

## **Quarterly Information (ITR)**

**Banco Nordeste do Brasil S.A.**

March 31, 2019

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**Company Information / Capital Breakdown**

<b>Number of shares (in thousands)</b>	<b>Current quarter 03/31/2019</b>
<b>Paid-in Capital</b>	
<b>Common shares</b>	86,371
<b>Preferred shares</b>	0
<b>Total</b>	86,371
<b>Treasury shares</b>	
<b>Common shares</b>	0
<b>Preferred shares</b>	0
<b>Total</b>	0

### Company Information / Cash Proceeds

<b>Event</b>	<b>Approval</b>	<b>Proceeds</b>	<b>Beginning of payment</b>	<b>Share type</b>	<b>Share class</b>	<b>Earnings per share (Reais / Share)</b>
Annual General Meeting	04/25/2019	Interest on equity (IOE)		Common		1.51319

**Individual Financial Statements / Balance Sheet - Assets****(In thousands of reais)**

Account code	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
1	Total assets	59,771,516	58,628,963
1.01	Current assets	15,467,741	16,409,154
1.01.01	Cash and cash equivalents	99,128	133,428
1.01.02	Interbank investments	8,212,642	7,779,984
1.01.02.01	Open market investments	8,042,567	7,626,446
1.01.02.02	Interbank deposits	170,075	153,538
1.01.03	Securities	703,169	1,296,313
1.01.03.01	Own portfolio	98,677	701,750
1.01.03.02	Derivative financial instruments	595,415	585,664
1.01.03.03	Linked to guarantees given	9,077	8,899
1.01.04	Interbank accounts	524,226	502,579
1.01.04.01	Payments and receipts pending settlement	45,771	1,362
1.01.04.02	Central Bank deposits	477,117	500,019
1.01.04.03	Correspondents	1,338	1,198
1.01.06	Loans	4,145,925	4,268,172
1.01.06.01	Public sector	149,657	185,614
1.01.06.02	Private sector	4,280,612	4,429,321
1.01.06.03	(Allowance for loan losses)	-284,344	-346,763
1.01.08	Other credits	1,757,989	2,402,198
1.01.08.01	Exchange portfolio	894,411	868,658
1.01.08.02	Income receivable	18,503	15,938
1.01.08.03	Securities Trading	21	12
1.01.08.04	Sundry	856,096	1,528,319
1.01.08.05	(Allowance for losses on other credits)	-11,042	-10,729
1.01.09	Other assets	24,662	26,480
1.01.09.01	Other assets	12,935	15,868
1.01.09.02	(Valuation allowances)	-601	-632
1.01.09.03	Prepaid expenses	12,328	11,244
1.02	Long-term receivables	44,112,831	42,026,807
1.02.02	Securities	37,041,893	35,077,031
1.02.02.01	Own portfolio	35,260,253	33,398,598
1.02.02.02	Linked to repurchase agreements	1,334,701	1,238,171
1.02.02.03	Linked to guarantees given	446,939	440,262
1.02.03	Interbank accounts	71,602	70,581
1.02.03.01	National Housing System (SFH)	71,602	70,581
1.02.05	Loans	4,657,472	4,774,644
1.02.05.01	Public sector	408,631	429,654
1.02.05.02	Private sector	4,549,677	4,615,157
1.02.05.03	(Allowance for loan losses)	-300,836	-270,167
1.02.07	Other credits	2,341,864	2,104,551
1.02.07.01	Sundry	2,369,656	2,132,399
1.02.07.02	(Allowance for losses on other credits)	-27,792	-27,848
1.03	Permanent assets	190,944	193,002
1.03.01	Investments	1,591	1,591

**Individual Financial Statements / Balance Sheet - Assets****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2019</b>	<b>Prior year 12/31/2018</b>
1.03.01.04	Other investments	6,877	6,877
1.03.01.05	Provisionfor losses	-5,286	-5,286
1.03.02	Property and equipment in use	169,405	171,463
1.03.02.01	Properties in use	172,933	169,752
1.03.02.02	Revaluation of property and equipment in use	107,132	107,132
1.03.02.03	Other property and equipment in use	305,713	303,583
1.03.02.04	(Accumulated depreciation)	-416,373	-409,004
1.03.04	Intangible	19,948	19,948
1.03.04.01	Intangible assets	19,948	19,948

**Individual Financial Statements / Balance Sheet - Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2019</b>	<b>Prior year 12/31/2018</b>
2	Total liabilities	59,771,516	58,628,963
2.01	Current liabilities	14,625,716	16,288,477
2.01.01	Deposits	6,555,245	6,750,628
2.01.01.01	Demand deposits	294,897	328,683
2.01.01.02	Savings deposits	2,308,247	2,433,765
2.01.01.03	Interbank deposits	1,563,309	1,559,993
2.01.01.04	Time deposits	2,388,792	2,428,187
2.01.02	Open market funding	1,451,642	1,372,662
2.01.02.01	Own portfolio	1,324,627	1,227,897
2.01.02.02	Third-party portfolio	127,015	144,765
2.01.03	Funds from acceptance and issue of securities	1,345,497	1,311,459
2.01.03.01	Funds from real estate, mortgage and credit	154,177	162,276
2.01.03.02	Liabilities for foreign securities	1,191,320	1,149,183
2.01.04	Interbank accounts	39,425	316
2.01.04.01	Receipts and payments pending settlement	39,425	316
2.01.05	Interbranch accounts	9,484	8,108
2.01.05.01	Third-party funds in transit	9,400	7,996
2.01.05.02	Internal transfers of funds	84	112
2.01.06	Borrowings	903,325	900,437
2.01.06.01	Foreign borrowings	903,325	900,437
2.01.07	Domestic Onlending	106,533	131,908
2.01.07.01	National Treasury	271	162
2.01.07.02	BNDES	88,941	113,476
2.01.07.03	Machinery and Equipment Financing (Finame)	17,321	18,270
2.01.08	Foreign onlending	166,901	168,656
2.01.09	Other liabilities	4,047,664	5,644,303
2.01.09.01	Collection of taxes and other contributions	54,682	1,477
2.01.09.02	Exchange portfolio	5,353	5,319
2.01.09.03	Social and statutory	198,953	179,662
2.01.09.04	Tax and social security	299,747	594,593
2.01.09.05	Securities Trading	152	153
2.01.09.06	Financial and development funds	992,787	2,357,803
2.01.09.07	Sundry	2,494,757	2,483,705
2.01.09.08	Derivative financial instruments	1,233	21,591
2.02	Long-term payables	40,647,068	38,158,465
2.02.01	Deposits	5,801,032	6,063,633
2.02.01.01	Time deposits	5,801,032	6,063,633
2.02.02	Open market investment	8,951	8,819
2.02.02.01	Own portfolio	8,951	8,819
2.02.07	Domestic Onlending	1,094,624	1,090,110
2.02.07.01	National Treasury	215	320
2.02.07.02	BNDES	1,050,661	1,041,974
2.02.07.03	Machinery and Equipment Financing (Finame)	43,748	47,816
2.02.08	Foreign onlending	388,093	411,946
2.02.09	Other liabilities	33,354,368	30,583,957
2.02.09.04	Tax and social security	148,817	98,078

**Individual Financial Statements / Balance Sheets - Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2019</b>	<b>Prior quarter 12/31/2018</b>
2.02.09.06	Financial and development funds	25,815,514	23,114,932
2.02.09.07	Subordinated debts eligible to capital	2,413,197	2,369,446
2.02.09.08	Debt instruments eligible to capital	1,000,000	1,000,000
2.02.09.09	Sundry	3,976,840	4,001,501
2.05	Equity	4,498,732	4,182,021
2.05.01	Paid-in capital	2,844,000	2,844,000
2.05.03	Revaluation reserves	11,592	11,592
2.05.04	Income reserves	2,277,391	2,277,391
2.05.05	Equity adjustments	-852,450	-950,962
2.05.06	Retained earnings/Accumulated losses	218,199	0



**Individual Financial Statements / Income Statement****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Accumulated from Current quarter 01/01/2019 to 03/31/2019</b>	<b>Same quarter prior year 01/01/2018 to 03/31/2018</b>
3.01	Revenues from financial intermediation	1,293,954	1,157,683
3.01.01	Loans	495,403	440,949
3.01.02	Gains (losses) on marketable securities transactions	692,008	666,858
3.01.03	Gain (loss) on derivative financial instruments	30,110	-14,942
3.01.04	Foreign exchange gains(losses)	70,485	58,506
3.01.05	Compulsory investment gain(loss)	5,948	6,312
3.02	Expenses from financial intermediation	-846,086	-801,692
3.02.01	Open market funding	-286,904	-211,277
3.02.02	Borrowings and onlending	-495,464	-488,230
3.02.03	Allowance for loan losses	-63,718	-102,185
3.03	Gross profit from financial intermediation	447,868	355,991
3.04	Other operating revenues/expenses	-23,397	-128,863
3.04.01	Service revenues	616,012	585,157
3.04.02	Personnel expenses	-501,097	-463,460
3.04.03	Other administrative expenses	-313,290	-309,559
3.04.04	Tax expenses	-80,048	-76,971
3.04.05	Other operating revenues	587,901	565,667
3.04.06	Other operating expenses	-332,875	-429,697
3.05	Operating income	424,471	227,128
3.06	Non-operating income	15,654	1,175
3.06.01	Revenues	16,281	3,065
3.06.02	Expenses	-627	-1,890
3.07	Income before income taxes and profit sharing	440,125	228,303
3.08	Provision for income tax and social contribution	-27,643	-124,350
3.09	Deferred income tax	-108,740	10,874
3.10	Statutory contributions/profit sharing	-17,303	-5,519
3.13	Income/Loss for the period	286,439	109,308
3.99	Earnings per share (reais / share)	3.31638	1.26556

**Individual Financial Statements/Statement of Comprehensive Income****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter year 01/01/2019 to 03/31/2019</b>	<b>Same quarter prior year 01/01/2018 to 03/31/2018</b>
4.01	Net income for the period	286,439	109,308
4.02	Other comprehensive income	98,512	38,803
4.02.01	Equity adjustment to available-for-sale securities	166,285	65,900
4.02.02	Tax effect on Equity adjustment to available-for-sale securities	-67,374	-26,899
4.02.03	Revaluation reserve realized	0	322
4.02.04	Tax effect on revaluation reserve realized	0	-145
4.02.05	Actuarial gains (losses)	-399	-375
4.03	Comprehensive income for the period	384,951	148,111

**Individual Financial Statements/ Statement of Cash Flows - Indirect Method****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter year 01/01/2019 to 03/31/2019</b>	<b>Same quarter prior year 01/01/2018 to 03/31/2018</b>
6.01	Net cash from operating activities	1,667,610	2,703,176
6.01.01	Cash from operations	502,378	585,104
6.01.01.01	Net income/Loss for the period	286,439	109,308
6.01.01.02	Depreciation and amortization expenses	8,075	8,197
6.01.01.03	Provision for Impairment of Other Assets	-32	0
6.01.01.04	Allowance for loan losses, net	63,247	99,574
6.01.01.05	Allowance for losses on other credits, net	471	2,612
6.01.01.06	Provision for financial guarantees provided, net (FNE risks)	96,834	239,574
6.01.01.07	Provision for financial guarantees provided, net (FDNE risks)	23	3
6.01.01.08	Provision for contingencies, net	16,167	10,212
6.01.01.09	Provision for other contingencies, net	6,479	17,402
6.01.01.10	Actuarial liabilities – post-employment benefits	66,433	64,559
6.01.01.11	Provision for debt instruments eligible to capital	63,293	25,882
6.01.01.12	Monetary restatement of debt instruments eligible to capital	2,625	3,061
6.01.01.13	Monetary restatement of judicial deposits	4,355	8,914
6.01.01.14	Deferred tax assets	-108,740	-4,171
6.01.01.15	Reversal of provision for losses on credits linked to SFH	-24	-23
6.01.01.16	Monetary restatement of appeal deposits	-3,267	0
6.01.02	Changes in assets and liabilities	1,165,232	2,118,072
6.01.02.01	Interbank investments	1,213	-41,638
6.01.02.02	Interbank and interdepartmental accounts	17,841	-100,092
6.01.02.03	Loans	176,172	225,748
6.01.02.04	Other credits	518,432	83,481
6.01.02.05	Other assets	-1,173	3,056
6.01.02.06	Deposits	-462,339	-50,118
6.01.02.07	Open market funding	79,112	-48,419
6.01.02.08	Funds from acceptance and issue of securities	34,038	-15,820
6.01.02.09	Borrowings and onlending	-43,579	-76,273
6.01.02.10	Derivative financial instruments	-30,108	14,942
6.01.02.11	Other liabilities	915,735	2,246,582
6.01.02.13	Income tax and social contribution paid	-40,112	-111,854
6.01.02.14	Prior-year adjustments	0	-11,523
6.02	Net cash from investing activities	-1,266,050	-1,257,398
6.02.02	Investments in property and equipment in use	-6,241	-2,498
6.02.04	Investments in assets not for own use	-30	-67
6.02.06	Disposal (write-off) of property and equipment in use	224	892
6.02.08	Available-for-sale securities	-1,263,056	-1,255,725
6.02.09	Disposal of assets not for own use	3,053	0
6.03	Net cash from financing activities	-1,989	-1,471
6.03.01	Dividends, bonuses and Interest on Equity (IOE) paid	-1,989	-1,471
6.05	Increase (decrease) in cash and cash equivalents	399,571	1,444,307
6.05.01	Cash and cash equivalents at beginning of period	7,615,109	12,841,968

**Individual Financial Statements/ Statement of Cash Flows - Indirect Method****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter year01/01/2019 to 03/31/2019</b>	<b>Same quarter prior year 01/01/2018 to 03/31/2018</b>
6.05.02	Cash and cash equivalents at end of period	8,014,680	14,286,275

**Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2019 to 03/31/2019**

**(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation reserves</b>	<b>Income reserves</b>	<b>Retained earnings/ (accumulated losses)</b>	<b>Equity adjustments</b>	<b>Total equity</b>
5.01	Opening balance	2,844,000	0	11,592	2,277,391	0	-950,962	4,182,021
5.03	Adjusted balance	2,844,000	0	11,592	2,277,391	0	-950,962	4,182,021
5.04	Income/loss for the period	0	0	0	0	286,439	0	286,439
5.05	Allocations	0	0	0	0	-68,240	0	-68,240
5.05.02	Interest on equity (IOE)	0	0	0	0	-68,240	0	-68,240
5.07	Equity adjustments	0	0	0	0	0	98,512	98,512
5.07.01	Adjustments to securities	0	0	0	0	0	98,911	98,911
5.07.04	Actuarial gains and losses	0	0	0	0	0	-399	-399
5.13	Closing balance	2,844,000	0	11,592	2,277,391	218,199	-852,450	4,498,732

**Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2018 to 03/31/2018**

**(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation reserves</b>	<b>Income reserves</b>	<b>Retained earnings/ (accumulated losses)</b>	<b>Equity adjustments</b>	<b>Total equity</b>
5.01	Opening balance	2,844,000	0	11,769	1,685,026	60,870	-850,954	3,750,711
5.02	Prior-year adjustments	0	0	0	0	-12,479	0	-12,479
5.03	Adjusted balance	2,844,000	0	11,769	1,685,026	48,391	-850,954	3,738,232
5.04	Income/loss for the period	0	0	0	0	109,308	0	109,308
5.05	Allocations	0	0	0	0	-19,373	0	-19,373
5.05.02	Interest on equity (IOE)	0	0	0	0	-19,373	0	-19,373
5.07	Equity adjustments	0	0	-177	0	177	38,626	38,626
5.07.01	Adjustments to securities	0	0	0	0	0	39,001	39,001
5.07.04	Realization of reserve	0	0	-177	0	177	0	0
5.07.05	Actuarial gains and losses	0	0	0	0	0	-375	-375
5.13	Closing balance	2,844,000	0	11,592	1,685,026	138,503	-812,328	3,866,793

**Individual Financial Statements / Statement of Value Added****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter year01/01/2019 to 03/31/2019</b>	<b>Same quarter prior year 01/01/2018 to 03/31/2018</b>
7.01	Revenues	2,116,928	1,777,800
7.01.01	Financial intermediation	1,293,954	1,157,683
7.01.02	Services rendered	616,012	585,157
7.01.03	(Reversal of) Allowance for loan losses	-63,718	-102,185
7.01.04	Other	270,680	137,145
7.02	Expenses from financial intermediation	-782,368	-699,507
7.03	Inputs acquired from third parties	-296,383	-291,966
7.03.01	Materials, energy and other expenses	-22,996	-20,257
7.03.02	Third-party services	-160,261	-152,976
7.03.04	Other	-113,126	-118,733
7.03.04.01	Data processing and telecommunications	-69,254	-69,317
7.03.04.02	Advertising, promotions and publications	-4,897	-8,390
7.03.04.03	Transportation	-6,867	-8,982
7.03.04.04	Security	-15,498	-14,034
7.03.04.05	Travel	-3,698	-3,655
7.03.04.06	Other	-12,912	-14,355
7.04	Gross Value Added	1,038,177	786,327
7.05	Retentions	-8,076	-8,197
7.05.01	Depreciation, amortization and depletion	-8,076	-8,197
7.06	Net value added produced	1,030,101	778,130
7.08	Total value added to be distributed	1,030,101	778,130
7.09	Distribution of value added	1,030,101	778,130
7.09.01	Personnel	450,629	405,886
7.09.01.01	Direct compensation	312,989	273,999
7.09.01.02	Benefits	115,545	111,273
7.09.01.03	Unemployment Compensation Fund (FGTS)	22,095	20,614
7.09.02	Taxes, charges and contributions	284,202	253,540
7.09.02.01	Federal	274,649	245,440
7.09.02.02	State	20	5
7.09.02.03	Municipal	9,533	8,095
7.09.03	Third-parties capital remuneration	8,831	9,396
7.09.03.01	Rent	8,831	9,396
7.09.04	Equity Remuneration	286,439	109,308
7.09.04.01	Interest on Equity (IOE)	68,240	19,373
7.09.04.03	Retained earnings /loss in the period	218,199	89,935

## Comments on Performance

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### OPERATING PERFORMANCE

BNB entered into 1,139,685 loan and financing transactions in the total amount of R\$7.0 billion in the first quarter of 2019, an increase of 0.6% in the number of such transactions and a 10.8% increase in the total amount of these transactions compared to the first quarter of 2018.

The funds used in long-term loan transactions mostly derived from Fundo Constitucional de Financiamento do Nordeste (FNE). In the first quarter of 2019, loan transactions were contracted in the amount of R\$4.5 billion with proceeds from FNE, aggregating a total of 90,452 transactions, a 10.5% increase in the contracted amount and a 31.4% decrease in the number of transactions compared to the same period in 2018.

Through its urban production-oriented microloan program, denominated Crediamigo, BNB disbursed approximately R\$2.2 billion, contracting 1,003,417 transactions in the first quarter of 2019 to provide support to micro-entrepreneurs within its jurisdiction. BNB presented an 11.2% increase in the contracted amount and a 5.2% increase in the number of transactions compared to the first quarter of 2018.

In relation to the National Family Farming Strengthening Program (Pronaf), BNB contracted 80,970 financing transactions totaling the amount of R\$462.2 million 2019, which represents a 33.6% decrease in the contracted amount and a 36.7% decrease in the number of transactions, as compared to the first quarter of 2018. Under the Pronaf program, BNB operates the rural production-oriented microloan program denominated Agroamigo. Under this type, 78,453 transactions were contracted totaling R\$394.4 million.

Under the urban production-oriented microloan program (Crediamigo) and the rural Agroamigo program, a total amount of approximately R\$2.6 billion was disbursed in the first quarter of 2019, with a total of 1,081,870 contracted transactions providing support to micro-entrepreneurs in the urban and rural areas within the Bank's jurisdiction. These results are at the same level as that of the first quarter of 2018 (an increase of 0.4% in the number of transactions and 0.1% in the contracted amount).

In relation to support to micro and small enterprises, BNB entered into 9,000 transactions in the amount of R\$731.1 million in the first quarter of 2019, a 172.4% increase in the contracted amount and a 94.5% increase in the number of transactions.

In relation to the financial performance, BNB posted net income of R\$286.4 million, a 203.9% increase compared to the first quarter of 2018 (a profit of R\$ 94.3 million).



**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**Quarters ended March 31, 2019 and 2018**  
**Amounts expressed in thousands of reais, unless otherwise stated**

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**NOTE 1 - The Bank and its Characteristics**

Banco do Nordeste do Brasil S.A. is a mixed economy publicly-held financial institution established by Federal Law No. 1649 of July 19, 1952, with head office at Avenida Dr. Silas Munguba, nº 5700, Passaré, Fortaleza, Ceará, Brazil, and its mission is: “to operate as the Development Bank for the Brazilian Northeast Region”. Banco do Nordeste is authorized to operate all the portfolios permitted for multiple service banks. As an institution devoted to regional development, the Bank operates as the executive agent of public policies and is responsible for managing Fundo Constitucional de Financiamento do Nordeste (FNE) - the main source of funds used by the Bank for long-term financing - and the operation of the National Family Farming Strengthening Program (Programa Nacional de Fortalecimento da Agricultura Familiar - Pronaf) in its jurisdiction. The Bank is also the operator of the Northeast Investment Fund (Fundo de Investimentos do Nordeste - FINOR) and the Northeast Development Fund (Fundo de Desenvolvimento do Nordeste - FDNE). It has the largest micro-financing program in Latin America, consolidated under Crediamigo and Agroamigo, which facilitate access to loans to small entrepreneurs who engage in production-related, product sale, and service activities in urban and rural areas. In addition to federal funds, the Bank has access to other sources of financing in the domestic and foreign markets through funds raised directly, as well as partnerships with domestic and foreign institutions, including multilateral institutions such as the World Bank and the InterAmerican Development Bank (IDB).

**NOTE 2 - Basis of Preparation and Presentation of Interim Financial Statements**

The interim financial statements were prepared in accordance with the provisions from the Brazilian Corporation Law, as amended by Laws No. 11638 and No. 11941 of 12,28,2007 and 05,27,2009, respectively, and regulations of the National Monetary Council (Conselho Monetário Nacional - CMN), the Central Bank of Brazil (Banco Central do Brasil - Bacen), and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), and are presented in accordance with the Standard Chart of Accounts for National Financial Institutions (Plano Contábil das Instituições do Sistema Financeiro Nacional - Cosif).

The pronouncements issued by Brazil’s Financial Accounting Standards Board – FASB (Comitê de Pronunciamentos Contábeis - CPC) in the process of convergence between the Brazilian accounting standards and the International Financial Reporting Standards (IFRS), adopted by the CMN by way of rules amended as

well as those approved by the CVM that do not clash with CMN rules, are included in the Bank's interim financial statements as follows:

- CPC 00 (R1) – The Conceptual Framework for Financial Reporting (CMN Resolution No. 4144 of 09.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566 of 05.29.2008);
- CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements (CMN Resolution No. 640 of 10.07.2010);
- CPC 03 - Statement of Cash Flow - (CMN Resolution No. 3604 of 08.29.2008);
- CPC 05 – Related-Party Disclosures (CMN Resolution No. 3750 of 06.30.2009);
- CPC 09 - Statement of Value Added (CVM Rule No. 557 of 11.12.2008);
- CPC 12 - Present Value Adjustment (CVM Rule No. 564 of 12.17.2008);
- CPC 21(R1) – Interim Financial Reporting (CVM Rule No. 673 of 10.20.2011);
- CPC 22 - Segment Reporting (CVM Rule No. 582 of 07.31.2009);
- CPC 23 - Accounting Policies. Changes in Accounting Estimates and Errors (CMN Resolution No. 4007 of 08.25.2011);
- CPC 24 – Subsequent Events (CMN Resolution No. 3973 of 05.26.2011);
- CPC 25 - Provisions. Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823 of 12.16.2009);
- CPC 26 (R1) - Presentation of Financial Statements (CVM Rule No. 760 of 12.22.2016);
- CPC 27 - Property. Plant and Equipment (CVM Rule No. 583 of 07.31.2009);
- CPC 32 - Income Taxes (CVM Rule No. 599 of 09.15.2009);
- CPC 33 (R1) - Employee Benefits (CMN Resolution No. 4424 of 06.25.2015); and
- CPC 41 - Earnings per Share (CVM Rule No. 636 of 08.06.2010).

### **NOTA 3 - Summary of Significant Accounting Practices**

#### **a) Functional currency**

The Bank's functional and reporting currency is the Brazilian real.

Assets and liabilities denominated in foreign currency are initially recognized at the average currency rate in force on the transaction date, while nonmonetary assets are stated at historical cost.

At the end of each period, monetary assets and liabilities denominated in foreign currency are restated by the average exchange rate, and any variations are recorded in P&L for the year.

#### **b) P&L recognition criteria**

Revenues and expenses are recognized on a monthly basis, following the accrual method and considering the *pro rata temporis* criterion.

#### **c) Current and noncurrent assets and liabilities**

Assets and receivables are stated at realizable values, plus income earned and currency variations and currency fluctuation, less unearned income or allowance, if applicable. Liabilities are stated at original amounts plus, if applicable, accrued interest and monetary and currency variations, less deferred expenses. Available funds from FNE are classified in Current liabilities and Long-term payables according to the expected outflow of funds.

Receivables and payables are recorded in Current assets and Long-term receivables and in Current liabilities and Long-term payables, respectively, according to maturity dates.

#### **d) Cash and Cash Equivalents**

These correspond to the balances of cash and cash equivalents, interbank investments and marketable securities immediately convertible into cash or with original maturity equal to or less than ninety days, with an insignificant risk of change in their market value.

#### **e) Interbank investments**

are recorded at acquisition cost or investment value, plus income earned and adjusted by the allowance for losses, when applicable.

#### **f) Securities**

are recorded at cost, plus brokerage and other fees, and are classified and evaluated as follows:

**Available-for-sale securities:** are those that are not classified as either trading securities or held-to-maturity securities and reported at marked value, net of taxes, with unrealized gains and losses matched against Equity; and

**Held-to-maturity securities:** those for which there the Bank has the intention and financial capacity to be held in the portfolio to maturity, stated at acquisition cost, plus income earned, against P&L for the period.

The classification of Available-for-sale securities and Held-to-maturity securities in current assets and long-term receivables was determined according to their maturities, which does not mean unavailability of the securities, which are of the highest quality and highly liquid.

The methodology for adjusting the market value of securities was established in accordance with consistent and verifiable criteria, which take into consideration the following criteria, according to the following order of priority:

1st - Market Prices disclosed by the National Association of Financial Market Institutions (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - Anbima) and B3 S.A.

2<sup>nd</sup> - Goodwill/Negative Goodwill on transactions occurred over the past 3 months in B3 S.A.; and

3<sup>rd</sup> - Calculation of probable realizable value based on own pricing model. In this case, the present value is determined by discounted cash flow by the market rate net of the risk factor and of the discount for the low liquidity, such as the Financial Bills and Debentures.

Gains on securities, irrespective of the category into which they are classified, are appropriated on a pro rata day basis and on an accrual basis, through maturity date or definitive sale of the security, according to the compound interest method or the straight-line method, based on remuneration clauses and acquisition rate distributed in the passage of time and recorded directly in P&L for the period.

Losses on available-for-sale and held-to-maturity securities that are not characterized as temporary losses are recognized directly in P&L for the period and begin to compose the new base of the asset cost.

At the time of disposal, the difference between the sale price and the acquisition cost restated by income is considered as a result of the transaction and is recorded at the transaction date as gain or loss on securities.

#### **g) Derivative financial instruments**

Banco do Nordeste limits its operations in the derivative market to *swap* transactions intended solely to hedge its asset and liability positions.

Swap transactions are stated in balance sheet and memorandum accounts, according to their nature, based on prevailing accounting standards and legal provisions. They are measured at market value upon preparation of monthly trial balances and half-yearly balance sheets. Valuations or devaluations are stated in income or expense accounts. The rates disclosed by B3 S.A. are used to calculate the market value of these transactions.

#### **Hedge Accounting**

Considering the risk of foreign exchange exposure and conditions of the funding market abroad through long-term Senior Unsecured Notes - Eurobonds, the Bank designated derivative financial instruments (swap contracts) to fully hedge the loans raised and corresponding interest payable (market risk hedge). To equalize the effects of marked-to-market of derivative financial instruments designated as hedging instruments, the hedged item is also adjusted for changes in market value.

Changes in the market value of derivatives designated as hedging instruments and the market value adjustment of the hedged item (recorded as part of its book value) are recognized in P&L for the period. If the hedging instrument expires or is sold, canceled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

The risk management objectives and the risk hedging strategy during the entire transaction are adequately documented, and so is the assessment of the transaction effectiveness. A hedge is expected to be highly effective if the changes in market value or cash flow attributed to the hedging instrument offsets the changes in market value of the hedged item, in an interval between 80% and 125%.

#### **h) Loans, advances on exchange contracts, other credits with loan features and allowance for loan losses**

These are classified in accordance with Management's judgment on risk level, taking into consideration the economic scenario, past experience and specific risks related to the operation, debtors and guarantors, considering the standards established by CMN Resolution No. 2682 of 12,21,1999, which require the periodic analysis of the portfolio and its rating into nine risk levels, where "AA" is the minimum risk and "H" is

the maximum risk, as well as the classification of operations in arrears for more than 15 days as past due operations.

Income from loans over 59 days past due, regardless of the risk level, is only recognized as revenue when realized.

H-rated operations remain under this rating for 180 days, when they are then written off against the existing allowance and controlled for at least five years, no longer being included in the balance sheets.

Renegotiated loans that have been written off against the allowance are rated as H, and any recoveries are recognized as revenue when received.

**i) Prepaid expenses**

These refer to funds used in prepayments, whose benefits or service rendering will occur in coming years. Prepaid expenses are recorded at cost and amortized as the services are rendered and benefits generated.

**j) Permanent assets**

Investments: these are stated at cost, net of provision for losses.

Property and equipment in use: include depreciation calculated by the straight-line method at the following annual rates: Buildings – 4%; Data Processing Systems and Vehicles - 20%; Tractors and Motorcycles – 25%; and other items - 10%. Real properties in use include the revaluation amount.

Intangible assets comprise disbursements for acquisition of software rights that are currently in the implementation phase, the useful lives of which are estimated within 10 years, from the date of their availability for use, and will be amortized on a straight-line basis. When applicable, intangible assets will be adjusted for impairment losses.

**k) Taxes**

Corporate Income Tax (IRPJ) is calculated at the rate of 15% plus a 10% surtax (on taxable profit exceeding R\$240 for the year), and Social Contribution Tax on Net Profit (CSLL) is calculated at the rate of 15%, after adjustments in corporate profit defined in tax legislation. The federal contribution taxes on gross revenue for Public Service Employee Savings Program (Pasep) and for Social Security Financing (Cofins) are calculated at the rates of 0,65% and 4,00%, respectively.

Deferred tax assets and liabilities are calculated, substantially, on temporary differences between accounting and tax bases, arising from allowances for loan losses, provisions for post-employment benefits, provisions for contingencies (Civil, Tax, Labor and Other Claims), unearned income (“RAP”), provision for Retirement Incentive Program (PID), mark-to-market of securities, derivative financial instruments, and hedged item.

For recognition, maintenance and write-off of deferred tax assets, the criteria observed are established by CMN Resolution No. 3059 of 12,20,2002, and BACEN Circular Letter No. 3171 of 12,30,2002, the latter establishing the procedures for recognition and accounting record, and are supported by technical studies prepared every six months. The rules of the CVM are also applicable, when not conflicting with the CMN and BACEN rules.

**l) Employee benefits**

The Bank grants its employees short-term and post-employment benefits. Short-term benefits are recognized and measured at their original amounts (excluding the effect of the discount to present value or actuarial calculation), on an accrual basis.

Post-employment benefits refer to defined benefit and “variable contribution” pension plans, a defined benefit health care plan, and defined benefit group life insurance.

For “defined benefit” plans and for the portion of unplanned benefits of the variable contribution plan, which has characteristics of defined benefit plan, the net current service cost and net interest on net actuarial liabilities, including interest on the defined benefit asset limit effect, as applicable, are recognized in P&L, whereas actuarial gains and losses and return on plan assets, less amounts considered in net interest, are recognized under “Equity adjustments”, in Equity.

Contributions referring to the portion of defined contribution of the variable contribution plan are recognized in P&L.

**m) Deposits and open market funding**

Are recognized at the amount of liabilities, and related charges, when applicable, are recorded on a *pro rata* day basis.

**n) Impairment of assets**

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable amount. Significant nonfinancial assets are reviewed at least at the end of each reporting period, to determine if there is any indication of impairment loss.

**o) Provisions, contingent assets, contingent liabilities and legal obligations**

Provisions, contingent assets, contingent liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution No. 3823 of 12,16,2009, and BACEN Circular No. 3429 of 02,11,2010.

Provisions for civil, tax, labor and other claims are recognized in the interim financial statements when, based on the opinion of legal advisors and management, the likelihood of loss in a given legal or administrative proceeding is assessed as probable, the settlement of which is likely to result in an outflow of economic benefits, and the amounts involved can be reliably measured upon court reference/notification, reviewed as required by procedural changes, and monetarily restated on a monthly basis.

The assessment of the provision and contingent liability, risk level of new lawsuits, and reassessment of already existing claims are made, case by case, and are classified according to the likelihood of loss, as probable, possible and remote.

Contingencies classified as probable losses are accounted for and represented by Civil proceedings (claiming compensation for pain and suffering and property damages, including, among others, protest of notes, return of checks, and provision of information to credit reporting agencies), Labor claims (claiming labor rights, in light of specific professional category legislation, such as overtime pay, salary equalization, job reinstatement, transfer allowance, severance pay, retirement supplementation, including enforcement notices issued by Regional Labor Offices and others), Tax and Social Security proceedings (represented by legal and administrative proceedings involving federal and municipal taxes) and Other proceedings (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). For lawsuits unfavorable outcome of which is possible or remote, provisions are not set up, as provided for in legal and regulatory requirements, except for legal obligations.

Contingent assets are not accounted for in the interim financial statements.

Legal obligations derive from tax obligations and a provision in their full amount is recognized in the interim financial statements, regardless of the likelihood of success in ongoing lawsuits.

**p) Subordinated debts**

These are recorded at the cost of acquisition, restated by reference to the extra-market rate disclosed by BACEN when the funds are available and, when invested, by reference to the charges agreed upon by the borrowers.

**q) Interest on Equity (IOE) and Dividends**

The shareholders are entitled to receive, as mandatory minimum dividend for each year, 25% (twenty-five percent) of the net income for the year, adjusted according to the Law, as established in the Bank's Chart. Interest on equity may be attributed on dividends.

**r) Use of estimates**

The preparation of the interim financial statements includes estimates and assumptions, such as in determining allowances for loan losses, market value measurement of financial instruments, provision for contingencies, impairment losses and other provisions, e.g. provision for actuarial liabilities for health care, complementary pension plans and life insurance, as well as in recognizing and realizing deferred tax assets/liabilities. Actual results could differ from such estimates and assumptions.

**s) Earnings per share**

The Bank's basic and diluted earnings per share were calculated by dividing net income attributable to shareholders by the weighted average number of total common shares. The Bank has no stock option, subscription bonus or any other right to acquire shares. Accordingly, basic and diluted earnings per share are the same.

**Restatement of Comparative Figures**

The Bank changed its accounting policy in relation to the recognition of tax credits on contingent liabilities in 2018, which are now recognized to the extent projections indicate their realization within 10 years. With respect to tax credits on actuarial provisions, the Bank no longer considers the estimated contribution flow over the next 10 years as basis for realization of the portion related to actuarial losses, and adjusted the deferred tax base.

According to CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors, approved by CMN Resolution No. 4007, these effects were recognized retrospectively and generated the following effects on the balances at 03.31.2018, which are being restated:

INCOME STATEMENTS	03.31.2018		
	Originally stated	Adjusted	Restated
Deferred tax assets	(4,170)	15,044	10,874
<b>Net income</b>	<b>94,264</b>	<b>15,044</b>	<b>109,308</b>
<b>Net earnings per share (basic/diluted) – in R\$</b>	<b>1.091</b>	<b>0.174</b>	<b>1.265</b>

STATEMENTS OF CHANGES IN EQUITY	01.01.2018			03.31.2018		
	Originally stated	Adjusted	Adjusted	Opening balance <sup>(1)</sup>	Adjusted	Restated
<b>Equity</b>	<b>3,542,037</b>	<b>208,674</b>	<b>3,750,711</b>	<b>3,850,793</b>	<b>16,000</b>	<b>3,866,793</b>
<b>Equity Adjustments</b>	<b>(998,758)</b>	<b>147,804</b>	<b>(850,954)</b>	<b>(813,284)</b>	<b>956</b>	<b>(812,328)</b>
Actuarial gains (losses)	-	-	-	(1,331)	956	(375)
<b>Retained earnings (accumulated losses)</b>	<b>-</b>	<b>60,870</b>	<b>60,870</b>	<b>123,459</b>	<b>15,044</b>	<b>138,503</b>

<sup>(1)</sup> The opening balance comprises the adjusted amount plus changes in the first quarter of 2018.

STATEMENTS OF CASH FLOWS	03.31.2018		
	Originally stated	Adjusted	Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net income for the year</b>	<b>94,264</b>	<b>15,044</b>	<b>109,308</b>
<b>Changes in assets and liabilities</b>	<b>2,133,116</b>	<b>(15,044)</b>	<b>2,118,072</b>
Other credits	99,481	(16,000)	83,481
Prior-year adjustments	(12,479)	956	(11,523)

STATEMENTS OF VALUE ADDED	03.31.2018		
	Originally stated	Adjusted	Restated
<b>TAXES, CHARGES AND CONTRIBUTIONS</b>	<b>268,584</b>	<b>(15,044)</b>	<b>253,540</b>
Federal	260,484	(15,044)	245,440
<b>EQUITY REMUNERATION</b>	<b>94,264</b>	<b>15,044</b>	<b>109,308</b>
<b>RETAINED EARNINGS FOR THE PERIOD</b>	<b>74,891</b>	<b>15,044</b>	<b>89,935</b>

STATEMENT OF COMPREHENSIVE INCOME	03.31.2018		
	Originally stated	Adjusted	Restated
Net income	94,264	15,044	109,308
<b>Other comprehensive income</b>	<b>37,847</b>	<b>956</b>	<b>38,803</b>
Actuarial gains (losses)	(1,331)	956	(375)

#### NOTE 4 - Segment reporting

For management purposes, the Bank is organized into two operating segments based on products and services:

- Own Portfolio - comprises own portfolio products and services such as: lending and market operations, fund management and provision of other banking services and collaterals; and
- FNE - comprises loans within the scope of FNE.

Bank management manages operating income separately in order to make decisions on the fund allocation and performance assessment. The performance of each segment is assessed based on the financial margin plus bank fees.

For the periods ended 03.31.2019 and 03.31.2018, no revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenue.

The table below shows information on revenues, costs, expenses and financial margin of operating segments. Administrative expenses, as well as other expenses not directly allocated to each operating segment, are classified as corporate expenses and were included in column "Total":

Specification	01.01 to 03.31.2019			01.01 to 03.31.2018		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
<b>Revenues</b>	<b>1,118,878</b>	<b>778,631</b>	<b>1,897,509</b>	<b>994,422</b>	<b>730,103</b>	<b>1,724,525</b>
Income from loans	495,403	-	495,403	440,949	-	440,949
Gains (losses) on securities transactions	292,131	399,877	692,008	263,285	403,573	666,858
Gains (losses) on derivative financial instruments	30,110	-	30,110	(14,942)	-	(14,942)
Foreign exchange gains (losses)	70,485	-	70,485	58,506	-	58,506
Compulsory investment gain (loss)	5,948	-	5,948	6,312	-	6,312
Other revenues	224,801	378,754	603,555	240,312	326,530	566,842
<b>Expenses</b>	<b>(440,614)</b>	<b>(504,287)</b>	<b>(944,901)</b>	<b>(416,280)</b>	<b>(625,651)</b>	<b>(1,041,931)</b>
Expenses Funding open market	(286,904)	-	(286,904)	(211,277)	-	(211,277)
Expenses on borrowings and onlending	(89,992)	(405,472)	(495,464)	(102,818)	(385,412)	(488,230)
Allowance for loan losses (Note 9.e and 20.g)	(63,718)	(98,815)	(162,533)	(102,185)	(240,239)	(342,424)
Proagro provision receivable	-	-	-	-	-	-
<b>Financial margin</b>	<b>678,264</b>	<b>274,344</b>	<b>952,608</b>	<b>578,142</b>	<b>104,452</b>	<b>682,594</b>
Service revenues	140,970	454,299	595,269	55,656	512,527	568,183
Income from fees, charges and commissions	20,743	-	20,743	16,974	-	16,974
<b>Pasep and Cofins</b>	<b>(30,449)</b>	<b>(39,829)</b>	<b>(70,278)</b>	<b>(27,997)</b>	<b>(40,701)</b>	<b>(68,698)</b>
<b>Income after fees and commissions</b>	<b>809,528</b>	<b>688,814</b>	<b>1,498,342</b>	<b>622,775</b>	<b>576,278</b>	<b>1,199,053</b>
<b>Administrative expenses</b>			<b>(814,387)</b>			<b>(773,019)</b>
Personnel expenses			(501,097)			(463,460)
Depreciation and amortization			(8,076)			(8,197)
Other administrative expenses			(305,214)			(301,362)
<b>Other expenses</b>			<b>(220,597)</b>			<b>(169,599)</b>
<b>Expenses with provisions, except allowance for loan losses</b>			<b>(23,233)</b>			<b>(28,132)</b>
<b>Income before taxation and profit sharing</b>			<b>440,125</b>			<b>228,303</b>
Income tax and social contribution			(136,383)			(113,476)
Profit sharing			(17,303)			(5,519)
<b>Net income</b>			<b>286,439</b>			<b>109,308</b>

## NOTE 5 - Cash and Cash Equivalents

Specification	03.31.2019	12.31.2018
Cash and cash equivalents in local currency	91,271	129,549
Cash and cash equivalents in foreign currency	7,857	3,879
<b>Total cash and cash equivalents</b>	<b>99,128</b>	<b>133,428</b>
Interbank investments <sup>(1)</sup>	7,915,552	7,481,681
<b>Total cash and cash equivalents</b>	<b>8,014,680</b>	<b>7,615,109</b>

<sup>(1)</sup> Transactions whose maturity on the investment date is within 90 days.

## NOTE 6 - Interbank investments

### a) Breakdown

Specification	03.31.2019	12.31.2018
<b>a) Open market investments</b>	<b>8,042,567</b>	<b>7,626,446</b>
Resale agreements pending settlement	7,915,552	7,481,681
Resale agreements pending settlement - Financed position	127,015	144,765
<b>b) Interbank deposits investments</b>	<b>170,075</b>	<b>153,538</b>
Foreign currency investments	29,122	45,188
interbank deposits investments	140,953	108,350
<b>Total</b>	<b>8,212,642</b>	<b>7,779,984</b>
Short-term	8,212,642	7,779,984

### b) Income from interbank investments

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
<b>a) Income from open market investments (Note 7.b)</b>	<b>111,731</b>	<b>214,700</b>
Self-funded position	109,672	213,010
Financed position	2,059	1,690
<b>b) Income from interbank deposits investments(Note 7.b)</b>	<b>1,603</b>	<b>1,744</b>
<b>Total</b>	<b>113,334</b>	<b>216,444</b>



## NOTE 7 - Securities and derivative financial instruments

### a) Securities

The restated cost (plus income earned) and the market value of securities are as follows:

#### a.1) Securities portfolio

Securities available for sale	03.31.2019									12.31.2018	
	Market value					Maturity	Cost value	Market/book value	Market adjustment	Market/book value	Market adjustment
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days						
<b>Fixed income securities</b>	<b>13,000</b>	-	134	5,231	36,376,591		<b>36,692,719</b>	<b>36,394,956</b>	<b>(297,763)</b>	<b>35,065,997</b>	<b>(446,684)</b>
Financial Treasury Bills (LFT)	-	-	-	-	32,813,686	2020 to 2025	32,810,470	32,813,686	3,216	31,233,564	11,309
National Treasury Notes (NTN)	-	-	-	-	2,622,135	2050 to 2055	2,261,468	2,622,135	360,667	1,914,110	230,388
Financial Bills	-	-	-	-	842,416	2020 to 2022	878,481	842,416	(36,065)	1,807,566	(57,936)
Debentures	13,000	-	-	5,206	94,997	2019 to 2041	701,588	113,203	(588,385)	107,133	(593,538)
Federal government securities - FCVS	-	-	-	-	3,287	2027	3,952	3,287	(665)	3,397	(688)
Federal government securities - other	-	-	-	-	-	1993	36,508	-	(36,508)	-	(36,196)
Agrarian Debt Securities (TDAs)	-	-	134	25	70	2019 to 2022	252	229	(23)	227	(23)
<b>Investment fund shares</b>	<b>447</b>	-	-	-	-		<b>2,052</b>	<b>447</b>	<b>(1,605)</b>	<b>431</b>	<b>(1,605)</b>
Social Development Funds (FDS)	-	-	-	-	-	No maturity	1,605	-	(1,605)	-	(1,605)
Investment Guarantee Fund (FGI)	415	-	-	-	-	No maturity	415	415	-	400	-
Operation Guarantee Fund (FGO)	32	-	-	-	-	No maturity	32	32	-	31	-
<b>Variable income securities</b>	<b>52,185</b>	-	-	-	-		<b>23,241</b>	<b>52,185</b>	<b>28,944</b>	<b>34,671</b>	<b>11,430</b>
Other tax incentives (Finor)	194	-	-	-	-	No maturity	109	194	85	171	62
Shares issued by publicly-held companies	51,991	-	-	-	-	No maturity	23,132	51,991	28,859	34,500	11,368
<b>Security deposits <sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,077</b>	<b>446,939</b>		<b>456,501</b>	<b>456,016</b>	<b>(485)</b>	<b>449,161</b>	<b>(336)</b>
Financial Treasury Bills (LFT)	-	-	-	-	446,939	2020 to 2023	446,476	446,939	466	440,262	594
Federal government securities - other	-	-	-	-	-	1993	924	-	(924)	-	(916)
Debentures	-	-	-	9,077	-	2019	9,101	9,077	(24)	8,899	(14)
<b>Total of category</b>	<b>65,632</b>	<b>-</b>	<b>134</b>	<b>14,308</b>	<b>36,823,530</b>		<b>37,174,513</b>	<b>36,903,604</b>	<b>(270,909)</b>	<b>35,550,260</b>	<b>(437,195)</b>
Tax credit (Note 21.c)									270,711		279,464
Provision for deferred taxes and contributions (Note 21.d)									(161,842)		(103,221)
<b>Total market value adjustment</b>									<b>(162,040)</b>		<b>(260,952)</b>

<sup>(1)</sup> Breakdown: Guarantees on stock exchange transactions R\$274,915 (R\$270,805 at 12.31.2018); guarantees on clearing house association transactions R\$3,128 (R\$3,081 at 12.31.2018); guarantees on legal proceedings R\$149,662 (R\$147,388 at 12.31.2018); and other guarantees R\$28,311 (R\$27,887 at 12.31.2018).

Account "Federal Government Securities - Other" under items Fixed Income Securities and Security Deposits records cash investments in government securities denominated by the National Treasury as NUCL910801, maturing on 08.31.1993, but not yet redeemed by the National Treasury. These securities recorded a full devaluation due to their maturity, without, however, falling under the concept of permanent loss, as provided by BACEN Circular Letter No. 3068 of 11/08/2001.

In view of the classification of assets under "Securities available for sale", the amount of (R\$270,910) ((R\$437,195) at 12.31.2018) was recorded in Equity under "Market value adjustments" account. Such adjustment, net of taxes, corresponds to (R\$162,041) ((R\$260,952) at 12.31.2018).

Securities held to maturity	03.31.2019						12.31.2018		
	Cost value				Maturity	Cost (book) value	Market value <sup>(1)</sup>	Cost (book) value	Market value <sup>(1)</sup>
	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days					
<b>Fixed income securities</b>	-	-	-	-		<b>246,043</b>	<b>198,696</b>	<b>237,420</b>	<b>184,507</b>
National Treasury Notes (NTN) - P	-	-	-	179,582	2030	179,582	132,235	176,986	124,073
Investment Fund Shares - Criatec	-	-	14,302	-	2019	14,302	14,302	13,923	13,923
Investment Fund Shares – Criatec II	-	-	-	13,072	2023	13,072	13,072	12,981	12,981
Investment Fund Shares – Criatec III	-	-	-	2,768	2025	2,768	2,768	2,289	2,289
FIP Brasil Agronegócios	-	-	13,378	-	2020	13,378	13,378	13,309	13,309
Nordeste III FIP	-	-	-	22,941	2023	22,941	22,941	17,932	17,932
<b>Total of category</b>	-	-	<b>27,680</b>	<b>218,363</b>		<b>246,043</b>	<b>198,696</b>	<b>237,420</b>	<b>184,507</b>

<sup>(1)</sup> The market values described above are for illustrative purposes only, and no accounting record has been made in this respect, as required by BACEN Circular Letter No. 3068 of 11/08/2001.

- a.2) In the period, there were no reclassifications of marketable securities into the categories above, and no securities held to maturity were sold.
- a.3) Bank Management states that the institution has the financial capacity and the intention to keep these securities held under this category until maturity.

#### b) Gain (loss) on securities

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
Open market investments (Note 6.b)	111,731	214,700
interbank deposits investments (Note 6.b)	1,603	1,744
Fixed income securities	578,576	450,414
Variable income securities	98	-
<b>Total</b>	<b>692,008</b>	<b>666,858</b>

#### c) Derivative financial instruments

The Bank operates under a conservative investment policy focused on investing strictly in compliance with the maturity terms and rates established by the respective sources of funds in order to avoid any mismatching among assets and liabilities in terms of maturities, interest rates and applicable indexes.

At 03.31.2019, the Bank had swap transactions registered with B3 S.A., and the notional value of these transactions is recorded in memorandum accounts (notional value) while the related book value is recorded under the captions 'Differential payable' and 'Differential receivable', as shown below:

Specification	Breakdown at 03.31.2019							12.31.2018	
	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net	Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative		
<b>Long position</b>									
Foreign currency (dollar)	578,615	595,415	1,233	595,415	-	-	1,233	1,233	21,591
<b>Short position</b>									
Fixed rate	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>578,615</b>	<b>595,415</b>	<b>1,233</b>	<b>595,415</b>	<b>-</b>	<b>-</b>	<b>1,233</b>	<b>1,233</b>	<b>21,591</b>
Provision for tax credits (Note 21.c)								493	8,637

Specification	03.31.2019		12.31.2018	
	Differential receivable	Differential payable	Differential receivable	Differential payable
Up to 3 months	595,415	1,233	-	-
3 to 12 months	-	-	585,664	21,591
1 to 3 years	-	-	-	-
<b>Total</b>	<b>595,415</b>	<b>1,233</b>	<b>585,664</b>	<b>21,591</b>

#### c.1) Derivative financial instruments classified as market risk hedge (Hedge Accounting)

Specification	03.31.2019				12.31.2018	
	Curve value		Market value		Market value adjustment	Market value adjustment
Hedging instruments	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI		
Swap - Foreign currency - Long position	1,189,610	594,195	1,188,377	594,195	(1,233)	(21,591)
<b>Hedged item</b>	<b>Curve value<sup>(1)</sup></b>		<b>Market value<sup>(1)</sup></b>		<b>Market value adjustment</b>	<b>Market value adjustment</b>
Eurobonds – Senior Unsecured Notes	1,189,610		1,188,377		(1,233)	(22,460)
Provision for deferred taxes and contributions (Note 21.c)					(493)	(8,984)

<sup>(1)</sup> Net of tax effects at source on interest from transaction of R\$2,943 (R\$1,150 at 12.31.2018).

The transactions with derivative financial instruments for hedging purposes were assessed as effective under BACEN Circular Letter No. 3082 of 01/30/2002, based on the financial flows (principal and interest) of the hedged item, Eurobonds - Senior Unsecured Notes, and of hedging instruments (swap contracts).

d) Gain (loss) on derivative financial instruments

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
Swap	30,110	(14,942)
<b>Total</b>	<b>30,110</b>	<b>(14,942)</b>

NOTE 8 – Linked Credits

a) Linked credits

Specification	03.31.2019			12.31.2018		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Mandatory payments	467,446	-	467,446	486,835	-	486,835
Compulsory reserves – Cash funds	9,671	-	9,671	13,184	-	13,184
National Housing System (SFH)	79,903	(8,301)	71,602	78,858	(8,277)	70,581
<b>Total</b>	<b>557,020</b>	<b>(8,301)</b>	<b>548,719</b>	<b>578,877</b>	<b>(8,277)</b>	<b>570,600</b>
Short-term	477,117	-	477,117	500,019	-	500,019
Long-term	79,903	(8,301)	71,602	78,858	(8,277)	70,581

b) Compulsory investment gain/loss

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
Income from linked credits – Central Bank of Brazil	4,928	5,347
Income from linked credits – SFH	1,045	988
Appreciation (Depreciation) of linked credits	(25)	(23)
<b>Total</b>	<b>5,948</b>	<b>6,312</b>

NOTE 9 - Loan portfolio and allowance for loan losses

a) Loan portfolio and allowance for loan losses

Specification	03.31.2019		12.31.2018	
	Gross amount	Allowance	Gross amount	Allowance
<b>Loans</b>	<b>9,388,577</b>	<b>(585,180)</b>	<b>9,659,746</b>	<b>(616,930)</b>
Short term	4,430,269	(284,344)	4,614,935	(346,763)
Long term	4,958,308	(300,836)	5,044,811	(270,167)
<b>Other accounts with loan features</b>	<b>917,875</b>	<b>(11,042)</b>	<b>883,584</b>	<b>(10,729)</b>
Short term	900,714	(11,042)	880,453	(10,729)
Long term	17,161	-	3,131	-
<b>Total</b>	<b>10,306,452</b>	<b>(596,222)</b>	<b>10,543,330</b>	<b>(627,659)</b>

a.1) Breakdown of loan portfolio

Specification	03.31.2019	12.31.2018
Advances to depositors	363	160
Loans	4,317,428	4,460,331
Discounted credits notes	10,075	12,704
Financing	1,546,015	1,540,865
Financing in foreign currency	5,034	10,616
Agribusiness financing	5,728	5,965
Rural financing	1,316,788	1,366,030
Infrastructure and development financing	2,187,146	2,263,075
<b>Loans subtotal</b>	<b>9,388,577</b>	<b>9,659,746</b>
Income receivable from advances granted	21,524	11,787
Debtors for purchase of assets	15,806	662
Notes and credits receivable (Note 10.d)	47,872	51,269
Advances on Exchange Contracts (ACC) <sup>(1)</sup> (Note 11.a)	832,673	819,866
<b>Other accounts with loan features subtotal</b>	<b>917,875</b>	<b>883,584</b>
<b>Total</b>	<b>10,306,452</b>	<b>10,543,330</b>

<sup>(1)</sup> Accounts classified as "Other obligations/ foreign exchange portfolio".

## a.2) Income from loans

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
Loans and discounted credits notes	277,383	216,340
Financing	130,394	123,022
Agribusiness financing	257	357
Rural financing	57,428	69,609
Recovery of loans written off as losses	29,941	31,621
<b>Total</b>	<b>495,403</b>	<b>440,949</b>

## b) Breakdown by maturity

### b.1) Current loans <sup>(1)</sup>

Type of customer/Activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 03.31.2019	Total at 12.31.2018
Rural	2,914	535	4,069	13,503	29,329	1,232,091	1,282,441	1,293,076
Manufacturing	26,885	58,489	43,250	167,746	604,959	1,490,339	2,391,668	2,381,250
Government	24,923	11,259	11,259	58,514	43,701	408,631	558,287	615,268
Other services	106,203	99,145	79,414	186,308	244,841	1,553,856	2,269,767	2,308,207
Trade	764,815	669,056	533,383	880,169	280,496	134,477	3,262,396	3,395,694
Financial brokers	59	60	60	184	368	11,625	12,356	632
Housing	-	-	-	-	-	-	-	157
Individuals	24,451	11,239	7,600	14,012	11,972	9,829	79,103	83,739
<b>Total at 03.31.2019</b>	<b>950,250</b>	<b>849,783</b>	<b>679,035</b>	<b>1,320,436</b>	<b>1,215,666</b>	<b>4,840,848</b>	<b>9,856,018</b>	
<b>Total at 12.31.2018</b>	<b>953,785</b>	<b>874,408</b>	<b>711,446</b>	<b>1,281,809</b>	<b>1,384,987</b>	<b>4,871,588</b>	<b>953,785</b>	<b>10,078,023</b>

<sup>(1)</sup> Include loans overdue up to 14 days.

### b.2) Past-due loans

Falling due Installments									
Type of Customer/Activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 03.31.2019	Total at 12.31.2018	
Rural	28	3	80	16	407	1,684	2,218	39,791	
Manufacturing	1,508	1,423	1,393	4,632	8,384	14,617	31,957	36,626	
Other services	6,176	5,202	4,727	12,404	18,561	52,847	99,917	87,010	
Trade	20,178	12,277	8,733	15,735	19,097	64,542	140,562	131,358	
Financial brokers	1	1	1	4	9	24	40	45	
Individuals	274	234	198	622	765	1,263	3,356	2,851	
<b>Total at 03.31.2019</b>	<b>28,165</b>	<b>19,140</b>	<b>15,132</b>	<b>33,413</b>	<b>47,223</b>	<b>134,977</b>	<b>278,050</b>		
<b>Total at 12.31.2018</b>	<b>21,114</b>	<b>15,545</b>	<b>12,691</b>	<b>28,392</b>	<b>43,188</b>	<b>176,751</b>		<b>297,681</b>	

Past-due Installments									
Type of Customer/Activity	01 to 14 days	15 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days <sup>(1)</sup>	Total at 03.31.2019	Total at 12.31.2018
Rural	1	129	7	174	1,091	461	35,996	37,859	39,126
Manufacturing	585	1,151	1,128	765	1,720	1,051	-	6,400	7,169
Other services	3,046	3,547	4,599	3,471	9,297	7,672	79	31,711	28,819
Trade	12,483	12,414	13,296	9,273	19,199	22,151	158	88,974	84,726
Financial brokers	1	-	1	1	3	-	-	6	27
Individuals	47	702	961	768	1,558	3,386	12	7,434	7,759
<b>Total at 03.31.2019</b>	<b>16,163</b>	<b>17,943</b>	<b>19,992</b>	<b>14,452</b>	<b>32,868</b>	<b>34,721</b>	<b>36,245</b>	<b>172,384</b>	
<b>Total at 12.31.2018</b>	<b>14,772</b>	<b>13,229</b>	<b>17,966</b>	<b>13,816</b>	<b>31,026</b>	<b>39,277</b>	<b>37,540</b>		<b>167,626</b>

<sup>(1)</sup> These include amounts referring to loans taken out based on CMN Resolution No. 2471, of 02/26/1998 and classified in current assets in the Balance Sheet.

### c) Breakdown by risk level

Risk level	03.31.2019				12.31.2018			
	Current loan <sup>(1)</sup>	Past due loan	Total portfolio	Allowance	Current loan <sup>(1)</sup>	Past due loan	Total portfolio	Allowance
AA	3,524,001	-	3,524,001	-	3,722,942	-	3,722,942	-
A	4,635,547	-	4,635,547	(23,178)	4,696,442	-	4,696,442	(23,482)
B	569,530	51,508	621,038	(6,210)	714,345	29,577	743,922	(7,439)
C	692,985	44,276	737,261	(22,118)	529,726	30,253	559,979	(16,799)
D	158,519	29,754	188,273	(18,827)	158,894	24,218	183,112	(18,311)
E	20,929	35,059	55,988	(16,796)	32,733	28,424	61,157	(18,347)
F	13,286	32,305	45,591	(22,795)	13,275	24,010	37,285	(18,642)
G	13,754	27,766	41,520	(29,065)	16,302	29,876	46,178	(32,326)
H	227,467	229,766	457,233	(457,233)	193,364	298,949	492,313	(492,313)
<b>Total</b>	<b>9,856,018</b>	<b>450,434</b>	<b>10,306,452</b>	<b>(596,222)</b>	<b>10,078,023</b>	<b>465,307</b>	<b>10,543,330</b>	<b>(627,659)</b>

<sup>(1)</sup> Include loans overdue up to 14 days.

#### d) Changes in the allowance for the period

Specification	03.31.2019	12.31.2018
Opening balance of Allowance for losses on loan portfolio	627,659	950,848
(+) Allowance recognized/(reversed) for the period	63,774	460,408
(-) Loans written off as loss for the period	(95,211)	(783,597)
<b>(=) Net allowance for losses on loan portfolio</b>	<b>596,222</b>	<b>627,659</b>
Opening balance of Allowance for losses on other credits without loan features	27,848	27,238
(+) Allowance recognized for the period	-	834
(-) Reversal of allowance for the period	(56)	(224)
<b>(=) Net allowance for losses on other receivables without loan features (Note 10.e)</b>	<b>27,792</b>	<b>27,848</b>
<b>(=) Balance of allowance for loan losses</b>	<b>624,014</b>	<b>655,507</b>

#### e) Breakdown of the allowance expense balance

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
(+) Expenses with allowance for loan losses	63,247	99,574
(+) Expenses with allowance for losses on other credits	527	2,555
<b>(=) Balance of expenses with allowance for losses with loan features</b>	<b>63,774</b>	<b>102,129</b>
(+) Expenses with allowance for losses on other credits without loan features	-	56
(-) Reversals of allowances for other credits without loan features	(56)	-
<b>(=) Balance of expenses on allowance for loan losses (Note 4)</b>	<b>63,718</b>	<b>102,185</b>

#### f) Financial guarantees provided

Specification	03.31.2019		12.31.2018	
	Balance	Provision	Balance	Provision
Other bank guarantees	450	-	450	-
<b>Public sector</b>	<b>24,476,090</b>	<b>(2,934,898)</b>	<b>24,029,174</b>	<b>(2,990,936)</b>
FDNE (Notes 16.i and 22.f.2)	13,848	(1,246)	131,323	(1,222)
FNE (Notes 16.i and 22.f.2)	24,324,427	(2,933,645)	23,887,363	(2,989,707)
Proagro (Notes 16.i and 22.f.2)	17,815	(7)	10,488	(7)

#### g) Loan concentration

Specification	03.31.2019		12.31.2018	
	Balance	% of portfolio	Balance	% of portfolio
10 major debtors	2,051,593	19.91	2,079,899	19.73
50 major debtors	4,275,389	41.48	4,340,102	41.16
100 major debtors	4,873,798	47.29	4,942,422	46.88

f) In the first quarter of 2019, receivables that had been written off as loss were recovered in the amount of R\$29,941 (R\$ 31,621 at 03/31/2018) and renegotiations amounted to R\$ 565,690 (R\$ 67,594 at 12/31/2018).

#### NOTE 10 - Other credits

Specification	03.31.2019	12.31.2018
<b>a) Foreign Exchange Portfolio (Note 11.a)</b>	<b>894,411</b>	<b>868,658</b>
<b>b) Income receivable</b>	<b>18,503</b>	<b>15,938</b>
<b>c) Trading and intermediation of securities</b>	<b>21</b>	<b>12</b>
<b>e) Sundry</b>	<b>3,225,752</b>	<b>3,660,718</b>
Tax credits on Allowance for Loan Losses, Unearned Income, Provisions for Contingencies and Early Retirement Incentive Program – PID (Note 21.c)	1,216,885	1,322,540
Tax credits on Actuarial provisions (Note 21.c)	896,364	891,040
Tax credits on Securities, Derivative Financial Instruments and hedged item (Notes 7.a.2., 7.c and 21.c)	271,204	288,101
Debtors for escrow deposits	415,176	410,721
Taxes and contributions to be offset	90,092	356,473
Tax incentive options	26,748	26,748
Notes and credits receivable (Note 9.a.1)	47,872	51,269
Advances and early salary payment	37,880	1,986
Payments to be refunded	2,937	2,409
Amounts receivable – bonus/rebates	92,016	85,167
Other amounts	128,578	224,264
<b>e) Allowance for losses on other credits</b>	<b>(38,834)</b>	<b>(38,577)</b>
Receivables with loan features	(11,042)	(10,729)
Receivables without loan features (Note 9.d)	(27,792)	(27,848)
<b>Total</b>	<b>4,099,853</b>	<b>4,506,749</b>
Short-term	1,757,989	2,402,198
Long-term	2,341,864	2,104,551

## NOTE 11 - Foreign exchange portfolio

### a) Breakdown

Specification	03.31.2019	12.31.2018
<b>Assets - Other credits(Note 10.a)</b>	<b>894,411</b>	<b>868,658</b>
Exchange purchase to settle	870,788	856,751
Rights on foreign exchange sales	3,258	5,354
Advances received in local currency	(1,158)	(5,233)
Income receivable from advances granted	21,523	11,786
<b>Current assets (Note 10.a)</b>	<b>894,411</b>	<b>868,658</b>
<b>Liabilities – Other obligations (Note 16.b)</b>	<b>5,353</b>	<b>5,319</b>
Foreign exchange purchase obligations	834,813	819,866
Exchange sold to be settle	3,212	5,318
(Advances on exchange contracts - ACC) (Note 9.a.1)	(832,673)	(819,866)
Other amounts	1	1
<b>Current liabilities (Note 16.b)</b>	<b>5,353</b>	<b>5,319</b>

### b) Foreign exchange gains (losses)

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
exchange income	70,619	58,779
exchange expenses	(134)	(273)
<b>Total</b>	<b>70,485</b>	<b>58,506</b>

## NOTE 12 - Permanent assets

### a) Investments

Specification	12.31.2018	01.01.2019 to 03.31.2019		03.31.2019	
	Book balance	Changes		Cost value	Book balance
		Additions	Write-offs		
Shares and units of interest	331	-	-	331	331
Artworks and valuables	1,260	-	-	1,260	1,260
<b>Total</b>	<b>1,591</b>	<b>-</b>	<b>-</b>	<b>1,591</b>	<b>1,591</b>

### b) Property and equipment

Specification	12.31.2018	01.01.2019 to 03.31.2019			03.31.2019		
	Book balance	Changes			Cost value	Accumulated depreciation	Book balance
		Additions	Write-offs	Depreciation			
Buildings	67,584	3,181	-	(1,220)	262,489	(192,944)	69,545
Data processing system	49,942	1,105	(145)	(4,733)	173,400	(127,231)	46,169
Furniture and equipment in use	27,205	1,476	(74)	(1,344)	80,146	(52,883)	27,263
Lands	17,576	-	-	-	17,576	-	17,576
Facilities	3,413	386	(3)	(230)	19,292	(15,726)	3,566
Communication system	38	47	-	(3)	301	(219)	82
Security system	5,469	46	(2)	(311)	18,242	(13,040)	5,202
Transportation system	236	-	-	(234)	14,332	(14,330)	2
<b>Total</b>	<b>171,463</b>	<b>6,241</b>	<b>(224)</b>	<b>(8,075)</b>	<b>585,778</b>	<b>(416,373)</b>	<b>169,405</b>

### c) Intangible assets

Specification	12.31.2018	01.01.2019 to 03.31.2019			03.31.2019	
	Book balance	Changes			Cost value	Book balance
		Additions	Write-offs	Amortization		
Spending on intangible assets under development <sup>(1)</sup>	19,948	-	-	-	19,948	19,948
<b>Total</b>	<b>19,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,948</b>	<b>19,948</b>

<sup>(1)</sup> The balance includes the acquisition cost of software ERP use licenses. There were no indications of asset impairment losses in the year.

In the first quarter of 2019 and in 2018, no impairment losses were recorded on permanent assets.



**NOTE 13 - Deposits, Open Market Funding, Funds from Acceptance and Issue of Securities, Debt Instruments Eligible to Capital and Subordinated Debts**

**a) Breakdown of deposits, funds from acceptance and issue of securities, debt instruments eligible to capital and subordinated debts by maturity**

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 03.31.2019	Total at 12.31.2018
<b>Demand deposits</b>	294,897	-	-	-	-	-	294,897	328,683
<b>Savings deposits</b>	2,308,247	-	-	-	-	-	2,308,247	2,433,765
<b>Interbank deposits</b>	813,309	750,000	-	-	-	-	1,563,309	1,559,993
<b>Time deposits</b>	1,169,902	1,218,890	3,476,329	1,228,876	1,066,138	29,689	8,189,824	8,491,820
Time deposits	817,812	1,196,573	1,767,993	1,145,096	947,884	29,689	5,905,047	6,268,746
Interest-yielding judicial deposits	346,364	-	-	-	-	-	346,364	338,746
Finor/cash and cash equivalents and reinvestments - Law No. 8167	-	1,267	1,692,008	83,780	83,780	-	1,860,835	1,774,562
FAT - Available funds	1,934	5,561	5,434	-	-	-	12,929	29,249
FAT - Applied funds	3,792	10,908	10,894	-	-	-	25,594	36,905
Other	-	4,581	-	-	34,474	-	39,055	43,612
<b>Funds from acceptance and issue of securities</b>	1,203,224	142,273	-	-	-	-	1,345,497	1,311,459
Eurobonds – Senior Unsecured Notes	1,191,320	-	-	-	-	-	1,191,320	1,149,183
Agribusiness Credit Bills (LCA)	11,904	142,273	-	-	-	-	154,177	162,276
<b>Debt instruments eligible to capital</b>	-	-	-	-	-	1,000,000	1,000,000	1,000,000
<b>Subordinated debts</b>	-	-	-	-	-	2,413,197	2,413,197	2,369,446
<b>Total at 03.31.2019</b>	5,789,579	2,111,163	3,476,329	1,228,876	1,066,138	3,442,886	17,114,971	
<b>Total at 12.31.2018</b>	4,005,491	4,056,596	3,938,740	1,061,156	1,036,782	3,396,401		17,495,166

## b) Deposits

Specification	03.31.2019	12.31.2018
<b>Demand deposits</b>	<b>294,897</b>	<b>328,683</b>
Government deposits	6,376	6,039
Linked deposits	127,735	136,476
Legal entities	129,912	153,133
Individuals	29,425	32,647
Other amounts	1,449	388
<b>Savings deposits</b>	<b>2,308,247</b>	<b>2,433,765</b>
Free savings deposits - Individuals	1,550,537	1,580,066
Free savings deposits – Legal entities	756,845	852,933
From related parties and Financial System Institutions	865	766
<b>Interbank deposits</b>	<b>1,563,309</b>	<b>1,559,993</b>
<b>Time deposits</b>	<b>8,189,824</b>	<b>8,491,820</b>
Time deposits	5,905,047	6,268,746
Interest-yielding judicial deposits	346,364	338,746
<b>Other time deposits</b>	<b>1,938,413</b>	<b>1,884,328</b>
<b>Interest-yielding special deposits/FAT (Notes 26 and 28)</b>	<b>38,523</b>	<b>66,154</b>
<b>Available funds (Note 26)</b>	<b>12,929</b>	<b>29,249</b>
ProgerUrbano	193	9,360
Protrabalho	4,174	1,778
Infrastructure	-	1,286
PNMPO	8,562	16,825
<b>Funds Applied (Note 26)</b>	<b>25,594</b>	<b>36,905</b>
ProgerUrbano	21	190
Protrabalho	18,738	22,196
Infrastructure	-	-
PNMPO	6,835	14,519
<b>Finor/cash and cash equivalents and reinvestments (Law No. 8167/91)</b>	<b>1,860,835</b>	<b>1,774,562</b>
<b>Other amounts</b>	<b>39,055</b>	<b>43,612</b>
<b>Total</b>	<b>12,356,277</b>	<b>12,814,261</b>
Short-term	6,555,245	6,750,628
Long-term	5,801,032	6,063,633

## c) Open market funding

Specification	03.31.2019	12.31.2018
<b>Own portfolio</b>	<b>1,333,578</b>	<b>1,236,716</b>
Financial Treasury Bills (LFT)	1,333,578	1,236,716
<b>Third-party portfolio</b>	<b>127,015</b>	<b>144,765</b>
National Treasury Notes (NTN)	127,015	144,765
<b>Total</b>	<b>1,460,593</b>	<b>1,381,481</b>
Short-term	1,451,642	1,372,662
Long-term	8,951	8,819

## d) Expenses with open market funding

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
<b>Funding expenses</b>	<b>(265,064)</b>	<b>(195,747)</b>
Time deposits	(89,155)	(82,358)
Savings deposits	(21,073)	(20,401)
Judicial deposits	(4,355)	(8,914)
Interbank deposits	(10,290)	(10,512)
Special deposits	(26,232)	(27,642)
Funds from acceptance and issue of securities	(111,277)	(42,876)
Other deposits	(2,682)	(3,044)
<b>Expenses with open market funding</b>	<b>(21,840)</b>	<b>(15,530)</b>
Third-party portfolio	(2,059)	(1,690)
Own portfolio	(19,781)	(13,840)
<b>Total</b>	<b>(286,904)</b>	<b>(211,277)</b>

## NOTE 14 - Borrowings and onlending

### a) Borrowings and onlending by maturity

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 03.31.2019	Total at 12.31.2018
Foreign borrowings	125,487	777,838	-	-	-	-	903,325	900,437
Domestic onlending	31,388	75,145	291,358	313,800	454,411	35,055	1,201,157	1,222,018
Foreign onlending	57,896	109,004	163,578	163,746	60,770	-	554,994	580,602
<b>Total at 03.31.2019</b>	<b>214,771</b>	<b>961,988</b>	<b>454,935</b>	<b>477,546</b>	<b>515,181</b>	<b>35,055</b>	<b>2,659,476</b>	-
<b>Total at 12.31.2018</b>	<b>190,074</b>	<b>1,010,927</b>	<b>472,715</b>	<b>492,940</b>	<b>498,921</b>	<b>37,480</b>		<b>2,703,057</b>
Short-term							<b>1,176,759</b>	<b>1,201,001</b>
Long-term							<b>1,482,717</b>	<b>1,502,056</b>

### c) Domestic Onlending– official institutions

Specification	Annual restatement rate (%)	03.31.2019	12.31.2018
<b>National Treasury</b>	IGP - 7 + 2.00	<b>486</b>	<b>482</b>
<b>BNDES</b>		<b>1,139,602</b>	<b>1,155,450</b>
POC (credit facility granted by the BNDES agents to small and medium-sized companies to buy shares in capital increases)	Fixed rate 1.5 to 11.10/ TJLP + 0.00 to 4.00/IPCA + 9.41/	759,494	767,975
Credit Facility for investment in agriculture	Exc. var.+ 2.00 to 4.00	380,108	387,475
<b>Machinery and Equipment Financing (Finame)</b>		<b>61,069</b>	<b>66,086</b>
"ProgramaAutomático" (program for purchase of new machinery and equipment by companies based in Brazil)	Fixed rate 1.5 to 7.00/ TJLP + 0.00 to 4.00/IPCA + 9.41/	40,119	44,393
Agricultural Program	Exc. var.+ 2.00 to 4.00	20,950	21,693
<b>Total (Note 28.a.1)</b>		<b>1,201,157</b>	<b>1,222,018</b>
Short-term		106,533	131,908
Long-term		1,094,624	1,090,110

### c) Borrowings

Specification	Annual restatement rate (%)	03.31.2019	12.31.2018
Foreign borrowings/Foreign currency payables	USD	903,325	900,437
<b>Total</b>		<b>903,325</b>	<b>900,437</b>
Short-term		903,325	900,437

### d) Foreign onlending

Specification	Annual restatement rate (%)	03.31.2019	12.31.2018
BID-Prodetur I (Tourism Development Program with funds provided by the IDB)	USD + 4.51	114,281	112,392
BID-Prodetur II	USD + 3.78	435,484	462,387
BID - Other programs	USD + 3.78	5,229	5,823
<b>Total</b>		<b>554,994</b>	<b>580,602</b>
Short-term		166,901	168,656
Long-term		388,093	411,946

### e) Expenses on borrowings and onlending

Specification	01.01. to 03.31.2019	01.01. to 03.31.2018
<b>Expenses on onlending</b>	<b>(62,256)</b>	<b>(68,800)</b>
<b>Domestic onlending - Official institutions in Brazil</b>	<b>(20,605)</b>	<b>(33,144)</b>
National Treasury	(5)	(6)
BNDES	(20,015)	(32,171)
Machinery and Equipment Financing (Finame)	(585)	(967)
<b>Foreign onlending expenses</b>	<b>(41,651)</b>	<b>(35,656)</b>
<b>Expenses on onlending with foreign banks</b>	<b>(63,656)</b>	<b>(52,423)</b>
<b>Expenses on financial and development funds</b>	<b>(369,552)</b>	<b>(367,007)</b>
<b>Total</b>	<b>(495,464)</b>	<b>(488,230)</b>

**NOTE 15 - Funds from acceptance and issue of securities**

**a) Liabilities for foreign securities**

Specification	Funding date	Maturity	Remuneration p.a. (%)	Contractual amount in thousands of US dollars	Contractual amount at 03.31.2019 <sup>(2)</sup>	Market value at 03.31.2019 <sup>(2)</sup>	Market value at 12.31.2018 <sup>(2)</sup>
Eurobonds – Senior Unsecured Notes <sup>(1)</sup>	03,05,2012	03,05,2019	4.375	300,000	1,192,553	1,191,320	1,149,183
<b>Total</b>					<b>1,192,553</b>	<b>1,191,320</b>	<b>1,149,183</b>
Short-term						1,191,320	1,149,183
Long-term						-	-

<sup>(1)</sup> The notes are not subject to interim repayments and principal is settled on the transaction maturity date. Interest on notes is payable every six months.

<sup>(2)</sup> Considering tax effects.

According to Note 7.c.1, swap transactions conducted to hedge dollar-denominated liabilities against market fluctuations, arising from foreign funding, were classified as hedging accounting, and therefore the liabilities balances are adjusted to market value.

**b) Agribusiness Credit Bills (LCAs) issued**

Specification	Remuneration p.a. (%)	Nominal value	03.31.2019	12.31.2018
Agribusiness Credit Bills (LCA) <sup>(1)</sup>	81.21 CDI	151,244	154,177	162,276
Short-term			154,177	162,276
Long-term			-	-

<sup>(1)</sup> Note with average maturity term of 220 days.

**NOTE 16 - Other liabilities**

Specification	03.31.2019	12.31.2018
<b>a) Collection and transfer of taxes and levies</b>	<b>54,682</b>	<b>1,477</b>
Funds from Proagro	341	227
Federal taxes received	52,205	35
IOF payable	584	783
Other taxes and levies	1,552	432
<b>b) Foreign exchange portfolio (Note 11.a)</b>	<b>5,353</b>	<b>5,319</b>
<b>c) Social and statutory</b>	<b>198,953</b>	<b>179,662</b>
Dividends and bonuses payable	133,406	131,418
Profit sharing	65,547	48,244
<b>d) Tax and social security</b>	<b>448,564</b>	<b>692,671</b>
<b>Provision for deferred taxes and contributions</b>	<b>331,177</b>	<b>278,499</b>
Securities and derivative financial instruments (Note 21.d)	161,842	103,221
From credits recovered and hedged items (Note 21.c)	169,335	175,278
<b>Provision for income tax and social contribution (Note 21.a.2)</b>	<b>33,585</b>	<b>310,412</b>
Income tax	20,516	166,581
Social contribution	13,069	143,831
<b>Taxes and contributions payable</b>	<b>83,802</b>	<b>103,760</b>
<b>e) Trading and intermediation of securities</b>	<b>152</b>	<b>153</b>
<b>f) Financial and development funds</b>	<b>26,808,301</b>	<b>25,472,735</b>
FNE (Note 28.a.1)	25,932,444	24,585,592
Other amounts	875,857	887,143
<b>g) Debt instruments eligible to capital (Notes 17 and 28.a.1)</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>h) Subordinated debts eligible for capital (Notes 18 and 28.a.1)</b>	<b>2,413,197</b>	<b>2,369,446</b>
<b>i) Other</b>	<b>6,471,597</b>	<b>6,485,206</b>
<b>Provision for contingencies</b>	<b>486,018</b>	<b>401,730</b>
Labor claims (Note 22.f.1.ii)	220,251	206,531
Civil proceedings (Note 22.f.1.iii)	148,376	146,964
Tax proceedings	10,620	-
Other tax proceedings (Note 22.f.1.i)	5,475	15,769
Dividends and interest on equity	68,240	-
Other (Note 22.f.1.iv)	33,056	32,466
<b>Provision for Financial Guarantees Provided (Note 22.f.2)</b>	<b>2,934,898</b>	<b>2,990,936</b>
<b>FNE (Note 9.f)</b>	<b>2,933,645</b>	<b>2,989,707</b>
Onlending	984	1,017
Full risk - BNB	60,852	59,135
Shared risk	2,871,809	2,929,555
FDNE (Note 9.f)	1,246	1,222
Proagro (Note 9.f)	7	7
<b>Actuarial liabilities</b>	<b>2,240,910</b>	<b>2,227,601</b>
Retirement and DB pension plan (Notes 24.f and 28.a.2)	601,324	606,070
Health care plan (Notes 24.b and 28.a.2)	1,490,405	1,474,370
Life insurance - Post-employment benefit (Notes 24.b and 28.a.2)	149,181	147,161

<b>Accrued payments</b>	<b>570,267</b>	<b>505,807</b>
Personnel expenses	241,016	249,489
Other amounts	89,851	82,836
Interest and charges on debt instruments eligible to capital	239,400	173,482
<b>Other amounts</b>	<b>239,504</b>	<b>359,132</b>
<b>Total</b>	<b>37,400,799</b>	<b>36,206,669</b>
Short-term	4,046,431	5,622,712
Long-term	33,354,368	30,583,957

#### NOTE 17 - Debt Instruments Eligible to Principal Capital (IECP)

On 01.19.2016, the Bank and Federal Government entered into a loan agreement in the amount of R\$1,000,000 for purposes of classification as instrument eligible to principal capital, as provided for in article 16 of CMN Resolution No. 4192 of 03.01.2013, amended by CMN Resolution No. 4278 of 12.31.2013 and CMN Resolution No. 4311 of 02.20.2014.

Interest will be settled in an annual lump-sum payment, restated by the Brazil's Central Bank benchmark rate (Selic) up to the effective payment date, within 30 days from the payment of dividends referring to P&L determined in the closing balance sheet of the fiscal year.

In case the balance of retained earnings, of income reserves, including legal reserve and capital reserves of the Bank, is not sufficient to absorb its losses calculated upon closing of the balance sheet of the fiscal year, the Bank will be relieved from the remuneration and will use the amounts due as interest overdue and the principal balance, in that order, up to the amount required to offset losses, the debt to which the agreement refers being duly settled for all purposes.

Any unpaid charges will not accrue. In the event the payment or dividend credit is not performed (including as interest on equity) until December 31 of the subsequent fiscal year, the financial charges unpaid will no longer be enforceable definitely.

The obligation has no maturity date and it may only be redeemed or repurchased by the issuer, subject to prior authorization by Bacen.

Specification	Amount issued	Remuneration	Funding date	03.31.2019	12.31.2018
Debt instruments eligible to capital (Notes 16.g and 28.a.1)	1,000,000	Profitability on Equity	19,01,2016	1,000,000	1,000,000
Long-term				1,000,000	1,000,000

#### NOTE 18 - Subordinated debts

Specification	03.31.2019	12.31.2018
Fundo Constitucional de Financiamento do Nordeste (FNE) <sup>(1)</sup>	2,413,197	2,369,446
Funds available	1,441,246	1,379,634
Funds applied	971,951	989,812
<b>Total (Notes 16.h and 28.a.1)</b>	<b>2,413,197</b>	<b>2,369,446</b>

<sup>(1)</sup> These comprise two funding operations with FNE in the original amounts of R\$600,000 and R\$400,000 from 07.20.2009 and 03.01.2010, respectively.

#### NOTE 19 - Equity

##### a) Capital

The Bank's capital in the amount of R\$2,844,000 (R\$2,844,000 at 12.31.2018) is represented by 86,371,464 common registered paid-in shares with no par value, held as follows:

Specification	03.31.2019		12.31.2018	
	Number of shares	% of capital	Number of shares	% of capital
Shareholders				
Federal Government	47,896,415	55.45	44,049,447	51.00
FI CAIXA FGEDUC MULTIMARKET	30,205,568	34.97	30,205,568	34.97
BB FGO Investment Fund Shares	6,215,800	7.20	6,217,900	7.20
National Development Fund (FND)	-	-	3,846,968	4.45
Other	2,053,681	2.38	2,051,581	2.38
<b>Total</b>	<b>86,371,464</b>	<b>100.00</b>	<b>86,371,464</b>	<b>100.00</b>

At the Special General Meeting held on 04.25.2019, a capital increase of R\$969,000 was approved, resulting from the incorporation of Statutory Reserves - Operating Margin Reserve, without issuing new shares. The Bank's capital increased from R\$2,844,000 to R\$3,813,000, represented by 86,371,464 common registered paid-in shares with no par value. Capital increase will be submitted to the approval of Bacen.

**b) Revaluation reserve**

The balance of R\$11,592 (R\$11,592 at 12.31.2018) refers to revaluation of property and equipment in use, recognized on 02.26.1993. This reserve will be maintained through its actual realization date either as a result of depreciation, write-off or disposal, pursuant to CMN Resolution No. 3565 of 05.29.2008. No reserves were realized in the first quarter; at 12.31.2018, the realized amount of R\$177 was transferred to Retained Earnings (Accumulated Losses).

**c) Dividends and Interest on Equity (IOE)**

At the Annual General Meeting held on 04.25.2019, the distribution of complementary dividends for the year ended December 31, 2018 was approved, in the form of IOE, amounting to R\$131,487.

In the quarter, dividends were recognized in the form of IOE totaling R\$68,240 (R\$19,373 in the first quarter of 2018).

**d) Equity Adjustment**

Specification	03.31.2019	12.31.2018
Securities available for sale <sup>(1)</sup>	98,911	68,325
Actuarial Gains and Losses (Post-employment Benefits) <sup>(1)</sup>	(399)	(168,333)
<b>Equity adjustment<sup>(1)</sup></b>	<b>98,512</b>	<b>(100,008)</b>

<sup>(1)</sup> Net of tax effects

**NOTE 20 - Other operating revenues(expenses)**

Specification	01.01. to 03.31.2019	01.01. to 03.31.2018
<b>a) Service revenue</b>	<b>595,269</b>	<b>568,183</b>
Investment fund management	12,556	9,324
Fund and program management	460,126	456,183
Services rendered	122,587	102,676
<b>b) Income from bank fees</b>	<b>20,743</b>	<b>16,974</b>
<b>c) Personnel expenses</b>	<b>(501,097)</b>	<b>(463,460)</b>
Salaries	(291,979)	(264,514)
Social charges	(99,558)	(94,605)
Retirement and pension plan - DB and VC I Capel Plans	(28,563)	(25,310)
Health care plan - Camed Natural Plan	(35,044)	(36,661)
Life insurance - Post-employment benefit	(3,145)	(2,852)
Benefits, training sessions, fees and compensation of interns	(42,808)	(39,518)
<b>d) Other administrative expenses</b>	<b>(313,290)</b>	<b>(309,559)</b>
Data processing	(63,431)	(63,559)
Advertising and publicity	(1,123)	(5,554)
Third-party services <sup>(1)</sup>	(143,336)	(138,220)
Rentals, material and public utilities	(19,415)	(17,795)
Travel	(3,698)	(3,655)
Communications	(5,823)	(5,758)
Depreciation and amortization	(8,076)	(8,197)
Asset maintenance and upkeep	(12,412)	(11,858)
Surveillance, security and transportation	(22,365)	(23,016)
Promotions, public relations and publications	(3,774)	(2,836)
Financial system services	(8,293)	(6,888)
Specialized technical services	(8,632)	(7,868)
Insurance	(1,107)	(452)
Court, notary and attorney fees	(7,463)	(9,618)
Workers' union dues and Associations	(867)	(443)
Condominium fees, catering, kitchen and meals	(1,614)	(1,405)
Other amounts	(1,861)	(2,437)
<b>e) Tax expenses (Note 21.e)</b>	<b>(80,048)</b>	<b>(76,971)</b>
COFINS and PIS/PASEP	(70,298)	(68,698)
ISS and IPTU/Improvement tax	(8,820)	(7,449)
Other amounts	(930)	(824)
<b>f) Other operating revenues</b>	<b>587,901</b>	<b>565,667</b>
Del credere commission on fund management	378,822	327,900
Exchange losses on borrowings	85,160	69,563
Exchange losses on funding expenses	66,870	43,680
Exchange loss on reclassification of Development Financial Fund obligation expenses	3,019	2,187
Reversal of operating provisions for risks on FNE transactions	1,980	665
Recovery of charges and expenses	1,148	1,140
Reversal of operating provisions	13,603	4,381
Interest and commissions	807	323
Monetary restatement	196	331

FNE – Recovery of amounts settled by the Bank	29,669	111,473
Other amounts	6,627	4,024
<b>g) Other operating expenses</b>	<b>(332,875)</b>	<b>(429,697)</b>
Exchange losses on exchange area	(663)	(493)
Exchange loss on loans granted	(85,236)	(67,967)
Negative monetary restatement of loans	(1,050)	(16)
Discounts granted in renegotiations	(6,438)	(19,213)
Loan charges	(3,060)	(1,877)
Tax contingencies	(332)	(1,134)
Risks on FNE transactions	(98,815)	(240,239)
Risks on FDNE transactions	(24)	(3)
Labor claims	(15,835)	(9,595)
Civil proceedings	(6,227)	(16,651)
Other proceedings	(839)	(752)
Debt instruments eligible to capital	(63,294)	(25,882)
Monetary restatement of debt instruments eligible to capital	(2,625)	(3,061)
FNE remuneration - available funds - article 9-A of Law No. 7827	(20,157)	(25,810)
FNE remuneration - applied funds - article 9-A, Law No. 7827	(23,594)	(12,103)
Other amounts	(4,686)	(4,901)
<b>Total</b>	<b>(23,397)</b>	<b>(128,863)</b>

<sup>(1)</sup>Includes expenses for the first quarter of 2019, in the amount of R\$121,916 (R\$118,215 as of 03.31.2018), in favor of the Northeast Citizenship Institute - Instituto Nordeste Cidadania (INEC); which is a public interest non-governmental organization (OSCIP) that substantially provides services to the Bank through the Partnership Terms for the operationalization of urban and rural guided productive micro-credit programs, in accordance with the rules of Law No. 9790 of 03.23.1999.

## NOTE 21 - Taxes and contributions

### a) Income tax and social contribution

The Bank is subject to the taxable profit regime whereby taxes are computed based on the Bank's accounting records, and income tax and social contribution (IRPJ and CSLL) are paid monthly on an estimated basis. Income tax and social contribution expenses are as follows:

a.1) Specification of the provision for income tax and social contribution expense	Income tax		Social contribution tax	
	01.01 to 03.31.2019	01.01 to 03.31.2018 (Restated)	01.01 to 03.31.2019	01.01 to 03.31.2018 (Restated)
Income before income taxes and profit sharing	440,125	228,303	440,125	228,303
Statutory profit sharing	(17,303)	(5,519)	(17,303)	(5,519)
Interest on Equity (IOE)	-	(19,373)	-	(19,373)
<b>Income before taxes, less statutory profit sharing and interest on equity</b>	<b>422,822</b>	<b>203,411</b>	<b>422,822</b>	<b>203,411</b>
Permanent additions/exclusions	(79,025)	(15,194)	(79,123)	(15,481)
Temporary additions/exclusions	(256,571)	91,851	(256,571)	91,851
<b>Taxable income</b>	<b>87,226</b>	<b>280,068</b>	<b>87,128</b>	<b>279,781</b>
Expenses with provision for IRPJ and CSLL - before tax incentives and revaluation reserve	(21,800)	(70,011)	(13,069)	(55,956)
Deductions (tax incentives)	1,284	2,960	-	-
Provision for IRPJ/CSLL on revaluation reserve realized	-	80	-	64
Current IRPJ/CSLL expenses – after tax incentives and revaluation reserve	(20,516)	(66,971)	(13,069)	(55,892)
Provision for deferred taxes and contributions – arising from tax credits recovered and derivative financial instruments	3,714	(1,168)	2,228	(319)
<b>Provision for income tax and social contribution</b>	<b>(16,802)</b>	<b>(68,139)</b>	<b>(10,841)</b>	<b>(56,211)</b>
IRPJ/CSLL tax credits - provisions, derivative financial instruments and hedged item	(67,956)	13,563	(40,784)	(2,690)
<b>Total IRPJ/CSLL</b>	<b>(84,758)</b>	<b>(54,576)</b>	<b>(51,625)</b>	<b>(58,901)</b>
Effective rate (%)	20.05	26.83	12.21	28.96
a.2) Specification of the provision for IRPJ and CSLL	Income tax		Social contribution tax	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Provision for income tax and social contribution	20,516	166,501	13,069	143,767
Provision for taxes on revaluation reserve realized	-	80	-	64
Provision for income tax and social contribution (Note 16.d)	20,516	166,581	13,069	143,831
Taxes and contributions recoverable on prepayments, including withholding taxes	(20,650)	(212,422)	(9,671)	(134,040)
Taxes payable (recoverable) for the period	(134)	(45,841)	3,398	9,791

### b) Reconciliation of IR and CSLL charges

Specification	03.31.2019	03.31.2018 (Restated)
Income before taxes and profit sharing	440,125	228,303
Total charge of 40% - IRPJ (25%) and CSLL (15%)	(176,050)	(102,736)
Statement of tax levy:		
Income tax and social contribution for the period	(136,383)	(113,477)
Increase/decrease in income tax and social contribution arising from:	(39,667)	10,741

Profit sharing/IOE	(34,217)	(11,201)
Other income/FNE/Del Credere/Ops Onlending - Article 9- A of Law No. 7827	(5,872)	(3,481)
Temporary differences - Other provisions (labor, civil, tax and other proceedings)	(33)	1,136
Temporary differences – transactions with reimbursement longer than 10 years	227	19,174
Difference from the CSLL rate (from 20% to 15%) <sup>(1)</sup>	-	13,018
Revenues taxed in prior months	-	(5,524)
Other (tax incentives, permanent additions/exclusions)	228	(2,381)
<b>Total reconciled tax levy</b>	<b>(176,050)</b>	<b>(102,736)</b>

<sup>(1)</sup> In 2018 the CSLL rate was 20%, and total charges amounted to: 45%

### c) Deferred Tax Assets and Liabilities

Income tax and social contribution tax credits arising from temporary differences of allowances for loan losses, provisions for post-employment benefits, unearned income (“RAP”), provision for Retirement Incentive Program (PID) and provisions for contingencies (Civil, Tax, Labor and Other Claims) - are recorded in conformity with the following major standards: CMN Resolution No. 3059 of 12.20.2002, Bacen Circular Letter No. 3171 of 12.30.2002 and are based on technical studies prepared every six months on recognition of Deferred Tax Assets and Liabilities.

In accordance with Bacen Circular Letter No. 3068 of 11.08.2001, the Bank recognized tax credits on market value adjustment to securities classified under ‘Available-for-Sale Securities’ and on Derivative Financial Instruments.

Specification	03.31.2019		12.31.2018		03.31.2019	12.31.2018
	IRPJ	CSLL	IRPJ	CSLL		
<b>Effect on P&amp;L</b>						
<b>a) Allowances(ALL)</b>						
Opening balance	711,030	426,632	802,220	526,293	1,137,662	1,328,513
Recognition	65,179	39,107	247,077	148,260	104,286	395,337
Realization/ reversal	(130,594)	(78,367)	(338,267)	(247,921)	(208,961)	(586,188)
Closing balance (Note 10.d)	645,615	387,372	711,030	426,632	1,032,987	1,137,662
<b>b) Unearned income – Operations not discussed at judicial level</b>						
Opening balance	2,101	1,261	-	-	3,362	-
Recognition	-	-	2,708	1,753	-	4,461
Realization/ reversal	(110)	(66)	(607)	(492)	(176)	(1,099)
Closing balance	1,991	1,195	2,101	1,261	3,186	3,362
<b>c) Actuarial provisions</b>						
Opening balance	269,396	161,638	257,640	154,584	431,034	412,224
Recognition	12,874	7,725	14,480	8,689	20,599	23,169
Realization/ reversal	(9,713)	(5,828)	(2,724)	(1,635)	(15,541)	(4,359)
Closing balance (Notes 3 and 10.d)	272,557	163,535	269,396	161,638	436,092	431,034
<b>d) Provision for Retirement Incentive Program</b>						
Opening balance	14,667	8,800	-	-	23,467	-
Recognition	99	60	14,667	8,800	159	23,467
Realization/ reversal	(4,638)	(2,783)	-	-	(7,421)	-
Closing balance	10,128	6,077	14,667	8,800	16,205	23,467
<b>e) Provision for Contingencies</b>						
Opening balance	98,781	59,268	81,083	48,650	158,049	129,733
Recognition	9,641	5,785	44,261	26,556	15,426	70,817
Realization/reversal	(5,605)	(3,363)	(26,563)	(15,938)	(8,968)	(42,501)
Closing balance	102,817	61,690	98,781	59,268	164,507	158,049
<b>f) Derivative financial instruments</b>						
Opening balance	5,398	3,239	-	-	8,637	-
Recognition	308	185	16,906	10,143	493	27,049
Realization/reversal	(5,398)	(3,239)	(11,508)	(6,904)	(8,637)	(18,412)
Closing balance (Note 7.c)	308	185	5,398	3,239	493	8,637
<b>g) Hedged item</b>						
Opening balance	-	-	3,128	1,877	-	5,005
Recognition	409	245	7,141	4,284	654	11,425
Realization/reversal	(409)	(245)	(10,269)	(6,161)	(654)	(16,430)
Closing balance (Note 7.c.1)	-	-	-	-	-	-
<b>Effect on equity</b>						
<b>h) Securities</b>						
Opening balance	173,455	106,009	164,744	105,550	279,464	270,294
Recognition	20,300	12,203	115,601	69,017	32,503	184,618
Realization/reversal	(25,780)	(15,476)	(106,890)	(68,558)	(41,256)	(175,448)
Closing balance (Note 7.a.1)	167,975	102,736	173,455	106,009	270,711	279,464
<b>i) Actuarial valuation adjustments</b>						
Opening balance	287,503	172,503	217,365	130,420	460,006	347,785
Recognition	166	100	117,019	70,212	266	187,231
Realization/reversal	-	-	(46,881)	(28,129)	-	(75,010)
Closing balance (Note 10.e)	287,669	172,603	287,503	172,503	460,272	460,006



Income tax and social contribution tax credits recognized and not recognized in assets are broken down as follows:

Specification	Income tax		Social contribution tax	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
1. Total temporary differences	6,135,663	6,680,096	6,135,663	6,680,096
2. Tax credits on temporary differences	1,533,916	1,670,024	922,301	1,003,950
3. Tax credits recognized in assets on Provisions	1,320,778	1,383,478	792,471	830,102
4. Tax credits recognized in assets due to mark-to-market of securities, derivative financial instruments and hedged item	168,283	178,853	102,921	109,248
5. Total tax credits recognized in assets (item 3 + item 4) <sup>(1)</sup>	1,489,061	1,562,331	895,392	939,350
6. Tax credits not recognized in assets (item 2 - item 5) <sup>(2)</sup>	44,855	107,693	26,909	64,600

<sup>(1)</sup> Tax credits are recognized in assets under "Other credits- other".

<sup>(2)</sup> Not recognized in assets as they do not meet the realization requirements provided for in CMN Resolution No. 3355 of 03.31.2006, and considering a technical study on recognition of deferred tax assets and liabilities prepared every six months.

Estimated realization of tax credits on temporary differences of Allowance for Loan Losses at 03.31.2019 is as follows:

Period	Goal for average over - SELIC rate - (%) <sup>(1)</sup>	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2019	6.40	190,033	181,394	114,020	108,836	304,053	290,230
2020	7.51	99,217	88,091	59,530	52,855	158,747	140,946
2021	7.82	52,055	42,865	31,233	25,719	83,288	68,584
2022	7.74	49,533	37,858	29,720	22,715	79,253	60,573
2023	7.67	118,882	84,390	71,329	50,634	190,211	135,024
2024	7.67	60,820	40,098	36,492	24,059	97,312	64,157
2025	7.67	22,664	13,878	13,598	8,327	36,262	22,205
2026	7.67	20,185	11,480	12,111	6,888	32,296	18,368
2027	7.67	16,040	8,472	9,624	5,083	25,664	13,555
2028	7.67	13,170	6,461	7,905	3,878	21,075	10,339
2028 onwards	7.67	3,016	1,374	1,810	825	4,826	2,199
<b>Total</b>		<b>645,615</b>	<b>516,361</b>	<b>387,372</b>	<b>309,819</b>	<b>1,032,987</b>	<b>826,180</b>

<sup>(1)</sup> For present value calculation purposes, we considered the goal for average over - Selic rate - projected by Bacen at 03.31.2019.

Estimated realization of tax credits on temporary differences of Unearned Income at 03.31.2019 is as follows:

Period	Goal for average over - SELIC rate - (%) <sup>(1)</sup>	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2019	6.40	633	604	380	362	1,013	966
2020	7.51	867	770	520	462	1,387	1,232
2021	7.82	338	278	203	167	541	445
2022	7.74	136	104	82	63	218	167
2023	7.67	17	12	10	7	27	19
<b>Total</b>		<b>1,991</b>	<b>1,768</b>	<b>1,195</b>	<b>1,061</b>	<b>3,186</b>	<b>2,829</b>

<sup>(1)</sup> For present value calculation purposes, we considered the goal for average over - Selic rate - projected by Bacen at 03.31.2019.

Estimated realization of tax credits on temporary differences of Actuarial Provisions at 03.31.2019 is as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2019	23,452	23,452	14,071	14,071	37,523	37,523
2020	30,170	30,170	18,102	18,102	48,272	48,272
2021	29,374	29,374	17,625	17,625	46,999	46,999
2022	28,642	28,642	17,185	17,185	45,827	45,827
2023	27,885	27,885	16,731	16,731	44,616	44,616
2024	27,088	27,088	16,253	16,253	43,341	43,341
2025	26,284	26,284	15,771	15,771	42,055	42,055
2026	25,466	25,466	15,280	15,280	40,746	40,746
2027	24,633	24,633	14,780	14,780	39,413	39,413
2028	23,906	23,906	14,344	14,344	38,250	38,250
2028 onwards	293,326	293,326	175,996	175,996	469,322	469,322
<b>Total</b>	<b>560,226</b>	<b>560,226</b>	<b>336,138</b>	<b>336,138</b>	<b>896,364</b>	<b>896,364</b>

Estimated realization of tax credits on temporary differences of provision for Early Retirement Incentive Program (PID) at 03.31.2019 is as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2019	10,128	10,128	6,077	6,077	16,205	16,205
<b>Total</b>	<b>10,128</b>	<b>10,128</b>	<b>6,077</b>	<b>6,077</b>	<b>16,205</b>	<b>16,205</b>

Estimated realization of tax credits on temporary differences of provisions for contingencies (Civil, Tax, Labor and Other Claims) at 03.31.2019 is as follows:

Period	Realization of IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2019	4,329	4,329	2,597	2,597	6,926	6,926
2020	4,329	4,329	2,597	2,597	6,926	6,926
2021	20,386	20,386	12,232	12,232	32,618	32,618
2022	8,269	8,269	4,962	4,962	13,231	13,231
2023	30,726	30,726	18,436	18,436	49,162	49,162
2024	8,529	8,529	5,118	5,118	13,647	13,647
2025	4,329	4,329	2,597	2,597	6,926	6,926
2026	13,262	13,262	7,957	7,957	21,219	21,219
2027	4,329	4,329	2,597	2,597	6,926	6,926
2028	4,329	4,329	2,597	2,597	6,926	6,926
<b>Total</b>	<b>102,817</b>	<b>102,817</b>	<b>61,690</b>	<b>61,690</b>	<b>164,507</b>	<b>164,507</b>

Any tax credit on market value adjustments of securities, derivative financial instruments and hedged item, determined at present value, pursuant to Bacen Circular Letters No. 3068, of 11.08.2001 and No. 3082, of 01.30.2002, will be realized according to the maturities of the securities, as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2019	32,880	32,880	21,680	21,680	54,560	54,560
2020	348	348	209	209	557	557
2021	396	396	237	237	633	633
2022	9,174	9,174	5,505	5,505	14,679	14,679
2023	371	371	222	222	593	593
2024	626	626	376	376	1,002	1,002
2025	29	29	17	17	46	46
2027	167	167	100	100	267	267
2028 onwards	124,292	124,292	74,575	74,575	198,867	198,867
<b>Total</b>	<b>168,283</b>	<b>168,283</b>	<b>102,921</b>	<b>102,921</b>	<b>271,204</b>	<b>271,204</b>

Total estimated realization of tax credits at 03.01.2019 is as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value <sup>(1)</sup>	Book value	Present value <sup>(1)</sup>	Book value	Present value <sup>(1)</sup>
2019	261,455	252,787	158,825	153,623	420,280	406,410
2020	134,931	123,708	80,958	74,225	215,889	197,933
2021	102,549	93,299	61,530	55,980	164,079	149,279
2022	95,754	84,047	57,454	50,430	153,208	134,477
2023	177,881	143,384	106,728	86,030	284,609	229,414
2024	97,063	76,341	58,239	45,806	155,302	122,147
2025	53,306	44,520	31,983	26,712	85,289	71,232
2026	58,913	50,208	35,348	30,125	94,261	80,333
2027	45,169	37,601	27,101	22,560	72,270	60,161
2028	41,405	34,696	24,846	20,819	66,251	55,515
2028 onwards	420,634	418,992	252,381	251,396	673,015	670,388
<b>Total</b>	<b>1,489,060</b>	<b>1,359,583</b>	<b>895,393</b>	<b>817,706</b>	<b>2,384,453</b>	<b>2,177,289</b>

<sup>(1)</sup> For present value calculation purposes, we considered the goal for averageover – Selic rate - projected by Bacen at 03.31.2019.

d) Provision for deferred taxes and contributions

Specification	03.31.2019		12.31.2018		03.31.2019	12.31.2018
	IRPJ	CSLL	IRPJ	CSLL	Total	
<b>Effect on P&amp;L</b>						
<b>a) Derivative financial instruments</b>						
Opening balance	-	-	3,155	1,893	-	5,048
Recognition	409	245	7,217	4,330	654	11,547
Realization/reversal	(409)	(245)	(10,372)	(6,223)	(654)	(16,595)
Closing balance (Notes 7.c and 16.d)	-	-	-	-	-	-
<b>b) From recovered credits <sup>(1)</sup></b>						
Opening balance	103,935	62,359	73,219	46,460	166,294	119,679
Recognition	1,593	955	31,288	17,649	2,548	48,937
Realization/reversal	-	-	(572)	(1,750)	-	(2,322)
Closing balance (Note 16.e)	105,528	63,314	103,935	62,359	168,842	166,294
<b>c) Hedged item</b>						
Opening balance	5,615	3,369	-	-	8,984	-
Recognition	308	185	17,197	10,318	493	27,515
Realization/reversal	(5,615)	(3,369)	(11,582)	(6,949)	(8,984)	(18,531)
Closing balance (Notes 7.c.1 and 16.d)	308	185	5,615	3,369	493	8,984
<b>Effect on equity</b>						
<b>c) Revaluation reserve</b>						
Opening balance	-	-	80	64	-	144
Recognition	-	-	-	-	-	-
Realization/reversal	-	-	(80)	(64)	-	(144)
Closing balance (Note 16.d)	-	-	-	-	-	-
<b>e) Securities</b>						
Opening balance	64,156	39,065	24,848	15,139	103,221	39,987
Recognition	133,283	80,934	218,603	132,348	214,217	350,951
Realization/reversal	(97,193)	(58,403)	(179,295)	(108,422)	(155,596)	(287,717)
Closing balance (Notes 7.a.1 and 16.d)	100,246	61,596	64,156	39,065	161,842	103,221

<sup>(1)</sup> Pursuant to article 12 of Law No. 9430 of 12/27/1996.

The provisions on market value adjustments to securities and hedged items determined at present value will be written off according to the following schedule:

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2019	7,544	7,544	5,974	5,974	13,518	13,518
2022	169	169	102	102	271	271
2023	2,593	2,593	1,556	1,556	4,149	4,149
2024	82	82	49	49	131	131
2028 onwards	90,166	90,166	54,100	54,100	144,266	144,266
<b>Total</b>	<b>100,554</b>	<b>100,554</b>	<b>61,781</b>	<b>61,781</b>	<b>162,335</b>	<b>162,335</b>

The provisions on Credits Recovered, according to article 12 of Law No. 9430/96, determined at present value, will be realized in accordance with the reimbursement renegotiated and according to the following schedule at 12.31.2018:

Period	Goal for over -SELIC rate - average <sup>(1)</sup>	IRPJ		CSLL		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2019	6.40	14,477	13,819	8,686	8,291	23,163	22,110
2020	7.51	17,638	15,660	10,583	9,396	28,221	25,056
2021	7.82	15,463	12,734	9,278	7,640	24,741	20,374
2022	7.74	14,307	10,935	8,584	6,561	22,891	17,496
2023	7.67	13,260	9,413	7,955	5,648	21,215	15,061
2024	7.67	10,426	6,874	6,256	4,124	16,682	10,998
2025	7.67	7,243	4,435	4,346	2,661	11,589	7,096
2026	7.67	2,790	1,586	1,673	952	4,463	2,538
2027	7.67	1,954	1,032	1,172	619	3,126	1,651
2028	7.67	1,360	667	815	400	2,175	1,067
2028 onwards	7.67	6,610	3,012	3,966	1,807	10,576	4,819
		<b>105,528</b>	<b>80,167</b>	<b>63,314</b>	<b>48,099</b>	<b>168,842</b>	<b>128,266</b>

<sup>(1)</sup> For present value calculation purposes, we considered the goal for average over - Selic rate - projected by Bacen at 03.31.2019.

Total amounts of provisions for tax liabilities, expected to be written off at 03.31.2019 are as follows:

Period	Realization of IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value <sup>(1)</sup>	Book value	Present value <sup>(1)</sup>	Book value	Present value <sup>(1)</sup>
2019	22,021	21,363	14,660	14,265	36,681	35,628
2020	17,638	15,660	10,583	9,396	28,221	25,056
2021	15,463	12,734	9,278	7,640	24,741	20,374
2022	14,476	11,104	8,686	6,663	23,162	17,767
2023	15,853	12,006	9,511	7,204	25,364	19,210
2024	10,508	6,956	6,305	4,173	16,813	11,129
2025	7,243	4,435	4,346	2,661	11,589	7,096
2026	2,790	1,586	1,673	952	4,463	2,538
2027	1,954	1,032	1,172	619	3,126	1,651
2028	1,360	667	815	400	2,175	1,067
2028 onwards	96,776	93,178	58,066	55,907	154,842	149,085
<b>Total</b>	<b>206,082</b>	<b>180,721</b>	<b>125,095</b>	<b>109,880</b>	<b>331,177</b>	<b>290,601</b>

<sup>(1)</sup> For present value calculation purposes, we considered the goal for average over – Selic rate - projected by Bacen at 03.31.2019.

#### e) Tax expenses

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
COFINS and PIS/PASEP	(70,298)	(68,698)
ISS and IPTU/Improvement tax	(8,820)	(7,449)
Other amounts	(930)	(824)
<b>Total (Note 20.e)</b>	<b>(80,048)</b>	<b>(76,971)</b>

#### NOTE 22 - Provisions, contingent assets, contingent liabilities and legal obligations - tax and social security

- a) The Bank is a party to various ongoing administrative and legal proceedings involving civil, tax, labor and other matters. Bank management understands that the provisions set up are sufficient to cover the likelihood of losses arising from the respective legal and administrative proceedings, as follows:

Specification	03.31.2019		12.31.2018	
	Base value	Provision	Base value	Provision
<b>a) Provision for contingencies</b>				
<b>a.1) Tax proceedings</b> (Note 22 f.1.i)	<b>3,317,364</b>	<b>16,095</b>	<b>3,211,433</b>	<b>15,769</b>
i) Legal obligation	10,620	10,620	2,022	2,022
ii) Other liabilities - other	<b>3,307,782</b>	<b>5,474</b>	<b>3,209,411</b>	<b>13,747</b>
Probable	5,474	5,474	13,747	13,747
Possible	3,143,588	-	3,048,220	-
Remote <sup>(1)</sup>	158,720	-	147,444	-
<b>a.2) Labor claims</b>	<b>496,740</b>	<b>220,251</b>	<b>482,297</b>	<b>206,531</b>
Probable (Note 22 f.1.ii)	220,251	220,251	206,531	206,531
Possible	147,630	-	153,255	-
Remote	128,859	-	122,511	-
<b>b.3) Civil proceedings</b>	<b>6,849,112</b>	<b>148,376</b>	<b>6,593,396</b>	<b>146,964</b>
Probable (Note 22 f.1.iii)	148,376	148,376	146,964	146,964
Possible	1,033,369	-	938,909	-
Remote <sup>(2)</sup>	5,667,367	-	5,507,523	-
<b>a.4) Other contingencies</b> (Note 22 f.1.iv)	<b>973,679</b>	<b>33,056</b>	<b>946,799</b>	<b>32,466</b>
i) Securitized transactions <sup>(3)</sup>	<b>5,469</b>	<b>5,469</b>	<b>5,620</b>	<b>5,620</b>
ii) Other proceedings	<b>968,210</b>	<b>27,587</b>	<b>941,179</b>	<b>26,846</b>
Probable	27,587	27,587	26,846	26,846
Possible	17,247	-	16,964	-
Remote	923,376	-	897,370	-

<sup>(1)</sup> Contingent liabilities relating to tax proceedings assessed as remote loss are concentrated in one (1) proceeding, whose contingent liability balance amounts to R\$125,002 at 03.31.2019 (R\$123,534 at 12.31.2018).

<sup>(2)</sup> Contingent liabilities relating to civil proceedings assessed as remote loss are concentrated in 4 (four) proceedings, with balance of R\$3,385,767 at 03.31.2019. These proceedings refer to the following matters: i) extraordinary contribution of post-employment benefit and payment of attorney fees: R\$2,090,591 at 03.31.2019 (R\$2,008,363 at 12.31.2018); ii) loss of profits and payment of administrative fee, R\$596,453 at 03.31.2019 (R\$343,796 at 12.31.2018); iii) payment of fine due to undue inclusion in the bad payer system - R\$451,524 at 03.31.2019 (R\$433,764 at 12.31.2018); and iv) reassessment (solução indebita), compensation for pain and suffering and loss of profits - R\$247,199 at 03.31.2019 (R\$237,476 at 12.31.2018).

<sup>(3)</sup> This refers to the credit risk on securitized transactions based on Law. No. 9138 of 11.29.1995 that is recorded in memorandum accounts.

- b) The Bank is involved in lawsuits handled by outside attorneys, most of which relate to loan collection actions, whose assessment of the provision for contingent liabilities is performed by its Legal Department.

- c) Tax proceedings classified as Legal Obligation pursuant to the terms of Bacen Circular Letter No. 3429 of 02.11.2010, whose amounts were presented in the table above, challenge municipal and federal taxes.
- d) Below is a brief description of proceedings to which the Bank is party, involving significant contingent liabilities assessed as possible risk of loss:

#### Tax proceedings

Five tax proceedings challenging the tax deficiency notice. At 03.31.2019, estimated losses amount to R\$2,867,045 (R\$2,793,275 at 12.31.2018).

#### Civil proceedings

Civil proceeding claiming compensation for pain and suffering and payment of fees. At 03.31.2019, estimated losses amount to R\$147,887 (R\$142,070 at 12.31.2018).

Civil proceeding challenging payment of attorney fees. At 03.31.2019, estimated losses amount to R\$70,561 (no contingencies were recorded for such civil proceeding at 12.31.2018).

Civil proceeding claiming compensation for property damage. At 03.31.2019, estimated losses amount to R\$71,314 (R\$68,509 at 12.31.2018).

Civil proceeding challenging reassessment (solutioindebiti). At 03.31.2019, estimated losses amount to R\$47,193 (R\$45,337 at 12.31.2018).

Civil proceeding claiming compensation for pain and suffering and property damage. At 03.31.2019, estimated losses amount to R\$46,480 (R\$45,337 at 12.31.2018).

Civil proceeding claiming refund of payment. At 03.31.2019, estimated losses amount to R\$43,784 (R\$42,062 at 12.31.2018).

Civil proceeding filed in 2014 related to post-employment benefits. At 03.31.2019, estimated losses amount to R\$55,438 (R\$55,438 at 12.31.2018).

- e) Legal and appeal deposits made to guarantee legal and administrative proceedings, recognized for probable possible and/or remote contingent liabilities, are set out as under:

Specification	03.31.2019	12.31.2018
Labor claims	86,612	85,759
Tax proceedings	135,817	134,917
Civil proceedings	100,622	77,490
<b>Total<sup>(1)</sup></b>	<b>323,051</b>	<b>298,166</b>

<sup>(1)</sup> Monetary restatement of judicial deposits amounted to R\$3,267 (R\$12,716 at 12.31.2018).

## Changes in provisions

### f.1) Tax, Labor, Civil and Other Contingencies

Specification	03.31.2019					12.31.2018				
	Opening balance	Recognition	Reversal	Write-off	Closing balance	Opening balance	Recognition	Reversal	Write-off	Closing balance
i) Tax proceedings (Notes 16.i and 22.a.1)	15,769	597	(271)	-	16,095	13,328	4,967	(922)	(1,604)	15,769
ii) Labor claims (Notes 16.i and 22.a.2)	206,531	18,827	(2,992)	(2,115)	220,251	169,253	62,968	(15,118)	(10,571)	206,531
iii) Civil proceedings (Notes 16.i and 22.a.3)	146,964	18,154	(11,925)	(4,817)	148,376	116,349	104,816	(26,183)	(48,017)	146,964
iv) Other proceedings (Notes 16.i and 22.a.4)	32,466	1,140	(550)	-	33,056	33,154	4,970	(2,904)	(2,754)	32,466

## f.2) Provisions for financial guarantees provided

Specification	03.31.2019				12.31.2018			
	Opening balance	Set up	Reversal/ Use/ Write-off	Closing balance	Opening balance	Set up	Reversal/ Use/ Write-off	Closing balance
i) FNE (Notes 9.f and 16.i)	2,989,707	278,799	(334,861)	2,933,645	3,083,952	1,710,768	(1,805,013)	2,989,707
ii) FDNE (Notes 9.f and 16.i)	1,222	24	-	1,246	636	586	-	1,222
iii) Proagro (Notes 9.f and 16.i)	7	-	-	7	-	7	-	7

## NOTE 23 - Employee and officer compensation (in Brazilian reais)

### a) Monthly employee compensation

Gross compensation <sup>(1)</sup>	03.31.2019	12.31.2018
Maximum	42,894.21	42,780.80
Minimum	1,756.24	1,756.24
Average	11,182.64	11,237.39

<sup>(1)</sup> Includes overtime (including night shift premium), when actually incurred.

### b) Compensation paid to the Executive Board, Board of Directors and Supervisory Board for the period

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018	01.01 to 03.31.2019	01.01 to 03.31.2018	01.01 to 03.31.2019	01.01 to 03.31.2018
<b>Gross compensation <sup>(1)</sup></b>	<b>Executive Board</b>		<b>Board of Directors</b>		<b>Supervisory Board</b>	
Highest individual compensation <sup>(2)</sup>	231,738.23	354,431.69	17,708.76	21,522.91	16,623.18	21,311.69
Lowest individual compensation <sup>(3)</sup>	171,426.69	179,073.27	13,569.96	16,492.56	13,569.96	14,044.28
Average individual compensation <sup>(4)</sup>	194,075.50	275,486.28	15,409.43	16,052.21	14,791.25	15,214.57
Number of members <sup>(5)</sup>	6.67	6.33	6.00	7.33	5.00	6.00

<sup>(1)</sup> Amounts approved at the Annual General Meeting.

<sup>(2)</sup> Amount computed without any exclusion, considering all compensation amounts recognized for the period.

<sup>(3)</sup> Amount reached after excluding all those who have not served in their position during the entire period.

<sup>(4)</sup> This corresponds to the total compensation for the period paid by each board divided by the number of officers/directors.

<sup>(5)</sup> The number of officers/directors corresponds to the annual average number of officers/directors of each board calculated on a monthly basis.

At 03.31.2019, the Bank had 6,934 employees (7,005 at 12.31.2018), a headcount increase of 1.01%.

## NOTE 24 - Post-employment benefits

Pursuant to CMN Resolution No. 4424, which approved CPC 33 (R1) - Employee Benefits, the post-employment benefit information is presented below, in accordance with the accounting practices and procedures adopted by the Bank.

### a) Description of the Plan Benefits

#### a.1) Private pension plans

The Bank sponsors two complementary pension plans named Defined Benefit (DB) and Variable Contribution (DB + DC) managed by CAPEF, a closed-ended private pension plan entity that provides supplementary retirement benefits.

##### a.1.1) Defined Benefit Plan

The DB plan is classified as defined benefit plan, and is closed to new participants since 11.26.1999. The plan offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents. In general terms, the Defined Benefit (DB) plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, weighted by the number of contributions paid to the plan, limited to 360, including any working hours extension, weighted by the number of contributions paid thereon, all effective since July 1997 and projected in accordance with the plan regulation up to the date of the participant's retirement.

### **a.1.2) Variable Contribution I Plan**

The VC I Plan is classified as variable contribution plan, since it combines the characteristics of the DC plan and of the DB plan. This plan offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents.

The scheduled retirement benefits of the VC I plan are calculated based on the balance of the individual account for each participant on the date of retirement and are paid in two phases, as follows: the first phase as annuity within the deadline established under the Defined Contribution (DC) plan and the second phase as life annuity under the Defined Benefit (DB) plan.

The VC I Plan may only present actuarial deficit or surplus after the beginning of the concession of unplanned benefits, disability and death, or planned benefits in the life annuity phase. The VC I plan is supported by the Actuarial Solvency Fund that will be used to cover any future actuarial insufficiency of mutual pension plan portfolios, as well as supported by the Mutual Fund for Risk Benefits, in order to supply the payment of supplementary capital in case of disability or death of the participant, referring to the insurance coverage of the benefits resulting from these events.

### **a.2) Health care plan**

The Bank is the sponsor of a health care plan managed by CAMED, named Natural Plan, whose primary purpose is to provide health care to its associate participants and dependents, through granting of subsidies to cover or reimburse expenses incurred in connection with health promotion, protection and recovery.

The Natural Plan is funded primarily by contributions made by the associate participants, contributions related to the enrollment of natural dependents, financial protection and emergency service fees, financial co-participation paid by each associate participant for services utilized and matched contributions from the Bank.

The Natural Plan is adapted to Law No. 9656 of 06.03.1998, which regulates the Brazilian health care plans. CAMED is registered with the National Regulatory Agency for Private Health Insurance and Plans (ANS), the regulatory agency of this sector, under registration No. 38.569-7.

CAMED is subject to recognition financial guarantees established by ANS to comply with the requirements of the adjusted Minimum Required Capital (MRC) for operations, Solvency Margin and set up of Technical Reserves in order to ensure payment to service providers, by binding of collateral assets as established by regulation.

### **a.3) Group life insurance**

The Bank's benefits policy to its employees comprises a collective policy agreement of group life insurance intended for its employees and retired former employees. Such policy provides basic coverage for death by natural and accidental causes and additional coverage for disability caused by accident and disease. Insurance premiums are determined by applying rates by age groups. The employees contribute with 50% of this premium amount and the Bank with the remaining 50%, in the form of the Collective Bargaining Agreement (2018/2020). Retirees are responsible for full payment of the premium. Every six-month period, the Bank actuarially assesses the benefit that consists of indirect subsidy to current retirees.

### **a.4) Governance**

The following statutory boards are responsible for the management and oversight of CAPEF: Decision-Making Board, Executive Board and Supervisory Board. The Decision-Making Board is a board for top-tier decision and guidance and shall primarily define the CAPEF's management policy and benefit plans. The Executive Board is CAPEF's management board, responsible for executing the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, charter, benefit plan regulations, covenants and adherence terms. The Supervisory Board is the internal control board and shall mainly monitor and oversee CAPEF activities.

CAMED statutory bodies are: Social Board, Decision-Making Board, Executive Board and Supervisory Board. The Social Board comprises Camed's participants and is the supreme decision-making board, empowered to resolve all matters and business related to the full operation and development of CAMED. The CAMED's Decision-Making Board is a board for monitoring and top-tier administrative

decision. The Executive Board is responsible for executing the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, in CAMED's articles of incorporation and internal regulations. The Supervisory Board is the supervisory board of CAMED's management acts and shall essentially monitor and direct the company's activities.

The members of the statutory bodies of the two Entities are chosen in such a way as to grant representativeness to the Participants, the Vested Beneficiaries and the Sponsors, based on the criteria established in the Articles of Incorporation.

**a.5) Strategies for Crosschecking Assets and Liabilities**

CAPEF counts on specific areas for investment management in addition to management advisory services that strengthen the monitoring of investment risks. Investments are monitored in order to check issues focused on classification, returns on assets and follow-up of the evolution of the plan's actuarial goal. Studies are conducted to assist the managers of the plans in electing the portfolio most appropriate to their objectives, taking into consideration the characteristics and particularities of the assets and of the financial position of the plans. The result of this study allows long-term investments, without compromising the obligations or the achievement of the plans' actuarial goal.

CAMED has financial instruments to fund its activities or invest its funds available. The risks associated with these instruments are managed through conservative strategies, intended to ensure liquidity, profitability and safety. Risk management monitors the changes in exposure scenarios to which CAMED is subject.

**b) Past Due Obligations and Contributions Due**

At 03.31.2019, the Bank has no past due obligations or contributions due referring to the pension plans, BD and VC I, health care plan, Natural plan, and the group life insurance, neither informal practices that originate constructive obligations that may be included in the measurement of the defined benefit obligation.

**c) Contribution Ratio (Participants/Sponsor)**

At 03.31.2019, the ratio of participants' contributions to Bank contributions meets the parity set by Resolution No. 9 of 10/08/1996 of the Department for Coordination and Control of State-Owned Entities (CCE), with a contribution ratio of 1:1 (1:1 at 03.31.2018).

**d) Risk exposure**

The Bank's post-employment benefit plans expose it to a number of risks, mainly to the following:

Plan	Type of risk	Risk description
DB/VC I/Natural/Group Life Insurance	Actuarial Risk	It is the risk that the final cost of the benefits acquired will be higher than the expected benefits. The Bank's only alternatives are to either increase its contributions or persuade the participants to accept a reduction of benefits.
DB/ VC I/ Natural	Investments Risk	It is related to changes in interest rates and asset prices that impact the economic and financial performance of the benefit plan. If the actual investment earnings of the plans are lower than expected, this may lead to an increase in the actuarial liability.
DB/VC I/Natural/Group Life Insurance	Actuarial Assumption Risks	This is related to the adoption of actuarial assumptions that do not adhere to the plans when calculating the present value of the defined benefit obligation, resulting in a material impact on the actuarial liability
DB/VC I/Natural/Group Life Insurance	Discount rate	The actuarial liability is calculated using a defined discount rate based on the earnings of government securities (NTN-B), according to item 83 of CVM Rule No. 695. Decrease in the earnings of these securities results in an increase in the actuarial liability.
DB/VC I/Natural/Group Life Insurance	Life Expectancy Risk	Post-employment benefit plans offer lifetime benefits, so an increase in life expectancy results in an increase in actuarial liabilities.



DB/ VC I/ Natural	Liquidity risk	It is the possibility of mismatches between tradable assets and liabilities, which may affect the ability to have funds available for payment of benefits and other plan obligations and require the Bank to make additional contributions.
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#### e) Number of participants of the post-employment benefit plan

Specification	DB	VC I	CAMED	INSURANCE
Participants	1,493	5,247	6,594	4,987
Vested participants (physically able retirees)	3,548	188	3,799	3,506
Vested participants (disabled retirees)	171	3	-	-
Vested participants (Pensioners)	1,184	39	1,203	-
<b>TOTAL</b>	<b>6,396</b>	<b>5,477</b>	<b>11,596</b>	<b>8,493</b>

#### f) Net obligation

Specification	03.31.2019	12.31.2018
DB Plan (Notes 16.i and 28.a.2)	601,324	606,070
Natural Plan (Notes 16.i and 28.a.2)	1,490,405	1,474,370
Health care plan (Notes 16.i and 28.a.2)	149,181	147,161

#### g) Amounts recognized in P&L

Specification	01.01 to 03.31.2019				01.01 to 03.31.2018			
	DB Plan	VC I Plan	Natural Plan	Life insurance	DB Plan	VC I Plan	Natural Plan	Life insurance
1. Current service cost, net	(710)	319	(4,813)	142	(2,088)	263	(4,616)	336
2. Net interest	(12,574)	-	(30,253)	(3,289)	(8,944)	-	(32,055)	(3,190)
<b>3. Total (item 1 + item 2)</b>	<b>(13,284)</b>	<b>319<sup>(1)</sup></b>	<b>(35,066)<sup>(2)</sup></b>	<b>(3,147)<sup>(2)</sup></b>	<b>(11,032)</b>	<b>263</b>	<b>(36,671)<sup>(2)</sup></b>	<b>(2,854)<sup>(2)</sup></b>

<sup>(1)</sup> This amount was recorded under "Reversal of operating provisions".

<sup>(2)</sup> Including transferred employees' contribution: Natural Plan 01.01 to 03.31.2019: R\$22; and 01.01 to 03.31.2018: R\$10 and Group life insurance – 01.01 to 03.31.2019: R\$2; and 01.01 to 03.31.2018: R\$ 2.

The contributions referring to the DC portion of the VC I plan were accounted for under "Post-employment benefit expenses", as follows:

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
1. Contributions (DC portion) <sup>(3)</sup>	(13,768)	(12,721)

<sup>(3)</sup> Including transferred employees' contribution: VC I Plan – 01.01 to 03.31.2019: R\$57; and 01.01 to 03.31.2018: R\$63.

The administrative expenses of the Defined Benefit (DB) plan are accounted for under "Post-employment benefit expenses", as stated below:

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
1. Administrative expenses	(1,568)	(1,620)

#### h) Amounts recognized in equity

There is no record of actuarial gains (losses) for the DB, Natural and Group Life Insurance plans, since no actuarial valuations were performed as of 03.31.2019 and 03.31.2018. In the case of the VC I plan, the actuarial gains (losses) recorded in the period refer to the asset ceiling effect, as follows:

Specification	03.31.2019			03.31.2018		
		VC I Plan			VC I Plan	
Actuarial gains (losses)		(665)			(625)	

**NOTE 25 - Fundo Constitucional de Financiamento do Nordeste (FNE)**

- a) The equity of FNE, amounting to R\$84,183,878 (R\$82,046,352 at 12.31.2018) is recorded in the Bank's memorandum account "Net assets of managed public funds/FNE".
- b) Cash and cash equivalents and funds committed to loan transactions, which represent cash and cash equivalents of FNE in the amount of R\$25,922,744 (R\$24,575,929 at 12.31.2018), recorded under "Other obligations/Financial and development funds" bear interest at the extra-market rate. In period, the interest expense on cash and cash equivalents totaled R\$361,721 (R\$359,601 at 03.31.2018).
- c) The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1) Transactions contracted until 11.30.1998 are risk-free;
- c.2) For operations contracted beginning 12.01.1998, excluding transactions under PRONAF (groups A, A/Microcredit, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Funding), the Bank's risk is 50% of the amount calculated pursuant to CMN Resolution No. 2682 of 12.21.1999; and
- c.3) The Bank assumes all the risks on renegotiated and reclassified FNE loan transactions, as set forth by Law No. 11775 of 09.17.2008, and transactions recognized in "Onlending debtors", as prescribed by Ministry of Integration Administrative Ruling No. 147 of 04.05.2018. Loans funded by FNE, under Law No. 12716 of 09.21.2012 and Law No. 12844 of 07.19.2013, for the purpose of settling BNB transactions with other funds, will maintain the same risk position of the transaction to be settled. The financing balances and provisions recorded under "Provision for financial guarantees provided" of the Bank are broken down as follows:

Risk level	Balances	Provision at 03.31.2019 <sup>(2)</sup>	Provision at 12.31.2018 <sup>(2)</sup>
AA	15,836,914	-	-
A	16,695,372	41,919	40,472
B	6,359,284	32,220	33,423
C	1,894,183	28,419	27,960
D	1,086,456	54,213	51,886
E	1,030,043	154,641	149,863
F	277,330	69,617	76,574
G	313,074	109,326	107,328
H	4,871,337	2,443,290	2,502,201
<b>Total</b>	<b>48,363,993</b>	<b>2,933,645<sup>(1)</sup></b>	<b>2,989,707<sup>(1)</sup></b>

<sup>(1)</sup> At 03.31.2019, this balance includes provision to cover the Bank risk on loan transactions with indication of irregularities in the amount of R\$ 43,140 (R\$46,587 at 12.31.2018).

<sup>(2)</sup> Includes effects of renegotiations of loans, based on Law No. 13340, of 09.28.2016, which authorized granting of rebates and renegotiation of debts from rural credit operations contracted up to 12.31.2011, with FNE funds and mixed funds from FNE and other sources.

- d) The Bank's *del credere* commission on transactions entered into by 11.30.1998 is nil. For transactions entered as agreement after this date *del credere* commission is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9, item A of Law No. 7827 of 09.27.1989. In transactions reclassified for FNE based on Law No. 11775 of 09.17.2008, *del credere* commission is 3% p.a. or 6% p.a., as regulated by Interministerial Ruling No. 245 of 10.14.2008, of the Ministry of Finance and Ministry of National Integration. Income from *del credere* commission totaled R\$376,774 (R\$325,865 at 03.31.2018).
- e) In the period, the administration fee was R\$335,037 (R\$350,665 at 03.31.2018), calculated at 3% p.a. on Equity and appropriated on a monthly basis.
- f) The Provisional Executive Order No. 812, signed into Law No. 13682 of 06.19.2018, determined the following changes, from 2018 onwards:
- annual reduction in administration fee at 0.3%, from 3% in 2018 to 1.5% from 2023 onwards;
  - the calculation basis is the Net Assets of FNE, deducted from the balance of cash and cash equivalents referred to in article 4 of Law No. 9126 of 11.10.1995, of the amounts transferred to Banco do Nordeste based on article 9-A of Law No. 7827 of 09.27.1989 and of the balances of investments under Pronaf addressed by article 6 of Law No. 10177 of 01.12.2001, and the Program regulation (MCR-10) (groups A/Microcredit, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Funding);
  - the Bank will be entitled to the percentage of 0.35% (thirty-five hundredths percent) p.a. on the balances of cash and cash equivalents addressed by article 4 of Law No. 9126 of 11.10.1995;

- iv) the amount to be received by the Bank as administration fee, after deducting the amount of the remuneration on cash and cash equivalents, may be increased up to 20% (twenty percent) based on the timely-payment factor for loans with operational risk fully assumed by FNE or with risk shared between the Bank and the Fund, calculated in accordance with the methodology for calculating the allowance for loan losses applicable to bank loan; and
- v) the administration fee plus remuneration on cash and cash equivalents is limited, every month, to 20% (twenty percent) of the accumulated amount, up to the reference month, of transfers addressed by letter c of item I of the main section of article 159 of the Federal Constitution, carried out by the Government.

#### NOTE 26 - Workers' Assistance Fund (FAT)

The Workers' Assistance Fund (FAT) is a special financial-accounting fund under the Ministry of Labor and Employment (Ministério do Trabalho e Emprego - MTE), whose purpose is to finance the Unemployment Insurance, Salary Bonus and Economic Development Programs. The main actions financed by the Bank with FAT funds are as follows:

Specification	Tade <sup>(1)</sup>	03.31.2019	12.31.2018
Proger-Urbano - Investment	017/2006	315	373
Protrabalho - Investment	004/2007	102,088	107,606
National Program for Production-Oriented Microcredit (PNMPO)	001/2010	5,715	15,859
<b>TOTAL</b>		<b>108,118</b>	<b>123,838</b>

Obligations derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-yielding special deposits', totaling R\$38,523 (R\$66,154 at 12.31.2018), are subject to the Average SELIC rate (TMS - Central Bank overnight rate) while they are not used in loans. Regarding the funds released, their remuneration is calculated based on the Longterm Interest Rate (TJLP) for transactions taken out up to December 31, 2017 and Long-term Rate (TLP) for funds referring to transactions taken out from January 1, 2018 onwards, after they are released to final borrowers and over the period of financing. Available funds yielding interest at the Average SELIC rate totaled R\$12,929 (R\$29,249 at 12.31.2018).

Remuneration of funds allocated in the Bank shall be paid to FAT on a monthly basis, as established in Codefat Resolutions No. 439/2005, 489/2006 and 801/2017, with a minimum amount equivalent to 2% calculated on the total balance of each FAT Special Deposit Allocation Statement (TADE), plus cash and cash equivalents that fall under the following conditions, in terms of remaining in the Bank's cash:

- after 2 months, with respect to the reimbursements of the final borrowers, not reused in new financing; and
- after 3 months, with respect to the new deposits made by FAT and not released to final borrowers.

Specification	Tade <sup>(1)</sup>	Return of FAT funds			03.31.2019		
		Form <sup>(2)</sup>	AR	SELIC remuneration	TMS available <sup>(3)</sup>	TJLP or TLP applied <sup>(4)</sup>	Total
Proger – Urbano - Investment	17/2006	AR	11,346	180	193	21	214
FAT – Infrastructure <sup>(5)</sup>	18/2006	AR	34,996	768	-	-	-
Protrabalho-Investment	04/2007	AR	12,433	179	4,174	18,738	22,912
PNMPO	01/2010	AR	62,987	989	8,562	6,835	15,397
<b>Total (Notes 13.b and 28.a.1)</b>			<b>121,762</b>	<b>2,116</b>	<b>12,929</b>	<b>25,594</b>	<b>38,523</b>

Specification	Tade <sup>(1)</sup>	Return of FAT funds			12.31.2018		
		Form <sup>(2)</sup>	AR	SELIC remuneration	TMS available <sup>(3)</sup>	TJLP or TLP applied <sup>(4)</sup>	Total
Proger – Urbano - Investment	17/2006	AR	2,684	128	9,360	190	9,550
FAT – Infrastructure <sup>(5)</sup>	18/2006	AR	42,783	996	1,286	-	1,286
Protrabalho-Investment	04/2007	AR	25,312	378	1,778	22,196	23,974
PNMPO	01/2010	AR	51,478	859	16,825	14,519	31,344
<b>Total (Notes 13.b and 28.a.1)</b>			<b>122,257</b>	<b>2,361</b>	<b>29,249</b>	<b>36,905</b>	<b>66,154</b>

<sup>(1)</sup> Tade: Special Deposit Allocation Statement;

<sup>(2)</sup> AR – Automatic Return (Monthly, 2% on total balance);

<sup>(3)</sup> Funds yielding by Average SELIC rate (TMS);

<sup>(4)</sup> Funds yielding by: Long-term Interest Rate (TJLP) for transactions taken out up to 12.31.2017 and Long-term Rate (TLP) for transactions taken out from 01.01.2018 onwards.

<sup>(5)</sup> Regarding FAT - Infrastructure, AR is 1% on the balance and deductible reimbursements refer to the last 4 months.

#### NOTE 27 - Risk management and Basel Index

## a) Risk and capital management

The Bank's corporate governance instruments include a regularly reviewed internal control structure so that there is adequate monitoring of the credit, liquidity, market, operational and socioenvironmental risks, as well as interest rate risk in the banking book (IRRBB). The risk management methodology observes the guidance set forth by the Basel Committee, with priority to identification of possible risks existing in the different Bank processes, and implementation and monitoring of key indicators and of mechanisms to mitigate any risks.

### Risk management structure

The risk management structure is unified at the strategic level and specific at its business and support units' levels, observing the principle of segregation of activities. The units and their basic responsibilities regarding risk management are defined, formally standardized and disclosed in the institution's policies and standards website.

The performance of this structure takes into consideration the Bank's financial balance and is based on the institution's integrity and ethics policy and on the principles of social and environmental responsibility, in relationships with its customers, partners, employees, shareholders, service providers and with the society.

In this context, the Integrated Risk Management of Banco do Nordeste includes, as an essential principle, sustaining a structured risk management system that is integrated to the Bank's management activities. It provides information that supports the Bank's various decision-making levels in assessing the risks involved and is designed to guide the management of risks that threaten the achievement of business objectives, establishing rules based on principles and good corporate governance practices, implemented under the guidance of the Bank's senior management and supervisory bodies.

### Capital management structure

The Executive Board is responsible for approving the capital management structure of the Bank, including the Capital Plan for the period from 2019 to 2023, which was also approved by the Board of Directors, on 12.13.2018. The Control and Risk Executive Board is responsible for Capital Management, and a specific administrative unit has been structured for this purpose, as required by CMN Resolution No. 4557 of 02.23.2017. The Capital Management Structure information is available at [www.bnb.gov.br](http://www.bnb.gov.br), clicking the link "Sobre o Banco".

### Corporate Risk Management Policy

The corporate risk management policy sets forth guidelines and standards that integrate the Bank's activities, for the management of credit, liquidity, market, operational and socioenvironmental risks, as well as interest rate risk in the banking book (IRRBB). The Corporate Risk Management Committee analyzes and forwards for approval by the Executive Board, and the Board of Directors, proposals for creation of and adjustments in strategies, policies, models and procedures for risk management. The Control and Risk Executive Board coordinates the implementation thereof and the Bank's performance, through a specific unit that jointly manages risks at corporate level, defining management methodologies and models, as well as promoting the dissemination of the risk management culture.

Further information relating to risk management focused on matters related to Referential Equity (RE) and the amount of Risk-Weighted Assets (RWA), in accordance with BACEN Circular Letter No. 3678 of 10.31.2013, can be found at [www.bnb.gov.br](http://www.bnb.gov.br), clicking on the link "Sobre o Banco".

## b) Credit risk

Credit risk is defined as the risk of incurring losses associated with default by the counterparty to its obligations under the terms agreed; depreciation and reduction of expected remunerations and gains on financial instruments deriving from deterioration of the creditworthiness of counterparty, intervening party or mitigating instrument; restructuring of financial instruments or costs of recovering exposures characterized as troubled assets.

Specification	Exposure	
	03.31.2019	12.31.2018
<b>Loans, co-obligations and guarantees given</b>	<b>38,297,619</b>	<b>37,950,059</b>
<b>Public sector</b>	<b>1,079,422</b>	<b>1,036,853</b>
<b>Private sector</b>	<b>37,218,197</b>	<b>36,913,206</b>
Trading	3,873,881	3,923,129
Foreign trade	851,441	835,103
Manufacturing	6,984,153	7,223,793

Infrastructure	9,413,689	8,855,282
Urban micro-financing	3,220,351	3,288,408
Individuals	132,329	129,389
Rural	8,179,734	8,079,973
Other services	4,562,619	4,578,129
<b>Market transactions</b>	<b>47,945,849</b>	<b>46,080,208</b>
<b>Federal Government securities</b>	<b>45,569,912</b>	<b>42,777,700</b>
Repurchase agreements	10,838,985	10,247,552
Other	34,730,927	32,530,148
<b>Interbank deposits</b>	<b>140,953</b>	<b>108,350</b>
<b>Other marketable securities</b>	<b>964,925</b>	<b>1,923,825</b>
<b>Other transactions</b>	<b>1,270,059</b>	<b>1,270,333</b>
<b>Other assets</b>	<b>4,990,585</b>	<b>5,414,501</b>
<b>Total</b>	<b>91,234,053</b>	<b>89,444,768</b>

The Bank uses the constant information flow to identify, measure, monitor, assess, report, control and mitigate risks, thus ensuring that credit risk exposure is in accordance with the parameters defined in the Risk Appetite Statement (RAS). Accordingly, various instruments are used, such as: credit policies, risk assessment models and methodologies, methodology for segregation of credit assets in troubled and non-troubled, managerial reports, and system for risk rating and for calculation of expenses related to allowance for loan losses.

Furthermore, any approval in terms of risk limits is based on the level of authority by board. In accordance with their characteristics and amount, the limits may be automatically calculated or analyzed and defined by the branches' credit assessment committees, or by the Operational Supporting Centers' risk limit approval committees, or also be decided by the customer risk limit approval committee of the General Executive Board or Executive Board.

All loans with risk exposure to the Bank are subject to risk rating, based on the customer's risk rating and loan grade, in accordance with their value, term, nature and purpose characteristics and conditions of collaterals as to their sufficiency and liquidity.

#### **Collaterals for loans above R\$5,000 with full risk for the Bank**

The collaterals for loans are determined based on their quality, capacity to be removed and sufficiency. Balances exposed to risk of loans above R\$5,000 amount to R\$3,598,266 (R\$3,674,323 at 12.31.2018). These transactions are backed by collaterals totaling R\$5,789,573 (R\$4,518,315 at 12.31.2018).

#### **c) Liquidity risk**

Liquidity risk is the possibility of mismatches between tradable assets and liabilities that could affect the Bank's ability to pay, as well as the possibility of the institution being unable to negotiate a position at market price due to its volume being greater than the volume normally traded in the market or due to any discontinuity thereof.

The Bank adopts projection models to estimate changes in cash and manage its capacity to honor future commitments, communicating the Company's liquidity position to management through daily reports.

The daily market and liquidity risk management report includes, among other, the Bank's liquidity ratio, represented by the ratio between available funds and commitments estimated for the next 90 days. Available funds comprising the liquidity ratio calculation base include banking reserves, highly liquid portion of interbank deposits, repurchase agreements and own securities portfolio.

Specification		03.31.2019(%)	12.31.2018(%)
Liquidity ratio	At reporting date	978.89	978.89
	Average for the last 12 months	975.01	965.33
	Maximum for the last 12 months	1,460.41	1,460.41
	Minimum for the last 12 months	720.43	720.43

#### **d) Market risk**

Market risk is the possibility of impairment of assets and/or increase in liability, as well as reduction in finance income and increase in finance costs arising from changes in interest rates, exchange rates, and stock and commodity prices.

In managing market risks, the Bank considers market-approved methodologies and instruments, such as:

- a) VaR (value at risk) of asset and liability transactions in trading and banking portfolios, by risk factor;
- b) change in in the economic value of financial instruments ( $\Delta$ EVE) of the banking portfolio;
- c) change in gain (loss) from financial intermediation ( $\Delta$ NII) of the banking portfolio;
- d) mapping of Minimum Required Capital (MRC);
- e) foreign exchange exposure report;
- f) sensitivity analysis;
- g) stress testing;
- h) back-testing; and
- i) reports on monitoring of limits established for portions exposed to market risk.

The preparation of daily, monthly, quarterly and annual managerial reports for management and supervisory and control bodies is critical to market risk management. Such reports include, among others, detailed information on and analysis of exposure levels of trading and banking portfolios, currency exposure levels and liquidity levels.

In addition to these reports, the monitoring of market and liquidity risk exposure limits includes a warning system implemented in order to expedite the preparation of managerial information necessary for the decision-making process by the proper levels of authority, based on the following procedures:

Risk exposure limits	Control procedure
<ul style="list-style-type: none"> <li>• 1% (one percent) of the Referential Equity (RE) as the possibility of maximum loss of the Trading Portfolio;</li> <li>• 15% (fifteen percent) of the amount of Referential Equity (RE), Tier I, as the maximum limit for the result of the change in the economic value of financial instruments (<math>\Delta</math>EVE) used to measure the interest rate risk in the book banking (IRRBB);</li> <li>• 15% (fifteen percent) of the amount of Referential Equity (RE), Tier I, as the maximum limit for the result of the change in the economic value of financial instruments (<math>\Delta</math>NII) used to measure the interest rate risk in the book banking (IRRBB);</li> <li>• 5% (five percent) of the amount of Referential Equity (RE), as the maximum limit of exposures in foreign currency.</li> </ul>	<p>If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the finance area.</p>

### Sensitivity analysis

As set forth in CVM Rule No. 475 of 12.17.2008, the sensitivity analysis was conducted in order to identify significant risks capable of generating losses to the Bank, considering alternative scenarios for the behavior of various risk factors in trading and non-trading portfolio transactions, and its results are as follows:

Portfolio/risk factor	Type of risk	Scenario 1 (Probable)	Scenario 2 (variation of 25%)		Scenario 3 (variation of 50%)	
		Balance	Balance	Loss	Balance	Loss
<b>Trading portfolio</b>						
Fixed interest rate	Increase in interest rate	6,591,572	6,581,838	(9,734)	6,572,263	(19,309)
<b>Banking portfolio</b>						
Dollar coupon	Reduction in coupon	(50,720)	(51,221)	(501)	(51,753)	(1,033)
Euro coupon	Increase in coupon	(1,451)	(1,451)	0	(1,452)	(1)
IGP coupon	Increase in coupon	119,443	114,189	(5,254)	109,374	(10,069)
IPCA coupon	Reduction in coupon	295,744	242,637	(53,107)	224,770	(70,974)
TJLP coupon	Increase in coupon	280,757	277,485	(3,272)	274,335	(6,422)
TR coupon	Increase in coupon	(2,192,022)	(2,247,275)	(55,253)	(2,283,786)	(91,764)
Fixed interest rate	Increase in interest rate	2,583,361	2,543,250	(40,111)	2,509,517	(73,844)

For purposes of abovementioned calculations, scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values - considering the rates used at B3

S.A.As regards scenarios 2 and 3, changes of 25% and 50% were applied, respectively, to the market risk factors considered, and new net balances were estimated for the portfolios.Losses correspond to the differences between the balances under Scenario 1 and the balances under Scenarios 2 and 3.

The sensitivity analysis was also conducted for swap transactions and their related hedged items as follows:

Nature of transaction	Type of risk	Financial instrument	Scenario 1 (Probable)	Scenario 2 (variation of 25%)	Scenario 3 (variation of 50%)
Hedging derivatives	Increase in referential rate - B3 S.A. DI vs. DOLLAR	Dollar Swap vs. DI	1,183,334	1,177,869	1,172,454
		Liabilities in FC	(1,169,388)	(1,163,988)	(1,158,637)
		Net exposure	13,946	13,881	13,817

Market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from a possible stressed increase in exchange coupon in foreign-currency-denominated transactions.

The method used in the sensitivity analysis of hedge transactions consisted in the measurement of changes in net exposure marked to market between the dollar-indexed foreign exchange payable and the dollar-denominated foreign exchange receivable of swap transactions.The net exposure was calculated for three scenarios, allowing their comparison.Scenario 1 uses market rates, representing the current situation for risk exposure factors, based on the rates disclosed by B3. Scenarios 2 and 3 are obtained by applying shocks to the foreign exchange coupon used in Scenario 1, as described below:

Scenario 1 - 100% of the DI vs. Dollar swap rate is applied.

Scenario 2 - 125% of the DI vs. Dollar swap rate is applied.

Scenario 3 - 150% of the DI vs. Dollar swap rate is applied.

#### e) Operational risk

The operational risk is the possibility of losses arising from external events, or failures, deficiencies or inadequacies of internal processes, people or systems, including those related to legal issues.

Operational risk management requires continuous commitment and involvement of all managers, employees and collaborators, whose main purpose is to mitigate the possibility and impact of operating losses.

The corporate operating risk management system aims at ensuring compliance with the corporate policy in accordance with governance principles and the policies set by the National Monetary Council (CMN), based on the timetable defined by the banking supervisory agency.

The Bank's corporate operational risk is managed through a process view and a specific organizational structure designed to support assessment activities in all supporting and business processes of the Institution, mainly based on the Resolutions issued by the Central Bank.The qualitative approach comprises process risk assessment methodologies, follow-up of mitigating measures and managerial reports.Another methodology used is the RCSA (Risk and Control Self-Assessment) that allows simulating risks inherent to activities and procedures, as well as defining their impact.RCSA further allows building a Risk Matrix and defining indicators, aiming at reaching an expanded vision of the processes and improved management.

#### f) Foreign exchange exposure

Transactions under agreements that provide for currency adjustment clause presented net balance of currency exposure sold, in the amount of R\$83,466 (R\$64,563 at 12.31.2018 - short position), as follows:

Specification	03.31.2019	12.31.2018	Specification	03.31.2019	12.31.2018
Cash and cash equivalents	7,857	3,879	Deposits	-	-
Short-term Interbank investments	29,121	45,188	Interbranch accounts	9,400	7,996
Loans	520,923	569,098	Borrowings and onlending - domestic	64,836	66,964
Other receivables	897,345	879,154	Borrowings and onlending - foreign	1,746,314	1,729,785

			Other obligations	906,539	905,756
<b>Total assets in foreign currencies, excluding derivatives</b>	<b>1,455,246</b>	<b>1,497,319</b>	<b>Total liabilities in foreign currencies</b>	<b>2,727,089</b>	<b>2,710,501</b>
Swap transactions	1,188,377	1,148,619			
<b>Total long position in foreign currencies</b>	<b>2,643,623</b>	<b>2,645,938</b>	<b>Total short position in foreign currencies</b>	<b>2,727,089</b>	<b>2,710,501</b>

Foreign exchange exposure is maintained below the limits established in the Corporate Risk Management Policy (5% of the Referential Equity - RE).

#### g) Operating limits - Basel Accord

At 03.31.2019, the Bank had a wide Basel rate (including capital to cover RBAN) of 13.86% (13.55% at 12.31.2018) and Tier I rates and Principal Capital were both at 9.48% (9.00% at 12.31.2018). BC computed was R\$6,954,363 (R\$6,541,685 at 12.31.2018), Tier I and Principal Capital had the same amount of R\$4,671,759 (R\$4,279,871 at 12.31.2018), while risk weighted assets (RWA amount) totaled R\$49,275,434 (R\$47,553,157 at 12.31.2018).

#### i. Minimum Required Capital - MRC (Basel III)

Specification	03.31.2019	12.31.2018
<b>Referential Equity (RE)</b>	<b>6,954,363</b>	<b>6,541,685</b>
. Tier I	<b>4,671,759</b>	<b>4,279,871</b>
. Principal Capital	4,671,759	4,279,871
. Tier II	<b>2,282,604</b>	<b>2,261,814</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>49,275,435</b>	<b>47,553,157</b>
. RWACPAD	38,727,866	37,903,465
. RWACAM	91,935	75,752
. RWAJUR	107,663	106,481
. RWACOM	4,250	4,812
. RWAOPAD	10,343,721	9,462,647
<b>Margin on Required RE</b>	<b>3,012,328</b>	<b>2,440,226</b>
<b>Capital for IRRBB</b>	<b>70,846</b>	<b>63,881</b>
<b>Margin on Required RE considering IRRBB</b>	<b>2,941,483</b>	<b>2,376,344</b>
<b>Margin on Required Tier I RE</b>	<b>1,715,233</b>	<b>1,426,681</b>
<b>Margin on Required Principal Capital</b>	<b>2,454,364</b>	<b>2,139,979</b>
<b>Required Additional Capital - RWA (2.5%)<sup>(1)</sup></b>	<b>1,231,886</b>	<b>891,622</b>
<b>Margin on Required Principal Capital</b>	<b>483,347</b>	<b>535,060</b>
<b>Margin for New Business</b>	<b>6,041,836</b>	<b>6,203,591</b>
<b>Basel Indexes:</b>		
. Principal capital index (minimum requirement of 4.5%)	9.48%	9.00%
. Tier I index (minimum requirement of 6.0%)	9.48%	9.00%
. Referential Equity Index (Minimum requirement of 8.0%) <sup>(2)</sup>	14.11%	13.76%
. Referential Equity Index including IRRBB	13.86%	13.55%

<sup>(1)</sup> In December 2018 it was 1.875%.

<sup>(2)</sup> In December 2017 it was 8.625%.

Where:

- . RWACPAD: amount related to credit risk exposures.
- . RWACAM: amount related to exposure to gold, foreign currency and assets subject to foreign exchange variation.
- . RWAJUR: amount related to exposures subject to change in interest rates.
- . RWACOM: amount related to exposures subject to change in commodity prices.
- . RWAOPAD: amount related to operational risk.
- . RBAN: capital to cover risk in transactions subject to change in interest rates not classified in the trading portfolio.

#### ii. Breakdown of RE (Basel III)

Specification	03.31.2019	12.31.2018
<b>REFERENTIAL EQUITY (RE)</b>	<b>6,954,363</b>	<b>6,541,685</b>
<b>TIER I REFERENTIAL EQUITY</b>	<b>4,671,759</b>	<b>4,279,871</b>
<b>Principal Capital</b>	<b>4,671,759</b>	<b>4,279,871</b>
Capital	2,844,000	2,844,000
Income reserves	2,277,391	2,277,391
Capital and revaluation reserve	11,592	11,592
Credit P&L accounts	3,103,624	-
Debt P&L accounts	(2,817,185)	-
Equity Adjustments	(852,450)	(950,962)
Retained earnings (accumulated losses)	(68,240)	-



Debt instruments eligible to Principal Capital	1,000,000	1,000,000
Prudential Adjustments	(826,973)	(902,150)
Prudential adjustment - intangible assets	(19,947)	(19,947)
Prudential adjustment - Tax credits from temporary differences	(803,900)	(850,937)
Prudential adjustment – Difference to less – Adjustments of CMN Resolution No. 4277	(3,126)	(31,266)
<b>TIER II REFERENTIAL EQUITY</b>	<b>2,282,604</b>	<b>2,261,814</b>
Instruments eligible to Tier II	2,282,604	2,282,604
Investment in other entities deducted of Tier II	-	(20,790)

The Subordinated Debt Instruments entered into with FNE, authorized to comprise Tier II RE before the entry into force of CMN Resolution No. 4192 of 03.01.2013, according to paragraph 2 of article 23, shall remain eligible up to their amortization.

The debt instrument eligible to Principal Capital entered into with the Federal Government comprises Tier I RE, as Principal Capital of the Bank, as authorized by BACEN.

### iii. Leverage Ratio (LR)

The Leverage Ratio (LR), according to the methodology approved by BACEN Circular Letter No. 3748 of 02.27.2015, corresponds to the division of Tier I RE by Total Exposure. The Bank's Leverage Ratio is as follows:

Specification	03.31.2019	12.31.2018
Tier I RE	4,671,759	4,279,871
Total exposure	92,049,376	90,347,459
Leverage Ratio (%)	5.08	4.74

### iv. Fixed asset to equity ratio

The Bank's fixed asset to equity ratio, calculated in accordance with the provisions of CMN Resolution No. 2669 of 11.25.1999, is as follows:

Specification	03.31.2019	12.31.2018
Referential Equity – fixed asset to equity limit	6,954,363	6,541,685
Fixed asset to equity limit (50% of adjusted RE)	3,477,181	3,270,842
Situation	170,996	173,054
Margin	3,306,185	3,097,789
Fixed asset to equity ratio	2.46%	2.65%

## Note 28 – Related Parties

### a) Related parties

The Bank's policy on transactions with related parties was approved by the Board of Directors on 02.28.2018 and disclosed to the market. Among others, the policy provides that in carrying out transactions with related parties, the conditions and rates compatible with market practices are applied, in addition to establishing guidelines to be observed in potential conflicts of interest.

In the period, the Bank carried out banking transactions with related parties, such as current account deposits (non-interest bearing), financial investments and loan transactions.

a.1) Significant transactions with state-owned companies, autonomous government agencies, programs and funds controlled by the Federal Government are broken down as follows:

Specification	03.31.2019	12.31.2018
<b>Liabilities</b>		
<b>Time deposits - FAT (Notes 13.b. and Note 26)</b>	<b>38,523</b>	<b>66,154</b>
<b>Domestic onlending – Official institutions (Note 14.c.)</b>	<b>1,201,157</b>	<b>1,222,018</b>
National Treasury	486	482
BNDES	1,139,602	1,155,450
Machinery and Equipment Financing (Finame)	61,069	66,086
<b>Other liabilities</b>	<b>30,147,214</b>	<b>28,755,883</b>
FNE (Note 16.f)	25,932,444	24,585,592
FDNE	700,362	697,939
Merchant Marine Fund (FMM)	101,211	102,906

Debt instruments eligible to capital (Notes 16.g and 17)	1,000,000	1,000,000
Subordinated debts eligible to capital (Notes 16.h and Note 18)	2,413,197	2,369,446
<b>Total</b>	<b>31,386,894</b>	<b>30,044,055</b>

a.2) The balances of obligations with post-employment benefit plans are as follows:

Specification	03.31.2019	12.31.2018
Post-employment benefits – Capef DB Plan (Notes 16.i and 24.f)	601,324	606,070
Post-employment benefits - Camed Natural Plan (Notes 16.i and 24.f)	1,490,405	1,474,370
Post-employment benefits - Life insurance (Notes 16.i and 24.f)	149,181	147,161
<b>Total</b>	<b>2,240,910</b>	<b>2,227,601</b>

a.3) Significant revenues and expenses with related parties are as follows:

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
Time deposits - FAT	(26,232)	(27,642)
National Treasury	(5)	(6)
BNDES	(20,015)	(32,171)
Machinery and Equipment Financing (Finame)	(585)	(967)
FMM	(4,156)	(3,276)
FNE	70,537	85,769
FDNE	6,469	7,398
Debt instruments eligible to capital	(63,293)	(25,881)
Subordinated debts eligible to capital	(43,751)	(37,913)
Post-employment benefit - Capef DB Plan	(14,852)	(12,652)
Post-employment benefits - VC I Plan	(13,392)	(12,395)
Post-employment benefit - Camed Natural Plan	(35,043)	(36,660)
Post-employment benefits - life insurance	(3,144)	(2,852)

**b) Management compensation**

The compensation of the Board of Directors, Statutory Executive Board and Supervisory Board is shown below:

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018
<b>Fees</b>	<b>1,075</b>	<b>1,423</b>
Executive Board	926	1,241
Board of Directors	81	98
Supervisory Board	68	84
<b>Other</b>	<b>323</b>	<b>452</b>
<b>Total short-term benefits</b>	<b>1,398</b>	<b>1,875</b>
<b>Post-employment benefits</b>	<b>63</b>	<b>79</b>
<b>Total</b>	<b>1,461</b>	<b>1,954</b>

The Bank offers to its officers, as post-employment benefits, Pension and Health Care Plans under the same conditions offered to employees.

The Bank does not grant loans or advances to key management personnel, in accordance with current regulations.

**NOTE 29 - Statement of comprehensive income**

Specification	01.01 to 03.31.2019	01.01 to 03.31.2018 (Restated)
<b>Net income</b>	<b>286,439</b>	<b>109,308</b>
<b>Other comprehensive income</b>	<b>98,512</b>	<b>38,803</b>
Equity adjustment to available-for-sale securities	166,285	65,900
Tax effect on Equity adjustment to available-for-sale securities	(67,374)	(26,899)
Revaluation reserve realized	-	322
Tax effect on revaluation reserve realized	-	(145)
Actuarial gains (losses)	(399)	(375)
<b>Comprehensive income</b>	<b>384,951</b>	<b>148,111</b>

**NOTE 30 - Other Information**

**a) Statement of compliance**

We confirm that all significant information of the interim financial statements themselves, and only such information, is being disclosed and corresponds to that used in the management of the Bank.

**b) Approval of financial statements**

The financial statements were approved by the Executive Board at the meeting held on April 29, 2019.

Fortaleza (CE), April 29, 2019.

**The Executive Board**

**Note: These notes are an integral part of the Financial Statements.**

## **Quarterly Information (ITR)**

**Banco do Nordeste do Brasil S.A.**

March 31, 2019  
with Independent Auditor's Review Report

## **Independent auditor's review report on Quarterly Information (ITR)**

To The Board of Directors, Shareholders and Officers of  
**Banco do Nordeste do Brasil S.A.**

### **Introduction**

We have reviewed the interim financial information of Banco do Nordeste do Brasil S.A. ("Company"), contained in the Quarterly Information Form (ITR), for the quarter ended March 31, 2019, which comprises the balance sheet as at March 31, 2019 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including explanatory information.

Management is responsible for the preparation of the interim financial information in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 auditing standards 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 financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information - ITR.

## **Emphasis of matter**

Restatement of corresponding figures

As mentioned in Note 3, the information corresponding to the statements of income, statements of changes in equity, statements of cash flows, statements of value added and to the explanatory notes have been changed in relation to the interim financial information previously disclosed for the period ended March 31, 2018 for the reasons mentioned in said Note 3, therefore, such information is being restated as provided for in CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our conclusion is not qualified in respect of this matter.

## **Other matters**

### **Interim financial information of value added**

The quarterly information referred to above includes the individual statements of value added (SVA) for the three-month period ended March 31, 2019, prepared under the responsibility of Bank management and presented as supplementary information for BACEN purposes. These statements were submitted to review procedures performed together with the review of quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the accounting criteria defined in referred to Accounting Pronouncement and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 15, 2019.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

Eduardo Wellichen  
Accountant CRC- 1SP184050/O-6

Opinions and Statements / Statement of Directors on the Financial Statements

We, the Officers of Banco do Nordeste do Brasil SA, declare for purposes of complying with the provisions of Article 25, paragraph 1, Subsection VI, Instruction 480 of December 7, 2009, of the Brazilian Securities and Exchange Commission (CVM), which we have reviewed, reviewed, discussed and agreed to the full contents of Banco do Nordeste do Brasil SA financial statements, as of March 31, 2019.

Fortaleza, May 15, 2019

**EXECUTIVE BOARD:** Romildo Carneiro Rolim (President) – Antônio Rosendo Neto Júnior (Director of Business) – Claudio Luiz Freire Lima (Director of Management and Director Financial and Credit) – Nicola Moreira Miccione (Director of Control and Risk) – Perpétuo Socorro Cajazeiras (Director of Planning)

Opinions and Statements / Statement by the Directors on the Report of the Auditor  
Independent

We, the Officers of Banco do Nordeste do Brasil SA, declare for purposes of compliance with the provisions of Article 25, paragraph 1, Subsection V, of Instruction 480 of December 7, 2009, of the Brazilian Securities and Exchange Commission (CVM), which we have reviewed, reviewed, discussed and agreed to the full contents of the Report, dated May 8, 2018, by Ernst & Young Auditors Independentes S.S. on the financial statements of Banco do Nordeste do Brasil S.A., as of March 31, 2019.

Fortaleza, April 29, 2019

**EXECUTIVE BOARD:** Romildo Carneiro Rolim (President) – Antônio Rosendo Neto Júnior (Director of Business) – Claudio Luiz Freire Lima (Director of Management and Director Financial and Credit) – Nicola Moreira Miccione (Director of Control and Risk) – Perpétuo Socorro Cajazeiras(Director of Planning)