness of the hedge ratio are high. However, the tests are carried out on a monthly basis in order to monitor the projections in a proactive and more efficient manner, in addition to ensuring better maintenance of test-related routines.

a.1) Periodic Prospective Test: According to the agreed process flow, Market Risk performs the projections of three scenarios to the tests, being: 1st 10bps in the curve; 2nd 50bps in the curve and 3rd 100bps in the curve. Using the validated estimates, the VPE Finance Strategy and Quality - Management Information | Products & Segments will perform the prospective tests through the valuation of the two legs variable from operation to market.

a.2) Initial Prospective Test: the methodology of the periodic prospective test should also be applied on the initial date of each new strategy.

b) Retrospective Test: It should be made monthly with historical data to demonstrate cumulatively that the hedge was effective, according to the methodology presented previously. Any ineffectiveness are recognized in profit or loss.

The Ineffective portion is recognized through the prospective hedge test.

Effectiveness should range between 80% and 125%.

In cash flow hedges, the effective portion of changes in the value of the hedging instrument is temporarily recognized in equity under “Other comprehensive income - cash flow hedges” until the expected transactions occur, when this portion is then recognized in the consolidated income statement. However, if the expected transactions result in the recognition of non-financial assets or liabilities, this portfolio will be included in the cost of financial assets or liabilities. The non-effective portion of the change in the value of foreign exchange hedging derivatives is recognized directly in the consolidated income statement. And the non-effective portion of gains and losses on cash flow hedging instruments in a foreign operation is recognized directly in “Gains (losses) with (net) financial assets and liabilities” in the consolidated income statement.

	3/31/2017		12/31/2016	
Hedge Structure	**Effective Portion Accumulated**	**Portion Ineffective**	**Effective Portion Accumulated**	**Portion Ineffective**
Cash Flow Hedge				
Eurobonds	(16,014)	-	(20,535)	-
Loans and Receivables	321,578	467	174,956	-
CDB	(10)	-	-	-
Total	**305,554**	**467**	**154,421**	**-**

Thousands of Real	3/31/2017		12/31/2016	
	Adjustment to Fair Value	**Fair Value**	**Adjustment to Fair Value**	**Fair Value**
Hedge Instruments				
Swap Contracts	**(22,874)**	**139,301**	**(27,261)**	**48,169**
Asset	**155,592**	**1,773,881**	**137,664**	**1,952,189**
Indexed to Foreign Currency - Pre Dollar [1] [2]	73,477	980,006	84,812	1,477,821
Indexed to Foreign Currency - Euro [3]	82,115	793,875	52,852	474,368
Liabilities	**(178,466)**	**(1,634,580)**	**(164,925)**	**(1,904,020)**
Deposit Certificate Interbank - CDI	-	-	(995)	(341,938)
Indexed to Foreign Currency - Reais [1]	-	-	(1,288)	(199,954)
Indexed to Foreign Currency - Pre Euro [1]	(89,490)	(786,837)	(102,998)	(805,326)
Indexed to Foreign Currency - Dollar [2]	(88,976)	(847,743)	(59,367)	(548,684)
Indexed to Foreign Currency - Reais [2]	-	-	(277)	(8,118)

Thousands of Real	3/31/2017	12/31/2016
Hedge Instruments	**Reference value**	**Reference value**
Swap Contracts	**67,423,561**	**80,149,530**
Credit operations [3]	**67,413,814**	**80,149,530**
Foreign Currency - Dollar	19,010	450,571
Interest Rate (DI1 and DIA)	42,127,281	46,314,644
Interest Rate DDI1	25,267,523	33,384,315
Deposit Certificate Interbank - CDI [4]	**9,747**	**-**
Interest Rate (DI1 and DIA)	9,747	-

Thousands of Real		
	3/31/2017	**12/31/2016**
Hedge Object - Cost		
Assets	**24,108,095**	**27,858,923**
Lending Operations - Financing and Export Credit and Imports	21,413,830	24,720,800
Loans and Receivables	174,646	496,874
Brazilian Foreign Debt Bonds	696,263	701,300
Available for sale - Promissory Notes - NP	1,823,355	1,939,949
Liabilities	**-**	**(1,332,972)**
Foreign Borrowings	-	(1,332,972)

(1) Operation maturing on April 01, 2021 (12/31/2016 - operation maturing on April 01, 2021) which hedge objects its securities operation represented by Brazilian External Debt Bonds and loans operation.

(2) Operations maturing between August 2017 and January 2022 (12/31/2016 - maturing between January 2017 and December 2025), whose objects "hedge "contracts are loans from lending institutions.

(3) Operation maturing between May 2017 and January 2018 (12/31/2016 - operation maturing between January 2017 and January 2018) and the updated value of the instruments of R$25,571,344 (12/31/2016 - R$29,164,917), whose object of "hedge" are the loans - loan agreements and credit export and import.
(4) Operation maturing July 3, 2017, whose hedge objects are funding with Bank Deposit Certificate (CDB).

The effect of marking to market the swaps and future contracts corresponds to a debit in the amount of R$147,666 (12/31/2016 - corresponds to a debit in the amount of R$69,489), and is recorded in stockholders' equity, net of tax effects.

Hedging of Foreign Investments

Banco Santander reevaluated the investment structure of the wholly-owned subsidiary in Madrid (EFC), as it noted that due to the change in the strategy of the operation in practice, this subsidiary has a business model in which the Bank has a significant influence on driving and decision-making of its activities. According to the concept discussed in IAS 21, Management concluded that the functional currency of this investment is the Real and, therefore, this change becomes effective prospectively as from January 2017. In addition, the Hedge Accounting structure of Foreign investment that Banco Santander had on this investment was discontinued as of the date of change of the functional currency. In this way, the functional currency of Santander EFC and the Cayman agency is Real and the exchange rate differences of operations in foreign currency are recorded in the income statement. In order to hedge the exchange rate exposures, the Bank uses derivatives, and for both investments abroad the Bank does not apply Hedge Accounting. Foreign exchange variations on foreign currency transactions and the effect of derivatives used in economic protection (futures contracts) are recorded in the income statement.

On December 31, 2016, the notional value of this investment hedge was R$2,687,347, maturing between January 2017 and June 2017 and the effect of R$2,552,596 of the exchange variation recorded in stockholders' equity, net of the tax effects.

a.6) Derivatives Pledged as Guarantee

The guarantee margin transactions traded on the BM&FBovespa derivative financial instruments themselves and other are composed of government securities.

	3/31/2016	12/31/2016
Financial Treasury Bill - LFT	1,349,751	1,556,804
National Treasury Bill - LTN	6,694,361	4,636,644
National Treasury Notes - NTN	9,035,205	27,598
Total	**17,079,317**	**6,221,046**

a.7) Sold Position

On March 31, 2017, the balance of sold positions totaled R$27,982,376 (12/31/2016 - R$ 31,694,269), which includes the amount of financial liabilities resulting from the direct sale of financial assets purchased through resale agreements or borrowed.

b) Financial instruments - Sensitivity analysis

The risk management is focused on portfolios and risk factors pursuant to the requirements of regulators and good international practices.

Financial instruments are segregated into trading and banking portfolios, as in the management of market risk exposure, according to the best market practices and the transaction classification and capital management criteria of the New Standardized Approach of regulators. The trading portfolio consists of all transactions with financial instruments and products, including derivatives, held for trading, and the banking portfolio consists of core business transactions arising from the different Banco Santander business lines and their possible hedges. Accordingly, based on the nature of Banco Santander's activities, the sensitivity analysis was presented for trading and banking portfolios.

Banco Santander performs the sensitivity analysis of the financial instruments in accordance with requirements of regulatory bodies and international best practices, considering the market information and scenarios that would adversely affect the positions of the Bank.

The table below summarizes the stress amounts generated by Banco Santander's corporate systems, related to the banking and trading portfolio, for each one of the portfolio scenarios as at March 31, 2017.

Trading Portfolio **Risk Factor**	**Description**	**Scenario 1**	**Scenario 2**	**Scenario 3**
Interest Rate - Real	Exposures subject to changes in fixed interest rate	(14,214)	(359,860)	(719,720)
Coupon Interest Rate	Exposures subject to changes in coupon rate of interest rate	(2,314)	(22,685)	(45,371)
Coupon - US Dollar	Exposures subject to changes in coupon US Dollar rate	(1,915)	(8,634)	(17,268)
Coupon - Other Currencies	Exposures subject to changes in coupon foreign currency rate	(718)	(11,645)	(23,290)
Foreign currency	Exposures subject to foreign exchange	(18,001)	(450,014)	(900,028)
Eurobond/Treasury/Global	Exposures subject to changes in interest rate negotiated roles in international market	(7,271)	(44,417)	(88,835)
Inflation	Exposures subject to change in coupon rates of price indexes	(19,386)	(258,031)	(516,061)
Shares and Indexes	Exposures subject to change in shares price	(4,170)	(104,240)	(208,480)
Total [(1)]		**(67,989)**	**(1,259,526)**	**(2,519,053)**

(1) Amounts net of taxes.

Scenario 1: a shock of 10 base points on the interest curves and 1% to price changes (currency and stocks);
Scenario 2: a shock of +25% and -25% in all risk factors, are considered the greatest losses per risk factor;
Scenario 3: a shock of +50% and -50% in all risk factors, are considered the greatest losses per risk factor.

Banking Portfolio **Risk Factor**	**Description**	**Scenario 1**	**Scenario 2**	**Scenario 3**
Interest Rate - Real	Exposures subject to changes in fixed interest rate	(60,703)	(1,695,752)	(3,236,999)
TR and Long-Term Interest Rate - (TJLP)	Exposures subject to changes in tax of TR in TJLP	(13,622)	(361,183)	(774,419)
Inflation	Exposures subject to change in coupon rates of price indexes	(53,320)	(955,186)	(1,634,441)
Coupon - US Dollar	Exposures subject to changes in coupon US Dollar rate	(5,633)	(73,359)	(134,092)
Coupon - Other Currencies	Exposures subject to changes in coupon foreign currency rate	(5,124)	(30,665)	(61,286)
Interest Rate Markets International	Exposures subject to changes in interest rate negotiated roles in international market	(26,155)	(378,185)	(701,341)
Foreign currency	Exposures subject to foreign exchange	(937)	(23,423)	(46,846)
Total [(1)]		**(165,494)**	**(3,517,753)**	**(6,589,424)**

(1) Amounts net of taxes.

Scenario 1: a shock of 10 base points in interest rate curves and 1% price variance (currency);
Scenario 2: a shock of +25% and -25% in all risk factors, are considered the greatest losses per risk factor;
Scenario 3: a shock of +50% and -50% in all risk factors, are considered the greatest losses per risk factor.

c) Off-balance-sheet funds under management

Banco Santander has under its management investment funds for which we do not hold any substantial participation interests and we do not act as principal over the funds, and therefore no ownership in such funds. Based on the contractual relationship governing the management of such funds, third parties who hold the participation interests in such funds are those who are exposed to, or have rights, to variable returns and have the ability to affect those returns through power over the fund. Moreover, though Santander Brasil acts as fund manager, in analyzing the fund manager's remuneration regime, the remuneration regime is proportionate to the service rendered, and therefore does not create exposure of such importance to indicate that the fund manager is acting as the principal.

The detail of off-balance-sheets funds managed by the Bank is as follows:

	3/31/2017	**12/31/2016**
Funds under management	1,604,395	1,533,620
Total	**1,604,395**	**1,533,620**

d) Third-party securities held in custody

As of March 31, 2017 and December 31, 2016, the Bank held in custody marketable debt securities and equity instruments totaling R$29,679,465 and R$27,772,714, respectively entrusted to it by third parties.

19. Subsequent Events

a) Qatar Holding LLC's public offering

On April 11, 2017, Banco Santander in Brazil informed its shareholders and the market in general, in furtherance of the material facts disclosed on March 28, 2017 and April 6, 2017, the settlement of the secondary public offering for the distribution of 80,000,000 units issued by Banco Santander in Brazil and held by Qatar Holding LLC (Selling Shareholder), including in the form of American Depositary Shares (ADSs), having been allocated 22,000,000 Units for the Brazilian offering and 58,000,000 ADSs for the international offering. The price per Unit was set at R$25, resulting on a total amount of R$2 billion. Additionally, the amount of Units of the international offering initially offered was increased by an additional batch of 12,000,000 Units, exclusively in the form of ADSs also held by the Selling Shareholder.

b) Distribution of Interest on Company's Capital

The Board of Directors, at the meeting held on April 25th, 2017, approved the Board of Executive Officers' proposal for the distribution of Interest on Company's Equity, in the gross amount of R$ 500,000, which, after the deduction of the amount related to the Income Tax Withheld at Source, pursuant to the laws in force, result the net amount corresponding to R$ 425,000.

APPENDIX I – STATEMENTS OF VALUE ADDED

The following Statements of value added is not required under IAS 34 but being presented as supplementary information as required by Brazilian Corporate Law for publicly-held companies, and has been derived from the Bank´s consolidated financial statements prepared in accordance with IAS 34.

	1/01 to 3/31/2017		1/01 to 3/31/2016	
Interest and similar income	19,123,901		18,868,432	
Fee and commission income (net)	3,036,038		2,407,044	
Impairment losses on financial assets (net)	(3,285,397)		(2,757,652)	
Other income and expense	557,937		236,514	
Interest expense and similar charges	(10,899,863)		(11,272,589)	
Third-party input	(1,514,332)		(1,445,812)	
Materials, energy and other	(124,259)		(139,961)	
Third-party services	(1,190,003)		(1,109,503)	
Impairment of assets	(42,057)		(40,839)	
Other	(158,013)		(155,509)	
Gross added value	**7,018,284**		**6,035,937**	
Retention				
Depreciation and amortization	(398,763)		(353,296)	
Added value produced	**6,619,521**		**5,682,641**	
Added value received from transfer				
Investments in affiliates and subsidiaries	5,444		16,155	
Added value to distribute	**6,624,965**		**5,698,796**	
Added value distribution				
Employee	1,906,224	28.8%	1,718,447	30.2%
Compensation	1,382,798		1,309,345	
Benefits	353,759		347,612	
Government severance indemnity funds for employees - FGTS	102,362		80,301	
Other	67,305		(18,811)	
Taxes	2,510,605	37.9%	1,964,730	34.5%
Federal	2,508,901		1,835,058	
State	-		235	
Municipal	1,704		129,437	
Compensation of third-party capital - rental	200,323	3.0%	184,942	3.2%
Remuneration of interest on capital	2,007,813	30.3%	1,830,677	32.1%
Dividends and interest on capital	-		-	
Profit Reinvestment	1,961,763		1,804,663	
Profit (loss) attributable to non-controlling interests	46,050		26,014	
Total	**6,624,965**	**100.0%**	**5,698,796**	**100.0%**

BANCO SANTANDER (BRASIL) S.A.
PERFORMANCE REVIEW

Dear Stockholders:

We present the Performance Review to the Interim Consolidated Financial Statements of Banco Santander (Brasil) S.A. (Banco Santander or Bank) for the period ended March 31, 2017, prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the IFRS Interpretations Committee (Current name of IFRIC).

1) Macroeconomic Environment

In the first three months of 2017, economic activity showed different signs. On the one hand, confidence indicators, both business and consumer, resumed the upward trajectory, and important segments of agriculture (in spite of the negative impact of the "Operação Carne Fraca") and industry showed data on increased production. On the other hand, service and trade activities remained at alarming levels, which kept the market cautious about the recovery intensity of the local economy. In sum, Banco Santander maintains the assessment that the Brazilian GDP will grow again in 2017, after two years of strong contraction, and the result of the first quarter should interrupt a long sequence of eight consecutive negative changes. However, this recovery should occur at a slow and gradual pace, with more consistent evidence only from the second half of the year.

In addition to the improvement in confidence indicators, Banco Santander's expectation of growth in the Brazilian economy this year is mainly supported by the following factors: (i) end of the inventory adjustment cycle in large productive chains; (ii) lower perception of risk on the local macroeconomic environment; (iii) stabilization of real wages; (iv) improvement of financial conditions, leading to the unblocking of the credit market; (v) increase in the terms of trade (export prices / import prices); and (vi) strong expansion of agricultural crops.

Despite this positive scenario, the upward trend in the unemployment rate should not be reversed in the coming months, inhibiting faster growth in household consumption and, consequently, GDP. In this sense, it is worth mentioning that the latest IBGE disclosures showed a further increase in the unemployment rate in the Brazilian economy, which already stands at 13.0% (equivalent to around 13.5 million people).

In the field of inflation, news has been increasingly positive. In fact, IPCA publications in recent months have shown variations below market expectations, especially the very broad price deceleration profile and Banco Santander has the (demand for assets and services in the economy), it is worth noting the contribution of the anchoring of the expectations, the exchange rate relatively appreciated and greater supply of agricultural products.

This scenario of continued fall in inflation has given way to an increasingly intense pace of monetary policy easing. After two 0.75% cuts at the Monetary Policy Committee's (Copom) January and February 2017 meetings, the basic interest rate should continue to be reduced to 8.50% by the end of the year (the same level projected by the Banco Santander for 2018).

With regard to the exchange rate, the relatively appreciated Brazilian currency levels are expected to continue (the average price was around R$/US$3.15 in the first quarter), in line with the broad international liquidity, of international commodity prices and more favorable signs in the domestic macroeconomic scenario. However, Banco Santander maintains the prognosis that the exchange rate will reach more depreciated levels at the end of the year (Banco Santander projected R$/US$3.50), as there is greater skepticism about (Thus, Banco Santander does not see the current levels of commodity prices as sustainable), the Bank foresees a significant reduction in the interest differential and perceives risks that are relevant to the dynamics of domestic fiscal accounts. By the way, Banco Santander believes that the primary results of the public sector will continue to be deficient in the coming years, in spite of the improvement in tax collection that tends to be generated by the resumption of economic growth; therefore, the approval of the reforms proposed by the government (highlighting Social Security) is crucial for the stabilization of the ratio between public debt and GDP in the long term.

In this context of consumption and still small investments, and cautious banks in the granting of new loans, credit declines in annual comparison (a decrease of 3.5% in February 2017 compared to the same as in the previous year). However, the Bank estimates that the recovery of the confidence of entrepreneurs and consumers, combined with the reduction of the Selic rate, should reverse the downward trend of the credit balance over the coming months, albeit at a moderate pace due to the high indebtedness of families and businesses.

2) Performance

2.1) Net Income

CONSOLIDATED INCOME STATEMENTS (R$Millions)	3M17	3M16	annual changes %	4Q16	1Q17 vs. 4Q16 changes %
Interest Net Income	**8,224.0**	**7,595.8**	**8.3**	**8,190.5**	**0.4**
Income from equity instruments	10.5	3.9	168.3	198.8	-94.7
Income from companies accounted for by the equity method	5.4	16.2	-66.3	(3.0)	-281.5
Fees (net)	3,036.0	2,407.0	26.1	3,114.1	-2.5
Gains (losses) on financial assets and liabilities (net) + Exchange differences (net)	1,844.3	3,829.0	-51.8	(866.2)	-312.9
Other operating expense (net)	(102.4)	(87.7)	16.7	(227.4)	-55.0
Total Income	**13,017.9**	**13,764.2**	**-5.4**	**10,406.8**	**25.1**
Administrative and personnel expenses	(3,852.7)	(3,562.4)	8.2	(4,018.5)	-4.1
Depreciation and amortization	(398.8)	(353.3)	12.9	(386.3)	3.2
Provisions (net)	(975.2)	(798.8)	22.1	(662.0)	47.3
Impairment losses on financial assets and other assets (net)	(3,327.5)	(2,798.5)	18.9	(5,062.5)	-34.3
Gains (losses) on disposal of assets not classified as non-current assets held for sale	(2.1)	2.4	-187.3	1.3	-261.9
Gains (losses) on non-current assets held for sale not classified as discontinued operations	(121.0)	6.1	-2,077.3	2.5	-4,940.5
Operating Profit Before Tax	**4,340.7**	**6,259.8**	**-30.7**	**281.3**	**1,443.1**
Income taxes	(2,332.9)	(4,429.1)	-47.3	1,236.3	-288.7
Consolidated Net Income	**2,007.8**	**1,830.7**	**9.7**	**1,517.6**	**32.3**

Main events of the Statement od Income between the first quarter of 2017 and 2016:

1) Hedge of the foreign investments - The Bank operates a branch in the Cayman Islands and Santander EFC which are used primarily for sourcing funds in the international banking and capital markets to provide credit lines, which are extended to our customers for working capital and trade-related financings. To protect the exposures in exchange rate variations, the Bank uses derivatives. Under Brazilian income tax rules, the gains or losses resulting from the impact of appreciation or devaluation for the real in foreign investments is nontaxable for PIS/COFINS/IR/CSLL purposes, while gains or losses from derivatives used as hedges are taxable. The purpose of these derivatives is to protect the after-tax results.

Tax treatment distinct from such exchange rate differences results in volatility in operating income (loss) and tax expense (PIS/Cofins) and income tax (IR/CSLL). The foreign exchange variations recorded as a result of foreign investments in the period ended March 31, 2017 resulted in a loss of R$1,066 million. On the other hand, derivative contracts contracted to cover these positions generated a gain on the income statement with derivative financial instruments of R$2,033 million. The tax effect of these derivatives impacted the line of tax expenses and the income tax and social contribution line, generating a loss of R$967 million composed of R$95 million of PIS/Cofins and R$872 million of IR/CSLL.

Analysis of Income by Segment

The Bank has two segments, commercial (except for the Corporate Banking business managed globally using the Global Relationship Model - Global Model of Relationship) and the Global Wholesale Banking segment includes the Investment Banking and markets operations, including departments cash and stock trades.

Below, the Bank presents table by segment:

OPERATING INCOME BEFORE TAXES BY SEGMENT (R$Millions)	3M17	% in profit before tax	3M16	annual changes %	4Q16	% in profit before tax	1Q17 vs. 4Q16 changes %
Commercial Bank (1)	3,146.3	72.5	5,046.9	37.7	(469.3)	-166.8	770.4
Global Wholesale Banking	1,194.4	27.5	1,212.8	-1.5	750.7	266.8	59.1
Operating Profit Before Tax	**4,340.7**	**100.0**	**6,259.8**	**30.7**	**281.3**	**100.0**	**1,443.1**

(1) On March 31, 2017 and 2016, includes in the Commercial Bank, the economic hedge of investment in US Dollar, and excluding this effect, the Operating Income before taxation Adjusted for this segment was R$2,178.3 million and R$1,752.3 million, respectively. In the fourth quarter the amount was R$361.9 million.

General Expenses

The other administrative expenses totaled R$1,694.9 million and R$1,600.3 million in the first quarter of 2017 and 2016, respectively. The personnel expenses totaled R$2,157.8 million and R$1,962.1 million in the first quarter of 2017 and 2016, respectively. The other administrative expenses increased 5.9% and the personnel expenses increased 10.0% YoY.

The efficiency ratio, calculated by division of the administrative and personnel expenses amounting R$3,852.7 million by total revenue in the amount to R$13,017.9 million, reached 29.6% (2016 - 25.9%).

2.2) Assets and Liabilities

BALANCE SHEET (R$Millions)	Mar/17	Dec/16	changes%	Mar/16	annual changes %
Cash and Balances with the Brazilian Central Bank	102,777.6	110,604.9	-7.1	89,931.5	14.3
Financial Assets held for Trading	77,606.3	84,873.7	-8.6	58,411.9	32.9
Other Financial Assets at Fair Value Through Profit or Loss	1,786.7	1,711.2	4.4	2,248.9	-20.6
Available-for-Sale Financial Assets	63,627.3	57,815.0	10.1	66,379.3	-4.1
Held to maturity investments	9,580.9	10,048.8	-4.7	9,244.6	3.6
Loans and Receivables	297,757.8	296,048.5	0.6	291,642.0	2.1
Hedging Derivatives	230.1	222.7	3.3	437.9	-47.4
Non-Current Assets Held For Sale	1,215.6	1,337.9	-9.1	1,241.3	-2.1
Investments in Associates and Joint Ventures	985.0	990.1	-0.5	1,076.9	-8.5
Tax Assets	27,725.9	28,753.2	-3.6	30,840.5	-10.1
Other Assets	4,659.8	5,104.0	-8.7	4,446.0	4.8
Tangible Asset	6,518.1	6,646.4	-1.9	6,918.5	-5.8
Intangible Asset	30,286.1	30,236.8	0.2	29,931.7	1.2
TOTAL ASSETS	**624,757.3**	**634,393.2**	**-1.5**	**592,751.1**	**5.4**
Financial Liabilities Held For Trading	49,542.0	51,619.9	-4.0	36,130.9	37.1
Financial Liabilities at Amortized Cost	459,830.8	471,579.5	-2.5	448,055.7	2.6
Hedge Derivatives	315.4	311.0	1.4	780.1	-59.6
Provisions	12,506.7	11,776.5	6.2	11,629.9	7.5
Tax Liabilities	7,584.5	6,094.7	24.4	6,363.5	19.2
Other Liabilities	7,024.8	8,199.1	-14.3	6,408.1	9.6
TOTAL LIABILITIES	**536,804.2**	**549,580.7**	**-2.3**	**509,368.2**	**5.4**
Total Equity	87,953.1	84,812.6	3.7	83,382.9	5.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**624,757.3**	**634,393.2**	**-1.5**	**592,751.1**	**5.4**

Funding

Total funding (deposits of Brazil Central Bank and deposits of credit institutions, deposits from clients, marketable debt securities, subordinated liabilities and debt instruments eligible to compose capital) reached R$427,272.8 million on March 31, 2017 and R$434,700.4 on December 31, 2016, reducing 1.7%.

2.3) Loan Portfolio

LOANS AND RECEIVABLES (R$Million)	Mar/17	Dec/16	changes%	Mar/16	annual changes %
Loans and amounts due from credit institutions, gross	31,177.2	27,963.9	11.5	38,124.9	-18.2
Impairment losses	(209.8)	(201.4)	4.2	(190.1)	10.3
Loans and amounts due from credit institutions, net	**30,967.4**	**27,762.5**	**11.5**	**37,934.8**	**-18.4**
Loans and advances to customers, gross	267,477.1	268,437.6	-0.4	253,588.6	5.5
Impairment losses	(15,575.3)	(16,434.8)	-5.2	(14,837.1)	5.0
Loans and advances to customers, net	**251,901.8**	**252,002.8**	**0.0**	**238,751.5**	**5.5**
Debt instruments	16,792.6	17,838.2	-5.9	15,054.4	11.5
Impairment losses	(1,903.9)	(1,554.9)	22.4	(98.7)	1,829.0
Debt instruments, net	**14,888.7**	**16,283.3**	**-8.6**	**14,955.7**	**-0.4**
Total Loans and Receivables	**297,757.9**	**296,048.6**	**0.6**	**291,642.0**	**2.1**

Impairment losses

The expenses for impairment losses, including the loans previously charged off, totaled R$3,285.9 million and R$2,748.4 million in the period ended on March 31, 2017 and 2016, respectively, increasing 19.6%.

2.4) Stockholders' Equity

In March 2017, Banco Santander consolidated stockholders' equity presented an increase of 3.7%, compared to December, 2016.

The variance of stockholders' equity is due, mainly, to the increase of other comprehensive income in the amount of R$1,089.9 million and which includes as the main event the changes in fair value of certain operations, the net income of the period in the amount of R$2,007.8 million.

Treasury Shares

In the meeting held on November 3, 2016, the Bank's Board of Directors approved, in continuation of the buyback program that expired on November 4, 2016, the buyback program of its Units and ADRs, by the Bank or its agency in Cayman, to be held in treasury or subsequently sold.

The Buyback Program will cover the acquisition up to 38,402,972 Units, representing 38,402,972 common shares and 38,402,972 preferred shares, or the ADRs, which, on September 30, 2016, corresponded to approximately 1.02% of the Bank's share capital. On September 30, 2016, the Bank held 384,029,725 common shares and 411,834,140 preferred shares being traded.

The Buyback has the purpose to (1) maximize the value creation to shareholders by means of an efficient capital structure management; and (2) enable the payment of officers, management level employees and other Bank employees and companies under its control, according to the Long Term Incentive Plans.

The term of the Buyback Program is 365 days as from November 4, 2016, and will expire on November 3, 2017.

	Mar/17		Dec/16
	Quantity		Quantity
	Units	Units	ADRs
Treasury shares at beginning of the period	**25,785,920**	**7,080,068**	**13,137,665**
Shares Acquisitions	70,716	14,284,400	-
Cancellation of ADRs (1)	-	13,137,665	(13,137,665)
Payment - Share-based compensation	(4,370,527)	(8,716,213)	-
Treasury shares at end of the period	**21,486,109**	**25,785,920**	**-**
Subtotal - Treasury Shares in thousands of reais	R$ 436,446	R$ 513,889	R$ -
Emission Costs in thousands of Reais	R$ 157	R$ 145	R$ -
Balance of Treasury Shares in thousands of reais	**R$ 436,603**	**R$ 514,034**	**R$ -**
Cost/market Value	**Units**	**Units**	**ADRs**
Minimum cost	R$ 7.55	R$ 7.55	US$ 4,37
Weighted average cost	R$ 16.44	R$ 16.43	US$ 6,17
Maximum cost	R$ 32.29	R$ 26.81	US$ 10,21
Market value	R$ 27.65	R$ 28.32	US$ 8,58

(1) In January 2016 was the transformation of all ADRs that were held in treasury for UNIT's.

In the first quarter of 2017 there were not highlights of Dividends and Interest on Capital.

2.5) Basel Index

Financial institutions are required by Bacen to maintain Regulatory Capital (PR), Tier I and Principal Capital consistent with their risk activities, higher to the minimum requirement of the Regulatory Capital Requirement, represented by the sum of the partial credit risk, market risk and operational risk.

As required by Resolution CMN 4,193/2013, the requirement for Regulatory Capital in 2016 was 10.5%, composed of 9.875% of Minimum Regulatory Capital plus 0.625% of Additional Conservation Buffer. Considering this additional, the Tier I increased to 6.625% and the Minimum CET1 to 5.125%.

For the base year 2017, the requirement for Regulatory Capital remains at 10.5%, considering 9.25% of Minimum Regulatory Capital and 1.25% of Additional Conservation Buffer. The Tier I reaches 7.25% and the Minimum CET1 5.75%.

The index is calculated on a consolidated basis, as follows:

BASEL INDEX %	Mar/17	Dec/16	Mar/16
Basel Index - consolidated	15.76	16.30	16.43

2.6) Main Subsidiaries

The table below presents the balances of total assets, net assets, net income and credit operations for the period ended March 31, 2017 the principal subsidiaries of Banco Santander portfolio:

SUBSIDIARIES (R$Million)	Total Assets	Stockholders' Equity	Net Income	Loan Portfolio (1)
Santander Leasing S.A. Arrendamento Mercantil	71,321.2	5,828.9	94.1	2,028.7
Aymoré Crédito, Financiamento e Investimento S.A.	32,270.9	1,481.3	116.8	26,816.0
Santander Brasil, Establecimiento Financiero de Credito, S.A.	2,696.9	2,525.8	6.8	1,390.4
Banco Olé Bonsucesso Consignado S.A. (Olé Consignado) (Current Corporate Name of Banco Bonsucesso Consignado S.A.)	8,364.9	684.1	11.3	8,092.2
Getnet Adquirência e Serviços para Meios de Pagamento S.A.(2)	16,618.2	1,566.7	98.4	0.0
Banco PSA Finance Brasil S.A.	1,834.6	283.0	12.1	1,651.8
Banco RCI Brasil S.A.	8,553.3	1,330.3	28.6	7,109.8
Santander Corretora de Câmbio e Valores Mobiliários S.A.	988.0	564.4	6.7	0.0

(1) Includes Leasing portfolio and other credits.

(2) In the third quarter of 2016, after Getnet got from the Bacen approval to act as a payment institution, the activities of acquiring, as well as their related assets and liabilities are now recorded in this entity.

Balances reported above are in accordance with accounting practices established by Brazilian Corporate Law and standards established by the CMN, the Bacen and document template provided in the Accounting National Financial System Institutions (Cosif) and the CVM, that does not conflict with the rules of Bacen.

3) Other Significant Events

3.1) Functional Currency

Banco Santander reevaluated the investment structure of the wholly-owned subsidiary in Madrid (EFC), as it noted that due to the change in the strategy of the operation in practice, this subsidiary has a business model in which the Bank has a significant influence on driving and decision-making of its activities. According to the concept discussed in IAS 21, Management concluded that the functional currency of this investment is the Real and, therefore, this change becomes effective prospectively as from January 2017. In addition, the Hedge Accounting structure of Foreign investment that Banco Santander had on this investment was discontinued as of the date of change of the functional currency. In this way, the functional currency of Santander EFC and the Cayman agency is Real and the exchange rate differences of operations in foreign currency are recorded in the income statement. In order to hedge the exchange rate exposures, the Bank uses derivatives, and for both investments abroad the Bank does not apply Hedge Accounting. Foreign exchange variations on foreign currency transactions and the effect of derivatives used in economic protection (futures contracts) are recorded in the income statement.

3.2) Corporate Restructuring

The Bank implemented several social movements in order to reorganize the operations and activities of entities according to the business plan of the Banco Santander.

a) Partnership Formation with the Hyundai Group in Brazil

On April 28, 2016, the Aymoré CFI and Banco Santander entered into a transaction for the formation of a partnership with Hyundai Motor Brasil Montadora de Automóveis Ltda. (Hyundai Motor Brazil) and Hyundai Capital Services, Inc. (Hyundai Capital) for the constitution of Banco Hyundai Capital Brasil S.A. and an insurance brokerage company to provide, respectively, auto finance and insurance brokerage services and products to consumers and Hyundai dealerships in Brazil. The partnership capital structure will have a shareholding of 50% (fifty percent) of Aymoré, 25% (twenty five percent) of Hyundai Capital and 25% (twenty five percent) of Hyundai Motor Brazil. The closing of the transaction shall be subject to the fulfillment of certain conditions precedent usual in similar transactions, including obtaining the applicable regulatory approvals.

b) Investment in the Company Super Pagamentos e Administração de Meios Eletrônicos LTDA. (“Super Pagamentos”)

On January 4, 2016, Aymoré CFI informed the owners of the shares representing the remaining 50% of Super Pagamentos´s total voting capital its Decision to exercise the call option for the acquisition of such shares, for a value of approximately R$113 million. The transaction was concluded on March 10, 2016.

Before the event, qualified Aymoré as Company purchased the remaining equity instruments of Super Pagamentos entity and should therefore consider the paid value of goodwill for expected future profitability (goodwill) as a reduction of shareholders' equity, since, according to the IFRS 10 this transaction is characterized as transactions between partners. For the same reason, the amount paid for the equity value of the interest participation acquired from non-controlling shareholder is a movement among Stockholders' Equity accounts.

c) Agreement on the Acquisition, of part of the Financial Operation of PSA Group in Brazil and a Consequent Creation of a Joint Venture

On August 1, 2016, after the fulfillment of the applicable conditions precedent, including obtaining the appropriate regulatory approvals, Aymoré CFI and Banco Santander, in the context of a partnership between the Banque PSA Finance ("Banque PSA") and Santander Consumer Finance in Europe for joint operation of the vehicle financing business of PSA brands (Peugeot, Citroën and DS), signed definitive documents for the formation of a financial cooperation with Banque PSA for offering a range of financial and insurance products to consumers and dealers of PSA in Brazil.

The main vehicle of financial cooperation is Banco PSA Finance Brasil S.A. who is being held in the proportion of 50% by Aymoré CFI, a subsidiary of Banco Santander, and 50% by Banque PSA. The purchase price was equal to the book value (proportional) on the closing date (08/01/2016). The operation also included the acquisition by Banco Santander subsidiary, 100% of PSA Finance Arrendamento Mercantil S.A., whose price was equivalent to 74% of the equity value on the closing date, and also 50% of PSA Corretora de Seguros e Serviços Ltda., whose price was equal to the book value (proportional) on the closing date.

Banco Santander started to consolidate these entities from August 1, 2016.

d) Other Corporate Events

We also performed the following corporate actions:

• On July 14, 2016, was completed the sale transaction of 100% of the shares representing the capital stock of Mantiq by Banco Santander and the Santander Participações to Angra Ventures Participações Ltda.

• In June 2016 the holding in the iZettle S.A. Brazil was sold in its entirety.

• On April 30, 2015, the merger and consequent extinction of the company Go Pay by Getnet it were formalized.

3.3) Subsequent Events

3.3.1) Public offering of Qatar Holding LLC

On April 11, 2017, Banco Santander in Brasil informed its shareholders and the market in general, in furtherance of the material facts disclosed on March 28, 2017 and April 6, 2017, the settlement of the secondary public offering for the distribution of 80,000,000 units issued by Banco Santander in Brasil and held by Qatar Holding LLC (Selling Shareholder), including in the form of American Depositary Shares (ADSs), having been allocated 22,000,000 Units for the Brazilian offering and 58,000,000 ADSs for the international offering. The price per Unit was set at R$25.00, resulting on a total amount of R$2 million. Additionally, the amount of Units of the international offering initially offered was increased by an additional batch of 12,000,000 Units.

3.3.2) Distribution of Interest on Capital

The Board of Directors, at the meeting held on April 25th, 2017, approved the Board of Executive Officers’ proposal for the distribution of Interest on Banco Santander’s Equity, in the gross amount of R$500 million, which, after the deduction of the amount related to the Income Tax Withheld at Source, pursuant to the laws in force, result the net amount corresponding to R$425 million.

4) Strategy

Banco Santander is the only international bank with a scale in the country. The Bank is sure that the way to grow in a recurring and sustainable way is to provide excellent services to increase the level of satisfaction and obtain more clients, more linked. The Bank's operations are based on a close and lasting relationship with customers, suppliers and shareholders. For this, the purpose is to contribute to people and businesses to prosper, being a Simple, Personal and Fair Bank, with the following strategic priorities:

• Increase customer preference and engagement with segmented, simple, digital, innovative and efficient products and services through a multi-channel platform;

• Improve recurrence and sustainability, growing in businesses with greater revenue diversification, with a balance between credit, funding and service delivery. At the same time maintaining a preventive risk management and strict control of expenses;

• Maintain capital and liquidity discipline, to maintain soundness, address regulatory changes and seize growth opportunities; and

• Increase productivity through an intense schedule of business and operational improvements, enabling a complete portfolio of services.

In the first quarter of 2017, the Bank continued advancing on several strategic fronts, of which the following stand out:

Digital Advances

Reinforcing the digital experience at the end of March 2017:

• Banco Santander surpassed the 2 million downloads mark of Santander Way - the Santander card management application;

• The digital process for the opening of a current account was launched, which is being carried out through mobile, tablet and internet;

• For the customers of Santander Corretora, the new Application was launched, which allows more agility in consultations, recommendations and investments;

• For SMEs, the Santander Companies APP, now transactional and not only advisory, was remodeled. In addition, the Santander ID was replaced, which replaces the token companies, with authentication technology with extra security in Internet Banking and In the Business Application, which is already integrated;

• For individual customers, more functionalities were made available in the application, ID Santander implemented, replacing the online security card and the new Internet Banking with more navigation facilities;

• With all these actions, Bando Santander continued to expand the number of digital customers, which reached 6.9 million + 1.8MM in twelve months and continues to expand digital transactions, which already represent 76% of total bank transactions, An increase of 7.7 percentage points in the last twelve months.

5) Rating Agencies

Banco Santander is rated by international ratings agencies and the ratings assigned reflect many factors including management quality, operating performance and financial strength, as well as other factors related to the financial sector and economic environment in which the Bank is inserted, having the long-term foreign currency rating limited to the sovereign rating. The table below presents the ratings assigned by the rating agencies Standard & Poor's and Moody's:

Ratings	Global Scale				Nacional Scale	
	Local Currency		Foreign Currency		National	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Standard & Poor's (outlook)	BB (negative)	B	BB (negative)	B	brAA- (negative)	brA-1
Moody's (outlook)	Ba1 (stable)	NP	Ba3 (stable)	NP	Aaa.br	Br-1

6) Corporate Governance

The Board of Directors approved, in a meeting held on April 25, 2017, the Banco Santander's Interim Consolidated Financial Statements for the period ended March 31, 2017, prepared in accordance with the International Financial Reporting Standards (IFRS).

The Board of Directors was informed, in a meeting held on March 28, 2017, the resignation of Mr. Marcio Aurelio de Nobrega of his position as Director without specific designation of the Bank, in accordance with the letter of resignation presented to the Board of Directors on March 10, 2017.

The Board of Directors approved, in a meeting held on February 22, 2017, a review of Governance of the Board of Directors, in the following terms: (i) the amendment of the internal regulations of the Nominating, Governance and Compliance Committee, reflecting its scope and denomination, passing such a body to be called the Nominating and Governance Committee; (ii) the amendment of the internal regulations of the Sustainability and Society Committee, reflecting it denomination, passing such a body to be called the Sustainability Committee; (iii) the amendment of the internal regulations of the Risk Committee, reflecting its scope and denomination, passing such a body to be called the Risk and Compliance Committee; (iv) to appoint, as a member of the Compensation Committee, pursuant to Art. 17, XXI of the Bylaws, Mr. Celso Clemente Giacometti; (v) to appoint, as a member of the Nominating and Governance Committee, Mr. Luiz Fernando Sanzogo Giorgi.

7) Risk Management

7.1) Corporate Governance of the Risk Function

The organizational structure of the Executive Vice President of Risks, which is independent from commercial areas, is composed by areas responsible for the management of the financial and non-financial risks, with management segregated by segments (individuals retail, companies retail and wholesale).

A specific Control and Risks Consolidation department has the mission to report a consolidated view of all risks to the local management and to the Group's governance, as well as to improve risk appetite and risk assessment exercise (Risk Identification & Assessment). It is also responsible for developing the relationship with supervisors and regulators on risks subjects, altogether with Santander Risk Group, in Spain. It is supported by: Enterprise Risk Management, Credit Consolidation and control, model risks, non-financial risks and associate companies risk control.

Another department includes a set of transverse functions (Governance, Policy, Risk Culture, Methodology, Stress Test, Capital and Risk MI) necessary for an advanced risk management model.

The structure of Banco Santander's risk committees is defined with a prudent management standard, appropriate to the business and always respecting the local regulatory and regulatory environment.

The governance model is structured both in a vision of Decision, focusing on examination and approval of credit proposals and limits, as in the Control, aiming the full control of risks

The fundamental principles that rule the risk governance model are:

• Independence of the risks in relation to business area;

• Involvement of management in Decision making; and

• Collegiate Decisions and consensus on credit operations.

The ERC - Executive Risk Committee is the local Decision-making forum with representatives of the Bank's management, including the CEO, Vice President and the other members of the Executive Board.

The CCR - Risk Control Committee is the control and monitoring local forum with representatives of the Bank's management, including the VPE of risks and the VPE of finance.

The relevant issues of risk management or those that exceed the jurisdiction of these committees are forward and Decided by the Board of Directors.

Further details of the structure, methodologies and control system related to risk management is described in the report available on the website www.santander.com.br.

7.2) Structure of Capital Management

The goal is to achieve an efficient capital structure, meeting the regulatory requirements and contributing to reach the goals regarding the classification of rating branches. The capital management including securitization, sale of assets, raising capital through shares issues, subordinated debt and hybrid instruments.

The capital management seeks to optimize value creation in the Banco Santander and the different business units. To this end, capital management, Return on Risk Adjusted Capital (RORAC) and the creation of data values for each business unit are generated. The Banco Santander uses a measurement model of economic capital in order to ensure it has enough capital available to support the risks of economic activity in different scenarios, with solvency levels agreed by the Group.

Projections of economic and regulatory capital are made based on financial projections (Balance Sheet, Income Statements) and macroeconomic scenarios estimated by the economic research service of the Financial Management area. The economic capital models are essentially designed to generate risk-sensitive estimates with two goals in mind: more precision in risk management and allocation of economic capital to various units of Banco Santander.

7.3) Credit Risk

Credit risk is the exposure to losses in the event of total or partial default of the clients or the counterparties in the fulfillment of their financial obligations with Banco Santander. Credit risk management seeks to provide support for the definition of strategies, in addition to setting limits, covering analysis of exposures and trends, as well as the effectiveness of credit policy. The objective is to maintain a risk profile and adequate minimum profitability that compensates the estimated default risk of the client and the portfolio, as defined by the Executive Committee.

7.4) Market Risk

Market risk is exposure to risk factors including interest rates, exchange rates, commodities prices, stock market prices and other values, according to the type of product, the volume of operations, terms and conditions of the agreement and underlying volatility. Market risk management includes practices of measuring and monitoring the use of limits that are pre-set by internal committees, of the value at risk of the portfolios, of sensitivity to fluctuating interest rates, of exposure to foreign exchange rates, of liquidity gaps, among other practices which the control and monitoring of the risks which might affect the position of Banco Santander portfolios in the different markets in which the Bank operates.

For this, the Bank it has developed its own Risk Management model, the following principles:

• Functional independence;

• Executive capacity sustained by knowledge and customer proximity;

• Global scope (different types of risk);

• Collective Decisions that evaluate all possible scenarios and not compromise the results of individual Decisions, including Executive Risk Committee (ERC), which sets limits and approves the transactions and the Executive Committee of Assets and Liabilities, which is responsible for the management of capital and structural risks, which includes country risk, liquidity and interest rates;

• Management and optimization of the risk/return; and

• Advanced methodologies for risk management, such as Value at Risk (VaR) (historical simulation of 521 days, with a confidence level of 99% and a time horizon of one day), scenarios, sensitivity of net interest income, asset value and sensitivity contingency plan.

The structure of market Risk is part of the Vice President of Risks, which implements the policies of risk.

7.5) Environmental and Social Risk

Social and environmental risk management for the wholesale banking customers is accomplished through a management system for customers who have credit limits or credit risk above R$1 million, which considers aspects such as contaminated land, deforestation, working conditions and other social and environmental points of attention in which there is possibility of penalties. A specialized team, with background in Biology, Geology, Health and Safety Engineering and Chemical Engineering, monitors the environmental practices of our wholesale clients. The financial analysis team studies the potential damage and impacts that adverse social and environmental situations may cause to the financial condition of customers and their guarantees. The analysis focuses on preserving capital and market reputation, and the dissemination of this practice is achieved by constant training of both commercial and risk areas on the application of social and environmental risk standards in the credit approval process for corporate client.

The Bank's Social and Environmental Risk Policy is included under the Social and Environmental Responsibility Policy of the Bank, in accordance with Resolution 4,327 of CMN.

7.6) Operational Risk Management, Internal Controls, Sarbanes-Oxley Act and Internal Audit

Operational risk losses can occur due to inadequate processes, people and systems failures or even from external events such as natural disasters, terrorism, robbery and vandalism. Operational risk losses may result in financial losses, adversely affect the continuity of the business and also negatively affect the public's image of the Bank.

To accomplish the operational risk objectives, was established an operational risk model based on three lines of defense, with the objective of continuously improving and developing the management and control of operational risks. The three lines of defense are as follows:

• **First line of defense:** all business and support areas within Banco Santander are responsible for identifying, managing, mitigating and reporting operational risk;

• **Second line of defense:** the non-financial risk unit is responsible for monitoring and ensuring sound operational and technological risk management practices throughout the organization. It is also responsible for implementing and disseminating our operational risk culture, defining methodologies, policies, tools, training and applicable procedures and requirements for the effective management of operational risk and of ensuring there is adequate business contingency planning in place throughout the organization; and

• **Third line of defense:** the internal audit department is responsible for undertaking independent reviews of the risk management undertaken by the first and second lines of defense and for promoting continuous improvements in both of these lines of defense.

The objectives of the operational risk management model are:

• to disseminate a culture of operational risk management and control, to foster the prevention of risk events and operational risks losses and to mitigate their financial, legal and reputational impacts;

• to provide support to decision-makers within Banco Santander;

• to ensure the business continuity in a sustainable manner and to improve internal controls; and

• to maintain control of the operational risk in a manner which is consistent with our business strategy.

The following bodies are involved in the implementation of the risk management model:

• **Risk Control Committee:** A committee which aims to perform a holistic and periodic monitoring of the risks to which the Bank is exposed and to exercise independent control on the risk management activities;

• **Operational Risk Operational Committee:** A committee which aims to ensure and to foster the adequate monitoring, control and mitigation of operational risks; and

• **Operational Risk Forum:** An independent forum, responsible for implementing and disseminating cultural norms, methodologies, standards, policies, tools, training and procedures applicable and required for the effective and efficient management and control of operational risk.

The risk management model assists managers in achieving their strategic objectives by contributing to the decision-making process and by reducing operational risk losses. It is based on best market practice in the identification, assessment, monitoring, management and control of risks. It is compliant with the applicable regulatory requirements and seeks to ensure the sustained improvement of the internal controls environment.

Internal Audit reports directly to the Board of Directors, whose activities are supervised by the Audit Committee.

Internal Audit's objective is to supervise the compliance, efficiency and effectiveness of internal control systems, as well as the reliability and quality of accounting information. Thus, all Banco Santander's companies, business units, departments and core services are under its scope of application. The Internal Audit has quality certificate issued by the Institute of Internal Auditors (IIA).

The Audit Committee and the Board of Directors were informed on Internal Audit's works to be done during the year 2016, according to its annual plan.

The Audit Committee favorably reviewed the annual work plan of the Internal Audit and approved of the activity report for the year 2017.

In order to perform its duties and reduce coverage risks inherent to Conglomerate's activities, the Internal Audit area has internally-developed tools updated whenever necessary.

Among these tools, it is worth mentioning the risk matrix, for it is used as a planning tool, prioritizing each unit's risk level, based on, among others, its inherent risks, audit's last rating, level of compliance with recommendations and size.
In addition, at least annually, the work programs are reviewed. These documents describe the audit tests to be performed, so that the requirements are enforced.

Throughout the first quarter of 2017, internal control procedures and controls on information systems pertaining to units under analysis were assessed according to the work plan for 2017, taking into account their design and operating effectiveness.

8) People

When the discussion is about the growth and development of Banco Santander, a force stands out: the People. Having a motivated and dedicated employees is a Decisive factor in making the Bank in the best bank for customers and the best company for professionals.

Professionals are the strongest link between the Bank and customers and so, day after day, Banco Santander enhances their management practices because knows only with engaged professional, motivated, well trained and with full professional development, the Bank will manage to get more and better customers, satisfied, proud to do business with us and the Santander brand.

The daily performance of the Banco Santander with customers, employees, shareholders and society is guided by the purpose of the Bank to contribute to people and businesses to prosper and the way you act.

The Bank has a talented and dedicated team of about 47,000 employees only in Brazil. The Bank seeks professionals who identify with the Corporate Culture, to be a Simple Bank (with uncomplicated and easy services to operate), Personal (with solutions and channels that meet costumers needs and preferences) and Fair (promoting business and relationships that are good for customers, shareholders and employees). In addition to identifying with the culture, the Banco Santander's professionals act in their day to day aligned to it.

9) Sustainable Development

Sustainability is a strategic part of business, in Santander. It is a commitment that seeks results for business and society in a simple, personal and fair way, which is concretized through a strategy based in three pillars: Social and Financial Inclusion, Education and Social and Environmental Business and Management. Among the first quarter highlights of Social and Financial Inclusion are: Santander Microcredit, currently the largest productive and oriented microcredit operation among private banks in Brazil, offering credit and financial advice to low-income micro entrepreneurs, it disbursed approximately BRL 155 million, in 2017 (12.9% above the same period of 2016). On the other hand, in the scope of Private Social Investment, "Amigo de Valor", program, which allows the Bank, as well as its employees and clients to direct part of their due income tax to the Funds for the Rights of Children and Adolescents, has as one of its commitments for 2017, to accompany the development of 36 projects throughout Brazil, which must serve more than 4 thousand children and adolescents in situation of social risks. In 2017, the corporate program of volunteer "Escola Brasil" (PEB), reorganized its activities to disseminate and support the United Nations Sustainable Development Goals (SDG), the volunteers can use their ability in an activity related to a specific SDG, engaging partner schools to be agents of change in their communities. In relation to Education pillar, the Bank has partnerships with 390 higher education institutions and in the first quarter of 2017, Santander Universidades Brazil has granted 480 scholarships, of these 78 are international and 402 are national. In Social and environmental business and management, was carried out 4 sustainability events to small and medium enterprises in Avançar Negócios e Empresas Program and 1 event about sustainability in agribusiness, with focus on techniques of low carbon agriculture. About energy efficiency and renewable energy, was stimulated the growth of this sector in the market with financing for individuals or corporate entities, for example, realization of 185 contracts of Photovoltaic Solar Distributed Generation, as well as large operations, for example, the issuance of Greenbonds to CPFL in the amount of BRL 200 million. In acting on climate change, Banco Santander joined the CDP Supply Chain program, with the goal of engaging its suppliers to make their businesses more efficient and prepared for the low-carbon economy. In the first phase, 83 suppliers were involved, which will report their inventories, as well as risk and opportunity analysis in 2017, through the tool offered by CDP.

10) Independent Audit

It is part of Banco Santander´s policy to restrict the services provided by the independent auditors, so as to preserve the auditor's independence and objectivity, in accordance with Brazilian and international standards, which provides the necessity of approval of any services by the Audit Committee of the Bank.

In compliance with CVM Instruction 381/2003, we hereby inform that in the period ended on March 31, 2017, were not provided non-audit services of the financial statements by PricewaterhouseCoopers, which cumulatively represent more than 5% of the related overall audit fee consideration.

In addition, the Bank confirms that PricewaterhouseCoopers has procedures, policies and controls to ensure its independence, including the review of work performed, including any services other than external audit. This evaluation is based on the applicable regulations and accepted principles that preserve the independence of the auditor: (i) the auditor should not audit their own work; (ii) the auditor should not perform management functions; and (iii) the auditor should not promote the interests of his client. Acceptance and professional services not related to external audit for the period ended March 31, 2017 did not affect the independence and objectivity in the conduct of external audit examinations of the Banco Santander and other Group entities, since the principles above were observed.

The Board of Directors
The Executive

(Authorized at the Meeting of the Board of April 25, 2017).

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BANCO SANTANDER (BRASIL) S.A.

Executive's Report of Financial Statements

For purposes of compliance with Article 25, § 1, VI, CVM Instruction 480, of December 7, 2009, the Executives' of Banco Santander (Brasil) S.A. (Banco Santander) (Company) state that they have discussed, reviewed and agreed with the Banco Santander's Financial Statements for the period ended March 31, 2017, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) and the documents that comprise it, being: Management Reports, consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated cash flow statements, consolidated statements of changes in equity and notes to the consolidated financial statements, prepared according IFRS issued by the International Accounting Standards Board (IASB). These financial statements and the documents that comprise it, have been the object of an unqualified opinion of the Independent Auditors and the Audit Committee of the Company.

Banco Santander Executives on March 31, 2017:

CEO
Sergio Agapito Lires Rial

Vice-President Senior Executive Officer
Conrado Engel
José de Paiva Ferreira

Vice-President Executive Officer and Investor Relations
Angel Santodomingo Martell

Vice-President Executive Officer
Alexandre Silva D'Ambrósio
Antonio Pardo de Santayana Montes
Carlos Rey de Vicente
Jean Pierre Dupui
João Guilherme de Andrade So Consiglio
Juan Sebastian Moreno Blanco
Manoel Marcos Madureira
Vanessa de Souza Lobato Barbosa

Executive Officer
Jose Alberto Zamorano Hernandez
José Roberto Machado Filho
Maria Eugênia Andrade Lopez Santos

Officer Without Designation
Alexandre Grossmann Zancani
Amancio Acúrcio Gouveia
Ana Paula Nader Alfaya
André de Carvalho Novaes
Cassio Schmitt
Cassius Schymura
Ede Ilson Viani
Felipe Pires Guerra de Carvalho
Flávio Tavares Valadão
Gilberto Duarte de Abreu Filho
Igor Mario Puga
Luis Guilherme Mattos de Oliem Bittencourt
Luiz Masagão Ribeiro Filho
Marcelo Malanga
Marcelo Zerbinatti
Marino Alexandre Calheiros Aguiar
Mário Adolfo Libert Westphalen
Nilton Sergio Silveira Carvalho
Rafael Bello Noya
Ramón Sanchez Díez
Reginaldo Antonio Ribeiro
Roberto de Oliveira Campos Neto
Robson de Souza Rezende
Ronaldo Wagner Rondinelli
Sérgio Gonçalves
Thomas Gregor Ilg
Ulisses Gomes Guimarães

BANCO SANTANDER (BRASIL) S.A.

Executive's Report of Independent Auditors' Report

For purposes of compliance with Article 25, § 1, V, CVM Instruction 480, of December 7, 2009, the Executives of Banco Santander (Brasil) S.A. (Banco Santander) (Company) state that they have discussed, reviewed and agreed with Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) of Banco Santander which includes the Independent Auditors' Report for the period ended March 31, 2017, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) and the documents that comprise it, being: Management Reports, consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated cash flow statements, consolidated statements of changes in equity and notes to the consolidated financial statements, prepared according IFRS issued by the International Accounting Standards Board (IASB). These financial statements and the documents that comprise it, have been the object of an unqualified opinion of the Independent Auditors and the Audit Committee of the Company.

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Vanessa de Souza Lobato Barbosa

Executive Officer
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José Roberto Machado Filho
Maria Eugênia Andrade Lopez Santos

Officer Without Designation
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Amancio Acúrcio Gouveia
Ana Paula Nader Alfaya
André de Carvalho Novaes
Cassio Schmitt
Cassius Schymura
Ede Ilson Viani
Felipe Pires Guerra de Carvalho
Flávio Tavares Valadão
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Thomas Gregor Ilg
Ulisses Gomes Guimarães

Our purpose is to help people and businesses prosper.

Our culture is based on the belief that everything we do should be:

Simple | Personal | Fair