(c) Civil

The Company is involved in several lawsuits brought by former distributors, mainly in Brazil, which are mostly claiming damages resulting from the termination of their contracts.

The processes with possible probabilities are disclosed in Note 30 - *Contingencies*.

27. FINANCIAL INSTRUMENTS AND RISKS

Risk factors

The Company is exposed to foreign currency, interest rate, commodity price, liquidity and credit risk in the ordinary course of business. The Company analyzes each of these risks both individually and as a whole to define strategies to manage the economic impact on Company's performance consistent with its Financial Risk Management Policy.

The Company's use of derivatives strictly follows its Financial Risk Management Policy approved by the Board of Directors. The purpose of the policy is to provide guidelines for the management of financial risks inherent to the capital markets in which Ambev S.A. carries out its operations. The policy comprises four main aspects: (i) capital structure, financing and liquidity, (ii) transactional risks related to the business, (iii) financial statements translation risks and (iv) credit risks of financial counterparties.

The policy establishes that all the financial assets and liabilities in each country where Ambev S.A. operates must be denominated in their respective local currencies. The policy also sets forth the procedures and controls needed for identifying, measuring and minimizing market risks, such as variations in foreign exchange rates, interest rates and commodities (mainly aluminum, wheat, corn and sugar) that may affect Ambev S.A.'s revenues, costs and/or investment amounts. The policy states that all the known risks (e.g. foreign currency and interest) shall be hedged by contracting derivative financial instruments. Existing risks not yet recorded (e.g. future contracts for the purchase of raw material or property, plant and equipment) shall be mitigated using projections for the period necessary for the Company to adapt to the new costs scenario that may vary from ten to fourteen months, also through the use of derivative financial instruments. Most of the translation risks are not hedged. Any exception to the policy must be approved by the Board of Directors.

Derivative financial Instruments

Derivative financial instruments authorized by the Financial Risk Management Policy are futures contracts traded on exchanges, full deliverable forwards, non-deliverable forwards, swaps and options. At December 31, 2016, the Company and its subsidiaries had no target forward, swaps with currency verification or any other derivative operations representing a risk level above the nominal value of their contracts. The derivative operations are classified by strategies according to their purposes, as follows:

i) Cash flow hedge derivative instruments – The highly probable forecast transactions contracted in order to minimize the Company's exposure to fluctuations of exchange rates and prices of raw materials, investments, equipment and services to be procured, protected by cash flow hedges that shall occur at various different dates during the next fourteen months. Gains and losses classified as hedging reserve in equity are recognized in the income statement in the period or periods when the forecast and hedged transaction affects the income statement.

ii) Fair value hedge derivative instruments – operations contracted with the purpose of mitigating the Company’s net indebtedness against foreign exchange and interest rate risk. Cash net positions and foreign currency debts are continually assessed for identification of new exposures.

The results of these operations, measured according to their fair value, are recognized in financial results.

iii) Net investment hedge derivative instruments – transactions entered into in order to minimize exposure of the exchange differences arising from conversion of net investment in the Company's subsidiaries located abroad for translation account balance. The effective portion of the hedge is allocated to equity and the ineffectiveness portion is recorded directly in financial results.

The following tables summarize the exposure of the Company that were identified and protected in accordance with the Company's Risk Policy. The following denominations have been applied:

Operational Hedge: Refers to the exposures arising from the core business of Ambev S.A., such as: purchase of inputs, purchase of fixed assets and service contracts linked to foreign currency, which is protected through the use of derivatives.

Financial Hedge: Refers to the exposures arising from cash and financing activities, such as: foreign currency cash and foreign currency debt, which is protected through the use of derivatives.

Investment hedge abroad: Refers mainly to exposures arising from cash hold in foreign currency in foreign subsidiaries whose functional currency is different from the consolidation currency.

Investment hedge - Put option granted on subsidiary: As detailed in Note 21 (d.4) the Company constituted a liability related to acquisition of Non-controlling interest in the Dominican Republic operations. This financial instrument is denominated in Dominican Pesos and is recorded in a Company which functional currency is the Real. The Company assigned this financial instrument as a hedging instrument for part of its net assets located in the Dominican Republic, in such manner the hedge result can be recorded in other comprehensive income of the group, following the result of the hedged item.

Transactions protected by derivative financial instruments in accordance with the Financial Risk Management Policy

								2016
				Fair Value		Gain / (Losses)		
Exposure	**Risk**		**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**(8,807.6)**	**8,624.1**	**190.7**	**(582.8)**	**(1,397.5)**	**737.4**	**(873.3)**
	Commodity	(1,742.8)	1,559.3	136.5	(43.7)	(5.4)	(97.0)	90.3
	American Dollar	(6,566.9)	6,566.9	36.0	(491.3)	(1,392.6)	782.2	(909.0)
	Euro	(135.2)	135.2	-	(4.7)	3.2	56.1	(42.1)
	Mexican Pesos	(359.2)	359.2	18.2	(43.3)	(2.9)	(4.3)	(13.2)
	Brazilian Real	(3.5)	3.5	-	0.2	0.2	0.4	0.7
Fixed Assets		**(523.1)**	**523.1**	**3.0**	**(76.1)**	**(187.0)**	**-**	**-**
	American Dollar	(430.3)	430.3	3.0	(5.8)	(119.0)	-	-
	Euro	(92.8)	92.8	-	(70.3)	(68.0)	-	-
Expenses		**(103.7)**	**103.7**	**0.8**	**(1.1)**	**47.6**	**5.8**	**(134.2)**
	American Dollar	(90.9)	90.9	-	(1.1)	(3.0)	5.8	(29.4)
	Euro	-	-	-	-	(0.3)	-	0.7
	Canadian Dollar	-	-	-	-	50.9	-	(106.3)
	Rupee	(12.8)	12.8	0.8	-	-	-	0.8
Cash		**1,043.8**	**(1,043.8)**	**-**	**7.8**	**(3.7)**	**-**	**-**
	American Dollar	592.3	(592.3)	-	7.8	(55.8)	-	-
	Euro	51.5	(51.5)	-	0.1	11.6	-	-
	Interest rate	400.0	(400.0)	-	(0.1)	40.5	-	-
Debts		**(2,547.9)**	**2,000.2**	**18.4**	**(61.2)**	**(50.7)**	**-**	**-**
	American Dollar	(1,874.2)	1,326.5	2.6	(48.5)	(28.7)	-	-
	Interest rate	(673.7)	673.7	15.8	(12.7)	(22.0)	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**(1.2)**	**-**	**35.4**
	American Dollar	-	-	-	-	(0.9)	-	37.2
	Euro	-	-	-	-	-	-	1.7
	Canadian Dollar	-	-	-	-	(0.3)	-	(3.5)
As of December 31, 2016		**(10,938.5)**	**10,207.3**	**212.9**	**(713.4)**	**(1,592.5)**	**743.2**	**(972.1)**

								2015
				Fair Value		Gain / (Losses)		
Exposure	Risk		Notional	Assets	Liability	Finance Result	Operational Result	Equity
Cost		**(12,234.8)**	**12,234.8**	**585.2**	**(443.6)**	**(1,163.0)**	**1,305.7**	**2,476.8**
	Commodity	(2,355.0)	2,355.0	75.9	(368.7)	(12.5)	(375.5)	(307.8)
	American Dollar	(8,808.4)	8,808.4	461.0	(46.1)	(1,135.5)	1,621.5	2,678.1
	Euro	(635.6)	635.6	23.5	4.3	(9.7)	93.6	133.5
	Mexican Pesos	(435.8)	435.8	24.8	(33.1)	(5.3)	(33.9)	(27.0)
Fixed Assets		**(2,236.5)**	**2,236.5**	**79.5**	**(15.7)**	**328.5**	**-**	**-**
	American Dollar	(1,875.8)	1,875.8	76.4	(11.4)	162.4	-	-
	Euro	(360.7)	360.7	3.1	(4.3)	165.1	-	-
	Pounds	-	-	-	-	1.0	-	-
Expenses		**4,920.3**	**(4,920.3)**	**290.9**	**(2,974.4)**	**(22.3)**	**-**	**(1,713.0)**
	American Dollar	1,050.0	(1,050.0)	252.1	(1,052.7)	43.5	-	(1,006.6)
	Euro	(16.2)	16.2	10.4	(16.7)	(4.8)	-	(7.1)
	Canadian Dollar	3,886.5	(3,886.5)	28.4	(1,905.0)	(83.3)	-	(613.4)
	Brazilian Real	-	-	-	-	22.3	-	(85.9)
Cash		**(1,048.6)**	**1,048.6**	**164.9**	**(1,175.5)**	**1,507.2**	**-**	**-**
	American Dollar	(841.1)	841.1	146.1	(1,122.3)	1,597.8	-	-
	Euro	37.5	(37.5)	18.2	(52.9)	(22.4)	-	-
	Interest rate	(245.0)	245.0	0.6	(0.3)	(68.2)	-	-
Debts		**(1,595.5)**	**743.9**	**3.0**	**910.9**	**(51.2)**	**-**	**-**
	American Dollar	(1,005.9)	154.3	3.0	949.5	(35.4)	-	-
	Interest rate	(589.6)	589.6	-	(38.6)	(15.8)	-	-
Foreign Investments		**141.9**	**(141.9)**	**440.3**	**(1,119.8)**	**407.9**	**-**	**(2,817.3)**
	American Dollar	132.9	(132.9)	62.6	(978.2)	329.8	-	(2,109.2)
	Euro	9.0	(9.0)	11.1	(26.1)	4.8	-	(53.7)
	Canadian Dollar	-	-	366.6	(115.5)	73.3	-	(654.4)
As of December 31, 2015		**(12,053.2)**	**11,201.6**	**1,563.8**	**(4,818.1)**	**1,007.1**	**1,305.7**	**(2,053.5)**

I. Market risk

a.1) Foreign currency risk

The Company is exposed to foreign currency risk on borrowings, investments, purchases, dividends and/or interest expense/income whenever they are denominated in a currency other than the functional currency of the subsidiary. The main derivatives financial instruments used to manage foreign currency risk are futures contracts, swaps, options, non deliverable forwards and full deliverable forwards.

a.2) Commodity Risk

A significant portion of the Company inputs comprises commodities, which historically have experienced substantial price fluctuations. The Company therefore uses both fixed price purchasing contracts and derivative financial instruments to minimize its exposure to commodity price volatility. The Company has important exposures to the following commodities: aluminum, sugar, wheat and corn. These derivative financial instruments have been designated as cash flow hedges.

a.3) Interest rate risk

The Company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of the Company's policy is to achieve an optimal balance between cost of funding and volatility of financial results, taking into account market conditions as well as the Company's overall business strategy and this strategy is reviewed periodically.

The table below demonstrates the Company's exposure related to debts, before and after interest rates hedging strategy.

	2016			
	Pre - Hedge		Post - Hedge	
	Interest rate	Amount	Interest rate	Amount
Brazilian Real	10.0%	667.7	12.6%	2,375.6
American Dollar	1.5%	1,882.3	2.2%	565.7
Canadian Dollar	1.6%	1,259.1	1.6%	1,259.1
Barbadian Dollar	2.7%	4.9	2.7%	4.9
Interest rate postfixed		**3,814.0**		**4,205.3**
Brazilian Real	6.8%	1,223.5	6.2%	841.9
Dominican Peso	9.7%	288.8	9.7%	288.8
American Dollar	6.0%	11.6	6.0%	1.8
Guatemala´s Quetzal	8.0%	9.9	8.0%	10.0
Barbadian Dollar	4.3%	48.5	4.3%	48.5
Interest rate pre-set		**1,582.3**		**1,191.0**

	2015			
	Pre - Hedge		Post - Hedge	
	Interest rate	Amount	Interest rate	Amount
Brazilian Real	9.4%	1,055.1	11.2%	1,386.5
American Dollar	1.8%	994.8	1.8%	835.8
Interest rate postfixed		**2,049.9**		**2,222.3**
Brazilian Real	7.1%	1,099.6	8.2%	927.2
Working Capital in Argentinean Peso	24.0%	2.5	24.0%	2.5
Dominican Peso	9.5%	394.9	9.5%	394.9
American Dollar	6.0%	15.8	6.0%	15.8
Guatemala´s Quetzal	7.8%	9.7	7.8%	9.7
Colombian Peso	2.9%	29.6	2.9%	29.6
Interest rate pre-set		**1,552.1**		**1,379.7**

Sensitivity analysis

The Company mitigates risks arising from non-derivative financial assets and liabilities substantially, through derivative financial instruments. In this context, the Company has identified the main risk factors that may generate losses from these derivative financial instruments and has developed a sensitivity analysis based on three scenarios, which may impact the Company’s future results and/or cash flow, as described below:

1 – Probable scenario: Management expectations of deterioration in each transaction’s main risk factor. To measure the possible effects on the results of derivative transactions, the Company uses parametric Value at Risk – VaR. is a statistical measure developed through estimates of standard deviation and correlation between the returns of several risk factors. This model results in the loss limit expected for an asset over a certain time period and confidence interval. Under this methodology, we used the potential exposure of each financial instrument, a range of 95% and horizon of 21 days after December 31, 2016 for the calculation, which are presented in the module.

2 – Adverse scenario: 25% deterioration in each transaction’s main risk factor as compared to the level observed on December 31, 2016.

3 – Remote scenario: 50% deterioration in each transaction’s main risk factor as compared to the level observed on December 31, 2016.

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge	Decrease on commodities price	92.8	(94.0)	(297.1)	(686.9)
Input purchase		(92.8)	66.0	251.2	595.2
Foreign exchange hedge	Foreign currency decrease	(484.9)	(1,084.9)	(2,251.0)	(4,017.2)
Input purchase		484.9	1,084.9	2,251.0	4,017.2
Costs effects		-	(28.0)	(45.9)	(91.7)
Foreign exchange hedge	Foreign currency decrease	(73.1)	(118.0)	(203.9)	(334.6)
Capex Purchase		73.1	118.0	203.9	334.6
Fixed assets effects		-	-	-	-
Foreign exchange hedge	Foreign currency decrease	(0.3)	(9.6)	(26.2)	(52.2)
Expenses		0.3	9.6	26.2	52.2
Expenses effects		-	-	-	-
Hedge cambial	Foreign currency increase	7.9	(53.5)	(153.0)	(314.0)
Cash		(7.9)	53.5	153.0	314.0
Interest Hedge	Decrease in interest rate	(0.1)	(0.2)	(0.3)	(0.3)
Interest revenue		0.1	0.2	0.3	0.3
Cash effects		-	-	-	-
Hedge cambial	Foreign currency decrease	(45.9)	(182.8)	(377.5)	(709.1)
Debt		45.9	126.3	240.6	435.3
Interest Hedge	Increase in interest rate	3.1	(154.9)	(185.1)	(208.9)
Interest expenses		(3.1)	154.9	185.1	208.9
Debt effects		-	(56.5)	(136.9)	(273.8)
		-	**(84.5)**	**(182.8)**	**(365.5)**

As of December 31, 2016 the Notional and Fair Value amounts per instrument and maturity were as follows:

		Notional Value					
Exposure	**Risk**	**2017**	**2018**	**2019**	**2020**	**>2020**	**Total**
Cost		**8,507.8**	**116.3**	**-**	**-**	**-**	**8,624.1**
	Commodity	1,443.0	116.3	-	-	-	1,559.3
	American Dollar	6,566.9	-	-	-	-	6,566.9
	Euro	135.2	-	-	-	-	135.2
	Mexican Peso	359.2	-	-	-	-	359.2
	Brazilian Real	3.5	-	-	-	-	3.5
Fixed asset		**523.1**	**-**	**-**	**-**	**-**	**523.1**
	American Dollar	430.3	-	-	-	-	430.3
	Euro	92.8	-	-	-	-	92.8
Expenses		**103.7**	**-**	**-**	**-**	**-**	**103.7**
	American Dollar	90.9	-	-	-	-	90.9
	Rupee	12.8	-	-	-	-	12.8
Cash		**(643.8)**	**-**	**(150.0)**	**(250.0)**	**-**	**(1,043.8)**
	American Dollar	(592.3)	-	-	-	-	(592.3)
	Euro	(51.5)	-	-	-	-	(51.5)
	Brazilian Real	-	-	(150.0)	(250.0)	-	(400.0)
Debt		**1,626.5**	**-**	**-**	**-**	**373.7**	**2,000.2**
	American Dollar	1,326.5	-	-	-	-	1,326.5
	Brazilian Real	300.0	-	-	-	373.7	673.7
		10,117.3	**116.3**	**(150.0)**	**(250.0)**	**373.7**	**10,207.3**

		Fair Value					
Exposure	**Risk**	**2017**	**2018**	**2019**	**2020**	**>2020**	**Total**
Cost		**(380.9)**	**(11.2)**	**-**	**-**	**-**	**(392.1)**
	Commodity	104.0	(11.2)	-	-	-	92.8
	American Dollar	(455.3)	-	-	-	-	(455.3)
	Euro	(4.7)	-	-	-	-	(4.7)
	Mexican Peso	(25.1)	-	-	-	-	(25.1)
	Brazilian Real	0.2	-	-	-	-	0.2
Fixed asset		**(73.1)**	**-**	**-**	**-**	**-**	**(73.1)**
	American Dollar	(2.8)	-	-	-	-	(2.8)
	Euro	(70.3)	-	-	-	-	(70.3)
Expenses		**(0.3)**	**-**	**-**	**-**	**-**	**(0.3)**
	American Dollar	(1.1)	-	-	-	-	(1.1)
	Rupee	0.8	-	-	-	-	0.8
Cash		**7.9**	**-**	**(0.1)**	**-**	**-**	**7.8**
	American Dollar	7.8	-	-	-	-	7.8
	Euro	0.1	-	-	-	-	0.1
	Interest rate	-	-	(0.1)	-	-	(0.1)
Debt		**(54.6)**	**-**	**-**	**-**	**11.8**	**(42.8)**
	American Dollar	(45.9)	-	-	-	-	(45.9)
	Interest rate	(8.7)	-	-	-	11.8	3.1
		(501.0)	**(11.2)**	**(0.1)**	**-**	**11.8**	**(500.5)**

II. Credit Risk

Concentration of credit risk on trade receivables

A substantial part of the Company’s sales is made to distributors, supermarkets and retailers, within a broad distribution network. Credit risk is reduced because of the widespread number of customers and control procedures used to monitor risk. Historically, the Company has not experienced significant losses on receivables from customers.

Concentration of credit risk on counterpart

In order to minimize the credit risk of its investments, the Company has adopted procedures for the allocation of cash and investments, taking into consideration limits and credit analysis of financial institutions, avoiding credit concentration, i.e., the credit risk is monitored and minimized to the extent that negotiations are carried out only with a select group of highly rated counterparties.

The selection process of financial institutions authorized to operate as the Company’s counterparty is set forth in our Credit Risk Policy. This Credit Risk Policy establishes maximum limits of exposure to each counterparty based on the risk rating and on each counterparty's capitalization.

In order to minimize the risk of credit with its counterparties on significant derivative transactions, the Company has adopted bilateral “trigger” clauses. According to these clauses, where the fair value of an operation exceeds a percentage of its notional value (generally between 10% and 15%), the debtor settles the difference in favor of the creditor.

As of December 31, 2016, the Company held its main short-term investments with the following financial institutions: Banco do Brasil, Bradesco, Bank Mendes Gans, Caixa Econômica Federal, Citibank, Itaú, JP Morgan Chase, Merrill Lynch, Santander e Toronto Dominion Bank. The Company had derivative agreements with the following financial institutions: Banco Bisa, Barclays, BNB, BNP Paribas, Bradesco, Bank Mendes Gans, Citibank, Deutsche Bank, Itaú, Goldman Sachs, JP Morgan Chase, Macquarie, Merrill Lynch, Morgan Stanley, Santander, ScotiaBank e TD Securities.

The carrying amount of cash and cash equivalents, investment securities, trade receivables excluding prepaid expenses, recoverable taxes and derivative financial instruments are disclosed net of provisions for impairment and represents the maximum exposure of credit risk as of December 31, 2016. There was no concentration of credit risk with any counterparties as of December 31, 2016.

III. Liquidity Risk

The Company believes that cash flows from operating activities, cash and cash equivalents and short-term investments, together with the derivative financial instruments and access to loan facilities are sufficient to finance capital expenditures, financial liabilities and dividend payments in the future.

IV. Capital management

Ambev S.A. is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute the strategic projects. Besides the statutory minimum equity funding requirements that apply to the Company's subsidiaries in the different countries, Ambev S.A. is not subject to any externally imposed capital requirements. When analyzing its capital structure, the Company uses the same debt ratings and capital classifications as applied in the Company's financial statements.

Financial instruments

(a) Financial instruments categories

Management of the financial instruments held by the Company is effected through operational strategies and internal controls to assure liquidity, profitability and transaction security. Financial instruments transactions are regularly reviewed for the effectiveness of the risk exposure that management intends to cover (foreign exchange, interest rate, etc.).

The table below shows all financial instruments recognized in the financial statements, segregated by category:

	2016					
	Loans and receivables	Held for trading	Financial assets/liabilities at fair value through profit or loss	Derivatives hedge	Financial liabilities through amortized cost	Total
Financial assets						
Cash and cash equivalents	7.876,8	-	-	-	-	7.876,8
Investment securities	-	104,3	282,8	-	-	387,1
Trade receivables excluding prepaid expenses	6.962,5	-	-	-	-	6.962,5
Financial instruments derivatives	-	-	18,4	194,5	-	212,9
Total	**14.839,3**	**104,3**	**301,2**	**194,5**	**-**	**15.439,3**
Financial liabilities						
Trade payables and put option granted on subsidiary and other liabilities	-	-	5.106,1	-	13.208,1	18.314,2
Financial instruments derivatives	-	-	49,9	663,5	-	713,4
Interest-bearing loans and borrowings	-	-	-	-	5.396,3	5.396,3
Total	**-**	**-**	**5.156,0**	**663,5**	**18.604,4**	**24.423,9**

	2015					
	Loans and receivables	Held for trading	Financial assets/liabilities at fair value through profit or loss	Derivatives hedge	Financial liabilities through amortized cost	Total
Financial assets						
Cash and cash equivalents	13,620.2	-	-	-	-	13,620.2
Investment securities	-	118.6	215.1	-	-	333.7
Trade receivables excluding prepaid expenses	6,556.8	-	-	-	-	6,556.8
Financial instruments derivatives	-	-	449.4	1,114.4	-	1,563.8
Total	**20,177.0**	**118.6**	**664.5**	**1,114.4**	**-**	**22,074.5**
Financial liabilities						
Trade payables and put option granted on subsidiary and other liabilities	-	-	5,558.6	-	13,779.6	19,338.2
Financial instruments derivatives	-	-	3,975.9	842.2	-	4,818.1
Interest-bearing loans and borrowings	-	-	-	-	3,599.5	3,599.5
Total	**-**	**-**	**9,534.5**	**842.2**	**17,379.1**	**27,755.8**

(b) Classification of financial instruments by type of fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Also pursuant to IFRS 13, financial instruments measured at fair value shall be classified within the following categories:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date valuation;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – unobservable inputs for the asset or liability.

	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial asset at fair value through profit or loss	282.8	-	-	282.8	215.1	-	-	215.1
Derivatives assets at fair value through profit or loss	2.6	15.8	-	18.4	161.8	287.6	-	449.4
Derivatives - operational hedge	83.6	110.9	-	194.5	177.2	497.4	-	674.6
Derivatives - net investment hedge	-	-	-	-	63.1	376.7	-	439.8
	369.0	**126.7**	**-**	**495.7**	**617.2**	**1,161.7**	**-**	**1,778.9**
Financial liabilities								
Financial liabilities at fair value through profit and loss (i)	-	-	5,106.1	5,106.1	-	-	5.558,6	5.558,6
Derivatives liabilities at fair value through profit or loss	9.9	40.0	-	49.9	139,5	3.836,4	-	3.975,9
Derivatives - operational hedge	78.9	575.9	-	654.8	121,7	333,9	-	455,6
Derivatives - fair value hedge	-	8.7	-	8.7	-	28,3	-	28,3
Derivatives - net investment hedge	-	-	-	-	74,4	283,9	-	358,3
	88.8	**624.6**	**5,106.1**	**5,819.5**	**335,6**	**4.482,5**	**5.558,6**	**10.376,7**

(i) Refers to the put option granted on subsidiary as described in Note 21 d(4).

Reconciliation of changes in the categorization of Level 3

Financial liabilities at December 31, 2015 (i)	**5,558.6**
Acquisition of investments	220.6
Total gains and losses in the year	(673.1)
Losses recognized in net income	399.3
Gain recognized in equity	(1,072.4)
Financial liabilities at December 31, 2016 (i)	**5,106.1**

(i) The liability was recorded under “Trade payables and put option granted on subsidiary and other liabilities” on the balance sheet.

(c) Fair value of financial liabilities measured at amortized cost

The Company’s liabilities, interest-bearing loans and borrowings, trade payables excluding tax payables, are recorded at amortized cost according to the effective rate method, plus indexation and foreign exchange gains/losses, based on closing indices for each exercise.

Had the Company recognized its financial liabilities measured at amortized at cost, at fair value, it would have recorded an additional gain, before income tax and social contribution, of approximately R$2.7 on December 31, 2016 (loss of R$5.5 on December 31, 2015), related to Bond 2017. The other financial instruments recorded at amortized cost are similar to the fair value and are not material for disclosure.

The criteria used to determine the fair value of the debt securities was based on quotations of investment brokers, on quotations of banks which provide services to Ambev S.A. and on the secondary market value of bonds as of December 31, 2016, being approximately 97.91% for Bond 2017 (93.66% at December 31, 2015).

Calculation of fair value of derivatives

The Company measures derivative financial instruments by calculating their present value, through the use of market curves that impact the instrument on the computation dates. In the case of swaps, both the asset and the liability positions are estimated independently and brought to present value, where the difference between the result of the asset and liability amount generates the swaps market value. For the traded derivative financial instruments, the fair value is calculated according to the adjusted exchange-listed price.

Margins given in guarantee

In order to comply with the guarantee requirements of the derivative exchanges and/or counterparties in certain operations with derivative financial instruments, as of December 31, 2016 the Company held R$486.8 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$924.0 on December 31, 2015).

Offsetting of financial assets and liabilities

For financial assets and liabilities subject to settlement agreements by the net or similar agreements, each agreement between the Company and the counterparty allows this type of settlement when both parties make this option. In the absence of such election, the assets and liabilities will be settled by their amounts, but each party shall have the option to settle on net, in case of default by the counterparty.

28. OPERATING LEASES

The Company primarily leases warehouses and offices. Lease terms are normally over a period of five to ten years, with renewal options.

Operating leases mature as follows:

	2016	2015
Less than 1 year	26.7	29.9
Between 1 and 5 years	61.4	63.0
More than 5 years	66.5	82.9
	154.6	**175.8**

In 2016, the operating lease expense in the income statement amounted to R$43.4 (R$58.7 and R$43.5 in 2015 and 2014, respectively).

29. COLLATERAL AND CONTRACTUAL COMMITMENTS WITH SUPLLIERS, ADVANCES FROM CUSTOMERS AND OTHER

	2016	2015
Collateral given for own liabilities	1,051.5	1,538.3
Other commitments	754.3	798.8
	1,805.8	**2,337.1**
Commitments with suppliers	4,019.2	9,062.8
Commitments - Bond 2017	300.0	300.0
	4,319.2	**9,362.8**

The collateral provided for liabilities totaled approximately R$1,805.8 as at December 31, 2016 (R$2,337.1 as at December 31, 2015), including R$571.3 (R$620.2 as at December 31, 2015) of cash guarantees. The deposits in cash used as guarantees are presented as part of other assets. To meet the guarantees required by derivative exchanges and/or counterparties contracted in certain derivative financial instrument transactions, Ambev S.A. maintained as at December 31, 2016, R$486.8 (R$924.0 as at December 31, 2015) in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (Note 27 – *Financial instruments and risks*).

Most of the balance relates to commitments with suppliers of packaging.

The Ambev S.A. is guarantor of the Bond 2017 issued by Ambev International, in amount of R$300,0, remunerated at 9.5% per year, with semiannual interest payments and final maturity in July 2017. Ambev International is a 100% owned finance subsidiary of the Company. The Ambev S.A. has fully and unconditionally guaranteed the Bond 2017.

Future contractual commitments as at December 31, 2016 and 2015 are as follows:

	2016	2015
Less than 1 year	3,325.7	6,105.5
Between 1 and 2 years	420.8	2,269.5
More than 2 years	572.7	987.8
	4,319.2	**9,362.8**

30. CONTINGENCIES

The Company has contingent liabilities arising from lawsuits in the normal course of its business. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions, and as a consequence the Company’s management cannot at this stage estimate the likely timing of the resolution of these matters.

Contingent liabilities with a probable likelihood of loss are fully recorded as liabilities (Note 26 – *Provisions*).

The Company also has lawsuits related to tax, civil and labor, for which the likelihood of loss classified by management as possible and for which there are no provisions. Estimates of amounts of possible losses are as follows:

	2016	2015
IRPJ and CSLL	28,934.8	16,358.8
PIS and COFINS	1,971.1	860.3
ICMS and IPI	16,046.9	10,379.1
Labor	222.0	188.8
Civil	4,417.6	5,054.1
Others	858.1	502.3
	52,450.5	**33,343.4**

Principal lawsuits with a likelihood of possible loss:

Brazilian Federal Taxes

Special goodwill reserve

In December 2011, the Company received a tax assessment related to the goodwill amortization resulting from Inbev Holding Brasil S.A. In November 2014 the Lower Administrative Court concluded the judgment. The decision was partly favorable, Ambev was notified in August 2015 and presented a motion to clarify the decision to the Administrative Court. This motion was admitted in September 2016 and Ambev waits for the clarified decision.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization, related to InBev Brazil's merger with Ambev, from 2011 to 2013.
Ambev management estimates possible losses in relation to the total amortization period (2005-2013) to be approximately R$7.8 billion (R$4.6 billion as of 31 December 2015), classified as possible loss, and, therefore, no provision was made by the Company in this matter. In the event Ambev is required to pay these amounts, AB Inbev will reimburse Ambev the amount proportional (70%) to the benefit received by the company pursuant to the merger protocol, as well as the related costs.

Goodwill BAH
In October 2013, we also received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited ("BAH") into Ambev. In December 2014, Ambev filed an appeal against the unfavorable first level administrative decision published in November 2014. Ambev Management estimates the amount of possible losses in relation to this assessment to be approximately R$1.5 billion (R$1.3 billion as of December 31, 2015). We have not recorded any provision in connection with this assessment.

Profits earned abroad

During the first quarter of 2005, certain of our subsidiaries received a number of assessments from the RFB relating to profits obtained by subsidiaries domiciled abroad. In December 2008, the Administrative Court handed down a decision on one of the tax assessments relating to earnings of our foreign subsidiaries. This decision was partially favorable to us, and in connection with the remaining part, we filed an appeal to the Appellate Division of the Administrative Court and are awaiting its decision. In December 2013 and 2016, the Company received two new tax assessments related to the matter. We have not recorded any provision in connection with those assessments. We estimate our exposure to possible losses in relation to these assessments to be R$4.9 billion (R$4.5 billion at December 31, 2015) and to probable losses to be R$41.6 million as of that date, for which we have recorded a provision in the corresponding amount (R$38.2 million at December 31, 2015).

Utilization of tax loss on mergers

The Company and its subsidiaries have received tax assessments from the Brazilian Tax authorities, from certain tax credits arising from alleged non-compliance with the Brazilian tax regulation concerning accumulated tax losses by companies in their final year of existence, following a merger.

In February 2016, Ambev was notified of the closure of the administrative phase and filed lawsuits to discuss the matter. In September 2016, Ambev received the first favorable court decision.

No provisions have been made for these cases as it believes that no express legal grounds exist that limit the use of tax losses in cases where legal entities are extinguished (including in the case of mergers), and that therefore the tax inspector’s interpretation in these tax assessments does not apply.

The Company estimates the possible exposure to losses on these assessments at approximately R$522.9 million (R$454.6 million at December 31, 2015).

Disallowance of Expenses and Deductible Losses

On December 29, 2014, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans, in the amount of approximately R$1.3 billion.

In December 2015 and in December 2016, Ambev also received other tax assessments related to the same matter. Ambev Management estimates the amount of possible losses in relation to this assessment to be approximately R$5.6 billion as of December 31, 2016 (R$1.7 billion as of December 31, 2015).

Disallowance of taxes paid abroad

During 2014 and the first quarter of 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad.

The Company filed a defense for all cases and awaits a decision in the first instance for the cases received in 2015 and 2016 and by the Administrative Court Management for the others.

In June 2016, Ambev received new tax assessments from the Brazilian federal tax authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad. Ambev management estimates an amount of approximately R$2.8 billion (R$1.9 billion as of 31 December 2015) as possible loss and R$194 million as probable loss.

Presumed Profit

In April 2016, Arosuco (subsidiary of Ambev) received a tax assessment regarding the use of Presumed Profit Method for the calculation of income tax and the social contribution on net profit instead of Real Profit method. Arosuco filed a defense and awaits for the first level administrative decision. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately R$569.6 million.

In December 2016, CRBS (a subsidiary of Ambev) received a tax assessment regarding the use of Presumed Profit Method for the calculation of income tax and social contribution on net profit instead of the Real Profit method. CRBS has filed a defense and awaits the First Administrative Judgment. CRBS estimates that the possible losses related to this matter are approximately R$3.6 billion.

PIS and COFINS

PIS/COFINS over bonus products

In December 2015, Ambev received a tax assessment issued by the Brazilian federal tax authorities, relating to amounts allegedly due under Integration Programme/Social Security Financing Levy (PIS/COFINS) over bonus products granted to its. In 2016, Ambev received new assessments related to the same issue. Ambev filed defenses against these assessments and currently awaits judgment. Ambev management estimates the possible losses related to these assessments to be approximately R$1.5 billion (R$342,7 million as of 31 December 2015).

ICMS and IPI

ICMS-ST Unconditional Discounts

Ambev has been party to legal proceedings with the State of Rio de Janeiro where it is challenging such State's attempt to assess ICMS with respect to unconditional discounts granted by Ambev from January 1996 to February 1998. In 2015, these proceedings were before the Superior Court of Justice and the Brazilian Supreme Court. In 2013, 2014 and 2015, Ambev received similar tax assessments issued by the State of Pará and Piauí, relating to the same issue, which are currently under discussion. In October 2015 and January 2016, Ambev paid the debts related to the assessments issued by the State of Rio de Janeiro under an incentive tax payment program with discounts granted by such State, in the total amount of approximately R$271 million. After these payments, Ambev management estimates the amount involved in these proceedings to be approximately R$559.5 million (R$861.6 million as of 31 December 2016), classified as possible loss.

ICMS fiscal war

Ambev is currently challenging tax assessments from the States of São Paulo, Rio de Janeiro, Minas Gerais and other States, which question the legality of tax credits arising from existing tax incentives received by Ambev in other States. Ambev management estimates the possible losses related to these assessments to be approximately R$1.8 billion (R$1.7 billion as of December 31, 2015) classified as possible loss.

ICMS – PRODEPE

In June 2015, Ambev received a tax assessment issued by the State of Pernambuco, relating to ICMS differences, based on alleged non-compliance with a state tax incentive agreement ("PRODEPE"), related to the period of February 2014. In 2015, Ambev was notified of a new tax assessments related to the same matter. In March, 2016, Ambev had a partial victory concerning one of the tax assessments, of which the respective fine was cancelled at the administrative court, in a definitive decision. Ambev management estimates the possible losses related to this issue to be approximately R$404,1 million Brazilian real (R$665,9 million as of 31 December 2015). Ambev has recorded provisions in the total amount of R$2.6 million in relation to the proceedings for which it considers the chances of loss to be probable, considering specific procedural issues.

ICMS-ST Trigger

Over the years, Ambev has received tax assessments relating to supposed ICMS differences considered due when the price of the products sold by the company reaches levels close to or above the price table basis established by States. Ambev is currently challenging those charges before Courts.

In August 2016, Ambev received a new assessment, issued by the State of Minas Gerais, in the amount of R$1.4 billion, regarding the same matter. Considering this new assessment and others received in this quarter, Ambev management estimates the total possible losses related to this issue to be approximately R$4.5 (R$796 million as of 31 December 2015). Ambev has recorded provisions in the total amount of R$1.7 million in relation to the proceedings for which it considers the chances of loss to be probable, considering specific procedural issues.

Manaus Free Trade Zone - IPI

Goods manufactured within the Manaus Free Trade Zone – ZFM intended for consumption elsewhere in Brazil are exempt from the IPI. Our units have been registering IPI presumed credits upon the acquisition of exempted inputs manufactured therein. Since 2009 we have been receiving a number of tax assessments from the RFB relating to the disallowance of such presumed credits, which are under discussion before the Brazilian Supreme Court. Management estimates possible losses in relation to these assessments to be R$2.0 billion (R$1.8 billion as of December 31, 2015).

In addition, over the years, Ambev has received tax assessments from the Brazilian Federal Tax Authorities charging federal taxes considered unduly offset with the disallowed IPI excise tax credits which are under discussion in other proceedings. Ambev is challenging those charges before Courts. Ambev management estimates the possible losses related to these assessments to be approximately R$735.5 million (R$660 million as of 31 December 2015).

IPI Excise Tax

In 2014 and 2015, we received tax assessments from Brazilian Federal Tax Authorities related to IPI exercise tax, supposedly due over remittances of manufactured goods to other related factories. Management estimates the possible losses related to these assessments to be approximately R$1.5 billion (R$1.3 billion as of December 31, 2015).

Civil

Subscription Warrants

Certain holders of warrants issued by Old Ambev in 1996 for exercise in 2003 have filed lawsuits to be able to subscribe the corresponding shares for an amount lower than what the Company considers to have been established at the time of the issuance of the warrants. The warrants object of those six proceedings represented, on December 31, 2016, 172.8 million Ambev common shares that would be issued at a value substantially below fair market value, should claimants ultimately prevail. The plaintiffs also claim they should receive past dividends related to these shares in the amount of R$761.7 million (R$648 million on December 31, 2015). The Company believes that the loss of this lawsuit is possible has not recorded any provision in connection therewith.

Lawsuit against Brewers Retail Inc.

On 12 December 2014, claimants in Canada brought a lawsuit against the Liquor Control Board of Ontario (“LCBO”), Brewers Retail Inc. (“The Beer Store”) and the owners of The Beer Store (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit, brought pursuant to the Ontario Class Proceedings Act in the Ontario Superior Court of Justice, seeks a declaration that LCBO and *The Beer Store* agreed with each to allocate sales, territories, customers or markets for the supply of beer sold in Ontario since June 1, 2000, and a declaration that the owners of The Beer Store agreed to fix. The claimants are seeking damages not exceeding R$3.4 billion (R$3,9 billion as of December 31, 2015), for all mentioned parts. Considering that The Beer Store operates according to the rules established by the Government of Ontario and that prices at The Beer Store are independently set by each brewer, the Company believes that there are strong defenses and, accordingly, has not recorded any provision in connection therewith.

Contingent assets

According to IAS 37, contingent assets are not recorded in consolidated financial statements, except when the realization of income is virtually certain.

31. ACQUISITION AND DISPOSALS OF SUBSIDIARIES

As mentioned on Note 1 – *Corporate information*, the following table summarizes the main acquisitions as the consideration paid and the provisional allocation of the assets acquired and liabilities assumed as recognized on the date:

	2016				
	Aquisitions				Disposals
	Mark Anthony	Banks Holding Limited	Cachoeiras de Macacu	Cerveceria Nacional [i]	Keystone Global Corporation [ii]
Cash and cash equivalents	0,1	50,2	48,4	52,4	(106,1)
Investment securities	-	-	-	-	-
Derivative financial instruments	-	-	-	0,5	-
Trade and other receivables	-	36,7	-	75,3	(62,8)
Inventories	19,4	54,5	12,4	58,1	(66,5)
Income tax and social contributions recoverable	-	-	-	41,4	(7,1)
Other assets	3,0	13,8	-	31,2	(220,4)
Current assets	**22,5**	**155,2**	**60,8**	**258,9**	**(462,9)**
Deferred tax assets	-	16,3	-	-	4,0
Employee benefits	-	10,3	-	-	-
Property, plant and equipment	115,2	325,2	233,6	433,9	(225,5)
Intangible assets	419,1	176,8	485,8	248,7	(59,4)
Goodwill	-	-	-	1.060,1	(168,7)
Investments in associates	-	245,8	-	-	-
Other assets	-	-	-	11,9	-
Non-current assets	**534,3**	**774,4**	**719,4**	**1.754,6**	**(449,6)**
Trade payables	(31,6)	(17,1)	(0,3)	(151,7)	163,4
Derivative financial instruments	-	-	-	(2,9)	19,9
Interest-bearing loans and borrowings	-	(11,3)	2,1	(7,1)	0,1
Wages and salaries	(4,3)	(3,1)	(2,4)	(11,9)	8,9
Dividends payables	-	(4,4)	-	(11,3)	-
Income tax and social contribution payable	-	(1,3)	-	(17,2)	0,2
Taxes and contributions payable	4,4	(7,5)	(52,6)	(15,9)	6,1
Other liabilities	(0,2)	(7,6)	-	(23,6)	214,7
Current liabilities	**(31,7)**	**(52,3)**	**(53,2)**	**(241,6)**	**413,3**
Interest-bearing loans and borrowings	-	(35,6)	(248,4)	(12,7)	2,3
Deferred tax liabilities	-	-	-	(40,0)	21,1
Provisions	-	-	-	-	4,9
Employee benefits	-	(3,3)	-	(11,5)	-
Non-current liabilities	**-**	**(38,9)**	**(248,4)**	**(64,2)**	**28,3**
Transferred consideration	525,1	838,4	478,6	1.707,7	(470,9)
Goodwill on acquisition	872,0	122,9	-	-	-
Gain on swap of shares recognized in profit or loss	-	-	-	(1.240,0)	-
Losses on swap of shares recognized in equity	-	-	-	3,1	-
Non-controlling interests share	-	(86,5)	-	-	-
Non-cash consideration	-	-	-	(470,9)	470,9
Trade payables	-	-	(432,9)	-	-
Prior year payments	-	(554,4)	-	-	-
Cash (acquired)/disposed	(0,1)	(50,2)	(48,4)	(52,4)	106,1
Net cash outflow / (inflow)	**1.397,0**	**270,2**	**(2,7)**	**(52,5)**	**106,1**

(i) Includes the operations in Panama, as per Note 1 (b).
(ii) Includes the operations in Colombia, Peru and Ecuador, as per Note 1 (b).

32. NON-CASH ITEMS

The Company carried out the following investment and financing activities not involving cash:

	2016	2015	2014
Federal amnesty	-	-	223.3
Acquisition of property, plant and equipment	-	105.6	-
Acquisition of investments payables	208.7	-	-
Cash financing cost other than interests	37.7	1,752.3	770.0
Reclassification of finance cash flow to operational cash flow	205.1	144.6	178.4
Others	-	41.1	0.2

33. RELATED PARTIES

Policies and practices regarding the realization of transactions with related parties

The Company adopts corporate governance practices and those recommended and/or required by the applicable law.

Under the Company's bylaws the Board of Directors is responsible for approving any transaction or agreements between the Company and/or any of its subsidiaries, directors and/or shareholders (including shareholders, direct or indirect shareholders of the Company). The Antitrust Compliance and Related Parties Committee of the Company is required to advise the Board of Directors of the Company in matters related to transactions with related parties.

Management is prohibited from interfering in any transaction in which conflict exists, even in theory, with the Company interests. It is also not permitted to interfere in decisions of any other management member, requiring documentation in the Minutes of Meeting of the Board any decision to abstain from the specific deliberation.

The Company's guidelines with related parties follow reasonable or commutative terms, similar to those prevailing in the market or under which the Company would contract similar transactions with third parties. These are clearly disclosed in the financial statements as reflected in written contracts.

Transactions with management members:

In addition to short-term benefits (primarily salaries), the management members are entitled to participate in Stock Option Plan (Note 24 – *Share-based payments*).

Total expenses related to the Company’s management members are as follows:

	2016	2015	2014
Short-term benefits (i)	21.7	32.1	22.2
Share-based payments (ii)	36.2	39.0	39.3
Total key management remuneration	**57.9**	**71.1**	**61.5**

(i) These correspond substantially to management’s salaries and profit sharing (including performance bonuses).

(ii) These correspond to the compensation cost of stock options and restricted stocks granted to management. These amounts exclude remuneration paid to members of the Fiscal Council.

Excluding the above mentioned plan (Note 24 – *Share-based payments*), the Company no longer has any type of transaction with the Management members or pending balances receivable or payable in its balance sheet.

Transactions with the Company's shareholders:

a) Medical, dental and other benefits

The Fundação Antonio e Helena Zerrenner Instituição Nacional de Beneficiência (“Fundação Zerrenner) is one of Ambev S.A.’s shareholders, and at December 31, 2016 held 10.0% of total share capital. Fundação Zerrenner is also an independent legal entity whose main goal is to provide Ambev S.A.’s employees, both active and retirees, with health care and dental assistance, technical and superior education courses, facilities for assisting elderly people, through direct initiatives or through financial assistance agreements with other entities. On December 31, 2016 and 2015, actuarial responsibilities related to the benefits provided directly by Fundação Zerrenner are fully funded by plan assets, held for that purpose, which significantly exceeds the liabilities at these dates. Ambev S.A. recognizes the assets (prepaid expenses) of this plan to the extent of amounts from economic benefits available to the Company, arising from reimbursements or future contributions reduction.

The expenses incurred by Fundação Zerrenner in providing these benefits totaled R$266.7 (R$235.5 as of December 31, 2015), of which R$231.9 (R$208.2 as of December 31, 2015) related to active employees and R$34.8 (R$27.3 as of December 31, 2015) related to retirees.

b) Leasing

The Ambev S.A., through its subsidiary BSA (labeling), has an asset leasing agreement with Fundação Zerrenner, for R$63,328 for ten years, maturing on March 31, 2018.

c) Leasing – Ambev S.A. head office

Ambev S.A. has a leasing agreement of two commercial sets with Fundação Zerrenner in the annual amount of R$3.3, maturing on January, 2020.

d) Licensing agreement

The Company maintains a licensing agreement with Anheuser-Busch, Inc., to produce, bottle, sell and distribute Budweiser products in Brazil, Canada, Ecuador, Guatemala, Dominican Republic, Paraguay, El Salvador, Nicaragua, Peru, Uruguay and, starting in 2016, Chile. In addition, the Company produces and distributes Stella Artois products under license to ABI in Brazil and Canada and, by means of a license granted to ABI, it also distributes Brahma's product in the United States and several countries such as the United Kingdom, Spain, Sweden, Finland and Greece. The amount recorded was R$2.0 (R$52.8 as of December 31, 2015) and R$374.0 (R$434.8 as of December 31, 2015) as licensing income and expense, respectively.

Ambev S.A. has licensing agreements with the Group Modelo, subsidiaries of ABI, for to import, promote and sell products Corona (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Negra Modelo*) in countries of the Latin America and the Canada.

e) Platform e-commerce

The Company currently has an agreement with the company B2W - Companhia Digital S.A. to manage the of e-commerce called "Partner Ambev". The contract has as object to trade Ambev S.A. products to the partners of Ambev through the website http://www.parceiroambev.com.br/.

Transactions with related parties

						2016
Current	**Trade receivables (i)**	**Other Trade receivables (i)**	**Trade payables (i)**	**Other Trade payables (i)**	**Borrowings and interest payable**	**Dividends payables**
AB InBev	6.3	13.4	(308.9)	(0.7)	-	-
AB Package	-	-	(31.3)	-	-	-
AB Services	0.3	15.2	-	(3.1)	-	-
AB USA	19.7	18.6	(247.4)	(1.7)	-	-
Ambev Peru	7.1	-	(4.7)	-	-	-
Ambrew	-	-	-	-	-	(89.9)
Bogotá Beer	-	211.0	-	(211.0)	-	-
Cervecería Modelo	1.1	-	(444.1)	-	-	-
Inbev	0.2	17.6	(17.5)	(0.2)	-	-
ITW International	-	-	-	(209.4)	(30.5)	(590.9)
Modelo	-	1.0	(15.7)	(54.5)	-	-
Others	2.6	7.3	(6.2)	(14.4)	-	-
	37.3	**284.1**	**(1,075.8)**	**(495.0)**	**(30.5)**	**(680.8)**

Current	Trade receivables (i)	Other Trade receivables (i)	Trade payables (i)	Other Trade payables (i)	Borrowings and interest payable	Dividends payables
						2015
AB InBev	67.5	18.6	(159.6)	-	-	-
AB Package	-	-	(48.8)	-	-	-
AB USA	15.6	32.1	(164.8)	(0.5)	-	-
Ambrew	-	-	-	-	-	(0.7)
Cervecería Modelo	0.6	-	(246.4)	-	-	-
Inbev	-	19.5	(14.1)	-	-	-
ITW International	-	-	-	(250.9)	(5.5)	-
Modelo	-	0.8	(85.8)	(62.7)	-	-
Others	0.9	6.6	(5.1)	(5.3)	-	-
	84.6	**77.6**	**(724.6)**	**(319.4)**	**(5.5)**	**(0.7)**

(i) The amount represents the marketing operations (purchase and sale) and the reimbursement between the companies of the group.

The tables below represent the transactions with related parties, recognized in the income statement:

Company	Buying / Service fees / Rentals	Sales	Royalties / Benefits	Net finance cost
				2016
AB Package	(32.8)	-	-	-
AB USA	(206.0)	52.3	(292.8)	-
Cervecería Modelo	(596.0)	2.0	(46.9)	-
InBev	(77.0)	-	-	-
ITW International	-	-	-	(26.0)
Modelo	(63.0)	-	-	-
SAB Group	(3.5)	23.5	-	-
Others	(45.6)	0.3	(32.2)	-
	(1,023.9)	**78.1**	**(371.9)**	**(26.0)**

Company	Buying / Service fees / Rentals	Sales	*Royalties* / Benefits
			2015
AB Inbev	(55.3)	-	(35.5)
AB Package	-	-	-
AB USA	(124.9)	49.0	(288.1)
Cervecería Modelo	(257.7)	1.1	(52.9)
InBev	(73.3)	0.1	-
Modelo	(356.9)	-	-
Others	(74.0)	0.6	(1.1)
	(942.1)	**50.8**	**(377.6)**

Company	Buying / Service fees / Rentals	Sales	*Royalties* / Benefits	Net finance cost
				2014
AB Inbev	(41.0)	-	(24.4)	-
AB Package	(16.2)	-	-	-
AB USA	(87.2)	31.2	(228.4)	-
Cervecería Modelo	-	-	(33.1)	-
InBev	(50.7)	-	-	-
ITW International	-	-	-	(3.7)
Modelo	(208.6)	-	-	-
Others	(36.0)	2.5	(1.6)	-
	(439.6)	**33.7**	**(287.5)**	**(3.7)**

Denomination used in the tables above:

Anheuser-Busch InBev N.V. (“AB InBev”)
Anheuser-Busch Packaging Group Inc. (“AB Package”)
Anheuser-Busch Inbev Services LLC (“AB Services”)
Anheuser-Busch Inbev USA LLC (“AB USA”)
Compañia Cervecera Ambev Peru S.A.C. (“Ambev Peru”)
Ambrew S.A. (“Ambrew”)
Bogotá Beer Company BBC S.A.S. (“Bogotá Beer”)
Cervecería Modelo de Mexico S. de R.L. de C.V. (“Cervecería Modelo”)
Inbev Belgium N.V. (“Inbev”)
Interbrew International B.V. (“ITW International”)
Cervecería Modelo de Guadalajara S.A. (“Modelo”)
Bavaria S.A. (“SAB Group”)

34. GROUP COMPANIES

Listed below are the main group companies.

Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA Y G	99,75%
Charcas 5160 – Buenos Aires	
Bolivia	
CERVECERIA BOLIVIANA NACIONAL S.A.	85,67%
Avenida Montes 400 e Rua Chuquisaca 121 - La Paz	
Brazil	
AMBEV S.A.	Consolidating company
Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	
AROSUCO AROMAS E SUCOS LTDA.	100,00%
Avenida Buriti, 5.385, Distrito Industrial - Manaus - AM	
CRBS S.A.	100,00%
Avenida Antarctica, 1.891, Fazenda Santa Úrsula – Jaguariúna – SP	
CERVEJARIA Z.X.	86,42%
Avenida Antarctica, 1.891, Fazenda Santa Ursula – Jaguariúna - SP	

Canada	
LABATT BREWING COMPANY LIMITED	100,00%
207 Queens Quay West, Suite 299 - M5J 1A7 - Toronto	
Chile	
CERVECERIA CHILE S.A.	100,00%
Avenida Presidente Eduardo Frei Montalva, 9.600 - Comuna de Quilicura - Santiago	
Dominican Republic	
CERVECERÍA NACIONAL DOMINICANA, S.A.	55,00%
Autopista 30 de Mayo, Distrito Nacional	
Espanha	
JALUA SPAIN, S.L.	100,00%
Juan Vara Terán, 14 – Ilhas Canárias	
Luxembourg	
AMBEV LUXEMBOURG	100,00%
15 Breedewues - L1259 - Sennngerberg	
Guatemala	
INDUSTRIAS DEL ATLÁNTICO, SOCIEDAD ANÓNIMA	50,00%
KM 122 Ruta al Atlantico – C.P 01012 Teculutan, Zacapa	
Paraguay	
CERVECERIA PARAGUAYA S.A.	87,35%
Ruta Villeta KM 30 - Ypané	
Uruguay	
LINTHAL S.A.	100,00%
25 de Mayo 444, office 401 - Montevideo	
CERVECERIA Y MALTERIA PAYSSANDÚ S.A.	99,93%
Rambla Baltasar Brum, 2.933 – 11800 - Payssandu	
MONTHIERS SOCIEDAD ANÓNIMA	100,00%
Cesar Cortinas, 2.037 - Montevideo	
Panama	
Cervecería Nacional S. de R.L.	100,00%
Planta Pasadena, vía Ricardo J Alfaro y Simón Bolívar, ciudad de Panamá, Rep. De Panamá	

35. INSURANCE

The Company has a program of risk management in order to hire coverage compatible with its size and operation. Coverage was contracted for amounts considered sufficient by management to cover possible losses, considering the nature of its activity, the risks involved in their operations and the orientation of its insurance advisors.