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## Company Information / Capital Breakdown

<b>Number of shares (in thousands)</b>	<b>Current quarter 03/31/2016</b>
<b>Paid-in Capital</b>	
Common shares	86,371
Preferred shares	0
<b>Total</b>	<b>86,371</b>
<b>Treasury shares</b>	
Common shares	0
Preferred shares	0
<b>Total</b>	<b>0</b>

## Company Information / Cash Proceeds

Event	Approval	Proceeds	Beginning of payment	Share type	Share class	Earnings per share (Reais / Share)
Annual and Special General Meeting	03/31/2016	Interest on Equity (IOE)	04/22/2016	Common		0,21421

A free translation from Portuguese into English of the Quarterly Financial Information (ITR) prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and presented according with the standards issued by the Brazilian Securities Exchange Commission - CVM and Central Bank of Brazil

## Individual Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2016	Prior year 12/31/2015
1	Total Assets	41,994,900	41,421,935
1.01	Current Assets	19,926,804	21,939,440
1.01.01	Cash and cash equivalents	213,554	209,975
1.01.02	Interbank investments	9,646,723	12,445,108
1.01.02.01	Open market investments	9,646,723	12,444,473
1.01.02.02	Interbank deposits	0	635
1.01.03	Marketable securities	2,334,987	253,302
1.01.03.01	Own portfolio	438,247	227,797
1.01.03.02	Linked to repurchase agreements	1,637,860	0
1.01.03.03	Linked to guarantees given	258,880	25,505
1.01.04	Interbank accounts	222,319	178,168
1.01.04.01	Unsettled payments and receipts	45,234	1,378
1.01.04.02	Central Bank deposits	174,473	173,609
1.01.04.03	National Treasury - Rural Credit Funds	21	102
1.01.04.04	Interbank Onlending	1,704	1,885
1.01.04.05	Correspondents	887	1,194
1.01.06	Loans	5,000,384	5,476,359
1.01.06.01	Public sector	211,655	243,022
1.01.06.02	Private sector	5,326,388	5,734,502
1.01.06.03	(Allowance for loan losses)	-537,659	-501,165
1.01.08	Other Credits	2,472,738	3,344,533
1.01.08.01	Guarantees and sureties honored	0	29
1.01.08.02	Exchange portfolio	684,088	818,089
1.01.08.03	Income receivable	14,406	13,075
1.01.08.04	Securities trading	12	4
1.01.08.05	-Other Receivables	1,956,511	2,719,014
1.01.08.06	(Allowance for losses on othercredits)	-182,279	-205,678
1.01.09	Other assets	36,099	31,995
1.01.09.01	Other assets	14,079	13,996
1.01.09.02	(Valuation allowance)	-622	-625
1.01.09.03	Prepaid expenses	22,642	18,624
1.02	Long-term receivables	21,831,890	19,248,006
1.02.02	Marketable securities	14,248,721	12,073,969
1.02.02.01	Own portfolio	13,519,719	9,455,535
1.02.02.02	Linked to repurchase agreements	70,898	1,606,140
1.02.02.03	Derivative financial instruments	479,781	610,474
1.02.02.04	Linked to guarantees given	178,323	401,820
1.02.03	Interbank accounts	60,508	45,493
1.02.03.01	National Treasury - Rural Credit Funds	73	2
1.02.03.02	National Housing System (SFH)	60,435	44,549
1.02.03.03	Interbank Onlending	0	942
1.02.05	Loans	6,678,368	6,723,551
1.02.05.01	Public sector	1,290,578	1,381,893
1.02.05.02	Private sector	5,849,807	5,762,903
1.02.05.03	(Allowance for loan losses)	-462,017	-421,245

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

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2016</b>	<b>Prior year 12/31/2015</b>
1.02.07	Other Credits	844,293	404,993
1.02.07.01	Guarantees and sureties honored	0	117
1.02.07.02	Income receivable	18,049	18,049
1.02.07.03	-Other Receivables	873,147	433,416
1.02.07.04	(Allowance for losses on other credits)	-46,903	-46,589
1.03	Permanent assets	236,206	234,489
1.03.01	Investments	1,898	1,866
1.03.01.04	Other investments	7,201	7,169
1.03.01.05	Allowance for Losses	-5,303	-5,303
1.03.02	Property and equipment in use	217,294	215,976
1.03.02.01	Property and Equipment in use	170,063	168,413
1.03.02.02	Revaluation of property and equipment in use	107,628	107,628
1.03.02.03	Other property and equipment in use	276,497	263,840
1.03.02.04	(Accumulated depreciation)	-336,894	-323,905
1.03.04	Intangible assets	16,995	16,610
1.03.04.01	Intangible assets	16,995	16,610
1.03.05	Deferred charges	19	37
1.03.05.01	Organization and expansion costs	342	358
1.03.05.02	(Accumulated amortization)	-323	-321

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

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2016</b>	<b>Prior year 12/31/2015</b>
2	Total liabilities	41,994,900	41,421,935
2.01	Current liabilities	17,790,551	15,931,326
2.01.01	Deposits	5,717,761	5,720,863
2.01.01.01	Demand deposits	242,069	333,005
2.01.01.02	Savings deposits	1,860,422	1,854,853
2.01.01.03	Interbank deposits	1,010,209	1,037,769
2.01.01.04	Time deposits	2,605,061	2,495,236
2.01.02	Open market funding	1,704,512	1,541,765
2.01.02.01	Own portfolio	1,636,811	1,474,628
2.01.02.02	Third-party portfolio	67,701	67,137
2.01.03	Funds from acceptance and issue of securities	263,097	224,885
2.01.03.01	Funds from real estate, mortgage, credit and similar notes	241,151	215,449
2.01.03.02	Liabilities for foreign marketable securities	21,946	9,436
2.01.04	Interbank accounts	37,135	363
2.01.04.01	Unsettled payments and receipts	37,135	363
2.01.05	Interdepartmental accounts	5,908	12,373
2.01.05.01	Third-party funds in transit	5,796	12,331
2.01.05.02	Internal transfers of funds	112	42
2.01.06	Borrowings	810,575	1,000,882
2.01.06.01	Foreign borrowings	810,575	1,000,882
2.01.07	Domestic Onlending -Official Institutions	153,235	150,552
2.01.07.01	National Treasury	436	426
2.01.07.02	BNDES	126,034	123,008
2.01.07.03	FINAME	26,765	27,118
2.01.08	Foreign onlending	155,900	168,823
2.01.09	Other Liabilities	8,942,428	7,110,820
2.01.09.01	Collection of taxes and other contributions	79,616	2,312
2.01.09.02	Exchange portfolio	7,668	3,977
2.01.09.03	Social and statutory	50,158	46,661
2.01.09.04	Tax and social security	352,843	583,927
2.01.09.05	Securities trading	153	117
2.01.09.06	Financial and development funds	6,189,016	4,441,912
2.01.09.07	Hybrid debt/equity instruments	0	92,567
2.01.09.08	Other	2,262,974	1,939,347
2.02	Long-term payables	21,234,579	22,647,423
2.02.01	Deposits	4,634,747	5,029,884
2.02.01.01	Interbank deposits	164,024	171,034
2.02.01.02	Time deposits	4,470,723	4,858,850
2.02.02	Open market funding	70,322	129,478
2.02.02.01	Own portfolio	70,322	129,478
2.02.03	Funds from acceptance and issue of securities	1,073,957	1,194,587
2.02.03.01	Liabilities for foreign marketable securities	1,073,957	1,194,587
2.02.07	Domestic Onlending - Official Institutions	1,590,759	1,558,594
2.02.07.01	BNDES	1,481,585	1,444,316
2.02.07.02	FINAME	109,174	114,278

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

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2016</b>	<b>Prior year 12/31/2015</b>
2.02.08	Foreign onlending	806,900	911,560
2.02.09	Other Liabilities	13,057,894	13,823,320
2.02.09.01	Financial and development funds	7,476,189	7,882,272
2.02.09.02	Hybrid debt/equity instruments	0	1,408,609
2.02.09.03	Debt instruments eligible to capital	1,000,000	0
2.02.09.04	Subordinated debts eligible to capital	1,843,766	1,792,282
2.02.09.05	Other	2,737,939	2,740,157
2.05	Equity	2,969,770	2,843,186
2.05.01	Capital	2,844,000	2,844,000
2.05.01.01	Domiciled in Brazil	2,844,000	2,844,000
2.05.03	Revaluation Reserves	16,088	16,621
2.05.03.01	Own assets	16,088	16,621
2.05.04	Income reserves	605,963	598,429
2.05.04.01	Legal	200,726	200,726
2.05.04.02	Statutory	397,703	397,703
2.05.04.07	Other income reserves	7,534	0
2.05.05	Equity Adjustments	-548,475	-615,864
2.05.05.01	Adjustments to marketable securities	-548,475	-615,864
2.05.06	Retained earnings/accumulated losses	52,194	0

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

Account code	Account description	YTD - current year	
		01/01/2016 to 03/31/2016	01/01/2015 to 03/31/2015
3.01	Income from financial intermediation	1,288,496	1,758,306
3.01.01	Loans	516,420	648,858
3.01.02	Gain (loss) on marketable securities transactions	843,677	662,411
3.01.03	Gain (loss) on derivative financial instruments	-130,693	283,435
3.01.04	Foreign exchange gain (loss)	41,261	158,189
3.01.05	Compulsory investment gain(loss)	17,831	5,413
3.02	Expenses from financial intermediation	-964,310	-1,600,927
3.02.01	Funding Operations	-363,301	-646,009
3.02.02	Borrowings and onlending	-429,576	-685,377
3.02.03	Allowance for loan losses	-171,433	-269,541
3.03	Gross Income from Financial Intermediationt	324,186	157,379
3.04	Other operating income/expenses	-94,663	-122,711
3.04.01	Income for Services Provided	532,106	533,185
3.04.02	Personnel expenses	-426,027	-355,545
3.04.03	Other administrative expenses	-260,835	-214,273
3.04.04	Tax expenses	-71,645	-60,851
3.04.05	Other operating income	675,385	349,123
3.04.06	Other operating expenses	-543,647	-374,350
3.05	Operating income (expense)	229,523	34,668
3.06	Non-operating income (expense)	376	1,723
3.06.01	- Income	829	1,874
3.06.02	Expenses	-453	-151
3.07	Income (Loss) before income taxes and profit sharing	229,899	36,391
3.08	Provision for income and social contribution taxes	-103,469	-87,643
3.08.01	Provision for income tax	-56,068	-53,911
3.08.02	Provision for social contribution tax	-47,401	-33,732
3.09	Deferred income tax	-45,121	138,141
3.10	Statutory profit sharing	-3,501	-30,117
3.10.01	Profit sharing	-3,501	-30,117
3.13	Net income/loss for the period	77,808	56,772
3.99	Earnings per share (reais / share)	0.90086	0.65730



## Individual Financial Statements / Statement of Comprehensive Income (in thousands of reais)

Account code	Account description	YTD – current Year	
		01/01/2016 to 03/31/2016	01/01/2015 to 03/31/2015
4.01	Net income for the period	77,808	56,772
4.02	Other comprehensive income (loss)	67,922	-48,819
4.02.01	Equity adjustment to available-for-sale securities	113,588	-81,752
4.02.02	Realization of revaluation reserve	969	968
4.02.03	Tax effect on realization of revaluation reserve	-436	-387
4.02.04	Actuarial gains (losses)	-511	-349
4.02.05	Tax effect on equity adjustment to available-for-sale securities	-45,688	32,701
4.03	Comprehensive income/loss for the period	145,730	7,953

**Individual Financial Statements / Cash Flow Statement - Indirect****Method (in thousands of reais)**

Account code	Account description	YTD - current year	
		01/01/2016 to 03/31/2016	01/01/2015 to 03/31/2015
6.01	Net cash from operating activities	1,930,394	510,893
6.01.01	Cash from operations	528,901	609,793
6.01.01.01	Net income for the period	77,808	56,772
6.01.01.02	Depreciation and amortization expenses	10,801	9,278
6.01.01.03	Valuation allowance for other assets	-2	-3
6.01.01.04	Allowance for loan losses	188,502	184,553
6.01.01.05	Allowance for losses on other receivables	-17,069	84,988
6.01.01.06	Allowance for risk on FNE transactions	194,592	236,333
6.01.01.07	Allowance for risk on FDNE transactions	12	15
6.01.01.08	Provision for contingent liabilities	13,996	18,342
6.01.01.09	Provision for post-employment benefits	47,026	35,313
6.01.01.10	Reversal of operating provisions	13,235	-15,798
6.01.02	Changes in assets and liabilities	1,401,493	-98,900
6.01.02.01	Interbank investments	71	-13,518
6.01.02.02	Interbank and interdepartmental accounts	-28,858	-22,892
6.01.02.03	Loans	332,657	-499,848
6.01.02.04	Other Credits	521,650	-135,597
6.01.02.05	Other assets	-4,116	-4,616
6.01.02.06	Deposits	-398,239	-540,567
6.01.02.07	Open market funding	103,591	-76,600
6.01.02.08	Funds from acceptance and issue of securities	-82,417	386,619
6.01.02.09	Borrowings and onlending	-273,042	557,603
6.01.02.10	Derivative financial instruments	130,693	-283,435
6.01.02.11	Other liabilities	1,220,936	574,753
6.01.02.12	Income and social contribution taxes paid	-121,433	-40,802
6.02	Net cash from investing activities	-4,331,735	60,885
6.02.01	Available-for-sale marketable securities	-4,319,230	70,522
6.02.02	Addition to Investments	-32	0
6.02.03	Addition to property and equipment in use	-15,246	-9,646
6.02.04	Addition to intangible assets	-385	0
6.02.05	Addition to assets not for own use	-26	-630
6.02.06	Disposal of property and equipment in use	3,145	629
6.02.07	Disposal of assets not for own use	39	10
6.03	Net cash from financing activities	-393,394	0
6.03.01	Dividends, bonuses and Interest on Equity (IOE) paid	-4	0
6.03.02	Hybrid debt/equity instruments	-393,390	0
6.05	Increase (decrease) in cash and cash equivalents	-2,794,735	571,778
6.05.01	Cash and cash equivalents at beginning of period	12,587,311	8,365,461
6.05.02	Cash and cash equivalents at end of period	9,792,576	8,937,239

## Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2016 to 03/31/2016

(in thousands of reais)

Account code	Account description	Capital	Capital reserves	Revaluation reserves	Income reserves	Retained earnings/ (accumulated losses)	Equity adjustments	Total equity
5.01	Opening balance	2,844,000	0	16,621	598,429	0	-615,864	2,843,186
5.03	Adjusted balance	2,844,000	0	16,621	598,429	0	-615,864	2,843,186
5.04	Income/loss for the period	0	0	0	0	77,808	0	77,808
5.05	Allocations	0	0	0	7,534	-26,147	0	-18,613
5.05.02	Interest on Equity (IOE)	0	0	0	7,534	-26,147	0	-18,613
5.07	Equity Adjustments	0	0	-533	0	533	67,389	67,389
5.07.01	Adjustments to marketable securities	0	0	0	0	0	67,900	67,900
5.07.04	Realization of reserve	0	0	-533	0	533	0	0
5.07.05	Actuarial Gains and Losses	0	0	0	0	0	-511	-511
5.13	Closing balance	2,844,000	0	16,088	605,963	52,194	-548,475	2,969,770

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

Account code	Account description	YTD - current year	
		01/01/2016 to 03/31/2016	01/01/2015 to 03/31/2015
7.01	Revenues	1,781,283	1,998,447
7.01.01	Financial intermediation	1,288,496	1,758,306
7.01.02	Services Provided	532,106	533,185
7.01.03	(Reversal of) Allowance for loan losses	-171,433	-269,541
7.01.04	Other	132,114	-23,503
7.02	Expenses from financial intermediation	-792,877	-1,331,386
7.03	Inputs acquired from third parties	-240,682	-198,049
7.03.01	Materials, energy and other expenses	-20,973	-17,628
7.03.02	Third-parties services	-123,031	-105,973
7.03.04	Other	-96,678	-74,448
7.03.04.01	Data processing and telecommunications	-55,739	-37,866
7.03.04.02	Advertising, promotions and publications	-3,539	-7,429
7.03.04.03	Transportation	-6,557	-5,817
7.03.04.04	Security	-13,508	-10,402
7.03.04.05	Travel	-2,944	-3,009
7.03.04.06	Other	-14,391	-9,925
7.04	Gross Value Added	747,724	469,012
7.05	Retentions	-10,801	-9,278
7.05.01	Depreciation, amortization and depletion	-10,801	-9,278
7.06	Net value added produced	736,923	459,734
7.08	Total Value Added to be Distributed	736,923	459,734
7.09	Distribution of Value Added	736,923	459,734
7.09.01	Personnel	370,300	335,774
7.09.01.01	Work Compensation	258,109	246,171
7.09.01.02	Benefits	92,720	73,564
7.09.01.03	FGTS	19,471	16,039
7.09.02	Taxes, charges and contributions	279,463	60,242
7.09.02.01	Federal	272,828	54,357
7.09.02.02	State	2	15
7.09.02.03	Municipal	6,633	5,870
7.09.03	Debt Remuneration	9,352	6,946
7.09.03.01	Rent	9,352	6,946
7.09.04	Equity Remuneration	77,808	56,772
7.09.04.01	Interest on Equity (IOE)	26,147	19,191
7.09.04.03	Retained Earnings/Loss for the period (	51,661	37,581

## Operating Performance

BNB entered into 1,168,519 loan and financing transactions in the total amount of R\$4.3 billion in the first quarter of 2016, an increase of 2.0% in the number of such transactions, however representing a 14.3% decrease in the total amount of these transactions compared to the first quarter of 2015.

The funds used in long-term loan transactions mostly derived from Fundo Constitucional de Financiamento do Nordeste (FNE). In the first quarter of 2016, loan transactions were contracted in the amount of R\$1.8 billion with proceeds from FNE, aggregating a total of 127,485 transactions, a 14.4% decrease in the contracted amount and an 10.0% increase in the number of transactions compared to the same period in 2015.

Through its urban production-oriented microloan program, denominated Crediamigo, BNB disbursed approximately R\$2.3 billion, contracting 1,083,914 transactions in the first quarter of

In relation to the Programa Nacional de Fortalecimento da Agricultura Familiar (Pronaf), BNB contracted 120,662 financing transactions totaling the amount of R\$587.9 million in the first quarter of 2016, which represents a 12.1% increase in the contracted amount and an 11.1% increase in the number of transactions.

Under the Pronaf program, BNB operates the rural production-oriented microloan program denominated Agroamigo. Under this type 116,159 transactions were contracted in the first quarter of 2016 with family farmers, in the total amount of R\$473.0 million, representing a 12.0% increase in the contracted amount and an 11.4% increase in the number of transactions in relation to the same period of 2015.

Under the urban production-oriented microloan program (Crediamigo) and the rural Agroamigo program, a total amount of approximately R\$2.3 billion was disbursed in the first quarter of 2016, with a total of 1,083,914 contracted transactions providing support to micro-entrepreneurs in the urban and rural areas within the Bank's jurisdiction.

In relation to support to micro and small enterprises, BNB entered into 12,311 transactions in the amount of R\$471.2 million in the first quarter of 2016, a 20.5% decrease in the contracted amount and a 22.1% decrease in the number of transactions.

In relation to the financial performance, BNB posted net income of R\$77.8 million in the first quarter of 2016, a 37.0% increase compared to the first quarter of 2015.

**CVM Rule No. 381, of January 14,2003**

In relation to CVM Rule No. 381/03, dated 01.14.2003, Banco do Nordeste informs hereby that Ernst & Young Auditores Independentes S/S, engaged as Independent Auditor, did not provide, in the first quarter of 2016, any services other than independent audit services.

## NOTES TO FINANCIAL STATEMENTS

Quarters ended March 31, 2016 and 2015

Amounts expressed in thousands of reais, unless otherwise stated

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### NOTE 1 - The Bank and its Characteristics

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

### NOTE 2 - Basis of preparation and presentation of financial statements

The financial statements were prepared in accordance with the provisions from the Brazilian Corporation Law, as amended by Laws No. 11638 and No. 11941 of 12.28.2007 and 05.27.2009, respectively, and regulations of the Conselho Monetário Nacional (CMN), Banco Central do Brasil (BACEN), and the Comissão de Valores Mobiliários (CVM), and are presented in accordance with the Plano Contábil das Instituições do Sistema Financeiro Nacional (COSIF).

: The pronouncements issued by the Brazilian financial accounting standards board - Comitê de Pronunciamentos Contábeis (CPC) in the process of convergence between the Brazilian accounting standards and the International Financial Reporting Standards (IFRS), adopted by the CMN by way of rules amended as well as those approved by the CVM that do not clash with CMN rules, are included in the Bank's financial statements as follows:

- CPC 00 (R1) - The Conceptual Framework for Financial Reporting (CMN Resolution No. 4144 of 09.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566 of 05.29.2008);

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

### **NOTA 3 - Summary of significant accounting practices**

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

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

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

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

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

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

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

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

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

#### **d) Cash and cash equivalents**

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

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

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

#### **f) Marketable securities**

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

**Securities Held for Trading** : acquired to be actively and frequently traded, adjusted to marked value against P&L for the period;

**Available-for-sale securities**: securities not classified as either securities held for trading or held-to-maturity securities and reported at marked value, net of taxes, with unrealized gains and losses reported in a separate matched against 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**

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

Swap transactions are stated in balance sheet and memorandum accounts, according to their nature, based on prevailing accounting standards and legal provisions. They are measured at market value upon preparation of monthly trial balances and half-yearly balance sheets. Valuations or devaluations are stated in income or expense accounts. The rates disclosed by BM&FBOVESPA, a securities, commodities and futures exchange, are used to calculate the market value of these transactions **Hedge Accounting**

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

Changes in the market value of derivatives designated as hedging instruments 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 for the period. 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%.

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

Loans, advances on 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, debtors and guarantors, considering the standards established by CMN Resolution No. 2682 of 12.21.1999, which require the periodic analysis of the portfolio and its rating into nine risk levels, where "AA" is the minimum risk and "H" is the maximum risk, as well as the classification of operations in arrears for more than 15 days as past due operations.

Income from loans over 59 days past due, regardless of the risk level, is only recognized as income 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 sheets.

Renegotiated operations are kept at least at the same level into which they were classified.

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

**i) Prepaid expenses**

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

**j) Permanent assets**

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

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

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

Deferred charges: include expenses on third-party properties and software purchase and development incurred through 09.30.2008 and include amortization calculated by 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, which have been recorded based on prior standards, should be maintained until such balances are actually written off.

#### **k) Taxes**

Corporate Income Tax (IRPJ) is calculated at the rate of 15% plus a 10% surtax (on taxable profit exceeding R\$240 for the year), and Social Contribution Tax on Net Profit (CSLL) is calculated at the rate of 20% (until 08.31.2015 this rate was 15% and from 09.01.2015 it was changed to 20% up to 12.31.2018, in compliance with the Provisional Executive Order No. 675 (MP No. 675) of 05.21.2015, signed into Law No. 13169 of 10.06.2015), after the adjustments to statutory profit determined by tax legislation. Deferred tax assets and liabilities are calculated, substantially, on temporary differences between accounting and tax bases, arising from allowances for loan losses, provisions for post-employment benefits, mark-to-market of marketable securities, derivative financial instruments, and hedged item.

Pursuant to current legislation, the expected realization of tax credits is based on future taxable income projections and on technical studies carried out every six months.

PASEP and 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), on an accrual basis.

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

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

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

#### **m) Deposits and open market funding**

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

#### **n) Impairment of assets**

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

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

Provisions, contingent assets, contingent liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution No. 3823 of 12.16.2009, and BACEN Circular No. 3429 of 02.11.2010.

Provisions for civil, tax, labor and other claims are recognized in the financial statements when, based on the opinion of legal advisors and management, the likelihood of loss in a given legal or administrative

proceeding is assessed as probable, the settlement of which is likely to result in an outflow of economic benefits, and the amounts involved can be reliably measured upon court reference/notification, reviewed as required by procedural changes, and monetarily restated on a monthly basis.

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, and contingent liabilities are not recognized in the financial statements.

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

**p) Use of estimates**

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

**q) Earnings per share**

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

**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: loans and market transactions, fund management and provision of other banking services and collaterals; and

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

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

For the quarters ended 03.31.2016 and 03.31.2015, no revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenue.

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 03.31.2016			01.01 to 03.31.2015		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
<b>Revenues</b>	<b>1,214,158</b>	<b>750,099</b>	<b>1,964,257</b>	<b>1,543,499</b>	<b>565,653</b>	<b>2,109,152</b>
Income from loans	516,420	-	516,420	648,858	-	648,858
Gain(Loss) on marketable securities transactions	402,804	440,873	843,677	393,552	268,859	662,411
Gain(Loss) on derivative financial instruments	(130,693)	-	(130,693)	283,435	-	283,435
Foreign exchange gain(loss)	41,261	-	41,261	158,189	-	158,189
Compulsory investment gain(loss)	17,831	-	17,831	5,413	-	5,413
Other income	366,535	309,226	675,761	54,052	296,794	350,846
<b>Expenses</b>	<b>(543,282)</b>	<b>(615,931)</b>	<b>(1,159,213)</b>	<b>(1,344,170)</b>	<b>(493,258)</b>	<b>(1,837,428)</b>
Expenses on open market funding	(363,301)	-	(363,301)	(646,009)	-	(646,009)
Expenses on borrowings and onlending	(8,548)	(421,028)	(429,576)	(428,620)	(256,757)	(685,377)
Allowance for loan losses	(171,433)	(194,592)	(366,025)	(269,541)	(236,333)	(505,874)
Other contingent liabilities (Note 20.g)	-	(212)	(212)	-	-	-
PROAGRO provision receivable	-	(99)	(99)	-	(168)	(168)
<b>Financial margin</b>	<b>670,876</b>	<b>134,168</b>	<b>805,044</b>	<b>199,329</b>	<b>72,395</b>	<b>271,724</b>
Service revenues	93,303	426,434	519,737	89,983	433,140	523,123
Income from fees, charges and commissions	12,369	-	12,369	10,062	-	10,062
<b>PASEP and COFINS</b>	<b>(27,601)</b>	<b>(37,106)</b>	<b>(64,707)</b>	<b>(18,896)</b>	<b>(35,955)</b>	<b>(54,851)</b>
<b>Income after fees and commissions</b>	<b>748,947</b>	<b>523,496</b>	<b>1,272,443</b>	<b>280,478</b>	<b>469,580</b>	<b>750,058</b>
<b>Administrative Expenses</b>			<b>(686,862)</b>			<b>(569,818)</b>
Personnel expenses			(426,027)			(355,545)
Depreciation and amortization			(10,801)			(9,278)
Other administrative expenses			(250,034)			(204,995)
<b>Other expenses</b>			<b>(326,687)</b>			<b>(125,506)</b>
<b>Expenses with provisions, except allowance for loan losses</b>			<b>(28,995)</b>			<b>(18,343)</b>
<b>Income before taxation and profit sharing</b>			<b>229,899</b>			<b>36,391</b>
Income and social contribution taxes			(148,590)			50,498
Profit sharing			(3,501)			(30,117)
<b>Net income</b>			<b>77,808</b>			<b>56,772</b>

**NOTE 5 - Cash and cash equivalents**

Specification	03.31.2016	12.31.2015
Cash and cash equivalents in local currency	176,017	151,549
Cash in foreign currency	37,537	58,426
<b>Total cash</b>	<b>213,554</b>	<b>209,975</b>
Interbank investments	9,579,022	12,377,336
<b>Total cash and cash equivalents</b>	<b>9,792,576</b>	<b>12,587,311</b>

**NOTE 6 - Interbank investments**

**a) Breakdown**

Specification	03.31.2016	12.31.2015
<b>a) Open market investments</b>	<b>9,646,723</b>	<b>12,444,473</b>
Resale agreements pending settlement - Self-funded position	9,579,022	12,377,336
Resale agreements pending settlement - Financed position	67,701	67,137
<b>b) Interbank deposits</b>	<b>-</b>	<b>635</b>
Foreign currency investments	-	635
<b>Total</b>	<b>9,646,723</b>	<b>12,445,108</b>
Short-term	9,646,723	12,445,108

**b) Income from interbank investments**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
<b>a) Income from open market investments (Note 7.b)</b>	<b>319,566</b>	<b>232,352</b>
Self-funded position	317,428	228,509
Financed position	2,138	3,843
<b>b) Income from interbank deposits (Note 7.b)</b>	<b>-</b>	<b>211</b>
<b>Total</b>	<b>319,566</b>	<b>232,563</b>

**NOTE 7 - Marketable securities and derivative financial instruments**

**a) Marketable securities**

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

**a.1) Marketable Securities and Derivative Financial Instruments**

Specification	03.31.2016	12.31.2015
Available-for-sale securities	15,926,698	11,543,732
Held-to-maturity securities	177,229	173,065
Swap differential receivable	479,781	610,474
<b>Total</b>	<b>16,583,708</b>	<b>12,327,271</b>
Short-term	2,334,987	253,302
Long-term	14,248,721	12,073,969

**a.2) Available-for-sale securities**

Specification	03.31.2016								
	Maturity					Cost value	Market/book value)	Market adjustment	Maturity
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Above 360 days				
<b>Fixed income securities</b>	-	-	<b>99,255</b>	<b>1,966,671</b>	<b>13,413,865</b>	<b>16,256,281</b>	<b>15,479,792</b>	<b>(776,489)</b>	
Financial Treasury Bills (LFT)	-	-	10,642	1,816,444	10,292,975	12,128,456	12,120,061	(8,395)	2016 to 2022
National Treasury Notes (NTN)	-	-	-	-	1,335,287	1,456,942	1,335,287	(121,655)	2050
Financial Bills	-	-	88,506	135,943	1,620,910	1,894,788	1,845,359	(49,429)	2016 to 2019
Debentures	-	-	-	14,259	158,814	737,675	173,073	(564,602)	2016 to 2035
Federal government securities - FCVS	-	-	-	-	5,447	5,428	5,447	19	2027
Federal government securities - other	-	-	-	-	-	32,257	-	(32,257)	2027
Agrarian Debt Bonds(TDAs)	-	-	107	25	433	735	565	(170)	2016 to 2022
<b>Investment fund shares</b>	<b>255</b>	-	-	-	-	<b>1,761</b>	<b>255</b>	<b>(1,506)</b>	
Social Development Funds (FDS)	-	-	-	-	-	1,506	-	(1,506)	No maturity
Investment Guarantee Fund (FGI)	247	-	-	-	-	247	247	-	No maturity
Operation Guarantee Fund (FGO)	8	-	-	-	-	8	8	-	No maturity
<b>Variable income securities</b>	<b>9,449</b>	-	-	-	-	<b>8,745</b>	<b>9,449</b>	<b>704</b>	No maturity
Other tax incentives (FINOR)	85	-	-	-	-	163	85	(78)	No maturity
Publicly-traded companies shares	9,364	-	-	-	-	8,582	9,364	782	No maturity
<b>Security deposits<sup>(1)</sup></b>	-	-	-	<b>258,880</b>	<b>178,322</b>	<b>437,627</b>	<b>437,202</b>	<b>(425)</b>	
Financial Treasury Bills (LFT)	-	-	-	232,459	156,022	388,477	388,481	4	2017 to 2020
Federal government securities – Nuclebrás	-	-	-	-	-	817	-	(817)	1993
Debentures	-	-	-	-	22,300	22,015	22,300	285	2019
Financial Bills	-	-	-	26,421	-	26,318	26,421	104	2016
<b>Total of category</b>	<b>9,704</b>	-	<b>99,255</b>	<b>2,225,551</b>	<b>13,592,188</b>	<b>16,704,413</b>	<b>15,926,698</b>	<b>(777,716)</b>	
<b>Tax credit (Note 21.c)</b>								<b>329,126</b>	
<b>Provision for deferred taxes and contributions (Note 21.c)</b>								<b>(1,173)</b>	
<b>Total market value adjustment</b>								<b>(449,763)</b>	

Specification	12.31.2015								
	Maturity					Cost value	Market/book value	Market adjustment	Maturity
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Above 360 days				
<b>Fixed income securities</b>	-	-	85,314	132,584	10,889,990	11,984,335	11,107,888	(876,447)	
Financial Treasury Bills (LFT)	-	-	-	1,792	7,978,725	7,979,876	7,980,517	641	2016 to 2021
National Treasury Notes (NTN)	-	-	-	-	1,199,577	1,437,494	1,199,577	(237,917)	2050
Financial Bills (LF)	-	-	85,303	130,767	1,570,136	1,827,555	1,786,206	(41,349)	2016 to 2019
Debentures	-	-	-	-	135,847	702,235	135,847	(566,388)	2016 to 2035
Federal government securities - FCVS	-	-	-	-	5,553	5,534	5,553	19	2027
Federal government securities - other	-	-	-	-	-	31,383	-	(31,383)	1993
Agrarian Debt Bonds(TDAs)	-	-	11	25	152	258	188	(70)	2016 to 2022
<b>Investment fund shares</b>	253	-	-	-	-	1,741	253	(1,488)	
Social Development Funds (FDS)	-	-	-	-	-	1,488	-	(1,488)	No maturity
Investment Guarantee Fund (FGI)	246	-	-	-	-	246	246	-	No maturity
Operation Guarantee Fund (FGO)	7	-	-	-	-	7	7	-	No maturity
<b>Variable income securities</b>	8,266	-	-	-	-	8,745	8,266	(479)	
Other tax incentives (FINOR)	124	-	-	-	-	163	124	(39)	No maturity
Publicly-traded companies shares	8,142	-	-	-	-	8,582	8,142	(440)	No maturity
<b>Security deposits<sup>(1)</sup></b>	-	-	-	25,491	401,834	440,216	427,325	(12,891)	
Financial Treasury Bills (LFT)	-	-	-	-	376,244	376,229	376,244	15	2017 to 2020
Federal government securities – Nuclebrás	-	-	-	-	-	794	-	(794)	1993
Debentures	-	-	-	-	25,590	37,886	25,590	(12,296)	2019 to 2035
Financial Bills (LF)	-	-	-	25,491	-	25,307	25,491	184	2016
<b>Total of category</b>	8,519	-	85,314	158,075	11,291,824	12,435,037	11,543,732	(891,305)	
Tax credit (Note 21.c)								375,256	
Provision for deferred taxes and contributions (Note 21.c)								(1,614)	
<b>Total market value adjustment</b>								<b>(517,663)</b>	

<sup>(1)</sup> Breakdown guarantees on stock exchange transactions R\$208,652 (R\$202,078 at 12.31.2015); guarantees on clearing house association transactions R\$2,370 (R\$2,295 at 12.31.2015); guarantees on legal proceedings R\$204,675 (R\$202,124 at 12.31.2015); and other guarantees R\$21,506 (R\$20,828 at 12.31.2015).

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

In view of the classification of assets under "Available-for-sale securities", the amount of (R\$777,716) ((R\$891,305) at 12.31.2015) was recorded in Equity under "Market value adjustments" account. Such adjustment, net of taxes, corresponds to (R\$449,763) ((R\$517,663) at 12.31.2015).

**a.3) Held-to-maturity securities**

Specification	03.31.2016							
	Maturity					Cost/book value	Market value <sup>(1)</sup>	Maturity
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days			
<b>Fixed income securities</b>	-	-	478	-	176,751	177,229	113,773	
Investment Fund Shares - Ne Empreendedor	-	-	478	-	-	478	478	2016
National Treasury Notes (NTN) - P	-	-	-	-	147,210	147,210	83,754	2030
Investment Fund Shares - CRIATEC	-	-	-	-	10,382	10,382	10,382	2017
Investment Fund Shares – CRIATEC II	-	-	-	-	5,366	5,366	5,366	2023
FIP Brasil Agronegócios	-	-	-	-	13,418	13,418	13,418	2018
Nordeste III FIP	-	-	-	-	375	375	375	2022
<b>Total of category</b>	-	-	478	-	176,751	177,229	113,773	

Specification	12.31.2015							
	Maturity					Cost/book value	Market value <sup>(1)</sup>	Maturity
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days			
<b>Fixed income securities</b>	-	-	480	-	172,585	173,065	85,545	
Investment Fund Shares - Ne Empreendedor	-	-	480	-	-	480	480	2016
National Treasury Notes (NTN) - P	-	-	-	-	144,415	144,415	56,895	2030
Investment Fund Shares - CRIATEC	-	-	-	-	10,312	10,312	10,312	2017
Investment Fund Shares – CRIATEC II	-	-	-	-	4,416	4,416	4,416	2023
FIP Brasil Agronegócios	-	-	-	-	13,371	13,371	13,371	2018
Nordeste III FIP	-	-	-	-	71	71	71	2022
<b>Total of category</b>	-	-	480	-	172,585	173,065	85,545	

<sup>(1)</sup>The market values described above are for illustrative purposes only, and no accounting record has been made in this respect, as required by BACEN Circular Letter No. 3068 of 11.08.2001.

**a.4)** In the 1<sup>st</sup> quarter of 2016, there were no reclassifications of marketable securities into the categories above, and no held-to-maturity securities were sold.

**a.5)** The criteria below are used to obtain market value, according to the following order of priority:

- 1<sup>st</sup> - Market Prices disclosed by the Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) and BM&FBOVESPA;
- 2<sup>nd</sup> - Goodwill/Negative Goodwill on transactions occurred over the past 3 months in CETIP S.A. - MercadosOrganizados; and
- 3<sup>rd</sup> - Calculation of probable realizable value based on own pricing model.

**a.6)** Bank Management states that the institution has the financial capacity and the intention of holding to maturity securities classified as held to maturity.



**b) Gain(Loss) on marketable securities**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
Open market investments (Note 6.b)	319,566	232,352
Interbank deposits (Note 6.b)	-	211
Fixed income securities	523,850	429,608
Variable income securities	261	240
<b>Total</b>	<b>843,677</b>	<b>662,411</b>

**c) Derivative financial instruments**

The Bank operates under a conservative investment policy focused on investing strictly in compliance with the maturity terms and rates established by the respective sources of funds in order to avoid any mismatching among assets and liabilities in terms of maturities, interest rates and applicable indexes. As at 03.31.2016, the Bank had swap transactions registered with CETIP S.A. (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 accounts 'Differential Payable' and 'Differential Receivable', as shown below:

Breakdown at 03.31.2016								
Specification	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative	
<b>Asset position</b>								
Foreign currency (dollar)	578,615	479,781	-	473,495	-	6,284	-	6,284
<b>Total</b>	<b>578,615</b>	<b>479,781</b>	<b>-</b>	<b>473,495</b>	<b>-</b>	<b>6,284</b>	<b>-</b>	<b>6,284</b>
Provision for deferred taxes and contributions (Note 21.c)								2,514

Breakdown at 12.31.2015								
Specification	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative	
<b>Asset position</b>								
Foreign Currency (dollar)	578,615	610,474	-	587,348	-	23,126	-	23,126
<b>Total</b>	<b>578,615</b>	<b>610,474</b>	<b>-</b>	<b>587,348</b>	<b>-</b>	<b>23,126</b>	<b>-</b>	<b>23,126</b>
Provision for deferred taxes and contributions (Note 21.c)								9,250

Specification	03.31.2016		12.31.2015	
	Differential receivable	Differential payable	Differential receivable	Differential payable
3 to 5 years	479,781	-	610,474	-
<b>Total</b>	<b>479,781</b>	<b>-</b>	<b>610,474</b>	<b>-</b>

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

Specification	03.31.2016				
	Curve value		Market value		Market value adjustment
	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI	
Swap - Foreign currency - Asset	1,086,874	613,378	1,093,158	613,378	6,284
Hedged item	Curve value <sup>(1)</sup>		Market value <sup>(1)</sup>		Market value adjustment
Eurobonds - Senior Unsecured Notes (Note 15.a)	1,086,873		1,093,159		6,286
Tax credit (Note 21.b)					2,515

<sup>(1)</sup> Net of tax effects at source on interest from loan of R\$2,744.

Specification	12.31.2015				
	Curve value		Market value		Market value adjustment
	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI	
Swap - Foreign currency - Asset	1,179,697	592,349	1,202,823	592,349	23,126
Hedged item	Curve value <sup>(1)</sup>		Market value <sup>(1)</sup>		Market value adjustment
Eurobonds – Senior Unsecured Notes(Note 15.a)	1,179,697		1,202,843		23,146
Tax credit (Note 21.b)					9,258

<sup>(1)</sup> Net of tax effects at source on interest from loan of R\$1,180.

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 expense, 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 Letter No. 3082 of 01.30.2002, based on the financial flows (principal and interest) of the hedged item, Eurobonds - Senior Unsecured Notes and of hedging instruments (swapagreements).

**d) Gain (loss) on derivative financial instruments**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
Swap	(130,693)	283,435
<b>Total</b>	<b>(130,693)</b>	<b>283,435</b>

**NOTE 8 - Interbank accounts - Restricted deposits**

**a) Restricted deposits**

Specification	03.31.2016			12.31.2015		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Mandatory payments - Savings accounts	96,069	-	96,069	91,341	-	91,341
Compulsory reserves – Cash funds	78,404	-	78,404	82,268	-	82,268
National Housing System (SFH)	73,324	(12,889)	60,435	72,062	(27,513)	44,549
National Treasury - Rural credit	607	(513)	94	692	(588)	104
<b>Total</b>	<b>248,404</b>	<b>(13,402)</b>	<b>235,002</b>	<b>246,363</b>	<b>(28,101)</b>	<b>218,262</b>
Short-term	174,606	(112)	174,494	174,298	(587)	173,711
Long-term	73,798	(13,290)	60,508	72,065	(27,514)	44,551

**b) Compulsory investment yield**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
Income from restricted deposits – BACEN	1,836	4,428
Income from restricted deposits – SFH	1,262	1,031
Income from restricted deposits – Rural Credit	24	14
Appreciation (Depreciation) of restricted deposits	14,709	(60)
<b>Total</b>	<b>17,831</b>	<b>5,413</b>

**NOTE 9 - Loan portfolio and allowance for loan losses**

**a) Loan portfolio and allowance for loan losses**

Specification	03.31.2016		12.31.2015	
	Gross amount	Allowance	Gross amount	Allowance
<b>Loan transactions</b>	<b>12,678,428</b>	<b>(999,676)</b>	<b>13,122,320</b>	<b>(922,410)</b>
Short-term	5,538,043	(537,659)	5,977,524	(501,165)
Long-term	7,140,385	(462,017)	7,144,796	(421,245)
<b>Other accounts with loan features (Note 10.f)</b>	<b>647,938</b>	<b>(182,279)</b>	<b>715,953</b>	<b>(205,463)</b>
Short-term	609,275	(182,279)	506,014	(205,463)
Long-term	38,663	-	209,939	-
<b>Total</b>	<b>13,326,366</b>	<b>(1,181,955)</b>	<b>13,838,273</b>	<b>(1,127,873)</b>

**a.1) Breakdown of loan portfolio**

Specification	03.31.2016	12.31.2015
Advances to depositors	323	431
Loans	5,472,887	5,761,392

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Discounted notes	56,280	61,821
Financing	2,292,095	2,303,910
Financing in foreign currency	182,725	226,222
Refinancing with the Federal Government (Note 29.a.1)	501,401	478,527
Rural and agroindustrial financing	1,806,354	1,767,956
Real estate financing <sup>(1)</sup>	243	243
Infrastructure and development financing	2,366,120	2,521,818
<b>Loans subtotal</b>	<b>12,678,428</b>	<b>13,122,320</b>
Guarantees and sureties honored	-	146
Income receivable from advances	30,991	28,298
Debtors for purchase of assets	3,838	4,363
Notes and credits receivable	77,142	108,054
Advances on Exchange Contracts (ACC) <sup>(2)</sup> (Note 11.a)	535,967	575,092
<b>Other accounts with loan features subtotal</b>	<b>647,938</b>	<b>715,953</b>
<b>Total</b>	<b>13,326,366</b>	<b>13,838,273</b>

<sup>(1)</sup> Refer to transactions contracted before the discontinuance of real estate financing activities.

<sup>(2)</sup> Accounts classified as "Other payables/ exchange portfolio".

**a.2) Income from loans**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
Loans and discounted notes	289,177	194,841
Financing	146,462	374,266
Rural and agroindustrial financing	67,596	48,245
Recovery of loans written off as losses	13,180	30,982
Other	5	524
<b>Total</b>	<b>516,420</b>	<b>648,858</b>

**b) Breakdown by maturity**

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

Type of Customer/Activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days	Total at 03.31.2016	Total at 12.31.2015
Rural	2,041	11,048	3,859	8,735	11,476	1,704,157	1,741,316	1,679,835
Manufacturing	75,140	76,322	67,061	185,733	305,292	2,032,377	2,741,925	2,758,683
Government	15,314	15,314	20,124	69,018	91,885	1,290,578	1,502,233	1,624,916
Other Services	170,131	108,360	119,242	274,192	387,737	1,281,361	2,341,023	2,319,861
Trading	789,710	764,667	519,029	857,561	507,357	577,324	4,015,648	4,401,314
Financial brokers	63	12	10	23	43	141	292	479
Housing	165	54	34	50	53	442	798	757
Individuals	26,085	12,241	9,610	19,888	13,965	20,995	102,784	104,541
<b>Total</b>	<b>1,078,649</b>	<b>988,018</b>	<b>738,969</b>	<b>1,415,200</b>	<b>1,317,808</b>	<b>6,907,375</b>	<b>12,446,019</b>	<b>12,890,386</b>

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

**b.2) Past-due loans**

Falling due installments								
Type of Customer/Activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days	Total at 03.31.2016	Total at 12.31.2015
Rural	8	12	125	56	1,069	6,558	7,828	29,108
Manufacturing	4,916	5,844	5,033	14,263	20,580	31,527	82,163	81,414
Other Services	8,047	7,560	7,447	20,157	31,777	159,887	234,875	223,173
Trading	21,691	17,878	14,628	33,090	48,882	73,109	209,278	185,359
Financial brokers	13	13	13	39	65	-	143	21
Individuals	513	661	508	1,173	898	1,259	5,012	4,716
<b>Total</b>	<b>35,188</b>	<b>31,968</b>	<b>27,754</b>	<b>68,778</b>	<b>103,271</b>	<b>272,340</b>	<b>539,299</b>	<b>523,791</b>

Past due installments									
Type of Customer/Activity	01 to 14 days	15 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days	Total at 03.31.2016	Total at 12.31.2015
Rural	4	181	204	3,548	2,904	1,173	44,115	52,129	53,382
Manufacturing	3,069	3,158	5,079	4,167	11,976	14,052	16	41,517	50,825
Other Services	2,818	10,452	11,948	5,936	40,300	25,470	532	97,456	182,454
Trading	5,864	13,252	22,750	16,239	34,106	41,496	664	134,371	122,980
Financial brokers	-	15	16	17	-	-	-	48	7
Housing	-	13	2	26	313	-	-	354	267
Individuals	62	1,298	1,632	1,643	3,961	6,573	4	15,173	14,181
<b>Total</b>	<b>11,817</b>	<b>28,369</b>	<b>41,631</b>	<b>31,576</b>	<b>93,560</b>	<b>88,764</b>	<b>45,331</b>	<b>341,048</b>	<b>424,096</b>

**c) Breakdown by risk level**

Risk level	03.31.2016				12.31.2015			
	Current loan <sup>(1)</sup>	Past-due loan	Total portfolio	Allowance	Current loan <sup>(1)</sup>	Past-due loan	Total portfolio	Allowance
AA	5,008,195	-	5,008,195	-	5,218,780	-	5,218,780	-
A	4,271,670	-	4,271,670	21,357	4,554,399	-	4,554,399	22,772
B	2,082,350	56,405	2,138,755	21,387	2,358,464	56,382	2,414,846	24,148
C	220,394	81,610	302,004	9,060	79,931	116,073	196,004	5,880

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D	212,068	70,981	283,049	28,305	90,151	91,298	181,449	18,145
E	50,409	77,870	128,279	38,484	61,303	106,863	168,166	50,450
F	58,281	74,339	132,620	66,310	26,978	75,339	102,317	51,158
G	53,989	161,820	215,809	151,067	18,055	138,587	156,642	109,650
H	488,663	357,322	845,985	845,985	482,325	363,345	845,670	845,670
<b>Total</b>	<b>12,446,019</b>	<b>880,347</b>	<b>13,326,366</b>	<b>1,181,955</b>	<b>12,890,386</b>	<b>947,887</b>	<b>13,838,273</b>	<b>1,127,873</b>

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

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

Specification	03.31.2016	12.31.2015
Opening balance (Allowance for losses on loan portfolio)	1,127,873	890,703
(+) Net allowance recognized for the period	171,333	1,002,375
(-) Loans written off as loss for the period	(117,251)	(765,205)
<b>(=) Net Allowance for losses on loan portfolio</b>	<b>1,181,955</b>	<b>1,127,873</b>
Opening balance (Allowance for losses on other receivables without loan features)	46,804	46,458
(+) Net allowance for the period	211	701
(-) Loans written off as loss for the period	(112)	(355)
<b>(=) Net allowance for losses on other receivables without loan features (Note 10.f)</b>	<b>46,903</b>	<b>46,804</b>
<b>(=) Balance of allowance for loan losses</b>	<b>1,228,858</b>	<b>1,174,677</b>

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

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
(+) Expenses on allowance for loan losses	188,502	184,553
(+) Expenses on allowance for losses on other receivables	-	84,913
(-) Reversal of operating allowances	(17,169)	-
<b>(=) Balance of expenses on allowance for losses on operations with loan features</b>	<b>171,333</b>	<b>269,466</b>
(+) Allowance for losses on other receivables without loan features	137	75
(-) Reversals of allowances for losses on other receivables without loan features	(37)	-
<b>(=) Balance of expenses on allowance for loan losses</b>	<b>171,433</b>	<b>269,541</b>

f) Up to the 1<sup>st</sup> quarter of 2016, receivables that had been written off as loss were recovered in the amount of R\$13,180 (R\$30,982 at 03.31.2015) and renegotiations amounted to R\$443,253 (R\$33,080 at 03.31.2015).

**g) Recovery of receivables with legal grounds**

In conformity 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 P&L, referring to 03.31.2016, was recognized in the amount of R\$2,296 (R\$ 8,764 at 03.31.2015), shown below. Pursuant to the abovementioned legal provisions, part of these transactions was acquired by *Fundo Constitucional de Financiamento do Nordeste*(FNE).

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Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
Income earned	1,935	4,543
Recovery of transactions written off of assets	1,567	6,115
Expenses on discounts	(12)	(152)
Net effect of allowances	(1,194)	(1,742)
<b>Total</b>	<b>2,296</b>	<b>8,764</b>

**NOTE 10 - Other receivables**

Specification	03.31.2016	12.31.2015
<b>a) Receivables for guarantees and sureties honored</b>	-	146
<b>b) Foreign exchange portfolio (Note 11.a)</b>	<b>684,088</b>	<b>818,089</b>
<b>c) Income receivable</b>	<b>32,455</b>	<b>31,124</b>
<b>d) Securities trading</b>	<b>12</b>	<b>4</b>
<b>e) Other receivables</b>	<b>2,829,658</b>	<b>3,152,430</b>
Tax credits –Allowances (Note 21.b)	1,421,286	1,459,663
Tax credits - marketable securities, derivative financial instruments and hedged item (Notes 7.a.2., 7.c and 21.b)	331,641	384,514
Debtors for escrow deposits	689,911	669,802
Taxes and contributions to offset	52,707	278,553
Tax incentive options	26,748	26,748
Notes and loans receivable	77,142	108,054
Prepaid salaries and advances	33,199	2,473
Payments to be refunded	11,782	10,876
Recalculation, discounts, waivers and bonuses in BNDES transactions	11	12
Recalculation, discounts, waivers and bonuses in FAT transactions	17	18
Other	185,214	211,717
<b>f) Allowance for losses on other receivables</b>	<b>(229,182)</b>	<b>(252,267)</b>
Receivables with loan features (Note 9.a)	(182,279)	(205,463)
Receivables without loan features (Note 9.d)	(46,903)	(46,804)
<b>Total</b>	<b>3,317,031</b>	<b>3,749,526</b>
Short-term	2,472,738	3,344,533
Long-term	844,293	404,993

**NOTE 11 - Foreign exchange portfolio**

**a) Breakdown**

Specification	03.31.2016	12.31.2015
<b>Assets - Other receivables</b>		
Exchange purchase pending settlement	650,548	786,236
Exchange sales rights	4,580	4,009
Advances received in local currency	(2,031)	(454)
Income receivable from advances	30,991	28,298
<b>Current assets (Note 10.b)</b>	<b>684,088</b>	<b>818,089</b>
<b>Liabilities – other liabilities</b>		

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Exchange purchase obligations	539,179	575,092
Exchange sale pending settlement	4,456	3,977
(Advances on exchange contracts - ACC) (Note 9.a.1)	(535,967)	(575,092)
<b>Current liabilities (Note 16.b)</b>	<b>7,668</b>	<b>3,977</b>

**b) Foreign exchange gain(loss)**

Specification	01.01. to 03.31.2016	01.01. to 03.31.2015
Exchange incomes	41,525	158,377
Exchange expenses	(264)	(188)
<b>Total</b>	<b>41,261</b>	<b>158,189</b>

**NOTE 12 - Permanent assets**

**a) Investments**

Specification	12.31.2015	01.01.2016 to 03.31.2016			03.31.2016	
	Book balance	Changes		Book balance	Cost value	Book balance
		Additions	Exclusions			
Shares and units of interest	652	-	-	652	652	652
Artworks and valuables	1,214	32	-	1,246	1,246	1,246
<b>Total</b>	<b>1,866</b>	<b>32</b>	<b>-</b>	<b>1,898</b>	<b>1,898</b>	<b>1,898</b>

**b) Property and equipment**

Specification	12.31.2015	01.01.2016 to 03.31.2016			03.31.2016			
	Book balance	Changes			Book balance	Cost value	Accumulated depreciation	Book balance
		Additions	Exclusions	Depreciation				
Buildings	91,421	1,650	-	(2,537)	90,534	260,060	(169,526)	90,534
Data processing system	60,804	6,893	(2,057)	(5,807)	<b>59,833</b>	145,817	(85,984)	59,833
Furniture and equipment in use	28,000	4,302	(781)	(1,365)	<b>30,156</b>	74,559	(44,403)	30,156
Land	17,631	0			<b>17,631</b>	17,631		17,631
Facilities	4,933	1,881	0	(336)	<b>6,478</b>	21,073	(14,595)	6,478
Communication system	49	10	(3)	(4)	<b>52</b>	341	(289)	52
Security system	8,689	510	(304)	(383)	<b>8,512</b>	20,343	(11,831)	8,512
Transportation system	4,449	0	0	(351)	<b>4,098</b>	14,364	(10,266)	4,098
<b>Total</b>	<b>215,976</b>	<b>15,246</b>	<b>(3,145)</b>	<b>(10,783)</b>	<b>217,294</b>	<b>554,188</b>	<b>(336,894)</b>	<b>217,294</b>

**c) Deferred charges**

Specification	12.31.2015	01.01.2016 to 03.31.2016			03.31.2016			
	Book balance	Changes			Book balance	Cost value	Book balance	
		Additions	Exclusions	Amortization				
Leasehold improvements	37	-	-	(18)	19	37	(18)	19
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>(18)</b>	<b>19</b>	<b>37</b>	<b>(18)</b>	<b>19</b>



d) Intangible assets

Specification	12.31.2015	01.01.2016 to 03.31.2016			03.31.2016		
	Book balance	Changes			Book balance	Cost value	Book balance
		Additions	Exclusions	Amortization			
Spending on intangible assets under development	16,610	385	-	-	16,995	16,995	16,995
<b>Total</b>	<b>16,610</b>	<b>385</b>	<b>-</b>	<b>-</b>	<b>16,995</b>	<b>16,995</b>	<b>16,995</b>

e) In current quarter no impairment losses were recorded on permanent assets.

**NOTE 13 – Deposits, Open market funding, Funds from acceptance and issue of securities, Hybrid equity/debt instruments/Debt instruments eligible to capital and Subordinated debts**

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

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Above 15 years	Total at 03.31.2016	Total at 12.31.2015
<b>Demand deposits</b>	<b>242,069</b>	-	-	-	-	-	<b>242,069</b>	<b>333,005</b>
Demand deposits	242,069	-	-	-	-	-	242,069	333,005
<b>Savings deposits</b>	<b>1,860,422</b>	-	-	-	-	-	<b>1,860,422</b>	<b>1,854,853</b>
<b>Interbank deposits</b>	<b>530,856</b>	<b>479,353</b>	<b>139,014</b>	<b>25,010</b>	-	-	<b>1,174,233</b>	<b>1,208,803</b>
<b>Time deposits</b>	<b>1,099,024</b>	<b>1,506,037</b>	<b>2,349,849</b>	<b>742,684</b>	<b>1,328,083</b>	<b>50,107</b>	<b>7,075,784</b>	<b>7,354,086</b>
Time deposits	293,199	1,458,872	1,843,299	593,513	1,189,944	50,107	5,428,934	5,606,108
Interest-yielding judicial deposits	784,493	-	-	-	-	-	784,493	888,708
FINOR/cash and cash equivalents and reinvestments - Law No. 8167	-	-	416,114	66,775	66,776	-	549,665	526,143
FAT - Available funds	9,445	18,265	1,899	1,556	820	-	31,985	37,932
FAT - invested funds	11,367	28,900	88,537	80,587	70,543	-	279,934	294,431
Other	520	-	-	253	-	-	773	764
<b>Funds from acceptance and issue of securities</b>	<b>89,191</b>	<b>173,907</b>	-	<b>1,073,957</b>	-	-	<b>1,337,055</b>	<b>1,419,472</b>
Eurobonds	21,947	-	-	1,073,957	-	-	1,095,904	1,204,023
Agribusiness Credit Bills (LCA)	67,244	173,907	-	-	-	-	241,151	215,449
<b>Hybrid debt/equity instruments</b>	-	-	-	-	-	-	-	<b>1,501,176</b>
<b>Debt instruments eligible to capital</b>	-	-	-	-	-	<b>1,000,000</b>	<b>1,000,000</b>	-
<b>Subordinated debts</b>	-	-	-	-	-	<b>1,843,766</b>	<b>1,843,766</b>	<b>1,792,282</b>
<b>Total</b>	<b>3,821,562</b>	<b>2,159,297</b>	<b>2,488,863</b>	<b>1,841,651</b>	<b>1,328,083</b>	<b>2,893,873</b>	<b>14,533,329</b>	<b>15,463,677</b>
Short-term							5,980,859	7,219,885
Long-term							8,552,470	9,353,333

**b) Deposits**

Specification	03.31.2016	12.31.2015
<b>Demand deposits</b>	<b>242,069</b>	<b>333,005</b>
Government deposits	8,922	4,772
Restricted deposits	96,013	166,320
Legal entities	102,003	120,821
Individuals	33,385	40,376
Other	1,746	716
<b>Savings deposits</b>	<b>1,860,422</b>	<b>1,854,853</b>
Free savings deposits - Individuals	1,255,718	1,280,523
Free savings deposits - Legal entities	603,851	573,630
From related parties and Financial System Institutions	853	700
<b>Interbank deposits</b>	<b>1,174,233</b>	<b>1,208,803</b>
<b>Time deposits</b>	<b>7,075,784</b>	<b>7,354,086</b>
Time deposits	5,428,934	5,606,108
Interest-yielding judicial deposits	784,493	888,708
<b>Other time deposits</b>	<b>862,357</b>	<b>859,270</b>
<b>Interest-yielding special deposits/FAT (Notes 26 and 28)</b>	<b>311,919</b>	<b>332,363</b>
<b>Available funds (Note 26)</b>	<b>31,985</b>	<b>37,932</b>
Proger Urbano	2,536	2,945
Protrabalho	282	1,282
Infrastructure	24,789	25,820
Programa Nacional de Microcrédito Produtivo Orientado (PNMPO)	4,378	7,885
<b>Funds invested (Note 26)</b>	<b>279,934</b>	<b>294,431</b>
Proger Urbano	16,117	17,575
Protrabalho	72,993	75,188
Infrastructure	88,529	98,068
Programa Nacional de Microcrédito Produtivo Orientado (PNMPO)	102,295	103,600
<b>FINOR/cash and cash equivalents and reinvestments - Law No. 8167</b>	<b>549,665</b>	<b>526,143</b>
<b>Other</b>	<b>773</b>	<b>764</b>
<b>Total</b>	<b>10,352,508</b>	<b>10,750,747</b>
Short-term	5,717,761	5,720,863
Long-term	4,634,747	5,029,884

**c) Open market funding**

Specification	03.31.2016	12.31.2015
<b>Own portfolio</b>	<b>1,707,133</b>	<b>1,604,106</b>
Financial Treasury Bills (LFT)	1,707,133	1,604,106
<b>Third-party portfolio</b>	<b>67,701</b>	<b>67,137</b>
Financial Treasury Bills (LFT)	67,701	-
National Treasury Notes (NTN)	-	67,137
<b>Total</b>	<b>1,774,834</b>	<b>1,671,243</b>
Short-term	1,704,512	1,541,765
Long-term	70,322	129,478

**d) Expenses on open market funding**

Specification	01.01. to 03.31.2016	01.01. to 03.31.2015
<b>Funding expenses</b>	<b>(307,828)</b>	<b>(597,024)</b>
Time deposits	(171,911)	(177,711)
Savings deposits	(28,484)	(25,077)
Judicial deposits	(21,266)	(19,544)
Interbank deposits	(13,613)	(13,819)
Special deposits	(22,585)	(19,590)
Funds from acceptance and issue of securities	(47,013)	(337,976)
Other deposits	(2,956)	(3,307)
<b>Expenses on open market funding</b>	<b>(55,473)</b>	<b>(48,985)</b>
Third-party portfolio	(2,138)	(3,826)
Own portfolio	(53,335)	(45,159)
<b>Total</b>	<b>(363,301)</b>	<b>(646,009)</b>

**NOTE 14 - Borrowings and onlending**

**a) Borrowings and onlending by maturity**

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Above 15 years	Total at 03.31.2016	Total at 12.31.2015
Foreign borrowings	407,755	402,820	-	-	-	-	810,575	1,000,882
Domestic onlending	44,831	108,404	342,953	378,331	649,954	219,521	1,743,994	1,709,146
Foreign onlending	56,419	99,481	275,137	275,136	256,627	-	962,800	1,080,383
<b>Total</b>	<b>509,005</b>	<b>610,705</b>	<b>618,090</b>	<b>653,467</b>	<b>906,581</b>	<b>219,521</b>	<b>3,517,369</b>	<b>3,790,411</b>

Short-term	1,119,710	1,320,257
Long-term	2,397,659	2,470,154

**b) Borrowings**

Specification	Annual restatement rate (%)	03.31.2016	12.31.2015
Foreign borrowings/Foreign currency payables	USD	810,575	1,000,882
<b>Total</b>		<b>810,575</b>	<b>1,000,882</b>
Short-term		810,575	1,000,882
Long-term		-	-

**c) Domestic onlending - official institutions**

Specification	Annual restatement rate (%)	03.31.2016	12.31.2015
<b>National Treasury</b>	IGP-DI + 2.00	<b>436</b>	<b>426</b>
<b>BNDES</b>		<b>1,607,619</b>	<b>1,567,324</b>
Programa de Operações Conjuntas (POC)	Fixed rate 1.50 to 7.00/TJLP	1,226,823	1,199,931
Credit Facility for investment in agriculture	+ 0.00 to 4.00/IPCA + .41/Exc. var.+ 2.00 to 4.00	380,796	367,393
<b>Finame</b>		<b>135,939</b>	<b>141,396</b>
"ProgramaAutomático" (	Fixed rate 1.50 to 7.00/TJLP	114,727	120,862
Programa Agrícola	+ 0.00 to 4.00/Exc. Var. + 2.00 to 4.00	21,212	20,534
<b>Total (Note 29.a.1)</b>		<b>1,743,994</b>	<b>1,709,146</b>
Short-term		153,235	150,552
Long-term		1,590,759	1,558,594

**d) Foreign onlending**

Specification	Annual restatement rate (%)	03.31.2016	12.31.2015
BID-Prodetur I (Tourism Development Program with funds provided by the IDB)	USD + 3.99	416,899	452,848
BID-Prodetur II	USD + 1.85	537,967	618,220
BID-Other programs	USD + 1.85	7,934	9,315
<b>Total</b>		<b>962,800</b>	<b>1,080,383</b>
Short-term		155,900	168,823
Long-term		806,900	911,560

**e) Expenses on borrowings and onlending**

Specification	01.01. to 03.31.2016	01.01. to 03.31.2015
<b>Expenses on onlending</b>	<b>(50,438)</b>	<b>(214,795)</b>
<b>Domestic onlending - Official institutions</b>	<b>(43,407)</b>	<b>(34,139)</b>
National Treasury	(10)	(7)
BNDES	(41,789)	(32,697)
Finame	(1,608)	(1,435)
<b>Foreign onlending</b>	<b>(7,031)</b>	<b>(180,656)</b>
Onlending with foreign banks	(3,168)	(238,716)
<b>Expenses on financial and development funds</b>	<b>(375,970)</b>	<b>(231,866)</b>
<b>Total</b>	<b>(429,576)</b>	<b>(685,377)</b>

**NOTE 15 - Funds from acceptance and issue of securities**
**a) Liabilities for foreign marketable securities**

Specification	Funding date	Maturity date	Annual interest (%)	Contractual amount in thousands of US dollars	Contractual amount at 03.31.2016 <sup>(2)</sup>	Market value at 03.31.2016 <sup>(2)</sup>	Market value at 12.31.2015 <sup>(2)</sup>
Eurobonds – Senior Unsecured Notes <sup>(1)</sup>	05.03.2012	05.03.2019	4.375	300,000	1,089,617	1,095,903	1,204,023
<b>Total</b>				<b>300,000</b>	<b>1,089,617</b>	<b>1,095,903</b>	<b>1,204,023</b>
Short-term						21,946	9,436
Long-term						1,073,957	1,194,587

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

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

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

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

Specification	Annual interest (%)	Notional amount	03.31.2016	12.31.2015
Agribusiness Credit Bills(LCA) <sup>(1)</sup>	86.97 do CDI	228,220	241,151	215,449
Short-term			241,151	215,449

<sup>(1)</sup> Note with average maturity term of 194 days.

**NOTE 16 - Other liabilities**

Specification	03.31.2016	12.31.2015
<b>a) Collection and transfer of taxes and levies</b>	<b>79,616</b>	<b>2,312</b>
Funds from PROAGRO	347	119
Federal taxes received	76,438	-
IOF payable	1,791	1,912
Other taxes and levies	1,040	281
<b>b) Foreign exchange portfolio (Note 11.a)</b>	<b>7,668</b>	<b>3,977</b>
<b>c) Social and statutory</b>	<b>50,158</b>	<b>46,661</b>
Dividends and bonuses payable	18,291	18,296
Profit sharing	31,867	28,365
<b>d) Tax and social security</b>	<b>352,843</b>	<b>583,927</b>
<b>Provision for tax contingencies</b>	<b>60,819</b>	<b>47,584</b>
Taxes and contributions	1,132	1,069
Tax proceedings	59,687	46,515
<b>Provision for deferred taxes and contributions</b>	<b>106,524</b>	<b>113,426</b>
Marketable securities and derivative financial instruments (Note 21.c)	3,687	10,864
Revaluation of buildings and land (Note 21.c)	3,612	4,048
From credits recovered (Note 21.c)	99,225	98,514
<b>Provision for income and social contribution taxes (Note 21.a.2)</b>	<b>109,148</b>	<b>339,231</b>
Income tax	60,085	197,057
Social contribution tax <sup>(1)</sup>	49,063	142,174
<b>Taxes and contributions payable</b>	<b>76,352</b>	<b>83,686</b>
<b>e) Securities trading</b>	<b>153</b>	<b>117</b>
<b>f) Financial and development funds</b>	<b>13,665,205</b>	<b>12,324,184</b>
Fundo Constitucional de Financiamento do Nordeste (FNE) - (Note 29.a.1)	12,678,900	11,332,783
Other	986,305	991,401
<b>g) Hybrid debt/equity instruments (Notes 17 and 28.a.1)</b>	<b>-</b>	<b>1,501,176</b>
<b>h) Debt instruments eligible to capital (Notes 17 and 28.a.1)</b>	<b>1,000,000</b>	<b>-</b>
<b>i) Subordinated debts eligible for capital (Notes 18 and 28.a.1)</b>	<b>1,843,766</b>	<b>1,792,282</b>
<b>j) Other</b>	<b>5,000,913</b>	<b>4,679,504</b>
<b>Provision for contingent liabilities</b>	<b>3,325,774</b>	<b>3,226,238</b>
Labor claims (Note 22.i.iv)	252,953	249,461
Civil proceedings (Note 22.i.v)	151,347	142,592
Other proceedings (Note 22.v.i)	772	720
<b>FNE (Note 22.i.2.i)</b>	<b>2,865,717</b>	<b>2,792,367</b>
Onlending	1,025	999
Full risk - BNB	141,698	133,088
Shared risk	2,722,994	2,658,280
FDNE (Note 22.i.2.ii)	666	654
Proagro (Note 22.i.2.iii)	670	2,644
Dividends and Interest On Equity (IOE)	18,613	-
Other contingent liabilities (Note 22.i.2.iv)	35,036	37,800
<b>Accrued payments</b>	<b>1,467,538</b>	<b>1,263,375</b>
<b>Employee benefits</b>	<b>1,073,143</b>	<b>1,064,959</b>
Retirement and DB pension plan (Note 28.a.2)	227,268	235,477
Health care plan (Note 28.a.2)	788,918	772,977
Life insurance - Post-employment benefit (Note 28.a.2)	56,957	56,505
Personnel expenses	182,620	161,263
Debt instruments eligible to capital	38,531	-
Other	173,244	37,153
<b>Other</b>	<b>207,601</b>	<b>189,891</b>
<b>Total</b>	<b>22,000,322</b>	<b>20,934,140</b>
Short-term	8,942,428	7,110,820
Long-term	13,057,894	13,823,320

**NOTE 17 - Hybrid debt/equity instruments/Debt instruments eligible to capital**

Specification	Amount issued	Remuneration	Funding date	03.31.2016	12.31.2015
Hybrid debt/equity instruments (Notes 16.g and 28.a.1)	1,000,000	IPCA + 6.5715% p.a.	12.22.2010	-	1,501,176
Debt instruments eligible to capital (Notes 16.h and 28.a.1)	1,000,000			1,000,000	-
Short-term				-	92,567
Long-term				1,000,000	1,408,609

Note: The Hybrid Debt/Equity Instrument recorded under Tier II Base Capital until 12.31.2015 does not compose the Base Capital since January 2016, since as it is currently replaced by a novation and acknowledgment of debt agreement that is in under negotiation with the National Treasury (STN) and awaiting authorization by BACEN to be deemed eligible for the Principal Capital.

**NOTE 18 - Subordinated debts**

Specification	03.31.2016	12.31.2015
Fundo Constitucional de Financiamento do Nordeste – FNE	1,843,766	1,792,282
Funds available <sup>(1)</sup>	1,247,986	1,181,091
Funds invested <sup>(2)</sup>	595,780	611,191
<b>Total (Note 28.a.1)</b>	<b>1,843,766</b>	<b>1,792,282</b>

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

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

**NOTE 19 - Equity**

**a) Capital**

The Bank's capital in the amount of R\$2,844,000 (R\$2,844,000 at 12.31.2015) is represented by 86,371,464 common registered paid-in shares with no par value, held as follows:

Breakdown at 03.31.2016		
Shareholders	Number of shares	% of capital
Federal Government	44,049,447	51.00
BB FGEDUC Multimarket Investment Fund	30,215,368	34.98
BB FGO Investment Fund Shares	6,228,500	7.21
National Development Fund (FND)	3,846,968	4.45
Other	2,031,181	2.36
<b>Total</b>	<b>86,371,464</b>	<b>100.00</b>

Breakdown at 12.31.2015		
Shareholders	Number of shares	% of capital
Federal Government	44,049,447	51.00
BB FGEDUC Multimarket Investment Fund	30,216,918	34.98
BB FGO Investment Fund Shares	6,237,350	7.22
National Development Fund (FND)	3,846,968	4.45
Other	2,020,781	2.35
<b>Total</b>	<b>86,371,464</b>	<b>100.00</b>

**b) Revaluation reserve**

The amount of R\$16,088 (R\$16,621 at 12.31.2015) 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. In current quarter, a reserve amounting to R\$533 (R\$581 at 03.31.2015) was transferred to Retained Earnings (Accumulated Losses).

**c) Additional IOE for 2015**

By means of the Special/Annual General Meeting held on 03.31.2016, the payment of additional Interest On Equity (IOE) for the year ended 12.31.2015 was approved, amounting to R\$17,778.

**d) Statement of calculation of IOE for the three-month period:**

Specification	01.01. to 03.31.2016	01.01. to 03.31.2015
<b>1. Net income for the period</b>	<b>77,808</b>	<b>56,771</b>
2. Revaluation reserves transferred to retained earnings (accumulated losses)	533	710
<b>3. Adjusted net income</b>	<b>78,341</b>	<b>57,481</b>
4. Legal reserve calculated <sup>(1)</sup>	(3,890)	(2,838)
<b>5. Dividends/IOE calculation basis</b>	<b>74,451</b>	<b>54,643</b>
6. Interest on Equity (IOE)	26,147	19,191
7. Withholding Income Tax on IOE	(80)	(58)
8. IOE attributable to dividends (item 6 + item 7)	26,067	19,133

(1) Legal reserve is recognized at every balance sheet. The amount calculated above is intended for determining the Dividends/IOE calculation basis.

**e) Equity adjustments**

Specification	03.31.2016	12.31.2015
Marketable securities available for sale	67,900	(249,211)
Actuarial Gains and Losses (Post-employment Benefits)	(511)	(183,157)
<b>Equity Adjustments</b>	<b>67,389</b>	<b>(432,368)</b>

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

Specification	01.01. to 03.31.2016	01.01. to 03.31.2015
<b>a) Service revenue</b>	<b>519,737</b>	<b>523,123</b>
Investment fund management	7,244	7,032
Fund and program management	430,450	437,766

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Services rendered	82,043	78,325
<b>b) Income from bank fees</b>	<b>12,369</b>	<b>10,062</b>
<b>c) Personnel expenses</b>	<b>(426,027)</b>	<b>(355,545)</b>
Salaries	(251,532)	(212,909)
Social charges	(90,959)	(73,868)
Retirement and pension plan - DB and VC I Caped Plans (Note 25.g)	(20,958)	(16,348)
Health care plan - Camed Natural Plan (Note 25.g)	(25,032)	(18,417)
Life insurance - Post-employment benefit	(1,208)	(548)
Benefits, training sessions, fees and compensation of interns	(36,338)	(33,455)
<b>d) Other administrative expenses</b>	<b>(260,835)</b>	<b>(214,273)</b>
Data processing	(48,230)	(31,312)
Advertising and publicity	(1,831)	(4,351)
Third-parties services	(108,807)	(94,108)
Rentals, material and public utilities	(18,964)	(14,876)
Travel	(2,944)	(3,009)
Communications	(7,509)	(6,554)
Depreciation and amortization	(10,801)	(9,278)
Asset maintenance and upkeep	(11,361)	(9,698)
Surveillance, security and transportation	(20,065)	(16,219)
Promotions, public relations and publications	(1,708)	(3,078)
Financial system services	(7,197)	(6,302)
Specialized technical services	(7,027)	(5,563)
Insurance	(811)	(923)
Court, notary and attorney fees	(10,133)	(4,815)
Worker' union dues and Associations	(877)	(813)
Condominium fees, catering, kitchen and meals	(1,339)	(1,153)
Other	(1,231)	(2,221)
<b>e) Tax expenses (Note 21.e)</b>	<b>(71,645)</b>	<b>(60,851)</b>
COFINS and PIS/PASEP	(64,707)	(54,850)
ISS and IPTU/Improvement tax	(6,022)	(5,324)
Other	(916)	(677)
<b>f) Other operating income</b>	<b>675,385</b>	<b>349,123</b>
<i>Del credere</i> commission on fund management	311,027	298,455
Exchange loss on borrowings	307,179	9,512
Reversal of operating provisions for risks on FNE transactions	1	15
Recovery of charges and expenses	1,708	1,758
Reversal of operating provisions	8,788	15,783
Interest and commissions	708	994
Monetary restatement	1,012	284
Mark-to-market adjustment	22,138	-
FNE – Recovery of amounts settled by the Bank	8,576	10,805
Other	14,248	11,517
<b>g) Other operating expenses</b>	<b>(543,647)</b>	<b>(374,350)</b>
Exchange loss on loans granted	(201,862)	(3,445)
Negative monetary restatement of loans	(39)	-
Discounts granted in renegotiations	(321)	(178)
Loan charges	(1,576)	(483)
Tax contingencies	(13,246)	(3,060)
Risks on FNE transactions	(194,592)	(236,333)
Risks on FDNE transactions	(12)	(15)
Labor claims	(4,452)	(5,687)
Civil proceedings	(11,246)	(9,560)
Other proceedings	(51)	(36)
Other contingent liabilities	(212)	-
Hybrid debt/equity instruments	(19,688)	(71,460)
Debt instruments eligible to capital	(38,531)	-
FNE remuneration - available funds - item A, article 9 of Law No. 7827	(36,932)	(25,187)
FNE remuneration - invested funds - item A, article 9, Law No. 7827	(14,553)	(16,055)
Other	(6,334)	(2,851)
<b>Total</b>	<b>(94,663)</b>	<b>(122,711)</b>

**NOTE 21 - Taxes and contributions**

**a) Income and social contribution taxes**

The Bank is subject to 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, and may be suspended or reduced whenever the taxable profit calculation is more favorable to the Bank when compared to the estimate. Income and social contribution tax expenses are as follows:

a.1) Specification of the provision for income and social contribution tax expense	Income tax		Social contribution tax	
	01.01 to 03.31.2016	01.01 to 03.31.2015	01.01 to 03.31.2016	01.01 to 03.31.2015
Income before income taxes and profit sharing	229,899	36,391	229,899	36,391
Statutory profit sharing	(3,501)	(30,117)	(3,501)	(30,117)
Interest on Equity (IOE)	(26,147)	(19,191)	(26,147)	(19,191)

Income before income taxes, less statutory profit sharing and interest on equity	200,251	(12,917)	200,251	(12,917)
Permanent additions/exclusions	20,245	6,452	20,418	6,607
Temporary additions/exclusions	28,357	232,737	28,357	232,737
Taxable income	248,853	226,272	249,026	226,427
Expenses with provision for IRPJ and CSLL - before tax incentives and revaluation reserve	(62,207)	(56,562)	(49,805)	(33,964)
Deductions (tax incentives)	2,081	2,264	-	-
Provision for IRPJ/CSLL on revaluation reserve realized	242	242	194	145
Current IRPJ/CSLL expenses – after tax incentives and revaluation reserve	(59,884)	(54,056)	(49,611)	(33,819)
Provision for deferred taxes and contributions – arising from tax credits recovered and derivative financial instruments	3,816	145	2,210	87
Provision for IRPJ and CSLL	(56,068)	(53,911)	(47,401)	(33,732)
IRPJ/CSLL tax credits - provisions, derivative financial instruments and hedged item	(21,005)	86,345	(24,116)	51,796
Total income and social contribution taxes	(77,073)	32,434	(71,517)	18,064
Effective rate (%)	38.49%	251.10%	35.71%	139.85%
<b>a.2) Specification of the provision for income and social contribution taxes</b>	<b>Income tax</b>		<b>Social contribution tax</b>	
	<b>03.31.2016</b>	<b>12.31.2015</b>	<b>03.31.2016</b>	<b>12.31.2015</b>
Provision for income and social contribution taxes	59,843	196,089	48,869	141,399
Provision for taxes on revaluation reserve realized	242	968	194	775
Provision for income and social contribution taxes (Note 16.d)	<b>60,085</b>	<b>197,057</b>	<b>49,063</b>	<b>142,174</b>
Taxes recoverable on prepayments, including withholding taxes	(25,398)	(171,402)	(16,958)	(89,679)
Taxes payable (to offset) for the period	<b>34,687</b>	<b>25,655</b>	<b>32,105</b>	<b>52,495</b>

**b) Tax credits on temporary differences**

Income and social contribution tax credits on temporary differences of allowances for loan losses and provisions for post-employment benefits are recorded in conformity with the following major standards: CMN Resolution No. 3059 of 12.20.2002 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 No. 3068 of 11.08.2011 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	03.31.2016		12.31.2015		03.31.2016	12.31.2015
	IRPJ	CSLL	IRPJ	CSLL	Total	
<b>Effect on P&amp;L</b>						
<b>a) Provisions</b>						
Opening balance	843,437	616,226	588,762	353,271	1,459,663	942,033
Allowance	91,588	73,275	494,483	296,704	164,863	791,187
Realization/ reversal	(108,378)	(94,862)	(239,808)	(33,749)	(203,240)	(273,557)
Closing balance (Note 10.e)	826,647	594,639	843,437	616,226	1,421,286	1,459,663
<b>b) Derivative financial instruments</b>						
Opening balance	-	-	2,078	1,247	-	3,325
Allowance	8,033	4,820	47,555	31,062	12,853	78,617
Realization/ reversal	(8,033)	(4,820)	(49,633)	(32,309)	(12,853)	(81,942)
Closing balance (Note 7.c)	-	-	-	-	-	-
<b>c) Hedged item</b>						
Opening balance	5,786	3,472	(590)	(354)	9,258	(944)
Allowance	13,041	7,825	104,824	65,429	20,866	170,253
Realization/ reversal	(17,256)	(10,353)	(98,448)	(61,603)	(27,609)	(160,051)
Closing balance (Note 7.c.1)	1,571	944	5,786	3,472	2,515	9,258
<b>Effect on equity</b>						
<b>d) Marketable securities</b>						
Opening balance	223,772	151,482	112,325	67,396	375,254	179,721
Allowance	212,136	147,752	549,851	368,466	359,888	918,317
Realization/ reversal	(240,792)	(165,224)	(438,403)	(284,379)	(406,016)	(722,782)
Closing balance (Note 7.a.2)	195,116	134,010	223,773	151,483	329,126	375,256

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

Specification	Income tax		Social contribution tax	
	03.31.2016	12.31.2015	03.31.2016	12.31.2015
1. Total temporary differences	5,709,627	5,809,498	5,709,627	5,809,498
2. Tax credits on temporary differences	1,399,410	1,452,374	1,147,524	1,133,207
3. Tax credits recognized in assets on Provisions	826,647	843,437	594,639	616,226
4. Tax credits recognized in assets due to marked-to-market of marketable securities, derivative financial instruments and hedged item	196,687	229,559	134,954	154,955
5. Total tax credits recognized in assets (item 3+ item 4) <sup>(1)</sup>	1,023,334	1,072,996	729,593	771,181
6. Tax credits not recognized in assets (item 2+ item 5) <sup>(2)</sup>	376,076	379,378	417,931	362,025

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

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

Estimated realization of tax credits on temporary differences of provisions at 03.31.2016 is as follows:

<sup>(1)</sup>For present value calculation purposes, we considered the goal for average Over-Selic rates projected by BACEN at 03.31.2016.

Period	Goal for over-SELIC rate - average (%) <sup>(1)</sup>	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2016	13.49	256,021	248,049	204,821	198,443	460,842	446,492
2017	12.35	149,808	129,188	119,846	103,350	269,654	232,538
2018	11.39	62,100	48,076	49,680	38,461	111,780	86,537
2019	11.13	87,986	61,295	57,168	39,826	145,154	101,121
2020	10,72	258,079	162,382	154,848	97,429	412,927	259,811
From 2021 onwards	10.72	12,653	11,723	8,276	7,666	20,929	19,389
<b>Total</b>		<b>826,647</b>	<b>660,713</b>	<b>594,639</b>	<b>485,175</b>	<b>1,421,286</b>	<b>1,145,888</b>

Any tax credit on market value adjustments of marketable securities, derivative financial instruments and hedged item, determined at present value, pursuant to BACEN Circular 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 IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2016	70,230	70,230	56,185	56,185	126,415	126,415
2017	1,335	1,335	1,068	1,068	2,403	2,403
2018	13,140	13,140	10,512	10,512	23,652	23,652
2019	6,097	6,097	3,658	3,658	9,755	9,755
2020	135	135	81	81	216	216
From 2021 onwards	105,750	105,750	63,450	63,450	169,200	169,200
<b>Total</b>	<b>196,687</b>	<b>196,687</b>	<b>134,954</b>	<b>134,954</b>	<b>331,641</b>	<b>331,641</b>

Total estimated realization of tax credits at 03.31.2016 is as follows:

Period	Realization of IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2016	326,252	318,279	261,006	254,628	587,258	572,907
2017	151,142	130,523	120,914	104,418	272,056	234,941
2018	75,240	61,216	60,192	48,973	135,432	110,189
2019	94,083	67,392	60,827	43,484	154,910	110,876
2020	258,215	162,518	154,928	97,509	413,143	260,027
From 2021 onwards	118,402	117,473	71,726	71,117	190,128	188,590
<b>Total</b>	<b>1,023,334</b>	<b>857,401</b>	<b>729,593</b>	<b>620,129</b>	<b>1,752,927</b>	<b>1,477,530</b>

### c) Provision for deferred taxes

Specification	03.31.2016		12.31.2015		03.31.2016	12.31.2015
	IRPJ	CSLL	IRPJ	CSLL	Total	
<b>Effect on P&amp;L</b>						
<b>a) Derivative financial instruments</b>						
Opening balance	5,781	3,469	1,573	944	9,250	2,517
Allowance	1,571	943	54,535	32,721	2,514	87,256
Realization/ reversal	(5,781)	(3,469)	(50,327)	(30,196)	(9,250)	(80,523)
Closing balance (Note 7.c)	1,571	943	5,781	3,469	2,514	9,250
<b>b) Revaluation reserve</b>						
Opening balance	2,249	1,799	3,217	1,930	4,048	5,147
Allowance	-	-	-	450	-	450
Realization/ reversal	(242)	(194)	(968)	(581)	(436)	(1,549)
Closing balance	2,007	1,605	2,249	1,799	3,612	4,048
<b>c) From taxes recovered <sup>(1)</sup></b>						
Opening balance	56,342	42,172	23,481	14,088	98,514	37,569
Allowance	400	320	32,991	28,163	720	61,154
Realization/ reversal	(5)	(4)	(130)	(79)	(9)	(209)
Closing balance (Note 16.d)	56,737	42,488	56,342	42,172	99,225	98,514
<b>Effect on equity</b>						
<b>d) Marketable securities</b>						
Opening balance	947	667	472	283	1,614	755
Allowance	3,118	1,944	18,307	11,200	5,062	29,507
Realization/ reversal	(3,377)	(2,125)	(17,832)	(10,816)	(5,503)	(28,648)
Closing balance (Note 7.a.2)	688	486	947	667	1,173	1,614

<sup>(1)</sup>Pursuant to article 12 of Law No. 9430 dated 12.27.1996.

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



Period	IRPJ - book value	IRPJ - present value	CSLL - book value	CSLL - present value	Total - book value	Total - present value
2016	226	226	181	181	407	407
2017	12	12	10	10	22	22
2018	128	128	102	102	230	230
2019	1,886	1,886	1,133	1,133	3,019	3,019
From 2021 onwards	5	5	2	2	7	7
<b>Total</b>	<b>2,257</b>	<b>2,257</b>	<b>1,428</b>	<b>1,428</b>	<b>3,685</b>	<b>3,685</b>

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

Period	Goal for over-Selic rate - average <sup>(1)</sup>	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2016	13.49	153	148	121	118	274	266
2017	12.35	611	527	489	421	1,100	948
2018	11.39	611	473	489	378	1,100	851
2019	11.13	632	441	506	352	1,138	793
<b>Total</b>		<b>2,007</b>	<b>1,589</b>	<b>1,605</b>	<b>1,269</b>	<b>3,612</b>	<b>2,858</b>

The provisions on taxes recovered, according to Law No. 9430 article 12 of 12.27.1996, determined at present value, will be written off according to the following schedule:

Period	Goal for over-Selic rate - average (%)	IRPJ		CSLL		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2016	13.49	5,816	5,635	4,653	4,508	10,469	10,143
2017	12.35	7,853	7,609	6,282	6,088	14,135	13,697
2018	11.39	6,143	5,951	4,914	4,761	11,057	10,712
2019	11.13	5,088	4,930	3,053	2,958	8,141	7,888
2020	10.72	4,491	4,351	7,178	6,955	11,669	11,306
From 2021 onwards	10.72	27,346	26,494	16,408	15,897	43,754	42,391
<b>Total</b>		<b>56,737</b>	<b>54,970</b>	<b>42,488</b>	<b>41,167</b>	<b>99,225</b>	<b>96,137</b>

Total amounts of provisions for tax liabilities, expected to be written off, at 03.31.2016 are as follows:

Year	IRPJ - book value	IRPJ - present value	CSLL - book value	CSLL - present value	Total - book value	Total - present value
2016	6,195	6,009	4,955	4,807	11,150	10,816
2017	8,476	8,148	6,781	6,519	15,257	14,667
2018	6,882	6,552	5,505	5,241	12,387	11,793
2019	7,606	7,257	4,692	4,443	12,298	11,700
2020	4,491	4,351	7,178	6,955	11,669	11,306
From 2021 onwards	27,351	26,499	16,410	15,899	43,761	42,398
<b>Total</b>	<b>61,001</b>	<b>58,816</b>	<b>45,521</b>	<b>43,864</b>	<b>106,522</b>	<b>102,680</b>

#### d) Tax expenses

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
COFINS and PIS/PASEP	(64,707)	(54,850)
ISS and IPTU/Improvement tax	(6,022)	(5,324)
Other	(916)	(677)
<b>Total (Note 20.e)</b>	<b>(71,645)</b>	<b>(60,851)</b>

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

- a) The Bank is a party to various ongoing administrative and legal proceedings involving civil, tax, labor and other matters. To recognize, measure and disclose provisions, contingent assets, contingent liabilities and legal obligations, CPC 25 - Provisions, Contingent Liabilities and Contingent Assets shall be complied with, adopted by BACEN through CMN Resolution No. 3823 of 12.16.2009, and BACEN Circular 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 Bank's 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 or 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 proceedings (claiming compensation for pain and suffering and property damages, including, among others, protest of notes, return of checks, and provision of information to credit reporting agencies), Labor claims (claiming labor rights, in light of specific professional category legislation, such as overtime pay, salary equalization, job reinstatement, transfer allowance, severance pay, retirement supplementation, including enforcement notices issued by Regional Labor Offices and others), Tax and Social Security proceedings (represented by legal and administrative proceedings involving federal and municipal taxes) and Other proceedings (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). For contingencies classified unfavorable outcome of which is possible or remote, provisions are not set up, as provided for in legal and regulatory requirements. Bank management understands that the provisions set up are sufficient to cover the likelihood of losses arising from the respective legal and administrative proceedings, as follows:

Specification	03.31.2016		12.31.2015	
	Base value	Provision	Base value	Provision
<b>a) Provision for tax contingencies</b>				
<b>a.1) Taxes and contributions - legal obligation<sup>(1)</sup></b>	<b>1,132</b>	<b>1,132</b>	<b>1,069</b>	<b>1,069</b>
<b>a.2) Tax proceedings</b>	<b>1,986,540</b>	<b>59,687</b>	<b>1,905,981</b>	<b>46,515</b>
i) Legal obligation	277	277	266	266
ii) Other liabilities - other	1,986,263	59,410	1,905,715	46,249
Probable	59,410	59,410	46,249	46,249
Possible	1,797,253	-	1,723,467	-
Remote <sup>(2)</sup>	129,600	-	135,999	-
<b>b) Provision for contingent liabilities</b>				
<b>b.1) Labor claims</b>	<b>503,515</b>	<b>252,952</b>	<b>449,384</b>	<b>249,461</b>
Probable (Note 16.i)	252,952	252,952	249,461	249,461
Possible	125,084	-	99,988	-
Remote	125,479	-	99,935	-
<b>b.2) Civil proceedings</b>	<b>4,663,726</b>	<b>151,346</b>	<b>4,670,770</b>	<b>142,592</b>
Probable (Note 16.i)	151,346	151,346	142,592	142,592
Possible	1,176,593	-	1,035,412	-
Remote <sup>(3)</sup>	3,335,787	-	3,492,766	-
<b>b.3) Other proceedings</b>	<b>638,848</b>	<b>772</b>	<b>9,589</b>	<b>720</b>
Probable (Note 16.i)	772	772	720	720
Possible	8,758	-	8,522	-
Remote	629,318	-	347	-

(1)Contingent liabilities relating to tax proceedings assessed as remote loss are concentrated in two (2) proceedings, whose contingent liability balance amounts to R\$111,001 at 03.31.2016 (R\$107,343 at 12.31.2015).

(2)Contingent liabilities relating to civil proceedings assessed as remote loss are concentrated in four (4) proceedings, whose contingent liability balance amounts to R\$1,927,333 at 03.31.2016.At 12.31.2015, civil proceedings assessed as remote loss were concentrated in five (5) proceedings totaling R\$2,149,031, however in March 2016, one of these proceedings was no longer under contingency status due to the final and unappealable decision handed down favorably to the Bank.

- d) The Bank has lawsuits handled by outside attorneys, most of which relate to loan collection actions, whose assessment of the provision and contingent liabilities is performed by the Legal Department, pursuant to item "b" above.
- e) Tax proceedings classified as Legal Obligation pursuant to the terms of BACEN Circular Letter No. 3429 of 02.11.2010, whose amounts were presented in item "c", subitem a.2.i, challenges municipal taxes.
- f) Below is a brief description of proceedings to which the Bank is party, involving significant contingent liabilities assessed as possible risk of loss:

#### Tax

Four tax proceedings challenging the tax deficiency notice.At 03.31.2016 the estimated financial losses total R\$1,664,067 (R\$1,594,651 at 12.31.2015).

**Civil**

Civil proceeding challenging loss of profits and payment of management fees. At 03.31.2016 the estimated financial loss totals R\$188,324 (R\$176,840 at 12.31.2015).

Civil proceeding claiming compensation and loss of profits. At 03.31.2016 the estimated financial loss totals R\$127,692 (R\$119,905 at 12.31.2015).

Civil proceeding challenging payment of fees. At 03.31.2016 the estimated financial loss totals R\$150,929. At 12.31.2015 only one proceeding was estimated as possible financial loss, which amounted to R\$68,890.

Civil proceeding challenging reassessment (soluioindebiti). At 03.31.2016 the estimated financial loss totals R\$52,537 (R\$49,333 at 12.31.2015).

Civil proceeding claiming compensation. At 03.31.2016 the estimated financial loss totals R\$46,453 (R\$43,621 at 12.31.2015).

Civil proceeding filed in 2014 related to post-employment benefits. At 03.31.2016, the estimated possible financial loss totals R\$30,659 (R\$30,659 at 12.31.2015).

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

Specification	03.31.2016	12.31.2015
Labor claims	464,425	449,031
Tax proceedings	116,909	114,858
Civil proceedings	79,658	77,777
<b>Total</b>	<b>660,991</b>	<b>641,666</b>

- h) At 03.31.2016 the amount R\$22,036 (R\$24,440 at 12.31.2015), recorded as “Other contingent liabilities”, 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 internal audit area. This account also includes the amounts of R\$11,412 (R\$11,244 at 12.31.2015) for loan risk on securitized transactions under Law No. 9138 of 11.29.1995, currently recorded in memorandum accounts, and R\$1,588 (R\$2,116 at 12.31.2015) for provision for risks of losses arising from the Loan Transactions Inventory.

**i) Changes in provisions**

**i.1) Tax, labor, civil and other proceedings and legal obligation**

Specification	03.31.2016	12.31.2015
<b>i) Taxes (Legal obligation)</b>		
Opening balance	1,069	90,201
Establishment	63	355
Reversal/use/write-off	-	(89,487)
Closing balance (Note 16.d)	1,132	1,069
<b>ii) Tax proceedings (Other legal obligations)</b>		
Opening balance	266	284
Establishment	11	55
Reversal/use/write-off	-	(73)
Closing balance (Note 22.c)	277	266
<b>iii) Tax proceedings (Other liabilities - other)</b>		
Opening balance	46,249	36,525
Establishment	13,173	12,485
Reversal/use/write-off	(12)	(2,761)
Closing balance (Note 22.c)	59,410	46,249
<b>iv) Labor claims (Other liabilities - othery)</b>		
Opening balance	249,461	221,610
Establishment	12,629	44,607
Reversal/use/write-off	(9,137)	(16,756)
Closing balance (Note 16.i)	252,953	249,461
<b>v) Civil proceedings (Other liabilities - other)</b>		
Opening balance	142,592	138,045
Establishment	14,794	51,707
Reversal/use/write-off	(6,039)	(47,160)
Closing balance (Note 16.i)	151,347	142,592
<b>vi) Other proceedings (Other liabilities - other)</b>		
Opening balance	720	608
Establishment	66	460

Reversal/use/write-off	(14)	(348)
Closing balance (Note 16.i)	772	720

## i.2) Other provisions

Specification	03.31.2016	12.31.2015
<b>i) FNE</b>		
Opening balance	2,792,367	2,062,717
Establishment	390,447	1,820,699
Reversal/use/write-off	(317,097)	(1,091,049)
Closing balance (Note 16.j)	2,865,717	2,792,367
<b>ii) FDNE</b>		
Opening balance	654	1,065
Establishment	12	49
Reversal/use/write-off	-	(460)
Closing balance (Note 16.j)	666	654
<b>iii) Proagro</b>		
Opening balance	2,644	2,600
Establishment	89	732
Reversal/use/write-off	(2,063)	(688)
Closing balance (Note 16.e)	670	2,644
<b>iv) Other contingent liabilities</b>		
Opening balance	37,800	28,603
Establishment	212	26,393
Reversal/use/write-off	(2,976)	(17,196)
Closing balance (Note 16.j)	35,036	37,800

## NOTE 23 - Employee and officer compensation (in R\$1.00)

### a) Monthly employee compensation

Gross compensation <sup>(1)</sup>	01.01 to 03.31.2016	01.01 to 03.31.2015
Maximum	36,619.33	33,290.13
Minimum	1,427.35	1,273.33
Average	9,274.52	8,340.59

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

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

Specification	03.31.2016	03.31.2015	03.31.2016	03.31.2015	03.31.2016	03.31.2015
<b>Gross compensation <sup>(1)</sup></b>	<b>Executive Board</b>		<b>Board of Directors</b>		<b>Supervisory Board</b>	
Highest individual compensation <sup>(2)</sup>	195,053.68	202,512.61	16,785.57	16,062.78	15,756.57	20,104.11
Lowest individual compensation <sup>(3)</sup>	135,814.99	148,200.75	12,862.53	13,293.33	12,862.53	12,308.64
Average individual compensation <sup>(4)</sup>	176,489.53	169,789.61	13,647.14	14,401.11	14,020.15	14,421.62
Number of officers/directors <sup>(5)</sup>	7	7	5	5	5	5

<sup>(1)</sup> Amounts approved at the 62<sup>nd</sup> Annual General Meeting held on 03.31.2015.

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

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

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

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

At 03.31.2016, the Bank had 7,227 employees (7,231 at 12.31.2015), a headcount increase of 0.06%.

## NOTE 24 - Post-employment Benefits

The post-employment benefit information is presented below. Actuarial evaluations are conducted by a qualified independent actuary, based on information provided by Caepf, Camed and the Bank.

### a) General description of the benefit plan characteristics

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

The Bank sponsors two benefit plans managed by Caixa 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.

The pension plans sponsored by the Bank offer supplementary retirement benefits based on the contribution period, age and disability to the plan participants, as well as supplementary pension and savings plans to their dependents.

The Defined Benefit plan (DB) is not open to new participants since 11.26.1999. In general terms, to the current participants, the Defined Benefit (DB) plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, weighted by the number of contributions paid to the plan, limited to 360, including any working hours extension, weighted by the number of contributions paid thereon, all effective since July 1997 and projected in accordance with the

plan regulation up to the date of the participant's retirement. In addition, a rate equivalent to 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 of the VC I plan are calculated based on the balance of the individual account for each member on the date of retirement and are paid in two phases, as follows: the first phase as annuity within the deadline established under the defined contribution (DC) plan and the second phase as life annuity under the defined benefit (DB) plan. In addition, the plan provides coverage for unplanned benefits, such as disability and death in activity, and these benefits are classified by the Bank as defined benefit.

The VC I plan is supported by the Actuarial Solvency Fund that will be used to cover any future actuarial insufficiency of mutual pension plan portfolios, as well as supported by the Mutual Fund for Risk Benefits, in order to supply the payment of supplementary capital in case of disability or death of the participant, referring to the insurance coverage of the benefits resulting from these events. The Actuarial Solvency Fund consists of amounts received from participants on a monthly basis, from the application of the actuarial solvency rate on the amount of contributions of active participants; balance of the sponsor's account related to active participant that has opted for redemption and for the amount obtained by the recovery of supplementary capital for disability in case of return of the vested participant due to pension for disability, having returned to the 'able' condition, provided that the referred to supplementary capital for disability has arisen from the insurer. The Mutual Fund for Risk Benefits is established from the application of a risk rate (of death or disability) on the monthly contributions received from active participants.

According to the statutes of the DB and VC I Plans, the following statutory bodies are responsible for the management and oversight of CAPEF: Decision-Making Board, Executive Board and Supervisory Board. The Decision-Making Board is a body for top-tier decision and guidance and shall primarily define the CAPEF's management policy and benefit plans. It is composed of representatives of the Bank, active participants and participants' and vested beneficiaries' representatives.

The Executive Board is responsible for executing the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, charter, benefit plan regulations, covenants and adhesion terms.

The Supervisory Board is the internal control body and shall mainly monitor and oversee CAPEF activities.

#### **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 beneficiaries. VC I plan 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 math reserves for planned benefits and the shared risk coverage regime for the other benefits offered to its participants and beneficiaries.

#### **a.1.2) Past due obligations and contributions due**

At 03.31.2016, the Bank has no past due obligations or contribution debts referring to DB and VC I plans, neither informal practices that originate constructive obligations that may be 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 No. 20 of 12.15.1998, with a contribution ratio of 1:1 at 03.31.2016 (1:1 at 31.12.2015).

#### **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, named Natural Plan, whose primary purpose is to provide health care to its associate members and dependents, through granting of subsidies to cover or reimburse expenses incurred in connection with health promotion, protection and recovery.

In its statute CAMED defines its statutory bodies: Social Board, Deliberative Council, Executive Board and Supervisory Board.

The CAMED's Deliberative Council is a body for monitoring and top-tier administrative decision, composed of representatives of the Bank and of the Social Board. The sponsors' representatives are chosen by the Bank CEO.

The Executive Board is responsible for executing the general guidelines and standards set by the Deliberative Council and other provisions contained in the relevant legislation, in its charter and internal regulations.

The Supervisory Board is the supervisory body of CAMED’s management acts and shall essentially monitor and direct the company’s activities.

**a.2.1) Past due obligations and contributions due**

At 03.31.2016, the Bank has no past due obligations or contribution debts referring to this plan, neither informal practices that originate constructive obligations that may be 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 enrollment of natural dependents, financial protection and emergency service fees, financial co-participation paid by each associate participant for services utilized and matched contributions from the Bank.

**a.3) Group life insurance**

The Bank’s benefits policy to its employees comprises collective policy agreement of group life insurance intended for its employees and retired former employees. Such policy provides basic coverage for death by natural and accidental causes and additional coverage for disability caused by accident and disease. Insurance premiums are determined by applying rates by age groups. The employees contribute with 50% of this premium amount and the Bank with the remaining 50%, in the form of the Collective Bargaining Agreement (2015/2016). Retirees are responsible for full payment of the premium. Every six-month period, the Bank actuarially assesses the benefit that consists of indirect subsidy to current retirees.

**a.3.1) Past due obligations and contributions due**

At 03.31.2016, the Bank has no past due obligations or contribution debts referring to the group life insurance, neither informal practices that originate constructive obligations that may be included in the measurement of the plans’ defined benefit obligation related to the life insurance.

**a.4) Risk exposure**

The Defined Benefit, Variable Contribution I, Natural and Group Life Insurance plans are mainly exposed to the following risks:

Plan	Type of risk	Risk description
DB/ VC I/ Natural	Investment risk	The present value of plans liabilities is calculated by reference to NBTN-B discount rate. If the variation of the rate of return on plan assets does not follow the variation of this rate, a deficit may be computed.
DB/VC I/Natural/Group Life Insurance	Interest rate risk	A decrease in interest rate of securities will increase the plan liabilities.
DB/VC I/Natural/Group Life Insurance	Longevity risk	The present value of the plan liabilities is calculated based on the best mortality estimate of the plan participants. An increase in the life expectancy of plan participants will increase the plan liabilities.
VC I/ Natural	Salary increase risk	The present value of plan liabilities is calculated considering the projection of future salary of plan participants. Therefore, unexpected changes in salaries of participants may have an impact in the plan liabilities.
VC I/ Natural	Administrative expense risk	Risk generated by the possibility of administrative expenses being higher than those estimated in the assessment, increasing actuarial liabilities.
DB/Natural	Risk of retirement postponement	The present value of the plan liabilities is calculated considering the possibility of retirement postponement, and in the event such postponement does not become effective, the amount of liabilities is likely to increase.
VC I	Risk of disability or death and coverage of supplementary capital	Risk of participant becoming disable or in case of death without a reserve sufficient to pay for the benefits.

**NOTE 25 - Fundo Constitucional de Financiamento do Nordeste - FNE (Northeast Constitutional Financing Fund)**

a) The total assets of FNE, amounting to R\$ 61,670,704 (R\$ 59,893,111 at 12.31.2015) are recorded in the Bank’s memorandum accounts “Net assets of managed public funds”.

- b) The Fund's cash and cash equivalents, totaling R\$ 12,670,704 (R\$ 11,324,340 at 12.31.2015), recorded in 'Other liabilities/Financial and development funds' bear interest at extra-market rate. The interest expense on cash and cash equivalents totaled R\$ 369,544 (R\$ 215,516 at 03.31.2015).
- 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 Programa da Terra 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% 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 under 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 the Banks 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 Contingent liabilities are as follows:

Risk level	Balances	Provision at 03.31.2016	Provision at 12.31.2015
AA	8,963,843	-	-
A	12,366,258	31,023	29,476
B	9,247,353	46,523	46,579
C	2,266,640	33,809	32,959
D	754,858	37,718	30,288
E	570,311	87,288	102,802
F	421,517	106,630	106,093
G	753,284	268,250	278,590
H	4,449,794	2,254,476	2,165,580
<b>Total</b>	<b>39,793,858</b>	<b>2,865,717</b>	<b>2,792,367</b>

- d) The Bank's *delcredere* commission on transactions entered as agreement by 11.30.1998 is nil. For transactions entered as agreement after this date *delcredere* commission is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9, item A of Law No. 7827 of 09.27.1989. In operations reclassified for FNE based on Law No. 11775 of 09.17.2008, *delcredere* 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 *delcredere* commission totaled R\$309,225 (R\$296,779 at 03.31.2015).
- e) The administration 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 administration fee totaled R\$342,099 (R\$359,670 at 03.31.2015).

#### NOTE 26 - Fundo de Amparo ao Trabalhador (FAT)

The Fundo de Amparo ao Trabalhador (FAT) is a special financial-accounting fund under 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	03.31.2016	12.31.2015
Proger-Urbano - Investment	TADE 017/2006	5,066	6,351
FAT - Infrastructure	TADE 018/2006	191,439	197,409
Protrabalho - Investment	TADE 004/2007	186,480	180,845
Programa Nacional de Microcrédito Produtivo Orientado (PNMPO)	TADE 001/2010	132,754	133,780
<b>Total</b>		<b>515,739</b>	<b>518,385</b>

Funds derived from the FAT, recorded under 'remunerated special deposits', totaling R\$311,919 (R\$332,363 at 12.31.2015), 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 yielding interest at SELIC totaled R\$31,985 (R\$37,932 at 12.31.2015).

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			03.31.2016		
		Form <sup>(1)</sup>	R.A.	SELIC remuneration	Cash and cash equivalents TMS <sup>(2)</sup>	TJLP used <sup>(3)</sup>	Total
Proger – Urbano - Investment	17/2006	RA	11,237	427	2,536	16,117	18,653
FAT - Infrastructure <sup>(4)</sup>	18/2006	RA	50,610	3,222	24,789	88,529	113,318
Protrabalho-Investment	04/2007	RA	19,393	41	282	72,993	73,275
Programa Nacional de Microcrédito Produtivo Orientado (PNMPO)	01/2010	RA	28,960	724	4,378	102,295	106,673
<b>Total (Note 13.b)</b>			<b>110,200</b>	<b>4,414</b>	<b>31,985</b>	<b>279,934</b>	<b>311,919</b>

Specification	Tade	Return of FAT funds			12.31.2015		
		Form <sup>(1)</sup>	R.A.	SELIC remuneration	Cash and cash equivalents TMS <sup>(2)</sup>	TJLP used <sup>(3)</sup>	Total
Proger – Urbano - Investment	17/2006	RA	12,866	464	2,945	17,576	20,521
FAT - Infrastructure <sup>(4)</sup>	18/2006	RA	49,508	3,131	25,820	98,068	123,888
Pronaf - Investment	04/2007	RA	20,276	31	1,282	75,188	76,470
National Program for Production-Oriented Microcredit (PNMPO)	01/2010	RA	30,093	541	7,885	103,599	111,484
<b>Total (Note 13.b)</b>			<b>112,743</b>	<b>4,167</b>	<b>37,932</b>	<b>294,431</b>	<b>332,363</b>

<sup>(1)</sup> RA – Automatic Return (Monthly, 2% on balance);

<sup>(2)</sup> Funds yielding SELIC rate;

<sup>(3)</sup> Funds yielding Long-term Interest Rate (TJLP); and

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

## NOTE 27 - Risk management and Basel Index

### a) Risk and capital management

The Bank's corporate governance instruments include a regularly reviewed internal control structure so that the operational, credit, market and liquidity risks may be adequately monitored. The risk management methodology observes the guidance set forth by the Basel Committee, with priority to identification of possible risks existing in the different Bank processes, and implementation and monitoring of key indicators and of mechanisms to mitigate any risks.

### Risk management structure

The 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 forwards for approval by the Executive Board proposals for creation of and adjustments in strategies, policies, models and procedures for risk management. The Control and Risk Executive Board coordinates the implementation thereof and the Bank's performance, through a specific unit that manages credit, operational, market and liquidity risks at corporate level, defining management methodologies and models, as well as promoting the dissemination of the risk management culture.

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

### Capital management structure

The Executive Board is responsible for approving the capital management structure of the Bank, including the Capital Plan for the period from 2016 to 2018, which was also approved by the Board of Directors, on 12.03.2015. 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](http://www.bnb.gov.br), clicking the link "About the Bank".

### b) Credit risk

Credit risk is defined as the risk of incurring losses associated with 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	
	03.31.2016	12.31.2015
<b>Loans, co-obligations and guarantees given</b>	<b>33,839,090</b>	<b>34,774,297</b>
<b>Public sector</b>	<b>1,557,735</b>	<b>1,679,852</b>
<b>Private sector</b>	<b>32,281,355</b>	<b>33,094,445</b>
Trading	3,980,170	4,142,642
Foreign trade	673,807	857,483
Housing	170	170
Manufacturing	9,528,870	9,700,730
Infrastructure	3,099,938	3,184,417
Urban micro-financing	2,787,953	2,993,986
Individuals	131,067	226,259
Rural	7,060,406	7,036,781
Other services	5,018,974	4,951,977
<b>Market transactions</b>	<b>28,497,000</b>	<b>26,957,135</b>
<b>Federal Government Bonds</b>	<b>25,419,669</b>	<b>23,756,920</b>
Repurchase Agreements	13,131,940	15,656,753
Other	12,287,729	8,100,167
<b>Interbank deposits</b>	-	-
<b>Other marketable securities</b>	<b>1,988,662</b>	<b>1,981,588</b>
<b>Other transactions</b>	<b>1,088,669</b>	<b>1,218,627</b>
<b>Other assets</b>	<b>3,628,824</b>	<b>3,756,309</b>
<b>Total</b>	<b>65,964,914</b>	<b>65,487,741</b>

The Bank uses the constant information flow to identify, measure, control and mitigate risks, thus ensuring that credit risk exposure is within acceptable parameters. Accordingly, the Bank uses instruments, such as: credit policies, risk assessment models and methodologies, managerial reports, and system for risk rating and for calculation of expenses related to allowance for loan losses.

Furthermore, any approval in terms of risk limits is based on the level of authority by body. In accordance with their characteristics and amount, the limits may be automatically calculated or analyzed and defined by the branches' credit assessment committees, or by the Operational Supporting Centers' risk limit approval committees, or also be decided by the customer risk limit approval committee of the General Executive Board, 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 their value, term, nature and purpose characteristics and conditions of collaterals as to their sufficiency and liquidity.

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

The collaterals for loans are determined based on their quality, capacity to be removed and sufficiency. Balances exposed to risk of loans above R\$5,000 amount to R\$4,920,008 (R\$5,067,776 at 12.31.2015). These transactions are backed by collaterals totaling R\$4,505,458 (R\$3,957,266 at 12.31.2015). Which are assessed at least once every three years, or within a shorter period, as long as there are material events involving the customer or the transaction. In addition to typical collaterals (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 mismatches between tradable assets and liabilities that could affect the Bank's ability to pay, as well as the possibility of the institution being unable to negotiate a position at market price due to its volume being greater than the volume normally traded in the market or due to any discontinuity thereof.

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

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

Specification	03.31.2016 (%)	12.31.2015 (%)
Liquidity ratio	At reporting date	435.32
	Average for the last 12 months	363.98
	Maximum for the last 12 months	516.70
	Minimum for the last 12 months	249.52

#### **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) back-testing; 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 and control bodies is critical to market risk management. Such reports include, among others, detailed information on and analysis of exposure levels of trading and banking portfolios, foreign exchange exposure levels and liquidity levels.

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

Risk exposure limits	Control procedure
<ul style="list-style-type: none"> <li>• Trading portfolio: 1% of Referential Equity</li> <li>• Banking portfolio: 5% of Referential Equity</li> </ul>	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 Rule No. 475 of 12.17.2008, the sensitivity analysis was conducted in order to identify significant risks capable of generating losses to the Bank, considering alternative scenarios for the behavior of various risk factors in trading and banking portfolio transactions, and its results are as follows:

Portfolio/risk factor	Type of risk	Scenario 1 (Probable)	Scenario 2 (change of 25%)		Scenario 3 (change of 50%)	
		Balance	Balance	Loss	Balance	Loss
<b>Trading portfolio</b>						
Fixed interest	Increase in interest rate	13,141,076	13,117,776	(23,300)	13,095,221	(45,855)
<b>Banking portfolio</b>						
Dollar coupon	Reduction in coupon	(127,065)	(130,717)	(3,652)	(134,941)	(7,876)
Euro coupon	Increase in coupon	4,289	4,258	(31)	4,228	(61)
IGP coupon	Increase in coupon	699,917	664,661	(35,256)	632,429	(67,488)
IPCA coupon	Reduction in coupon	849,137	737,224	(111,912)	642,237	(206,899)
TJLP coupon	Increase in coupon	173,237	131,413	(41,824)	100,731	(72,506)
TR coupon	Increase in coupon	(942,217)	(972,139)	(29,922)	(994,309)	(52,092)
Fixed interest	Increase in interest rate	4,735,063	4,613,100	(121,964)	4,504,999	(230,065)

For purposes of above mentioned 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 market risk factors considered, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances under Scenario 1 and the balances under Scenarios 2 and 3.

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

Nature of transaction	Type of risk	Financial instrument	Scenario 1 (Probable)	Scenario 2 (variation of 25%)	Scenario 3 (variation of 50%)
Hedging derivatives	Increase in Referential Rate - BM&FBOVESPA DI x dollar	Dollar x DI Swap	1,113,714	1,140,171	1,167,973
		Liabilities in Foreign Exchange	(1,138,618)	(1,165,440)	(1,193,623)
		Net exposure	(24,904)	(25,269)	(25,650)

Market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from a possible stressed increase in exchange coupon in foreign-currency-denominated transactions. The method used to prepare the sensitivity analysis of foreign exchange hedge and respective notes was to determine the balances of liabilities 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 fixed interest swap rate was applied.

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

**e) Operational risk**

Operational risk is the possibility of effective or recoverable losses deriving from human failures or errors in processes, systems or arising from external factors, including those related to legal issues.

Operating risk management requires continuous commitment and involvement of all managers, employees and collaborators, whose main purpose is to mitigate the possibility and impact of operating losses, in addition to generating value through qualification of professionals, optimized processes and improvement in technological systems.

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

The Bank's corporate operating risk management is strengthened through a specific organizational structure designed to support assessment activities in all processes, mainly based on the provisions set forth by the Central Bank. The qualitative approach comprises methodologies, control tools, mitigating measures and managerial reports. This analysis describes management by its architecture's process and design - macroprocesses and processes of risk identification, control, mitigation and action plan to correct weaknesses detected. 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 exposure sold, in the amount of R\$ 84,411 (R\$ 67,162 at 12.31.2015 - short position), as follows:

Specification	03.31.2016	12.31.2015	Specification	03.31.2016	12.31.2015
Cash and cash equivalents	37,537	58,426	Deposits	-	-
Interbank investments	-	635	Interbranch accounts	5,796	12,331
Loan	890,722	1,033,285	Domestic borrowings and onlending	90,562	101,491
Other receivables	864,263	1,040,756	Foreign borrowings and onlending	2,058,703	2,284,406
<b>Total assets in currencies foreign excluding derivatives</b>	<b>1,792,522</b>	<b>2,133,102</b>	Other liabilities	815,031	1,004,859
Swap transactions	1,093,159	1,202,823	<b>Total liabilities in currencies foreign</b>	<b>2,970,092</b>	<b>3,403,087</b>
<b>Total assets exposure in foreign currencies</b>	<b>2,885,681</b>	<b>3,335,925</b>	<b>Total liability exposure in foreign currencies</b>	<b>2,970,092</b>	<b>3,403,087</b>

Foreign exchange 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**

At 03.31.2016, the Bank had a extended Basel index (including capital to cover RBAN) of 11.44% (13.61% at 12.31.2015) and Tier I rates and Principal Capital were both at 7.31% (7.25% at 12.31.2015). RE computed was R\$4,523,276 (R\$5,270,254 at 12.31.2015), Tier I and Principal Capital had the same amount of R\$2,732,479 (R\$2,689,059 at 12.31.2015), while risk weighted assets (RWA amount) totaled R\$37,375,708 (R\$37,111,437 at 12.31.2015).

**i. Minimum Capital Requirements (Basel III)**

Specification	03.31.2016	12.31.2015
<b>Referential Equity(RE)</b>	<b>4,523,276</b>	<b>5,270,254</b>
. Tier I	<b>2,732,479</b>	<b>2,689,059</b>
. Principal Capital	2,732,479	2,689,059
. Tier II	<b>1,790,797</b>	<b>2,581,195</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>37,375,708</b>	<b>37,111,437</b>
. RWACPAD	30,051,932	30,704,853
. RWACAM	381,169	372,978
. RWAJUR	90,481	80,718
. RWACOM	10,440	14,146
. RWAOPAD	6,841,686	5,938,742
<b>RBAN amount</b>	<b>2,156,557</b>	<b>1,621,685</b>
<b>Margin on RE (RE - [RWA * 9.87511%])<sup>1</sup></b>	<b>832,425</b>	<b>1,187,996</b>
<b>Margin on RE considering RBAN {RE - ((RWA + RBAN)* 9.875%)}</b>	<b>619,465</b>	<b>1,009,611</b>
<b>Margin on RE Tier I (Tier I RE - RWA * 6%)</b>	<b>489,937</b>	<b>462,373</b>
<b>Margin on RE(Principal Capital - RWA * 4.5%)</b>	<b>1,050,573</b>	<b>1,019,045</b>
<b>Additional Capital(AC (RWA * 0.625%))</b>	<b>233,598</b>	-

Margin on Additional Capital(whichever lower of margins - required AC)	256,339	462,373
<b>Basel Indexes:</b>		
. Principal capital index (minimum requirement of 4.5%)	7.31%	7.25%
. Tier I index (minimum requirement of 6.0%)	7.31%	7.25%
. Basel index (minimum requirement of 9.875%) <sup>(1)</sup>	12.10%	14.20%
. Basel index including RBAN	11.44%	13.61%

(1) In December 2015 the percentage was 11%.

Where:

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

## ii. Breakdown of Referential Equity (Basel III)

Specification	03.31.2016	12.31.2015
<b>Referential Equity(RE)</b>	<b>4,523,276</b>	<b>5,270,254</b>
<b>Referential Equity Tier I</b>	<b>2,732,479</b>	<b>2,689,059</b>
<b>Principal Capital</b>	<b>2,732,479</b>	<b>2,689,059</b>
Capital	2,844,000	2,844,000
Income reserves	605,963	598,429
Capital and revaluation reserves	16,088	16,621
Remaining balances and retained earnings	533	-
Credit P&L accounts	3,126,272	-
Debt P&L accounts	(3,074,611)	-
Unrealized gains or losses - equity valuation and marketable securities	(548,475)	(615,864)
Treasury shares and other Bank's instruments	-	-
Retained earnings (accumulated losses)	-	-
Prudential Adjustments	(237,291)	(154,127)
Prudential Adjustments - intangible assets	(5,400)	(3,446)
Prudential adjustment - Deferred assets	(19)	(37)
Prudential adjustment - Tax credits from temporary differences	(168,704)	(135,777)
Prudential adjustment – Difference to less – Adjustments of CMN Resolution No. 4277	(63,168)	(14,867)
<b>Referential Equity Tier II</b>	<b>1,790,797</b>	<b>2,581,195</b>
Instruments eligible to Tier II	1,843,766	2,633,957
Investment in other entities deducted of Tier II	(52,969)	(52,762)

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

The Hybrid Debt/Equity Instrument recorded under RE Tier II until 12.31.2015 does not compose the RE since January 2016, as it is currently replaced by a novation and acknowledgment of debt agreement, which is in under negotiation with the Secretaria do Tesouro Nacional (STN) and awaiting authorization by BACEN to be deemed eligible for the Principal Capital.

## iii. Leverage Ratio (LR)

On February 27, 2015, BACEN published Circular No. 3748 effective from October 2015, which describes the calculation methodology of Leverage Ratio (LR). This calculation is the result of the division of Tier I Referential Equity, calculated according to CMN Resolution No. 4192, by Total Exposure defined in subparagraph II, article 2 of BACEN Circular No. 3748. At 03.31.2016, the Leverage Ratio of Banco do Nordeste was 4.31%(4.25% at 12.31.2015), as follows:

Specification	03.31.2016	12.31.2015
Tier I Referential Equity	2,732,479	2,689,059
Total exposure for Leverage Ratio	63,422,863	63,250,106
Leverage Ratio	4.31%	4.25%

## iv. 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 investment index is as follows:

Specification	03.31.2016	12.31.2015
Referential Equity for investment limit	4,523,276	5,270,254
Investment limit	2,261,638	2,635,127
Status	230,788	231,006
Margin	2,030,850	2,404,121
Investment index	5.10%	4.38%

**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	03.31.2016	12.31.2015
<b>Assets</b>		
Loans - refinancing with the Federal Government (Note 9.a.1)	501,401	478,527
<b>Total</b>	<b>501,401</b>	<b>478,527</b>
<b>Liabilities</b>		
<b>Time deposits - FAT (Note 13.b. and Note 26)</b>	<b>311,919</b>	<b>332,363</b>
<b>Domestic onlending – Official institutions (Note 14.c.)</b>	<b>1,743,994</b>	<b>1,709,146</b>
National Treasury	436	426
BNDES	1,607,619	1,567,324
FINAME	135,939	141,396
<b>Other obligations</b>	<b>15,522,666</b>	<b>14,626,241</b>
Fundo Constitucional de Financiamento do Nordeste (FNE) - (Note 16.f)	12,678,900	11,332,783
Hybrid debt/equity instruments (Notes 16.g and 17)	-	1,501,176
Debt instruments eligible to capital (Notes 16.h and 17)	1,000,000	-
Subordinated debts eligible for capital (Notes 16.i and 18)	1,843,766	1,792,282
<b>Total</b>	<b>17,578,579</b>	<b>16,667,750</b>

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 down as follows:

Specification	03.31.2016	12.31.2015
<b>Liabilities</b>		
Post-employment benefits - CAPEF DB Plan (Note 16.j)	227,268	235,477
Post-employment benefits - Camed Natural Plan (Note 16.j)	788,918	772,977
Post-employment benefits - Life insurance (Note 16.j)	56,957	56,505
<b>Total</b>	<b>1,073,143</b>	<b>1,064,959</b>

**b) Management compensation**

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

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
<b>Fees</b>	<b>969</b>	<b>932</b>
Executive Board	831	804
Board of Directors	64	62
Supervisory Board	64	66
<b>Other</b>	<b>356</b>	<b>314</b>
<b>Total short-term benefits</b>	<b>1,315</b>	<b>1,246</b>
<b>Post-employment benefits</b>	<b>58</b>	<b>87</b>
<b>Total</b>	<b>1,373</b>	<b>1,333</b>

The Bank does not have variable share-based compensation and other long-term benefits and does not offer post-employment benefits to management, except for those comprising the headcount, members 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 Banco Central do Brasil.

**NOTE 29 - Statement of comprehensive income(loss)**

Specification	01.01 to 03.31.2016	01.01 to 03.31.2015
<b>Net income</b>	<b>77,808</b>	<b>56,772</b>
<b>Other comprehensive income (loss)</b>	<b>67,922</b>	<b>(48,819)</b>
Equity adjustment to available-for-sale securities	113,588	(81,752)
Tax effect on Equity adjustment to available-for-sale securities	(45,688)	32,701
Realization of revaluation reserve	969	968
Tax effect on realization of revaluation reserve	(436)	(387)
Actuarial gains (losses)	(511)	(349)
<b>Comprehensive income (loss)</b>	<b>145,730</b>	<b>7,953</b>

**NOTE 30 - Other Information**

**a) Guarantees given**

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

Specification	03.31.2016	12.31.2015
Import financing	6,236	8,980
Export credits confirmed	58,500	58,500
Guarantee beneficiaries		
- Individuals or non-financial legal entities	450	450
- FNE	20,130,802	19,962,828
- FDNE	114,039	111,941
Credit assignment co-obligations	20,017	19,910

**b) Statement of compliance**

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

**Fortaleza, April 26, 2016.**

**The Executive Board**

**Note: The notes are an integral part of the financial statements.**

**A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)**

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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, 2016, which comprises the balance sheet as at March 31, 2016 and the related statement of income, of comprehensive income, of changes in equity and of cash flows for the quarter then ended, including explanatory information.

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

## **Other matters**

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

We also reviewed the statements of value added (DVA), for the quarter ended March 31, 2016, prepared under the responsibility of Bank management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information - ITR. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall interim financial information.

São Paulo, May 12, 2016.

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

Eduardo Wellichen  
Accountant CRC-1SP184050/O-6