



FINANCIAL STATEMENTS

Bank and FNE

In thousands of Reais

Position as of 12.31.2014



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BANK

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A WORD FROM THE PRESIDENT

In 2014, Banco do Nordeste strengthened its commitment to growth and sustainability. In this period of big challenges, designed and planned the present and the future, the best solutions for the Region were sought. As a result from such efforts, Banco do Nordeste attained the best social and financial results of its history.

Were performed 4,711,777 loan transactions, in the amount of R\$ 25.3 billion, of which R\$ 13.5 billion derived from the Northeast Constitutional Financing Fund (FNE), destined to the implementation, expansion and modernization of enterprises, particularly in the Brazilian semi-arid region and in connection with family farming.

More has been invested in the entrepreneurial potential of people from the Brazilian Northeast region as well as from the Minas Gerais and Espírito Santo states. The Bank consolidated its participation in the segment of micro and small companies (MPE) with loan transactions totaling R\$ 2.9 billion, up 70.1% compared to 2012. In the Crediamigo program, a reference worldwide in oriented production microcredit, there was an increase of 23.7% in 2014 compared to the prior year, with 3.9 million loan transactions, exceeded the mark of R\$ 7.1 billion disbursed.

The Agroamigo program became the biggest rural microfinance program in Latin America with monitored oriented loans and a specific methodology for the conditions prevailing in the rural environment. In another year marked by drought, more than 400 thousand loan transactions were performed, totaling R\$ 1.5 billion, up 22.4% compared to 2013.

Another highlight was the recovery of loans to secure continuity of operation of the regional economy financing system. Such recovery totaled R\$ 2.4 billion in the year.

And results go further beyond the figures. They represent more opportunities, jobs and income for thousands of Brazilians.

In this respect, the Bank presented to society the Northeast 2022 Study, encompassing a series of prospective studies focusing on regional development prospects.

Said document represents an important operating instrument for the diversification and expansion of the industrial activity in the Brazilian Northeast region, the increase of competitiveness, as well as the expansion of social developments and promotion of environmental sustainability. Given its importance, the Northeast 2022 Study was introduced as reflecting Strategic Directives for the Bank's Planning for the period 2015-2018.

Work in tandem with other federal agencies in the Northeast region was intensified, with events and work meetings with purposeful agendas to allow attaining of a broad and integrated view about development. This is fundamental for better performing the actions of each institution and, consequently, for growth of the Region.

The presence of Banco do Nordeste was extended and strengthened so as to be, every time more, the main development agent of the Region. A competitive and profitable multi-purpose Bank.

Other 64 new agencies were opened, with the generation of 1,710 new jobs. A new public-sector recruitment examination was carried out, which was passed by 1,432 applicants.

Among other novelties, there was launching of the Agribusiness Card to finance agricultural costs and the Credit Cards for Individuals. The Bank launched

important partnering initiatives for the implementation of card readers for the micro and small companies segment, as well as studies for a pioneer urban microcredit initiative.

Banco do Nordeste went up 21 positions in the ranking of the most valuable banks in the world. According to the annual Brand Finance Banking report, together with 'The Banker' magazine, its corporate banking brand value reached US\$ 333 million, a 16% appreciation in relation to prior year.

In the ranking of Institutions by rate of complaints disclosed by the Central Bank of Brazil, Banco do Nordeste presented the lowest such rate and, consequently, the best position among banks and financial institutions with more than two million customers, with only one upheld complaint in the second half of 2014.

It was also a year of awards received! The Microcredit program was, once again, acknowledged internationally. The Crediamigo program was granted the Foromic Award for Financial Inclusion by the Multilateral Investment Fund (Fomin), a member of the Inter-American Development Bank (IDB).

For the second year in a row, the Bank received the "Celso Furtado" Medal, granted by the Commission for National Integration and Regional Development of the Amazon Region of the House of Representatives (Cindra), together with the National Confederation of Industry (CNI).

Banco do Nordeste was considered the Bank of the year, receiving the 10th Banking Report Award, in the 2014 Highlight category.

The Bank contributed and continues contributing for the social and economic development of the Region. All of these important wins result from the integrated work, but, principally, they are the achievement of each one of the 6,972 employees, 313 high-school scholarship students, 598 university scholarship students, 274 minor apprentices and other 532 former employees who adhered to the Voluntary Dismissal Program (PID). Co-workers who are part of the Bank's history and its growth.

Our thanks to all of those who, owing to their origin, conviction or heart, worked and continue working for the development of the Bank and Brazil.

Nelson Antonio de Souza
CEO of Banco do Nordeste do Brasil S.A.

2014 HIGHLIGHTS

Banco do Nordeste went up 21 positions in the ranking of the 500 most valuable banks in the world

Banco do Nordeste's banking brand value appreciated 16% in 2014, reaching US\$ 333 million, according to the annual Brand Finance Banking report, together with The Banker magazine. The "Global 500 Banking Brands Index" is a ranking of publicly-traded banks with the most valuable banking brands in the world. Banco do Nordeste now ranks 314th, up 21 positions compared to 2013.

Ranking of Institutions by Ratio of Complaints

In the second half of 2014, Banco do Nordeste ranked last based on the ratio of complaints among banks and financial institutions with more than two million customers, as disclosed by the Central Bank of Brazil. The ranking of institutions by ratio of complaints, in which commercial, multi-purpose, cooperative, investment banks, branches of foreign commercial banks, savings and loans banks, credit, financing and investment companies (SCFI) and consortium administrators

participate, is defined based on public claims filed against financial institutions with the Central Bank of Brazil.

Banco do Nordeste ranks 11th among banks and financial institutions with more than two million customers, with ratio of complaint of 0.23. The institution ranking first on the list has ratio of complaint of 305.41, with 694 complaints among 2,272,314 customers. The institution ranking 10th, had ratio of compliant of 25.25, or 112 complaints among 4,434,210 customers.

The Bank was acknowledged for its corporate citizenship

Banco do Nordeste was acknowledged as one of the “100 Best Companies in terms of Corporate Citizenship” in Brazil, by the Gestão RH magazine. The award evaluates and recognizes companies in relation to social and environmental responsibility, ethics and relationship with stakeholders, life quality at work and inclusive policies.

Banco do Nordeste was recognized as one of the best companies in terms of Human and Organizational Development

Banco do Nordeste is among the 110 Best Companies in terms of Human and Organizational Development Index (IDHO), according to the survey conducted by the Gestão RH magazine. It was awarded a special recognition for Corporate Governance, one of the components of the index, ranking among the 10 best companies in this respect. The survey is conducted every year and is based on the Human Development Index (HDI) used to measure human development in the countries. The Gestão RH magazine evaluates, through the HODI index, the main practices adopted by the companies in relation to corporate governance, human capital, transparency, sustainability and corporate citizenship. The analyses are based on the level of involvement of the company with the community or society in general.

Banco do Nordeste is among the best companies in Brazil in relation to People Management Practices

Banco do Nordeste appears on the list of the 150 Best Companies in terms of People Management Practices – PMPs 2014. The survey was conducted by Gestão RH Editora, whose annual survey maps, among the best companies in Brazil, which programs that are being conducted for the benefit of employees. The survey traditionally focuses on the group of the “1,000 Biggest and Best Companies” (Exame Magazine), “Best Companies to Work” (Época Magazine) and “150 Best Companies to Work” (Você S/A- Exame Magazines), further to the surveys conducted by Gestão RH, such as: Best Companies in terms of Corporate Citizenship and Human and Organizational Development Index (HODI).

The Bank implemented the Voluntary Dismissal Plan

Enhancement of human skills is a component of Banco do Nordeste’s strategic planning as one of its strategic positions. In view of this, it was implemented, pioneered, the Voluntary Dismissal Program (PID). The Program benefitted employees who were already retirees or who qualified for applying for pension from the National Social Security Institute (INSS). There was voluntary adherence to the program by 532 employees.

Fitch renews the rating of Banco do Nordeste in stable outlook

Fitch, one of the largest risk rating companies in the world, published a report in which renews rating BBB - Stable Outlook for Banco do Nordeste. The report highlights the strengthening of the institution’s loans model, as well as the partnering initiatives entered with Banco do Brasil and Caixa Econômica Federal. According to Fitch, Banco do Nordeste also has a comfortable reserve to expand its loan activities, besides being successful in the recovery of loans.

Banco do Nordeste increased the number of agencies by 55% in the last two years

In the period from 2012 to 2014, Banco do Nordeste inaugurated 103 new branches, 64 of which in 2014, as a result from execution of the branches's expansion plan. This represented a 55% increase in the total number of branches. With this expansion the Bank now has 289 agencies.

The Bank entered into a partnering initiative with Global Payments and Nexx pago

Banco do Nordeste entered into a partnering initiative with *Global Payments* and *Nexx pago*, for the accreditation of commercial establishments of several sizes. With the new charge/credit card accreditation company, Banco do Nordeste expanded its actuation in the means of payment market, for customers in the Micro and Small Companies (MPE), Entrepreneurial and Urban Microfinance (Crediamigo) segments, in order to be able to carry their sales transactions using charge/credit cards through Banco do Nordeste.

Active portfolio of Agroamigo exceeds R\$ 2.0 billion

The active portfolio of Agroamigo exceeded the mark of R\$ 2.0 billion in the first half of 2014. This represents a 19.7% increase compared to December 2013. Agroamigo, the Rural Microfinance Program of Banco do Nordeste, was created in 2005, being conducted together with INEC (*Instituto Nordeste Cidadania*) and the Brazilian Ministry for Agrarian Development (MDA). In eight years of operation, it has become the major rural microfinance program in Brazil.

To the entrepreneurs of the Crediamigo program were granted the Citi Award

Owing to the good performance in their activities, three Crediamigo program entrepreneurial customers were granted the Citi Award. The Award is a global initiative in more than 30 countries. The award is extremely relevant for customers who see their efforts recognized and transformed into success cases. In this Citi award edition, a Crediamigo microcredit agent was also recognized for indicating more customers to the award.

Crediamigo program was granted a financial inclusion award in Ecuador

Crediamigo, the urban microcredit program of Banco do Nordeste, received one more international award: the Foromic Financial Inclusion Award, granted by the Multilateral Investment Fund (Fomin), a member of the Inter-American Development Bank (IDB).

The Foromic Award, created in 1998, is intended to promote innovations by micro-companies and provide a microfinance platform, having proved that it is possible to provide sustainable and profitable financial services to low-income entrepreneurs.

As evaluation criteria, the award organization commission considered aspects such as performance and transparency, as well as quality of offered financial services and their effectiveness in massively reaching poor populations. Factors such as geographic reach and expansion channels of operations were taken into consideration by the jury, composed of specialists in financial inclusion and executives of public and private institutions.

For the Bank, the award shows that microfinance has been, over this period, a successful, efficient and fast growing mechanism for the development of activities, as well as income generation for lower-income people or unassisted groups.

Banco do Nordeste hosted the Urban and Rural Microfinance Event

Banco do Nordeste hosted the seminar *La Pasantía (MICROFINANZAS URBANA Y RURAL: La experiencia del Banco do Nordeste con SUS Programas CrediAmigo y AgroAmigo)*, held in August 2014. Said event had the purpose of getting to know

urban and rural microcredit program management, practices, methodology and challenges of the Institution.

The seminar was organized by Banco do Nordeste and ALIDE (Latin-American Association of Financial Institutions for Development) and had the participation of 18 guests from Costa Rica, Ecuador, Mexico and Paraguay, as well as of Banco do Nordeste representatives.

Banco do Nordeste received a tribute for supporting the Objectives of the Millennium

Banco do Nordeste received a tribute by the General Secretary of the President of the Republic for supporting Development Objectives of the Millennium (ODM).

The Objectives of the Millennium (ODM) seek to eradicate extreme poverty and hunger, provide basic education to all, eradicate gender inequalities and promote women's autonomy, improve maternal health, reduce infant mortality, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and the establishment of worldwide partnering initiatives to foster development.

In 2013, Banco do Nordeste contributed to the project for the development of skills, sustainable economic fairness and the promotion of good practices for attaining the Objectives of the Millennium (ODM).

Banco do Nordeste was awarded the “Celso Furtado Medal” by Cindra

For the second year in a row, the Bank received the “Celso Furtado” Medal and the Award for Regional Development -2014, granted by the Commission for National Integration and Regional Development of the Amazon Region of the House of Representatives (Cindra), together with the National Confederation of Industry (CNI).

The medal and award were granted in the event to federal, state, municipal and federal district public administration agencies, agents and entities, as well as to individuals and private legal entities that have conducted works, actions or programs contributing to regional development.

The award received by the Bank acknowledged its work to fulfil its institutional mission of promoting regional development.

Banco do Nordeste received the 10th Banking Report Award in the “2014 Highlight” category

Banco do Nordeste was considered the Bank of the year, receiving the 10th Banking Report Award, in the 2014 Highlight category. The promotion by the Bank of sustainable regional development, urban and rural microcredit programs, namely Crediamigo and Agroamigo, respectively, as well as the review of the governance model for credit extension purposes and the expansion of the network of branches of the institution, among other points, were decisive in granting such award to the Bank.

The Banking Report Award is organized by the Cantarino Brasileiro Agency and is considered the most traditional financial sector event. It is considered the main award of the segment and reunites all financial market and its supplier chain members in the award ceremony.

FINANCIAL AND ECONOMIC PERFORMANCE

Total Assets

At 12.31.2014, Banco do Nordeste's total assets were up 13.0% compared to 12.31.2013. The Bank's assets also include FNE available funds (R\$ 1.5 billion) as well as restricted funds committed to FNE's loan transactions, i.e. relating to loans

taken out pending release of funds (R\$ 6.3 billion). The increase in the Bank's assets from December 2013 to December 2014 is mainly due to the increase in the balance of cash and cash equivalents, interbank investments, marketable securities and loan transactions.

In 2014, FNE's total assets were up 12.3%, mainly due to the inflow of funds received from the Brazilian National Treasury. In 2014, FNE's assets increased by R\$ 6.1 billion, compared to R\$ 5.6 billion in 2013. Comparing the positions at 12.31.2014 and 12.31.2013, there was a 12.3% increase in the balance of FNE's loan transactions (adjusted by allowances) and 12.8% increase in the balance of cash and cash equivalents and funds committed for loans, as per the **Table 1** below:

Table 1 – Total Assets (R\$ Million)

Specification	BNB		FNE	
	12.31.2013	12.31.2014	12.31.2013	12.31.2014
Cash and cash equivalents ^(*)				
Interbank Investments and Marketable Securities	19,897.0	22,748.9	1,766.4	1,530.8
Funds committed for loans	0.0	0.0	5,142.3	6,259.9
Interbank Accounts	412.1	402.5	1,674.2	1,826.1
Loans (Adjusted by Allowances)	10,248.4	11,736.3	39,051.3	43,852.9
Other Loans (Adjusted by Allowances)	2,998.5	3,059.9	7.1	7.9
Other Assets	25.9	27.7	1.3	1.3
Permanent Assets	235.6	229.7	-	-
Total	33,817.5	38,205.0	47,642.6	53,478.9

^(*) Cash and cash equivalents of BNB include available funds and those committed to FNE's loan transactions

Marketable Securities

The marketable securities portfolio balance at 12.31.2014 amounts to R\$ 13.8 billion, an increase of R\$ 2.1 billion (18.3%) compared to the balance at 12.31.2013 of R\$ 11.7 billion.

Abiding by Circular No. 3068, of 11.08.2002, from Central Bank of Brazil, Banco do Nordeste prepared a projected cash flow for marketable securities portfolio classification purposes. This cash flow evidences that there is sufficient available funds to fulfill all obligations and lending policies without the need of selling securities classified as "Held-to-Maturity Securities". In view of this, the Bank's management represents that the Institution has the financial capacity and the intent of holding the securities in this category until maturity.

Cash and cash equivalents – FNE

The balance of FNE's cash and cash equivalents was down 13.3% from R\$ 1.8 billion in 2013 to R\$ 1.5 billion in 2014. The balance of fund committed loans increased 21.7%, from R\$ 5.1 billion in 2013 to R\$ 6.3 billion in 2014. The decrease in the cash and cash equivalents balance is mainly due to funds committed to contracted loans.

Equity and P&L

Banco do Nordeste's equity balance at 12.31.2014 amounted to R\$ 3.4 billion. Capital amounted to R\$ 2.8 billion, divided into 86,371,464 registered, paid-in

common shares with no par value. Return on average equity in 2014 was of 23.2% p.a.

Net income amounted to R\$ 747.4 million, representing earnings per share of R\$ 8.7, the highest net income ever posted by Banco do Nordeste, as a consequence of the improvement in operating efficiency and risk quality of loan transactions.

Equity of FNE amounted to R\$53.5 billion in 2014.

OPERATING PERFORMANCE

Transactions Volume

Banco do Nordeste's overall transactions totaled R\$ 25.3 billion in 2014, up 9.1% compared to 2013, or 4.7 million transactions.

Out of this amount, R\$ 14.3 billion (56.3%) were destined to long-term financing (including rural, industrial, agricultural investments, as well as investments in infrastructure, trade and services), representing 1.3% increase in relation to such transactions volume in 2013.

Short-term transactions (including Direct Credit to Consumers (CDC), working capital, credit card, secured account, foreign exchange, discount and the Crediamigo program) were up 21.6%, totaling R\$ 11.1 billion, as per the **Table 2** below:

Table 2 – Total Transactions

Type	2013		2014		Change in amount
	Quantity	Amount *	Quantity	Amount *	
Loans	4,287,041	23,189.9	4,711,777	25,344.9	9.3%
Long-term	569,984	14,090.7	484,944	14,277.7	1.3%
Short-term	3,717,057	9,099.2	4,226,833	11,067.2	21.6%
Capital Markets	1	38.0	0	0.0	-100.0%
Total	4,287,042	23,227.9	4,711,777	25,344.9	9.1%

*R\$ million.

Out of the total amount of short-term loans, R\$ 7.1 billion were allocated to the Crediamigo program, representing 64.4% of the short-term transactions volume, up 23.7% compared to prior year, as shown in **Table 3** below.

Table 3 – Short-term Loans

Product	2013		2014		Change in amount
	Quantity	Amount *	Quantity	Amount *	
Crediamigo	3,413,430	5,760.1	3,871,871	7,124.8	23.7%
CDC/Working Capital	32,706	1,406.9	60,181	1,894.9	34.7%
Credit Card	-	-	19,836	69.4	-
Secured account	34,001	817.7	35,308	646.1	-21.0%
Foreign exchange	203	790.6	282	975.4	23.4%
Discount	236,717	323.9	239,355	356.6	10.1%
Total	3,717,057	9,099.2	4,226,833	11,067.2	21.6%

*In R\$ million.

In relation to the profile of customers who took out loans, out of the total of such transactions in 2014 (R\$ 25.3 billion), 60.2% were made available to small-sized customers (micro and small companies, individuals, micro and small rural producers, customers of the Crediamigo and Pronaf programs – including Agroamigo program), representing R\$ 15.3 billion, up 11.1% compared to 2013, as shown in **Table 4** below:

Table 4 – Loan Transactions by Customer Size

Size	2013		2014		Change in amount
	Quantity	Amount *	Quantity	Amount *	
Small	4,237,269	13,736,2	4,663,960	15,258,4	11.1%
Medium	43,891	2,933,1	42,487	2,778,6	-5.3%
Large	5,881	6,520,6	5,330	7,307,9	12.1%
Total	4,287,041	23,189,9	4,711,777	25,344,9	9.3%

*In R\$ million.

In the distribution of loan transactions by economic sector in 2014, the sectors to which most funds were destined were: trade –R\$10.8 billion, industrial – R\$6.5 billion and rural – R\$ 5.3 billion, as shown in **Table 5**. Although the amount destined to the infrastructure sector presented a negative variation, the average ticket of transactions increased by 42% compared to 2013.

Table 5 – Loan Transactions by Economic Sector

Sector	2013		2014		Change in amount
	Quantity	Amount*	Quantity	Amount*	
Rural	534,766	5,548,3	443,101	5,252.5	-5.3%
Industrial	56,082	4,401,4	131,285	6,469.5	47.0%
Infrastructure	23	945,9	4	233.6	-75.3%
Trade	3,650,376	9,469,5	4,098,007	10,801.5	14.1%
Services	45,794	2,824,8	39,380	2,587.8	-8.4%
Total	4,287,041	23,189,9	4,711,777	25,344.9	9.3%

* In R\$ million.

Out of total loan transactions in 2014, as shown in table 4 above, amounting to R\$ 25.3 billion, R\$ 13.5 billion derived from the Northeast Constitutional Financing Fund (FNE), representing 53.1% of total applied funds. Out of these amounts, R\$ 6.4 billion were taken out by small-sized customers, corresponding to 47.3% of total funds from FNE. Loans taken out by medium-sized customers totaled R\$ 1.8 billion, up 28.3% compared to 2013, and loans taken out by large customers increased by 10.6%, totaling R\$ 5.3 billion as shown in **Table 6**.

Table 6 – FNE – Loan Transactions by Customer Size

Size	2013		2014		Change in amount
	Quantity	Amount*	Quantity	Amount*	
Small	555,970	6,547.7	467,598	6,368.8	-2.7%
Medium	973	1,418.8	1,049	1,820.2	28.3%
Large	201	4,761.0	264	5,264.7	10.6%
Total	557,144	12,727.5	468,911	13,453.7	5.7%

* In R\$ million.

In relation to economic sectors perspective, the major increases compared to 2013 occurred in the infrastructure sector, with increase of 107.8%, and in the industrial sector with increase of 25.4%. Most funds taken out from FNE were destined to the rural sector (R\$ 5.1 billion or 38.3% of loans from that source). Destination of loan amounts was as follows: industrial sector - R\$ 3.7 billion; service sector - R\$ 2.4 billion; trade sector - R\$ 1.9 billion and infrastructure sector - R\$ 233.6 million, as shown in **Table 7**.

Table 7 – FNE – Loans by economic sector

Sector	2013		2014		Change in amount
	Quantity	Amount*	Quantity	Amount*	
Rural	533,517	5,419.6	441,885	5,148.3	-5.0%
Industrial	3,162	2,999.3	3,955	3,761.6	25.4%
Infrastructure	2	112.4	4	233.6	107.8%
Trade	16,297	1,947.5	19,037	1,901.5	-2.4%
Services	4,166	2,248.7	4,030	2,408.7	7.1%
Total	557,144	12,727.5	468,911	13,453.7	5.7%

* In R\$ million.

OPERATING EFFICIENCY

Banco do Nordeste improved its operating efficiency characterized by joint management of financial intermediation margin and service revenue, as well as administrative expenses. The analysis of results indicates improvement by 9.0 percentage points in this indicator of 65.2% in 2014, compared to 74.2% in 2013. The improvement in risk quality of loan transactions led to a significant decrease in expenses with allowances for loan losses in 2014, amounting to R\$ 407.6 million, as a direct consequence of the increase in financial intermediation margin.

The Bank also presented positive result from revenues from services, which totaled R\$ 1.8 billion in 2014, an increase of R\$ 241.7 million compared to 2013.

Administrative expenses were up 11% in 2014 compared to 2013. This increase includes expenses of R\$ 107.5 million relating to the Voluntary Dismissal Program (PID) implemented in 2014.

In relation to the increase in administrative expenses, there was improvement in operating efficiency, since margin and revenue performance more than offset such increase.

BUSINESS STRATEGY

In light of the institutional mission and vision, strategic positioning, values, analysis of external and internal environments of the Bank, strategic objectives were established and classified considering institutional and financial prospects, customers, processes and competencies, using the balanced scorecard (BSC) methodology.

Under the institutional perspective, focusing on the Bank's contribution to sustainable regional development, strategic objectives were defined that evidence Banco do Nordeste's commitment to Federal Government economic, social and environmental policies.

The financial perspective considered strategic objectives and strengthening of the Bank as a solid, sustainable and profitable financial institution, as well as its operating efficiency and productivity.

The customers perspective focused on excellent services, maintaining a leading position in microfinance and family farming, as well as on the expansion of loans to the MPE segment, support to ventures of medium-sized and large companies and government, the expansion of relationships with customers and businesses in the commercial area.

The processes perspective focused on operating efficiency, through swift Information and Communication Technology (TIC), the adoption of competitive processes and products in the commercial area, expansion of service channels; and efficient risk management and recovery of loans.

The competency perspective focused on the enhancement of human skills through ongoing training and management by skills, further to the improvement of processes allowing organizational alignment and decision making based on strategic information.

OPERATING STRATEGY BY SEGMENT

Family Farming

National Family Farming Strengthening Program (Pronaf) is a Federal Government program supporting family farming. Banco do Nordeste is the main financial agent of PRONAF in the Northeast region, with a loans portfolio of R\$ 7.2 billion, or 1.5 million loan transactions.

In 2014, the Bank entered into 431,454 financing transactions with family farmers, totaling R\$ 2.1 billion, 66.6% of which were destined to financing for the semi-arid region. Such information includes transactions under the Agroamigo (Rural Microcredit) program.

Rural Microcredit Program - Agroamigo

The Agroamigo, rural microcredit program of Banco do Nordeste, launched in 2005, assumes extension of oriented and monitored loans to family farmers, using internal methodology, adjusted to rural environment conditions.

In 2014, Banco do Nordeste granted, through the Agroamigo program, loans of R\$ 1.5 billion, an increase of 22.4% compared to loans in 2013. Through the program, 406,408 loan transactions were taken out, totaling R\$ 2.7 billion, with 940.3 thousand customers, of which 797,108 have checking account with the Bank.

Rural Property Financing Program

Banco do Nordeste offers financing for the acquisition of rural properties to family farmers that are not land owners or with poor access to rural property through financing programs for the Combat against Rural Poverty (CPR) and Family

Farming Consolidation (CAF), both belonging to the National Rural Property Financing Program managed by the Ministry for Agrarian Development (MDA).

In 2014, through the program for the Combat Against Rural Poverty 763 loan transactions were taken out, totaling approximately R\$ 32.7 million, namely 724 transactions, amounting to R\$ 15 million, through SAT, and 39 transactions, totaling R\$ 17.7 million through SIC. In the same period, 182 transactions were taken out in the total amount of R\$1.8 million through the program for Family Farming Consolidation (CAF).

Urban Microfinance

Banco do Nordeste operates in the urban microfinance segment through the Crediamigo program. In 2014, through this program, loans of R\$ 7.1 billion were granted, up 23.7% compared to 2013. The total loans disbursed amount increased by 13.8%, with 3.9 million loan transactions in 2014. In December 2014, the Crediamigo program had 1.9 million loan customers, 45% of which participated in the Federal Government Family Grant Program (*Bolsa Família* Program).

The Bank's action is integrated with the Federal Government Growing Program (*Crescer* Program), destined to promote the activities of micro companies through loans. In 2014, 1.3 million loan transactions were carried out and R\$ 1.6 billion was disbursed through this program.

An important guideline of the Bank relates to making Crediamigo program customers also bank customers, and offering insurance products for accessible prices and directed to the needs of low-income families. In this respect, 468,957 new deposit accounts were opened in 2014 in connection with the Program.

Default, represented by loans overdue from 1 to 90 days in relation to the total loan portfolio, corresponded to 0.84%. This result evidences quality of the loan portfolio, with a history of low default, despite the significant increase in loan transactions.

Micro and Small Companies

Banco do Nordeste entered into loan transactions in 2014 totaling R\$ 2.9 billion to micro and small companies, through its long and short-term credit lines, of which R\$ 2.2 billion derived from FNE, related to long-term loans and R\$ 758.4 million related to short-term loans through own funds.

In 2014, loans were granted to 27,294 micro and small companies. The trade sector was the most benefitted, with loans of R\$ 1.7 billion, or 59% of total funds destined by Banco do Nordeste to this segment. It should be highlighted that 54% of the loans were taken out in the Brazilian semi-arid region.

Business

The business segment comprises small, medium-sized and large companies, i.e. encompasses legal entities with annual billing from R\$ 3.6 million to R\$ 200 million.

In 2014, the Bank's results in the Business segment were as follows: short-term loan and foreign exchange transactions in the amount of R\$ 2.1 billion and specialized loan transactions, including transactions with FNE funds, in the amount of R\$ 3.3 billion.

Corporate

The Corporate segment comprises customers with annual billing in excess of R\$ 200 million.

In 2014, long-term loan transactions were performed totaling R\$ 3.8 billion. Loan transactions using funds from the Northeast Development Fund (FDNE) totaled R\$1.2 billion, and short-term loans (using internal and external funds) to customers in this segment totaled R\$ 1.0 billion.

Average balance of application of funds in the Corporate segment amounted to R\$ 4.3 billion.

Government

Government segment customers are comprised of public administration agencies, both direct and indirect, with all their respective bodies, except for non-dependent companies pertaining to indirect public administration, according to current legislation.

Banco do Nordeste, as the Agent of the Federal Government, operates as a custodian of agreement funds, and as an authorized representative of the Government in pass-through arrangements arising from Voluntary Transfers of the Federal Government General Budget (OGU) for states, municipalities and nongovernmental entities.

The Bank also provides products and services related to the public sector, especially investment funds intended solely for receiving funds from the social security regimes instituted by the Federal Government, State Government, Federal District and Municipalities.

In 2014, the volume of transactions in this segment involving loans and funding amounted respectively to R\$1.4 million (debit balance) and R\$984 million, with a total 1,923 clients.

Agribusiness - Individuals

Aware of this segment's relevance for the Bank to accomplish its mission, Banco do Nordeste redoubled efforts in 2014 with a view to prioritizing services for the agribusiness segment, by adopting some initiatives that mainly include:

- Introduction of the Storage Program within FNE, under the same terms and conditions of the Storage Program offered by the Brazilian Development Bank (BNDES), i.e. for a 15-year period;
- Execution of Cooperation Agreements with the Ministry of Agriculture, Livestock and Food Supply (MAPA) to: Implement the storage program in the region covered by SUDENE, strengthen livestock activities and strengthen fruit farming activities.

In 2014, the Bank's performance in entering agribusiness transactions – individual farmers – totaled R\$ 1.9 billion using FNE funds. Out of the total contracts, 46.3% were entered into with small and mini farmers.

Individuals

The Bank's operation strategy for this segment aims the customer service to owners and employees of public or private companies, members of cooperatives and professional unions, self-employed professionals, INSS retirees and other individuals in general.

At year-end, the Individuals Portfolio comprised more than 72 thousand customers, with loan transactions amounting to R\$ 255.3 million, up 21.3% from 2013.

RECOVERY OF LOANS

Amounts recorded in connection with the recovery of loans amounted to R\$2.4 billion, with some R\$566.0 million in cash receipts. Approximately 196 thousand transactions were adjusted, including 171 thousand FNE-sourced transactions and 25 thousand non-FNE-sourced transactions.

As for the preliminary proceeding for Authorization of Court-ordered Collection (ACJ), there were significant governance improvements resulting from automation

of and continuous upgrades in operational routines and control instruments, as well as from approval of the policy on process oversight, resulting in significant improvements in compliance with ACJ execution periods.

In order to attain these results, the following strategic initiatives were undertaken:

- Definition and disclosure of best loan recovery practices in operational control, safety and support areas;
- Systematization of meetings with outside institutional partners to clarify and disseminate the conditions required for entitlement to the benefits defined in Debt Renegotiation Legal Agreements (Laws and Resolutions issued by the National Monetary Board - CMN)
- Continuous advertising in the public media to farmers that may qualify for the requirements defined in debt renegotiation legal agreements;
- Monitoring of results obtained from adjustments to debts supported by specific legislation, especially Law No. 12844/2013, as well as renegotiations based on CMN Resolutions No. 4250/4251/4211/4212/4289/4298/4299/4314, 4315 and 4365.
- Continuous review of the debt renegotiation flow, in order to streamline the process, keeping control and governance at high levels;
- Daily monitoring of regulatory deadlines for the proceeding for Authorization of Court-ordered Collection (ACJ);
- Approval of the policy on oversight of the Preliminary Proceeding for Authorization of Court-ordered Collection (ACJ), defining the activities of the various oversight levels;
- Introduction of the Loan Recovery Campaign - Rural Debts, in association with the Marketing and Communication Supervisory Office, which has been, through the Customer Relationship and Citizen Information Center, streamlining the contact with the clients responsible for transactions that have features that qualify for entitlement under Law No. 12844/2013.

DEVELOPMENT AND SUSTAINABILITY

Regional Development

The Bank, by means of Technical Office for Economic Studies (ETENE), prepares, promotes and provides studies, researches and social and economic information, as well as coordinates and evaluates policies and programs and conducts analyses, researches and evaluations, preparing and publishing, also, technical publications and other researches in which the Bank has interest, in partnership with institutions linked to regional development.

In 2014, two publications that are supplementary in the effort to contribute to the regional planning should be mentioned: the book “FNE 25 Anos” which, in addition to telling the reasons why and the environment in which the Fund was created, shows the social and economic development of the Region from 1989 to date; and the analysis “Nordeste 2022” reviews the potentials of and obstacles to the development of the Northeast region over the next years, from 2012 to 2022.

As part of its role in fostering development and in disseminating knowledge about the Region, ETENE manages and operates the following funds: Science and Technology Development Fund (Fundeci); Northeast Social and Economic Activity Support Fund (Fase) and Regional Development Fund (FDR), using non-refundable funds in projects involving research, dissemination of technologies, experience from researches, social and economic studies and social initiatives.

The researches supported by the Funds (Fundeci, Fase and FDR) favor the development of various segments/activities that are in line with regional particularities, especially the semi-arid region, as well as with the economic, social and cultural aspects of the Region.

In November 2014, the Executive Board approved the publication of the following notices: ETENE/FUNDECI 01.2014 - Human Health, which includes the development of vaccines and antigens against human and animal (zoonoses) diseases and the development of functional drugs and foods based on the flora found in the regional biomes: cerrado (scrublands), caatinga (low and bushy scrub and thorn forest) and rainforest; and ETENE/FUNDECI 02.2014 - Research and Development of Cultivated Grains to overcome new production threats. These publications were available for registration and submission of projects in the first half of 2015.

The amount available for these Notices/Publications totals R\$ 10.0 million for research and dissemination, and will be granted to the parties on a non-refundable basis.

As for special programs, the Northeast Region Productive Development Program (Prodepro) is being structured by means of Technical Cooperation ATN/OC-13347-BR with the Inter-American Development Bank (IDB). The main deliverable from this cooperation is Prodepro's Investment Master Plan (PDI), which is not only the program's major planning mechanism but also identifies the most important production sectors in the 11 states covered by Prodepro (in the Northeast, Minas Gerais and Espírito Santo), the related bottlenecks and priority investments for each sector (and each state).

Sustainability

The Social and Environmental Responsibility Policy is one of the pillars of the developmental initiative of Banco do Nordeste, and the following sustainability-related actions are to be highlighted in 2014:

- Publication of the annual edition of the Sustainability Report. This report is in line with the Global Report Initiative (GRI) guidelines and shows the vision and the opinion of the Bank's customers, employees, suppliers, the society, the community and other stakeholders about the corporate governance and social and environmental responsibility practices developed by Banco do Nordeste in 2013.
- In 2014, the process of monitoring financing arrangements for projects related to the environment and innovation recorded the amount of R\$ 470 million allocated to environmental programs Green FNE (FNE Verde), Pronaf-Semi-arid (Pronaf Semi-árido), Pronaf-Forest (Pronaf Floresta), Pronaf Eco and Pronaf-Agroecology (Pronaf Agroecologia) and R\$ 605 million allocated to the FNE-Innovation program, exceeding R\$ 1 billion in financing for environmental and innovation projects.
- In terms of institutional partnerships, we may highlight the execution, structuring and coordination of technical cooperation with the Inter-American Development Bank (IDB) and the Ministry of the Environment (MMA) to foster the sustainable management of the *Caatinga*, energy efficiency and compliance with the National Policy on Solid Waste (PNRS). In addition, a partnership was structured with the company based in Germany Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ), a non-profit organization that operates as a commissioner of the German Federal Government for sustainable development. As a result of the cooperation between GIZ and the Bank, a technical report was prepared with proposed energy efficiency initiatives for the Administrative Center of Banco do

Nordeste and for one of its branches as a pilot project, which is being analyzed by the areas of the Bank involved in its implementation.

The Bank holds annual campaigns to allocate funds from tax benefit programs to social projects under the Children and Youth Rights Fund (FIA), the Sports Incentive Law, and the Elderly Rights Fund. In 2014, funds in the amount of R\$ 605 thousand were allocated to the Children and Youth Rights Fund (FIA), supporting ten projects that will benefit 1,043 children and youngsters; likewise, R\$ 596 thousand were allocated to the Elderly Rights Fund, supporting nine projects and 1,165 beneficiaries. In addition to the aforementioned projects, the amount of R\$ 606 thousand was also invested in social projects funded under the Sports Incentive Law.

In the scope of cooperation and partnership arrangements for the sustainable regional development, the contract between Banco do Nordeste and the Ministry of Social Development and Fight against Hunger (MDS) is to be noted. The contract, in the amount of R\$ 85.7 million, envisages the construction of 30,133 water cisterns in 37 municipalities in the states of Bahia, Ceará, Minas Gerais and Paraíba, being part of the effort of the Federal Government to provide universal access to and use of water by the needy population living in rural communities with poor water supply. In 2014, 21,697 families benefited from training sessions in Water Resource Management (GRH), 11,977 of which have already built their cisterns, including 11,336 plate cisterns to store water for human use and 641 boardwalk tanks to store water for farming and animal breeding.

BANK PRODUCTS AND SERVICES

In line with the Bank's strategic objective "Provide the Bank with competitive processes and products in the commercial segment", the following products/services were designed:

- Cartão Agronegócio (Agribusiness Card): designed to supply the Bank's customers with funds for agricultural costs. It serves farmers of any size, and may only be used to purchase agricultural raw material;
- Domicílio Bancário Global Payments (Global Payments Banking Domicile): Banco do Nordeste initiated a partnership with Global Payments to accredit business of different sizes. Now, in addition to issuing credit and debit cards, the Bank also offers electronic equipment (card machines) to the businesses and the Bank is their banking domicile;
- Mobile POS: partnership with Global Payments and Nexx pago to offer remote equipment to Crediamigo clients. With this service, the clients may use a remote equipment to make sales using credit/debit cards, with the Bank being their banking domicile;
- CDL / FCDL Credit Card: by means of the Working Capital Business Card, this offers loans to micro, small and medium-sized companies operating in the sales or service lines of business and have annual gross operating revenue not exceeding R\$ 16 million;
- Seguro Multirrisco Rural (Rural Multiperil Insurance): in order to facilitate and expand the sale of insurance of assets that guarantee loan transactions, Banco do Nordeste negotiated special conditions and rates with pool of insurers for several products. This aims at protecting buildings, improvements and facilities of agricultural properties, including the content of these buildings (agricultural products, goods, agricultural inputs and stationary equipment) and also livestock used for economic purposes;

- Collection agreements: the Bank signed an agreement with the Piauí State Department of Finance (SEFAZ-PI) for the collection of State VAT (ICMS) payable to that state. The Bank also entered into an agreement with COPASA (Minas Gerais Sanitation Company) for the payment of this entity's accounts in Banco do Nordeste.
- Seguro Vida Empresarial Super Fácil (Corporate Life Insurance): the product is designed for employees of corporate clients of Banco do Nordeste, expanding businesses offered to the Bank's branches network.

CUSTOMER RELATIONSHIP

Banco do Nordeste customer relationship involved activities to improve and expand service channels, brand management, sponsorships, agreements, ombudsman and credit granting processes.

With regard to the expansion of service channels, 64 new branches were opened, expanding the Bank's reach and presence in the region, namely from 225 to 289 business units, totaling 1,579 locations served by physical points of service (self-service networks, non-banking correspondent of other financial institutions and other). The network of branches increased 28% and the customer base expanded 15.57% as compared to 2013, totaling 3,947,179 customers.

The Customer Relationship Center registered more than 1.5 million service events in 2014, providing services such as: business-oriented guidance, credit management, monitoring of relationship and business opportunities, banking security monitoring, renewal of insurance and electronic service.

Customer satisfaction surveys conducted in 2014 showed that 80% of users considered the quality of the Ombudsman's services to be excellent or good; 80.7% of respondents rated the quality of services provided by the Second-Level Service Center to be excellent or good and the overall customer satisfaction was rated 81.0%.

As regards sponsorship, the first call for projects was launched in order to select projects in line with the Bank's guidelines, covering its area of activities. The selected projects will be implemented by 2015.

SERVICE EXCELLENCE PROGRAM IMPLEMENTATION

The Strategic Plan of Banco do Nordeste defines service excellence as one of the pillars of its corporate guidelines. The Bank's perspective confirms this guideline: *"To be the preferred Bank in the Northeast, recognized for its service excellence and effective fostering of sustainable development"*.

Given this strategic priority, the Service Excellence Program was launched in 2014. The program brings together a number of initiatives in various units with a view to raising the service standard, consolidating it as one of the Bank's competitive advantage.

The program's intended benefit is to increase the level of customer satisfaction, to be achieved with increased agility and customer perceived value, by means of the following initiatives: improvements in customer service channels; Advances in customer relationship management; Product and service Innovations; Process optimization and automation; Technological innovation; Staff training, recognition and appreciation for service excellence.

In 2014, the project coordinated a cycle of in-person training sessions which included assessing the level of excellence of 241 branches. Moreover, the Service

Excellence Management System was provided to the Bank's units for a decentralized management of related initiatives.

TECHNOLOGY

As part of the modernization process of Banco do Nordeste's IT infrastructure, the following initiatives are to be highlighted: acquisition of 250 computers-servers distributed throughout Banco do Nordeste units, 300 totems (equipment that issues and controls service passwords), 8767 personal computers-desktops for branches, 256 ATMs; modernization and expansion of the Bank's entire data communications network; and expansion of the Internet access link capacity by 50%.

In addition to the technological modernization, an IT services capacity and availability management solution was acquired in order to improve monitoring and provide proactive initiatives to mitigate IT system and service disruptions.

The actions adopted in compliance with Decisions No. 748/2014 and No. 754/2014 by Brazil's Federal Audit Court (TCU) are as follows: completion, in June 2014, of the pilot phase for monitoring the main indicators of the Strategic Technology Information Program (PETI); publication of regulations addressing the following subjects: mandatory risk analysis when planning the procurement of IT products and services; acquisition of IT products and services supported by a Service Level Agreement (SLA); information to be included in the reasons for acquiring Information Technology products and services; guidelines to ensure that IT service performance is assessed every six months.

ORGANIZATIONAL STRUCTURE

In 2014, the Executive Board approved reviews in the organizational structure of the Bank's units, seeking to better align its strategic objectives, to increase the units' operational and managerial capacity in view of the demand, to improve internal controls, and to strengthen corporate governance. The strategic measures adopted during 2014 include changes in ruling the levels of administrative decisions, aimed at improving the decision-making process and aligning it with the Bank's processes, and the creation of new Credit Committees in order to strengthen control and management mechanisms.

In addition to these measures and with a view to strengthening corporate governance, the reporting line of the Strategy and Organization and the Marketing and Communication Supervisory Offices was changed to the Bank's Presidency, and the Presidency Office had its organizational structure reviewed to include functions related to the Bank's assistance services.

LOGISTICS

The Bank has adopted sustainability criteria when specifying the goods to be acquired, when justifiable, notwithstanding the competitive nature of the procedure, in addition to requiring the adoption of sustainable practices by suppliers, pursuant to Decree No. 7746/2012 and Regulatory Instruction SLTI No. 1/2010.

The new service supply model established that contracts under the allocated workforce modality should be migrated to outsourced services modality and that the outsourced personnel demobilization process is to be monitored with the Ministry of Planning, Budget and Management / DEST, in compliance with Decision No. 2303/2012 - TCU - Plenary (monitoring of Decision No. 2132/2010 of 8/25/2010). From January 1, 2012 to December 31, 2014, 1,236 outsourced employees were demobilized.

CORPORATE GOVERNANCE

Banco do Nordeste's corporate governance structure includes the General Meeting, the Board of Directors - made up of six members, advised by the Audit Committee and the Internal Audit - and the Executive Board, made up of six statutory officers and the Chairman. Banco do Nordeste also has a permanent Supervisory Board.

In addition to its By-law, the Bank has the Internal Rules of Procedures of the Executive Board, the Supervisory Board and the Audit Committee, as a guide for the actions and practices of their Corporate Bodies. These documents are in line with other existing regulations and laws and are important corporate governance instruments to the extent that they strengthen the Bank's decision-making process and administrative and operational dynamics.

It should be noted that, in compliance with market practices and with a view to involving all managers in the definition of strategies and approval of proposals for the various businesses, Banco do Nordeste has standardized the definitions relating to the administrative authority levels and duties, as well as the composition and operating rules of all its non-corporate bodies that are responsible for administrative decisions.

Institutional relations established by the Bank are subject to the Code of Ethical Conduct of Banco do Nordeste, available on the internet for all interested parties. This code stands out as the main guiding instrument for business ethics at the Bank.

RISK MANAGEMENT

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

Risk management is divided into credit, market, liquidity and operational risks. Under a single coordination, this management provides synergy to disseminate the desired risk management culture and the activities conducted. It uses internal communication channels, including training courses for middle managers and bank training for new Bank hires.

The organizational structure for risk management, internal controls and corporate security is unified at the strategic level and specific as regards the Bank's business and support units, observing the principle of segregation of activities.

The units and their basic responsibilities relating to risk management, internal controls and corporate security are described in the following table:

Table 1 - Risk Management, Internal Controls and Corporate Security Structure

UNIT	RESPONSIBILITY FOR RISK MANAGEMENT
Board of Directors	Approve policies on risks, internal controls and corporate security.
Executive Board	Define policies on risks, internal controls and corporate security and submit them to the Board of Directors. Approve operating limits; Approve management methodologies.
Control and Risk Office	Coordinate the implementation of policies on risks, internal controls and corporate security; Monitor the performance of areas that manage risks, internal controls and corporate security;
Risk Management Committee	Analyze and deliberate upon risk management issues submitted to higher levels as well as those to be implemented by lower levels
Corporate Security Committee (COSEG)	Analyze aspects relating to the following segments: Information Security, Bank Security, Personnel Security and Employment Security. COSEG is also responsible for analyzing suspected money laundering cases as defined in Law No. 9613/98.
Risk Management Tactical-Operational Subcommittee	Make decisions that are tactical-operational in nature to support the Risk Management Committee.
Internal Controls, Security and Risk Management Supervisory Office	Coordinate the operational management of risks, internal controls and corporate security, as well as monitor the related results.
Risk Management Department	Manage credit, market, liquidity and operational risks at the corporate level. Propose the definition of credit, market, liquidity and operational risk management methodologies and models. Promote the risk management culture dissemination at the Bank.
Internal Control Department	Manage internal controls at the corporate level. Propose the definition of internal control management methodologies and models. Promote the internal control culture dissemination at the Bank.
Corporate Security Department	Manage corporate security at the corporate level. Propose the definition of corporate security management methodologies and models. Promote the corporate security culture dissemination at the Bank.
Managing units of products, services, systems and processes exposed to credit, market, liquidity and operational risks	Manage risks relating to products, services, systems and processes under their oversight, and related internal controls based on defined methodologies and models.

Source: Risk Management, Internal Controls and Security Policy.

In order to implement the existing guidelines and policies, the Bank's structure relies on the Risk Management Committee, which holds regular meetings on a bimonthly basis or whenever necessary.

The following measures were adopted for credit risk management in 2014:

- New Model for Granting Credit Limits to Financial Institutions;
- Stress testing of the loan portfolio;

Management Report – of 2014

- New model for measuring losses under International Financial Reporting Standards (IFRS);
- Improvement of monitoring activities regarding loan portfolio concentration risks;
- Monitoring of transactions approved by State Committees, especially regarding the intended goal of keeping at least 80% of the loan portfolio at rates ranging from "AA" to "C" risk levels;
- Monitoring of changes between rating levels of the loan portfolio (mobility and stability rates).

The following measures were adopted for market and liquidity risk management:

- Implementation of intraday liquidity risk indicators in a daily report;
- Participation in a case study conducted by BACEN on the Short-Term Liquidity risk indicator (LCR);
- Automated calculation of the share of exposure to the banking portfolio interest rate risk (Rban);
- Automated calculation of stress tests and compliance tests;
- Contract/Bidding Proposal (PLC) for the acquisition of Credit, Market and Liquidity Risk Integrated Management System.

With regard to operational risk management, the following is to be highlighted:

- Qualification of operating loss events pursuant to the current Organizational Architecture.
- Calculation of the Capital Allocation Portion - Basic Approach (BIA);
- Application of Process Self-Assessment Methodology (RCSA) in the Bank's business and support processes;
- Monitoring of risk mitigating initiatives in the Bank's business and support processes;
- Course Review - Operational Risk Management - in the Virtual Learning Community (CVA) platform;
- Monitoring, guidance / facilitation of courses "Operational Risk Management" and "The Risk" in the CVA.

INTERNAL CONTROLS

Banco do Nordeste's Internal Control System pillars are: good corporate governance practices; individuals integrity and ethical values; and high personnel commitment to competence and transparency.

Initiatives implemented in 2014 for strengthening internal controls of Banco do Nordeste, as well as to improve instruments used in certification activities worthy of mention are as follows:

- Implementation of methodology for calculating compliance rating of the Bank's Loan Centers;
- Review of the methodology for calculating the rating of branches;
- Selection at random of transactions for purposes of certification of compliance thereof;
- Monitoring of Events on Business Rules seeking to mitigate risks resulting from possible human and/or process failures, increase compliance with the

rules, avoid possible operating losses and increase management's awareness through monitoring of operation of automated business directives;

- Evaluation of PRONAF lending process;
- Evaluation of the recovery of loans process;
- Review of the medium-term loan disbursement;
- Creation of levels to realize disbursement of loan based on the resulting compliance level of branches, according to compliance level established for these units.

PEOPLE MANAGEMENT

In December 2104, Banco do Nordeste had 6,972 employees. The Bank abides by the Professional Learning Law No. 10097, sponsoring the technical and professional training of 313 high-school scholarship students, 598 university scholarship students and 274 Minor Apprentices.

In 2014, several initiatives directly or indirectly related to the Bank's strategic planning were taken. Some of these initiatives are: Recruitment of 1,710 new employees; public admission examination for Banking Analyst, which was passed by 1,432 applicants; implementation of the Voluntary Dismissal Plan, which led to the voluntary resignation of 532 employees; implementation of the Culture Voucher benefit destined to employees with monthly salary of up to 5 (five) minimum salaries; implementation of initiatives for purposes of compliance with Law No. 12813/2013, which provides for conflict of interests and authorization to carry out private activities.

In addition to these initiatives, the Formal Education program offered 205 new opportunities, of which 53 for undergraduate programs, 140 for specialization and Master of Business Administration (MBA) and 12 for a Master's degree.

In this period, 39,522 opportunities were offered, among remote education programs, in-person courses and formal education.

SOCIAL SECURITY AND EMPLOYEES' HEALTH CARE ENTITIES

Caixa de Previdência dos Funcionários do Banco do Nordeste (CAPEF)

Caixa de Previdência dos Funcionários do Banco do Nordeste (Capef) is a closed-end Private Pension Plan Entity (EFPC) organized in 1967 that administers equity of R\$ 3.4 billion, relating to two private pension plans; namely: a Defined Benefit – DB plan that is now closed for the admission of new participants and the Variable Contribution plan – VC I, organized in 2010 as a social security solution for employees.

With the strengthening in governance and performance of investments promoted by an efficient fund management strategy, the DB plan attained yield on plan assets of 14.6% p.a. in 2014, representing 118.0% of its actuarial target of 12.3%, and the generation of additional income of R\$ 92 million. This result allowed attaining the following two major strategic objectives:

1 – Reduction of the actuarial target of the DB plan, from INPC + 5.75% p.a. to INPC + 5.50% p.a., as established by ruling legislation; and

2 – Yield on plan assets for the year allowed Capef to approve an increase by 7.3% in plan benefits for 2015, above INPC of 6.2%, thus allowing the recovery of the adjustment granted below inflation in 2009, when the actuarial target was not reached.

In December 2014, the DB Plan had 1,981 active participants, 3,584 retirees and 1,135 pensioners.

The VC I plan, organized in May 2010, is a plan that is in the capitalization phase. In 2014, the VC I plan attained yield on plan assets of 12.9% p.a. or 105.0% of its actuarial target of 12.3%.

In December 2014, the VC I plan had 4,791 active participants, one retiree and ten pensioners. In 2014, with the disclosure initiative conducted by Capef together with Banco do Nordeste, the plan attained percentage of adhesion of 88.3% by employees admitted by the Bank.

Caixa de Assistência dos Funcionários do Banco do Nordeste (CAMED)

Camed was organized in 1979 to provide health, hospital and dental care services to employees of Banco do Nordeste and their families. The Camed Group currently comprises three companies; namely: Camed Saúde, which renders health, hospital and dental care services to employees of Banco do Nordeste; Camed Corretora de Seguros and Creche Paulo VI.

Camed Saúde has a portfolio of 39,758 beneficiaries, being present all over Brazil with its accredited network or through Bilateral Covenants with other health care plan operators. Camed Saúde is an integral part of Banco do Nordeste's human resource policies and, it rendered care and prevention services to the following number of active employees and retirees in 2014: Family Friend Program – 288; Dental care – 9,480; Clinicamed – 3,478; Promoting Health – 2,575 with 55 campaigns.

The customer portfolio of Camed Vida was sold in August/2014 to Unimed North/Northeast, through a lawful transaction authorized by the National Private Health Care Plan Agency (ANS). The disposal process, carried out with the utmost responsibility, evidenced the new strategic position of Camed Group, which started to focus on services under the self-management regime, thus resulting in the strengthening and consolidation of Camed Saúde.

Creche Paulo VI is a day-care center operating in Fortaleza and in December 2014 it had 140 enrolled children, of which 114 were dependents of Banco do Nordeste's employees.

Camed Corretora is present all over Brazil, through the Bank's branches and in December 2014 it estimated to post a record commission revenue of R\$ 29.0 million, up 25% compared to 2013. Profit was estimated at approximately R\$ 4.8 million, twice that for 2013.

LEGAL INFORMATION

Abiding by CVM Ruling No. 381/03, dated January 14, 2003, Banco do Nordeste informs hereby that Ernst & Young Auditores Independentes S/S, engaged as Independent Auditor, did not render in 2014 any services other than independent audit services.

BANCO DO NORDESTE DO BRASIL S.A.
 Head office: AV. DR. SILAS MUNGUBA, 5700 - FORTALEZA - CEARÁ
 PUBLICLY-HELD ENTITY - CNPJ no. 07.237.373/0001-20

BALANCE SHEETS
 Years ended December 31, 2014 and 2013
 General Management and Branches in Brazil
 (Amounts in R\$ thousand)

ASSETS		12.31.2014	12.31.2013
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	(Note 5)	22,630,574	15,349,319
INTERBANK INVESTMENTS	(Note 6.a)	197,642	155,909
Open market investments		8,244,319	7,737,065
Interbank deposits		8,167,819	7,606,592
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	(Note 7)	76,500	130,473
Own portfolio		6,053,427	690,164
Linked to repurchase agreements		3,859,220	690,083
Derivative financial instruments		1,700,827	-
Linked to guarantees given		281,551	81
INTERBANK ACCOUNTS		211,829	-
Unsettled payables and receivables		345,873	369,442
Linked Credits:		1,297	1,236
Central Bank Deposits	(Note 8.a)	313,791	351,120
National Treasury - Rural Credit Funds	(Note 8.a)	28,387	14,492
Interbank - onlending		1,281	1,130
Correspondents		1,117	1,464
LOANS		5,263,251	4,365,875
Loans	(Note 9.a)	5,614,124	4,751,089
Public sector		180,390	158,847
Private sector		5,433,734	4,592,242
(Allowance for loan losses)	(Note 9.a)	(350,873)	(385,214)
OTHER CREDITS		2,498,388	2,004,904
Exchange portfolio	(Note 10.b)	672,788	540,994
Income receivable	(Note 10.c)	11,986	9,568
Trading securities	(Note 10.d)	4	4
Other receivables	(Note 10.e)	1,838,798	1,471,727
(Allowance for losses on other receivables)	(Note 10.f)	(25,188)	(17,389)
OTHER ASSETS		27,674	25,960
Other assets		10,550	5,654
(Valuation allowance)		(694)	(695)
Prepaid expense		17,818	21,001
LONG-TERM RECEIVABLES		15,344,660	18,232,580
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	(Note 7)	8,253,491	11,313,849
Own portfolio		7,833,371	9,547,043
Linked to repurchase agreements		56,751	1,126,481
Derivative financial instruments		225,736	337,967
Linked to guarantees given		137,633	302,358
INTERBANK ACCOUNTS		56,648	42,634
Linked Credits:			
National Treasury - Rural Credit Funds	(Note 8.a)	16	554
National Housing System (SFH)	(Note 8.a)	54,710	39,254
Interbank - onlending		1,922	2,826
LOANS		6,473,046	5,882,508
Loans	(Note 9.a)	6,987,688	6,373,679
Public sector		1,182,396	1,211,833
Private sector		5,805,292	5,161,846
(Allowance for loan losses)	(Note 9.a)	(514,642)	(491,171)
OTHER CREDITS		561,475	993,589
Income receivable	(Note 10.c)	18,048	18,049
Other receivables	(Note 10.e)	589,885	1,022,017
(Allowance for loan losses on the receivables)	(Note 10.f)	(46,458)	(46,477)
PERMANENT ASSETS	(Nota 12)	229,758	235,604
INVESTMENTS		1,879	1,825
Other investments		7,182	7,128
(Allowance for losses)		(5,303)	(5,303)
PROPERTY AND EQUIPMENT IN USE		211,314	220,993
Property in use		157,972	159,881
Revaluation of property in use		107,628	105,410
Other property and equipment in use		252,848	235,024
(Accumulated depreciation)		(307,134)	(279,322)
INTANGIBLE ASSETS		16,406	12,308
Intangible assets		16,406	12,308
DEFERRED CHARGES		159	478
Organization and expansion costs		1,199	2,008
(Accumulated amortization)		(1,040)	(1,530)
TOTAL ASSETS		38,204,992	33,817,503

BANCO DO NORDESTE DO BRASIL S.A.

Head office: AV. DR. SILAS MUNGUBA, 5700 - FORTALEZA - CEARÁ
PUBLICLY-HELD ENTITY - CNPJ no. 07.237.373/0001-20

BALANCE SHEETS

Years ended December 31, 2014 and 2013

General Management and Branches in Brazil

(Amounts in R\$ thousand)

LIABILITIES AND EQUITY

		12.31.2014	12.31.2013
CURRENT LIABILITIES		16,431,052	13,285,888
DEPOSITS	(Note 13.b)	6,244,818	5,910,777
Demand deposits		175,199	244,175
Savings deposits		1,956,179	1,872,563
Interbank deposits		1,212,009	774,655
Time deposits		2,901,431	3,019,384
OPEN MARKET FUNDING	(Note 13.c)	1,699,988	1,127,212
Own portfolio		1,699,988	1,073,895
Third-party portfolio		-	53,317
FUNDS FROM ACCEPTANCE AND ISSUE OF SECURITIES	(Note 15)	891,420	19,488
Funds from real estate, mortgage, credit and similar notes		83,372	9,621
Liabilities for securities issued abroad		808,048	9,867
INTERBANK ACCOUNTS		939	1,805
Unsettled payments and receipts		939	1,805
INTERDEPARTMENTAL ACCOUNTS		9,243	5,409
Third-party funds in transit		9,235	5,399
Internal transfers of funds		8	10
BORROWINGS	(Note 14.b)	1,066,651	777,276
Domestic borrowings - official institutions		-	19,416
Foreign borrowings		1,066,651	757,860
DOMESTIC ONLENDING – OFFICIAL INSTITUTIONS	(Note 14.c)	144,935	156,842
National Treasury		659	230
National Bank for Economic and Social Development (BNDES)		115,918	132,408
FINAME		28,358	24,204
DERIVATIVE FINANCIAL INSTRUMENTS	(Note 7.c)	-	978
Derivative financial instruments		-	978
FOREING ONLENDING	(Note 14.d)	114,573	101,113
Foreing onlending		114,573	101,113
OTHER LIABILITIES		6,258,485	5,184,988
Collection of taxes and other contributions	(Note 16.a)	2,677	1,798
Foreign exchange portfolio	(Note 16.b)	2,208	10,830
Social and statutory	(Note 16.c)	160,668	61,835
Tax and social security	(Note 16.d)	438,165	487,475
Securities trading	(Note 16.e)	91	68
Financial and development funds	(Note 16.f)	3,994,320	3,103,568
Hybrid debt/equity instruments	(Note 17)	83,648	78,471
Other	(Note 16.i)	1,576,708	1,440,943
LONG-TERM PAYABLES		18,406,131	17,491,785
DEPOSITS	(Note 13.b)	5,680,609	5,080,669
Demand deposits		-	8,819
Interbank deposits		213,706	102,711
Time deposits		5,466,903	4,969,139
OPEN MARKET FUNDING	(Note 13.c)	56,359	50,383
Own portfolio		56,359	50,383
FUNDS FROM ACCEPTANCE AND ISSUE OF SECURITIES	(Note 15)	794,542	1,467,778
Funds from real estate, mortgage, credit and similar notes		40	-
Liabilities for securities issued abroad		794,502	1,467,778
DOMESTIC ONLENDING – OFFICIAL INSTITUTIONS	(Note 14.c)	1,486,152	1,549,999
National Treasury		-	468
National Bank for Economic and Social Development (BNDES)		1,348,109	1,395,929
FINAME		138,043	153,602
DERIVATIVE FINANCIAL INSTRUMENTS	(Note 7.c)	-	416
Derivative financial instruments		-	416
FOREING ONLENDING	(Note 14.d)	732,642	745,417
Foreing onlending		732,642	745,417
OTHER LIABILITIES		9,655,827	8,597,123
Financial and development funds	(Note 16.f)	4,658,540	3,983,648
Hybrid debt/equity instruments	(Note 17)	1,272,892	1,194,110
Subordinated debt eligible to capital	(Note 18)	1,605,289	1,455,982
Other	(Note 16.i)	2,119,106	1,963,383
EQUITY	(Note 19)	3,367,809	3,039,830
CAPITAL		2,844,000	2,437,000
Domiciled in Brazil		2,844,000	2,437,000
REVALUATION RESERVES		19,394	20,610
INCOME RESERVES		687,911	590,649
EQUITY ADJUSTMENTS		(183,496)	(8,045)
(TREASURY SHARE)		-	(384)
TOTAL LIABILITIES AND EQUITY		38,204,992	33,817,503

INCOME STATEMENTS

**Years ended December 31, 2014 and 2013 and
six-month period ended December 31, 2014
General Management and Branches in Brazil
(Amounts in R\$ thousand)**

		2nd half 2014	Year 2014	Year 2013
INCOME FROM FINANCIAL INTERMEDIATION		2,605,563	4,361,334	3,710,087
Loans	(Note 9.a.2)	1,030,846	1,818,600	1,852,087
Gain (loss) on marketable securities transactions	(Note 7.b)	1,220,219	2,243,276	1,571,906
Gain (loss) on derivative financial instruments	(Note 7.d)	215,413	103,453	108,779
Foreign exchange gains (losses)	(Note 11.b)	126,613	157,542	149,888
Compulsory Investments gains (losses)	(Note 8.b)	12,472	36,208	19,976
Sales or transfer of financial assets		-	2,255	7,451
EXPENSES FROM FINANCIAL INTERMEDIATION		(1,915,865)	(3,101,137)	(2,709,910)
Funding Operations	(Note 13.d)	(829,811)	(1,355,189)	(1,059,657)
Borrowings and onlendings	(Note 14.e)	(864,521)	(1,320,360)	(949,663)
Allowance for loan losses	(Note 9.e)	(221,533)	(425,588)	(700,590)
GROSS INCOME FROM FINANCIAL INTERMEDIATION		689,698	1,260,197	1,000,177
OTHER OPERATING INCOME/EXPENSES	(Note 20)	(61,864)	(128,399)	(448,959)
Income from service provided		920,349	1,844,409	1,602,674
Income from bank fees		23,427	37,832	32,603
Personnel expenses				
Personnel expenses		(684,856)	(1,382,571)	(1,116,935)
Post-employment benefits		(72,376)	(136,128)	(157,616)
Other Administrative Expenses		(476,878)	(901,328)	(825,507)
Tax expenses		(114,704)	(236,659)	(218,792)
Other operating income		823,808	1,645,335	1,377,743
Other Operating Expenses		(480,634)	(999,289)	(1,143,129)
OPERATING INCOME (EXPENSES)		627,834	1,131,798	551,218
NONOPERATING INCOME (EXPENSES)		4,809	5,650	5,066
INCOME BEFORE INCOME TAXES AND PROFIT SHARING		632,643	1,137,448	556,284
INCOME AND SOCIAL CONTRIBUTION TAXES	(Note 21)	(169,463)	(299,426)	(166,470)
Provision for income tax		(40,526)	(113,160)	(140,671)
Provision for social contribution tax		(27,976)	(73,019)	(89,785)
Deferred tax asset		(100,961)	(113,247)	63,986
STATUTORY PROFIT SHARING		(41,842)	(90,672)	(29,457)
NET INCOME		421,338	747,350	360,357
INTEREST ON EQUITY	(Note 19.d)	(77,594)	(152,551)	(117,819)
Number of shares (in thousands)		86,371	86,371	87,002
Basic/diluted earnings per share (in R\$)		4.88	8.65	4.14

STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2014 and 2013 and six-month period ended December 31, 2014

General Management and Branches in Brazil
(Amounts in R\$ thousand)

EVENTS	PAID-IN CAPITAL		REVALUATION RESERVES	INCOME RESERVES			EQUITY ADJUSTMENTS	RETAINED EARNINGS (ACCUMULATED LOSSES)	TREASURY SHARES	TOTAL
	CAPITAL	CAPITAL INCREASE	OWN ASSETS	LEGAL	STATUTORY	OTHER				
BALANCES AT 12.31.2012	2,142,000	-	22,904	130,054	295,440	-	(218,392)	312,129	(384)	2,683,751
EQUITY ADJUSTMENTS										
Marketable securities adjustment							(348,124)			(348,124)
Actuarial gains (losses)							558,471			558,471
CAPITAL INCREASE:										
From reserves:										
Transfer for capital increase		295,000			(295,000)					-
Capitalization of Reserves	295,000	(295,000)								-
OTHER EVENTS:										
Revaluation of Assets:										
Revaluation of reserves (net of tax impacts)			(2,294)					2,294		-
NET INCOME FOR THE YEAR								360,357		360,357
Allocations:										
Reserves				18,018	426,763			(444,781)		-
Dividends and interest on equity								(125,729)		(176,164)
Provision for dividends/IOE								(38,364)		(38,364)
Proposed additional dividends (dividends and interest on equity)								(65,809)		-
Other (provision for income tax on IOE for the year)								(97)		(97)
BALANCES AT 12.31.2013	2,437,000	-	20,610	148,072	427,203	15,374	(8,045)	-	(384)	3,039,830
CHANGES IN THE YEAR	295,000	-	(2,294)	18,018	131,763	15,374	210,347	(312,129)	-	356,079
BALANCES AT 12.31.2013	2,437,000	-	20,610	148,072	427,203	15,374	(8,045)	-	(384)	3,039,830
EQUITY ADJUSTMENTS										
Marketable securities adjustment							(14,064)			(14,064)
Actuarial gains (losses)							(161,387)			(161,387)
CAPITAL INCREASE:										
From reserves:										
Transfer for capital increase		407,000			(407,000)					-
OTHER EVENTS:										
Acquisition of treasury shares						(19,518)			384	(19,134)
Revaluation of Assets:										
Revaluation of reserves (net of tax impacts)			(1,216)					724		(492)
NET INCOME FOR THE YEAR								747,350		747,350
Allocations:										
Reserves				37,367	461,324			(498,691)		-
Provision for dividends/IOE								(176,606)		(176,606)
Proposed additional dividends (dividends and interest on equity)								40,463		(32,314)
Additional dividends approved for 2013 (Dividends and IOE)								(15,374)		(15,374)
BALANCES AT 12.31.2014	2,437,000	407,000	19,394	185,439	462,009	40,463	(183,496)	-	-	3,367,809
CHANGES IN THE YEAR	-	407,000	(1,216)	37,367	34,806	25,089	(175,451)	-	384	327,979
BALANCES AT 12.31.2014	2,437,000	407,000	20,556	164,373	201,398	31,242	(47,347)	-	-	3,214,222
EQUITY ADJUSTMENTS										
Marketable securities adjustment							31,762			31,762
Actuarial gains (losses)							(167,911)			(167,911)
OTHER EVENTS:										
Revaluation of Assets:										
Realization of reserve (net of tax impacts)			(1,162)					1,162		-
NET INCOME FOR THE SIX-MONTH PERIOD								421,338		421,338
Allocations:										
Reserves				21,066	260,611			(281,677)		-
Provision for dividends/IOE								(99,288)		(99,288)
Proposed additional dividends (dividends and interest on equity)								(41,535)		(32,314)
BALANCES AT 12.31.2014	2,437,000	407,000	19,394	185,439	462,009	40,463	(183,496)	-	-	3,367,809
CHANGES IN THE SIX-MONTH PERIOD	-	-	(1,162)	21,066	260,611	9,221	(136,149)	-	-	153,587

STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013 and six-month period ended December 31, 2014
General Management and Branches in Brazil
(Amounts in R\$ thousand)

	2nd half 2014	Year 2014	Year 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	421,338	747,350	360,357
Adjustments to net income:			
Depreciation and amortization expenses	17,973	37,040	35,411
(Reversal of) provision for impairment of other assets	-	1	(65)
Allowance for loan losses	214,214	404,810	686,142
(Allowance for losses on other receivables)	7,319	20,778	14,448
Provision for contingent liabilities (FNE Risks)	231,845	428,297	560,932
Provision for contingent liabilities	65,243	108,480	190,804
Provision (post-employment benefits)	69,336	133,088	157,616
Reversal of other operating provisions	(102,505)	(128,595)	(22,214)
Adjusted net income	924,763	1,751,249	1,983,431
Interbank investments	325,078	107,291	(3,184)
Interbank and Interdepartmental accounts	141,259	12,523	(63,918)
Loans	(1,496,429)	(1,892,724)	(410,196)
Other credits	(104,549)	159,610	140,586
Other assets	2,568	3,253	(1,399)
Deposits	1,138,004	933,981	1,170,007
Open Market Funding	374,244	578,752	357,080
Funds from acceptance and issue of securities	264,457	198,696	93,021
Loans and onlending obligations	523,498	214,306	75,150
Derivative financial instruments	(250,757)	(170,633)	(151,603)
Other liabilities	(992,573)	1,413,905	(800,807)
Income and Social Contribution Taxes Paid	(173,085)	(293,844)	(417,638)
CASH PROVIDED BY OPERATING ACTIVITIES	676,478	3,016,365	1,970,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable Securities	(1,516,027)	(2,147,730)	(406,095)
Addition to Investments	(36)	(63)	(105)
Addition to property and equipment in use	(22,349)	(31,189)	(58,210)
Addition to intangible assets	(1,603)	(4,098)	(12,308)
Addition to assets used by third parties	(5,338)	(5,491)	(369)
Disposal of Investments	9	9	-
Disposal of property and equipment in use	3,556	4,147	1,170
Disposal of assets used by third parties	485	525	479
CASH USED IN INVESTING ACTIVITIES	(1,541,303)	(2,183,890)	(475,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and interest on equity paid	(108,284)	(157,063)	(241,996)
Treasury Shares	-	(19,134)	-
CASH USED IN FINANCING ACTIVITIES	(108,284)	(176,197)	(241,996)
Increase in cash and cash equivalents	(973,109)	656,278	1,253,096
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS			
At beginning of period	9,338,570	7,709,183	6,456,087
At end of period	8,365,461	8,365,461	7,709,183
Increase in cash and cash equivalents	(973,109)	656,278	1,253,096

STATEMENTS OF VALUE ADDED

Years ended December 31, 2014 and 2013 and Six-month period ended December 31, 2014.

General Management and Branches in Brazil

(Amounts in R\$ thousand)

	2nd half	%	12.31.2014	%	12.31.2013	%
REVENUES	3,675,789		6,469,683		4,884,455	
Income from Financial Intermediation	2,605,563		4,361,334		3,710,087	
Income from services and bank fees	943,776		1,882,241		1,635,277	
Allowance for loan losses	(221,533)		(425,588)		(700,590)	
Other income/expenses	347,983		651,696		239,681	
EXPENSES FROM FINANCIAL INTERMEDIATION	(1,694,332)		(2,675,549)		(2,009,320)	
INPUTS ACQUIRED FROM THIRD PARTIES	(444,756)		(839,538)		(772,826)	
Materials, energy and other expenses	(35,654)		(66,876)		(66,784)	
Third-party services	(229,815)		(431,505)		(393,279)	
Other	(179,287)		(341,157)		(312,763)	
Data processing and telecommunications	(81,208)		(170,298)		(164,962)	
Advertising, promotions and publications	(26,034)		(41,625)		(27,452)	
Transportation	(11,397)		(21,371)		(18,824)	
Security	(19,202)		(35,948)		(29,899)	
Travels	(7,569)		(15,056)		(14,597)	
Other	(33,877)		(56,859)		(57,029)	
GROSS VALUE ADDED	1,536,701		2,954,596		2,102,309	
RETENTIONS	(17,973)		(37,040)		(35,411)	
Depreciation, amortization and depletion	(17,973)		(37,040)		(35,411)	
NET VALUE ADDED PRODUCED BY THE ENTITY	1,518,728		2,917,556		2,066,898	
TOTAL VALUE ADDED TO BE DISTRIBUTED	1,518,728		2,917,556		2,066,898	
DISTRIBUTION OF VALUE ADDED	1,518,728		2,917,556		2,066,898	
PERSONNEL	689,277	45.4	1,403,577	48.1	1,127,319	54.5
WORK COMPENSATION	501,239	33.0	1,048,730	35.9	777,935	37.6
Salaries	459,397		958,058		748,478	
Profit sharing	41,842		90,672		29,457	
BENEFITS	153,556	10.1	290,397	10.0	292,464	14.1
Provisions (post-employment benefits)	72,376		136,128		157,616	
Benefits – Other	81,180		154,269		134,848	
Unemployment Compensation Fund (FGTS)	34,482	2.3	64,450	2.2	56,920	2.8
TAXES, CHARGES AND CONTRIBUTIONS	393,964	25.9	741,879	25.4	561,952	27.2
Federal	381,796		719,911		544,570	
State	24		91		86	
Municipal	12,144		21,877		17,296	
DEBT REMUNERATION	14,149	0.9	24,750	0.8	17,270	0.8
Rent	14,149		24,750		17,270	
EQUITY REMUNERATION	421,338	27.7	747,350	25.6	360,357	17.4
INTEREST ON EQUITY	77,594	5.1	152,551	5.2	117,819	5.7
Federal Government	39,573		77,801		111,016	
Other	38,021		74,750		6,803	
DIVIDENDS	63,228	4.2	96,831	3.3	112,180	5.4
Federal Government	32,246		49,383		105,589	
Other	30,982		47,448		6,591	
RETAINED PROFITS IN THE PERIOD	280,516	18.5	497,968	17.1	130,358	6.3

ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2014 and 2013

Amounts expressed in thousands of reais, unless otherwise indicated

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NOTE 1 - The Bank and its characteristics

Banco do Nordeste do Brasil S.A. (Bank) is an all-purpose bank established by Federal Law No. 1649, of 07.19.1952, with its head office at Dr. Silas Munguba 5700, Passaré, Fortaleza, Ceará State, Brazil. The Bank was structured as a mixed economy, publicly-traded corporation and its mission is: “to operate, in its capacity of a public financial institution, as a catalytic agent in promoting the sustainable development of the Northeast in a competitive and profitable manner.” Banco do Nordeste, as an All Purpose Bank, is authorized to operate all the portfolios permitted for multiple service banks, except mortgage loan portfolio. As an institution devoted to regional development, the Bank acts as the executive agent of public policies and is responsible for managing the 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. It is also the operator of the Fundo de Investimentos do Nordeste (FINOR) and the Fundo de Desenvolvimento do Nordeste (FDNE), the latter created in 2001 and altered in 2007 by Supplementary Law No. 125, which recreated the Superintendência do Desenvolvimento do Nordeste (SUDENE). In 1998, the Bank created its Production-Oriented Microcredit Program (Crediamigo), a Production Microloan Program that facilitates credit access to thousands of small entrepreneurs who engage in production-related, product sale, and service activities. In addition to federal funds, the Bank has access to other sources of financing in the domestic and foreign markets through funds raised directly, as well as partnerships with domestic and foreign institutions, including multilateral institutions such as the World Bank and the InterAmerican Development Bank (IDB).

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

The financial statements have been prepared in accordance with Brazilian Corporation Law, as amended by Laws No. 11638 and No. 11941, of 12.28.2007 and 05.27.2009, respectively, and regulations of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN), and the Brazilian Securities and Exchange Commission (CVM), and are presented in accordance with the Standard Chart of Accounts for National Financial Institutions (COSIF).

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

- CPC 00 (R1) – Conceptual Framework for Financial Reporting (CMN Resolution No. 4144, of 9.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566, of 05.29.2008);
- CPC 03 - Cash Flow Statement - (CMN Resolution 3604, of 08.29.2008);

- CPC 05 - Related Party Disclosures (CMN Resolution No. 3750, of 06.30.2009);
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors (CMN Resolution No. 4007, of 08.25.2011);
- CPC 24 - Subsequent Events (CMN Resolution No. 3973, of 05.26.2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823, of 12.16.2009);
- CPC 09 - Statement of Value Added (CVM Rule No. 557, of 11.12.2008);
- CPC 22 - Segment Reporting (CVM Rule No. 582, of 07.31.2009);
- CPC 27 – Property and Equipment (CVM Rule No. 583, of 07.31.2009);
- CPC 32 - Income Taxes (CVM Rule No. 599, of 09.15.2009);
- CPC 33 (R1) - Employee Benefits (CVM Rule No. 695, of 12.13.2012); and
- CPC 41 – Earnings per Share (CVM Rule No. 636, of 08.06.2010).

NOTE 3 – Summary of significant accounting practices

a) Functional currency

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

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

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

b) Revenue recognition criteria

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

c) Current and noncurrent assets and liabilities

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

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

d) Cash and cash equivalents

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

e) Interbank investments

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

f) Securities

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

Trading securities: securities acquired to be actively and frequently traded, adjusted to market value against P&L for the period;

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

Held-to-maturity securities: securities that the Bank has the positive intent and ability to hold to maturity, stated at acquisition cost, plus income earned, against P&L for the period.

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

g) Derivative financial instruments

The Bank limits its operations in the derivative market to swap transactions intended solely to hedge its asset and liability positions.

Swap transactions are stated in balance sheet and memorandum accounts, according to their nature, based on prevailing accounting standards and legal provisions.

They are measured at market value upon preparation of monthly trial balances and balance sheets and appreciation and devaluation are recorded in revenue or expense accounts.

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

The rates disclosed by the Securities, Commodities and Futures Exchange (BM&FBOVESPA) are used to calculate the fair value of these transactions.

To equalize the effects of marking-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%.

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

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

Loans, advances on foreign exchange contracts, and other receivables with loan features are classified in accordance with Management's judgment on risk level, taking into consideration the economic scenario, past experience and specific risks related to the operation, creditors and guarantors, considering the standards established by CMN Resolution No. 2682 of 12.21.1999, which require the periodic analysis of the portfolio and its rating into nine risk levels, where AA is the minimum risk and H is the maximum risk, as well as the classification of operations in arrears for more than 15 days as past due operations.

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

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

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

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

i) Prepaid expenses

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

j) Permanent assets

Investments are stated at cost, net of valuation allowance.

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

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

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

Intangible assets correspond to rights whose subject matter is represented by intangible assets intended for the maintenance of the Bank's activities or exercised for such purpose, including the goodwill acquired.

An asset meets the criterion for identification of an intangible asset whenever: it is separable, i.e., can be separated from the entity and sold, transferred or licensed, rented or exchanged individually or together with a contract, related assets or liabilities, irrespective of the intended use by the entity or arises from contractual or other legal rights, irrespective of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are comprised of disbursements for acquisition of *software* rights that, are currently, in the implementation phase, the useful lives of which will be estimated within 10 years, from the date of their availability for use, and will be amortized on a straight-line basis. When applicable, intangible assets will be adjusted for *impairment* losses (Note 12.d).

k) Taxes

Corporate Income Tax (IRPJ) is calculated at the rate of 15% plus a 10% surtax (on taxable profit exceeding R\$240 for the year), and Social Contribution Tax on Net Profit (CSLL) is calculated at the rate of 15%, after the adjustments defined in tax legislation. Deferred tax assets and liabilities are calculated, substantially, on temporary differences between accounting and tax bases, arising from allowances for loan losses, reserves for post-employment benefits, mark-to-market of marketable securities, derivative financial instruments, and hedged item.

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

The federal contribution taxes on gross revenue for Public Service Employee Savings Program (PASEP) and for Social Security Financing (COFINS) are calculated at the rates of 0.65% and 4.00%, respectively.

l) Employee benefits

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

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

For “defined benefit” plans and for the portion of risk 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 net interest on net liabilities, are recognized under “Other equity adjustments”, in Equity.

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

m) Impairment testing

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

n) Provisions, contingent assets and liabilities and legal obligations

Provisions, contingent assets and 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 3823, of 12.16.2009 and Circular Letter 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 rated as probable, the settlement of which is likely to result in an outflow of economic benefits, and the amounts involved can be reliably measured upon court reference/notification, reviewed as required by procedural changes, and 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 the tax obligations and a provision of their full amount is recognized in the financial statements regardless of the likelihood of success in ongoing lawsuits.

o) Use of estimates

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

p) Earnings (loss) per share

Basic and diluted earnings (loss) per share were calculated dividing net income attributable to shareholders by the weighted average number of total common shares. The Bank does not have subscription option, bonus or equivalent instrument granting to holders share acquisition rights. Thus basic and diluted earnings(loss) per share are equal.

NOTE 4 - Segment reporting

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

a) Own Portfolio - comprises own portfolio products and services such as: lending and market operations, fund management and provision of other banking services and collaterals; and

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

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

No revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenues at 12.31.2014 and 12.31.2013.

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

Specification	2nd half/2014			01.01. to 12.31.2014			01.01. to 12.31.2013		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total	Own portfolio	FNE	Total
Revenue	2,310,285	1,123,895	3,434,180	3,891,448	2,120,871	6,012,319	3,410,156	1,682,739	5,092,895
Income from loans	1,030,846	-	1,030,846	1,818,600	-	1,818,600	1,852,087	-	1,852,087
Securities transactions, net	650,402	569,817	1,220,219	1,206,667	1,036,609	2,243,276	892,151	679,755	1,571,906
Derivative financial instruments, net	215,413	-	215,413	103,453	-	103,453	108,779	-	108,779
Foreign exchange transactions, net	126,613	-	126,613	157,542	-	157,542	149,888	-	149,888
Compulsory investments, net	12,472	-	12,472	36,208	-	36,208	19,976	-	19,976
Sales or transfer of financial assets	-	-	-	2,255	-	2,255	7,451	-	7,451
Other revenues	274,539	554,078	828,617	566,723	1,084,262	1,650,985	379,824	1,002,984	1,382,808
Expenses	(1,371,696)	(785,066)	(2,156,762)	(2,113,245)	(1,428,595)	(3,541,840)	(2,062,492)	(1,353,969)	(3,416,461)
Open market funding	(829,811)	-	(829,811)	(1,355,189)	-	(1,355,189)	(1,059,657)	-	(1,059,657)
Borrowings and onlending	(320,352)	(544,169)	(864,521)	(330,406)	(989,954)	(1,320,360)	(300,505)	(649,158)	(949,663)
Allowance for loan losses	(221,533)	(231,845)	(453,378)	(425,588)	(428,297)	(853,885)	(700,590)	(560,931)	(1,261,521)
Other contingent liabilities (Note 20.g)	-	(8,547)	(8,547)	(2,062)	(9,655)	(11,717)	(1,740)	(143,531)	(145,271)
PROAGRO provision receivable	-	(505)	(505)	-	(689)	(689)	-	(349)	(349)
Financial margin	938,589	338,829	1,277,418	1,778,203	692,276	2,470,479	1,347,664	328,770	1,676,434
Service income	216,225	704,124	920,349	370,866	1,473,543	1,844,409	296,176	1,306,498	1,602,674
Income from fees, rates and commissions	23,427	-	23,427	37,832	-	37,832	32,603	-	32,603
Pasep and Cofins (1)	(39,097)	(62,398)	(101,495)	(87,210)	(126,064)	(213,274)	(88,067)	(112,183)	(200,250)
Income (loss) after fees and commissions	1,139,144	980,555	2,119,699	2,099,691	2,039,755	4,139,446	1,588,376	1,523,085	3,111,461
Administrative expenses			(1,234,110)			(2,420,027)			(2,100,058)
Personnel expenses			(757,232)			(1,518,699)			(1,274,551)
Depreciation and amortization			(17,973)			(37,040)			(35,410)
Other administrative expenses			(458,905)			(864,288)			(790,097)
Other expenses			(196,251)			(485,207)			(409,536)
Expenses with provisions, except allowance for loan losses			(56,695)			(96,764)			(45,583)
Income before taxes and profit sharing			632,643			1,137,448			556,284
Income and social contribution taxes			(169,463)			(299,426)			(166,470)
Profit sharing			(41,842)			(90,672)			(29,457)
Net income			421,338			747,350			360,357

(1) Expenses referring to PASEP and COFINS on import of services in the amount of R\$ 43 – 2H14; R\$55 – 01.01 to 12.31.2014 and R\$25 – 12.31.2013 are included in other expenses.

NOTE 5 - Cash and cash equivalents

Specification	12.31.2014	12.31.2013
Cash in local currency	159,640	153,121
Cash in foreign currency	38,002	2,788
Total cash	197,642	155,909
Interbank investments	8,167,819	7,553,274
Total cash and cash equivalents (Note 28.c)	8,365,461	7,709,183

NOTE 6 - Interbank investments

a) Breakdown

Specification	12.31.2014	12.31.2013
a) Open market investments	8,167,819	7,606,592
Resale agreements pending settlement - Self-funded position	8,167,819	7,553,274
Resale agreements pending settlement - Financed position	-	53,318
b) Interbank deposits	76,500	130,473
Foreign currency investments	-	46,764
Interbank deposits	76,500	83,709
Total	8,244,319	7,737,065
Current	8,244,319	7,737,065

b) Income from interbank investments

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
a) Income from open market investments (Note 7.b)	500,718	903,284	601,452
Self-funded position	492,057	885,623	593,982
Financed position	8,661	17,661	7,470
b) Income from interbank deposits (Note 7.b)	4,617	10,587	5,429
Total	505,335	913,871	606,881

NOTE 7 – Marketable securities and derivative financial instruments

a) Securities

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

a.1) Marketable securities and derivative financial instruments

Specification	12.31.2014	12.31.2013
Available-for-sale securities	13,642,125	11,642,248
Held-to-maturity securities	157,506	23,717
Swap differential receivable	507,287	338,048
Total	14,306,918	12,004,013
Current	6,053,427	690,164
Long-term	8,253,491	11,313,849

a.2) Available-for-sale securities

Specification	12.31.2014				12.31.2013			
	Cost	Market (book) value	Market Adjustment	Maturity	Cost	Market (book) value	Market Adjustment-	Maturity
Fixed income securities	13,718,050	13,283,827	(434,223)		11,612,627	11,190,805	(421,822)	
Financial Treasury Bills (LFTs)	9,838,897	9,838,554	(343)	2015 to 2020	8,277,985	8,281,099	3,114	2014 to 2018
National Treasury Bills (LTNs)	-	-	-		12	12	-	2014
National Treasury Notes (NTNs)	1,300,171	1,246,502	(53,669)	2050	1,219,825	1,115,050	(104,775)	2050
Financial bills (LFs)	1,911,463	1,845,196	(66,267)	2015 to 2019	1,333,889	1,294,421	(39,468)	2014 to 2019
Debentures	632,974	347,443	(285,531)	2016 to 2035	747,118	495,281	(251,837)	2014 to 2019
Federal government bonds (FCVS)	5,949	5,949	-	2027	6,288	4,747	(1,541)	2027
Federal government bonds – Other	28,365	-	(28,365)	1993	27,248	-	(27,248)	1993
Agrarian Debt Securities (TDAs)	231	183	(48)	2015 to 2022	262	195	(67)	2014 to 2022
Investment fund shares	1,702	283	(1,419)		10,360	8,983	(1,377)	
Social Development Funds (FDS)	1,419	-	(1,419)	No maturity	1,377	-	(1,377)	No maturity
Receivables Investment Fund (FIDC) shares	-	-	-		7,286	7,286	-	2014
Real Estate Investment Fund (FII)	-	-	-		1,403	1,403	-	2100
Investment Guarantee Fund (FGI)	268	268	-	No maturity	251	251	-	No maturity
Operation Guarantee Fund (FGO)	15	15	-	No maturity	43	43	-	No maturity
Variable income securities	8,745	8,553	(192)		140,298	140,102	(196)	
Other tax incentives (Finor)	163	156	(7)	No maturity	350	148	(202)	No maturity
Publicly-traded companies shares	8,582	8,397	(185)	No maturity	139,948	139,954	6	No maturity
Security deposits ⁽¹⁾	361,046	349,462	(11,584)		302,941	302,358	(583)	
Financial Treasury Bills	345,252	345,245	(7)	2015 to 2020	302,151	302,281	130	2015 to 2018
Federal government bonds – Other	718	-	(718)	1993	690	-	(690)	1993
Federal government bonds – CVSB	-	-	-		100	77	(23)	2027
Debentures	15,076	4,217	(10,859)	2035	-	-	-	
Total	14,089,543	13,642,125	(447,418)		12,066,226	11,642,248	(423,978)	
Tax credit (Note 21.b)	-	-	179,722		-	-	209,602	
Provision for deferred taxes and contributions (Note 21.c)	-	-	(755)		-	-	(40,011)	
Total market-adjustment	-	-	(268,451)		-	-	(254,387)	

⁽¹⁾ Breakdown: Guarantees on stock exchange transactions R\$ 178,227 (R\$ 160,763 at 12.31.2013); guarantees on clearing house association transactions R\$ 2,013 (R\$ 1,816 at 12.31.2013); guarantees on legal proceedings R\$ 146,675 (R\$ 123,245 at 12.31.2013); and other guarantees R\$ 18,331 (R\$ 16,534 at 12.31.2013).

Account “Federal Government Securities - Other” under items Fixed Income Securities and Security Deposits records cash investments in government securities named by the National Treasury as NUCL910801 and CVSB9700101, maturing on 08.31.1993 and 01.01.2027, but not yet redeemed. These securities recorded a full devaluation due to their maturity, without, however, falling under the concept of permanent loss, as provided by BACEN Circular No. 3068, of 11.08.2001. In view of the classification of assets under “Available-for-sale securities”, the amount of R\$(447,418) (R\$ (423,978) at 12.31.2013) was recorded in Equity under “Equity adjustments” account. This adjustment, net of tax effects, corresponds to R\$ (268,451) (R\$ (254,387) at 12.31.2013).

a.3) Held-to-maturity securities

Specification	12.31.2014			12.31.2013		
	Cost (book value)	Market value (1)	Maturity	Cost (book value)	Market value (1)	Maturity
Fixed income securities	157,506	80,021		23,717	23,710	
Shares of Fundo de Investimento - Ne.Empreendedor	1,471	1,471	2016	2,020	2,020	2015
National Treasury Notes (NTN) - P	133,736	56,251	2030	102	95	2014
Shares of Fundo de Investimento - CRIATEC	10,678	10,678	2017	12,579	12,579	2017
Shares of Fundo de Investimento – CRIATEC II	565	565	2023	860	860	2023
FIP Brasil Agronegócios	10,017	10,017	2018	8,156	8,156	2018
Nordeste III FIP	1,039	1,039	2022	-	-	
Total	157,506	80,021		23,717	23,710	

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

a.4) At 12.31.2014, there were no reclassifications of securities into the categories above, and no held-to-maturity securities were sold.

a.5) Market value is determined using the following criteria, considering the following measurement levels:

1° - Market prices disclosed by the National Association of Financial Market Institutions (ANBIMA) and BM&FBOVESPA;

2° - Market value calculated based on the goodwill or negative goodwill rate used in the last paper trading in the last 3 months at CETIP S.A. - Organized Markets,

3°: Calculation of probable realizable value, obtained based on an own pricing model.

a.6) The Bank has financial capacity and the intent of holding to maturity the securities classified as held to maturity.

b) Income from securities

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
Money market (Note 6.b)	500,718	903,284	601,452
Interbank deposits (Note 6.b)	4,617	10,587	5,429
Fixed income securities	714,243	1,328,661	957,563
Variable income securities	641	744	7,462
Total	1,220,219	2,243,276	1,571,906

c) Derivative financial instruments

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

At 12.31.2014, 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 captions ‘Differential Payable’ and ‘Differential Receivable’, as shown below:

Breakdown at 12.31.2014								
Specification	Notional value	Market value		Curve		Mark-to-market		MTM, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative	
Asset (long) position								
Foreign Currency (Dollar)	1,087,635	507,287	-	509,306	-	6,293	8,312	(2,019)
Liability (short) position								
Fixed rate	-	-	-	-	-	-	-	-
Total	1,087,635	507,287	-	509,306	-	6,293	8,312	(2,019)
Tax credit (Note 21.b)								3,326
Provision for deferred taxes and contributions (Note 21.c)								2,517

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

Specification	12.31.2014		12.31.2013	
	Differential receivable	Differential payable	Differential receivable	Differential payable
Within 3 months	-	-	-	322
3 to 12 months	281,551	-	81	656
1 to 3 years	-	-	206,512	416
3 to 5 years	225,736	-	216	-
5 to 15 years	-	-	131,239	-
Total	507,287	-	338,048	1,394

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

Specification	12.31.2014				
	Curve value		Market value		MTM
	Asset US Dollar	Liability CDI	Asset US Dollar	Liability CDI	
Swap – Foreign currency – Long position	1,616,740	1,107,433	1,614,720	1,107,432	(2,019)
Hedged item	Curve value ⁽¹⁾		Market value ⁽¹⁾		MTM
<i>Eurobonds – Senior Unsecured Notes</i> (Note 15.a)	1,603,509		1,601,150		(2,359)
Tax credit (Note 21.b)					(944)

(1) Net of tax effects at source on interest on the transaction of R\$ 1,400.

Specification	12.31.2013				
	Curve value		Market value		MTM
	Asset US Dollar	Liability CDI	Asset US Dollar	Liability CDI	
Swap – Foreign currency – Long position	1,420,740	1,103,652	1,476,038	1,140,190	18,760
Hedged item	Curve value ⁽¹⁾		Market value ⁽¹⁾		MTM
<i>Eurobonds – Senior Unsecured Notes</i> (Note 15.a)	1,414,194		1,476,412		62,218
Tax credit (Note 21.b)					24,887

(1) Net of tax effects at source on interest on the transaction of R\$ 1,233.

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

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

The transactions were assessed as effective under BACEN Circular No. 3082, of 01.30.2002, based on the financial flows (principal and interest) of the *hedged* item, *Eurobonds – Senior Unsecured Notes* and of hedging instruments (*swap* agreements).

d) Income from derivative financial instruments

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
<i>Swap</i>	215,413	103,453	108,779
Total	215,413	103,453	108,779

NOTE 8 - Interbank accounts - Restricted deposits

a) Linked credits

Specification	12.31.2014			12.31.2013		
	Gross Amount	Allowance	Net	Gross Amount	Allowance	Net
Mandatory payments - Savings accounts	248,907	-	248,907	312,541	-	312,541
Compulsory reserves – Cash funds	64,884	-	64,884	38,579	-	38,579
National Housing System (SFH)	67,233	(12,523)	54,710	63,321	(24,067)	39,254
National Treasury - Rural credit	28,936	(533)	28,403	15,524	(478)	15,046
Total	409,960	(13,056)	396,904	429,965	(24,545)	405,420
Current	342,711	(533)	342,178	366,090	(478)	365,612
Long-term	67,249	(12,523)	54,726	63,875	(24,067)	39,808

b) Compulsory investments, net

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
Income from linked credits – Central Bank of Brazil	10,378	20,692	16,822
Income from linked credits – SFH	2,042	3,914	3,276
Income from linked credits – Rural Credit	34	59	193
Valuation/(Devaluation) of linked credits	18	11,543	(315)
Total	12,472	36,208	19,976

NOTE 9 - Loan portfolio and allowance for loan losses

a) Loan portfolio and allowance for loan losses

Specification	12.31.2014		12.31.2013	
	Gross Amount	Allowance	Gross Amount	Allowance
Loans	12,601,812	(865,515)	11,124,768	(876,385)
Current	5,614,124	(350,873)	4,751,089	(385,214)
Long-term	6,987,688	(514,642)	6,373,679	(491,171)
Other accounts with loan features (Note 10.e)	612,173	(25,188)	552,814	(17,389)
Current	607,549	(25,188)	508,210	(17,389)
Long-term	4,624	-	44,604	-
Total	13,213,985	(890,703)	11,677,582	(893,774)

a.1) Breakdown of loan portfolio

Specification	12.31.2014	12.31.2013
Advances to depositors	1,091	89
Loans	5,574,160	4,962,233
Discounted notes	66,244	54,190
Financing	2,170,108	2,093,478
Financing in foreign currency	423,538	236,532
Refinancing with the Federal Government (Note 29.a.1)	404,556	384,355
Rural and agroindustrial financing	1,628,962	1,620,354
Real estate financing ⁽¹⁾	243	243
Infrastructure and development financing	2,332,910	1,773,294
Loans subtotal	12,601,812	11,124,768
Income receivable from advances	18,516	11,181
Debtors due to purchase of assets	5,662	6,357

Notes and credits receivable	29,494	7,002
Advances on foreign exchange contracts ⁽²⁾ (Note 11.a)	558,501	473,046
Loans linked to transactions acquired on assignment	-	55,228
Other accounts with loan features subtotal	612,173	552,814
Total	13,213,985	11,677,582

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

(2) Accounts classified as "Other liabilities/ Foreign exchange portfolio,"

a.2) Income from loans

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
Loans and discounted notes	483,628	948,625	869,298
Financing	413,863	612,419	586,678
Rural and agroindustrial financing	52,504	134,056	156,598
Recovery of loans written off as loss	80,249	122,843	238,727
Other	602	657	786
Total	1,030,846	1,818,600	1,852,087

b) Breakdown by maturity

b.1) Current loans ⁽¹⁾

Customer type/ activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days	Total at 12.31.2014	Total at 12.31.2013
Rural	3,096	2,901	1,398	15,150	56,842	1,512,731	1,592,118	1,574,065
Manufacturing	113,475	63,597	71,928	203,131	332,135	2,030,278	2,814,544	2,138,343
Government	11,813	15,488	25,471	39,278	88,303	1,182,396	1,362,749	1,370,680
Other services	169,796	91,814	103,000	230,559	366,870	1,478,730	2,440,769	4,471,758
Trading	687,166	609,135	504,071	1,172,682	706,818	560,562	4,240,434	1,426,556
Financial	19	27	10	56	115	488	715	85,212
Housing	1	1	1	2	3	236	244	4,337
Individuals	14,921	7,255	5,327	10,926	2,775	1,069	42,273	33,699
Total	1,000,287	790,218	711,206	1,671,784	1,553,861	6,766,490	12,493,846	11,104,650

(1) Include loans overdue up to 14 days.

b.2) Past due loans

Falling due								
Customer type/ 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 12.31.2014	Total at 12.31.2013
Rural	86	110	92	174	661	1,874	2,997	10,025
Manufacturing	3,675	3,127	3,343	6,702	13,427	36,913	67,187	74,742
Other services	6,482	6,394	6,056	14,863	25,377	63,747	122,919	218,122
Trading	12,626	11,511	9,699	22,392	37,112	86,036	179,376	67,818
Financial	10	10	10	30	61	396	517	-
Housing	-	-	-	-	-	-	-	14
Individuals	200	224	718	816	703	1,355	4,016	11,269
Total	23,079	21,376	19,918	44,977	77,341	190,321	377,012	381,990

Past due									
Customer type/ 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 12.31.2014	Total at 12.31.2013
Rural	35	3,527	238	1,735	10,416	1,148	31,180	48,279	48,910
Manufacturing	1,346	2,473	3,916	3,276	6,264	7,509	2,677	27,461	27,378
Other services	3,198	57,456	28,975	45,199	12,344	18,902	576	166,650	66,623
Trading	2,995	9,393	15,885	11,855	24,178	30,119	1,030	95,455	38,755
Financial	-	-	-	-	5	18	-	23	-
Housing	-	-	-	-	-	-	-	-	30
Individuals	20	234	401	308	1,453	2,805	38	5,259	9,246
Total	7,594	73,083	49,415	62,373	54,660	60,501	35,501	343,127	190,942

c) Breakdown by risk level

Risk level	12.31.2014				12.31.2013			
	Current ⁽¹⁾	Past due	Total portfolio	Allowance	Current ⁽¹⁾	Past due	Total portfolio	Allowance
AA	4,852,000	-	4,852,000	-	3,956,011	-	3,956,011	-
A	4,452,345	-	4,452,345	22,262	4,146,203	-	4,146,203	20,731
B	2,298,098	36,693	2,334,791	23,348	1,979,895	26,162	2,006,057	20,061
C	95,081	50,262	145,343	4,360	364,117	25,798	389,915	11,697
D	221,287	198,807	420,094	42,009	68,107	20,190	88,297	8,830
E	102,678	85,126	187,804	56,341	133,034	133,034	266,068	79,820
F	27,453	58,935	86,388	43,194	20,924	38,427	59,351	29,676
G	91,693	28,409	120,102	84,071	119,494	22,908	142,402	99,681
H	353,211	261,907	615,118	615,118	316,865	306,413	623,278	623,278
Total	12,493,846	720,139	13,213,985	890,703	11,104,650	572,932	11,677,582	893,774

⁽¹⁾ Include loans overdue up to 14 days.

d) Changes in the allowance for the period

Specification	12.31.2014	12.31.2013
Opening balance (Allowance for losses on loan portfolio)	893,774	832,982
(+) Net allowance recognized for the period	425,607	700,422
(-) Receivables written off as loss for the period	(428,678)	(639,630)
(=) Allowance for losses on loan portfolio	890,703	893,774
Opening balance (Allowance for losses on other receivables without loan features)	46,477	46,569
(+) Net allowance recognized for the period	342	431
(-) Receivables written off as loss for the period	(361)	(523)
(=) Allowance for losses on other receivables without loan features (Note 10.e)	46,458	46,477
(=) Allowance for loan losses	937,161	940,251

e) Breakdown of the allowance expense balance

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
(+) Expenses on allowance for loan losses	214,214	404,810	686,142
(+) Expenses on allowance for losses on other receivables	7,338	20,797	14,280
(=) Balance of expenses on allowance for losses on operations with loan features	221,552	425,607	700,422
(+) Expenses on allowance for losses on other receivables without loan features	6	25	262
(-) Reversal of allowances for losses on other receivables without loan features	(25)	(44)	(94)
(=) Balance of expenses on allowance for loan losses	221,533	425,588	700,590

f) In the year, receivables that had been written off as loss were recovered in the amount of R\$ 122,844 (R\$ 238,726 at 12.31.2013) and renegotiations amounted to R\$ 771,905 (R\$ 914,516 at 12.31.2013).

g) Recovery of receivables on legal grounds

In accordance with Law No. 11322, of 07.13.2006, Law No. 11775, of 09.17.2008, Law No. 12249, of 06.11.2010, as well as Law No. 12716, of 09.21.2012, concerning rescheduling of debts arising from rural credit transactions, that provides for rebates in the debt balance, discounts for prompt payment of installments, reduction of interest rate, and extension of payment terms of the referred to transactions, a positive effect on the Bank's income, for 12.31.2014, was recognized in the amount of R\$ 80,683 (R\$ 131,958 at 12.31.2013), shown below. Pursuant to the abovementioned legal provisions, part of these transactions was acquired by the Fundo Constitucional de Financiamento do Nordeste (FNE).

Specification	2nd half/2014	01/01 to 12.31.2014	01/01 to 12.31.2013
Income earned	23,862	38,195	50,889
Recovery of transactions written off of assets	14,064	20,373	23,213
Expenses on discounts	(199)	(224)	(4,746)
Net effect of allowances	11,025	22,339	62,602
Total	48,752	80,683	131,958

NOTE 10 - Other receivables

Specification	12.31.2014	12.31.2013
a) Foreign exchange portfolio (Note 11.a)	672,788	540,994
b) Income receivable	30,034	27,617
c) Securities trading	4	4
d) Other receivables	2,428,683	2,493,744
Tax credits – Allowances (Note 21.b)	942,033	1,032,755
Tax credits - marketable securities, derivative financial instruments and hedged item (Notes 7.a.2, 7.c and 21.b)	182,103	234,509
Debtors from escrow deposits	713,091	664,381
Taxes and contributions recoverable	208,414	243,490
From prepayments (Note 21.a.2)	167,284	223,033
Other	41,130	20,457
Tax incentive options	26,748	26,748
Notes and credits receivable	29,494	7,002
Loans linked to transactions granted under assignment	-	55,228
Prepaid salaries and advances	2,426	2,694
Payments to be refunded	10,092	8,931
Recalculation, discounts, waivers and bonuses in BNDES transactions	10	9,705
Recalculation, discounts, waivers and bonuses in FAT transactions	16	20,133
STN – Crediamigo financial charges equalization	127,275	56,943
Other	186,981	131,225
e) Allowance for losses on other receivables	(71,646)	(63,866)
Receivables with loan features (Note 9.a)	(25,188)	(17,389)
Receivables without loan features (Note 9.d)	(46,458)	(46,477)
Total	3,059,863	2,998,493
Current	2,498,388	2,004,904
Long-term	561,475	993,589

NOTE 11 – Foreign exchange portfolio

a) Breakdown

Specification	12.31.2014	12.31.2013
Assets - other receivables		
Exchange purchase pending settlement	652,821	520,631
Exchange sales rights	1,505	10,057
Advances received in local currency	(54)	(875)
Income receivable from advances	18,516	11,181
Current assets (Note 10.b)	672,788	540,994
Liabilities – other liabilities		
Exchange purchase liabilities	559,212	473,873
Exchange sales pending settlement	1,497	10,003
Advances on exchange contracts (Note 9.a.1)	(558,501)	(473,046)
Current liabilities (Note 16.c)	2,208	10,830

b) Foreign exchange gains

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
Exchange income	126,860	157,976	150,434
Exchange expenses	(247)	(434)	(546)
Total	126,613	157,542	149,888

NOTE 12 - Permanent assets

a) Investments

Specification	12.31.2013	01.01.2014 to 12.31.2014			12.31.2014		
	Book balance	Changes		Book balance	Cost	Impairment losses	Book balance
		Additions	Exclusions				
Shares and units of interest	652	-	-	652	945	(293)	652
Artwork and valuables	1,173	63	(9)	1,227	1,227	-	1,227
Total	1,825	63	(9)	1,879	2,172	(293)	1,879

b) Property and equipment

Specification	31.12.2013	01.01.2014 to 12.31.2014				12.31.2014			
	Book balance	Changes ⁽²⁾			Book balance	Cost	Accumulated depreciation	Impairment losses ⁽²⁾	Book balance
		Additions	Exclusions	Depreciation					
Buildings	103,564	309	-	(10,903)	92,970	248,574	(155,604)	-	92,970
Data processing system	48,642	20,736	(1,149)	(16,698)	51,531	125,142	(73,611)	-	51,531
Furniture and equipment in use	28,455	6,373	(1,722)	(5,328)	27,778	67,458	(39,680)	-	27,778
Land	17,025	-	-	-	17,025	17,025	-	-	17,025
Facilities	6,577	1,047	-	(1,505)	6,119	19,093	(12,974)	-	6,119
Communication system	90	8	(9)	(20)	69	364	(295)	-	69
Construction in progress ⁽¹⁾	6,288	1,205	-	-	7,493	7,493	-	-	7,493
Security system	9,680	1,510	(1,266)	(1,606)	8,318	17,376	(9,058)	-	8,318
Transportation system	672	1	(1)	(661)	11	15,923	(15,912)	-	11
Total	220,993	31,189	(4,147)	(36,721)	211,314	518,448	(307,134)	-	211,314

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

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

c) Deferred charges

Specification	12.31.2013	01.01.2014 to 12.31.2014			12.31.2014				
	Book balance	Changes			Book balance	Cost	Accumulated amortization	Impairment losses ⁽¹⁾	Book balance
		Additions	Exclusions	Amortization					
Leasehold improvements	478	-	-	(319)	159	1,199	(1,040)	-	159
Total	478	-	-	(319)	159	1,199	(1,040)	-	159

⁽¹⁾ Impairment on deferred charges was not recorded.

d) Intangible assets

Specification	12.31.2013	01.01.2014. to 12.31.2014			12.31.2014				
	Book balance	Changes			Book balance	Cost	Accumulated amortization	Impairment losses ⁽¹⁾	Book balance
		Additions	Exclusions	Amortization					
Spending on intangible assets in process	12,308	4,098	-	-	16,406	16,406	-	-	16,406
Total	12,308	4,098	-	-	16,406	16,406	-	-	16,406

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

NOTE 13 – Deposits, Open Market Funding, Funds from Acceptance and Issue of Securities, Hybrid Equity-Debt Instruments and Subordinated Debts

a) Distribution of Deposits, Funds from Acceptance and Issue of Securities, Hybrid Equity-Debt Instruments 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 12.31.2014	Total at 12.31.2013
Demand deposits	170,199	5,000	-	-	-	-	175,199	252,994
Demand deposits	165,168	-	-	-	-	-	165,168	235,298
Foreign currency deposits	5,031	5,000	-	-	-	-	10,031	17,696
Savings deposits	1,956,179	-	-	-	-	-	1,956,179	1,872,563
Interbank deposits	381,865	830,143	145,691	68,016	-	-	1,425,715	877,366
Time deposits	1,389,048	1,512,383	3,335,414	796,636	1,219,868	114,985	8,368,334	7,988,523
Time deposits	518,881	1,448,063	2,849,938	622,485	1,052,429	114,985	6,606,781	6,182,870
Interest-bearing judicial deposits	846,314	-	-	-	-	-	846,314	777,003
FINOR/cash and cash equivalents and reinvestments – Law No. 8167	-	-	372,423	60,844	60,845	-	494,112	507,747
FAT - available funds	4,274	11,810	6,347	6,347	5,985	-	34,763	49,775
FAT – invested funds	19,112	52,510	106,706	106,706	100,609	-	385,643	470,465
Other	467	-	-	254	-	-	721	663
Funds from acceptance and issue of securities	513	890,907	20	794,522	-	-	1,685,962	1,487,266
Eurobonds	-	808,028	-	794,522	-	-	1,602,550	1,477,645
LCA – Agribusiness Credit Bills	513	82,879	20	-	-	-	83,412	9,621
Hybrid equity-debt instruments	-	83,648	-	-	-	1,272,892	1,356,540	1,272,581
Subordinated debts	-	-	-	-	-	1,605,289	1,605,289	1,455,982
Total	3,897,804	3,322,081	3,481,125	1,659,174	1,219,868	2,993,166	16,573,218	15,207,275
Current							7,219,885	6,008,736
Long-term							9,353,333	9,198,539

b) Deposits

Specification	12.31.2014	12.31.2013
Demand deposits	175,199	252,994
Foreign currency deposits in Brazil	10,031	17,696
Government deposits	22,129	15,062
Restricted deposits	74,432	143,942
Legal entities	43,779	59,181
Individuals	23,345	15,631
Other	1,483	1,482
Savings deposits	1,956,179	1,872,563
Free savings deposits - individuals	1,292,336	1,172,247
Free savings deposits - legal entities	662,955	699,694
From related parties and Financial System Institutions	888	622
Interbank deposits	1,425,715	877,366
Time deposits	8,368,334	7,988,523
Time deposits	6,606,781	6,182,870
Interest-bearing judicial deposits	846,314	777,003
Other time deposits	915,239	1,028,650
Interest-bearing special deposits/FAT (Note 27 and Note 29)	420,406	520,240
Available funds (Note 27)	34,763	49,775
Proger Urbano	4,945	4,217
Protrabalho	482	1,208
Infrastructure	26,129	29,018
National Program for Production-Oriented Microcredit (PNMPO)	3,207	15,332
Invested funds (Note 27)	385,643	470,465
Proger Urbano	26,690	37,464
Protrabalho	91,215	110,088
Infrastructure	137,008	174,821
National Program for Production-Oriented Microcredit (PNMPO)	130,730	148,092
FINOR/cash and cash equivalents and reinvestments – Law No. 8167	494,112	507,747
Other	721	663
Total	11,925,427	10,991,446
Current	6,244,818	5,910,777
Long-term	5,680,609	5,080,669

c) Open market funding

Specification	12.31.2014	12.31.2013
Own portfolio	1,756,347	1,124,278
Financial Treasury Bills (LFTs)	1,756,347	1,124,278
Third-party portfolio	-	53,317
National Treasury Notes (NTNs)	-	53,317
Total	1,756,347	1,177,595
Current	1,699,988	1,127,212
Long-term	56,359	50,383

d) Expenses on open market funding

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
Deposit funding costs	(743,907)	(1,207,446)	(976,301)
Time deposits	(345,147)	(619,345)	(468,730)
Savings deposits	(47,703)	(90,961)	(72,255)
Judicial deposits	(38,382)	(72,066)	(52,959)
Interbank deposits	(23,622)	(41,402)	(26,106)
Special deposits	(37,218)	(73,528)	(73,440)
Funds from acceptance and issue of securities	(245,757)	(298,188)	(271,318)
Other deposits	(6,078)	(11,956)	(11,493)
Expenses on open market funding transactions	(85,904)	(147,743)	(83,356)
Third-party portfolio	(8,664)	(17,704)	(7,529)
Own portfolio	(77,240)	(130,039)	(75,827)
Total	(829,811)	(1,355,189)	(1,059,657)

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 12.31.2014	Total at 12.31.2013
Domestic borrowings	-	-	-	-	-	-	-	19,416
Foreign borrowings	185,916	880,735	-	-	-	-	1,066,651	757,860
Domestic onlending	38,731	106,204	307,928	345,615	649,141	183,468	1,631,087	1,706,841
Foreign onlending	19,216	95,357	223,126	223,125	286,391	-	847,215	846,530
Total	243,863	1,082,296	531,054	568,740	935,532	183,468	3,544,953	3,330,647
Current							1,326,159	1,035,231
Long-term							2,218,794	2,295,416

b) Borrowing

Specification	Annual restatement rate (%)	12.31.2014	12.31.2013
Domestic borrowings – Official institutions/Refinancing	TJLP+3.0 or 7.75	-	19,416
Foreign borrowings/Foreign currency payables	USD	1,066,651	757,860
Total		1,066,651	777,276
Current		1,066,651	777,276
Long-term		-	-

c) Domestic onlending - Official institutions

Specification	Annual restatement rate (%)	12.31.2014	12.31.2013
National Treasury	IGP-DI + 2,0 or 6,75	659	698
BNDES		1,464,027	1.528.337
Credit Facility Granted by the BNDES Agents to Small and Medium – Sized Companies to buy shares in Capital Increases – POC	TJLP/IGPM/IPCA+1,5	1,131,349	1.173.699
Credit Facility for investment in agriculture	TJLP/IGPM/IPCA+1,5	332,678	354.638
FINAME		166,401	177.806
“Programa Automático” (program for purchase of new machinery and equipment by companies based in Brazil)	TJLP/IGPM/IPCA+1,5	147,700	159.659
Agricultural Program	TJLP/IGPM/IPCA+1,5	18,701	18.147
Total (Note 28.a.1)		1,631,087	1,706,841
Current		144,935	156,842
Long-term		1,486,152	1,549,999

d) Foreign onlending

Specification	Annual restatement rate (%)	12.31.2014	12.31.2013
BID-Prodetur I	USD + 3.04	384,991	407,281
BID-Prodetur II	USD + 1.12	455,106	432,274
BID-Other programs	USD + 1.12	7,118	6,975
Total		847,215	846,530
Current		114,573	101,113
Long-term		732,642	745,417

e) Expenses on borrowings and onlending

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
Expenses on borrowings	(200)	(960)	(2,332)
Domestic - Borrowings	(200)	(960)	(2,332)
Expenses on onlending	(213,423)	(282,376)	(275,404)
Domestic onlending – Official institutions	(53,085)	(114,589)	(113,647)
National Treasury Department	(8)	(26)	(75)
BNDES	(50,637)	(108,945)	(107,360)
FINAME	(2,440)	(5,618)	(6,212)
Foreign onlending	(160,338)	(167,787)	(161,757)
Expenses on onlending with foreign banks	(166,419)	(170,088)	(130,636)
Expenses on financial and development funds	(484,479)	(866,936)	(541,291)
Total	(864,521)	(1,320,360)	(949,663)

NOTE 15 - Funds from acceptance and issue of securities

a) Payables for securities issued abroad

Specification	Funding date	Maturity	Annual interest (%)	Contractual amount in thousands of US\$	Contractual amount at 12.31.2014 ⁽²⁾	Market value at 12.31.2014 ⁽²⁾	Market value at 12.31.2013 ⁽²⁾
<i>Eurobonds – Senior Unsecured Notes</i> ⁽¹⁾	11.09.2010	11.09.2015	3.625	300,000	801,629	793,138	731,640
<i>Eurobonds – Senior Unsecured Notes</i> ⁽¹⁾	05.03.2012	05.03.2019	4.375	300,000	803,279	809,412	746,005
Total				600,000	1,604,908	1,602,550	1,477,645
Current						808,048	9,867
Long-term						794,502	1,467,778

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

⁽²⁾ Considering tax effects.

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

b) Agribusiness Credit Bills issued

Specification	Annual interest (%)	Nominal value	12.31.2014	12.31.2013
Agribusiness credit bills ⁽¹⁾	88.19 CDI	80,748	83,412	9,621
Current			83,372	9,621
Long-Term			40	-

⁽¹⁾ Security with average maturity term of 365 days.

NOTE 16 - Other liabilities

Specification	12.31.2014	12.31.2013
a) Collected taxes and other contributions	2,677	1,798
Tax on Financial Transactions (IOF) payable	2,578	1,696
Other taxes and levies	99	102
b) Foreign exchange portfolio (Note 11.a)	2,208	10,830
c) Social and statutory	160,668	61,835
Dividends and bonuses payable	96,514	32,580
Profit sharing	64,154	29,255
d) Tax and social security	438,165	487,475
Provision for tax contingencies	127,010	118,073
Taxes and contributions (Note 22.i.1.i)	90,201	84,925
Tax lawsuits (Note 22.i.1.ii and iii)	36,809	33,148
Provisions for deferred taxes and contributions	45,988	81,649
Marketable securities and derivative financial instruments (Note 21.c)	3,272	48,647
Revaluation of buildings and land (Note 21.c)	5,147	6,616
Resulting Credits Recovered (Note 21.c)	37,569	26,386
Provision for income and social contribution taxes (Note 21.a.2)	192,187	222,767
Income tax	116,860	135,847
Social contribution tax	75,327	86,920
Taxes and contributions payable	72,980	64,986
e) Securities trading and brokerage	91	68
f) Financial and development funds	8,652,860	7,087,216
Fundo Constitucional de Financiamento do Nordeste (FNE) - (Note 29.a.1)	7,798,625	6,915,797
Other	854,235	171,419
g) Hybrid equity-debt instruments (Note 17 and Note 29.a.1)	1,356,540	1,272,581
h) Subordinated debts eligible for capital (Note 18 and Note 29.a.1)	1,605,289	1,455,982
i) Other	3,695,814	3,404,326
Provision for contingent liabilities	2,455,248	2,362,896
Labor claims (Note 22.i.iv)	221,610	198,291
Civil lawsuits (Note 22.i.v)	138,045	105,499
Other lawsuits (Note 22.i.vi)	608	663
FNE (Note 22.i.2.i)	2,062,717	2,022,091
Onlending	1,073	1,301
Full risk	111,778	100,972
Shared risk	1,949,866	1,919,818
FDNE (Note 22.i.2.ii)	1,065	515
PROAGRO (Note 22.i.2.iii)	2,600	2,152
Other contingent liabilities (Note 22.i.2.iv)	28,603	33,685
Accrued Liabilities	1,116,313	969,159
Post-employment benefits	878,530	800,661
DB pension and retirement plan (Note 29.a.2)	130,268	78,344
Health care plan (Note 29.a.2)	710,602	722,317
Life insurance - Post-employment benefits	37,660	-
Personnel expenses	194,924	138,690
Other	42,859	29,808
Other	124,253	72,271
Total	15,914,312	13,782,111
Current	6,258,485	5,184,988
Long-term	9,655,827	8,597,123

NOTE 17 – Hybrid equity-debt instruments

Specification	Amount issued	Interest	Funding date	12.31.2014	12.31. 2013
Hybrid equity-debt instruments (Notes 16.g and 29.a.1)	1,000,000	IPCA + 6.5715% p.a.	12,22,2010	1,356,540	1,272,581
Current				83,648	78,471
Long-term				1,272,892	1,194,110

NOTE 18 - Subordinated debts

Specification	12.31.2014	12.31.2013
Fundo Constitucional de Financiamento do Nordeste (FNE)	1,605,289	1,455,982
Funds available ⁽¹⁾	923,752	709,475
Funds invested ⁽²⁾	681,537	746,507
Total (Note 29.a.1)	1,605,289	1,455,982

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

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

NOTE 19 - Equity**a) Capital**

The Special General Meeting held on 03.28.2014 approved a capital increase of R\$407,000 resulting from addition of statutory reserves, with no new issue of shares. Capital increased from R\$ 2,437,000 to R\$ 2,844,000, represented by 86,371,464 registered paid-in shares with no par value, as approved by the Central Bank of Brazil on 01.30.2015. At that meeting the cancellation of 630,437 common shares was also approved, with 10,232 shares in treasury and 620,205 stemming from the refund of dissident shareholders for the conversion of preferred shares to common shares approved by the Special Shareholders' Meeting held on 8/23/2013. The total cost of the acquisition of 630,437 cancelled shares amounted to R\$ 19,518. It should be stressed that this cancellation of shares provided no reduction in the value of capital, considering that was used for the acquisition of the capital reserve balance, as provided in the Bank's Bylaw.

Breakdown at 12.31.2014		
Shareholders	Total shares	% Capital
Federal Government	44,049,447	51.00%
BB FGEDUC - Multimarket Investment Fund	30,216,918	34.98%
BB FGO – Share Investment Fund	6,237,350	7.22%
National Development Fund (FND)	3,846,968	4.45%
Other	2,020,781	2.35%
Total	86,371,464	100.00%

Breakdown at 12.31.2013					
Shareholders	Common shares	Preferred shares	Total shares	% Voting capital	% Total capital
Federal Government	45,146,025	29,123,190	74,269,215	93.11	85.37
Transaction Guarantee Fund (FGO)	-	6,250,000	6,250,000	-	7.18
National Development Fund (FND)	1,473,704	2,373,264	3,846,968	3.04	4.42
Studies and Projects Financing Agency (Finep)	1,449,254	-	1,449,254	2.99	1.67
Caixa de Previdência dos Funcionários do BNB (CAPEF)	269,723	110,515	380,238	0.56	0.44
BNDES Participações S.A – BNDESPAR	-	373,200	373,200	-	0.43
Other	146,069	286,957	433,026	0.30	0.50
Total	48,484,775	38,517,126	87,001,901	100.00	100.00

b) Revaluation reserve

The amount of R\$ 19,394 (R\$ 20,610 at 12.31.2013) refers to revaluation of property and equipment in use, recognized on 02.26.1993. This reserve will be maintained through its actual realization date either as a result of depreciation, write-off or disposal, pursuant to CMN Resolution No. 3565, of 05.29.2008. In the year, a reserve amounting to R\$724 (R\$2,294 at 12.31.2013) was transferred to Retained Earnings or Accumulated Losses and comprised the profit distribution base.

c) Treasury shares

The Bank does not have treasury shares. The 10,232 shares corresponding to R\$ 384 that were held in treasury at 12.31.2013 were cancelled at the Special Shareholders' Meeting held on 3.28.2014.

d) Payment of dividends and interest on equity

The Bank's Charter ensures its shareholders a minimum dividend of 25% on net income calculated in the year, adjusted as prescribed Bylaw.

The Board of Directors proposes to the General Meeting the payment of dividends and interest on equity, attributable to the dividend amount, of 35.02% on adjusted net income, base for calculation of dividends/interest on equity for the year. Due to this proposal, and considering early payment of dividends and interest on equity for the 1 half, the amount of R\$ 96,285 was accounted for as "Provision", referring to the minimum mandatory dividend provided for in Charter, and R\$ 40,463 as "Income reserve - proposed additional dividend", pursuant to BACEN Circular Letter No. 3516, of 07.21.2011.

Specification	12.31.2014	12.31.2013
1. Net income for the year	747,350	360,357
2. Prior years' adjustments	-	312,129
3. Revaluation reserve transferred to retained earnings/accumulated losses	724	2,294
4. Adjusted net income	748,074	674,780
5. Legal reserve set up	(37,367)	(18,018)
7. Dividends and interest on equity calculation basis	710,707	656,762
8. Interest on Equity (IOE) proposed in the year	152,551	117,819
9. Withholding income tax on interest on equity	(452)	(290)
10. Interest on equity attributable to dividends (item 8 - item 9)	152,099	117,529
11. Early payment of interest on equity restated by reference to Selic	(77,769)	(70,126)
12. Supplementary interest on equity (item 8 - item 11)	74,782	47,693
13. Proposed dividends in the year	96,831	112,180
14. Early payment of dividends restated by reference to Selic	(34,865)	(112,180)
15. Supplementary dividends (item 13 - item 14)	61,966	-
16. Gross IOE and Dividends ((item 8 + item 13) – 35.09%)	249,382	229,999
17 Net IOE and Dividends for the Year (item 10 + item 13) – 35.02%	248,930	229,709
IOE of R\$ 1.76621991726 per share (at 12.31.2013: IOE of R\$ 1.364092917425 per share)	152,551	117,819
Dividends of R\$ 1.12109676837 per share (at 12.31.2013: Dividends of R\$ 1.298814549792 per share)	96,831	112,180

Specification	12.31.2014	12.31.2013
Base income for distribution of dividends and IOE in the year	710,707	656,762
Mandatory dividends/IOE for the year (25% of net income)	177,677	164,190
Additional dividends/IOE for the year	71,705	65,809
Mandatory dividends/IOE distributed in the 1 st half	(81,392)	(131,871)
Additional dividends/IOE, distributed in the 1st half	(31,242)	(50,435)
Supplementary dividends/IOE	136,748	47,693
Mandatory dividends/IOE (25% of net income)	96,285	32,319
Additional dividends/IOE	40,463	15,374

Interest on equity was accounted for under "Expenses", however, for the financial statement disclosure purposes, it was reclassified to "Retained earnings (accumulated losses)". Total interest on equity for the year reduced tax expenses by R\$ 60,105 (R\$ 41,260 at 12.31.2013).

NOTE 20 - Other operating income/expenses

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
a) Service revenue	920,349	1,844,409	1,602,674
Investment fund management	13,406	25,136	21,398
Fund and program management	729,752	1,508,531	1,337,693
Service rendering	177,191	310,742	243,583
b) Income from banking fees	23,427	37,832	32,603
c) Personnel expenses	(757,232)	(1,518,699)	(1,274,551)
Salaries	(453,475)	(947,311)	(738,569)
Social charges	(162,648)	(305,819)	(273,376)
Retirement and pension plan and DB and VC I Capef Plan (Note 25.f)	(28,730)	(51,666)	(94,246)
Health care plan - Camed Natural Plan (Note 25.f)	(40,606)	(81,422)	(63,370)
Life insurance - Post-employment benefits	(3,040)	(3,040)	-
Benefits, training, fees and compensation of interns	(68,733)	(129,441)	(104,990)
d) Other administrative expenses	(476,878)	(901,328)	(825,507)
Data processing	(67,945)	(143,742)	(137,696)
Advertising and publicity	(18,571)	(31,584)	(14,167)
Third-party services	(196,235)	(368,227)	(335,622)
Rentals, material and public utilities	(29,072)	(52,450)	(43,044)
Travel	(7,569)	(15,056)	(14,597)
Communications	(13,263)	(26,556)	(27,266)
Depreciation and amortization	(17,973)	(37,040)	(35,411)
Asset maintenance and upkeep	(20,731)	(39,176)	(41,011)
Surveillance, security and transportation	(30,599)	(57,319)	(48,722)
Promotions, public relations and publications	(7,463)	(10,041)	(13,285)
Financial system services	(13,665)	(25,941)	(21,063)
Specialized technical services	(19,915)	(37,337)	(36,594)
Insurance	(2,118)	(4,308)	(4,452)
Court, notary and attorneys' fees	(10,046)	(22,199)	(20,630)
Worker' union dues and associations	(947)	(2,102)	(2,098)
Condominium fees, catering, kitchen and meals	(2,431)	(4,602)	(4,114)
FUNDECI (Science and Technology Development Fund)	(8,000)	(8,000)	(9,400)
Other	(10,335)	(15,648)	(16,335)
e) Tax expenses (Note 21.d)	(114,704)	(236,659)	(218,792)
COFINS and PIS/PASEP	(101,538)	(213,329)	(200,275)
ISS and IPTU/Improvement tax	(11,919)	(21,101)	(16,733)
Other	(1,247)	(2,229)	(1,784)
f) Other operating income	823,808	1,645,335	1,377,743
Financial commission on fund management	557,264	1,089,819	1,007,596
Exchange loss on borrowings	5	203,000	121,282
Reversal of operating provision of FNE transactions	-	284	93
Recovery of charges and expenses	7,034	10,343	8,642
Reversal of provisions for CSLL and IR	229	229	-
Reversal of operating provisions	102,212	116,475	21,258
Interest and commissions	6,063	6,948	4,575
Monetary restatement	400	2,399	1,313
Mark-to-market adjustment	-	-	9,528
FNE – Recovery of amounts settled by the Bank	94,703	134,361	102,968
Other	55,898	81,477	100,488
g) Other operating expenses	(480,634)	(999,289)	(1,143,129)
Exchange losses on exchange area	(675)	(745)	(2,166)
Exchange (loss) on loans granted	(1,331)	(110,495)	(86,093)
Negative monetary restatement of loans	(6,170)	(6,171)	(118)
Discounts granted in renegotiations	(743)	(1,338)	(3,838)
Loans Charges	(1,434)	(2,757)	(8,524)
Tax contingencies	(7,623)	(14,772)	(9,016)
Risks on FNE transactions	(231,845)	(428,297)	(560,932)
Risks on FDNE transactions	(542)	(550)	(98)
Labor claims	(16,603)	(28,907)	(26,457)
Civil lawsuits	(32,419)	(52,994)	(9,704)
Other lawsuits	(50)	(91)	(405)
Other contingent liabilities	(8,547)	(11,717)	(145,271)
Hybrid equity-debt instruments	(75,882)	(165,328)	(146,202)
FNE remuneration - available funds - item A, article 9 of Law No. 7827	(44,854)	(80,186)	(40,732)

FNE remuneration - invested funds - item A, article 9, Law No. 7827	(34,058)	(69,121)	(82,867)
Other	(17,858)	(25,820)	(20,706)
Total	(61,864)	(128,399)	(448,959)

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. Income and social contribution tax expense (current + deferred) for 2014 amounted to R\$ 299,426 (R\$ 166,470 at 12.31.2013).

a.1) Specification of the provision for income and social contribution tax expense	Income tax		Social contribution tax	
	01.01. to 12.31.2014	01.01. to 12.31.2013	01.01. to 12.31.2014	01.01. to 12.31.2013
Income before income taxes on profit and profit sharing	1,137,448	556,284	1,137,448	556,284
Statutory profit sharing (PLR)	(90,672)	(29,456)	(90,672)	(29,456)
Interest on equity (IOE)	(152,551)	(117,819)	(152,551)	(117,819)
Income before income taxes, less statutory profit sharing and interest on equity	894,225	409,008	894,225	409,008
Permanent additions/exclusions	(265,288)	(43,070)	(265,431)	(43,364)
Temporary additions/exclusions	(149,761)	205,848	(149,761)	205,848
Taxable income	479,176	571,786	479,033	571,492
Expenses with provision for IRPJ (25%) ⁽¹⁾ and CSLL (15%) - before tax incentives and revaluation reserve	(119,770)	(142,923)	(71,855)	(85,724)
Deductions (tax incentives)	8,550	9,021	-	-
Provision for IRPJ/CSLL on revaluation reserve released to retained earnings	1,225	956	735	574
Current IRPJ/CSLL expenses – after tax incentives and revaluation reserve	(109,995)	(132,946)	(71,120)	(85,150)
Provision for deferred taxes and contributions arising from tax credits recovered and derivative financial instruments	(3,165)	(7,725)	(1,899)	(4,635)
Provision for income and social contribution taxes	(113,160)	(140,671)	(73,019)	(89,785)
IRPJ/CSLL tax credits – provision, Derivative Financial Instruments (DFIs) and hedged item	(70,779)	39,991	(42,468)	23,995
Total income and social contribution taxes	(183,939)	(100,680)	(115,487)	(65,790)
Effective rate (%)	20,57	18,10	12,91	11,83
a.2) Specification of the provision for income and social contribution taxes	Income tax		Social contribution tax	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Expense with provision for income and social contribution taxes	109,995	132,946	71,120	85,150
Provision for taxes on revaluation reserve released	1,225	956	735	574
Provision for income and social contribution taxes (Note 16.d)	111,220	133,902	71,855	85,724
Taxes recoverable on prepayments, including withholding taxes ⁽²⁾ (Note 10.d)	(103,145)	(140,065)	(64,425)	(83,732)
Taxes payable (to offset) for the period	8,075	(6,163)	7,430	1,992

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

⁽²⁾ Including withholding taxes in the following amounts at 12.31.2014 – IRPJ: R\$ 226 and CSLL: R\$ 60; at 12.31.2013 – IRPJ: R\$ 704 and CSLL: R\$ 60.

b) Tax credits on temporary differences

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

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

Specification	12.31.2014		12.31.2013		12.31.2014	12.31.2013
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on income						
a) Provisions						
Opening balance	645,463	387,292	596,574	357,958	1,032,755	954,532
Set up	258,530	155,132	299,839	179,918	413,662	479,757
Realization/reversal	(315,231)	(189,153)	(250,950)	(150,584)	(504,384)	(401,534)
Closing balance (Note 10.d)	588,762	353,271	645,463	387,292	942,033	1,032,755
b) Derivative financial instruments						
Opening balance	13	7	1,402	841	20	2,243
Set up	4,575	2,746	11,309	6,785	7,321	18,094
Realization/reversal	(2,510)	(1,505)	(12,698)	(7,619)	(4,015)	(20,317)
Closing balance (Note 7.c)	2,078	1,248	13	7	3,326	20
c) Hedged item						
Opening balance	15,554	9,333	23,063	13,838	24,887	36,901
Set up	12,797	7,678	12,538	7,523	20,475	20,061
Realization/reversal	(28,941)	(17,365)	(20,047)	(12,028)	(46,306)	(32,075)
Closing balance (Note 7.c.1)	(590)	(354)	15,554	9,333	(944)	24,887
Effect on equity						
d) Marketable securities						
Opening balance	131,001	78,601	84,026	50,416	209,602	134,442
Set up	433,654	260,192	174,582	104,749	693,846	279,331
Realization/reversal	(452,330)	(271,397)	(127,607)	(76,564)	(723,727)	(204,171)
Closing balance (Note 7.a.2)	112,325	67,396	131,001	78,601	179,721	209,602

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

Specification	Income tax		Social contribution tax	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. Total temporary differences	4,263,499	4,544,276	4,263,499	4,544,276
2. Tax credits on temporary differences	1,065,875	1,136,069	639,525	681,641
3. Tax credits recognized in assets on Provisions	588,762	645,463	353,271	387,292
4. Tax credits recognized in assets due to mark-to-market of marketable securities, DFIs and Hedged item	113,813	146,568	68,290	87,941
5. Total tax credits recognized in assets (item 3+ item 4) ⁽¹⁾	702,575	792,031	421,561	475,233
6. Tax credits not recognized in assets (item 2 - item 5) ⁽²⁾	363,300	344,038	217,964	206,408

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

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

Estimated realization of tax credits on temporary differences at 12.31.2014 is as follows:

Period	Goal for over-SELIC rate - average (1)	Realization of income tax credit		Realization of social contribution tax credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2015	12.44	237,627	211,337	142,576	126,802	380,203	338,139
2016	11.35	110,388	88,168	66,233	52,901	176,621	141,069
2017	10.68	55,973	40,393	33,584	24,235	89,557	64,628
2018	10.30	66,208	43,317	39,725	25,99	105,933	69,307
2019	9.74	118,566	70,686	71,153	42,42	189,719	113,106
Total		588,762	453,901	353,271	272,348	942,033	726,249

⁽¹⁾ For present value calculation purposes, we considered the goal for average Over-Selic rates projected by BACEN as at 12.31.2014.

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

Period	Realization of income tax credit	Realization of social contribution tax credit	Total
2015	10,434	6,261	16,695
2016	(699)	(419)	(1,118)
2017	2,288	1,373	3,661
2018	16,411	9,846	26,257
2019	5,791	3,474	9,265
After 2019	79,588	47,755	127,343
Total	113,813	68,290	182,103

e) Provisions for deferred taxes and contributions

Specification	12.31.2014		12.31.2013		12.31.2014	12.31.2013
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on income						
a) Derivative financial instruments						
Opening balance	5,397	3,238	14,165	8,497	8,636	22,662
Set up	17,847	10,708	133,403	80,042	28,555	213,445
Realization/reversal	(21,671)	(13,002)	(142,169)	(85,302)	(34,674)	(227,471)
Closing balance (Note 7.c)	1,573	944	5,399	3,237	2,517	8,636
b) Revaluation reserve						
Opening balance	4,134	2,482	5,090	3,056	6,616	8,146
Set up	227	136	-	-	363	-
Realization/reversal	(1,144)	(688)	(956)	(574)	(1,832)	(1,530)
Closing balance	3,217	1,930	4,134	2,482	5,147	6,616
c) From taxes recovered ⁽¹⁾						
Opening balance	16,491	9,895	-	-	26,386	-
Set up	7,658	4,595	16,491	9,895	12,253	26,386
Realization/reversal	(668)	(402)	-	-	(1,070)	-
Closing balance (Note 16.d)	23,481	14,088	16,491	9,895	37,569	26,386
Effect on equity						
d) Marketable securities						
Opening balance	25,007	15,004	123,082	73,851	40,011	196,933
Set up	92,496	55,498	337,651	202,591	147,994	540,242
Realization/reversal	(117,032)	(70,219)	(435,728)	(261,436)	(187,250)	(697,164)
Closing balance (Note 7.a.2)	472	283	25,005	15,006	755	40,011

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

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

Period	IRPJ	CSLL	Total
2016	101	62	163
2017	20	12	32
2018	82	49	131
2019	1,842	1,104	2,946
Total	2,045	1,227	3,272

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

Period	IRPJ	CSLL	Total
2015	968	581	1,549
2016	968	581	1,549
2017	968	581	1,549
2018	313	187	500
Total	3,217	1,930	5,147

The provision on taxes recovered, under article 12 Law No. 9.430, dated 12.27.1996, calculated at present value will be written off according to the following schedule:

Period	IRPJ	CSLL	Total
2015	3,436	2,061	5,497
2016	3,018	1,811	4,829
2017	2,114	1,268	3,382
2018	1,523	914	2,437
2019	1,277	766	2,043
As from 2019	12,113	7,268	19,381
Total	23,481	14,088	37,569

f) Tax expenses

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
COFINS and PIS/PASEP	(101,538)	(213,329)	(200,275)
ISS and IPTU/Improvement tax	(11,919)	(21,101)	(16,733)
Other	(1,247)	(2,229)	(1,784)
Total (Note 20)	(114,704)	(236,659)	(218,792)

e) Law No. 12.973, of 05.13.2014

On May 13, 2014, Provisional Executive Order No. 627, of November 11, 2013, was made into Law No. 12.973, which amends the Federal Tax Legislation on IRPJ, CSLL, PIS/PASEP and COFINS. Based on the prevailing wording thereof, we project that it will not entail any significant accounting effects on the Bank's operations.

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

- a)** The Bank is party to various administrative and legal proceedings involving civil, tax, labor and other matters. To recognize, measure and disclose provisions, contingent assets and liabilities and legal obligations, CPC 25 - Provisions, Contingent Liabilities and Contingent Assets shall be complied with, received by Bacen through CMN Resolution No. 3823, of 12.16.2009, and Bacen Circular Letter No. 3.429, of 02.11.2010.
- b)** The assessment of the provision and contingent liability, risk level of new lawsuits and reassessment of already existing claimings are made by the Bank's legal department, case by case basis, being classified based on the chances of loss into probable, possible and remote. This classification is made based on the analysis of the following factors: i) reasonableness of the factual and legal arguments of the other party; ii) arguments and legal basis developed by the Bank; iii) history of losses in similar cases; iv) understanding of higher courts and supervisory authorities on the matters in litigation; v) decisions already rendered on each proceeding (decision, award, injunction, interim relief, writ of payment, writ of attachment, etc.); and vi) existence of procedural defects in administrative and legal proceedings.
- c)** The Bank sets up a full provision for lawsuits unfavorable outcome of which is probable, which are accounted for and represented by Civil lawsuits (claiming compensation for pain and suffering and property damage, including, among others, protest of notes, return of checks, and provision of information to credit reporting agencies), Labor Claims (claiming labor rights, in light of specific professional category legislation, such as overtime pay, salary equalization, job reinstatement, transfer allowance, severance pay, retirement supplementation, including enforcement notices issued by Regional Labor Offices and others), Tax and Social Security Lawsuits (represented by legal and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). Taking into consideration that the procedures adopted by Bank are in compliance with legal and regulatory provisions, management understands that the provisions recorded are sufficient to cover losses arising from the respective legal and administrative proceedings.

The Bank fully provides for estimated probable losses on proceedings as well as for lawsuits classified as Legal Obligations, pursuant to BACEN Circular Letter No. 3.429, of 02.11.2010, regardless of the legal advisor's assessment of loss. For lawsuits unfavorable outcome of which is possible or remote, provisions are not set up, based on the comparative table of 12.31.2014 and 12.31.2013 positions, as follows:

Specification	12.31.2014		12.31.2013	
	Base value	Provision	Base value	Provision
a) PROVISION FOR TAX CONTINGENCIES (Note 16.d)				
a.1) Taxes and contributions – legal obligation	90,201	90,201	84,925	84,925
a.2) Tax lawsuits	1,356,639	36,809	1,167,404	33,148
i) Legal obligation (Note 22 i.1.ii)	284	284	281	281
ii) Other liabilities – other (Note 22 i.1.iii)	1,356,355	36,525	1,167,123	32,867
Probable	36,525	36,525	32,867	32,867
Possible	1,050,997	-	894,405	-
Remote ⁽¹⁾	268,833	-	239,851	-
b) PROVISION FOR CONTINGENT LIABILITIES				
b.1) Labor claims	390,822	221,610	346,068	198,291
Probable (Note 16.i)	221,610	221,610	198,291	198,291
Possible	87,188	-	71,541	-
Remote	82,024	-	76,236	-
b.2) Civil lawsuits	3,735,322	138,045	3,343,767	105,499
Probable (Note 16.i)	138,045	138,045	105,499	105,499
Possible	838,423	-	627,358	-
Remote ⁽²⁾	2,758,854	-	2,610,910	-
b.3) Other lawsuits	2,956	608	2,208	663
Probable (Note 16.i)	608	608	663	663
Possible	2,044	-	1,543	-
Remote	304	-	2	-

⁽¹⁾ Contingent liabilities related to tax claims rated as remote loss are concentrated on 03 (three) cases, totaling approximately R\$ 226,632 (R\$ 204,492 at 12.31.2013).

⁽²⁾ Contingent liabilities relating to civil claims rated as remote loss are concentrated on 06 (six) cases totaling approximately R\$ 1,720,429 (R\$ 1,451,054 at 12.31.2103).

- d) The Bank has lawsuits handled by its legal counsel, most of which relate to loan collection actions, whose assessment of loss is performed by the Legal Department, pursuant to item “b” above.
- e) Tax lawsuits classified as Legal Obligation pursuant to the terms of BACEN Circular Letter No. 3.429, of 02.11.2010, whose amounts were presented in item “d”, sub-items a.1 and a.2.i, discuss, respectively, the IRPJ 1999 and Service Tax (ISSQN).
- f) Below, a brief description of lawsuits to which the Bank is a party, involving significant contingent liabilities assessed as possible losses:

Three tax lawsuits to annul tax delinquency notices. The estimated possible financial loss at 12.31.2014 totaled R\$941,885. At 12.31.2103, the possible loss totaled R\$801,891.

Civil lawsuit filed to claim loss of profits and payment of administration fees. The estimated possible financial loss totaled at 12.31.2014 R\$ 141,571. At 12.31.2013, the estimated possible loss totaled R\$ 118,225.

Civil lawsuit that seeks to annul contractual clauses. The estimated possible financial loss totaled at 12.31.2014 R\$ 57,434. At 12.31.2013, the estimated possible loss totaled R\$ 47,963.

Civil lawsuit for refund of overpayment under the allegation of undue collection and withholding. The estimated possible financial loss totaled at 12.31.2014 R\$ 55,151. At 12.31.2013, the estimated possible loss totaled R\$ 46,056.

Civil lawsuit claiming compensation for damages and pain and suffering. The estimated possible financial loss totaled at 12.31.2014 R\$ 39,734. At 12.31.2013, the estimated possible loss totaled R\$ 33,182.

Civil lawsuit filed in 2014 relating to post-employment benefits. The estimated possible loss at 12.31.2104 totals R\$80,452. At 12.31.2103, there was no such proceeding.

- g) Escrow and appeal deposits made to guarantee legal and administrative proceedings, recognized for provisions and contingent liabilities, are set out as under:

Specification	12.31.2014	12.31.2013
Labor claims	420,988	392,741
Tax lawsuits	211,574	210,037
Civil lawsuits	47,955	41,381
Total	680,517	644,159

- h) At 12.31.2014, “Other contingent liabilities” account records the following amounts: R\$ 5,827 (R\$ 16,141, at 12.31.2013) refers to the provision to cover the Bank risk on loans granted with indication of irregularities,

which are the subject of inquiry proceedings carried out by the head of the internal audit area, R\$ 12,781 (R\$ 12,777 at 12.31.2013) for loan risk on securitized transactions under Law No. 9138, of 11.29.1995, currently recorded in memorandum accounts, and R\$ 2,596 (R\$ 4,767 at 12.31.2013) for accrued operational risks arising from the Loan Inventory. It also records provision for contingent liabilities from loans with FNE funds amounting to R\$7,399, in addition to those recorded at the reporting date.

j) Changes in Provisions

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

Specification	12.31.2014	12.31.2013
i) Taxes and contributions (legal obligation)		
Opening balance	84,925	82,258
Set up	9,210	6,178
Reversal/use/write-off	(3,934)	(3,511)
Closing balance (Note 16.d)	90,201	84,925
ii) Tax lawsuits (legal obligation)		
Opening balance	281	655
Set up	44	56
Reversal/use/write-off	(41)	(430)
Closing balance (Note 22.e)	284	281
iii) Tax lawsuits (other liabilities - other)		
Opening balance	32,867	35,431
Set up	5,867	4,272
Reversal/use/write-off	(2,209)	(6,836)
Closing balance (Note 22.e)	36,525	32,867
iv) Labor claims (other liabilities - other)		
Opening balance	198,291	179,319
Set up	36,437	34,861
Reversal/use/write-off	(13,118)	(15,889)
Closing balance (Note 16.i)	221,610	198,291
v) Civil lawsuits (other liabilities - other)		
Opening balance	105,499	106,080
Set up	67,317	36,040
Reversal/use/write-off	(34,771)	(36,621)
Closing balance (Note 16.i)	138,045	105,499
vi) Other claims (other liabilities - other)		
Opening balance	663	258
Set up	113	470
Reversal/use/write-off	(168)	(65)
Closing balance (Note 16.i)	608	663

i.2) Other provisions

Specification	12.31.2014	12.31.2013
i) FNE		
Opening balance	2,022,091	1,820,070
Set up	1,034,231	560,930
Reversal/use/write-off	(993,605)	(358,909)
Closing balance (Note 16.i)	2,062,717	2,022,091
ii) FDNE		
Opening balance	515	420
Set up	551	103
Reversal/use/write-off	(1)	(8)
Closing balance (Note 16.i)	1,065	515
iii) Proagro		
Opening balance	2,152	3,388
Set up	634	185
Reversal/use/write-off	(186)	(1,421)
Closing balance (Note 16.i)	2,600	2,152
iv) Other contingent liabilities		
Opening balance	33,685	36,195
Set up	12,397	11,696
Reversal/use/write-off	(17,479)	(14,206)
Closing balance (Note 16.i)	28,603	33,685

NOTE 23 – Employee and officer compensation (in R\$1.00)**a) Monthly employee compensation**

Gross compensation ⁽¹⁾	01.01. to 12.31.2014	01.01. to 12.31.2013
Maximum	33,371.33	30,744.54
Minimum	1,273.33	1,148.97
Average	8,520.77	8,230.65

⁽¹⁾ Includes overtime (including night shift premium), when actually incurred.

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

Specification	12.31.2014	12.31.2013	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Gross compensation ⁽¹⁾	Executive Board		Board of Directors		Supervisory Board	
Highest individual compensation ⁽²⁾	796,055,83	642,179,04	48,530,19	46,132,41	48,530,19	46,132,41
Lowest individual compensation ⁽³⁾	617,908,01	545,150,28	48,530,19	46,132,41	48,530,19	46,132,41
Average individual compensation ⁽⁴⁾	715,398,79	608,911,77	47,479,54	45,324,23	48,254,63	44,803,63
Number of officers/directors ⁽⁵⁾	6.92	7.00	5.50	5.75	5.17	5.58

⁽¹⁾ Amounts approved at the 61st Annual General Meeting and the 95th Special General Meeting of the Bank, both held on 03.28.2014.

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

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

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

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

At 12.31.2014, the Bank had 6,972 employees (6,479 at 12.31.2013), a headcount increase of 7.61%.

NOTE 24 - Profit sharing

The provision for employees' profit sharing proposed for the year corresponds to R\$62,345 (R\$ 28,876 at 12.31.2013), equivalent to 8.34% of net income for the year (5.00% at 12.31.2013) and 25.00% (7.85% at 12.31.2013) of dividends and interest on equity for the year.

In May 2014, the Bank paid R\$ 25,765 as supplemental employees' profit sharing for 2013, which, including employees' profit sharing (PLR) for the current period, amounting to R\$ 62,345 and management PLR, amounting to R\$ 2,562 (R\$ 580 at 12.31.2013), correspond to expenses recorded in the year totaling R\$ 90,672 (R\$ 29,457 at 12.31.2013).

NOTE 25 - Post-employment benefits

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

a) General description of the benefit plan characteristics**a.1) Pension plans 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.

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

The defined benefit plan (DB) has not been open to new participants since 11.26.1999. In general terms, the Defined Benefit (DB) plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, 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 participant on the date of retirement and are paid in two phases, as follows: the first phase as annuity within the deadline established under the defined contribution (DC) plan and the second phase as life annuity under the defined benefit (DB) plan. 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 DB, VC I and Natural plans are particularly exposed to investment, interest rate and longevity risks. The CV I and Natural plans are also exposed to the salary change risk and the DB and Natural plans to the option for the benefit regarding the postponement of retirement.

a.1.1) Actuarial method within CAPEF

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

a.1.2) Past due obligations and contributions due

As at 12.31.2014, 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 20, of 12.15.1998, with a contribution ratio of 1:1 as at 12.31.2014 (At 12.31.2013 - 1:1).

a.2) Health care plan

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

a.2.1) Past due obligations and contributions due

As at 31.12.2014, 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 enrolment of natural dependents, financial protection and emergency service fees, financial co-participation paid by each associate member for services utilized and matched contributions from the Bank.

a.3) Group life insurance

The Bank offers group life insurance to its employees and retirees covering: death for natural and accidental cause and additional cover for disability for accident or illness.

The group life insurance is mainly exposed to the interest rate and longevity risk.

a.3.1) Past due obligations and contributions due

As at 12.31.2014, the Bank has no past due obligations or contribution debts referring to 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 life insurance.

b) Actuarial liability analysis

Pursuant to CVM Rule No. 695 dated 12.13.2012, at 31.12.2014, the plans administered by CAPEF and CAMED are recorded in the Bank's financial statements as follows:

b.1) Private pension plans

- i. Defined Benefit Plan (DB Plan): the present value of the actuarial obligation amounting to R\$ 3,289,131 is partially based on plan assets amounting to R\$ 3,159,800, resulting in a present value of the uncovered

actuarial obligations of R\$ 130,331. The obligation referring to assisted participants amounts to R\$ 2,597,271 and that referring to active participants to R\$ 691,860;

ii. VC I Plan: for unplanned benefits (DB portion) that have characteristics of the defined benefit plan, the present value of the actuarial obligation amounting to R\$ 4,398 is lower than the fair value of plan assets amounting to R\$ 11,991, resulting in a surplus of R\$ 7,593, which has not been recognized as it is intended for building up a solvency fund and the plan mutual fund.

b.2) Health care plan: the present value of the actuarial obligation amounting to R\$ 779,433 is partially based on plan assets amounting to R\$ 68,831, resulting in a present value of the uncovered actuarial obligations of R\$ 710,602. The obligation referring to assisted participants amounts to R\$ 524,800 and that referring to active participants amounts to R\$ 254,633.

b.3) Group life insurance: the present value of uncovered actuarial obligations is R\$37,660, also there are no assets for this plan. The obligation referring to assisted participants amounts to R\$27,519 and that referring to active participants amounts to R\$10,141.

c) Reconciliation of the opening and closing balances of the obligation present value

Specification	Capef			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. Present value of actuarial obligation at beginning of year	(2,913,366)	(3,934,869)	(7,675)	(9,151)
2. Interest expense	(343,961)	(320,491)	(946)	(787)
3. Current service cost	(11,411)	(18,354)	(368)	(364)
4. Benefits paid by the plan ⁽¹⁾	309,463	284,066	63	37
5. Assisted participants contributions (retirees and pensioners)	(62,892)	(58,350)	-	-
6. Administrative expenses paid by the plan	11,542	10,862	-	-
7. Remeasurements of actuarial (gains) losses	(278,506)	1,123,770	4,528	2,590
7.1. From experience adjustments	(214,972)	370,572	3,396	(377)
7.2. From changes in biometric assumptions	-	(2,693)	1,268	-
7.3. From changes in financial assumptions	(63,534)	755,891	(136)	2,967
8. Present value of actuarial obligation at end of year	(3,289,131)	(2,913,366)	(4,398)	(7,675)

Specification	Camed		Life insurance
	Natural Plan		
	12.31.2014	12.31.2013	12.31.2014
1. Present value of actuarial obligation at beginning of year	(763,013)	(807,485)	(38,260) ⁽¹⁾
2. Interest expense	(90,175)	(66,534)	(4,531)
3. Current service cost	(13,325)	(17,680)	(746)
4. Benefits paid by the plan ⁽²⁾	56,132	52,685	4,474
5. Assisted participants contributions (retirees and pensioners)	(13,956)	(13,611)	-
6. Administrative expenses paid by the plan	10,256	15,244	-
7. Remeasurements of actuarial (gains) losses	(45,803)	74,368	1,403
7.1. From experience adjustments	(19,835)	(461,020)	2,231
7.2. From changes in biometric assumptions	-	30,014	-
7.3. From changes in financial assumptions	(25,968)	505,374	(828)
8. Plan reduction	80,452	-	-
9. Present value of actuarial obligation at end of year	(779,433)	(763,013)	(37,660)

⁽¹⁾ Life insurance amount recognized under "Equity adjustments".

⁽²⁾ Camed Natural Plan - net of co-participations paid by associate participants.

d) Reconciliation of the opening and closing balances of fair value of plan assets

Specification	Capef			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. Fair value of plan assets at beginning of year	2,835,022	3,358,234	9,019	6,159
2. Interest income	338,545	274,096	1,200	573
3. Employer's contributions ⁽¹⁾	64,164	60,184	586	559
4. Active participants' contributions	1,188	1,882	540	509
5. Assisted participants contributions	62,892	58,350	-	-
6. Administrative expenses paid by the plan	(11,542)	(10,862)	-	-
7. Benefits paid by the plan	(309,463)	(284,066)	(63)	(37)
8. Return on plan assets ⁽²⁾	177,994	(622,796)	709	1,256
9. Fair value of plan assets at end of year	3,158,800	2,835,022	11,991	9,019

⁽¹⁾ Capef – DB Plan: contributions related to active and assisted participants;

⁽²⁾ Except Interest income.

Specification	Camed		Life
	Natural Plan		insurance
	12.31.2014	12.31.2013	12.31.2014
1. Fair value of plan assets at beginning of year	40,696	56,909	-
2. Interest income	5,040	5,077	-
3. Employer's contributions ⁽¹⁾	35,945	35,956	2,237
4. Active participants' contributions	17,038	15,767	2,237
5. Assisted participants contributions	13,956	13,611	-
6. Administrative expenses paid by the plan	(10,256)	(15,244)	-
7. Benefits paid by the plan ⁽²⁾	(56,131)	(52,685)	(4,474)
8. Return on plan assets ⁽³⁾	22,543	(18,695)	-
9. Fair value of plan assets at end of year	68,831	40,696	-

⁽¹⁾ Camed – Natural Plan: contributions related to associate participants and co-participations paid by the employer;

⁽²⁾ Camed – Natural Plan: net of co-participations paid by associate participants; and

⁽³⁾ Except interest income.

e) Reconciliation of the opening and closing balances of asset ceiling effect

Specification	Capef
	VC I Plan
	31.12.2014
1. Asset ceiling effect at beginning of year	(1,344)
2. Interest on ceiling effect	(254)
3. Remeasurement of asset ceiling effect	(5,995)
4. Asset ceiling effect at end of year	(7,593)

f) Reconciliation of the present value of the obligation and of the plan assets value with assets and liabilities recognized in the balance sheet

Specification	Capef			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. Present value of actuarial obligation at end of year	(3,289,131)	(2,913,366)	(4,398)	(7,675)
2. Fair value of plan assets at end of year	3,158,800	2,835,022	11,991	9,019
3. Surplus (deficit) of the plan (item 1 - item 2)	(130,331)	(78,344)	7,593	1,344
4. Asset ceiling effect at end of year	-	-	(7,593)	(1,344)
5. Liability recognized in the balance sheet (Note 16.i) ⁽¹⁾	(130,331)	(78,344)	-	-

⁽¹⁾ Including differences in contributions estimated for December/2014, in the actuarial calculation of DB Plan: 01.01 to 12.31.2014: R\$ (63).

Specification	Camed		Life
	Natural Plan		insurance
	12.31.2014	12.31.2013	12.31.2014
1. Present value of actuarial obligation at end of year	(779,433)	(763,013)	(37,660)
2. Fair value of plan assets at end of year	68,831	40,696	-
3. Surplus (deficit) of the plan (item 1 - item 2)	(710,602)	(722,317)	(37,660)
4. Liability recognized in the balance sheet (Note 16.i)	(710,602)	(722,317)	(37,660)

g) Amounts recognized in P&L for the year

Specification	Capef					
	DB Plan			VC I Plan		
	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
1. Current service cost, net	(5,192)	(10,223)	(16,472)	103	172	145
1.1. Service cost	(5,705)	(11,411)	(18,354)	(184)	(368)	(364)
1.2. Active participants' contributions	513	1,188	1,882	287	540	509
2. Net interest	(2,708)	(5,416)	(46,395)	-	-	(214)
2.1. Interest expense	(171,980)	(343,961)	(320,491)	(473)	(946)	(787)
2.2. Interest income	169,272	338,545	274,096	600	1,200	573
2.3. Interest on ceiling effect	-	-	-	(127)	(254)	-
3. Total (item 1 + item 2) ⁽¹⁾	(7,900)	(15,639)	(62,867)	103 ⁽²⁾	172 ⁽²⁾	(69)

⁽¹⁾ Including contributions of staff assigned to be refunded - DB Plan: 01.01 to 12.31.2014: R\$ 1 and 01.01 to 12.31.2013: R\$ 5.

⁽²⁾ This amount was recorded under "Reversal of operating provisions."

Specification	Camed			Life insurance	
	Natural Plan			2nd half/2014	01.01. to 12.31.2014
	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013		
1. Current service cost, net	1,962	3,713	(1,913)	1,491	1,491
1.1. Service cost	(6,662)	(13,325)	(17,680)	(746)	(746)
1.2. Active participants' contributions	8,624	17,038	15,767	2,237	2,237
2. Net interest	(42,568)	(85,135)	(61,457)	(4,531)	(4,531)
2.1. Interest expense	(45,088)	(90,175)	(66,534)	(4,531)	(4,531)
2.2. Interest income	2,520	5,040	5,077	-	-
3. Plan reduction (recorded in reversal of operating provisions)	-	80,452	-	-	-
4. Total (item 1 + item 2)	(40,606)	(970)	(63,370)	(3,040)	(3,040)

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

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
1. Contributions (DC portion) ⁽¹⁾	(21,029)	(36,416)	(29,471)

⁽¹⁾Including contributions of staff assigned to be refunded - DB Plan: 2H14 - R\$ 199; 01.01 to 12.31.2014 - R\$ 388 and 01.01 to 12.31.2013 - R\$ 370.

h) Amounts for the period recognized in equity

For DB, Natural and VC I plans, actuarial gains (losses) arising from experience adjustments include the effects of the Voluntary Dismissal Program (PID), under Note 31.b, in addition, in the case of DB plan, the reduction of net actuarial liabilities due to the suppression of administrative expenses. The effects from the Voluntary Dismissal Plan (PID) amounted to R\$ (8.902) (DB plan), R\$ 59 (VC I plan) and R\$ (569) (Natural plan), respectively, and the effects from the suppression of administrative expenses in the DB plan amounted to R\$ (73,891). Actuarial gains (losses) arising from financial assumptions in 2014 refer to changes in interest rates in relation to 12.31.2013, from 12.33% (December/2013) to 12.08% (December/2014), for DB and Natural plans, and from 12.36% (December/2013) to 12.09% (December/2014), in VC I plan. Gain on changes in the biometric assumption for VC I plan recorded at 12.31.2014 refers to changes in the mortality table from AT 2000 M Basic to RP 2000 Proj 2014 Unisex (70%M) (D20).

Specification	Capef			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. Return on plan assets	177,994	(622,796)	709	1,256
2. Actuarial gains (losses) on liabilities	(278,506)	1,123,770	4,528	2,590
2.1 Experience adjustments	(214,972)	370,572	3,396	(377)
2.2. Changes in biometric assumptions	-	(2,693)	1,268	-
2.3. Changes in financial assumptions	(63,534)	755,891	(136)	2,967
3. Asset ceiling effect	-	-	(5,995)	(1,344)
4. Total (item 1 + item 2 + item 3)	(100,512)	500,974	(758)	2,502

Specification	Camed		Life insurance
	Natural Plan		12.31.2014
	12.31.2014	12.31.2013	
1. Net liability at the beginning of year	-	-	(38,260)
2. Return on plan assets	22,543	(18,695)	-
3. Actuarial gains (losses) on liabilities	(45,803)	74,368	1,403
3.1 Experience adjustments	(19,835)	(461,020)	2,231
3.2. Changes in biometric assumptions	-	30,014	-
3.3. Changes in financial assumptions	(25,968)	505,374	(828)
4. Total (item 1 + item 2 + item 3)	(23,260)	55,673	(36,857)

i) Reconciliation of changes in net (liabilities)/assets recognized in the year

Specification	Capef			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
1. (Liabilities)/assets recognized at beginning of year	(78,344)	(576,635)	-	(2,992)
2. Employer's contributions	64,164	60,184	586	559
3. Amounts recognized in P&L	(15,639)	(62,867)	172	(69)
4. Amounts recognized in equity	(100,512)	500,974	(758)	2,502

5. (Liabilities)/assets recognized at end of year (Note 16.i)	(130,331) ⁽¹⁾	(78,344)	-	-
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(1) Including differences in contributions estimated for December/2014, in the actuarial calculation of DB Plan: 01.01 to 12.31.2014: R\$ (63).

Specification	Camed		Life insurance
	Natural Plan		
	12.31.2014	12.31.2013	12.31.2014
1. (Liabilities)/assets recognized at beginning of year	(722,317)	(750,576)	(38,260)
2. Employer's contributions	35,945	35,956	2,237
3. Amounts recognized in P&L	(970)	(63,370)	(3,040)
4. Amounts recognized in equity	(23,260)	55,673	1,403
5. (Liabilities)/assets recognized at end of year (Note 16.i)	(710,602)	(722,317)	(37,660)

j) Allocation of plan fair values and investment policy

The investment policies for DB and VC I plans are annually prepared for a 5-year period, subject to approval from the Capef's Decision-Making Board and are mainly intended for defining guidance procedures for management of assets compared with benefit expenses, aiming at the actuarial balancing of each plan. The DB plan goal to be reached in its investments is represented by INPC + 5.75% p.a., and VC I plan represented by IPCA +5.5% p.a.

For policy formulation, the investment fund objectives and criteria of the funding and benefit plan are analyzed, as follows: a) the expected return rate; b) capital preservation; c) diversification; d) risk tolerance; e) stability; f) liquidity and g) benefits adjustment rules. Based on these criteria, investment mechanism and the best strategy on portfolio diversification are defined: fixed income, variable income, structured investments, investments abroad, properties and operations with participants.

For allocation of funds and limits per segment of application, the guidelines of CMN Resolution No. 3792 dated 09.24.2009 and its amendments, are taken into consideration, in addition to safety, liquidity, profitability and maturity criteria of the plan. The proposal of fund allocation is reviewed at any time, due to any significant event that may substantially change the macroeconomic assumptions regarded.

Resolutions on natural plan investments are approved by the Executive Board and submitted to the Camed's Decision-Making Board. For investments associated with financial guarantees with the Brazilian Agency for Supplementary Health (ANS), the limits and conditions set forth by this agency are observed.

Specification	Capef				Camed	
	DB Plan (%)		VC I Plan (%)		Natural Plan (%)	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Fixed income	83.58	82.53	91.07	82.85	34.04	9.53
Variable income	4.38	4.43	3.56	9.91	65.26	89.27
Real estate investments	9.13	9.66	-	-	0.70	1.20
Structured investments	0.24	0.31	2.80	6.13	-	-
Loans and financing to participants	2,65	3.05	2.57	1.11	-	-
Other	0.02	0.02	-	-	-	-
Amounts included in the fair value of plan assets						
In financial instruments at the Bank	0.20	0.37	18.02	-	34.04	9.53
In properties/other assets used by the Bank	1.22	1.44	1.66	-	0.70	1.20

k) Assumption used

k.1) Demographic assumptions

Demographic assumptions used are based on those adopted in actuarial valuations in the scope of Capef and Camed, based on statistical studies prepared by specialized advisory firms engaged by those entities. Upon actuarial calculations for DB, Natural and Life Insurance plans, the retirement postponement time in relation to each active participant was estimated at the 50 percentile in relation to the effective retirement postponement time verified for the set of current active participants, who were already eligible for the programmed retirement benefit on the actuarial valuation date.

Specification	DB (Capef) and Natural (Camed) Plans		Life insurance
	12.31.2014	12.31.2013	12.31.2014
Mortality tables			
Assets/Retirees	RP2000 – reduced by 15%	RP2000 – reduced by 15%	RP2000 – reduced by 15%
Disabled people	Winklevoss	Winklevoss	Winklevoss
Disability table	Álvaro Vindas – (A10)	Álvaro Vindas – (A10)	Álvaro Vindas – (A10)

Specification	VC I Plan (Capef)	
	31.12.2014	31.12.2013
Mortality tables		
Assets/Retirees	RP 2000 Proj. 2014 Unisex (70%M) (D20)	AT2000 M Basic
Disabled people ⁽¹⁾	IAPC experience - weak	IAPC experience - weak
Disability table	Álvaro Vindas (reduced by 50%)	Capef experience – weak ⁽²⁾

⁽¹⁾ The disabled people mortality table used results from the application of a 0.5 ratio on the original IAPC mortality table rates; and

⁽²⁾ Disability table used results from the application of a 0.5 ratio on the original Capef experience table rates.

k.2) Financial assumptions

Specification	Capef (% p.a.)			
	DB Plan		VC I Plan	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Statutory discount rate for the actuarial liability	12.08	12.33	12.09	12.36
Effective discount rate for the actuarial liability	6.24	6.47	6.25	6.50
Average annual inflation rate	5.50	5.50	5.50	5.50
Nominal rate of salary increase ⁽¹⁾	6.56	6.56	5.50	-
Nominal rate of benefit increases	5.50	5.50	5.50	5.50

⁽¹⁾ DB Plan: the actual salary increase rate of 1% is applied until the participant reaches the expected date for retirement (360 contributions).

Specification	Camed (% p.a.)		Life insurance
	Natural Plan		
	12.31.2014	12.31.2013	12.31.2014
Statutory discount rate for the actuarial liability	12.08	12.33	12.08
Effective discount rate for the actuarial liability	6.24	6.47	6.24
Average annual inflation rate	5.50	5.50	5.50
Nominal rate of salary increase	5.50	6.56	6.56
Nominal rate of benefit increases (HCCTR)	8.54 – 6.56 ⁽¹⁾	5.52	5.50
Rate of increase in medical costs due to aging (Aging Factor)	2.94	3.51	Not applicable
Rate of increase in health costs (HCCTR)	8.54 – 6.56 ⁽¹⁾	5.52	Not applicable

⁽¹⁾ At 12.31.2014, medical inflation was calculated for the Natural plan, considering plan experience in the last 6(six) years. The resulting rate was of 2.88%, above "aging factor" and general price inflation of 5.50% p.a., with gradual decrease along 10 years, remaining at 1% p.a. as from the 11th (eleventh) year.

k.3) The future inflation rate is used in the present value calculation of the actuarial obligation, intended for measurement of the inflation floating arising from the freeze, in annual cycles, of future contributions and benefits. This calculation allows the occurrence of inflation process of equal impacting for all salary, assistance, social security and economic variables of the plan.

k.4) The Projected Unit Credit Method is used as the actuarial valuation method in order to determine the obligation present value, the current service cost and, when necessary, the cost of past service.

k.5) The discount rate is equivalent to the expected return of the National Treasury Notes (NTN-B), for the "duration" of the plans, in accordance with the methodology provided for in item 83 of CVM Rule No. 695, dated 12.13.2012. The "duration" calculated for the Capef DB and Camed Natural and Life Insurance plans is 14.66 years (12.31.2014) and 14.08 years (12.31.2013) and for the Capef VC I plan is 25.42 years (12.31.2014) and 27 years (12.31.2013).

l) Sensitivity analysis of main assumptions

The sensitivity analysis considers the reduction/increase in biometric mortality tables by 1 (one) year and reduction/increase of 0.25% in the interest rate, for DB, VC I, Natural and Life Insurance plans, as well as the

growth rate of health costs for the Natural plan. The calculation was done based on the PUC method, estimating the present value of the obligation as at 12.31.2014.

Capef – DB Plan	Current parameters	Biometric table		Interest rate	
	12.31.2014	Age + 1	Age - 1	+ 0.25%	-0.25%
Present value of actuarial obligation	(3,289,131)	(3,214,258)	(3,362,391)	(3,221,107)	(3,359,834)
Assets' fair value	3,158,800	3,158,800	3,158,800	3,158,800	3,158,800
Technical surplus (deficit)	(130,331)	(55,458)	(203,591)	(62,307)	(201,034)
Variations:					
Increase/decrease in actuarial obligation (%)		(2.28)	2.23	(2.07)	2.15
Increase/decrease in technical surplus (deficit) (%)		(57.45)	56.21	(52.19)	54.25

Capef – VC I Plan	Current parameters	Biometric table		Interest rate	
	12.31.2014	Age + 1	Age - 1	+ 0.25%	-0.25%
Present value of actuarial obligation	(4,398)	(4,594)	(4,236)	(4,206)	(4,607)
Assets' fair value	11,991	11,991	11,991	11,991	11,991
Technical surplus (deficit)	7,593	7,397	7,755	7,785	7,384
Variations:					
Increase/decrease in actuarial obligation (%)		4.44	(3.69)	(4.38)	4.74
Increase/decrease in technical surplus (deficit) (%)		(2.57)	2.14	2.54	(2.74)

(1) Amount not recognized in view of the asset ceiling effect.

Camed – Natural Plan	Current parameters	Biometric table		HCCTR		Interest rate	
	12.31.2014	Age + 1	Age - 1	+ 0.25%	-0.25%	+ 0.25%	-0.25%
Present value of actuarial obligation	(779,433)	(744,062)	(815,547)	(812,845)	(739,097)	(751,649)	(808,945)
Assets' fair value	68,831	68,831	68,831	68,831	68,831	68,831	68,831
Technical surplus (deficit)	(710,602)	(675,231)	(746,716)	(744,014)	(670,266)	(682,818)	(740,114)
Variations:							
Increase/decrease in actuarial obligation (%)		(4.5)	4.6	4.3	(5.2)	(3.6)	3.8
Increase/decrease in technical surplus (deficit) (%)		(5.0)	5.1	4.7	(5.7)	(3.9)	4.2

Life insurance	Current parameters	Interest rate	
	12.31.2014	+ 0.25%	-0.25%
Present value of actuarial obligation	(37,660)	(36,762)	(38,599)
Technical surplus (deficit)	(37,660)	(36,762)	(38,599)
Variations:			
Increase/decrease in actuarial obligation (%)		(2.39)	2.49
Increase/decrease in technical surplus (deficit) (%)		(2.39)	2.49

m) Impact on future cash flows

m.1) Expected contributions for 2015

Specification	Capef		Camed	Life insurance
	DB Plan	VC I Plan	Natural Plan	
1. Employer's contributions	67,486	832	40,983	2,848
2. Administrative expenses	12,538	-	16,696	-
3. Employees' contributions	527	832	21,222	2,848
4. Contributions from assisted participants	66,959	-	19,761	-
4. Expected benefits	326,483	67	62,912	5,695

m.2) Expected payments of benefits

Specification	Capef		⁽¹⁾ Camed:	Life insurance ⁽¹⁾
	DB Plan	VC I Plan ⁽²⁾	Natural Plan	
Within 1 year	280,991	551	25,374	2,926
From 1 to 2 years	542,242	850	28,644	2,903
From 2 to 5 years	778,373	3,155	91,208	8,637
Above 5 years	4,357,635	352,570	1,707,832	70,114
Total	5,959,241	357,126	1,853,058	84,580

(1) The amounts of expected benefits were calculated without present value discount.

(2) Including programmed benefits with characteristics of the defined contribution plan.

n) Estimated expenses for 2015

Specification	Capef		Camed	Life insurance
	DB Plan	VC I Plan	Natural Plan	
1. Current service cost, net	(12,263)	654	8,416	(833)
2. Net interest	(11,636)	-	(82,084)	(4,205)
3. Total unrecognized (expenses) revenues	(23,899)	654	(73,668)	(5,038)

NOTE 26 - Northeast Constitutional Financing Fund (FNE)

- a) The total assets of FNE, amounting to R\$ 53,478,814 (R\$ 47,642,592 at 12.31.2013), are recorded in the Bank's memorandum accounts "Net assets of managed public funds".
- b) The Fund's cash and cash equivalents, totaling R\$ 7,790,705 (R\$ 6,908,697 at 12.31.2013), recorded in 'Other liabilities/Financial and development funds' bear interest at extra-market rate. The expense with interest on cash and cash equivalents totaled R\$ 840,648 (R\$ 525,559 at 12.31.2013).
- c) The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1)** Transactions contracted until 11.30.1998 are risk-free;
- c.2)** For operations contracted beginning 12.01.1998, excluding Land Program financing lines and transactions under PRONAF (groups A, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Cost), the Bank's risk is 50 percent of the amount calculated pursuant to CMN Resolution No. 2682, of 12.21.1999; and
- c.3)** The Bank assumes all the risks on renegotiated and reclassified FNE loan transactions, as set forth by Law No. 11775, of 09.17.2008, and transactions recognized in the Fund's 'Interbank accounts', as prescribed by Ministry of Integration Administrative Ruling No. 616, of 05.26.2003. Loans funded by FNE, under Law No. 12716, of 09.21.2012, for the purpose of settling BNB transactions with other funds, will maintain the same risk position of the transaction to be settled. The balances of financing and allowances accounted for in the Bank's "Provision for Contingent Liabilities" are as follows:

Risk level	Balances	Provision at 12.31.2014	Provision at 12.31.2013
AA	7,851,853	-	-
A	13,225,574	33,196	29,781
B	9,573,021	48,178	47,060
C	1,272,179	18,945	13,469
D	876,201	43,834	35,478
E	526,078	79,741	80,081
F	316,430	79,493	52,022
G	349,025	122,765	114,631
H	3,221,846	1,636,562	1,649,569
Total	37,212,207	2,062,717	2,022,091

- d) The Bank's *del credere* commission on transactions entered into until 11.30.1998 is nil. The Bank's financial commission on transactions entered into as per the agreement after this date is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9 - A of Law No. 7827, of 09.27.1989. In operations reclassified for FNE based on Law No. 11775, of 09.17.2008, financial commission is 3% p.a. or 6% p.a., as regulated by Interministerial Ruling No. 245, of 10.14.2008, of the Ministry of Finance and Ministry of National Integration. Income from financial commission (*del credere*) totaled R\$ 1,083,978 (R\$ 1,002, 891 at 12.12.2013).
- e) the management fee of 3% p.a. is calculated on the Fund's equity, less the amounts under the onlending agreement entered into with the Bank, balances of onlending to other institutions with the risk fully assumed by the Bank, and the balances of PRONAF investments (Groups B, A/C, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Cost), and is limited to

20% of the transfers made by the National Treasury each fiscal year. The management fee totaled R\$ 1,215,757 (R\$ 1,209,296 at 12.31.2013).

NOTE 27 - Workers' Fund (FAT)

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

Specification	Tade	12.31.2014	12.31.2013
Special Program to Fight Drought Effects	016/2006	-	441
Proger-Urbano - Investment	017/2006	14,095	21,671
FAT - Infrastructure	018/2006	221,269	245,254
Pronaf - Cost	001/2007	-	3
Proger-Rural - Investment	002/2007	-	129
Protrabalho - Investment	004/2007	165,508	163,923
PNMPO-National Program for Production-Oriented Microcredit	001/2010	172,463	172,798
Total		573,335	604,219

Funds derived from the Workers' Fund (FAT), recorded under 'Remunerated special deposits', totaling R\$ 420,406 (R\$ 520,240 at 12.31.2013) are subject to SELIC (Central Bank overnight rate) while they are not used in loans, and to TJLP after they are released to final borrowers. Available funds remunerated bearing interest at SELIC totaled R\$ 34,763 (R\$ 49,775 at 12.31.2013).

Pursuant to CODEFAT (FAT Board) Resolution No. 439, of 06.02.2005, these funds began to be reimbursed to FAT on a monthly basis, with a minimum amount equivalent to 2% calculated on the total balance of each FAT Special Deposit Allocation Statement (TADE), plus cash to meet the following conditions, considering the period they remain in the Bank's cash:

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

Specification	Tade	Return of FAT funds			12.31.2014		
		Form ⁽¹⁾	R.A.	SELIC remuneration	TMS available ⁽²⁾	TJLP used ⁽³⁾	Total
Proger – Urbano - Investment	17/2006	RA	12,091	426	4,945	26,690	31,635
FAT – Infrastructure ⁽⁴⁾	18/2006	RA	51,169	2,826	26,129	137,008	163,137
Pronaf – Investment	19/2006	RA	24,548	71	481	91,215	91,696
PNMPO-National Program for Production-Oriented Microcredit	01/2010	RA	37,516	1,659	3,208	130,730	133,938
Total (Note 13.b)			125,324	4,982	34,763	385,643	420,406

Specification	Tade	Return of FAT funds			12.31.2013		
		Form ⁽¹⁾	R.A.	SELIC remuneration	TMS available ⁽²⁾	TJLP used ⁽³⁾	Total
Special Program to Fight Drought Effects	16/2006	RA	7,463	137	-	-	-
Proger – Urbano - Investment	17/2006	RA	28,256	572	4,218	37,464	41,682
FAT – Infrastructure ⁽⁴⁾	18/2006	RA	57,419	2,554	29,017	174,821	203,838
Protrabalho-Investment	04/2007	RA	29,709	81	1,208	110,088	111,296
PNMPO-National Program for Production-Oriented Microcredit	01/2010	RA	43,775	1,647	15,332	148,092	163,424
Total (Note 13.b)			166,622	4,991	49,775	470,465	520,240

⁽¹⁾ RA – Automatic Return (Monthly, 2% on balance);

⁽²⁾ Funds yielding SELIC rate;

⁽³⁾ Funds yielding Long-term Interest Rate (TJLP); and

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

NOTE 28 - Risk management and Basel ratio

a) Risk and capital management

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

risks existing in the different Bank processes, and implementation and monitoring of key indicators and of mechanisms to mitigate any identified risks.

Risk management structure

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

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

Capital management structure

The Executive Board is responsible for approving the capital management structure, including the Capital Plan for the period 2015 to 2017, which was also approved by the Board of Directors, on 12.12.2014. 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 can be found at www.bnb.gov.br under the Investor Relations link.

b) Credit risk

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

Exposure by industry	Exposure	
	12.31.2014	12.31.2013
Loans, co-obligations and guarantees given	34,164,552	30,618,909
Public sector	1,415,797	1,422,455
Private sector	32,748,755	29,196,454
Trading	4,063,039	3,399,551
Foreign trade	1,057,432	743,824
Housing	242	242
Manufacturing	9,879,206	8,445,949
Infrastructure	3,272,057	3,563,125
Financial	-	84,113
Urban micro-financing	2,687,935	2,184,415
Individuals	221,660	224,311
Rural	6,989,896	6,494,519
Other services	4,577,288	4,056,405
Market transactions	25,396,450	22,078,166
Federal government bonds	21,499,784	18,489,953
Repurchase agreements	11,682,975	9,912,872
Other	9,816,809	8,577,081
Interbank deposits	76,500	83,709
Other marketable securities	2,201,192	1,929,804
Other transactions	1,618,974	1,574,700
Other assets	3,255,316	3,257,853
Total	62,816,318	55,954,928

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

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

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

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

The collateral for loans is determined based on their quality, capacity to be removed and sufficiency. Balances exposed to credit risk above R\$5,000 amount to R\$ 5,025,460 (R\$ 4,717,354 at 12.31.2013). They are backed by collaterals totaling R\$ 4,052,869 (R\$ 3,714,495 at 12.31.2013), which are assessed at least once every three years, or within a shorter period, as long as there are material events involving the client or the transaction. In addition to typical collateral (including, among others, mortgage, pledge and leased chattels), and other personal securities (guarantee and collateral security) these transactions are also backed by other types of guarantees, including, among others, unsecured bonds, guarantee of notes, guarantee funds, risk fund (FGPC), collateralization of FPM/FPE shares and bank guarantees.

c) Liquidity risk

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

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

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

Specification		12.31.2014 (%)	12.31.2013 (%)
Liquidity ratio	At the base date	358.18	314.25
	Average for the last 12 months	354.53	349.68
	Maximum for the last 12 months	429.24	404.61
	Minimum for the last 12 months	273.40	287.74

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

Specification	12.31.2014				
	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Above 5 years
Interbank deposits	155,891	227,047	843,860	292,953	-
Time deposits	153,860	374,532	1,582,286	4,496,258	3,898,032
Repurchase agreements	1,701,030	-	-	77,488	-
Agribusiness Credit Notes (LCAs)	58	465	89,017	25	-
Subordinated debts eligible for capital	-	-	-	-	1,605,288
Hybrid Equity-Debt Instruments (IHCD)	-	-	83,648	250,944	3,949,631
Total	2,010,839	602,044	2,598,811	5,117,668	9,452,951
Available funds (Note 5)	8,365,461				

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

d) Market risk

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

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

- VaR (*value at risk*) of asset and liability transactions in trading and banking portfolios, by risk factor;
- capital requirement map, for coverage of market and liquidity risks;
- foreign exchange exposure risk;
- sensitivity analysis;
- stress testing;
- back testing; and
- reports on monitoring of limits established for portions exposed to market risk.

The preparation of daily, monthly, quarterly and annual managerial reports for management and supervisory bodies is critical to market risk management. Such reports include important activity is the management reporting daily, monthly, quarterly and annual managerial reports for management and supervisory bodies. Such reports include among others, detailed information on and analysis of exposure levels of trading and banking portfolios, foreign exchange exposure levels, liquidity levels and ratios, and monitoring of limits of operations carried out with other financial institutions.

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

Risk exposure limits	Control procedure
<ul style="list-style-type: none"> Trading portfolio: 1% of the referential equity Banking portfolio: 5% of the referential equity 	If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the area responsible for the financial operations.

Sensitivity analysis

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

Portfolio/risk factor	Risk type	Scenario 1 (probable)	Scenario 2 (Change of 25%)		Scenario 3 (Change of 50%)	
		Balance	Balance	Loss	Balance	Loss
Trading portfolio						
Fixed interest	Increase in interest rate	6,518,155	6,505,859	(12,296)	6,943,900	(24,254)
Banking portfolio						
Dollar coupon	Decrease in the dollar coupon	(55,007)	(56,688)	(1,681)	(58,352)	(3,345)
Euro coupon	Increase in the euro coupon	(2,668)	(2,674)	(6)	(2,680)	(12)
IGP coupon	Increase in the IGP coupon	858,797	803,102	(55,695)	753,097	(105,700)
IPCA coupon	Decrease in the IPCA coupon	98,119	86,214	(11,904)	76,241	(21,878)
TJLP coupon	Increase in the TJLP coupon	493,237	432,551	(60,686)	380,465	(112,773)
TR coupon	Increase in the TR	(1,854,032)	(1,880,892)	(26,860)	(1,901,112)	(47,080)

	coupon					
Fixed interest	Increase in interest rate	4,430,717	4,297,757	(132,959)	4,181,659	(249,058)

For purposes of abovementioned calculations, Scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values - considering the rates used at BM&FBOVESPA. As regards Scenarios 2 and 3, changes of 25% and 50% were applied, respectively, to the risk factors, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances under scenario 1 and the balances under Scenarios 2 and 3.

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

Nature of transaction	Risk type	Financial instrument	Scenario 1 (probable)	Scenario 2 (Change of 25%)	Scenario 3 (Change of 50%)
<i>Hedging derivatives</i>	Increase in the reference rate BM&FBOVESPA DI x Dollar	<i>Dollar x DI Swap</i>	1,631,434	1,593,429	1,557,616
		Liabilities in FC	(1,656,484)	(1,624,355)	(1,593,943)
		Net exposure	(25,050)	(30,926)	(36,327)

As at 12.31.2014, market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from increase in opportunity costs, in fixed-rate operations, and those arising from exchange coupon increase, in foreign currency transactions.

DI x Fixed Rate Swap

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

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

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

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

e) Operational risk

Operational risk is the possibility of losses on failure in, weakness in or inadequacy of internal procedures, people and systems or on external factors, including those related to legal issues.

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

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

The Bank's corporate operational risk management is strengthened through a specific organizational structure designed to support assessment and compliance related to adoption of controls for all processes and operations carried out, mainly based on the provisions set forth in the institutional regulatory system. The qualitative approach comprises methodologies, control tools, mitigating measures and managerial reports that describe the control over processes carried out in all institutional areas. This analysis describes management by process and architecture design - macro processes, processes - identification of risk, control, mitigation and corrective plan. Another methodology used is the RCSA (Risk and Control Self-Assessment) that allows knowing risks inherent to activities, as well as defining their impact. RCSA further allows building a Risk Matrix and defining indicators, aiming at reaching an expanded vision of the processes and improved management.

f) Foreign exchange exposure

Transactions under agreements that provide for foreign exchange adjustment clause presented net balance of foreign currency sold, in the amount of R\$ 58,192 (R\$ 89,995 at 12.31.2013 – short position), as follows:

Specification	12.31.2014	12.31.2013	Specification	12.31.2014	12.31.2013
Cash and cash equivalents	38,002	2,787	Deposits	10,032	17,696
Interbank investments	-	46,764	Interdepartmental accounts	9,235	5,399
Loans	807,610	804,445	Domestic - Borrowings and onlending	76,219	73,237
Other receivables	1,094,875	768,343	Foreign - Borrowings and onlending	2,449,764	2,324,175
Total assets in foreign currency excluding derivatives	1,940,487	1,622,339	Other obligations	1,068,149	767,864
Swap transactions	1,614,720	1,476,037	Total liabilities in foreign currency	3,613,399	3,188,371
Total long position in foreign currency	3,555,207	3,098,376	Swap transactions	-	-
			Total short position in foreign currency	3,613,399	3,188,371

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

g) Operating limits - Basel Accord

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

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

- i. new methodology for calculation of regulatory capital that in Brazil is denominated Referential equity (RE), which will continue to be divided into Tiers I and II;
- ii. calculation of required capital maintenance, adopting minimum requirements for Referential equity, of Tier I and Principal Capital and introduction of the Additional Principal Capital; and
- iii. review of some weightings and adjustments in the calculation of credit risk exposure.

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

- i. 4.5% for Principal Capital, which primarily comprises of shares, units of interests, reserves and retained profits;
- ii. 5.5% for Tier I, represented by Principal Capital and other instruments able to absorb losses with the financial institution in operation; and
- iii. 8% for total RE, which is comprised of Tier I and other funding instruments able to absorb losses upon closure of the institution.

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

At 12.31.2014, already considering effective Basel III rules, the Bank presented Extended Basel Ratio (including capital for RBAN coverage) of 15.73% (15.76% at 12.31.2013) and both indexes of Tier I and Principal Capital remained at 9.20% (8.94% at 12.31.2013). The RE, as determined, amounted to R\$ 5,861,912 (R\$ 5,524,588 at 12.31.2013), Tier I and Principal Capital presented the same amount of R\$ 3,347,410 (R\$ 3,039,352 at 12.31.2013), while RWA totaled R\$ 36,392,687 (R\$ 34,015,667 at 12.31.2013).

i. Referential Equity (Basel III)

Specification	12.31.2014	12.31.2013
Referential Equity (RE)	5,861,912	5,524,588
. Tier I	3,347,410	3,039,352
. Principal Capital	3,347,410	3,039,352
. Tier II	2,514,502	2,485,236
Risk-Weighted Assets (RWA)	36,392,687	34,015,667
. RWACPAD	30,373,147	28,947,518
. RWACAM	528,687	-
. RWAJUR	60,909	55,036
. RWACOM	2,855	2,900
. RWAOPAD	5,427,089	5,010,213
RBAN amount	876,065	1,047,966
Margin on Minimum Referential Equity (RE – [RWA * 11%])	1,858,716	1,782,865
Margin on Minimum Referential Equity considering RBAN {PR – ([RWA + RBAN]* 11%)}	1,762,349	1,667,588
Basel ratios:		
. Principal Capital ratio (Minimum requirement of 4.5%)	9.20%	8.94%
. Tier I ratio (Minimum requirement of 5.5%)	9.20%	8.94%
. Basel ratio (Minimum requirement of 11%)	16.11%	16.24%
. Basel ratio including RBAN	15.73%	15.76%

In which:

- . 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	12.31.2014	12.31.2013
Referential Equity (RE)	5,861,912	5,524,588
Referential Equity Tier I	3,347,410	3,039,352
Principal Capital	3,347,410	3,039,352
Capital	2,844,000	2,437,000
Income reserves	687,911	590,649
Capital and revaluation reserves	19,394	20,610
Unrealized gains or losses - Equity valuation and marketable securities	(183,496)	(8,045)
Treasury shares and other instruments of own issue	-	(384)
Retained earnings (accumulated losses)	-	-
Prudential adjustments	(20,399)	(478)
Prudential adjustment - Intangible assets	(1,682)	-
Prudential adjustment – Deferred assets	(159)	(478)
Prudential adjustment - Tax credits from temporary differences	(18,558)	-
Referential Equity Tier II	2,514,502	2,485,236
Instruments eligible to Tier II	2,567,202	2,538,135
Investment in other entities deducted from Tier II	(52,700)	(52,899)

The Subordinated Debt Instruments contracted with the Fundo Constitucional de Financiamento do Nordeste (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, and therefore these instruments are not subject to the limits listed in the article 28 of such Resolution.

Regarding the Hybrid Equity and Debt instrument limits the authorization for continued use of the full contracted amount, under additional capital conditions, will be required of BACEN after signing an amendment, where bases have been negotiated with the National Treasury Department (STN). In the meantime, the limits defined in article 28 of Resolution No. 4192/13.

iii. 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, applicable to the Bank, as follows:

Specification	12.31.2014	12.31.2013
Referential equity (RE) for investment limit	5,861,912	5,524,588
Investment limit	2,930,956	2,762,294
Situation	219,558	208,915
Margin	2,711,398	2,553,379
Investment index	3.75%	3.78%

NOTE 29 - 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	12.31.2014	12.31.2013
Assets		
Loans - refinancing with the Federal Government (Note 9.a.1)	404,556	384,355
Total	404,556	384,355

Specification	12.31.2014	12.31.2013
Liabilities		
Time deposits - FAT (Note 13.b. and Note 27)	420,406	520,240
Domestic onlending – Official institutions (Note 14.c.)	1,631,087	1,706,841
National Treasury	659	698
BNDES	1,464,027	1,528,337
FINAME	166,401	177,806
Other obligations	10,760,454	9,644,360
Fundo Constitucional de Financiamento do Nordeste (FNE) - (Note 16.f)	7,798,625	6,915,797
Hybrid equity-debt instruments (Note 16.g and Note 17)	1,356,540	1,272,581
Subordinated debts eligible for capital (Note 16.h and Note 18)	1,605,289	1,455,982
Total	12,811,947	11,871,441

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

Specification	12.31.2014	12.31.2013
Liabilities	840,870	800,661
Post-employment benefits CAPEF DB Plan (Note 16.i)	130,268	78,344
Post-employment benefits CAMED Natural Plan (Note 16.i)	710,602	722,317
Total	840,870	800,661

b) Management compensation

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

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
Fees	2,029	3,758	3,756
Executive Board	1,785	3,248	3,245
Board of Directors	122	261	261
Supervisory Board	122	249	250
Other	103	283	236
Profit sharing	305	1,112	530
Total short-term benefits	2,437	5,153	4,522
Post-employment benefits	181	308	252
Total	2,618	5,461	4,774

The Bank does not have variable stock-based compensation and other long-term benefits and does not offer post-employment benefits to management, except for those comprising the headcount, participants of the Bank's Pension and Health Care Plan.

The Bank does not grant loans to its Executive Officers, members of its Board of Directors and Supervisory Board, since this practice is forbidden to financial institutions regulated by the Central Bank of Brazil.

NOTE 30 - Statement of comprehensive income (loss)

Specification	2nd half/2014	01.01. to 12.31.2014	01.01. to 12.31.2013
Net income	421,338	747,350	360,357
Other comprehensive income (loss)	(134,987)	(174,235)	212,641
Equity adjustment to available-for-sale securities	52,937	(23,440)	(580,206)
Tax effect on equity adjustment to available-for-sale securities	(21,175)	9,376	232,082
Revaluation reserve released to retained earnings	1,936	2,684	3,824
Tax effect on revaluation reserve released to retained earnings	(774)	(1,468)	(1,530)
Actuarial gains (losses)	(167,911)	(161,387)	558,471
Comprehensive income (loss)	286,351	573,115	572,998

NOTE 31 - Other information

a) Guarantees given

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

Specification	12.31.2014	12.31.2013
Import financing	39,138	54,614
Guarantee beneficiaries		
- Individuals or nonfinancial legal entities	-	20,450
- FNE	18,822,934	16,869,908
- FDNE	106,548	83,801
Credit assignment co-obligations	22,881	22,660

b) Voluntary Dismissal Program (PID)

The Bank's Board of Directors approved the Voluntary Dismissal Program (PID), valid until December/2104. At the end of the term, 532 employees adhered to the program amounting to an expense of R\$ 107,539.

February 6, 2015.

The Executive Board

NOTE: See accompanying notes.

Financial Statements

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

December 31, 2014
with Independent Auditor's Report on Financial
Statements

A free translation from Portuguese into English of Independent Auditor's Report on financial statements 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

Independent auditor's report on financial statements

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

We have audited the accompanying financial statements of Banco do Nordeste do Brasil S.A. ("Bank"), which comprise the balance sheet at December 31, 2014 and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the Bank's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco do Nordeste do Brasil S.A. as at December 31, 2014, its operating performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

Other matters

Statement of value added

We have also audited the statement of value added (SVA) for the year ended December 31, 2014, whose presentation is required by the Brazilian Corporation Law for publicly-held companies. This statement was subject to the same audit procedures previously described and, in our opinion, it is fairly presented, in all material respects, in relation to the overall financial statements.

São Paulo, February 6, 2015.

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

Eduardo Braga Perdigão
Accountant CRC-1CE013803/O-8

SUPERVISORY BOARD'S OPINION

The Supervisory Board of Banco do Nordeste do Brasil S.A., in compliance with its legal and statutory duties, audited the Management Report, Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Statement of Value Added of Banco do Nordeste do Brasil S.A., for the year ended December 31, 2014, which were approved by the Board of Directors on the date hereof.

Based on the audit performed, information and clarifications received in the course of 2014, as well as the Independent Auditor's Unqualified Opinion - ERNST & YOUNG AUDITORES INDEPENDENTES S.S., issued this date, the Supervisory Board believes that the Management Report and the Financial Statements reflect fairly the financial position of Banco do Nordeste do Brasil S.A.

Brasília (DF), February 6, 2015.

SUPERVISORY BOARD

SUMMARY AUDIT COMMITTEE REPORT

The Audit Committee of Banco do Nordeste do Brasil S.A. is an advisory body created as set forth in National Monetary Council (CMN) Resolution No. 3198/2004, whose duties and responsibilities are set out in the Bank's Bylaws. Its Internal Regulation and e-mail address for the receipt of information are available on the internet at www.bnb.gov.br, under Banco>Relação com os Acionistas (Bank>Shareholders Relations).

The Audit Committee held 17 in-person meetings in the second half of 2014, totaling 31 days worked by the Committee as a group, as well as overtime worked by individuals performing advisory activities Board of Directors, which involved assessing the Internal Control System and monitoring the implementation of initiatives to improve corporative processes and to correct weaknesses and occasional failures identified, if any.

When issuing the half-year report, the Audit Committee considered, in conformity with applicable standards, that the External Auditor is responsible for auditing and expressing an opinion on, as supported by legal and infra-legal procedures, the financial statements prepared by the Bank's Executive Board, and that the Internal Auditors are responsible for monitoring, evaluating and assessing, independently of the entity's managers, the quality of the Bank's internal controls and risk management.

In compliance with Resolution No. 3198, issued by the National Monetary Council (CMN) in 2004, the Audit Committee assessed the effectiveness of the internal control system of Banco do Nordeste do Brasil, assessed the effectiveness of internal and external audits and reviewed the financial statements, having concluded that:

- a) The internal control system of Banco do Nordeste do Brasil has been able to identify adverse events and allow corrective actions by managers and administrators; The occasional failures and weaknesses identified in business processes do not threaten the Bank's economic and financial soundness in the short term and may be corrected in the ordinary course of operations. However, the corrective actions should be adopted on a timely basis, and the Bank must continue investing in the optimization of corporative processes, in the upgrade of business information technology solutions, and in the improvement of staff selection, sourcing and training in order to ensure the Bank's sustainable growth;
- b) The Internal Audit dedicated efforts to perform significant engagements, represented by the activities defined in the Annual Activity Plan (PAINT), as approved by the Board of Directors and the Office of the Comptroller General or those arising from unpredictable priority events. In general, the quality of engagements was acceptable, but part of the scheduled activities was either not finished or delayed, and critical investigations take a long time;
- c) No material events were noted that might have affected the effectiveness of ERNST & YOUNG AUDITORES INDEPENDENTES in the provision of the audit services engaged; and
- d) The practices used to prepare the financial statements were consistent with applicable corporation laws, and regulations of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM).

Fortaleza (CE), February 6, 2015.

AUDIT COMMITTEE



FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE
Administered by Banco do Nordeste do Brasil S.A.

Financial Statements

F N E

In R\$ thousand

As at: 12/31/2014

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE (FNE)

(Law No. 7827, of 9/27/1989)

BALANCE SHEETS

Years ended December 31, 2014 and 2013

(Amounts in R\$ thousand)

ASSETS			LIABILITIES AND EQUITY				
		12.31.2014	12.31.2013			12.31.2014	12.31.2013
CURRENT ASSETS		17,236,750	14,353,661	CURRENT LIABILITIES		51	27
CASH AND CASH EQUIVALENTS	(Note 4.b.1)	1,530,838	1,766,402	Other liabilities		51	27
FUNDS COMMITTED TO LOAN TRANSACTIONS		6,259,867	5,142,295	Accrued Liabilities Payable		51	27
LINKED CREDITS		390	5,997				
Rural Loan – Proagro receivable		390	5,997	EQUITY	(Note 4.c)	53,478,814	47,642,592
ONLENDING DEBTORS		57,862	74,794	TRANSFERS FROM FEDERAL GOVERNMENT			
Onlending Debtors - Other institutions		57,862	74,794	For the year		6,078,784	5,578,343
LOANS	(Note 4.b.2 and Note 6)	9,379,665	7,356,782	In prior years		48,734,497	43,156,154
Financing		4,016,912	2,991,815	INCOME (LOSSES) FROM PRIOR YEARS		(1,161,527)	(335,015)
Export financing		53,019	57,339	NET INCOME (LOSS) FOR THE YEAR		(172,940)	(756,890)
Infrastructure and development financing		525,012	577,125				
Agribusiness financing		257,221	213,622				
Rural Financing		5,189,212	4,314,088				
(Allowance for loan losses)		(661,711)	(797,207)				
OTHER RECEIVABLES	(Note 4.b.7)	7,921	7,100				
Rights on Assets Received in Loan Transactions		7,921	7,100				
OTHER ASSETS	(Note 4.b.8)	207	291				
PROAGRO securities		4	4				
Agrarian Debt Securities		225	326				
(Provision for devaluation)		(22)	(39)				
LONG-TERM RECEIVABLES		36,242,115	33,288,958				
LINKED CREDITS		6,687	359				
Rural Loan – PROAGRO receivable		6,687	359				
ONLENDING DEBTORS		1,761,088	1,593,004				
Onlending Debtors - Banco do Nordeste - Law No. 7827 - art. 9-A	(Note 8)	1,605,289	1,455,982				
Onlending Debtors - Other institutions		155,799	137,022				
LOANS	(Note 4.b.2 and Note 6)	34,473,250	31,694,549				
Financing		16,444,395	13,804,297				
Infrastructure and development financing		4,479,713	4,885,706				
Agribusiness financing		825,800	898,896				
Rural Financing		12,723,342	12,105,650				
OTHER ASSETS	(Note 4.b.8)	1,090	1,046				
Agrarian Debt Securities		1,323	1,549				
(Provision for devaluation)		(233)	(503)				
TOTAL ASSETS		53,478,865	47,642,619	TOTAL LIABILITIES AND EQUITY		53,478,865	47,642,619

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE (FNE) (Law No. 7827, of 9.27.1989) INCOME STATEMENTS Years ended December 31, 2014 and 2013 and six-month period ended December 31, 2014 (Amounts in R\$ thousand)				
		2nd half 2014	Year 2014	Year 2013
REVENUES				
Loans	(Note 6.i)	558,236	1,080,393	747,487
Cash and cash equivalents yield	(Note 4.b.1)	465,257	840,648	525,559
Reversal of operating provisions		311	357	86
EXPENSES	(Note 4.a.8)			
Management		(562,105)	(1,215,757)	(1,209,296)
PRONAF – compensation of the financial agent / performance bonus		(142,019)	(257,786)	(190,829)
Allowance for loan losses and devaluation		(298,202)	(620,704)	(629,787)
Audit		(46)	(91)	(110)
INCOME (LOSS) FOR THE PERIOD		21,432	(172,940)	(756,890)

STATEMENTS OF CHANGES IN EQUITY Years ended December 31, 2014 and six-month period ended December 31, 2014 (Amounts in R\$ thousand)				
EVENTS		TRANSFERS FROM FEDERAL GOVERNMENT	RETAINED EARNINGS (ACCUMULATED LOSSES)	TOTAL
BALANCES AT 12.31.2012		43,156,154	(308,028)	42,848,126
Transfers from Federal Government in the year		5,578,343	-	5,578,343
Prior Years' Adjustments	(Note 7)	-	(26,987)	(26,987)
Loss for the year		-	(756,890)	(756,890)
BALANCES AT 12.31.2013		48,734,497	(1,091,905)	47,642,592
CHANGES IN THE YEAR		5,578,343	(783,877)	4,794,466
BALANCES AT 12.31.2013		48,734,497	(1,091,905)	47,642,592
Transfers from Federal Government in the year		6,078,784	-	6,078,784
Prior Years' Adjustments	(Note 7)	-	(69,622)	(69,622)
Loss for the year		-	(172,940)	(172,940)
BALANCES AT 12.31.2014		54,813,281	(1,334,467)	53,478,814
CHANGES IN THE YEAR		6,078,784	(242,562)	5,836,222
BALANCES AT 06.30.2014		52,002,756	(1,288,000)	50,714,756
Transfers from Federal government in the six-month period		2,810,525	-	2,810,525
Prior Years' Adjustments		-	(67,899)	(67,899)
Net income (loss) for the six-month period		-	21,432	21,432
BALANCES AT 12.31.2014		54,813,281	(1,334,467)	53,478,814
CHANGES IN THE SIX-MONTH PERIOD		2,810,525	(46,467)	2,764,058

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE (FNE)

CASH FLOW STATEMENTS

Years ended December 31, 2014 and 2013 and six-month period ended December 31, 2014

(Amounts in R\$ thousand)

	2nd half 2014	Year 2014	Year 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the period	21,432	(172,940)	(756,890)
Non-cash income (expenses):			
Allowance for loan losses and devaluation	298,202	620,704	629,787
Reversal of operating provisions	(311)	(357)	(86)
Accrued Liabilities payable	6	24	23
Adjusted net income (loss) for the period	319,329	447,431	(127,166)
Linked Credits	(197)	(721)	857
Onlending Debtors	(82,464)	(151,153)	(116,162)
Loans	(4,066,024)	(5,422,218)	(4,927,479)
Other Receivables	(801)	(820)	(5,011)
Other assets	121	327	54
Prior Years' Adjustments	(67,898)	(69,622)	(26,987)
CASH USED IN OPERATING ACTIVITIES	(3,897,934)	(5,196,776)	(5,201,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers from Federal Government	2,810,525	6,078,784	5,578,343
CASH PROVIDED BY FINANCING ACTIVITIES	2,810,525	6,078,784	5,578,343
Increase in cash and cash equivalents	(1,087,409)	882,008	376,449
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS			
At beginning of period	8,878,114	6,908,697	6,532,248
At end of period	7,790,705	7,790,705	6,908,697
Increase (Decrease) in cash and cash equivalents	(1,087,409)	882,008	376,449

NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2014 and 2013
Amounts expressed in thousands of reais, unless otherwise indicated

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NOTE 1 - Background

Fundo Constitucional de Financiamento do Nordeste - FNE was established by the Federal Constitution of 1988 (Article 159, item I, letter "c"), and is regulated by Law No. 7827, of 9.27.1989, amended by Supplementary Law No. 125, of 1.3.2007, Laws No. 9126, of 11.10.1995, No. 9808, of 7.20.1999, and No. 10177, of 1.12.2001, Provisional Executive Order No. 2196-1, of 6.28.2001, and its amendments as republished, and Article 13 of Provisional Executive Order No. 2199-14, of 8.24.2001. The purpose of the FNE is to foster the economic and social development of the Northeast region, through Banco do Nordeste do Brasil S.A., by offering financing to production sectors, in conformity with regional development plans, giving priority to activities developed by small farmers, small companies and staple food producers, and to irrigation projects. Non-refundable aid is prohibited.

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

The Financial Statements were prepared in accordance with the provisions of Brazilian Corporate Law, if applicable, and the regulation specifically for constitutional funds established by the Federal Government.

NOTE 3 - Management

Banco do Nordeste is responsible for allocating funds and implementing the credit policy, defining operational standards, procedures and conditions, applying the ranges of financial charges to financing applications and granting credit, formalizing agreements for onlending to other institutions authorized to operate by the Central Bank of Brazil, observing the guidelines established by the Ministry of National Integration, reporting on the results achieved, performing other activities related to the use of funds and recovery of credits, including renegotiating and settling debts, pursuant to Articles 15-B, 15-C, and 15-D of Law No. 7827 of 9.27.1989.

NOTE 4 - Significant Accounting Practices

FNE has its own accounting records and uses the accounting system of Banco do Nordeste to record its transactions in specific subtitles, and the results of operations are determined separately.

For determining the results of operations, FNE's fiscal year coincides with the calendar year.

Significant accounting practices are as follows:

a) Recognition of income and expenses

a.1) Income and expenses are recorded on an accrual basis. FNE's income consists of financial charges on loans and the interest paid by Banco do Nordeste on FNE's cash and cash equivalents.

a.2) Beginning January 1, 2008, financial charges on financing granted with funds from FNE range between 5% and 10% per annum, according to the activity and size of the borrowers, including BNB's financial (*del credere*) commission, pursuant to legislation.

Provisional Executive Order No. 581 of 9.20.2012, signed into Law No. 12793 dated 4.2.2013 which in Article 3 amended Article 1 of Law No. 10177 dated 1.12.2001 attributing to the National Monetary Council (CMN), through a proposal from the National Integration Ministry, responsibility for defining financial charges and bonus for timely payment in FNE operations which can be differentiated in accordance with the purpose of the loan, the size of the beneficiary, the sector of activity and the location of the venture.

Based on this legal instrument the National Monetary Council through (CMN) Resolution No. 4181 dated 1.7.2013 set financial charges at 3.53% p.a. for financing with FNE funds contracted between 1.1.2013 to 6.30.2013 and at 4.12% p.a. for charges on financing contracted from 7.1.2013 to 12.31.2013 establishing a bonus of timely payment of 15% on these charges for

installments paid up to the date of maturity. Such financing charges do not apply to borrowers based on Article 8-A of Law No. 10177 dated 1.12.2001 and Article 15 of Law No. 12716 dated 9.21.2012 and family farmers qualifying under the National Family Farming Strengthening Program (PRONAF).

By means of Resolution No. 4297 of 12.30.2013, the CMN set financial charges for transactions carried out with funds from FNE, in the period from January 1, 2014 to December 31, 2014, at rates ranging from 5.3% to 8.83% p.a. for farmers and their cooperatives, according to the loan purpose and annual gross revenue of the farmer or cooperative. For the other industries, CMN fixed rates ranging from 5.3% to 12.36% p.a., according to the loan purpose and annual gross revenue of financed project. The bonus for timely payment was fixed at 15% p.a. on financial charges for debt installments paid up to their respective maturities. Such financing charges and bonus for timely payment do not apply to borrowers based on Article 8-A of Law No. 10177 dated 1.12.2001 and Article 15 of Law No. 12716 dated 9.21.2012 and family farmers qualifying under the National Family Farming Strengthening Program (PRONAF).

Under normal conditions, the financial charges at rates established by law are recorded in the Fund's proper income statement accounts. Past-due and unpaid amounts are subject to contractually agreed default charges, and the portion of these charges that exceeds the rates established by legislation is recorded as the Fund's unearned income.

On the financial charges established by law, a 15% bonus for timely payment will be granted provided that the debt is paid by the due date. The bonus expense is recognized as the borrower pays the related charges.

Financing transactions under the National Family Farming Strengthening Program (PRONAF) are subject to financial charges established by the National Monetary Council, pursuant to the legislation and regulation of the Program set forth in Chapter 10 of the Rural Loan Manual of the Central Bank of Brazil.

- a.3)** Provisional Executive Order No. 2196-1 of 6.28.2001, as republished, which created the Support Program for Federal Financial Institutions, sets out the following as regards the BNB's financial (*del credere*) commission on financing with funds from FNE:
- For transactions contracted up to 11.30.1998, BNB's financial (*del credere*) commission was reduced to zero, and the charges agreed to with borrowers remained unchanged;
 - For transactions contracted with a risk of 50% for Banco do Nordeste, BNB's financial (*del credere*) commission will be 3% p.a.;
 - For transactions resulting from onlending to Banco do Nordeste, in its name and at its own risk, to grant loans, the financial commission will be 6% p.a.
- a.4)** Decree No. 5818 of 6.26.2006, combined with CMN Resolution No. 3293 of 6.28.2005, established that, for PROFROTA transactions with large companies, with shared risk, BNB's financial (*del credere*) commission is 2.5% p.a.
- a.5)** Administrative Ruling No. 616, of 5.16.2003, of the Ministry of National Integration, establishes that, for onlending to institutions authorized to operate by the Central Bank of Brazil, BNB is entitled to the financial (*del credere*) commission agreed to with the institutions, observing the limit established by legislation.
- a.6)** For financing under PRONAF (Groups A, A.Microcredit B, A.C, Semiarid, Forest, PRONAF-Emergency, PRONAF-Flooding, PRONAF-Drought, PRONAF-Semiarid-Drought-2012 and PRONAF-Drought-2012-Funding), the Bank is not entitled to any commission, according to the legislation and regulation of the Program.
- a.7)** For loans reclassified under Article 31 of Law No. 11775 of 9.17.2008, Administrative Ruling No. 245 of 10.14.2008 sets BNB's financial (*del credere*) commission at 3% p.a. in the cases defined in Article 1, items I to IV, and sets a financial (*del credere*) commission of 6% p.a. in the cases defined in Article 1, Sole Paragraph.
- a.8)** FNE's expenses refer to management fee payable to the Bank as the Fund manager, to financial charges payable to the Bank on financing under PRONAF (Groups: A, A.Microcredit, B, A.C, Forest, Semiarid, Emergency, Flooding, Drought, Semiarid-Drought-2012 - Group B, Semiarid-Drought-2012 - Other Groups, Drought-2012-Costing - Group B, Drought-2012-Costing - Other Groups, and other PRONAFs with shared risk), to financial charges payable to the Bank on disbursement under Pronaf Groups A.Microcredit, B, Semiarid, Forest and other PRONAFs with shared risk, to performance Premium on reimbursement under PRONAF Groups A, A.Microcredit, B, A.C, Semiarid, Forest, Semiarid-Drought-2012 - Other Groups, Drought-2012-Costing - Other Groups and other PRONAFs with shared risk, to allowance for loan losses recognized pursuant to Administrative Ruling No. 11, of 12.28.2005, of the Ministry of Finance and Ministry of National Integration, and to independent audit services, in addition to bonuses and discounts established by legislation.

The management fee of 3% per annum, paid to Banco do Nordeste by FNE, is recorded on a monthly basis at 0.25% on the Fund's equity, less amounts to transferred to BNB, amounts transferred to other institutions according to the Brazilian Integration Ministry Ruling No. 616 of

5.26.2003 and balances of investments in PRONAF Group A. Agroamigo, B, A.C, Forest, Semiarid, Emergency, Flooding, Drought, Semiarid-Drought-2012 - Group B, Semiarid-Drought-2012 - Other Groups, Drought-2012-Costing - Group B and Drought-2012-Costing - Other Groups, and is limited each year to 20% of the transfer amount made by the National Treasury Department in accordance with Decree No. 5641 dated 12.26.2005.

BNB's remuneration on PRONAF financing, remuneration on disbursement and performance bonus on reimbursements comply with percentages and criteria defined by legislation and by the Program Regulation.

b) Current and noncurrent assets

These are stated at cost or realizable value, including earnings and monetary variations earned.

- b.1)** Cash and cash equivalents consist of cash assets, which represent funds available for use in loans, and Funds Committed for Loans, which represent restricted cash in connection with yet-unreleased installments of contracted operations corresponding to the amounts outstanding by the balance sheet date, plus the payments expected during the 90 subsequent days and any mismatches between the amounts to be released after such 90 days and the estimated inflow to the Fund during such period. The Fund's cash and cash equivalents held by Banco do Nordeste are paid based on extra-market rate, disclosed by the Central Bank of Brazil.

Details	12.31.2014	12.31.2013
Cash and cash equivalents	1,530,838	1,766,402
Funds committed to loan transactions	6,259,867	5,142,295
Total cash and cash equivalents	7,790,705	6,908,697

- b.2)** Total loans are stated at the amount of principal plus financial charges, less unearned income and allowance for loan losses (Note 6).
- b.3)** Law No. 11322, of 07.13.2006, provides for the renegotiation of debts arising from rural credit transactions contracted in the area under the jurisdiction of the Northeast Development Authority (SUDENE), and grants rebates on debit balance, bonuses for timely payment, decreased interest rates and extended payment periods.
- b.4)** Law No. 11775 of 9.17.2008, provides for the settlement, regularization, renegotiation or reclassification of debts arising from loans classified, among others, under Laws No. 9138 of 11.29.1995, No. 10437 of 4.25.2002 and No. 11322 of 07.13.2006, Provisional Executive Order No. 2196-3 of 8.24.2001, CMN Resolution No. 2471 of 2.26.1998, of the National Family Farming Strengthening Program (PRONAF), in the Japanese and Brazilian Cooperation Program for the Development of the Cerrado Region (PRODECER) - Stage III, and contracted with FAT funds by financial agents, and grants discounts, bonuses for timely payment on debit balances, waivers, and maintenance or rescheduling of payment periods.
- b.5)** Law No. 12249 of 6.11.2010, provides for, in Articles 69 and 70, the remission of agricultural debts renegotiated based on Article 2 of Law No. 11322, of 7.13.2006, or classified under said Article, as well as the granting of rebates for settlement of not remitted agricultural debts renegotiated based on Article 2 of Law No. 11322, backed by FNE funds or FNE funds along with other sources of funds. Articles 71 and 72 of said Law provide for the debt remission relating to agricultural activities with producers classified under Group B of PRONAF, as well as the granting of rebates for not remitted debts, backed by FNE funds.
- b.6)** Law No. 12716, dated 9.21.2012, authorized the Executive Branch to introduce special credit lines using FNE funds, to rural, industrial, commercial and service sectors of municipalities under emergency conditions or going through public calamities acknowledged by the Federal Executive Branch. Article 5 of said law authorized the introduction of rural credit line with FNE funds for settlement, until December 31, 2013, of rural loans for costs and investments, with shared risks or risks fully borne by the National Treasury Department, FNE or official federal financial institutions. Said credit facility was regulated by the National Monetary Council, through Resolution No. 4147, dated 10.25.2012.
- b.7)** The account "Other receivables" includes FNE's rights on chattels and properties received by BNB as payment of debts. After assets are sold, the sale proceeds are apportioned between the Fund and BNB, proportionally to the risk assumed, pursuant to Article 7 of Administrative Ruling No. 11 of 12.28.2005.
- b.8)** Securities recorded under line account "Other Assets" are stated at their face value, plus expected yield on each security, including, when applicable, the effects of adjustments of assets to market or realizable value.

c) Equity

The equity of FNE is originated as follows:

- Transfers from the Federal Government at the proportion of 1.8% of the collection of Income Tax (IR) and Federal VAT (IPI) on a 10-day period basis;
- Returns and operating results; and
- Returns and results of transactions Interest paid by Banco do Nordeste on FNE's temporarily not invested cash.

d) Tax Exemption

FNE is entitled to tax exemption, and its results, income and financing operations are free of any tax, contribution or other lien, as provided for by Law No. 7827 of 9.27.1989, as amended.

NOTE 5 - Supervisory agencies

Banco do Nordeste keeps at the disposal of the supervisory agencies the Fund's statements of changes in financial position and income as of the end of the month. Pursuant to the legislation, the FNE's audited balance sheets are published semiannually and submitted to the National Congress for inspection and control.

NOTE 6 - Financing transactions, onlending and allowance for loan losses

a) Breakdown of Loan Portfolio

a.1) Total Portfolio

Financing	12.31.2014			12.31.2013		
	Normal	Past due	Balance	Normal	Past due	Balance
Financing	19,983,056	478,251	20,461,307	16,421,414	374,698	16,796,112
Export financing	44,329	8,690	53,019	53,562	3,777	57,339
Infrastructure and development financing	5,004,725	-	5,004,725	5,462,831	-	5,462,831
Agribusiness financing	1,036,349	46,672	1,083,021	1,070,731	41,787	1,112,518
Rural financing	17,162,415	750,139	17,912,554	15,484,280	935,458	16,419,738
Subtotal	43,230,874	1,283,752	44,514,626	38,492,818	1,355,720	39,848,538
Onlending to BNB	1,605,289	-	1,605,289	1,455,982	-	1,455,982
Onlending to other institutions	213,661	-	213,661	211,816	-	211,816
Total portfolio	45,049,824	1,283,752	46,333,576	40,160,616	1,355,720	41,516,336
Allowance	(346,901)	(314,810)	(661,711)	(456,037)	(341,170)	(797,207)
Total, net ⁽¹⁾	44,702,923	968,942	45,671,865	39,704,579	1,014,550	48,719,129

a.2) Full Risk Portfolio for BNB

Financing	12.31.2014			12.31.2013		
	Normal	Past due	Balance	Normal	Past due	Balance
Agribusiness financing	1,425	-	1,425	1,375	-	1,375
Rural financing	260,551	8,924	269,475	242,751	8,909	251,660
Subtotal	261,976	8,924	270,900	244,126	8,909	253,035
Onlending to BNB	1,605,289	-	1,605,289	1,455,982	-	1,455,982
Onlending to other institutions	162,800	-	162,800	158,693	-	158,693
Total portfolio	2,030,065	8,924	2,038,989	1,858,801	8,909	1,867,710
Total, net ⁽¹⁾	2,030,065	8,924	2,038,989	1,858,801	8,909	1,867,710

a.3) Shared Risk Portfolio

Financing	12.31.2014			12.31.2013		
	Normal	Past due	Balance	Normal	Past due	Balance
Financing	19,923,258	468,882	20,392,140	16,357,524	363,266	16,720,790
Export financing	44,329	8,690	53,019	53,562	3,777	57,339
Infrastructure and development financing	5,004,725	-	5,004,725	5,462,831	-	5,462,831
Agribusiness financing	968,421	38,379	1,006,800	1,000,474	33,918	1,034,392
Rural financing	9,969,982	351,800	10,321,782	9,203,911	437,098	9,641,009
Subtotal	35,910,715	867,751	36,778,466	32,078,302	838,059	32,916,361
Total portfolio	35,910,715	867,751	36,778,466	32,078,302	838,059	32,916,361
Allowance	(51,007)	(184,711)	(235,718)	(65,875)	(196,685)	(262,560)
Total, net ⁽¹⁾	35,859,708	683,040	36,542,748	32,012,427	641,374	32,653,801

a.4) Full Risk Portfolio for FNE

Financing	12.31.2014			12.31.2013		
	Normal	Past due	Balance	Normal	Past due	Balance
Financing	59,798	9,369	69,167	63,890	11,432	75,322
Agribusiness financing	66,503	8,293	74,796	68,882	7,869	76,751
Rural financing	6,890,069	342,809	7,232,878	5,940,521	381,953	6,322,474
Subtotal	7,016,370	360,471	7,376,841	6,073,293	401,254	6,474,547
Onlending to other institutions	50,861	-	50,861	53,123	-	53,123
Total portfolio	7,067,231	360,471	7,427,702	6,126,416	401,254	6,527,670
Allowance	(295,894)	(130,099)	(425,993)	(390,162)	(144,485)	(534,647)
Total, net ⁽¹⁾	6,771,337	230,372	7,001,709	5,736,254	256,769	5,993,023

a.5) Full Risk Portfolio for PROCERA

Financing	12.31.2014			12.31.2013		
	Normal	Past due	Balance	Normal	Past due	Balance
Rural financing	41,813	46,606	88,419	97,097	107,498	204,595
Subtotal	41,813	46,606	88,419	97,097	107,498	204,595
Total portfolio	41,813	46,606	88,419	97,097	107,498	204,595
Total, net ⁽¹⁾	41,813	46,606	88,419	97,097	107,498	204,595

⁽¹⁾ The "Normal" status took into account allowances arising from renegotiations/acquisitions and extraordinary allowance set up due to irregularities identified in operations by Internal Audit. The "Past due" status took into account allowances set up exclusively due to delay.

b) Pursuant to the legislation that regulates Constitutional Financing Funds, National Family Farming Strengthening Program (PRONAF) and Special Credit Program for Agrarian Reform (PROCERA/Programa da Terra), the risk of transactions with FNE's funds is as follows:

b.1) Transactions contracted until 11.30.1998:

- In transactions related to Programa da Terra, the risk lies totally with PROCERA; and
- in other transactions, the risk is assumed by FNE.

b.2) Transactions contracted beginning 12.1.1998:

- in financing under Programa da Terra, the risk lies with PROCERA;
- in transactions under PRONAF, Groups A, A.Microcredit, B and A.C, and Forest, Semiarid, Emergency, Flooding, Drought, Semiarid-Drought-2012 and Drought-2012-Costing, the risk lies totally with FNE;
- in onlending to Banco do Nordeste whose funds are used in BNB's own lending operations, the risk is fully assumed by Banco do Nordeste;
- in onlending to other institutions authorized to operate by the Central Bank of Brazil, contracted until 11.30.1998, the risk is fully assumed by FNE. Under a specific clause of the onlending agreements, the risk on financing granted to final borrowers is fully assumed by the lender;
- in onlending to other institutions authorized to operate by the Central Bank of Brazil, contracted after Administrative Ruling No. 616 of 5.26.2003 becomes effective, the risk lies totally with BNB. Under referred Administrative Ruling and under a specific clause of the onlending agreements, the risk on financing granted to final borrowers is fully assumed by the lender;

- in the transactions addressed by Article 31 of Law No. 11775 of 9.17.2008, the risk lies 100% with Banco do Nordeste, if the risk of the original transaction is fully attributed to the Bank, or shared, when the renegotiated transaction involves this type of risk; and
 - in other transactions, the risk is 50% for FNE and 50% for BNB.
- c) Pursuant to sole paragraph of Article 3 of Interministerial Administrative Ruling No. 11 of 12.28.2005, the allowance for loan losses is recorded by FNE in accordance with the criteria set forth in item I, letters “a” and “b” of the same Article, pursuant to which an allowance must be recorded for amounts past-due for more than 180 days, according to the risk assumed. Changes in the allowance for loan losses in the year are as follows:

Specification	12.31.2014	12.31.2013
Allowance for loan losses at the beginning of the year	797,207	892,027
. Full FNE Risk	534,647	604,540
. Shared risk	262,560	287,487
(+) Net allowance recognized for the year	620,639	629,758
Net provision for discounts - Acquired Transactions under Law No. 11322	5	38
. Full FNE Risk	5	38
Allowance for loan losses - expenses	620,634	629,720
. Full FNE Risk	268,782	304,084
. Allowance for past due payment.Renegotiations	280,314	315,915
. Allowance Adjustments due to discounts	(11,532)	(11,831)
. Shared risk	351,852	325,636
. Allowance for past due payment.Renegotiations	355,242	366,801
. Adjustments of provision for operations indicating irregularities	(3,390)	(41,165)
(-) Receivables written off as loss for year	756,135	724,578
. Full FNE Risk	377,441	374,015
. Shared risk	378,694	350,563
(=) Allowance for loan losses at the end of the year	661,711	797,207
. Full FNE Risk	425,993	534,647
. Shared risk	235,718	262,560

- d) Considering that PROCERA is responsible for the risk of loan transactions under “Programa da Terra” with FNE’s funds, no allowance for loan losses is recognized.
- e) Under Interministerial Administrative Ruling No. 46, of 3.07.2007, an allowance for loan losses is recorded for transactions renegotiated under Law No. 11322 of 7.13.2006, as described below:
- e.1) For transactions with other sources of funds acquired by FNE: in an amount equal to the negative goodwill determined on acquisition by the Fund, recorded as a contra entry to loan transactions. The amounts for the year are described in subaccount “Net Provision for Negative Goodwill - Transactions Acquired based on Law No. 11322” in the table in item “c” of this Note; and
- e.2) For renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts eventually written off from assets as a loss, recorded as a contra entry to “Expenses on allowance for loan losses”. The allowance decreased by R\$ 68,630 in the year (decrease by R\$ 53,279 at 12.31.2013), including R\$ 63,176 (decrease by R\$ 45,840 at 12.31.2013) referring to full FNE risk transactions and R\$ 5,454 (decrease by R\$ 7,439 at 12.31.2013) referring to shared risk transactions. These amounts include R\$ 38,127 (decrease by R\$ 37,638 at 12.31.2013) arising from rebates and remissions of transactions classified under Law No. 12249 of 06.11.2010 and Law No. 12716 of 9.21.2012, including R\$ 35,531 (decrease by R\$ 32,130 at 12.31.2013) referring to full FNE risk transactions and R\$ 2,596 (decrease by R\$ 5,508 at 12.31.2013) referring to shared-risk transactions. These amounts are included in subtitle “Allowance for loan losses” in the table in item “c” of this note.
- f) Interministerial Administrative Ruling No. 244, of 10.14.2008, establishes that an allowance for loan losses is recorded for transactions renegotiated under Law No. 11775 of 09.17.2008, as described below:
- f.1) For renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts written off from assets as a loss, matched against “Expenses on Operating Provisions”; and
- f.2) For renegotiated FNE transactions, the allowance was reduced by R\$ 25,589 (R\$ 33,367 at 12.31.2013), including R\$ 19,564 (R\$ 19,862 at 12.31.2013) referring to full FNE risk transactions and R\$ 6,025 (R\$ 13,505 at 12.31.2013) referring to shared-risk transactions. These amounts include a decrease by R\$ 13,987 (R\$ 18.528 at 12.31.2013) arising from rebates and

remissions of transactions classified under Law No. 12249 of 06.11.2010 and Law No. 12716 of 9.21.2012, including R\$ 11,585 (R\$ 12,090 at 12.31.2013) referring to full FNE risk transactions and R\$ 2,402 (R\$ 6,438 at 12.31.2013) referring to shared-risk transactions. These amounts are included in subtitle "Allowance for loan losses" in the table in item "c" of this note.

- g) At 12.31.2014, the amount of R\$ 18,269 (R\$ 21,659 at 12.31.2013) is recorded as Allowance for Loan Losses, related to an extraordinary allowance set up in the year to cover the Fund's risk on loan transactions granted with evidence of irregularities, which are subject to inquiry by the Bank's Internal Audit Area. In such case, transaction balances were considered, according to the risk attributed to FNE, by supplementing those of which already recorded provision for past payments under Interministerial Administrative Ruling No 11, of 12.28.2005.
- h) The renegotiations documented in the year based on Law No. 11775, dated 9.17.2008, Law No. 9138, dated 11.29.1995, Law No. 10437, dated 4.25.2002 and Law No. 11322, dated 7.13.2006, Provisional Executive Order No. 2196-3 of 8.24.2001 and the remissions and rebates granted in conformity with Law No. 12249, dated 6.11.2010 and Law No. 12716, dated 9.21.2012, reduced the Fund's income by R\$ 30,821 (R\$ 216,213 decrease at 12.31.2013). This effect includes costs on renegotiation of transactions contracted between the Fund and other funding sources, mixed funding sources, acquired or reclassified to the Fund, as authorized by referred to Laws, as shown below:

Specification	12.31.2014	12.31.2013
Recovery of transactions written off of assets	87,571	70,604
Expenses - bonuses and waivers	(253,111)	(420,363)
Net effect on allowances	134,719	133,528
Total	(30,821)	(216,231)

- i) "Income from loans" is recorded in the income statement at the net amount as follows:

Specification	12.31.2014	12.31.2013
Income from loans	3,060,646	2,953,939
Expenses on BNB's financial (del credere) commission	(1,083,978)	(768,287)
Expenses on BNB's financial (del credere) commission from other institutions	(3,544)	(3,589)
Expenses on negative monetary restatement	(22,385)	(8,494)
Expenses on renegotiation discounts granted	(219,138)	(377,173)
Expenses on Rebates/bonuses for timely payment - contracted by Banco do Nordeste	(599,322)	(1,004,659)
Expenses on Rebates/bonuses for timely payment - Onlending Law No. 7827 - Article 9 A	(11,172)	(13,312)
Expenses on Rebates/bonuses for timely payment - Onlending to other institutions	(18,552)	(2,148)
Expenses on principal rebates - Receivables from FAT - BNDES - Law No. 10193, of 2.14.2001	(2)	(6)
FNE's transactions honored by BNB - Rebate/Recalculation - Resolution No. 4298/4299	(202)	-
Expenses on transactions - Other sources - Acquisitions Law No. 11322, of 7.13.2006	(82)	(327)
Expenses on other transactions BNB - Remission Law No. 12249, of 6.11.2010	-	(155)
Expenses on other transactions BNB - Rebate Law No. 12249/12844 of 6.11.2010 and 7.19.2013	(3,268)	(2,597)
FNE's expenses honored by the Bank - Remission Law 12249 of 6.11.2010	(4)	(78)
FNE's expenses honored by the Bank - Rebate Law 12249/12844 of 6.11.2010 and 7.19.2013	(18,604)	(25,612)
Write-off of excess book value - receipt of assets	-	(15)
Total	1,080,393	747,847

j) Recognition of Losses and Return of BNB's Share of Risk

- j.1) Regardless of the provisions set forth in sole paragraph of Article 3, Administrative Ruling No. 11, based on which losses can be recorded in FNE's accounting books at the amounts of principal and charges past-due for more than 360 days, according to the risk percentage assumed by the

Fund, the Bank recognized losses on these transactions considering the amounts of principal and charges past due for more than 329 days.

- j.2) Funds related to BNB's share of risk are returned to FNE on the second business day after losses are recognized by the Fund, according to the criterion set forth in item II, letter "a", Article 5 of Administrative Ruling No. 11 of 12.28.2005, in compliance with the provision in letter j.1 above.
- j.3) In the year, BNB returned to FNE the amount of R\$ 387,388 (R\$ 358,817 in 2013), related to BNB's share of risk in transactions that were written off as loss.

k) Renegotiation and reclassification of loans

Law No. 11775, of 9.17.2008, established measures to encourage the settlement or renegotiation of debts from rural credit transactions and land mortgage loan, with the following impacts on FNE.

- k.1) Renegotiation of financing contracted with FNE's funds;
- k.2) engagement of new transactions with FNE's funds to settle debts related to the Program for the Recovery of Cocoa Farming in Bahia, entered into with risks partially or fully assumed by the National Treasury Department, the State of Bahia and FNE;
- k.3) Engagement of new transactions with FNE funds to settle debts related to the Japanese and Brazilian Cooperation Program for the Development of the Cerrado Region (PRODECER) - Stage III;
- k.4) reclassification for the Fund of transactions carried out with Pronaf where risk lies with Federal Government;
- k.5) reclassification for the Fund of transactions carried out with funds from FAT; and
- k.6) reclassification to the FNE of transactions entered into with mixed funds from other sources.

The same statute authorized the replacement of financial charges on outstanding rural and non-rural transactions, contracted until 1.14.2001, subject to floating rates and backed with resources from FNE, by fixed rates set by legislation applicable to this kind of transaction.

In the year, credits were reclassified to FNE or new operations were contracted to settle financings with funds from other sources, with full risk for the Fund, totaling R\$369 (R\$779 in 2013), under referred to law, as follows:

Specification	12.31.2014	12.31.2013
Article 7 (Cocoa Farming Operations in Bahia)	325	294
Article 19 (Operation whose risk lies with the Federal Government - funds from FAT)	44	485
Total	369	779

Also under Law No. 11775, de 9.17.2008, credits were reclassified to FNE or new operations were contracted to settle financings with funds from other sources, with full risk for Banco do Nordeste, in the amount of R\$2,285 (R\$18,532 in 2013), as follows:

Specification	12.31.2014	12.31.2013
Article 31 (mixed Funds from Other Sources/FNE's transactions)	1,803	16,226
Article 31 (FAT transactions)	482	2,306
Total	2,285	18,532

NOTE 7 - Prior Years' Adjustments

The net negative adjustment at 12.31.2014 of R\$69,622 (negative R\$26,987 at 12.31.2013), refers to recalculations of charges on loan transactions.

NOTE 8 - Onlending to BNB under article 9-A of Law No. 7827 of 9.27.1989

The outstanding debt balance of onlending made to Banco do Nordeste, through a Subordinated Debt Instrument, is as under:

Specification	12.31.2014	12.31.2013
Available Funds	923,752	709,475
Invested Funds	681,537	746,507
Total	1,605,289	1,455,982

The line "Available funds" records amounts temporarily not invested by the BNB in loan transactions, and yield at extra-market interest rate disclosed by the Central Bank of Brazil.

The line "Invested Funds" corresponds to the amounts released by Banco do Nordeste to the borrowers of the financing agreements, restated based on contractual indices, as set forth by legislation and the Subordinated Debt Instrument entered into.

NOTE 9 - Registration with the Federal Government Integrated Financial Management System (SIAFI)

In compliance with Administrative Ruling No. 11, of 12.28.2005, the accounting information related to FNE is available on SIAFI, considering the Fund's specific characteristics.

Fortaleza, February 6, 2015.

The Executive Board

NOTE: See accompanying notes.

Financial statements

Fundo Constitucional de Financiamento do Nordeste (FNE)

December 31, 2014
with independent auditor's report on financial
statements

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency and in accordance with the accounting practices described in Notes 2, 4 and 6 to the financial statements

Independent auditor's report on financial statements

The Management

Fundo Constitucional de Financiamento do Nordeste (FNE)

(Administered by Banco do Nordeste do Brasil S.A.)

We have audited the accompanying financial statements of Fundo Constitucional de Financiamento do Nordeste ("Fund"), which comprise the balance sheet as at December 31, 2014, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the accounting practices described in Notes 2, 4, and 6, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Fund's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by administrator, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundo Constitucional de Financiamento do Nordeste (FNE) as at December 31, 2014, its operating performance and its cash flows for the period then ended, in accordance with accounting practices described in Notes 2, 4 and 6.

Emphasis of matter

Basis of preparation of financial statements

Without modifying our opinion, we draw attention to Notes 2, 4, and 6, which describe the basis of preparation of these financial statements. These financial statements were prepared by the Fund's Management to comply with the standards and rules applicable to constitutional funds. Consequently, these financial statements may not be appropriate for other purposes.

São Paulo, February 6, 2015.

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

Eduardo Braga Perdigão
Accountant CRC-1CE013803/O-8

MANAGEMENT COUNCIL: Dyogo Henrique de Oliveira (President) – Demetrius Ferreira e Cruz – Fabrício da Soller – Martim Ramos Cavalcanti – Nelson Antonio de Souza – Zilana Melo Ribeiro

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ACCOUNTANT: Aíla Maria Ribeiro de Almeida Medeiros – CRC-CE 016318/O-7
