

ASSETS		LIABILITIES AND EQUITY	
ASSETS IN FOREIGN CURRENCIES	<u>1,399,415,586</u>	LIABILITIES IN FOREIGN CURRENCIES	<u>78,701,538</u>
Cash and Cash Equivalents	76,155,932	Items in the Course of Collection	3,104,341
Time Deposits Placed with Financial Institutions	47,011,564	Deposits Received from Financial Institutions	2,530
Funds Under External Management	20,786,263	Financial Assets Sold Under Repurchase Agreements	9,565,304
Financial Assets Purchased Under Resale Agreements	71,876,541	Derivatives	181,595
Derivatives	113,459	Accounts Payable	14,510,468
Securities	1,114,462,299	Deposits Received from International Financial Organizations	51,331,107
Receivables	4,033,068	Other	6,193
Gold	9,494,327		
Investment in International Financial Organizations	55,482,133		
ASSETS IN LOCAL CURRENCY	<u>1,457,545,485</u>	LIABILITIES IN LOCAL CURRENCY	<u>2,447,663,822</u>
Cash and Cash Equivalents	264	Items in the Course of Collection	26,053,283
Deposits	1,387,403	Deposits Received from Financial Institutions	374,819,968
Financial Assets Purchased Under Resale Agreements	3,525	Financial Assets Sold Under Repurchase Agreements	981,468,037
Derivatives	121,220,436	Derivatives	48,046,878
Federal Government Securities	1,307,292,246	Payables to the Federal Government	987,211,865
Receivables from the Federal Government	2,860	Accounts Payable	698,029
Receivables	25,554,921	Deposits Received from International Financial Organizations	12,940
Property and Equipment	841,101	Provisions	29,289,115
Other	1,242,729	Other	63,707
		CURRENCY IN CIRCULATION	<u>203,800,952</u>
		EQUITY	<u>137,884,541</u>
		Capital	139,675,451
		Revenue Reserve	6,624,205
		Revaluation Reserve	428,561
		Gains (Losses) Recognized Directly in Equity	(8,843,676)
		INCOME ACCOUNTS	<u>(11,089,782)</u>
		Creditor	365,199,780
		(Debtor)	(376,289,562)
TOTAL ASSETS	<u>2,856,961,071</u>	TOTAL LIABILITIES AND EQUITY	<u>2,856,961,071</u>

BANCO CENTRAL DO BRASIL
INCOME STATEMENT - PERIOD FROM JANUARY TO MARCH 2016
In thousands of Reais

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Interest income	44,619,531
Interest expenses	<u>(75,195,326)</u>
Net interest result	(30,575,795)
Gains (losses) on financial instruments classified as At fair value through profit or loss, held for trading	30,545,172
Gains (losses) on financial instruments classified as At fair value through profit or loss, by designation of the management	1,744,497
Gains (losses) from foreign currencies	(12,157,011)
Gains (losses) from monetary gold	558,586
Other income	1,472,950
Other expenses	(2,678,181)
NET INCOME FOR THE PERIOD	<u>(11,089,782)</u>



EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS – March 31, 2016

FISCAL RESPONSIBILITY LAW – MANDATORY INFORMATION

a) Impact and fiscal cost of operations – Fiscal Responsibility Law, paragraph 2 of Article 7

The sole paragraph of Article 8 of Law 4,595, of December 31, 1964, with the wording given by Decree Law 2,376, of November 25, 1987, establishes that “as from January 1st, 1988, the results obtained by the Banco Central, considering the revenues and expenses related to all its operations, shall be determined on an accrual basis and transferred to the National Treasury, after offsetting any losses from prior fiscal years”.

This provision was partially amended by the Fiscal Responsibility Law (Complementary Law 101 of May 4, 2000):

“Article 7. The result of the Banco Central do Brasil, calculated after the recording or reversal of reserves, constitutes revenue of the National Treasury and will be transferred no later than the 10th working day subsequent to the approval of the semiannual balance sheets.

Paragraph 1. The negative result will constitute a liability of the Treasury owed to the Banco Central do Brasil and will be consigned in a specific budget allocation account.”

Pursuant to Clause II of Article 2 of Provisional Measure 2,179-36, of August 24, 2001, this negative result must be covered no later than the 10th working day of the year following the approval of the balance sheet by the National Monetary Council.

Accordingly:

- I - the result of the Banco Central do Brasil considers the revenues and expenses related to all its operations;
- II - the positive results are transferred as revenues to the National Treasury and the negative results are covered as expenses of the National Treasury;
- III - these results are included in the budget in the National Treasury account.

The Banco Central do Brasil presented a negative result of R\$11,089,782 thousand in the first quarter of 2016 and, together with the result to be determined in the second quarter, will compose the result of the first half of 2016, which will be transferred to or covered by the National Treasury. In conformity with paragraph 5 of Article 9 of the Fiscal Responsibility Law, within 90 days after the half-year end, the Banco Central do Brasil shall present, in a joint meeting of the pertinent thematic committees of the National Congress, an evaluation report on the fulfillment of the objectives and goals of the monetary, credit and foreign exchange policies, clearly showing the impact and the fiscal cost of its operations and the results presented in the financial statements.

b) Cost of remunerating the deposits of the National Treasury – Fiscal Responsibility Law, paragraph 3 of Article 7

The cost corresponding to the remuneration of the deposits of the National Treasury amounted to R\$27,479,281 thousand in the first quarter of 2016.

c) Cost of maintaining the foreign exchange reserves – Fiscal Responsibility Law, paragraph 3 of Article 7

The cost of maintaining the foreign exchange reserves is calculated, on a daily basis, by the difference between the rate of profitability of the international reserves, including foreign exchange variation, and the average rate of funding calculated by the Banco Central do Brasil.



BANCO CENTRAL DO BRASIL

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At March 31, 2016, 88.52% of the reserve assets were composed of securities, as published in the International Reserves and Liquidity in Foreign Currencies table, available on the Banco Central do Brasil's website (www.bcb.gov.br).

In the first quarter of 2016, the international reserves presented a negative return of 7.34%, totaling 8.16% negative (R\$118,194,265 thousand) when taking into consideration the funding cost.

	International Reserves		Funding	Cost of Maintaining	
	Average Balance (R\$ thousand)	Profitability (%)	Cost (%)	International Reserves (%)	International Reserves (R\$ thousand)
1st quarter/2016	1,448,421,501	(7.34)	(0.82)	(8.16)	(118,194,265)
Total for the half year					(118,194,265)

It should be pointed out that the foreign exchange restatement presents a difference resulting from the translation of the amounts of the reserve assets into Reais, and it is not a realized result from a financial point of view. Therefore, after excluding this restatement, the international reserves presented in the first quarter of 2016 a positive return of 0.86%, being comprised of accrued interest (0.10%) and the positive mark-to-market adjustment of the assets (0.76%). After deducting the funding cost, the net result of the reserves in the first quarter of 2016 was positive by 0.04% (R\$512,130 thousand).

	International Reserves		Funding	Cost of Maintaining	
	Average Balance (R\$ thousand)	Profitability, excluding foreign exchange variation (%)	Cost (%)	International Reserves (%)	International Reserves (R\$ thousand)
1st quarter/2016	1,448,421,501	0.86	(0.82)	0.04	512,130
Total for the half year					512,130

d) Profitability of the securities portfolio – Fiscal Responsibility Law, paragraph 3 of Article 7

The profitability of the securities portfolio of the Banco Central do Brasil, composed exclusively of securities issued by the Federal Government, was R\$44,390,249 thousand in the first quarter of 2016.

Governor: Alexandre Antonio Tombini

Deputy governors: Aldo Luiz Mendes, Altamir Lopes, Anthero de Moraes Meirelles, Luiz Edson Feltrim, Otávio Ribeiro Damaso, Sidnei Corrêa Marques and Tony Volpon

Head of the Accounting and Financial Department: Eduardo de Lima Rocha
Accountant – CRC-DF 12,005/O-9