Contents

Company Information/ Ownership structure

Number of shares (Thousand)	Current quarter 3/31/2014
Paid-in capital	
Common shares	86,371
Preferred shares	0
Total	86,371
Treasury	
Common shares	0
Preferred shares	0
Total	0

Company information / Cash proceeds

Event	Approval	Proceeds	Beginning of payment	Type of share	Class of share	Earnings per share (Reais/ share
General and special shareholders' meeting	3/28/2014	Interest on equity	4/10/2014	Common shares		0.5482

Individual financial statements / Balance sheet assets
(In thousands of reais)

Account Code	Account description	Current quarter 3/31/2014	Prior year 12/31/2013
1	Total assets	34,952,721	33,817,503
1.01	Current assets	16,333,120	15,349,319
1.01.01	Cash and equivalents	117,667	155,909
1.01.02	Interbank investments	8,470,672	7,737,065
1.01.02.01	Open market investments	8,338,513	7,606,592
1.01.02.02	Interbank deposits	132,159	130,473
1.01.03	Marketable securities	861,271	690,164
1.01.03.01	Own portfolio	861,049	690,083
1.01.03.02	Derivative financial instruments	222	81
1.01.04	Interbank accounts	453,580	369,442
1.01.04.01	Unsettled payments and receipts	84,196	1,236
1.01.04.02	Deposits – Central Bank of Brazil	353,821	351,120
1.01.04.03	National Treasury - Rural credit funds	14,480	14,492
1.01.04.04	Interbank onlending	1,083	1,130
1.01.04.05	Correspondents	0	1,464
1.01.06	Loans	4,297,358	4,365,875
1.01.06.01	Public sector	144,453	158,847
1.01.06.02	Private sector	4,530,503	4,592,242
1.01.06.03	Allowance for loan losses	-377,598	-385,214
1.01.08	Other receivables	2,104,864	2,004,904
1.01.08.02	Foreign exchange portfolio	487,098	540,994
1.01.08.03	Income receivable	10,748	9,568
1.01.08.04	Securities trading and brokerage	4	4
1.01.08.05	Other receivables	1,616,627	1,471,727
1.01.08.06	Allowance for losses on other receivables	-9,613	-17,389
1.01.09	Other assets	27,708	25,960
1.01.09.01	Other assets	5,908	5,654
1.01.09.02	Valuation allowance	-696	-695
1.01.09.03	Prepaid expenses	22,496	21,001
1.02	Long-term assets	18,385,652	18,232,580
1.02.02	Marketable securities	11,346,949	11,313,849
1.02.02.01	Own portfolio	9,734,543	9,547,043
1.02.02.02	Held under repurchase commitments	1,023,711	1,126,481
1.02.02.03	Derivative financial instruments	279,044	337,967
1.02.02.04	Linked to guarantees	309,651	302,358
1.02.03	Interbank accounts	42,701	42,634
1.02.03.01	National Treasury - Rural credit funds	567	554
1.02.03.02	National Housing System (SFH)	39,968	39,254
1.02.03.03	Interbank onlending	2,166	2,826
1.02.05	Loans	6,102,917	5,882,508
1.02.05.01	Public sector	1,157,651	1,211,833
1.02.05.02	Private sector	5,442,902	5,161,846
1.02.05.03	Allowance for loan losses	-497,636	-491,171
1.02.07	Other receivables	893,085	993,589

Individual financial statements / Balance sheet – Assets

(In thousands of reais)

Account Code	Account description	Current quarter 3/31/2014	Prior year 12/31/2013
1.02.07.02	Income receivable	18,049	18,049
1.02.07.03	Other receivables	921,494	1,022,017
1.02.07.04	(Allowance for loan losses)	-46,458	-46,477
1.03	Permanent assets	233,949	235,604
1.03.01	Investments	1,840	1,825
1.03.01.04	Other investments	7,143	7,128
1.03.01.05	Allowance for losses	-5,303	-5,303
1.03.02	Property and equipment (P&E) in use	216,928	220,993
1.03.02.01	Real estate in use	160,062	159,881
1.03.02.02	Real estate revaluation	105,410	105,410
1.03.02.03	Other property and equipment in use	236,971	235,024
1.03.02.04	Accumulated depreciation	-285,515	-279,322
1.03.04	Intangible assets	14,803	12,308
1.03.04.01	Intangible assets	14,803	12,308
1.03.05	Deferred charges	378	478
1.03.05.01	Restructuring and expansion costs	1,995	2,008
1.03.05.02	Accumulated amortization	-1,617	-1,530

Individual financial statements / Balance sheet – Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 3/31/2014	Prior year 12/31/2013
2	Total liabilities	34,952,721	33,817,503
2.01	Current liabilities	13,013,292	13,285,888
2.01.01	Deposits	5,789,036	5,910,777
2.01.01.01	Demand deposits	247,754	244,175
2.01.01.02	Savings deposits	1,717,876	1,872,563
2.01.01.03	Interbank deposits	999,837	774,655
2.01.01.04	Time deposits	2,823,569	3,019,384
2.01.02	Open market funding	1,112,791	1,127,212
2.01.02.01	Own portfolio	982,038	1,073,895
2.01.02.02	Third party portfolio	130,753	53,317
2.01.03	Funds from acceptance and issue of securities	30,869	19,488
2.01.03.01	Receivables from real estate, mortgage-related, credit and other similar notes	5,820	9,621
2.01.03.02	Payables for securities issued abroad	25,049	9,867
2.01.04	Interbank accounts	65,068	1,805
2.01.04.01	Unsettled receipts and payments	65,068	1,805
2.01.05	Interdepartmental accounts	10,255	5,409
2.01.05.01	Third-party funds in transit	10,240	5,399
2.01.05.02	Internal fund transfer	15	10
2.01.06	Borrowings	771,893	777,276
2.01.06.01	Domestic borrowings - official institutions	19,794	19,416
2.01.06.02	Foreign borrowings	752,099	757,860
2.01.07	Domestic onlending	151,271	156,842
2.01.07.01	National treasury	394	230
2.01.07.02	BNDES (National Bank for Economic and Social Development)	125,590	132,408
2.01.07.03	FINAME (National Equipment Financing Authority)	25,287	24,204
2.01.08	Foreign onlending	99,055	101,113
2.01.09	Other liabilities	4,983,054	5,185,966
2.01.09.01	Derivative financial instruments	771	978
2.01.09.02	Collection of taxes and other contributions	36,137	1,798
2.01.09.03	Foreign exchange portfolio	4,113	10,830
2.01.09.04	Social and statutory	84,508	61,835
2.01.09.05	Tax and social security	362,794	487,475
2.01.09.06	Securities trading and brokerage	68	68
2.01.09.07	Financial and development funds	2,799,190	3,103,568
2.01.09.08	Hybrid equity/debt instruments	99,446	78,471
2.01.09.09	Other expenses	1,596,027	1,440,943
2.02	Total long-term liabilities	18,905,544	17,491,785
2.02.01	Deposits	4,787,119	5,080,669
2.02.01.01	Demand deposits	4,261	8,819
2.02.01.02	Interbank deposits	98,476	102,711
2.02.01.03	Time deposits	4,684,382	4,969,139
2.02.02	Open market funding	39,936	50,383
2.02.02.01	Own portfolio	39,936	50,383
2.02.03	Funds from acceptance and issue of securities	1,422,740	1,467,778
2.02.03.02	Payables for securities issued abroad	1,422,740	1,467,778

Individual quarterly information / Balance sheet – Liabilities

(In thousands of reais)

Account Code	Account description	Current quarter 3/31/2014	Prior year 12/31/2013
2.02.07	Domestic onlending	1,542,315	1,549,999
2.02.07.01	National Treasury	287	468
2.02.07.02	BNDES	1,388,476	1,395,929
2.02.07.03	FINAME	153,552	153,602
2.02.08	Foreign onlending	704,884	745,417
2.02.09	Other liabilities	10,408,550	8,597,539
2.02.09.01	Derivative financial instruments	238	416
2.02.09.02	Financial and development funds	5,647,092	3,983,648
2.02.09.03	Hybrid equity/debt instruments	1,219,842	1,194,110
2.02.09.04	Subordinated debts eligible for capital	1,490,292	1,455,982
2.02.09.05	Other	2,051,086	1,963,383
2.05	Equity	3,033,885	3,039,830
2.05.01	Capital	2,844,000	2,437,000
2.05.03	Revaluation reserves	20,037	20,610
2.05.03.01	Own assets	20,037	20,610
2.05.04	Income reserves	162,786	590,265
2.05.04.01	Legal	148,072	148,072
2.05.04.02	Statutory	685	427,203
2.05.04.07	Other income reserves	14,029	14,990
2.05.04.07.01	Treasury shares	0	-384
2.05.04.07.02	Special profit reserve - other	14,029	15,374
2.05.05	Equity valuation adjustments	-91,066	-8,045
2.05.05.01	Adjustments to marketable securities	-91,066	-8,045
2.05.06	Retained earnings (accumulated losses)	98,128	0

Individual financial statements – Income statements

Account Code	Account description	Accumulated in current year 1/1/2014 to 3/31/2014	Accumulated in prior year 1/1/2013 to 3/31/2013
3.01	Income from financial intermediation	949,206	695,033
3.01.01	Loans	479,035	382,682
3.01.02	Marketable securities transactions	504,669	331,085
3.01.03	Derivative financial instruments	-58,722	-48,572
3.01.04	Foreign exchange transactions	17,067	22,383
3.01.05	Gains from compulsory investments	5,950	4,307
3.01.06	Sales or transfers of financial assets	1,207	3,148
3.02	Expenses from financial intermediation	-601,246	-596,650
3.02.01	Funding operations	-274,258	-180,440
3.02.02	Borrowing and onlending	-211,685	-172,915
3.02.04	Allowance for loan losses	-115,303	-243,295
3.03	Gross income from financial intermediation	347,960	98,383
3.04	Other operating income (expenses)	-116,868	-144,487
3.04.01	Income from services provided	450,387	389,765
3.04.02	Personnel expenses	-427,614	-277,853
3.04.03	Other administrative expenses	-205,871	-195,723
3.04.04	Tax expenses	-61,685	-51,176
3.04.05	Other operating income	427,622	416,464
3.04.06	Other operating (expenses)	-299,707	-425,964
3.05	Operating income (expenses)	231,092	-46,104
3.06	Non- operating income (expenses)	111	97
3.06.01	Income	545	259
3.06.02	Expenses	-434	-162
3.07	Income (loss) before taxes and profit sharing	231,203	-46,007
3.08	Provision for income and social contribution tax	-96,302	-91,596
3.09	Deferred income tax	18,953	115,427
3.10	Profit sharing/ statutory contributions	-7,326	-8
3.10.01	Profit sharing	-7,326	-8
3.13	Net income (loss) for the period	146,528	-22,184
3.99	Earnings per share – (Reais/Share)	1,68438	-0,25501

Individual financial statements – Statement of other comprehensive income (In thousands of reais)

Account Code	Account description	Accumulated in current year 1/1/2014 to 3/31/2014	Accumulated in prior year 1/1/2013 to 3/31/2013
4.01	Net income (loss) for the period	146,528	-22,184
4.02	Other comprehensive income (loss)	-82,448	-173,252
4.02.01	Equity valuation adjustment of available-for-sale securities	-53,835	-172,276
4.02.02	Tax effect on equity valuation adjustment of available-for-sale securities	21,534	68,910
4.02.03	Revaluation reserve released to retained earnings	956	956
4.02.04	Tax effect on revaluation reserve released to retained earnings	-382	-382
4.02.05	Actuarial gains/ losses	-50,721	-70,460
4.03	Comprehensive income (loss) for the period	64,080	-195,436

Individual financial statements – Cash flow statements – Indirect method (In thousands of reais)

Account Code	Account description	Accumulated in Current year 1/1/2014 to 3/31/2014	Accumulated in Prior year 1/1/2013 to 3/31/2013
6.01	Net cash from operating activities	989,375	559,578
6.01.01	Cash flows from operations	473,807	555,744
6.01.01.01	Net income (loss) for the period	146,528	-22,184
6.01.01.02	Depreciation and amortization	9,516	8,099
6.01.01.03	Allowance for losses on other assets	1	-2
6.01.01.04	Allowance for loan losses	115,235	240,781
6.01.01.05	Allowance for loan losses on other receivables	68	2,514
6.01.01.06	Provision for contingent liabilities (FNE risk)	127,454	246,204
6.01.01.07	Provision for contingent liabilities	18,211	18,245
6.01.01.08	Provision for post employment benefits	31,062	23,050
6.01.01.09	Expenses on other operating provisions	3,204	2,115
6.01.01.10	Reversal of operating provisions	-8,172	-33,566
6.01.01.11	Expenses on subordinated debts eligible for capital	34,311	28,321
6.01.01.12	Expenses on hybrid equity/debt instruments	46,707	42,167
6.01.01.13	Provision for dividends and interest on equity	-50,318	0
6.01.02	Changes in assets and liabilities	515,568	3,834
6.01.02.01	Interbank investments	-79,122	-572,557
6.01.02.02	Interbank and interdepartmental accounts	-16,096	-13,808
6.01.02.03	Loans	-267,126	213,988
6.01.02.04	Other receivables	48,564	86,262
6.01.02.05	Other assets	-1,631	2,114
6.01.02.06	Deposits	-415,291	193,826
6.01.02.07	Open market funding	-24,868	172,028
6.01.02.08	Funds from acceptance and issue of securities	-33,657	-49,922
6.01.02.09	Liabilities with loans and onlending	-61,229	-51,876
6.01.02.10	Derivative financial instruments	58,397	48,165
6.01.02.11	Other liabilities	1,358,911	14,771
6.01.02.14	Income and social contribution taxes paid	-51,284	-39,157
6.02	Net cash used in investing activities	-353,990	-332,712
6.02.01	Available-for-sale securities	-295,290	-302,402
6.02.02	Actuarial gains/ losses	-50,721	0
6.02.03	Addition to investments	-15	-46
6.02.04	Additions to property and equipment in use	-5,678	-30,418
6.02.05	Addition to intangible assets	-2,495	0
6.02.06	Addition to assets for own use	-153	-287
6.02.08	Disposal of property, plant and equipment	327	214
6.02.09	Disposal of assets not for own use	35	227
6.03	Cash flow from financing activities	-19,142	0
6.03.01	Dividends and interest on equity paid	-8	0
6.03.02	Treasury shares	-19,134	0
6.05	Increase (decrease) in cash and cash equivalents	616,243	226,866
6.05.01	Cash and cash equivalents at the beginning of the period	7,709,183	6,484,104
6.05.02	Cash and cash equivalents at the end of the period	8,325,426	6,710,970

Individual financial statements - Statements of changes in equity (SCE) – 1/1/2014 to 3/31/2014

(In thousands of reais)

Account Code	Account description	Capital	Capital reserves	Revaluation reserves	Income reserves	Retained earnings/ accumulated losses	Equity valuation adjustments	Total net equity
5.01	Opening balance	2,437,000	0	20,610	590,649	0	-8,429	3,039,830
5.03	Prior year adjusted balance	2,437,000	0	20,610	590,649	0	-8,429	3,039,830
5.04	Net income (loss) for the period	0	0	0	0	146,528	0	146,528
5.05	Allocations	0	0	0	-1,345	-48,973	0	-50,318
5.05.02	Interest on equity	0	0	0	0	-34,944	0	-34,944
5.05.03	Other allocations	0	0	0	-1,345	-14,029	0	-15,374
5.05.03.01	Additional dividends proposed	0	0	0	14,029	-14,029	0	0
5.05.03.02	Additional dividends proposed in 2013 and approved at the GSM/ SSM	0	0	0	-15,374	0	0	-15,374
5.07	Equity valuation adjustments	0	0	-573	-19,518	573	-82,637	-102,155
5.07.01	Marketable security adjustments	0	0	0	0	0	-32,300	-32,300
5.07.04	Realization of reserves	0	0	-573	0	573	0	0
5.07.05	Acquisition of treasury shares	0	0	0	-19,518	0	384	-19,134
5.07.06	Actuarial gains and losses	0	0	0	0	0	-50,721	-50,721
5.08	Capital increase (decrease)	407,000	0	0	-407,000	0	0	0
5.08.01	Transfer for capital increase	407,000	0	0	-407,000	0	0	0
5.13	Closing balance	2,844,000	0	20,037	162,786	98,128	-91,066	3,033,885

Individual financial statements - Statements of changes in equity (SCE) – 1/1/2013 to 3/31/2013

(In thousands of reais)

Account code	Account description	Capital	Capital reserves	Valuation reserves	Income reserves	Retained earnings accumulated losses	Equity valuation adjustments	Total equity
5.01	Opening balance	2,142,000	0	22,904	425,110	0	93,737	2,683,751
5.02	Prior-year adjustments	0	0	0	0	312,129	-312,129	0
5.03	Adjusted balance	2,142,000	0	22,904	425,110	312,129	-218,392	2,683,751
5.04	Income/loss for the period	0	0	0	0	-22,184	0	-22,184
5.07	Equity valuation adjustments	0	0	-573	0	573	-173,826	-173,826
5.07.01	Marketable securities adjustments	0	0	0	0	0	-103,366	-103,366
5.07.04	Realization of reserves	0	0	-573	0	573	0	0
5.07.05	Actuarial gains and losses	0	0	0	0	0	-70,460	-70,460
5.08	Capital increase/ decrease	295,000	0	0	-295,000	0	0	0
5.08.01	Transfer for capital increase	295,000	0	0	-295,000	0	0	0
5.13	Closing balance	2,437,000	0	22,331	130,110	290,518	-392,218	2,487,741

Individual financial statements - Statement of value added (In thousands of reais)

Account code	Account description	Accumulated in current year 1/1/2014 to 3/31/2014	Accumulated in prior year 1/1/2013 to 3/31/2013
7.01	Revenues	1,412,316	832,100
7.01.01	Financial intermediation revenue	949,206	695,033
7.01.02	Services provided	450,387	389,765
7.01.03	Allowance (reversal) for loans losses	-115,303	-243,295
7.01.04	Other	128,026	-9,403
7.02	Financial intermediation expenses	-485,943	-353,355
7.03	Inputs acquired from third parties	-191,520	-184,237
7.03.01	Material, electric power and other	-15,622	-16,561
7.03.02	Third-party services	-96,405	-92,918
7.03.04	Other	-79,493	-74,758
7.03.04.01	Data processing and telecommunications	-43,229	-38,993
7.03.04.02	Advertising, promotions and publishing	-8,189	-4,263
7.03.04.03	Transport	-4,635	-4,830
7.03.04.04	Security	-8,305	-6,246
7.03.04.05	Travel	-3,881	-3,118
7.03.04.06	Other	-11,254	-17,308
7.04	Gross value added	734,853	294,508
7.05	Retentions	-9,516	-8,099
7.05.01	Depreciation, amortization and depletion	-9,516	-8,099
7.06	Net value added produced	725,337	286,409
7.08	Total value added for distribution	725,337	286,409
7.09	Distribution of value added	725,337	286,409
7.09.01	Personnel	386,767	237,983
7.09.01.01	Salaries and wages	306,589	173,364
7.09.01.02	Benefits	65,238	51,757
7.09.01.03	FGTS (Government Severance Indemnity Fund for Employees)	14,940	12,862
7.09.02	Taxes, charges and contributions	187,207	67,223
7.09.02.01	Federal	182,998	63,678
7.09.02.02	State	56	5
7.09.02.03	Municipal	4,153	3,540
7.09.03	Debt remuneration	4,835	3,387
7.09.03.01	Rent	4,835	3,387
7.09.04	Equity remuneration	146,528	-22,184
7.09.04.03	Retained earnings/ accumulated losses for the period	146,528	-22,184

INTRODUCTION

In the first quarter of 2014, Banco do Nordeste took out R$ 3.5 billion, referring to 1,046,396 transactions involving loans, financing and capital markets, which represented an 11.2% increase in the number of transactions and an 18.3% decrease in value year-on-year. Its main strategic objectives set in 2014 are to continue to maintain its leadership in microfinance and family farming and act as the main bank for small and medium sized companies in the Northeast Region. Accordingly, the Bank continues to support regional productive agents in all their credit needs, in both long and short-term financing, using funds from the Constitutional Financing Fund for the Northeast Region (FNE) and other sources at its disposal. It prioritizes the family farmer, the mini and small producer, the micro and small urban entrepreneur as well as the informal micro-entrepreneur.

ACTIVITIES TOWARDS DEVELOPMENT

Banco do Nordeste accounts for over half of the Crescer loans - Banco do Nordeste is responsible for more than half of the loans of the National Microcredit Program (Crescer), launched by the Federal Government two and a half years ago. Since the establishment of the Program, the Bank spent R$ 7.4 billion under the Crescer scheme, through its production-oriented microcredit program, Crediamigo. Currently, Crediamigo has 1.4 million customers under the Crescer scheme; 2.1 million people have already gone through the program. The debt default level is 0.85% one of the lowest levels in the National Financial System. In all 66% of its active entrepreneurs are women. Launched by the Federal Government in August 2011, Crescer seeks productive inclusion offering short-term loans with rates of 0.41% a month to entrepreneurs with annual earnings of up to R$ 120 thousand. The program has as its reference, Crediamigo, from the Banco do Nordeste.

Banco do Nordeste provides credit lines with differentiated charges for innovative projects - The Banco do Nordeste credit line intended for the financing of innovative projects is FNE Inovação, which gained differential interest rates for 2014. Established by the Federal Government, the rate of 4.71% p.a. it became the lowest rate among all programs that use FNE. With 15% bonus for timely payment, charges can reach 4.0035% per annum, regardless of the size of the borrower, the location of the project or the purpose of the credit. It is an incentive for those who work creatively, seeking to improve the competitiveness of their enterprise and contributing to the development of the Northeast. Customers are funded through FNE Inovação across all economic sectors, including in rural areas, who intend to introduce innovations in products, services, processes and marketing in ventures or on the market as well as members of the regional, information technology and communication (ICT) industry and other technology-based companies. The program will fund up to 100% of the project investment, depending on the size of the business, with repayment terms of up to 15 years, including a grace period of 5 years

The development support program projects R$ 70 million in funds for the Paraíba Industrial Districts - Representatives of the Northeast Bank of Brazil and the Government of Paraiba State met in February to define the main production chains in Paraíba and their respective demands for investment required for their development. The outcome of the discussions will guide the preparation of the Key Investment Plan (PID) of the Northeast Region Productive Development Program (PRODEPRO), a partnership between the Inter-American Development Bank (BID) and Banco do

Nordeste. The program funding, with funds from the BID and the Banco do Nordeste, intends to increase the competitiveness of the production chains of the Northeast through investments in infrastructure, education and the strengthening of institutions, in order to overcome the main difficulties in these chains. The program plans to invest US$ 1 billion (US$ 500 million - BID Financing for the states and US$ 500 million - Counterparty - Performing loans from Banco do Nordeste) for the infrastructure of supply chains in the Northeast. The PRODEPRO seeks to leverage the performing capacity of funding associated with investments in infrastructure (public + private) project funding, works and activities to strengthen the logistics of intra and inter-regional integration, attract new investments and increase exports, increasing the competitiveness of major production chains in the region.

Partnership between Banco do Nordeste and Fortaleza City Hall benefits entrepreneurs – The Banco do Nordeste has entered into partnership with the city of Fortaleza, Ceará, to support the Sustainable Entrepreneurship Program (SEP), of the Municipal Economic Development Bureau (SDE). The Crediamigo Program will group the efforts of municipal management initiative to promote the productive inclusion of entrepreneurs in the capital of Ceára state by offering microcredit accompanied by guidance for better application of funds. Through the Crediamigo Program, the Banco do Nordeste shall contribute to the provision of credit associated with innovative financial guidance methodologies. PES entrepreneurs may inquire at Crediamigo centers in three branches of the Banco do Nordeste (Fortaleza Menezes; Fortaleza Fortaleza Center and Montese) or 17 service centers located in different districts of the Capital.

The Bank has R$ 3 million for projects to combat desertification - The Bank issued a statement/ notice in support of research projects and dissemination of technology to combat desertification or habitation in semiarid conditions. In total there shall be R$ 3 million in nonrecoverable funds stemming from the Fund for Scientific and Technological Development (FUNDECI). The notice will be available for consultation on the BNB website, between January 27 and April 25, 2014. The themes and lines of research shall contribute to the development of the Brazilian semiarid region and mitigate the risks of loan transactions in this priority region for the Bank's funds. Projects should be applicable to semiarid area of BNB's operation (Northeast Region, and north of Minas Gerais and Espírito Santo) and classify under at least one of the specified lines (conservation, recovery, monitoring and mitigation of desertification of semiarid areas, and habitation in semiarid regions). The FUNDECI is a pioneer in fostering research and the spread of technologies directed to productive activities, contributing to overcoming bottlenecks in the productive sector and mitigating the Bank's operational risk. Its goal is the development, validation and spread of technologies compatible with the regional peculiarities, in particular the semi-arid region, considering the economic, social and cultural aspects of the productive sector.

ADMINISTRATIVE ACTS

Executive Board launches Voluntary Dismissal Program - The Voluntary Dismissal Incentive Program (PID) was launched on February 24, 2014. It represents the efforts of the current Executive Board to consider the wishes of employees who have done so much for the Banco do Nordeste and regional development.

Bank is now recognized as an organizational citizenship company - The Bank was recognized as one of the "100 Best Organizational Citizenship Companies" in Brazil by

HR Management magazine. The "100 Best Corporate Citizenship Companies" award evaluates and honors companies in the areas of socio-environmental responsibility, ethics, and relationships with stakeholders, quality of life at work and inclusive policies. In both electronic and print formats HR Management Magazine is intended for professionals working in people management and business, addressing current issues and the development of that area.

Bank joins the 5th edition of the Pro-Gender and Race Equality Program - The Bank formalized inclusion in the 5th edition of the Secretariat Policies for Women Pro-Gender and Race Equality Program under the Executive. In the Statement of Commitment signed between BNB and the Women's Policy Bureau (SPM), 10 activities are projected to be undertaken by the Bank throughout this edition of the program (2014 and 2015). The Bank has participated in the program since its launch in 2006, having been awarded the honor three times due to the results it has achieved. Created in 2006, the Pro-Gender and Race Equality Program aims to change organizational culture and implement best practices to contribute to a more equal working environment. The initiative builds on three pillars: promoting citizenship and combatting discrimination in access, compensation, promotion and continued employment of women and men; commitment to gender equality and race, awarding priority to people management and organizational culture of the company/ institution; spreading exemplary practices among companies and institutions that promote equality of opportunity between men and women, including Afro-Brazilians, within organizations.

BNB presents result of rural debt negotiations to House and Senate - The Bank participated in a hearing before the House of Deputies in Brasilia (DF), on the renegotiation of debts for farmers affected by the drought in the region. The debate was sponsored by the Agriculture, Livestock, Supply and Rural Development Commission. A similar event was also held in the Senate. At that opportunity, BNB's results were presented as these relate to the amount of transactions and amounts contracted under the laws and resolutions governing this issue. The Bank has already regularized more than 621,000 transactions, representing an amount of over R$ 4.2 billion.

Banco do Nordeste customers may perform transactions at *Casas Lotericas* (lottery outlets)- Banco do Nordeste (BNB) customers may perform banking transactions at lottery outlets throughout the country. The benefit is the result of a service agreement entered into by Banco do Nordeste and Caixa Economica Federal (Brazil's Federal Saving and Loans), and is scheduled to start operations in the second half of 2014, in order to expand BNB's service channels. With the inclusion of the lottery outlets, Banco do Nordeste shall double its service capacity, also making available balance inquiries and withdrawals for depositors and savers at these terminals. Currently, BNB, Rede Banco 24 Horas and Banco do Brasil terminals total 8,338 customer service points. With the new partnership, BNB customers now have over 21,300 customer service points throughout Brazil. Soon BNB customers shall also use the *Casas Lotericas*. The expansion is part of the Program for Excellence in Service, launched this year by Banco do Nordeste, and will provide greater comfort and convenience to customers particularly those of the Crediamigo and Agroamigo schemes. Caixa provides over 13,000 lottery outlets across the country, 3,077 of which are in the Northeast.

Bank launches international credit card for private individuals - Available in three categories (Visa Classic, Visa Gold and Visa Platinum) the Banco do Nordeste credit card accepted at millions of locations in Brazil and around the world has been launched. For all categories the BNB offers revolving credit, a detailed monthly invoice and payment through self-service, the Internet or a bank ATM, with several options of payment date. There is also a rewards program under which all purchases made on the card earn points that can be redeemed for air tickets. Visa Classic and Visa Gold products were developed to meet the demands and aspirations of the middle class. The BNB Visa Platinum is a segment dedicated to high-income customers, offering differentiated services, such as Visa Concierge, a personal assistant who assists holders in different situations at no extra cost, and the Visa Luxury Hotel Collection product, which affords access to exclusive benefits at over 900 luxury hotels all over the world. It also launched the AgroNegócio card, which is being piloted. It provides credit and debit functions and access to important rural credit lines. It will be used in costing operations at a maximum value of R$ 1 million. The operation is renewed automatically, so that the credit is already available for use as from the beginning of the agricultural cycle.

Head Office Managers discuss Service Excellence - Continuing the first stage of development of the Service Excellence Program Banco do Nordeste supervisors and general managers met in Fortaleza to tackle the quality of services, specifically from a microfinance perspective. The purpose of the meeting was to deepen discussion on improvements that may impact on the standard of quality of BNB’s services. The tool being used to record all discussions on the subject is called the Plan Initiative and Improvement tool (PIM-Agencies and PIM-DIRGE), in addition to including a number of issues that impact on the quality of care (facilities, service flows and channels, banking automation, technological innovation, processes and systems), it will also be part of the Bank’s action plan.

OPERATING PERFORMANCE

Banco do Nordeste took out R$ 3.5 billion in 1Q14, referring to 1,046,396 transactions involving loans, financing and capital markets which represented an 11.2% increase in the number of transactions and an 18.3% decrease year-on-year.

The funds involved in long-term loans that mostly relate to the Brazilian Constitutional Financing Fund for the Northeast (FNE). In 1Q14, the funds taken out with FNE amounted to R$ 1.3 billion, with 113,524 transactions carried out, which is a 40.1% decrease in the amount contracted and a 7% decrease in the number of transactions in relation to the same period in 2013.

Through its urban productive-oriented microcredit (Crediamigo) program, Banco do Nordeste disbursed approximately R$ 1.5 billion, contracting 856,453 operations in 1Q14, in support for micro-entrepreneurs in its area of operation. In 1Q13, R$ 1.2 billion was disbursed under 732,811 operations. Year-on-year, Banco do Nordeste increased disbursements by 26% and the number of related operations by 16.9%.

As regards the Family Farming Strengthening Program (PRONAF), Banco do Nordeste entered into 108,711 loans involving funds in the amount of R$ 414 million in 1Q14, which represents a decrease of 27% in value taken out and of 4.9% in the number of operations as compared to 1Q13.

BNB operates Agroamigo within PRONAF, a productive-oriented microcredit program for the rural area, lending R$ 353.4 million in 1Q14, with 104,898 transactions carried out with small-scale farmers, i.e. an increase in value by 68.2% and in the number of operations by 27% year-on-year.

In the overall context of BNB's productive-oriented microcredit program, involving Crediamigo, for urban areas, and Agroamigo for rural area, approximately R$ 1.83 billion was paid out in the first quarter of 2014, under 841 582 transactions in support of urban and rural micro-entrepreneurs throughout its area of operation, representing an increase of 32.4% in terms of amount lent and 17.9% in the number of transactions year-on-year.

As regards the support to micro and small enterprises, Banco do Nordeste contracted 5,467 long term financing operations for R$ 326.9 million over 1Q14, which is an increase in value of 32.8% and an increase in the number of operations of 4.2% year-on-year.

As regards financial results, Banco do Nordeste recorded net income of R$ 146.5 million in 1Q14, a 660.38% improvement on 1Q13 when a net loss of R$ 22.2 million was posted.

CVM Ruling No. 381, dated 1.14.2003

In accordance with Brazilian SEC (the CVM) Ruling No. 381/03, dated 1.14.2003, the Banco do Nordeste stated that Ernst & Young Auditores Independentes S/S, engaged as Independent Auditor, solely provided external audit services in the first quarter of 2014.

Notes to Financial Statements
Quarters ended March 31, 2014 and 2013
Amounts expressed in thousands of reais, unless otherwise indicated

Contents of the notes to financial statements

NOTE 1 - The Bank and its characteristics

Banco do Nordeste do Brasil S.A. (Bank) is an all-purpose bank established by Federal Law No. 1649, of 07.19.1952, with its head office at Dr. Silas Munguba 5700, Passaré, Fortaleza, Ceará State, Brazil. The Bank was structured as a mixed economy, publicly-traded corporation and its mission is: "to operate, in its capacity of a public financial institution, as a catalytic agent in promoting the sustainable development of the Northeast in a competitive and profitable manner." Banco do Nordeste, as an All Purpose Bank, is authorized to operate all the portfolios permitted for multiple service banks, except mortgage loan portfolio. As an institution devoted to regional development, the Bank acts as the executive agent of public policies and is responsible for managing the Northeast Constitutional Financing Fund (FNE) – the main source of funds used by the Bank for long-term financing – and the operation of the National Family Farming Strengthening Program (PRONAF) in its jurisdiction. It is also the operator of the Northeast Investment Fund (FINOR) and the Northeast Development Fund (FDNE), the latter created in 2001 and altered in 2007 by Supplementary Law No. 125, which recreated the Northeast Development Authority (SUDENE). In 1998, the Bank created its Production-Oriented Microcredit Program (Crediamigo), a Production Microloan Program that facilitates credit access to thousands of small entrepreneurs who engage in production-related, product sale, and service activities. 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 financial statements

The financial statements have been prepared in accordance with 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 (CMN), the Central Bank of Brazil (BACEN), and the Brazilian Securities and Exchange Commission (CVM), and are presented in accordance with the Standard Chart of Accounts for National Financial Institutions (COSIF).

The Bank's financial statements are in conformity with the pronouncements issued by the Brazilian FASB (CPC) in the process of convergence between the Brazilian accounting standards and the International Financial Reporting Standards (IFRS), as approved by the National Monetary Council (CMN), and the Brazilian Securities and Exchange Commission (CVM) standards that are in line with CMN rules, as follows:

- CPC 00 (R1) - Conceptual Framework for Financial Reporting (CMN Resolution No. 4144, of 9.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566, of 05.29.2008);
- CPC 03 - Cash Flow Statement - (CMN Resolution 3604, of 08.29.2008);
- CPC 05 - Related Party Disclosures (CMN Resolution No. 3750, of 06.30.2009);
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Correction of 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 09 - Statement of Value Added (CVM Rule No. 557, of 11.12.2008);
- CPC 22 - Segment Reporting (CVM Rule No. 582, of 07.31.2009);

- CPC 27 – Property and Equipment (CVM Rule No. 583, of 07.31.2009);
- CPC 32 - Income Taxes (CVM Rule No. 599, of 09.15.2009); and
- CPC 33 (R1) - Employee Benefits (CVM Rule No. 695, of 12.13.2012).

NOTE 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 recognized at the average exchange 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 under profit or loss (P&L) for the period.

b) Revenue 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 adjustments and foreign exchange fluctuation, less unearned income or allowance, if applicable. Liabilities are stated at original amounts plus, if applicable, accrued interest and monetary and exchange variations, less deferred expenses. Available funds from FNE (Northeast Constitutional Financing Fund) are classified in Current and Long-term liabilities according to the expected outflow of funds.

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

d) Cash and cash equivalents

Cash and cash equivalents 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 the fair value.

e) Interbank investments

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

f) Securities

Securities are recorded at cost, plus brokerage and other fees, and are classified and accounted for as described below:

Available-for-sale securities: securities not classified as either trading securities or held-to-maturity securities and reported at fair value, net of taxes, with unrealized gains and losses reported in a separate component of Equity; and

Held-to-maturity securities: securities that the Bank has the positive intent and ability to hold 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.

g) Derivative financial instruments

The Bank 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 fair value upon preparation of monthly trial balances and half-yearly balance sheets. Valuations or devaluations are stated in revenue or expense accounts. The rates disclosed by the Securities, Commodities and Futures Exchange (BM&FBOVESPA) are used to calculate the fair 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, the Bank designated derivative financial instruments (swap agreements) to fully hedge the loans raised and corresponding interest payable (market risk hedge). To equalize the effects of marking-to-market of derivatives designated as hedging instruments, the hedged item is also adjusted for changes in fair value.

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

The risk management objectives and the hedging strategy of such risks 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%.

The market values of derivative financial instruments used for hedging purposes and of the hedged item are disclosed in Note 7.c.1.

h) Loans, advances on foreign exchange contracts, other receivables with loan features and allowance for loan losses

Loans, advances on foreign exchange contracts, and other receivables with loan features 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, creditors 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 five years, no longer being included in the balance sheet.

Renegotiated operations remain at minimum at the same level into which they were classified.

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

i) Prepaid expenses

These refer to funds used in advanced payments, whose benefits or service rendering will occur in coming years.

j) Permanent assets

Investments are stated at cost, net of valuation allowance.

Property and equipment in use includes depreciation calculated under the straight-line method at the following annual rates: Buildings - 4%; data processing systems and vehicles - 20%; tractors and motorcycles - 25%; and other - 10%. Real estate in use includes the revaluation amount.

Deferred charges include expenses on third-party properties and software purchase and development incurred through 09.30.2008 and include amortization calculated under the straight-line method at the annual rate of 20%.

CMN Resolution No. 3617, of 09.30.2008, determines that any balances of property and equipment and deferred charges existing before the Resolution came into effect that have been recorded based on prior standards should be maintained until such balances are actually written off.

Intangible assets correspond to rights whose subject matter is represented by intangible assets intended for the maintenance of the Bank's activities or exercised for such purpose, including the goodwill acquired.
An asset meets the criterion for identification of an intangible assets whenever: is separable, i.e., can be separated from the entity and sold, transferred or licensed, rented or exchanged individually or together with a contract, related assets or liabilities, irrespective of the intended use by the entity or arises from contractual or other legal rights, irrespective of whether those rights are transferable or separable from the entity or from other rights and obligations.
Intangible assets are comprised of disbursements for acquisition of software rights that, are currently, in the implementation phase, the useful lives of which will be 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 (Note 12.c).

k) Income tax, social contribution tax, PASEP and COFINS

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 the adjustments defined in tax legislation. Deferred tax assets and liabilities are calculated, substantially, on temporary differences between accounting and tax bases, arising from allowances for loan losses, reserves for post-employment benefits, mark-to-market of marketable securities, derivative financial instruments, and hedged item.

In accordance with current legislation, the expected realization of tax credits is based on the projection of future taxable profits and on technical studies carried out every six months.

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.

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) based on the monthly accrual basis of accounting.
Post-employment benefits refer to defined benefit and variable contribution pension plans, and a defined benefit health care plan.
As from January 2013, when CVM Rule No. 695 dated 12.13.2012 became effective, the accounting practice for post-employment benefits has changed. Those changes and their effects on the Bank's financial statements are as follows: (i) change in the policy adopted to estimate expected return on the fair value of assets to cover post-employment benefit obligations and (ii) change in the method to calculate net interest in the defined benefit liability (asset), with the introduction of interest on the asset ceiling, when applicable.

m) Impairment testing

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.

n) Contingent assets, liabilities and legal obligations

Contingent assets, contingent liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in CMN Resolution 3823, of 12.16.2009.

Contingent assets are recognized in the financial statements only when their realization can be reliably measured from evidence, which may be the final and unappealable decision on a lawsuit or the confirmation of their recoverability, either through their receipt or offset against another liability.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisors and management, the likelihood of loss in a given legal or administrative proceeding is rated 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 restated on a monthly basis. Legal obligations derive from the tax obligations and a provision of their full amount is recognized in the financial statements regardless of the likelihood of success in ongoing lawsuits.

o) Use of estimates

The preparation of the financial statements includes estimates and assumptions, such as in determining allowances for loan losses, fair value measurement of financial instruments, provision for contingencies, impairment losses and other provisions, e.g. reserves for actuarial liabilities for health care and pension plans. Actual results could differ from such estimates and assumptions.

NOTE 4 – Segment reporting

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

a) 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

b) FNE - comprises loans within the scope of FNE.

The Bank’s management manages operating income (loss) separately in order to make decisions on the fund allocation and performance evaluation. The performance of each segment is determined based on the financial margin plus bank fees.

No revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenues at 3/31/2014 and 3/31/2013.

The table below, prepared in the format used by the Bank's management, 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 3.31.2014			01.01 to 3.31.2013		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
Revenues	**1,368,520**	**8,419**	**1,376,939**	**728,592**	**383,002**	**1,111,594**
Income from loans	479,035	-	479,035	382,682	-	382,682
Securities transactions, net	447,062	57,607	504,669	189,413	141,672	331,085
Derivative financial instruments, net	(58,722)	-	(58,722)	(48,572)	-	(48,572)
Foreign exchange transactions, net	17,067	-	17,067	22,383	-	22,383
Compulsory investments, net	5,950	-	5,950	4,307	-	4,307
Sales or transfer of financial assets	1,207	-	1,207	3,148	-	3,148
Other revenues	476,921	(49,188)	427,733	175,231	241,330	416,561
Expenses	**(547,473)**	**(182,570)**	**(730,043)**	**(463,095)**	**(388,661)**	**(851,756)**
Open market funding	(274,258)	-	(274,258)	(180,440)	-	(180,440)
Borrowings and onlending	(156,670)	(55,015)	(211,685)	(37,620)	(135,295)	(172,915)
Sales or transfer of financial assets	-	-	-	-	-	-
Allowance for loan losses	(115,303)	(127,454)	(242,757)	(243,295)	(246,204)	(489,499)
Other contingent liabilities (Note 20.g)	(1,242)	-	(1,242)	(1,740)	(7,013)	(8,753)
PROAGRO provision receivable	-	(101)	(101)	-	(149)	(149)
Financial margin	**821,047**	**(174,151)**	**646,896**	**265,497**	**(5,659)**	**259,838**
Service income	63,548	380,573	444,121	55,207	328,635	383,842
Income from fees, rates and commissions	6,266	-	6,266	5,923	-	5,923
PASEP and COFINS [(1)]	**(47,841)**	**(9,538)**	**(57,379)**	**(20,071)**	**(27,499)**	**(47,570)**
Income (loss) after fees and commissions	**843,020**	**196,884**	**1,039,904**	**306,556**	**295,477**	**602,033**
Administrative expenses			**(633,485)**			**(473,576)**
Personnel expenses			(427,614)			(277,853)
Depreciation and amortization			(9,516)			(8,099)
Other administrative expenses			(196,355)			(187,624)
Other expenses			**(155,043)**			**(162,858)**
Expenses with provisions, except allowance for loan losses			**(20,173)**			**(11,606)**
Income before taxes and profit sharing			**231,203**			**(46,007)**
Income and social contribution taxes			(77,349)			23,831
Profit sharing			(7,326)			(8)
Net income			**146,528**			**(22,184)**

(1) Expenses referring to PASEP and COFINS on import of services in the amount of R$ 12 (R$ 10 at 3.31.2013) are included in other expenses

NOTE 5 – Cash and cash equivalents

Specification	3.31.2014	12.31.2013
Cash in local currency	115,031	153,121
Cash in foreign currency	2,636	2,788
Total cash	**117,667**	**155,909**
Interbank investments	8,207,759	7,553,274
Total cash and cash equivalents (Note 27.c)	**8,325,426**	**7,709,183**

NOTE 6 – Interbank investments

a) Breakdown

Specification	3.31.2014	12.31.2013
a) Open Market investments	**8,338,513**	**7,606,592**
Resale agreements pending settlement – Self-funding position	8,207,759	7,553,274
Resale agreements pending settlement – Financed position	130,754	53,318
b) Interbank deposits	**132,159**	**130,473**
Foreign currency investments	19,510	46,764
Interbank deposits	112,649	83,709
Total	**8,470,672**	**7,737,065**
Current	8,470,672	7,737,065

b) Income from interbank investments

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
a) Income from open market investments (Note 7.b)	**188,706**	**113,014**
Self-funded position	185,489	110,483
Financed position	3,217	2,531
b) Income from interbank deposits (Note 7.b)	**2,832**	**1,720**
Total	**191,538**	**114,734**

NOTE 7 – Marketable securities and derivative financial instruments

a) Marketable Securities

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

a.1) Securities portfolio

Specification	3.31.2014	12.31.2013
Available for sale securities	11,905,352	11,642,248
Held to maturity securities	23,602	23,717
Swap differential receivable	279,266	338,048
Total	**12,208,220**	**12,004,013**
Current	861,271	690,164
Long-term	11,346,949	11,313,849

a.2) Available for sale securities

Specification	3.31.2014					12.31.2013				
	Cost	Market (book) value	Mark-to-market	Maturity	Level of mark to market measurement	Cost	Market (book) value	Mark-to-market	Maturity	Level of mark to market measurement
Fixed income securities	**11,929,637**	**11,451,280**	**(478,357)**			**11,612,627**	**11,190,805**	**(421,822)**		
Financial Treasury Bills (LFTs)	8,182,228	8,184,805	2,577	2014 to 2018	Level 1	8,277,985	8,281,099	3,114	2014 to 2018	Level 1
National Treasury Bills (LTNs)	12	12	-	2014	Level 1	12	12	-	2014	Level 1
National Treasury Notes (NTNs)	1,228,057	1,089,703	(138,354)	2050	Level 1	1,219,825	1,115,050	(104,775)	2050	Level 1
Financial Bills (LFs)	1,727,340	1,671,534	(55,806)	2014 to 2019	Level 3	1,333,889	1,294,421	(39,468)	2014 to 2019	Level 3
Debentures	757,777	500,364	(257,413)	2014 to 2019	Level 3	747,118	495,281	(251,837)	2014 to 2019	Level 3
Federal government bonds (FCVS)	6,179	4,664	(1,515)	2027	Level 2	6,288	4,747	(1,541)	2027	Level 2
Federal government bonds - Other	27,780	-	(27,780)	1993	Level 3	27,248	-	(27,248)	1993	Level 3
Agrarian Debt Securities (TDAs)	264	198	(66)	2014 to 2022	Level 2	262	195	(67)	2014 a 2022	Level 2
Investment fund shares	**2,963**	**1,578**	**(1,385)**			**10,360**	**8,983**	**(1,377)**		
Social Development Funds (FDS)	1,385	-	(1,385)	No maturity	Level 3	1,377	-	(1,377)	No maturity	Level 3
Receivables Investment Fund (FIDC) shares	-	-	-	-	-	7,286	7,286	-	2014	Level 2
Real Estate Investment Fund (FII)	1,303	1,303	-	2100	Level 2	1,403	1,403	-	2100	Level 2
Investment Guarantee Fund (FGI)	233	233	-	No maturity	Level 2	251	251	-	No maturity	Level 2
Operation Guarantee Fund (FGO)	42	42	-	No maturity	Level 2	43	43	-	No maturity	Level 2
Variable income securities	**140,298**	**142,844**	**2,546**			**140,298**	**140,102**	**(196)**		
Other tax incentives (FINOR)	350	155	(195)	No maturity	Level 1	350	148	(202)	No maturity	Level 1
Publicly-traded companies shares	139,948	142,689	2,741	No maturity	Level 1	139,948	139,954	6	No maturity	Level 1
Security deposits (1)	**310,267**	**309,651**	**(616)**			**302,941**	**302,358**	**(583)**		
Financial Treasury Bills (LTN)	309,465	309,575	110	2015 to 2018	Level 1	302,151	302,281	130	2015 to 2018	Level 1
Federal government bonds - Nuclebras	802	76	(726)	1993	Level 3	690	-	(690)	1993	Level 3
Federal government bonds – CVSB	-	-	-	2027	Level 2	100	77	(23)	2027	Level 2
Total	**12,383,165**	**11,905,352**	**(477,812)**			**12,066,226**	**11,642,248**	**(423,978)**		
Tax credit (Note 21.b)	-	-	231,701	-	-	-	-	209,602	-	-
Provision for deferred taxes and contributions (Note 21.c)	-	-	(40,576)	-	-	-	-	(40,011)	-	-
Total market value adjustment	-	-	**(286,687)**	-	-	-	-	**(254,387)**	-	-

(1) (1) Breakdown: Guarantees on stock exchange transactions R$ 164.,645 (R$ 160,762 at 12/31/2013); guarantees on clearing house association transactions R$ 1,860 (R$ 1,816 at 12.31.2013); guarantees on legal proceedings R$ 126,212 (R$ 123,245 at 12.31.2013); and other guarantees R$ 16,934 (R$ 16.534 at 12.31.2013).

Account “Federal Government Securities - Other” records cash investments in government securities named by the National Treasury as NUCL910801 and CVSB970101 maturing on 08.31.1993 and 01.01.2027, but not yet redeemed. These securities recorded a full devaluation due to their maturity, without, however, falling under the concept of permanent loss, as provided by BACEN Circular No. 3068, of 11.08.2001.

In view of the classification of assets under “Available-for-sale securities”, the amount of R$ (477,812) (R$ 423,978 at 12.31.2013). This adjustment net of tax effects, corresponds to R$ (286,687) (R$ 254.387 at 12.31.2013).

a.3) Held to maturity securities

Specification	3.31.2014			12.31.2013		
	Cost (book) value	Market value (1)	Maturity	Cost (book) value	Market value (1)	Maturity
Fixed income securities	**23,602**	**23,597**		**23,717**	**23,710**	
Investment Fund Shares - NE.Empreendedor	2,020	2,020	2015	2,020	2,020	2015
National Treasury Notes (NTN) - P	104	99	2014	102	95	2014
Investment Fund Shares - CRIATEC	12,591	12,591	2017	12,579	12,579	2017
Investment Fund Shares – CRIATEC II	724	724	2023	860	860	2023
FIP Brasil Agronegócios	8,163	8,163	2018	8,156	8,156	2018
Total	**23,602**	**23,597**		**23,717**	**23,710**	

(1) (1) 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 No. 3068, of 11.08.2001.

a.4 Market value measurement level

Level 1: market prices disclosed by the National Association of Financial Market Institutions (ANBIMA) and BM&FBOVESPA;

Level 2: market value calculated based on the goodwill or negative goodwill rate used in the last paper trading in the secondary market, which took place 3 months prior to the marked-to-market date;

Level 3: market value obtained based on a own pricing model, in which the cash flow of assets is calculated based on contractual rates and brought to present value at a discount factor composed of market rate and a discount rate due to the low liquidity. The amount obtained is deduced of a percentage corresponding to the credit risk of the issuer of the asset

a.5) Reconciliation of the opening and closing balances of marketable securities measured according to Level 3:

Specification	Financial bills	Debentures
Balance at 3.31.2013	1,294,421	495,281
Acquisitions	350,000	-
Sales	-	-
Income(1)	-	-
Settlements	(1,205)	(9,345)
Income for the period	44,656	20,004
Permanent losses(1)	-	-
Change in market value adjustment(2)	(16,338)	(5,576)
Balance at 3.31.2014	**1,671,534**	**500,364**

(1) Gains or losses stemming from financial instruments held in portfolio at 3.31.2014.
(2) Gains or losses recognized in Equity Adjustments.

a.6) In 1Q14, there were no reclassifications of securities into the categories above, and no held-to-maturity securities were sold.

b) Income from securities

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Interbank investments (Note 6.b)	188,706	113,014
Interbank deposits (Note 6.b)	2,832	1,720
Fixed income securities	313,077	216,313
Variable income securities	54	38
Total	**504,669**	**331,085**

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 indices.

As at 3.31.2014, the Bank had swap transactions registered with CETIP (OTC Clearing House) 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. The Market values of financial instruments are measured in accordance with criteria described for level 2 include in sub line a.4 of this Note. In the first quarter of 2014 there was no reclassification of level for these instruments.

Breakdown 3.31.2014								
Specification	**Notional value**	**Market value**		**Curve value**		**Mark to market**		**MTM, net**
		Differential receivable	**Differential payable**	**Differential receivable**	**Differential payable**	**Positive**	**Negative**	
Long position								
Foreign Exchange (US$)	1,087,635	276,846	-	258,947	-	17,899	-	17,899
Short position								
Fixed rate	61,925	2,420	1,009	-	1,444	2,872	17	2,855
Total	**1,149,560**	**279,266**	**1,009**	**258,947**	**1,444**	**20,771**	**17**	**20,754**
Tax credit (Note 21.b)								7
Provision for deferred taxes and contributions (Note 21.c)								8,309

Breakdown 12.31.2013								
Specification	**Notional value**	**Market value**		**Curve value**		**Mark to market**		**MTM, net**
		Differential receivable	**Differential payable**	**Differential receivable**	**Differential payable**	**Positive**	**Negative**	
Long position								
Foreign Exchange (US$)	1,087,635	335,847	-	317,087	-	18,760	-	18,760
Short position								
Fixed rate	69,654	2,201	1,394	-	1,973	2,829	50	2,779
Total	**1,157,289**	**338,048**	**1,394**	**317,087**	**1,973**	**21,589**	**50**	**21,539**
Tax credit (Note 21.b)								20
Provision for deferred taxes and contributions (Note 21.c)								8,636

Specification	**3.31.2014**		**12.31.2013**	
	Differential receivable	**Differential payable**	**Differential receivable**	**Differential payable**
Up to 3 months	4	257	-	322
3 to 12 months	218	513	81	656
1 to 3 years	173,848	239	206,512	416
3 to 5 years	30	-	216	-
5 to 15 years	105,166	-	131,239	-
Total	**279,266**	**1,009**	**338,048**	**1,394**

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

Specification	**3.31.2014**				
Hedging instrument	**Curve value**		**Market value**		**MTM adjustment**
	Asset US Dollar	**Liability CDI**	**Asset US Dollar**	**Liability CDI**	
Swap – Foreign currency – Long position	1,391,727	1,132,780	1,444,302	1.167.456	17.899
Hedge item	**Curve value(1)**		**Market value(1)**		**MTM adjustment**
Eurobonds – Senior Unsecured Notes (Note 15.a)	1,379,719		1,444,659		64,940
Tax credit (Note 21.b)					25,976

(1) Net of tax effects in the amount of R$ 3,130 on the transaction interest.

Specification	**12.31.2013**				
Hedging instrument	**Curve value**		**Market value**		**MTM adjustment**
	Asset US Dollar	**Liability CDI**	**Asset US Dollar**	**Liability CDI**	
Swap – Foreign currency – Long position	1,420,740	1,103,652	1,476,038	1.140.190	18.760
Hedge item	**Curve value(1)**		**Market value(1)**		**MTM adjustment**
Eurobonds – Senior Unsecured Notes (Note 15.a)	1,414,194		1,476,412		62,218
Tax credit (Note 21.b)					24,887

(1) Net of tax effects in the amount of R$ 2,787 on the transaction interest.

Considering the currency risk exposure as well as funding market conditions abroad through Eurobonds - Senior Unsecured Notes, the Bank entered into swap agreements to fully hedge the loans raised and corresponding interest payable, classified according to their nature as market risk hedge. The hedged principal, plus interest payable, is stated at market value, and any changes are recorded as part of the book value, recognized in P&L for the period.

Considering that the financial flow (principal and interest) of hedged item (Eurobonds-Senior Unsecured Notes) and financial flows of financial instruments (swaps) designated are identical, the expected effectiveness upon the hedging instrument designation and in the course of transaction is in accordance with that established by BACEN.

The transactions were assessed as effective under BACEN Circular 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 agreements).

c.2) Other derivative financial instruments

Specification	3.31.2014				
Hedge instruments	Curve value		Market value		MTM adjustment
	Asset CDI	Liability – fixed rate	Asset - CDI	Liability – fixed rate	
Fixed rate – short position	75,045	76,490	76,664	75,253	2,856

Specification	12.31.2013				
Hedge instruments	Curve value		Market value		MTM adjustment
	Asset CDI	Liability – fixed rate	Asset - CDI	Liability – fixed rate	
Fixed rate – short position	82,567	84,540	84,390	83,584	2,779

d) Income from derivative financial instruments

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Swap	(58,722)	(48,572)
Total	**(58,722)**	**(48,572)**

NOTE 8 – Interbank accounts – Restricted deposits

a) Restricted deposits

Specification	3.31.2014			12.31.2013		
	Gross	Allowance	Net	Gross	Allowance	Net
Mandatory payments - Savings accounts	304,613	-	304,613	312,541	-	312,541
Compulsory reserves - Cash funds	49,208	-	49,208	38,579	-	38,579
National Housing System (SFH)	64,262	(24,294)	39,968	63,321	(24,067)	39,254
National Treasury - Rural credit	15,537	(490)	15,047	15,524	(478)	15,046
Total	**433,620**	**(24,784)**	**408,836**	**429,965**	**(24,545)**	**405,420**
Current	368,791	(490)	368,301	366,090	(478)	365,612
Long-term	64,829	(24,294)	40,535	63,875	(24,067)	39,808

b) Compulsory investments, net

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Income from restricted deposits - Central Bank of Brazil	5,223	3,561
Income from restricted deposits - SFH	942	773
Income from restricted deposits - Rural Credit	12	156
Devaluation of restricted deposits	(227)	(183)
Total	**5,950**	**4,307**

NOTE 9 – Loan portfolio and allowance for loan losses

a) Loan portfolio and allowance for loan losses

Specification	3.31.2014		12.31.2013	
	Gross	Allowance	Gross	Allowance
Loans	**11,275,509**	**(875,234)**	**11,124,768**	**(876,385)**
Current	4,674,956	(377,598)	4,751,089	(385,214)
Long term	6,600,553	(497,636)	6,373,679	(491,171)
Other accounts with loan features (Note 10.f)	**525,650**	**(9,613)**	**552,814**	**(17,389)**
Current	483,539	(9,613)	508,210	(17,389)
Long term	42,111	-	44,604	-
Total	**11,801,159**	**(884,847)**	**11,677,582**	**(893,774)**

a.1) Breakdown of loan portfolio

Specification	3.31.2014	12.31.2013
Advances to depositors	145	89
Loans	4,799,613	4,962,233
Discounted notes	56,950	54,190
Financing	2,089,282	2,093,478
Financing in foreign currency	303,823	236,532
Refinancing with the Federal Government (Note 28.a.1)	382,141	384,355
Rural and agroindustrial financing	1,648,123	1,620,354
Real estate financing [1]	243	243
Infrastructure and development financing	1,995,189	1,773,294
Loans subtotal	**11,275,509**	**11,124,768**
Income receivable from advances	12,796	11,181
Debtors due to purchase of assets	6,087	6,357
Notes and credits receivable	5,770	7,002
Advances on foreign exchange contracts [2] (Note 11.a)	449,688	473,046
Loans linked to transactions acquired on assignment	51,309	55,228
Other accounts with loan features subtotal	**525,650**	**552,814**
Total	**11,801,159**	**11,677,582**

[1] Refer to transactions contracted before the discontinuance of real estate financing activities.
[2] Accounts classified as "Other liabilities/ Foreign exchange portfolio".

a.2) Income from loans

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Loans and discounted notes	294,435	184,268
Financing	105,661	123,856
Rural and agroindustrial financing	54,488	53,394
Recovery of loans written off as loss	24,420	21,079
Other	31	85
Total	**479,035**	**382,682**

b) Breakdown by maturity

b.1) Current loans [1]

Customer type/ 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 3.31.2014	Total at 12.31.2013
Rural	6,917	6,759	9,402	50,434	20,216	1,507,206	1,600,934	1,574,065
Manufacturing	62,765	49,436	65,980	206,573	300,795	1,646,812	2,332,361	2,138,343
Government	10,409	10,528	10,528	49,813	63,174	1,157,650	1,302,102	1,370,680
Other services	710,349	565,386	445,392	698,100	457,265	1,520,481	4,396,973	4,471,758
Trading	136,992	112,098	197,723	231,564	336,458	431,489	1,446,324	1,426,556
Financial	2,597	2,549	2,480	7,528	14,249	48,514	77,917	85,212
Housing	1,050	904	747	1,168	276	262	4,407	4,337
Individuals	3,907	3,054	4,123	9,765	2,528	5,944	29,321	33,699
Total	**934,986**	**750,714**	**736,375**	**1,254,945**	**1,194,961**	**6,318,358**	**11,190,339**	**11,104,650**

[1] Includes loans overdue up to 14 days.

b.2) Past due loans

Customer type/ Activity	Falling due							
	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 3.31.2014	Total at 12.31.2013
Rural	421	429	400	2,298	5,085	12,075	20,708	10,025
Manufacturing	2,635	2,404	4,099	7,534	14,014	50,841	81,527	74,742
Other services	9,721	7,741	6,632	14,766	21,302	184,984	245,146	218,122
Trading	5,570	4,688	4,347	12,353	19,802	39,786	86,546	67,818
Housing	7	3	2	3	3	-	18	14
Individuals	138	112	2,270	1,503	2,389	5,756	12,168	11,269
Total	**18,492**	**15,377**	**17,750**	**38,457**	**62,595**	**293,442**	**446,113**	**381,990**

Customer type/Activity	Past due 01 to 14 days	15 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 3.31.2014	Total at 12.31.2013
Rural	65	571	529	516	4,561	10,344	23,723	40,309	48,910
Manufacturing	507	2,501	3,316	2,740	6,649	5,177	250	21,140	27,378
Other services	1,974	8,312	10,323	5,523	10,454	17,135	2,869	56,590	66,623
Trading	1,826	3,879	7,752	2,640	8,465	8,562	3,897	37,021	38,755
Housing	-	3	5	7	6	10	-	31	30
Individuals	21	527	569	418	2,814	5,142	125	9,616	9,246
Total	**4,393**	**15,793**	**22,494**	**11,844**	**32,949**	**46,370**	**30,864**	**164,707**	**190,942**

c) Breakdown by risk level

Risk level	3.31.2014				12.31.2013			
	Current [(1)]	Past due	Total portfolio	Allowance	Current [(1)]	Past due	Total portfolio	Allowance
AA	4,229,391	-	4,229,391	-	3,956,011	-	3,956,011	-
A	4,015,238	-	4,015,238	20,076	4,146,203	-	4,146,203	20,731
B	2,178,168	35,834	2,214,002	22,140	1,979,895	26,162	2,006,057	20,061
C	111,590	82,308	193,898	5,817	364,117	25,798	389,915	11,697
D	84,891	53,106	137,997	13,800	68,107	20,190	88,297	8,830
E	76,926	50,740	127,666	38,300	133,034	133,034	266,068	79,820
F	26,617	48,715	75,332	37,666	20,924	38,427	59,351	29,676
G	162,148	39,805	201,953	141,367	119,494	22,908	142,402	99,681
H	305,370	300,312	605,682	605,681	316,865	306,413	623,278	623,278
Total	**11,190,339**	**610,820**	**11,801,159**	**884,847**	**11,104,650**	**572,932**	**11,677,582**	**893,774**

[(1)] Include loans overdue up to 14 days.

d) Changes in the allowance for the period

Specification	3.31.2014	12.31.2013
Opening balance (Allowance for losses on loan portfolio)	893,774	832,982
(+) Net allowance recognized for the period	115,322	700,422
(-) Receivables written off as loss for the period	(124,249)	(639,630)
(=) Allowance for losses on loan portfolio	**884,847**	**893,774**
Opening balance (Allowance for losses on other receivables without loan features)	46,477	46,569
(+) Net allowance recognized for the period	243	431
(-) Receivables written off as loss for the period	(262)	(523)
(=)Allowance for losses on other receivables without loan features (Note 10.e)	**46,458**	**46,477**
(=) Allowance for loan losses	**931,305**	**940,251**

e) Breakdown of the allowance expense balance

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
(+) Expenses on allowance for loan losses	115,234	240,781
(+) Expenses on allowance for losses on other receivables	88	2,439
(=) Balance of expenses on allowance for losses on operations with loan features	**115,322**	**243,220**
(+) Expenses on allowance for losses on other receivables without loan features	-	75
(-) Reversal of allowances for losses on other receivables without loan features	(19)	-
(=) Balance of expenses on allowance for loan losses	**115,303**	**243,295**

f) In 1Q14 receivables that had been written off as loss were recovered in the amount of R$ 24,420 (R$ 21,079 at 3.31.2013) and renegotiations amounted to R$ 39,600 (R$ 79,370 at 3.31.2013).

g) Recovery of receivables on legal grounds

In accordance with Law No. 11322, of 07.13.2006, Law No. 11775, of 09.17.2008, and Law No. 12249, of 06.11.2010, as well as Law No. 12716, of 09.21.2012, concerning rescheduling of debts arising from rural credit transactions, that provides for rebates in the debt balance, discounts for prompt payment of installments, reduction of interest rate, and extension of payment terms of the referred to transactions, a positive effect on the Bank's income, for the first quarter 2014, was recognized in the amount of R$ 16,912 (R$ 17,795 at 3.31.2013), stated below. Pursuant to the abovementioned legal provisions, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE).

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Income earned	6,823	8,062
Recovery of transactions written off of assets	3,347	3,712
Expenses on discounts	(19)	(994)
Net effect of allowances	6,761	7,015
Total	**16,912**	**17,795**

NOTE 10 – Other receivables

Specification	3.31.2014	12.31.2013
a) Foreign exchange portfolio (Note 11.a)	**487,098**	**540,994**
b) Income receivable	**28,797**	**27,617**
c) Securities trading	**4**	**4**
d) Other receivables	**2,538,121**	**2,493,744**
Tax credits - Allowances (Note 21.b)	1,050,632	1,032,755
Tax credits - marketable securities, derivative financial instruments and hedged item (Note 21.b)	257,684	234,509
Debtors from escrow deposits	681,326	664,381
Taxes and contributions recoverable	**75,276**	**243,490**
From prepayments (Note 21.)	46,036	223,033
Other amounts	29,240	20,457
Tax incentive options	26,748	26,748
Notes and credits receivable	5,770	7,002
Receivables linked to transactions granted under assignment	51,309	55,228
Prepaid salaries and advances	26,435	2,694
Payments to be refunded	9,790	8,931
Recalculation, discounts, waivers and bonuses in BNDES transactions	3,707	9,705
Recalculation, discounts, waivers and bonuses in FAT transactions	9,203	20,133
Other	340,241	188,168
e) Allowance for losses on other receivables	**(56,071)**	**(63,866)**
Receivables with loan features (Note 9.a)	(9,613)	(17,389)
Receivables without loan features (Note 9.d)	(46,458)	(46,477)
Total	**2,997,949**	**2,998,493**
Current	2,104,864	2,004,904
Long-term	893,085	993,589

NOTE 11 – Foreign exchange portfolio

a) Breakdown

Specification	3.31.2014	12.31.2013
Assets - other receivables		
Foreign exchange receivable	471,245	520,631
Receivables for foreign exchange sold	3,178	10,057
Advances received in local currency	(121)	(875)
Income receivable from advances	12,796	11,181
Current assets (Note 10.a)	**487,098**	**540,994**
Liabilities - other liabilities		
Foreign exchange purchases	450,620	473,873
Foreign exchange payable	3,181	10,003
(Advances on foreign exchange contracts) (Note 9.a.1)	(449,688)	(473,046)
Current liabilities (Note 16.b)	**4,113**	**10,830**

b) Foreign exchange results

Specification	01.01. to 3.31.2014	01.01. to 3.31.2013
Exchange income	17,207	22,566
Exchange expenses	(140)	(183)
Total	**17,067**	**22,383**

NOTE 12 – Permanent assets

a) Investments

Specification	12.31.2013	01.01.2014 to 3.31.2014			3.31.2014		
	Book balance	Changes		Book balance	Cost	*Impairment losses*	Book balance
		Additions	Exclusions				
Shares and units of interest	652	-	-	652	945	(293)	652
Artwork and valuables	1,173	15	-	1,188	1,188	-	1,188
Total	**1,825**	**15**	**-**	**1,840**	**2,133**	**(293)**	**1,840**

b) Property and equipment

Specification	12.31.2013	01.01.2014 to 3.31.2014				3.31.2014			
	Book balance	Changes			Book balance	Cost	Accumulated depreciation	*Impairment losses* (2)	Book balance
		Additions	Exclusions	Depreciation					
Buildings	103,564	182	-	(2,492)	101,254	248,447	147,193	-	101.254
Data processing system	48,642	2,348	(81)	(4,203)	46,706	111,358	64,652	-	46.706
Furniture and equipment in use	28,455	1,621	(246)	(1,334)	28,496	65,152	36,656	-	28.496
Land	17,025	-	-	-	17,025	17,025	-	-	17.025
Facilities	6,577	365	-	(377)	6,565	18,633	12,068	-	6.565
Communication system	90	-	-	(5)	85	380	295	-	85
Construction in progress (1)	6,288	681	-	-	6,969	6,969	-	-	6.969
Security system	9,680	481	-	(398)	9,763	18,357	8,594	-	9.763
Transportation system	672	-	-	(607)	65	16,122	16,057	-	65
Total	**220,993**	**5,678**	**(327)**	**(9,416)**	**216,928**	**502,443**	**285,515**	**-**	**216.928**

(1) This refers to the transfer to Buildings given the effective conclusion of construction.

(2) There was no record of the provision for impairment for P&E.

c) Deferred charges

Specification	12.31.2013	01.01.2014 to 3.31.2014				3.31.2014			
	Book balance	Changes			Book balance	Cost	Accumulated amortization	*Impairment losses* (1)	Book balance
		Additions	Exclusions	Amortization					
Leasehold improvements	478	-	-	(100)	378	1,995	(1,617)	-	378
Total	**478**	**-**	**-**	**(100)**	**378**	**1,995**	**(1,617)**	**-**	**378**

(1) Provision for impairment on deferred charges was not recorded,

d) Intangible assets

Specification	12.31.2013	01.01.2014 to 3.31.2014				3.31.2014			
	Book balance	Changes			Book balance	Cost	Accumulated amortization	*Impairment losses* (1)	Book balance
		Additions	Exclusions	Amortization					
Spending on intangible assets in process	12,308	2,495	-	-	14,803	14,803	-	-	14.803
Total	**12,308**	**2,495**	**-**	**-**	**14,803**	**14,803**	**-**	**-**	**14.803**

(1) Provision for impairment of intangible assets was not recorded

NOTE 13 – Deposits and open market funding

a) Deposits and open market funding 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 3.31.2014	Total at 12.31.2013
Demand deposits	**239,224**	**8,530**	**4,261**	**-**	**-**	**-**	**252,015**	**252,994**
Domestic currency deposits	239,224	-	-	-	-	-	239,224	235,298
Foreign currency deposits	-	8,530	4,261	-	-	-	12,791	17,696
Savings deposits	**1,717,876**	**-**	**-**	**-**	**-**	**-**	**1,717,876**	**1,872,563**
Interbank deposits	**462,514**	**537,323**	**62,589**	**35,887**	**-**	**-**	**1,098,313**	**877,366**
Time deposits	**1,159,463**	**1,664,106**	**2,690,084**	**693,124**	**1,160,165**	**141,009**	**7,507,951**	**7,988,523**
Time deposits	313,896	1,601,935	2,175,563	487,471	969,061	129,443	5,677,369	6,182,870
Interest-bearing judicial deposits	822,183	-	-	-	-	-	822,183	777,003
FINOR/cash and cash equivalents and reinvestments - Law No. 8167	3	-	377,611	67,367	67,367	-	512,348	507,747
FAT - available funds	3,304	8,727	7,773	7,837	7,025	657	35,323	49,775
FAT - invested funds	19,658	53,444	129,137	130,194	116,712	10,909	460,054	470,465
Other	419	-	-	255	-	-	674	663
Funds from acceptance and issue of securities	**29,357**	**1,512**	**701,262**	**-**	**721,478**	**-**	**1,453,609**	**1,487,266**
Eurobonds	25,049	-	701,262	-	721,478	-	1,447,789	1,477,645
LCA – Agribusiness Credit Bills	4,308	1,512	-	-	-	-	5,820	9,621
Hybrid equity-debt instruments	**-**	**99,446**	**-**	**-**	**-**	**1,219,842**	**1,319,288**	**1,272,581**
Subordinated debts	**-**	**-**	**-**	**-**	**-**	**1,490,292**	**1,490,292**	**1,455,982**
Total	**3,608,434**	**2,310,917**	**3,458,196**	**729,011**	**1,881,643**	**2,851,143**	**14,839,344**	**15,207,275**
Current							5,919,351	6,008,736
Long term							8,919,993	9,198,539

b) Deposits

Specification	3.31.2014	12.31.2013
Demand deposits	**252,015**	**252,994**
Foreign currency deposits in Brazil	12,791	17,696
Government deposits	32,795	15,062
Restricted deposits	153,730	143,942
Legal entities	34,814	59,181
Individuals	17,351	15,631
Other	534	1,482
Savings deposits	**1,717,876**	**1,872,563**
Free savings deposits - individuals	1,143,343	1,172,247
Free savings deposits - legal entities	573,934	699,694
From related parties and Financial System Institutions	599	622
Interbank deposits	**1,098,313**	**877,366**
Time deposits	**7,507,951**	**7,988,523**
Time deposits	5,677,369	6,182,870
Interest-bearing judicial deposits	822,183	777,003
Other time deposits	**1,008,399**	**1,028,650**
Interest-bearing special deposits/FAT - available funds (Note 27 and Note 29)	**35,323**	**49,775**
Proger Urbano	3,027	4,217
Protrabalho	582	1,208
Infrastructure	28,233	29,018
National Program for Production-Oriented Microcredit (PNMPO)	3,481	15,332
Interest-bearing special deposits/FAT – invested funds (Note 27 and Note 29)	**460,054**	**470,465**
Proger Urbano	36,629	37,464
Protrabalho	105,433	110,088
Infrastructure	166,038	174,821
National Program for Production-Oriented Microcredit (PNMPO)	151,954	148,092
FINOR/cash and cash equivalents and reinvestments - Law No. 8167	**512,348**	**507,747**
Other	**674**	**663**
Total	**10,576,155**	**10,991,446**
Current	5,789,036	5,910,777
Long-term	4,787,119	5,080,669

c) Open market funding

Specifications	3.31.2014	12.31.2013
Own portfolio	**1,021,974**	**1,124,278**
Financial Treasury Bills (LTNs)	1,021,974	1,124,278
Third party portfolio	**130,753**	**53,317**
Financial Treasury bills (LTFs)	54,747	-
National Treasury Bills (LTNs)	76,006	-
National Treasury Notes (NTNs)	-	53,317
Total	**1,152,727**	**1,177,595**
Current	1,112,791	1,127,212
Long term	39,936	50,383

d) Expenses on open market funding

Specification	3.31.2014	3.31.2013
Deposit funding costs	**(245,430)**	**(165,409)**
Time deposits	(140,183)	(90,270)
Savings deposits	(21,796)	(16,220)
Judicial deposits	(16,333)	(11,473)
Interbank deposits	(8,394)	(4,460)
Special deposits	(17,916)	(17,082)
Expenses on funds from acceptance and issue of securities	(37,778)	(23,204)
Other deposits	(3,030)	(2,700)
Expenses on open market funding transactions	**(28,828)**	**(15,031)**
Third-party portfolio	(3,229)	(2,547)
Own portfolio	(25,599)	(12,484)
Total	**(274,258)**	**(180,440)**

NOTE 14 – Borrowings and onlending

a) Borrowing 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 3.31.2014	Total at 12.31.2013
Domestic borrowings	-	19,794	-	-	-	-	19.794	19.416
Foreign borrowings	397,938	354,161	-	-	-	-	752.099	757.860
Domestic onlending	45,564	105,707	307.251	357.369	662.159	215.536	1.693.586	1.706.841
Foreign onlending	35,837	63,218	192.800	192.800	319.284	-	803.939	846.530
Total	**479,339**	**542,880**	**500.051**	**550.169**	**981.443**	**215.536**	**3.269.418**	**3.330.647**
Current							1,022,219	1,035,231
Long term							2,247,199	2,295,416

b) Borrowing

Specification	Annual restatement rate % p.a.	3.31.2014	12.31.2013
Domestic borrowings - official institutions/Refinancing	TJLP+3 or 7.75	19,794	19.416
Foreign borrowings/Foreign currency payables	USD	752,099	757.860
Total		**771.893**	**777,276**
Current		771.893	777,276
Long term		-	-

c) Domestic onlending – Official institutions

Specification	Annual restatement rate % p.a.	3.31.2014	12.31.2013
National treasury	IGP-DI + 2 or 6.75	**681**	**698**
BNDES		**1,514,066**	**1.528.337**
POC (credit facility granted by the BNDES agents to small and medium-sized companies to buy shares in capital increases)	TJLP/IGPM/IPCA+1.5	1,161,635	1.173.699
Credit Facility for investment in agriculture	TJLP/IGPM/IPCA+1.5	352,431	354.638
FINAME		**178,839**	**177.806**
Programa Automático" (program for purchase of new machinery and equipment by companies based in Brazil)	TJLP/IGPM/IPCA+1.5	160,367	159.659
Agricultural Program	TJLP/IGPM/IPCA+1.5	18,472	18.147
Total (Note 29.a.1)		**1.693.586**	**1,706,841**
Current		151.271	156,842
Long term		1.542.315	1,549,999

d) Foreign onlending

Specification	Annual restatement rate % p.a.	3.31.2014	12.31.2013
BID-Prodetur I	USD + 2.68	396,038	407.281
BID-Prodetur II	USD + 1.16	401,518	432.274
BID-Other programs	USD + 1.16	6,383	6.975
Total		**803.939**	**846,530**
Current		99.055	101,113
Long term		704.884	745,417

e) Expenses on borrowings and onlending

Specification	01.01. to 3.31.2014	01.01. to 3.31.2013
Expenses on borrowings	**(378)**	**(697)**
Domestic borrowings	(378)	(697)
Expenses on onlending	**(33,440)**	**(45,200)**
Domestic onlending - Official institutions	**(29,653)**	**(26,177)**
National Treasury	(11)	(5)
BNDES	(28,119)	(24,687)
FINAME	(1,523)	(1,485)
Foreign onlending	**(3,787)**	**(19,023)**
Expenses on onlending with foreign banks	**(1,905)**	**(17,409)**
Expenses on financial and development funds	**(175,962)**	**(109,609)**
Total	**(211,685)**	**(172,915)**

NOTE 15 – Funds from acceptance and issue of securities

a) Payables for securities issued abroad

Specification	Funding date	Maturity	Annual interest p.a. (%)	Contractual amount in thousands of US$	Contractual amount at 3.31.2014[2]	Market value at 3.31.2014	Market value at 12.31.2013[2]
Eurobonds – Senior Unsecured Notes [1]	11.09.2010	11.09.2015	3.625	300,000	689.994	712.355	731.640
Eurobonds – Senior Unsecured Notes [1]	05.03.2012	05.03.2019	4.375	300,000	692.855	735.434	746.005
Total (Note 7.c.1)				**600,000**	**1,382,849**	**1.447.789**	**1,477,645**
Current						25,049	9,867
Long-term						1,422,740	1,467,778

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

(2) 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 issued

Specification	Annual interest p.a. (%)	Nominal value	3.31.2014	12.31.2013
Agribusiness credit bills[1]	90.86 CDI	5,565	5,820	9,621
Current			5,820	9,621
Long term			-	-

(1) Security with average maturity term of 241 days.

NOTE 16 – Other liabilities

Specification	3.31.2014	12.31.2013
a) Collected taxes and other contributions	**36,137**	**1,798**
Federal taxes received	33,510	-
Tax on Financial Transactions (IOF) payable	1,665	1,696
Other taxes and levies	962	102
b) Foreign exchange portfolio (Note 11.a)	**4,113**	**10,830**
c) Social and statutory	**84,508**	**61,835**
Dividends and bonuses payable	47,926	32,580
Profit sharing	36,582	29,255
d) Tax and social security	**362,794**	**487,475**
Provision for tax contingencies (Note 22.d)	**120,472**	**118,073**
Taxes and contributions	86,025	84,925
Tax lawsuits	34,447	33,148
Provision for deferred taxes and contributions (Note 21.c)	**78,725**	**81,649**
Marketable securities and derivative financial instruments	48,885	48,647
Revaluation of buildings and land	6,234	6,616
Arising from recovered tax credits	23,606	26,386
Provision for income and social contribution taxes (Note 21.a)	**99,792**	**222,767**
Income tax [(1)]	61,659	135,847
Social contribution tax [(2)]	38,133	86,920
Taxes and contributions payable	**63,805**	**64,986**
e) Securities trading and brokerage	**68**	**68**
f) Financial and development funds	**8,446,282**	**7,087,216**
Northeast Constitutional Financing Fund (FNE) - (Note 28.a.1)	7,974,231	6,915,797
Other	472,051	171,419
g) Hybrid equity-debt instruments (Note 17 and Note 28.a.1)	**1,319,288**	**1,272,581**
h) Subordinated debts eligible for capital (Note 18 and Note 28.a.1)	**1,490,292**	**1,455,982**
i) Other	**3,647,113**	**3,404,326**
Provision for contingent liabilities	**2,428,830**	**2,362,896**
Labor claims (Note 22.e.iv)	203,894	198,291
Civil lawsuits (Note 22.e.v)	112,550	105,499
Other lawsuits (Note 22.e.vi)	558	663
FNE (Note 22.e.vii and Note 25.c.3)	**2,043,599**	**2,022,091**
Onlending	1,281	1,301
Full risk	103,321	100,972
Shared risk	1,938,997	1,919,818
FDNE (Note 22.e.viii)	523	515
PROAGRO (Note 22.e.ix)	2,169	2,152
Dividends and interest on equity (Note 22.e.x)	34,944	-
Other contingent liabilities (Note 22.e.xi)	30,593	33,685
Accrued Liabilities	**1,138,926**	**969,159**
Post-employment benefits	**851,131**	**800,661**
Retirement and DB pension plan CAPEF(Note 28.a.2)	134,758	78,344
Retirement and VC I pension plan CAPEF (Note 28.a.2)	-	-
Health care plan CAMED –Natural Plan (Note 28.a.2)	716,373	722,317
Personnel expenses	252,463	138,690
Other amounts	35,332	29,808
Other	**79,357**	**72,271**
Total	**15,390,595**	**13,782,111**
Current	4,982,283	5,184,988
Long term	10,408,312	8,597,123

(1) At 12.31.2013, this balance includes a supplementary amount of R$ 1,945 referring to the annual adjustment for calendar years for 2009 to 2012.
(2) At 12.31.2013, this balance includes a supplementary amount of R$ 1,196 referring to the annual adjustment for calendar years for 2009 to 2012.

NOTE 17 – Hybrid equity-debt instruments

Specification	Amount issued	Interest	Funding date	3.31.2014	12.31.2013
Hybrid equity-debt instruments (Notes 16.h and 28.a.1)	1,000,000	1,272,581	12.22.2010	1,319,288	1.272.581
Current				99,446	78,471
Long-term				1,219,842	1,194,110

NOTE 18 – Subordinated debt

Specification	3.31.2014	12.31.2013
Northeast Constitutional Financing Fund (FNE)	1,490,292	1,455,982
Funds available (1)	759,293	709,475
Funds invested (2)	730,999	746,507
Total (Note 28.a.1 and 16.i)	**1,490,292**	**1,455,982**

(1) Yield based on extra-market rates disclosed by the Central Bank of Brazil, pursuant to item A, article 9 of Law No. 7827 dated 09.27.1989.

(2) Yielding rates as agreed upon with borrowers, less *del credere* commission of the institution, pursuant to item A, article 9 of Law No. 7827 dated 09.27.1989.

NOTE 19 – Equity

a) Capital

The Special General Meeting held on 03.28.2014 approved a capital increase of R$407,000 resulting from addition of statutory reserves, with no new issue of shares. Capital increased from R$ 2,437,000, to R$ 2,844,000 represented by 86,371,464 registered, paid-in shares with no par value.

At that meeting the cancellation of 630,437 common shares was also approved, with 10,232 shares in treasury and 620,205 stemming from the refund of dissident shareholders for the conversion of preferred shares to common shares approved by the Special Shareholders' Meeting held on 8/23/2013. The total cost of the acquisition of 630,437 cancelled shares amounted to R$ 19,518.

It should be stressed that this cancellation of shares provided no reduction in the value of capital, considering that was used for the acquisition of the capital reserve balance, as provided in the Bank's Charter.

Breakdown 3.31.2014				
Shareholders	**Common shares**	**Total shares**	**% Voting capital**	**% Total capital**
Federal Government	74,269,215	74,269,215	85.99	85.99
Operation Guarantee Fund – FGO	6,250,000	6,250,000	7.24	7.24
National Development Fund – FND	3,846,968	3,846,968	4.45	4.45
Study and Project Financing Institution – FINEP	1,449,254	1,449,254	1.68	1.68
BNB Employees' Pension Fund – CAPEF	269,723	269,723	0.31	0.31
Other	286,304	286,304	0.33	0.33
Total	**86,371,464**	**86,371,464**	**100.00**	**100.00**

Breakdown at 12.31.2013					
Shareholders	**Common shares**	**Preferred shares**	**Total shares**	**% Voting shares**	**% Total shares**
Federal Government	45,146,025	29,123,190	74,269,215	93.11	85.37
Operation Gurantee Fund –FGO	-	6,250,000	6,250,000	-	7.18
National Development Fund – FND	1,473,704	2,373,264	3,846,968	3.04	4.42
Study and Project Financing Institution – FINEP	1,449,254	-	1,449,254	2.99	1.67
BNB Employees' Pension Fund – CAPEF	269,723	110,515	380,238	0.56	0.44
BNDES Participações S.A – BNDESPAR	-	373,200	373,200	-	0.43
Other	146,069	286,957	433,026	0.30	0.50
Total	**48,484,775**	**38,517,126**	**87,001,901**	**100.00**	**100.00**

b) Revaluation reserve

The amount of R$20,037 (R$20,610 at 12.31.2013) 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. Its realization in 1Q14 totaled R$574 (R$2,294 at 12.31.2013).

c) Treasury shares

The Bank does not have treasury shares. The 10,232 shares corresponding to R$ 384 that were held in treasury were cancelled at the Special Shareholders' Meeting held on 3.28.2014.

NOTE 20 – Other operating income (expenses)

Specification	01.01. to 3.31.2014	01.01. to 3.31.2013
a) **Service revenue**	**444,121**	**383,842**
Investment fund management	5,958	4,296
Fund and program management.	384,867	333,172
Service rendering	53,296	46,374
b) **Income from bank fees**	**6,266**	**5,923**
c) **Personnel expenses**	**(427,614)**	**(277,853)**
Salaries	(194,686)	(170,911)
Voluntary dismissal program	(102,381)	-
Social charges	(71,747)	(60,721)
Retirement and pension plan and DB and VC I Capef Plans	(11,145)	(6,030)
Health care plan - Camed Natural Plan	(19,917)	(17,020)
Benefits, training, fees and compensation of interns	(27,738)	(23,171)
d) Other administrative expenses	**(205,871)**	**(195,723)**
Data processing	(36,803)	(32,632)
Advertising and publicity	(6,895)	(829)
Third-party services	(81,854)	(80,127)
Rentals, material and public utilities	(11,121)	(10,085)
Travel	(3,881)	(3,118)
Communications	(6,426)	(6,361)
Depreciation and amortization	(9,516)	(8,099)
Asset maintenance and upkeep	(9,336)	(9,863)
Surveillance, security and transportation	(12,940)	(11,077)
Promotions, public relations and publications	(1,294)	(3,434)
Financial system services	(5,851)	(4,797)
Specialized technical services	(8,700)	(7,994)
Insurance	(1,105)	(1,163)
Court, Notary and attorney fees	(6,631)	(5,740)
Workers' union dues and associations	(834)	(688)
Condominium fees, catering, kitchen and meals	(1,074)	(989)
FUNDECI (Science and Technology Development Fund)	-	(3,000)
Other	(1,610)	(5,727)
e) Tax expenses (Note 21.d)	**(61,685)**	**(51,176)**
COFINS and PIS/PASEP	(57,391)	(47,580)
ISS and IPTU/Improvement tax	(3,777)	(3,278)
Other	(517)	(318)
f) Other operating income	**427,622**	**416,464**
Del credere – Financial commission on fund management	265,452	242,309
Exchange loss on borrowings	123,643	97,626
Reversal of operating provisions/FNE risks	20	42
Recovery of charges and expenses	1,594	2,182
Reversal of operating provisions	8,152	33,524
Interest and commissions	534	129
Monetary restatement	1,833	639
Mark-to-market adjustment	-	9,528
Monetary restatement of taxes	15,771	17,872
FNE – Recovery of amounts settled by the Bank	10,623	12,613
g) Other operating expenses	**(299,707)**	**(425,964)**
Exchange losses on exchange area	-	(37)
Exchange loss on loans granted	(64,186)	(59,373)
Negative monetary restatement of loans	-	(1)
Discounts granted in renegotiations	(365)	(158)
Loans charges	(1,162)	(26,338)
Tax contingencies	(3,204)	(2,115)
Risks on FNE transactions	(127,454)	(246,204)
Risks on FDNE transactions	(7)	(6)
Labor claims	(6,223)	(8,332)
Civil lawsuits	(10,737)	(803)
Other lawsuits	(9)	(356)
Other contingent liabilities	(1,242)	(8,754)
Hybrid equity-debt instruments	(46,707)	(42,167)
FNE remuneration - available funds - item A, article 9 of Law No. 7827	(16,690)	(7,088)

FNE remuneration - invested funds - item A, article 9, Law No. 7827	(17,621)	(21,233)
Other	(4,100)	(2,999)
Total	**(116,868)**	**(144,487)**

NOTE 21 – Taxes and contributions

a) Income and social contribution taxes

The Bank is subject the taxable profit regime whereby taxes are computed based on the Bank's accounting records, and income and social contribution taxes are paid monthly on an estimated basis. Income tax expenses for the 1st quarter of 2014 amounted to R$ 61,419 (R$ 59,847 at 3.31.2013) and Social contribution tax expenses amounted to R$ 37,989 (R$ 37,303 at 3.31.2013).

a.1) Specification of the provision for income and social contribution tax expense	**Income tax**		**Social contribution**	
	01.01 to 3.31.2014	**01.01 to 3.31.2013**	**01.01 to 3.31.2014**	**01.01 to 3.31.2013**
Income before income taxes and profit sharing	231,203	(46,007)	231,203	(46,007)
Statutory profit sharing (PLR)	(7,326)	(8)	(7,326)	(8)
Interest on equity (IOE)	(48,973)	-	(48,973)	-
Income before income taxes, less statutory profit sharing and interest on equity	174,904	(46,015)	174,904	(46,015)
Permanent additions/exclusions	(14,397)	(79,237)	(14,397)	(79,330)
Temporary additions/exclusions	93,710	374,990	93,710	374,990
Taxable income	254,217	249,738	254,217	249,645
Expenses with provision for IRPJ (25%) (1) and CSLL (15%) - before tax incentives and revaluation reserve	(63,549)	(62,428)	(38,133)	(37,446)
Deductions (tax incentives)	1,891	2,342	-	-
Provision for IRPJ/CSLL on revaluation reserve released to retained earnings	239	239	144	143
Current IRPJ/CSLL expenses - after tax incentives and revaluation reserve	(61,419)	(59,847)	(37,989)	(37,303)
Provision for deferred taxes and contributions arising from tax credits recovered and derivative financial instruments	1,941	(2,523)	1,165	(1,514)
Provision for income and social contribution taxes	(59,478)	(62,370)	(36,824)	(38,817)
IRPJ/CSLL tax credits – provision, Derivative Financial Instruments (DFIs) and hedged item	11,852	78,145	7,101	46,875
Total income and social contribution taxes	(47,626)	15,774	(29,723)	8,057
% of total tax expenses in relation to income before income taxes and profit sharing	20.60%	34.29%	12.86%	17.51%
a.2) Specification of the provision for income and social contribution taxes	**Income tax**		**Social contribution tax**	
	3.31.2014	**12.31.2013**	**3.31.2014**	**12.31.2013**
Expense with provision for income and social contribution taxes	61,419	132,946	37,989	85,150
Provision for taxes on revaluation reserve released	240	956	144	574
Provision for Income and social contribution taxes (Note 16.d)	61,659	133,902	38,133	85,724
Taxes recoverable on prepayments, including withholding taxes(2) (Note 10.d)	(31,456)	(140,065)	(14,637)	(83,732)
Taxes payable to offset for the period in the period	30,203	(6,163)	23,496	1,992

(1) A 15% rate is applied to the taxable base referring to income tax payable + 10% surtax on the amount exceeding the annual limit of R$240.

b) Tax credits on temporary differences

Income and social contribution tax credits on temporary differences of allowances for loan losses and for provision for post-employment benefits are recorded in conformity with the following major standards: CMN Resolution No. 3059, of 12.20.2002 (amended by CMN Resolution No. 3355, of 03.31.2006) and BACEN Circular No. 3171, of 12.30.2002; and are based on technical studies conducted every six months determining the probable realization of tax credits for a period of five years.

In accordance with BACEN Circular Letters No. 3068, of 08.11.2001 and No. 3082, of 01.30.2002, the Bank recognized tax credits on market value adjustments to marketable securities classified under 'available-for-sale securities' and on derivative financial instruments (DFI).

Specification	3.31.2014		12.31.2013		3.31.2014	12.31.2013
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Provisions						
Opening balance	645,464	387,292	596,574	357,958	1,032,756	954,532
Set up	109,006	65,407	299,839	179,918	174,413	479,757
Realization/Reversal	(97,827)	(58,710)	(250,950)	(150,584)	(156,537)	(401,534)
Closing balance (Note 10.d)	656,643	393,989	645,463	387,292	1,050,632	1,032,755
b) Derivative financial instruments						
Opening balance	12	8	1,402	841	20	2,243
Set up	2,089	1,253	11,309	6,785	3,342	18,094
Realization/Reversal	(2,097)	(1,258)	(12,698)	(7,619)	(3,355)	(20,317)
Closing balance (Note 7.c)	4	3	13	7	7	20
c) Hedged item						
Opening balance	15,554	9,333	23,063	13,838	24,887	36,901
Set up	6,989	4,193	12,538	7,523	11,182	20,061
Realization/Reversal	(6,308)	(3,785)	(20,047)	(12,028)	(10,093)	(32,075)
Closing balance (Note 7.c.1)	16,235	9,741	15,554	9,333	25,976	24,887
Effect on equity						
d) Marketable securities						
Opening balance	131,001	78,601	84,026	50,416	209,602	134,442
Set up	100,536	60,322	18,961,840	11,377,104	160,858	30,338,944
Realization/Reversal	(86,724)	(52,035)	(18,914,865)	(11,348,919)	(138,759)	(30,263,784)
Closing balance (Note 7.a.2)	144,813	86,888	131,001	78,601	231,701	209,602

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

Specification	Income tax		Social contribution	
	3.31.2014	12.31.2013	3.31.2014	12.31.2013
1. Total temporary differences	4,695,923	4,544,276	4,695,923	4,544,276
2. Tax credits on temporary differences	1,173,981	1,136,069	704,388	681,641
3. Tax credits recognized in assets on Provisions (Note 10.d)	656,643	645,463	393,989	387,292
4. Tax credits recognized in assets due to mark-to-market of marketable securities, DFIs and hedged item	161,052	146,568	96,632	87,941
5. Total tax credits recognized in assets (item 3+ item 4) (1)	817,695	792,031	490,621	475,233
6. Tax credits not recognized in assets (item 2 - item 5) (2)	356,286	344,038	213,767	206,408

(1) Tax credits are recognized in assets under "OTHER RECEIVABLES – Other receivables"

(2) Not recognized in assets as they do not meet the realization requirements provided for in CMN Resolution No. 3355, of 03.31.2006.

Estimated realization of tax credits on temporary differences at 3.31.2014, is as follows:

Period	Goal for over-SELIC rate - average (1)	Realization of income tax credit		Realization of social contribution tax credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2014	11.33	57,779	56,337	34,668	33,802	92,447	90.139
2015	12.07	245,872	202,181	147,523	121,309	393,395	323.490
2016	10.83	75,127	61,955	45,076	37,173	120,203	99.128
2017	10.25	124,002	91,418	74,401	54,851	198,403	146.269
2018	10.01	153,863	104,279	92,321	62,569	246,184	166.848
Total		**656,643**	**516,170**	**393,989**	**309,704**	**1,050,632**	**825,874**

(1) For present value calculation purposes, we considered the goal for average Over-Selic rates projected by BACEN as at 12.31.2013.

Any tax credit on market value adjustments of marketable 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:

Period	Realization of income tax credit	Realization of social contribution tax credit	Total
2014	28,780	17,267	46,047
2015	7,004	4,202	11,206
2016	66,720	40,032	106,752
2017	23	14	37
2018	7,131	4,279	11,410
As from 2019	52,604	31,562	84,166
Total	**162,262**	**97,356**	**259,618**

c) Provisions for deferred taxes and contributions

Specification	3.31.2014		12.31.2013		3.31.2014	12.31.2013
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Derivative financial instruments						
Opening balance	5,397	3,238	14,165	8,497	8,635	22,662
Set up	4,300	2,580	133,403	80,042	6,880	213,445
Realization/ reversal	(4,504)	(2,702)	(142,169)	(85,302)	(7,206)	(227,471)
Closing balance (Note 7.c)	5,193	3,116	5,399	3,237	8,309	8,636
b) Revaluation reserve						
Opening balance	4,135	2,481	5,090	3,056	6,616	8,146
Set up	-	-	-	-	-	-
Realization/Reversal	(239)	(143)	(956)	(574)	(382)	(1,530)
Closing balance	3,896	2,338	4,134	2,482	6,234	6,616
c) Arising from recovered loans [(1)]						
Opening balance	16,491	9,895	-	-	26,386	-
Set up	259	155	16,491	9,895	414	26,386
Realization/ reversal	(1,996)	(1,198)	-	-	(3,194)	-
Closing balance (Note 16.d)	14,754	8,852	16,491	9,895	23,606	26,386
Effect on equity						
d) Marketable securities						
Opening balance	25,007	15,004	123,082	73,851	40,011	196,933
Set up	11,821	7,093	701,784	421,071	18,914	1,122,855
Realization/Reversal	(11,468)	(6,881)	(799,861)	(479,916)	(18,349)	(1,279,777)
Closing balance (Note 7.a.2)	25,360	15,216	25,005	15,006	40,576	40,011

(1) Based on Law No. 9430, article 12, of 12.27.1996.

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

Period	Income tax	Social contribution tax	Total
2014	21,683	13,010	34,693
2015	2,093	1,256	3,349
2016	550	330	880
2017	466	279	745
2018	1,463	878	2,341
As from 2019	4,298	2,579	6,877
Total	**30,553**	**18,332**	**48,885**

The provisions on revaluation reserves determined at present value will be written off according to the following schedule:

Period	Target rate over SELIC - Average	Income tax		Social contribution tax		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2014	11.33	717	644	430	386	1,147	1.030
2015	12.07	955	766	573	460	1,528	1.226
2016	10.83	956	691	574	415	1,530	1.106
2017	10.25	956	627	574	376	1,530	1.003
2018	10.01	312	186	187	111	499	297
Total		**3,896**	**2,914**	**2,338**	**1,748**	**6,234**	**4,662**

Allowances for recovered loans, under article 12 Law No. 9.430, dated 12.27.1996, calculated at present value will be written off according to the following schedule

Period	Target rate over SELIC - Average	Income tax		Social contribution tax		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2014	11.33	687	618	412	370	1,099	988
2015	12.07	2,813	2,254	1,688	1,353	4,501	3.607
2016	10.83	2,403	1,738	1,442	1,043	3,845	2.781
2017	10.25	1,502	985	901	591	2,403	1.576
2018	10.01	891	531	534	319	1,425	850
As from 2019		6,458	3,500	3,875	2,100	10,333	5,600
Total		**14,754**	**9,626**	**8,852**	**5,776**	**23,606**	**15,402**

d) Tax expenses

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
COFINS and PIS/PASEP	(57,391)	(47,580)
ISS and IPTU/Improvement tax	(3,777)	(3,278)
Other	(517)	(318)
Total (Note 20)	**(61,685)**	**(51,176)**

e) Provisional Executive Order No. 627

Provisional Executive Order No. 627, was established on November 11, 2013, which amended Federal Tax Legislation on IR, CSLL, PIS/PASEP and COFINS. Said MP has a significant number of proposed amendments. In addition, the Brazilian IRS (RFB) should, in accordance with that measure, rule on several issues and therefore some of its provisions may be amended and/or regulated. However, based on the prevailing wording of this legal provision, at 11.11.2013, we project that it will not entail any significant effects on the Bank's financial information.

NOTE 22 – Provisions, contingent assets and liabilities and legal obligations - Tax and social security

a) The Bank is a party to various administrative and legal proceedings involving civil, tax, labor and other matters. To recognize provision and contingent liabilities, contingencies are classified in accordance with CMN Resolution No. 3823 of 12.16.2009 and BACEN Circular Letter No. 3429, of 02.11.2010.

b) The assessment of the provision and contingent liability, risk level of new lawsuits, and reassessment of already existing lawsuits are made by the Legal Department, case by case, and are classified according to the likelihood of loss, as probable, possible and remote. Such classification is based on analysis of the following factors: i) reasonableness of the factual and legal arguments of the other party; ii) arguments and legal basis developed by the Bank; iii) history of losses in similar cases; iv) understanding of higher courts and supervisory authorities on the matters in litigation; v) decisions already rendered on each proceeding (decision, award, injunction, interim relief, writ of payment, writ of attachment etc); and vi) existence of procedural defects in administrative and legal proceedings.

c) Contingencies classified as probable losses are accounted for and represented by Civil lawsuits (claiming compensation for pain and suffering and property damage, 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 Lawsuits (represented by legal and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). Taking into consideration that the procedures adopted by Bank are in compliance with legal and regulatory provisions, management understands that the provisions recorded are sufficient to cover losses arising from the respective legal and administrative proceedings.

d) The Bank fully provided for the lawsuits classified as probable losses, as well as for those classified as Legal Obligations, pursuant to BACEN Circular Letter No. 3429, of 02.11.2010, regardless of the legal advisor´s assessment of loss, and provisions are not applicable to lawsuits classified as possible and remote losses, as the comparative table below for 3.31.2014 and 12.31.2013, as under:

Specification	3.31.2014		12.31.2013	
	Base value	Provision	Base value	Provision
a) Provision for tax contingencies (Note 16.d)				
a.1) Taxes and contributions - legal obligation	**86,025**	**86,025**	**84,925**	**84,925**
a.2) Tax lawsuits	**1,204,085**	**34,447**	**1,167,404**	**33,148**
i) Legal obligation	290	290	281	281
ii) Other liabilities - other	1,203,795	34,157	1,167,123	32,867
Probable	34,157	34,157	32,867	32,867
Possible	922,868	-	894,405	-
Remote	246,770	-	239,851	-
b) Provision for contingent liabilities (Note 16.i)				
b.1) Labor claims	**354,573**	**203,894**	**346,068**	**198,291**
Probable	203,894	203,894	198,291	198,291
Possible	76,432	-	71,541	-
Remote	74,247	-	76,236	-
b.2) Civil lawsuits	**3,201,385**	**112,550**	**3,343,767**	**105,499**
Probable	112,550	112,550	105,499	105,499
Possible	664,214	-	627,358	-
Remote [(1)]	2,424,621	-	2,610,910	-
b.3) Other lawsuits	**1,936**	**558**	**2,208**	**663**
Probable	558	558	663	663
Possible	1,376	-	1,543	-
Remote	2	-	2	-

[(1)] (1) Contingent liabilities relating to civil lawsuits rated as remote loss and the respective estimated financial loss are concentrated on the following cases: a) payment of additional contribution to the supplementary pension plan (CAPEF) - R$ 870,812 (R$ 828,765 at 12.31.2013); b) refund of overpayment- R$ 232,589 (R$ 314,491 at 12.31.2013); c) damages for pain and suffering and material damage - R$ 188,077 (R$ 221,358 at 12.31.2013); and d) payment of fine and damages for pain and suffering and material damage - R$ 124,516 (R$ 178,996 at 12.31.2013). In total these proceedings stated a balance for contingent liabilities of approximately R$ 1,415,994 (R$ 1,347,623 at 12.31.2013).

e) Changes in provisions

Specification	3.31.2014	12.31.2013
i) Taxes and contributions (Legal obligation)		
Opening balance	84,925	82,258
Set up	1,904	6,178
Reversal/use/write-off	(804)	(3,511)
Closing balance	86,025	84,925
ii) Tax lawsuits (Legal obligation)		
Opening balance	281	655
Set up	9	56
Reversal/use/write-off	-	(430)
Closing balance (Note 22.d)	290	281
iii) Tax lawsuits (other liabilities -other)		
Opening balance	32,867	35,431
Set up	1,291	4,272
Reversal/use/write-off	(1)	(6,836)
Closing balance (Note 22.d)	34,157	32,867
iv) Labor claims (Other liabilities –other)		
Opening balance	198,291	179,319
Set up	7,691	34,861
Reversal/use/write-off	(2,088)	(15,889)
Closing balance (Note 16.i)	203,894	198,291
v) Civil lawsuits (Other liabilities - other)		
Opening balance	105,499	106,080
Set up	15,829	36,040
Reversal/use/write-off	(8,778)	(36,621)
Closing balance (Note 16.i)	112,550	105,499
vi) Other lawsuits (Other liabilities - other)		
Opening balance	663	258
Set up	16	470
Reversal/use/write-off	(121)	(65)
Closing balance (Note 16.i)	558	663
vii) FNE		
Opening balance	2,022,091	1,820,070
Set up	233,120	560,930
Reversal/use/write-off	(211,612)	(358,909)
Closing balance (Note 16.i)	2,043,599	2,022,091
viii) FDNE		
Opening balance	515	420
Set up	8	103

Reversal/use/write-off	-	(8)
Closing balance (Note 16.i)	523	515
ix) Proagro		
Opening balance	2,152	3,388
Set up	89	185
Reversal/use/write-off	(72)	(1,421)
Closing balance (Note 16.i)	2,169	2,152
x) Other contingent liabilities		
Opening balance	33,685	36,195
Set up	1,241	11,696
Reversal/use/write-off	(4,333)	(14,206)
Closing balance (Note 16.i)	30,593	33,685

f) The Bank has lawsuits handled by outside attorneys, most of which relate to loan collection actions, whose assessment of the contingent liabilities is performed by the Legal Department, pursuant to item “b” above.

g) Tax lawsuits classified as Legal Obligation pursuant to the terms of BACEN Circular Letter No. 3429, of 02.11.2010, whose amounts were presented in item “d”, subitems a.1 and a.2.1, discuss, respectively, the IRPJ 1999 and Service Tax (ISSQN).

h) Below, a brief description of lawsuits to which the Bank is a party, involving significant contingent liabilities assessed as possible losses:

Tax lawsuit filed to annul a tax delinquency notice relating to ISSQN on service revenue. The estimated possible financial loss totaled 3.31.2014, R$ 453,597 (12.31.2013 - R$ 438,790) posing a “possible” risk of loss. Two tax lawsuits filed to annul tax delinquency notices referring to ISSQN on service revenue. Estimated possible financial losses total R$ 223,668 and R$ 151,686, respectively, at 3.31.2014 (R$ 216,367 and R$ 146,734, respectively, at 12.31.2013) at a “possible” likelihood of loss.

Civil lawsuit filed to claim loss of profits and payment of administration fees under the allegation of losses incurred due to interruption of financial onlending contracted for the construction of commercial facilities. Estimated possible financial loss for this lawsuit at 3.31.2014, totaled R$ 124,223 (12.31.2013- R$ 118,225), classified at a “possible” likelihood of loss.

Civil lawsuit that seeks to annul contractual clauses, as well as removal of the name of the plaintiff from restrictive credit agency records. The estimated possible risk of financial loss at 3/31/2014 is R$ 50,397. (12/31/2013 - R$ 47,963), possible likelihood of loss.

Civil lawsuit for refund of overpayment under the allegation of undue collection and withholding. Estimated possible financial loss totaled R$ 48,393 at 3.31.2013 (R$46,056 at 12.31.2013) at a possible likelihood of loss.

Civil lawsuit claiming compensation for property damage and pain and suffering, under the allegation of amounts unduly transferred from the savings deposits. Estimated possible financial loss for this lawsuit totaled R$34,866 at 3.31.2014 (R$33,182 at 12.31.2013) posing a possible risk of loss.

i) Escrow and appeal deposits made to guarantee legal and administrative proceedings, recognized for contingent liabilities assessed as probable, possible and/or remote losses are set out as under.

Specification	3.31.2014	12.31.2013
Labor claims	399,871	392,741
Tax lawsuits	212,962	210,037
Civil lawsuits	48,468	41,381
Total	**661,301**	**644,159**

j) The amount R$13,840 (R$16,141 at 3.31.2013) recorded as “Other contingent liabilities”, at 3.31.2014, refers to the provision to cover the Bank risk on loans granted with indication of irregularities, which are the subject of inquiry proceedings carried out by the head of the internal audit area. This account also includes the amounts of R$12,668 (R$12,776 at 12.31.2013) for loan risk on securitized transactions under Law No. 9138, of 11.29.1995, currently recorded in memorandum accounts, and R$4,085 (R$ 4,767 at 12.31.2013) for accrued operating risks arising from the Loan Inventory.

NOTE 23 – Employee and officer compensation (in R$1.00)

a) Monthly employee compensation

Gross compensation (1)	01.01 to 3.31.2014	01.01 to 12.31.2013
Maximum	30,744.54	30,744.54
Minimum	1,148.97	1,148.97
Average	8,193.14	8,230.65

(1) 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	3.31.2014	3.31.2013	3.31.2014	3.31.2013	3.31.2014	3.31.2013
Gross compensation (1)	Executive board		Board of directors		Supervisory board	
Highest individual compensation (2)	150,802,16	143,799,57	11,604,27	10,426,98	11,604,27	10,426,98
Lowest individual compensation (3)	108,012,19	111,276,78	11,604,27	10,426,98	11,604,27	10,426,98
Average individual compensation (4)	129,160,96	123,111,58	11,604,27	9,906,69	11,492,49	10,025,71
Number of officers/directors (5)	7	7	6	6	6	6

(1)Amounts approved at the 60th Annual General Meeting and the 93rd Special General Meeting of the Bank, both held on 03.22.2013.

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

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

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

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

At 3.31.2014, the Bank had 6,536 employees (6,479 at 12.31.2013), a headcount increase of 0.88%.

NOTE 24 – Post employment benefits

Pursuant to CVM Rule No. 695, of 12.13.2012, which approved CPC 33 (R1) - Employee Benefits, the post-employment benefit information is presented below. Actuarial evaluations are conducted by an enabled independent actuary, based on information provided by Capef, Camed and the Bank..

a) General description of the benefit plan characteristics

a.1) Pension plan of Banco do Nordeste do Brasil employees

The Bank sponsors two benefit plans managed by C*aixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (CAPEF)*, a closed-ended private pension plan entity that provides the payment benefits supplementary to social security (INSS) to participants and beneficiaries).

Pension plans sponsored by the Bank offer their participants the benefits of supplemental retirement by time of contribution, age and disability, as well as supplemental pension and annuity to beneficiaries of participants.

The defined benefit plan (DB) has not been open to new participants since 11.26.1999.

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, including any working hours extension, all calculated, set and projected in accordance with the plan regulation as from the date of its restructuring up to the date of the participant's retirement as weighted by the number of contributions paid to the plan, limited to 360. In addition, a rate equivalent 21.25% is discounted out of the benefit as a special contribution, resulting on average in 78.75% of the average contribution salary.

The variable contribution plan (VC I), authorized to operate by the MPS /Previc /Detec Ordinance No. 189 of 3.25.2010, began its operations on 5.19.2010, on receipt of the first contributions. The scheduled retirement benefits (DC portion) VC I plan are calculated based on the balance of the individual account for each participant on the date of retirement. In addition, the plan provides coverage for risk benefits such as disability and death in activity, these benefits are classified by the Bank as defined benefit.

The plan offers an annuity income benefit to retirees.

The plans are mainly exposed to investment risk, interest rate risk, longevity risk and salary risk.

a.1.1) Actuarial method within CAPEF

Classified as defined benefit, the DB plan adopts the fully funded financial system in the actuarial calculation of reserves related to all benefits offered to its participants and their beneficiaries. VC I plan in accordance with CVM Rule No. 695, of 12.13.2012, combines the characteristics of the defined contribution plan and the defined benefit plan. This plan adopts the fully funded financial system in the actuarial calculation of reserves for planned benefits and the shared risk coverage regime for the other benefits offered to its participants and their beneficiaries**.**

a.1.2) Past due obligations and contributions due

As at 3.31.2014, the Bank has no past due obligations or contribution debts referring to plans DB and VC I, neither informal practices that originate constructive obligations included in the measurement of the plans' defined benefit obligation.

a.1.3) Contribution Ratio (Participants/Sponsor)

The ratio of participant contributions to Bank contributions meets the parity set by Constitutional Amendment 20, of 12.15.1998, with a contribution ratio of 1:1 as at 3.31.2014 (12.31.2013 **-** 1:1).

a.2) Health care plan

The Bank is the sponsor of a health care plan managed by Caixa de Assistência dos Funcionários do Banco do Nordeste do Brasil **-** CAMED, whose primary purpose is to provide health care to its associate participants and dependents participating in the Natural Plan, through granting of subsidies to cover or reimburse expenses incurred in connection with health promotion, protection and recovery.

a.2.1) Past due obligations and contributions due

As at 3.31.2014, the Bank has no past due obligations or contribution debts referring to this plan, neither informal practices that originate constructive obligations included in the measurement of the plans' defined benefit obligation.

a.2.2) Contributions

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

NOTE 25 - Northeast Constitutional Financing Fund (FNE)

a) a) The total assets of FNE, amounting to R$ 49,283,663 (R$ 47,642,592 at 12.31.2013) are recorded in the Bank's memorandum accounts "Net assets of managed public funds".

b) The Fund's cash and cash equivalents, totaling R$ 7,967,118 (R$ 6,908,697 at 12.31.2013), recorded in 'Other liabilities/Financial and development funds' bear interest at extra-market rate. The expense with interest on cash and cash equivalents totaled R$ 172,837 (R$ 106,974 at 3.31.2013).

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 Land Program financing lines and transactions under PRONAF (groups A, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Cost), the Bank's risk is 50 percent 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 the Fund's 'Interbank accounts', as prescribed by Ministry of Integration Administrative Ruling No. 616, of 05.26.2003. Loans funded by FNE, under Law No. 12716, of 09.21.2012, for the purpose of settling BNB transactions with other funds, will maintain the same risk position of the transaction to be settled. The balances of financing and allowances accounted for in the Bank's "Provision for Contingent Liabilities" are as follows:

Risk level	Balances	Provision 3.31.2014	Provision 12.31.2013
AA	6,495,883	-	-
A	12,060,704	30,141	29,781
B	8,796,255	44,511	47,060
C	943,273	13,959	13,469
D	802,086	40,084	35,478
E	547,174	82,687	80,081
F	250,861	63,037	52,022
G	403,175	150,414	114,631
H	3,210,368	1,618,766	1,649,569
Total	**33,509,779**	**2,043,599**	**2,022,091**

d) The Bank's *del credere* commission on transactions entered as agreement by 11.30.1998 is nil. The Bank's financial commission on transactions entered as agreement after this date 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 **-** A of Law No. 7827, of 09.27.1989. In operations reclassified for FNE based on No. Law 11775, of 09.17.2008, financial 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 financial commission totaled R$ 264,132 (R$ 241,288 at 3.31.2013).

e) The management fee of 3% p.a. is calculated on the Fund's equity, less the amounts under the onlending agreement entered into with the Bank, balances of onlending to other institutions with the risk fully assumed by the Bank, and the balances of PRONAF investments (Groups B, A/C, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Cost), and is limited to 20% of the transfers made by the National Treasury each fiscal year. The management fee totaled R$ 325,172 (R$ 298,815 at 3.31.2013).

NOTE 26 - Workers' Assistance Fund (FAT)

The Workers' Assistance Fund (FAT) is a special financial-accounting fund linked to the Ministry of Labor and Employment (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	3.31.2014	12.31.2013
Special Program to Fight Drought Effects	16/2006	-	441
Proger-Urbano - Investment	17/2006	21,480	21.671
FAT - Infrastructure	18/2006	239,483	245.254
Pronaf - Cost	01/2007	-	3
Proger-Rural - Investment	02/2007	129	129
Protrabalho - Investment	04/2007	168,239	163.923
PNMPO-National Program for Production-Oriented Microcredit	01/2010	175,399	172.798
Total		**604.730**	**604,219**

Funds derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-bearing special deposits', totaling R$ 495,377 (R$ 520,240 em 12.31.2013) are subject to SELIC (Central Bank overnight rate) while they are not used in loans, and to TJLP after they are released to final borrowers. Available funds bearing interest at SELIC totaled R$ 35,323 (R$ 49,775 at 12.31.2013).

Pursuant to CODEFAT (FAT Board) Resolution No. 439, of 06.02.2005, these funds began to be reimbursed to FAT on a monthly basis, with a minimum amount equivalent to 2% calculated on the total balance of each FAT Special Deposit Allocation Statement (TADE), plus cash to meet the following conditions, considering the period they remain 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	Return of FAT funds			3.31.2014		
		Form (1)	R.A.	SELIC Remuneration	TMS available (2)	TJLP used (3)	Total
Special Program to Fight Drought Effects	16/2006	RA	7,174	135	-	-	-
Proger - urbano - investment	17/2006	RA	28,040	617	3,027	36.629	39.656
FAT - Infrastructure	18/2006	RA	62,473	2,827	28,233	166.038	194.271
Protrabalho - investment	04/2007	RA	30,920	80	582	105.433	106.015
PNMPO-national program for production-oriented microcredit	01/2010	RA	45,510	1,912	3,481	151.954	155.435
Total (Note 13.b)			**174,117**	**5,571**	**35,323**	**460,054**	**495,377**

Specification	Tade	Return of FAT funds			12.31.2013		
		Form (1)	R.A.	SELIC Remuneration	TMS available (2)	TJLP used (3)	Total
Special Program to Fight Drought Effects	16/2006	RA	7,463	137	-	-	-
Proger - urbano - Investment	17/2006	RA	28,256	572	4,217	37,464	41,681
FAT - infrastructure	18/2006	RA	57,419	2,554	29,018	174,821	203,839
Pronaf - investment	19/2006	RA	-	-	-	-	-
Pronaf - cost	01/2007	RA	-	-	-	-	-
Protrabalho - Investment	04/2007	RA	29,709	81	1,208	110,088	111,296
PNMPO-national program for production-oriented microcredit	01/2010	RA	43,775	1,647	15,332	148,092	163,424
Total (Note 13.b)			**166,622**	**4,991**	**49,775**	**470,465**	**520,240**

(1) RA - Automatic Return (Monthly, 2% on balance) and AB - Available Balance less deposits made in the last 3 months and reimbursements in the last 2 months;
(2) Funds yielding SELIC rate;
(3) Funds yielding Long-term Interest Rate (TJLP); and
(4) Regarding FAT - Infrastructure, RA is 1% on the balance and deductible reimbursements refer to the last 4 months.

NOTE 27 – Risk management and Basel Ratio

a) Risk and capital management

The Bank's corporate governance instruments include a regularly reviewed internal control structure so that the operational, credit, market and liquidity risks may be adequately monitored. The risk management methodology observes the guidance set forth by the Basel Committee and Basel II requirements, 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 identified risks.

Risk management structure

The corporate risk management policy sets forth guidelines and standards that integrate the Bank's activities, for management of credit, liquidity, market and operational risks. The Corporate Risk Management Committee analyzes and approves the risk management policies. The Executive Board is responsible for approving risk policies and subsequent reporting to the Board of Directors. The Control and Risk Executive Board coordinates the implementation of risk policies and the Bank's performance. A specific area coordinates the credit, liquidity, market and operational risks at the corporate level, with definition of management methodologies and models, and promotion and dissemination of the risk management culture throughout the Bank.

Information relating to risk management focusing on Referential equity (RE) and Required Referential Equity (RRE), in accordance with Circular No. 3477, dated 12.28.2009, of the Central Bank of Brazil, can be found at www.bnb.gov.br under the Investor Relations link.

Capital management structure

The Executive Board is responsible for approving the capital management structure, including the Capital Plan for the period 2014 to 2016, which was also approved by the Board of Directors, on 12.20.2013. 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. 3988, of 06.30.2011. The Capital Management Structure information is available at www.bnb.gov.br under the Investor Relations link.

b) Credit risk

Credit risk is defined as the risk of incurring losses associated to default by the borrower or counterparty to financial obligations under the agreed to terms and conditions, impairment of a loan agreement arising from downgrading of the borrowers' risk rating, decrease in gains or returns, advantages granted in renegotiations, and the costs of recovery.

Exposure by industry	Exposure	
	3.31.2014	12.31.2013
Loans, co-obligations and guarantees given	**30,084,073**	**30,618,909**
Public sector	**1,354,440**	**1,422,455**
Private Sector	**28,729,633**	**29,196,454**
Trading	3,342,455	3,399,551
Foreign trade	767,969	743,824
Housing	242	242
Manufacturing	8,369,969	8,445,949
Infrastructure	3,475,124	3,563,125
Financial	76,512	84,113
Urban micro-financing	2,144,035	2,184,415
Individuals	214,892	224,311
Rural	6,412,777	6,494,519
Other services (1)	3,925,658	4,056,405
Market transactions	**22,982,917**	**22,078,166**
Federal government bonds	**19,082,115**	**18,489,953**
Repurchase agreements	10,516,690	9,912,872
Other	8,565,425	8,577,081
Interbank deposits	**112,649**	**83,709**
Other marketable securities	**2,314,742**	**1,929,804**
Other transactions	**1,473,411**	**1,574,700**
Other assets	**3,349,689**	**3,257,853**
Total	**56,416,679**	**55,954,928**

(1) The amount of other co-obligations not related to FNE loans was transferred to "Other services" account, and is no longer included in "Other assets" account, as in the prior year.

The Bank uses the constant information flow to identify, measure, control and mitigate risks, thus ensuring that credit risk exposure is within acceptable parameters. To this end, the Bank uses instruments, such as: credit policies, managerial reports, risk rating system and performance indicators by macro sectors.

Furthermore, any approval in terms of risk limits is based on the level of authority by body. In accordance with their characteristics and amount, the limits may be 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, Executive Board or Board of Directors.

All loans are subject to risk rating, based on the customer's risk rating and loan grade, in accordance with its characteristics, value, term, collaterals and condition.

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

The collateral for loans is determined based on their quality, capacity to be removed and sufficiency. Balances exposed to credit risk above R$5,000 amount to R$ 4,832,765 (R$ 4,717,354 at 12.31.2013). They are backed by collaterals totaling R$ 3,586,473 (R$ 3,714,495 at 12.31.2013). which are assessed at least once every three years, or within a shorter period, as long as there are material events involving the client or the transaction. In addition to typical collateral (including, among others, mortgage, pledge and leased chattels), and other personal securities (guarantee and collateral security) these transactions are also backed by other types of guarantees, including, among others, unsecured bonds, guarantee of notes, guarantee funds, risk fund (FGPC), collateralization of FPM/FPE shares and bank guarantees.

c) Liquidity risk

Liquidity risk is the possibility of occurring mismatches between tradable assets and payable liabilities that could affect the Bank's ability to pay.

The Bank adopts projection models for variables that impact cash, for liquidity management purposes, and information referring to this risk is communicated to management through daily reports, consolidated annually.

The daily market and liquidity risk management report includes 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, interbank deposits, repurchase agreements and own securities portfolio.

Specification		3.31.2014 (%)	12.31.2013 (%)
Liquidity ratio	At the base date	330,09	314,25
	Average for the last 12 months	344,06	349,68
	Maximum for the last 12 months	404,61	404,61
	Minimum for the last 12 months	273,40	287,74

The maturities of funding transactions, considering the projected future payment flows, including the related contractual rates, are as under. Total balance of subordinated debts was included under the "Over 5 years" column since subordinated debts do not bear interest and their maturity dates are undetermined. The Hybrid Equity-Debt Instruments (IHCD) amounts under 5 years reflect payments of annual interest, while amounts over 5 years include principal (undetermined maturity date) and interest up to 2050, for calculation purposes only:

Specification	3.31.2014				
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**
Interbank deposits	196,108	267,377	544,360	134,563	-
Time deposits	273,345	37,116	1,721,737	3,422,783	4,358,443
Repurchase agreements	1,113,135	-	-	59,714	-
Agribusiness credit notes (LCA)	3,032	1,315	1,567	-	-
Subordinated debts eligible for capital	-	-	-	-	1,490,292
Hybrid Equity-Debt Instruments (IHCD)	-	-	80,162	320,648	3,785,022
Total	**1,585,620**	**305,808**	**2,347,826**	**3,937,708**	**9,633,757**
Available funds (Note 5)	**8,325,426**				

Specification	12.31.2013				
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**
Interbank deposits	91,230	368,450	321,107	141,923	-
Time deposits	25,011	781,923	1,457,064	3,666,526	4,467,958
Repurchase agreements	1,128,001	-	-	77,203	-
Agribusiness Credit Notes (LCAs)	3,614	1,523	4,657	-	-
Subordinated debts eligible for capital	-	-	-	-	1,455,982
Hybrid Equity-Debt Instruments (IHCD)	78,471	-	-	313,884	3,783,649
Total	**1,326,327**	**1,151,896**	**1,782,828**	**4,199,536**	**9,707,589**
Available funds (Note 5)	**7,709,183**				

d) Market risk

Market risk is the possibility of impairment of assets and/or increase in liability 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) capital requirement map, for coverage of market and liquidity risks;

c) foreign exchange exposure risk;

d) sensitivity analysis;

e) stress testing;

f) backtesting; and

g) 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 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, foreign exchange exposure levels, liquidity levels and ratios, and monitoring of limits of operations carried out with other financial institutions.

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
• Trading portfolio: 1% of the referential equity • Banking portfolio: 5% of the referential equity	If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the area responsible for the financial operations.

Sensitivity analysis

As set forth in CVM Ruling 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 several risk factors in trading and banking portfolio transactions, and its results are as follows:

Portfolio/risk factor	Risk type	Scenario 1 (probable)	Scenario 2 (Change of 25%)		Scenario 3 (Change of 50%)	
		Balance	Balance	Loss	Balance	Loss
Trading portfolio						
Fixed interest	Increase in interest rate	7,225,721	7,223,109	(2,612)	7,220,563	(5,159)
Banking portfolio						
Dollar coupon	Decrease in the dollar coupon	(14,771)	(13,484)	1,287	(12,278)	2,493
Euro coupon	Increase in the Euro coupon	1,175	1,172	(3)	1,170	(5)
IGP coupon	Increase in the IGP coupon	882,579	821,080	(61,498)	766,406	(116,173)
IPCA coupon	Decrease in the IPCA coupon	(315,642)	(359,767)	(44,126)	(411,619)	(95,977)
TJLP coupon	Increase in the TJLP coupon	528,894	461,430	(67,464)	404,121	(124,774)
TR coupon	Increase in the TR coupon	(1,961,413)	(1,962,882)	(1,469)	(1,957,629)	3,784
Fixed interest	Increase in interest rate	3,989,238	3,868,017	(121,221)	3,762,149	(227,088)

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 BM&FBOVESPA. As regards scenarios 2 and 3, changes of 25% and 50% were applied, respectively, to the risk factors, 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	Risk type	Financial instrument	Scenario 1 (probable)	Scenario 2 (Change of 25%)	Scenario 3 (Change of 50%)
Other derivatives	Increase in the reference rate BM&FBOVESPA DI x fixed rate	DI x Fixed Rate Swap	(75,248)	(72,897)	(70,709)
		Fixed-rate assets	75,041	69,749	64,975
		Net exposure	(207)	(3,148)	(5,734)
Hedging derivatives	Increase in the reference rate BM&FBOVESPA DI x Dollar	Dollar x DI Swap	1,447,635	1,416,241	1,386,732
		Liabilities in FM	(1,479,385)	(1,453,643)	(1,429,352)
		Net exposure	(31,750)	(37,402)	(42,620)

As at 3.31.2014, market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from increase in opportunity costs, in fixed-rate operations, and those arising from exchange coupon increase, in foreign currency transactions.

DI x Fixed Rate Swap

The method used to prepare the sensitivity analysis of DI x fixed-rate swap transactions was to determine the balances of fixed-rate asset transactions and hedge (swap) transactions exposed to this type of risk (scenario 1), and then determine the net exposure. The adverse stresses related to scenarios 2 and 3 were applied to this result, as detailed below:

Scenario 1 - refers to the current situation of risk exposure factors based on market information (BM&FBOVESPA). Under this scenario, 100% of the DI x fixed-interest swap rate is applied.

Scenario 2 - Under this scenario, 125% of the DI x fixed interest swap rate is applied.

Scenario 3 - Under this scenario, 150% of the DI x fixed interest swap rate is applied.

Dollar x DI Swap

The method used to prepare the sensitivity analysis of dollar x DI swap transactions was to determine the balances of fixed-rate liability transactions indexed to the dollar and hedge (swap) transactions exposed to this type of risk (scenario 1), and determine the net exposure thereto. The adverse stresses related to scenarios 2 and 3 were applied to this result, as detailed below:

Scenario 1 - refers to the current situation of risk exposure factors based on market information (BM&FBOVESPA). Under this scenario, 100% of the DI x Dollar swap rate is applied.

Scenario 2 - Under this scenario, 125% of the DI x dollar swap rate is applied.

Scenario 3 - Under this scenario, 150% of the DI x dollar swap rate is applied.

e) Operational risk

The operational risk results in potential, actual or recovered loss arising from human failures or errors in processes, systems or arising from external factors, including those related to legal issues.

The operational risk management requires continuous commitment and involvement of all managers, employees and associates, whose main purpose is to maintain at acceptable levels the probabilities and/or impacts from losses.

The corporate operational risk management system aims at ensuring compliance with the corporate policy and strategic planning of the Bank in accordance with governance principles and the policies set by the National Monetary Council (CMN), based on the timetable defined by the banking supervisory body. Management is made of processes and subprocesses carried out on a dynamic and ongoing basis which ensure, through mitigating measures, acceptable risk exposure levels.

The Bank's corporate operational risk management is strengthened through a specific organizational structure designed to support assessment and compliance related to adoption of controls for all processes and operations carried out, mainly based on the provisions set forth in the institutional regulatory system. The qualitative approach comprises methodologies, control tools, mitigating measures and managerial reports that describe the control over processes carried out in all institutional areas. This analysis describes management by process and architecture design - macroprocesses, processes and subprocesses - identification of risk, control, mitigation and corrective plan. Another methodology used is the RCSA (Risk and Control Self Assessment) that allows knowing 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 foreign exchange adjustment clause presented net balance of foreign currency sold, in the amount of R$ 104,144 (R$ 89,995 at 12.31.2013 – short position), as follows:

Specification	**3.31.2014**	**12.31.2013**	**Specification**	**3.31.2014**	**12.31.2013**
Cash and cash equivalents	2,637	2,787	Deposits	12,791	17,696
Interbank investments	19,510	46,764	Interdepartmental accounts	10,240	5,399
Loans	741,105	804,445	Domestic - Borrowing and onlending -	69,523	73,237
Other receivables	787,864	768,343	Foreign - Borrowing and onlending	2,251,728	2,324,175
			Other obligations	755,280	767,864
Total assets in foreign currency, excluding derivatives	**1,551,116**	**1,622,339**	Total liabilities in foreign currency	**3,099,562**	**3,188,371**
Swap transactions	1,444,302	1,476,037	Swap transactions	-	-
Total long position in foreign currency	**2,995,418**	**3,098,376**	Total short position in foreign currency	**3,099,562**	**3,188,371**

Foreign currency exposure is maintained below the limits established in the Corporate Risk Management, Internal Control and Safety Policy (5% of the Referential equity - RE).

g) Operating limits – Basel Accord

In March 2013, BACEN disclosed the standards that rule the implementation in Brazil of recommendations from the Basel Committee on Banking Supervision, referring to capital structure of financial institutions, jointly known as Basel III, effective from October 2013.

These standards basically promoted the following changes in relation to those requirements in force up to that date:

i. new methodology for calculation of regulatory capital that in Brazil is denominated Referential equity (RE), which will continue to be divided into Tiers I and II;

ii. calculation of required capital maintenance, adopting minimum requirements for Referential equity, of Tier I and Principal Capital and introduction of the Additional Principal Capital; and

iii. review of some weightings and adjustments in the calculation of credit risk exposure.

Calculation of minimum required capital is established as a percentage of the amount of Risk-Weighted Assets (RWA). The new standards establish three independent capital requirements to be observed on a continuous basis by financial institutions, as follows:

i. 4.5% for Principal Capital, which primarily comprises of shares, units of interests, reserves and retained profits;

ii. 5.5% for Tier I, represented by Principal Capital and other instruments able to absorb losses with the financial institution in operation; and

iii. 8% for total Referential equity, which is comprised of Tier I and other funding instruments able to absorb losses upon the institution's windup.

In addition to the aforementioned requirements, BACEN also determined the creation of a supplementary enforceability denominated Additional Principal Capital, which corresponds to the so-called conservation capital (fixed) and countercyclical capital (variable) set out in Basel III. At the end of the implantation period, the Additional Principal Capital must be at lease of 2.5% and at most of 5% of the RWA amount and its exact amount must be established by BACEN according to the macroeconomic context.

At 3.31.2014, the Bank presented an Extended Basel Ratio (including capital for RBAN coverage) of 15.2% (15.76% at 12/31/2013) and indices of Tier I and Principal Capital were both in 8.7% (8.94% on 12.31.2013). The Referential equity required was calculated at R$ 5,389,973 (R$ 5,524,588 at 12/31/2013), Tier I and Principal Capital stated the same amount of R$ 2,990,921 (R$ 3,039,352 at 12/31/2013) and the risk-weighted assets (RWA amount) totaled R$ 34,396,778 (R$ 34,015,667 at 12/31/2013), as under:

i. Breakdown of RE (Basel III)

Specification	**3.31.2014**	**12.31.2013**
Referential Equity (RE)	**5,389,973**	**5,524,588**
. Tier I	**2,990,921**	**3,039,352**
. Principal capital	2,990,921	3,039,352
. Additional capital	-	-
. Tier II	**2,399,052**	**2,485,236**
Risk weighted assets (RWA)	**34,396,778**	**34,015,667**
. RWACPAD installment	29,090,451	28,947,518
. RWACAM installment	46,095	-
. RWAJUR installment	46,764	55,036
. RWACOM installment	2,745	2,900
. RWAOPAD installment	5,210,723	5,010,213
RBAN amount	**1,061,559**	**1,047,966**
Margin in Required Referential Equity (RE – [RWA * 11%])	**1,606,327**	**1,782,865**
Margin in Required RE considering RBAN {RE – ([RWA + RBAN]* 11%)}	**1,489,556**	**1,667,588**
Basel Ratio:		
.Principal capital ratio (minimum requirement 4.5%)	8.70%	8.94%
.Tier I ratio (minimum requirement 5.5%)	8.70%	8.94%
.Basel ratio (minimum requirement 11%)	15.67%	16.24%
.Basel ratio including RBAN	15.20%	15.76%

In which:

. RWACPAD: amount related to credit risk exposure.

. RWACAM: amount related to exposure to gold, foreign currency and assets subject to foreign exchange variation.

. RWAJUR: amount related to exposures subject to changes in interest rates.

. RWACOM: amount related to exposure subject to changes in commodity prices.

. RWAOPAD: amount related to operating risk.

. RBAN: capital to cover risk to transactions of changes in interest rate not classified in the trading portfolio.

ii. Detail on RE (Basel III)

Specification	3.31.2014	12.31.2013
Referential Equity (RE)	**5,389,973**	**5,524,588**
Referential Equity - TIER I	**2,990,921**	**3,039,352**
Principal capital	**2,990,921**	**3,039,352**
Capital	2,844,000	2,437,000
Capital reserve, revaluation reserve, and income reserve	182,823	611,259
Accounts credits income	2,169,650	-
Surplus or retained earnings	574	-
Unrealized losses – equity valuation and marketable securities	(91,066)	(8,045)
Accounts negative results	(2,072,095)	-
Treasury shares and other Bank's instruments	-	(384)
Prudential adjustment – intangible assets	(1,361)	-
Prudential adjustment – deferred assets	(378)	(478)
Prudential adjustment – tax credits and temporary differences	(41,226)	
RE TIER II	**2,399,052**	**2,485,236**
Instruments eligible for Tier II	2,452,206	2,538,135
Investment in other entities, deducted from Tier II	(53,154)	(52,899)

The Subordinated Debt Instruments contracted with the FNE, authorized to comprise RE Tier II before the entry into force of CMN Resolution No. 4192 dated 3.1.2013, according to paragraph 2 of its article 23, shall remain eligible up to their amortization, and therefore these instruments are not subject to the limits listed in the afore-mentioned Resolution.

Regarding the Hybrid Equity and Debt instrument limits the authorization for continued use of the full contracted amount, under additional capital conditions, will be required of BACEN after signing an amendment, where bases have been negotiated with the National Treasury (STN). Meanwhile, the limits defined in Resolution No. 4192 are being applied as from 03/01/2013.

Investment index

CMN Resolution No. 2669 of 11.25.1999 set forth a limit of 50% of adjusted RE, as from December 2002, for the investment index. The Bank's status is as follows:

Specification	3.31.2014	12.31.2013
Referential Equity (RE) for investment limit	5,389,973	5,524,588
Investment limit	2,694,986	2,762,294
Status	212,465	208,915
Margin	2,482,521	2,553,379
Investment index	3.94%	3.78%

NOTE 28 – Related parties

a) Transactions with related parties

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	3.31.2014	12.31.2013
Assets		
Loans – refinancing with the Federal Government (Note 9.a.1)	382,141	384,355
Total	**382,141**	**384,355**

Specification	3,31,2014	12,31,2013
Liabilities		
Time deposits - FAT (Note 13.b and Note 26)	**495,377**	**520,240**
Domestic onlending – Official institutions (Note 14.c)	**1,693,586**	**1,706,841**
National Treasury	681	698
BNDES	1,514,066	1,528,337
FINAME	178,839	177,806
Other liabilities	**10,783,811**	**9,644,360**
Northeast Constitutional Financing Fund (FNE) (Note 16.f)	7,974,231	6,915,797
Hybrid equity-debt instruments (Note 16.g and Note 17)	1,319,288	1,272,581
Subordinated debts eligible for capital (Note 16.h and Note 18)	1,490,292	1,455,982
Total	**12,972,774**	**11,871,441**

a.2) Significant transactions with entities related to the Bank's employees, namely, *Caixa de Previdência* (CAPEF) and *Caixa de Assistência Médica* (CAMED), are broken as follows:

Specification	3.31.2014	12.31.2013
Liabilities		
Post-employment benefits CAPEF DB Plan (Note 16.i)	134,758	78,344
Post-employment benefits CAMED Natural Plan (Note 16.i)	716,373	722,317
Total	**851,131**	**800,661**

b) Management compensation

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

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Fees	**897**	**852**
Executive board	762	**739**
Board of directors	70	56
Supervisory board	65	57
Other	**82**	**75**
Total short-term benefits	**979**	**927**
Post-employment benefits	**60**	**48**
Total	**1,039**	**975**

The Bank does not have variable stock-based compensation and other long-term benefits and does not offer post-employment benefits to management, except for those comprising the headcount, participants of the Bank's Pension and Health Care Plan.
The Bank does not grant loans to its Executive Officers, members of its Board of Directors and Supervisory Board, since this practice is forbidden to financial institutions regulated by the Central Bank of Brazil.

NOTE 29 – Statement of comprehensive income

Specification	01.01 to 3.31.2014	01.01 to 3.31.2013
Net income	**146,528**	**(22,184)**
Other comprehensive income	**(82,448)**	**(173,252)**
Equity adjustment to available for sale securities	(53,835)	(172,276)
Tax effect on equity adjustment to available for sale securities	21,534	68,910
Realization of Revaluation reserve	956	956
Tax effect on revaluation reserve released to retained earnings	(382)	(382)
Actuarial gains (losses)	(50,721)	(70,460)
Comprehensive income	**64,080**	**(195,436)**

NOTE 30 – Other information

a) Guarantees given

Co-obligations and risks related to guarantees given by the Bank are broken down as follows:

Specification	3.31.2014	12.31.2013
Import financing	12,769	54,614
Guarantee beneficiaries		
- Individuals or non-financial legal entities	20,450	20,450
- FNE	16,960,868	16,869,908
- Other entities	84,586	83,801
Credit assignment co-obligations	22,376	22,660

b) Voluntary Dismissal Program (PID)

The Bank's Board of Directors approved the voluntary dismissal program (PID), valid from 2.24.2014 to 3.31.2014. At the end of the term 547 employees adhered to the program amounting to an expense of R$ 102,381.

Fortaleza, April 22, 2014.

The Executive Board

Note: See accompanying notes.

A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

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Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the interim financial information of Banco do Nordeste do Brasil S.A. ("Bank") contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2014, comprising the balance sheet as at March 31, 2014 and the related income statements and statements of comprehensive income, and the statement of changes in equity and cash flow statement for the three-month period then ended, including the summary of significant accounting practices and other explanatory notes.

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. 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above is 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, consistently with the rules issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Quarterly Information - ITR.

Emphasis of a matter

Interim statements of value added

We have also reviewed the interim statements of value added (SVA) for the three-month period ended March 31, 2014, prepared under the responsibility of the Bank's management, under which presentation in the interim financial information is required by CVM rules applicable to preparation of Quarterly Information (ITR). These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in accordance with the overall interim financial information.

São Paulo, May 9, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP15199/O-6-F-CE

Flávio Serpejante Peppe
Accountant CRC-1SP172.167/O-6

Guilherme Portella Cunha
Accountant CRC-1RJ 106.036/O-5