Cielo S.A.

Individual and Consolidated Interim Financial Information for the Three-month Period ended March 31, 2016 and Report on Review of Interim Financial Information - ITR

Contents

Report on the review of the Interim Financial Information

To the Shareholders and Management of
Cielo S.A.
Barueri-SP

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Cielo S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2016, which comprise the balance sheet as of March 31, 2016 and related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the quarter then ended, including the explanatory notes.

Company's Management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) - *Demonstração Intermediária* and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review
We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above has not been prepared in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Interim Financial Information and presented in accordance with the standards issued by CVM.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA"), for the quarter ended March 31, 2016, which were prepared under Company's Management responsibility, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects consistently with individual and consolidated interim financial information taken as a whole.

Osasco, May 2, 2016

KPMG Auditores Independentes
CRC 2SP028567/O-1 F-SP
Original report in Portuguese signed by
André Dala Pola
Accountant CRC 1SP214007/O-2

Cielo S.A.

Statements of Financial Position at March 31, 2016 and December 31, 2015

(In thousand of Brazilian Reais - R$)

		Parent Company		Consolidated	
Assets	**Notes**	**03/31/2016**	**12/31/2015**	**03/31/2016**	**12/31/2015**
Current Assets					
Cash and cash equivalents	4	389,525	44,487	1,660,525	1,249,524
Trade receivables	5	9,243,718	10,153,664	10,188,537	11,151,905
Trade receivables from related parties	29	6,422	1,587	4,923	459
Prepaid and recoverable taxes		-	-	2,304	1,814
Prepaid expenses		30,755	10,369	42,736	17,350
Derivative financial instruments	28	110,665	213,314	110,665	213,314
Other receivables		17,572	16,736	50,910	41,488
Total current assets		9,798,657	10,440,157	12,060,600	12,675,854
Noncurrent Assets					
Financial investments	13	68,296	66,124	68,296	66,124
Deferred income tax and social contribution	6.a)	708,347	650,169	810,061	744,893
Escrow deposits	16.b)	1,356,660	1,296,203	1,363,036	1,302,455
Other receivables		15,675	11,766	42,232	41,352
Investments	7	9,816,183	9,934,761	88,285	105,108
Property and equipment	8	662,498	720,204	695,578	751,517
Intangible assets	9 and 10	161,362	151,174	13,934,938	14,290,498
Total noncurrent assets		12,789,021	12,830,401	17,002,426	17,301,947
Total Assets		22,587,678	23,270,558	29,063,026	29,977,801

		Parent Company		Consolidated	
Liabilities and Equity	**Notes**	**03/31/2016**	**12/31/2015**	**03/31/2016**	**12/31/2015**
Current Liabilities					
Payables to merchants	12	846,177	891,898	1,436,147	1,503,254
Prepayment of receivables from card-issuing banks	11	-	1,269,190	-	1,269,190
Borrowings	13	3,230,440	3,290,353	3,244,736	3,291,228
Trade payables		585,184	554,834	718,388	663,214
Taxes payable	14	567,844	158,192	601,771	275,733
Payables to related parties	29	16,687	17,808	2,025	398
Dividends payable	17.g)	79,000	540,938	79,000	540,938
Other payables	15	121,315	176,256	457,707	519,999
Total current liabilities		5,446,647	6,899,469	6,539,774	8,063,954
Noncurrent liabilities					
Borrowings	13	8,250,757	8,437,535	9,682,692	10,008,265
Provision for risks	16.a)	1,461,110	1,401,073	1,482,174	1,420,270
Deferred income tax and social contribuition	6.b)	-	-	273,067	303,678
Other payables	15	10,108	11,804	15,866	17,667
Total noncurrent liabilities		9,721,975	9,850,412	11,453,799	11,749,880
Equity					
Issued capital	17.a)	2,500,000	2,500,000	2,500,000	2,500,000
Capital reserve	17.b)	61,113	64,305	61,113	64,305
Treasury shares	17.c)	(153,868)	(140,648)	(153,868)	(140,648)
Comprehensive income	17.d)	11,804	13,401	11,804	13,401
Earnings reserves	17.e) and f)	5,000,007	4,083,619	5,000,007	4,083,619
Attributable to:					
Owners of the Parent Company		7,419,056	6,520,677	7,419,056	6,520,677
Noncontrolling interests		-	-	3,650,397	3,643,290
Total equity		7,419,056	6,520,677	11,069,453	10,163,967
Total Liabilities and Equity		22,587,678	23,270,558	29,063,026	29,977,801

The accompanying notes are an integral part of these interim financial statements

Cielo S.A.

Interim statements of profit or loss

For the quarters ended March 31, 2016 and 2015

(In thousand of Brazilian Reais - R$, except earnings per share)

		Parent Company		Consolidated	
	Note	**03/31/2016**	**03/31/2015**	**03/31/2016**	**03/31/2015**
Net Revenue	19	1,826,355	1,702,385	3,047,898	2,351,764
Cost of Services provided	20	(544,421)	(506,390)	(1,462,933)	(993,370)
Gross Profit		1,281,934	1,195,995	1,584,965	1,358,394
Operating income (expenses)					
Personnel	20	(67,633)	(62,699)	(126,453)	(106,489)
General and administrative	20	(101,685)	(90,697)	(146,513)	(114,864)
Sales and marketing	20	(58,293)	(54,126)	(61,048)	(55,041)
Share of profit of investees	7	68,110	42,698	1,984	3,711
Other operating expenses, net	20 and 21	(52,238)	(54,148)	(92,896)	(55,588)
Operating profit		1,070,195	977,023	1,160,039	1,030,123
Finance income					
Finance income	27	27,951	51,333	58,760	53,091
Finance costs	27	(322,964)	(176,139)	(338,775)	(188,250)
Revenue from purchase of receivables	27	624,036	462,914	623,393	462,914
Exchange differences, net	27	(2,127)	2,224	(2,122)	2,240
		326,896	340,332	341,256	329,995
Operating profit before income tax and social contribution		1,397,091	1,317,355	1,501,295	1,360,118
Income tax and social contribution					
Current	6.b)	(459,880)	(404,938)	(540,540)	(477,121)
Deferred	6.b)	58,178	(568)	77,500	43,169
Profit for the quarter		995,389	911,849	1,038,255	926,166
Attributable to:					
Owners of the Company				995,389	911,849
Noncontrolling interests				42,866	14,317
				1,038,255	926,166
Earnings per Share (in R$) - Basic	18	0.52895	0.48505	0.52895	0.48505
Earnings per Share (in R$) - Diluted	18	0.52766	0.48369	0.52766	0.48369

The accompanying notes are an integral part of these interim financial statements

Cielo S.A.

Interim statements of comprehensive income

For the quarters ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Profit for the quarter	995,389	911,849	1,038,255	926,166
Comprehensive income				
Exchange differences on translating of foreign operations:				
Exchange differences on foreign investments	(108,895)	173,083	(108,895)	173,083
Gains and losses from hedging instruments of foreign operations, net of taxes	107,298	(171,168)	107,298	(171,168)
Changes for the quarter	(1,597)	1,915	(1,597)	1,915
Total comprehensive income for the quarter	993,792	913,764	1,036,658	928,081
Attributable to:				
Owners of the Company			993,792	913,764
Noncontrolling interest			42,866	14,317

The accompanying notes are an integral part of these interim financial statements

Cielo S.A.

Interim statements of changes in equity

For the quarters ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

		Attributable to owners of the Company										
					Earnings reserves							
		Issued capital	**Capital reserve**	**Treasury shares**	**Legal reserve**	**Capital budget**	**Additional dividends**	**Earnings retention**	**Comprehensive income**	**Total owners of the Parent Company**	**Noncontrolling interests**	**Total equity**
Balance as at January 1, 2015		2,000,000	75,854	(194,478)	360,992	1,776,914	283,859	-	5,969	4,309,110	15,290	4,324,400
Dividends paid in addition to the minimum mandatory dividends in 2014	17.g)	-	-	-	-	-	(283,859)	-	-	(283,859)	-	(283,859)
Stock options granted	19	-	5,601	-	-	-	-	-	-	5,601	-	5,601
Sale of treasury shares under the stock option plan	19 and 17.c)	-	(6,782)	11,081	-	-	-	-	-	4,299	-	4,299
Profit for the quarter		-	-	-	-	-	-	911,849	-	911,849	14,317	926,166
Allocation of profit for the quarter:												
Legal reserve	17.e)	-	-	-	39,008	-	-	(39,008)	-	-	-	-
Proposed interest on capital		-	-	-	-	-	-	(54,500)	-	(54,500)	-	(54,500)
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	-	3,590,688	3,590,688
Comprehensive income:												
Exchange differences on translating foreign operations:												
Exchange on net foreign investments		-	-	-	-	-	-	-	173,083	173,083	-	173,083
Gains and losses on hedging instruments on foreign operations, net of taxes		-	-	-	-	-	-	-	(171,168)	(171,168)	-	(171,168)
Balances as at March 31, 2015		2,000,000	74,673	(183,397)	400,000	1,776,914	-	818,341	7,884	4,894,415	3,620,295	8,514,710
Balance as at December 31, 2015		2,500,000	64,305	(140,648)	500,000	3,583,619	-	-	13,401	6,520,677	3,643,289	10,163,966
												-
Acquisition of treasury shares	17.c)	-	-	(24,904)	-	-	-	-	-	(24,904)	-	(24,904)
Stock options granted	26	-	5,903	-	-	-	-	-	-	5,903	-	5,903
Sale of treasury shares under the stock option plan	26 and 17.c)	-	(9,095)	11,684	-	-	-	-	-	2,589	-	2,589
Profit for the quarter		-	-	-	-	-	-	995,389	-	995,389	42,866	1,038,255
Allocation of profit for the quarter:												
Proposed interest on capital		-	-	-	-	-	-	(79,000)	-	(79,000)	-	(79,000)
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	-	(35,758)	(35,758)
Comprehensive income:												
Exchange differences on translating foreign operations:												
Exchange on net foreign investments		-	-	-	-	-	-	-	(108,895)	(108,895)	-	(108,895)
Gains and losses on hedging instruments on foreign operations, net of taxes		-	-	-	-	-	-	-	107,298	107,298	-	107,298
Balances as at March 31, 2016		2,500,000	61,113	(153,868)	500,000	3,583,619	-	916,389	11,804	7,419,057	3,650,397	11,069,454

The accompanying notes are an integral part of these interim financial statements

Cielo S.A.

Interim statements of cash flows

For the quarters ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		03/31/2016	03/31/2015	03/31/2016	03/31/2015
Cash flows from operating activities					
Profit before income tax and social contribution		1,397,091	1,317,355	1,501,295	1,360,118
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:					
Depreciation and amortization	8 and 10	109,382	96,397	247,603	156,448
Recognition of provision for losses on property and equipment and intangible assets		4,470	28	4,470	28
Residual value of property and equipment and intangible assets disposed of	8 and 10	12,242	5,672	14,194	5,980
Stock option granted	26	5,903	5,601	5,903	5,601
Losses on non-performing loans and chargebacks	21	27,659	41,970	38,631	41,970
Provision for tax, civil and labor risks	16.a)	62,178	51,346	64,046	51,787
Unearned revenue from purchase of receivables	5	(31,111)	12,792	(31,111)	12,792
Noncontrolling interests		-	-	42,866	14,317
Exchange differences relating to interest on foreign borrowings		(110,588)	2,469	(110,588)	2,469
Unrealized gains on derivatives		102,649	-	102,649	-
Interest on borrowings	13	322,281	203,797	337,490	214,960
Provision for losses in investments		-	-	23,997	-
Share of profit (loss) of investees	7	(68,110)	(42,698)	(1,984)	(3,711)
(Increase) decrease in operating assets:					
Trade receivables		941,057	85,449	994,479	(257,927)
Receivables from related parties		(4,835)	(2,147)	(4,464)	312
Prepaid and recoverable taxes		-	-	11,842	363
Other receivables (current and noncurrent)		(6,920)	(811)	(12,474)	(6,655)
Escrow deposits	16b)	(60,457)	(50,681)	(60,581)	(50,808)
Prepaid expenses		(20,386)	(4,508)	(25,386)	(5,610)
Increase (decrease) in operating liabilities:					
Payables to merchants		(1,342,570)	1,283,161	(1,374,928)	1,635,735
Trade payables		30,350	(77,887)	55,174	44,119
Taxes payable		218	(235)	(8,139)	24,408
Payables to related parties		(1,121)	3,988	1,627	-
Other payables (current and noncurrent)		(56,636)	(17,470)	(106,959)	(36,341)
Payment of tax, civil and labor lawsuits	16.a)	(2,141)	(1,921)	(2,142)	(2,663)
Cash generated from operations		1,310,605	2,911,667	1,707,510	3,207,692
Interest paid	13	(256,858)	(6,528)	(256,858)	(6,528)
Income tax and social contribution paid		(105,721)	(627,593)	(261,638)	(638,024)
Net cash generated by operating activities		948,026	2,277,546	1,189,014	2,563,140
Cash flows from investing activities					
Capital increase in subsidiaries, joint ventures and associate	7	(9,540)	(8,390,200)	(9,240)	-
Dividends received from subsidiaries	7	87,333	5,132	4,050	-
Additions to property and equipment and intangible assets, net of provision (reversal) for losses	8 and 10	(78,575)	(109,060)	(100,805)	(8,112,314)
Net cash used in investing activities		(782)	(8,494,128)	(105,995)	(8,112,314)
Cash flows from financing activities					
Acquisition of treasury shares	17.c)	(24,904)	-	(24,904)	-
Sale of treasury shares under the stock option plan		2,589	4,299	2,589	4,299
Borrowings	13	23,367	3,546,662	23,367	3,546,662
Payment of principal	13	(62,320)	(184,528)	(62,320)	(184,528)
Dividends and interest on capital		(540,938)	(769,680)	(576,697)	(769,680)
Net cash generated by (used in) financing activities		(602,206)	2,596,753	(637,965)	2,596,753
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiary		-	-	(34,053)	34,287
Increase (decrease) in cash and cash equivalents		345,038	(3,619,829)	411,001	(2,918,134)
Cash and cash equivalents					
Closing balance	4	389,525	138,208	1,660,525	1,080,587
Opening balance	4	44,487	3,758,037	1,249,524	3,998,721
Increase (decrease) in Cash and Cash Equivalents		345,038	(3,619,829)	411,001	(2,918,134)

The accompanying notes are an integral part of these interim financial statements

Cielo S.A.

Interim statements of value added

For the quarters ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	**03/31/2016**	**03/31/2015**	**03/31/2016**	**03/31/2015**
Revenues					
Sales of services	19	2,030,853	1,893,270	3,349,760	2,586,531
Losses on non-performing loans and chargebacks	21	(27,659)	(41,970)	(38,631)	(41,970)
		2,003,194	1,851,300	3,311,129	2,544,561
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of services		(402,013)	(375,530)	(1,219,612)	(828,365)
Materials, electric energy, outside services and others		(151,792)	(136,392)	(136,057)	(119,281)
Other expenses, net		(7,963)	(12,150)	(42,495)	(14,933)
Impairment of assets		(16,615)	(28)	(16,692)	(35)
		(578,383)	(524,100)	(1,414,856)	(962,614)
GROSS VALUE ADDED		1,424,811	1,327,200	1,896,273	1,581,947
DEPRECIATION AND AMORTIZATION	8 and 10	(109,382)	(96,397)	(247,603)	(156,448)
WEALTH CREATED, NET		1,315,429	1,230,803	1,648,670	1,425,499
WEALTH RECEIVED IN TRANSFER					
Share of profit of investees	7	68,110	42,698	1,984	3,711
Noncontrolling interests		-	-	(42,866)	(14,317)
Finance income, including purchase of receivables and exchange differences, net	27	712,725	577,671	744,383	579,445
		780,835	620,369	703,501	568,839
TOTAL WEALTH FOR DISTRIBUTION		2,096,264	1,851,172	2,352,171	1,994,338
DISTRIBUTION OF WEALTH					
Personnel and related taxes		(77,742)	(73,378)	(142,037)	(119,823)
Profit sharing	24	(17,373)	(16,012)	(22,129)	(20,579)
Taxes and contributions		(653,894)	(611,135)	(821,747)	(687,681)
Interest and rental expenses		(351,866)	(238,798)	(370,869)	(254,406)
Earnings retention		(995,389)	(911,849)	(995,389)	(911,849)
WEALTH DISTRIBUTED		(2,096,264)	(1,851,172)	(2,352,171)	(1,994,338)

The accompanying notes are an integral part of these interim financial statements

Notes to the individual and consolidated interim financial information

(Amounts in thousands of Brazilian Reais - R$, unless otherwise stated)

1 Operations

Cielo S.A. (the “Company” or “Cielo”) was established in Brazil on November 23, 1995, and is primarily engaged in providing services related to credit and debit cards and other means of payment, including signing up of merchants and service providers, rental, installation and maintenance of POS (point-of-sale) terminals, data capture and processing of electronic and manual transactions.

Cielo is a corporation headquartered in Barueri, State of São Paulo. Cielo’s shares are traded on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros, under ticker symbol “CIEL3”, and its subsidiaries comprise Banco do Brasil and Bradesco conglomerates.

The Company’s direct and indirect subsidiaries, joint ventures and associate, that, together with Cielo are also referred to as "Group" throughout this report, provide services related to means of payment or complementary to the acquiring services, such as provision of services in processing means of payments that involve cards, maintenance services and contacts with merchants for acceptance of credit and debit cards, data transmission services to load fixed or mobile phone credits, software development and licensing of computer programs, electronic transation's processing, IT services for collection and management of accounts payable and receivable using the Internet, data processing services and support services to medical companies.

Significant events of the quarters

During the quarter ended March 31, 2016, the following events occurred, which significantly impacted the Company's financial position:

- *Increase in Cielo’s profit by R$83,540 or 9.2% when comparing the quarters;*

- *Payment of dividends and interest on capital in the amount of R$ 540,938 related to profit earned in the second half of 2015;*

- *Payment of interest on private debentures amounting to R$ 246,824.*

New corporate business

On August 27, 2015, Cielo communicated the market in general and other stakeholders that it had signed documents to increase interest in its direct subsidiary Multidisplay, which is the parent company of M4Produtos. The transaction establishes that Cielo's interest will change from 50.10% to 91.44% in total capital, by means of investment of R$82.7 million.

The completion of the transaction is subject to the fulfillment of suspensive conditions, including, but not limited to, the obtainment of applicable authorizations from the Central Bank of Brazil.

2 Significant accounting practices

2.1 Statement of compliance, basis of preparation and presentation

The individual (Company) and consolidated interim financial information has been prepared in accordance with the international standard IAS 34 - "Interim Financial Reporting" and other International Financial Reporting Standards - IFRSs issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil which includes those established in the Brazilian Corporate Law, as well as the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

The individual and consolidated interim financial information is presented in Brazilian reais (R$), which is the Company's functional and presentation currency, and has been prepared based on the historical cost, unless otherwise stated.

The accounting policies applied in preparing the individual and consolidated interim financial information are the same as those used in the previous year, disclosed in Note 2 to the Financial Statements of the Company and its subsidiaries for the year ended December 31, 2015, approved and published on February 1, 2016 and made available on the website of CVM. Therefore, the interim accounting information should be read together with the financial statements as of December 31, 2015.

2.2 Main judgements, estimates and accounting assumptions

The preparation of individual and consolidated interim financial information requires the Company's and its subsidiaries' Management to make estimates that affect certain assets and liabilities, disclosure of contingent liabilities and the reported amounts of revenues and expenses for the period. Significant assets and liabilities subject to these estimates include the residual value of property and equipment and intangible assets, allowance for doubtful accounts (on trade accounts receivable from lease of POS equipment), deferred income tax and social contribution assets, impairment of goodwill, provision for risks and determining the fair value of financial instruments. Since management's judgment involves making estimates concerning the probability of occurrence of future events, actual results could differ from those estimates. The Company and its subsidiaries review estimates and assumptions at least annually.

2.3 Regulations issued by the Central Bank of Brazil (BACEN)

Due to Law 12865, published on October 9, 2013, the Company is subject to regulations issued by the Central Bank of Brazil (BACEN), according to guidelines established by the National Monetary Council (CMN), and regulations issued by the Central Bank itself. Therefore, the Company is subject to authorization of the Central Bank to operate, and must comply with the rules covering, among others, risk management, minimum equity levels and compliance with requirements similar to those of a Financial Institution. Management is taking the necessary steps and making adjustments to be in full compliance with the latest regulations as of the beginning from the granting of authorization by the BACEN.

In addition to the individual and consolidated financial information prepared in accordance with IFRSs and the accounting practices adopted in Brazil, the Company will be subject to disclose, as from the authorization by the regulatory agency, the financial information prepared in accordance with the set of criteria, procedures and accounting rules embodied in the Chart of Accounts for Institutions of the Brazilian Financial System (COSIF), which differs from some practices currently adopted and whose effects may be different.

The Company has already filled the authorization request protocol and awaits the decision of the BACEN.

2.4 New and revised standards and interpretations issued and not yet adopted

The new IFRSs issued by the IASB and not yet effective are:

- **IFRS 9 -** Financial Instruments **-** introduces new requirements for classification, mensurement and derecognition of financial assets and liabilities (effective for anual periods beginning on or after January 1, 2018). The Company does not expect significant effects of adopting this standard on the Financial Statements.

- **IFRS 15 -** Revenue from Contracts with Customers **-** introduces new requirements to recognize revenue from sales of goods and services (effective for annual periods beginning on or after January 1, 2018). The Company does not expect significant effects of adopting this standard on the Financial Statements.

- **IFRS 16 -** Leases **-** Requires recognition of operating leases in the same formats of finance leases (effective for annual periods beginning on or after January 1, 2019). The Company is evaluating the effects of adopting this standard on the Financial Statements.

3 Consolidated interim financial information

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries. When necessary, the subsidiaries' interim financial information is adjusted to conform their accounting policies to those set by the Group.

For subsidiaries, the full consolidation concept was applied, intended for investments in subsidiaries and entailing the recognition of all assets, liabilities, income and expenses in the parent, thus requiring the recognition of noncontrolling interests.

In the Company's individual interim financial information, the interim financial information on subsidiaries, joint ventures and associates is accounted for under the equity method.

The consolidated interim financial information includes the following direct and indirect subsidiaries, joint ventures and associate:

Companies	Interest in the capital (%) 03/31/2016	Interest in the capital (%) 12/31/2015	Main activities
Direct subsidiaries:			
Servinet Serviços Ltda. ("Servinet")	99.99	99.99	Provison of maintenance services and contacts with merchants and service providers for acceptance of credit and debit cards.
Cateno Gestão de Contas de Pagamentos S.A. ("Cateno")	70.00	70.00	Provision of services in processing means of payments that involve credit, debit and multiple cards of private and prepais labels (not including credit card management).
Cielo USA, Inc. ("Cielo USA")	100.00	100.00	Holding ownership interests in other companies as partner or shareholder.
Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay")	50.10	50.10	Provision of services in data transmission to load fixed or mobile phone credits.
Braspag Tecnologia em Pagamento Ltda. ("Braspag")	99.99	99.99	Development and licensing of software for computer; automated transaction processing; IT services for collection and management of accounts payable and receivable using the Internet.
Aliança Pagamentos e Participações Ltda. ("Aliança")	99.99	99.99	Providing services of contacts developing and maintenance with merchants and holding ownership interests in other companies as partner or shareholder.
Cielo Cayman Island ("Cielo Cayman")	100.00	100.00	Holding ownership interests in other companies as partner or shareholder. Cielo Cayman did not carry out any operational, non-operational, equity or financial activity up to the quarter ended March 31, 2016.
Indirect subsidiaries:			
M4Produtos e Serviços S.A. ("M4Produtos")	50.10	50.10	Provision of services in data transmission to load fixed or mobile phone, prepaid transportation, and mobile payment.
Merchant e-Solutions, Inc. ("Me-S")	100.00	100.00	Provision of services related to electronic payments with credit or debit cards.
Direct joint ventures:			
Companhia Brasileira de Gestão de Serviços. ("Orizon")	40.95	40.95	Provision of data processing services for healthcare companies, management of back office services for health operators, electronic network interconnection services between health operators and electronic network interconnection services between health operators and medical and hospital service providers and other health system agents and drugstores.
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00	Provision of services signing up of merchants for acceptance of credit and debit cards through the capture, transmission, data processing and settlement of electronic transactions.
Indirect joint ventures			
Prevsaúde Comercial de Produtos e de Benefícios de Farmácia Ltda. ("Prevsaúde")	40.95	40.95	Provision of medicine benefit services to corporate customers, healthcare plans, public customers, and large laboratories.
Guilher Comércio, Importação, Exportação e Distribuição de Medicamentos e Tecnologia para Saúde Ltda. ("Guilher")	40.95	40.95	Import, export, distribution, and sale of medicines and pharmaceutical raw materials, products and technology equipment for health.
Indirect associate			
Stelo S.A. ("Stelo")	30.00	30.00	Facilitator for online payments and digital portfolio, both for the physical world and for electronic commerce.

4 Cash and cash equivalents

	Weighted average rate per year	Parent Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Cash and banks:					
Local currency		38,658	4,258	40,897	5,669
Foreign currency		623	30,581	366,467	384,697
Short-term investments:					
Debentures subject to repurchase agreements	100.76% of DI	350,068	6,558	1,243,514	837,228
Bank certificates of deposit - CDB	100.76% of DI	176	170	9,647	19,010
Money Market Deposit Account - MMDA	0.25%	-	2,920	-	2,920
Total		389,525	44,487	1,660,525	1,249,524

The balances in line item “Cash and banks” consist of cash on hand and cash available in bank accounts in Brazil and abroad, derived primarily from deposits made by credit and debit cardissuing banks, in the case of the Company, and by card association members, in the case of Me-S, and such amounts are used to settle transactions with merchants.

These short-term investments are highly liquid and their carrying amounts do not differ from their fair values.

5 Trade receivables

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Purchase of receivables (a)	9,193,639	10,094,141	9,193,639	10,094,141
Receivables for processed financial transactions (b)	-	-	408,019	461,030
Receivables for interchange fees to merchants (c)	-	-	146,808	149,585
Receivables for merchant commissions (d)	-	-	287,191	292,376
Bank account lock (e)	4,574	6,645	4,574	6,645
Meal and transportation voucher capture and processing (f)	17,477	20,948	17,477	20,948
Receivables for mobile payment services (g)	-	-	95,028	85,502
Challenges of credit card holders - chargeback (h)	24,079	28,175	24,079	28,175
Other receivables	3,949	3,755	11,722	13,503
Total	9,243,718	10,153,664	10,188,537	11,151,905

(a) The balance corresponds to purchase of receivables made by the Company to merchants, relating to card transactions that will be received from the card-issuing banks within 360 days after the date receivables. As at March 31, 2016, this amount is net of the revenue from purchase of receivables, to be recognized to the maturity dates of the transactions, totaling R$ 355,611 (R$ 386,722 as at December 31, 2015), since it is related to the purchase of receivables for cash and installment sales with original maturity after the date of the reporting periods.

(b) Refers to the receivables recognized by the subsidiary Me-S. These correspond to amounts due from card association members for processed transactions that were authorized but not yet received by Me-S by the end of the reporting periods. These amounts receivable are usually received on the business day following the transaction capture date. The card associations send to Me-S the amounts due to merchants for processing, net of the interchange fee withheld by the card-issuing banks.

(c) Refer to the interchange fees prepaid by the subsidiary Me-S to merchants during the month. These interchange fees, as well as the commission on services provided by Me-S, are received at the beginning of the month subsequent to the transaction month.

(d) The balance refers to commissions earned by the subsidiary Cateno resulting from payment accounts management services under the Ourocard Payment Arrangement. In general, fees resulting from credit card transactions are settled in 28 days and those arising from debit card transactions are settled one business day following the transaction.

(e) The Company offers to card-issuing banks account lock services upon prior approval from merchants to block any transfer of receivables from such merchants to another bank. For these services, the Company receives a commission, which is paid in the month subsequent to the request of the bank account lock by the issuing banks

(f) Receivables from Companhia Brasileira de Soluções e Serviços - CBSS arising from the provision of meal and transportation voucher capture and processing services.

(g) Receivables for electronic payment services provided by subsidiaries M4Produtos and Multidisplay through mobile phones and sale of phone credits with credit and debit cards.

(h) Refer substantially to receivables for transactions challenged by credit card holders (chargeback).

The aging of trade receivables is as follows:

	Parent Company		**Consolidated**	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Current	9,219,639	10,125,489	10,164,458	11,123,730
Up to 45 days past-due	24,079	28,175	24,079	28,175
Total	9,243,718	10,153,664	10,188,537	11,151,905

6 Income tax and social contribution

Deferred income tax and social contribution arise from temporary differences caused mainly by temporarily non-deductible provisions, and are classified in noncurrent assets and noncurrent liabilities.

Deferred income tax and social contribution reflect future tax effects attributable to temporary differences between the tax base of assets and liabilities and the related carrying amount. Reported amounts are monthly reviewed.

a. Breakdown of deferred income tax and social contribution - Assets

	Parent Company		**Consolidated**	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Temporary differences:				
Provision for risks	490,666	470,254	497,212	476,164
Accrual for sundry expenses	207,416	166,512	302,585	255,326
Allowance for losses on POS equipment and doubtful debts	10,265	13,403	10,264	13,403
Total	708,347	650,169	810,061	744,893

b. Breakdown of deferred income tax - Liabilities recognized in foreign companies

	Consolidated	
	03/31/2016	**12/31/2015**
Temporary differences:		
Fair value of Me-S's intangible assets, acquired in 2012	253,585	288,752
Other temporary diferences	19,482	14,926
Total	273,067	303,678

Deferred income and social contribution tax assets as at March 31, 2016, as shown in note 6(a), were recognized on temporary differences. According to Management's best estimate, tax credits recognized on the accrual for sundry expenses, allowance for losses on POS equipment and doubtful debts, in the amount of R$ 217,681 (R$ 312,849 - consolidated) will be realized mainly during 2016. The portion of tax credits on the provision for risks, in the amount of R$ 490,666 (R$ 497,212 - consolidated), will be realized upon the final outcome of each lawsuit, partially estimated at up to 5 years, except for 46% of the provision for labor risks which isestimated to be realized in up to 10 years, according to the development of the lawsuit described
in note 16.

Current income tax and social contribution

The effective rate of income tax and social contribution for the quarters ended March 31, 2016 and 2015 is as follows:

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Profit before income tax and social contribution	1,397,091	1,317,355	1,501,295	1,360,118
Statutory rates - %	34	34	34	34
Income tax and social contribution at statutory rates	(475,011)	(447,901)	(510,440)	(462,440)
Tax benefit of interest on capital	26,860	18,530	26,860	18,530
Tax benefit of P&D ("Lei do bem")	13,034	14,331	13,034	14,331
Share of profit (loss) of investees	23,157	14,517	675	-
Effect on permanent differences, net	10,258	(4,984)	6,831	(4,373)
Income tax and social contribution	(401,702)	(405,506)	(463,040)	(433,952)
Current	(459,880)	(404,938)	(540,540)	(477,121)
Deferred	58,178	(568)	77,500	43,169

Incentives to Cultural and Artistic Activities ("Lei Rouanet"), Sports, Pronas activities and to Child and Adolescent Rights Fund are recorded in line item "income tax expenses - current". Tax incentives recorded as income tax expense - current, in the Parent Company and Consolidated,
totaled R$ 9,997 and R$ 10,020, respectively, for the quarter ended March 31, 2016 (R$ 1,870 Parent Company and Consolidated for the quarter ended March 31, 2015).

7 Investments

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Subsidiaries	9,683,482	9,801,843	-	-
Joint ventures	75,902	76,119	68,902	69,119
Associate	-	-	9,240	10,847
Goodwill on acquisition of investments (a)	56,799	56,799	10,143	25,142
Total	9,816,183	9,934,761	88,285	105,108

(a) The goodwill arising from investments in subsidiaries, associate and joint ventures are included in the carrying amount of the investment in the individual financial information. In the consolidated financial information, the goodwill arising from the acquisition of subsidiaries is recognized in intangible assets.

The main information on direct and indirect subsidiaries, joint ventures and associate relating to the investment amounts and the share of profit (loss) of investees recorded in the individual and consolidated interim financial information is shown in the table below:

	03/31/2016							12/31/2015					03/31/2015	
	Ownership interest - %	Asset	Liabilities	Equity	Investments	Profit (loss) for the quarter	Share of profit (loss) of investees for the quarter	Ownership interest - %	Asset	Liabilities	Equity	Investments	Profit (loss) for the quarter	Share of profit (loss) of investees for the quarter
Subsidiaries:														
Servinet	99.99	56,293	35,637	20,656	20,656	1,593	1,593	99.99	68,288	49,225	19,063	19,063	1,423	1,423
Multidisplay	50.10	95,621	40,407	71,588	35,865	9,267	4,643	50.10	79,520	33,340	62,554	31,338	4,173	2,091
Braspag	99.99	36,679	6,164	30,515	30,514	296	295	99.99	37,112	6,892	30,220	30,220	1,067	1,067
Cielo USA	100.00	2,821,254	1,699,816	1,121,438	1,121,438	(5,663)	(5,663)	100.00	3,096,353	1,860,357	1,235,996	1,235,996	5,858	5,858
Cateno	70.00	12,406,463	302,969	12,093,494	8,465,446	127,473	89,231	70.00	12,437,546	352,716	12,084,830	8,459,381	40,783	28,548
Aliança	99.99	9,806	243	9.563	9,563	(25,822)	(25,821)	99.99	25,845	-	25,845	25,845	0	-
Total		15,426,116	2,085,236	13,347,254	9,683,842	107,144	64,278		15,744,664	2,302,530	13,458,508	9,801,843	53,304	38,987
Joint ventures:														
Orizon (*)	40.95	222,421	22,845	199,576	75,846	9,374	3,839	40.95	219,046	18,962	200,084	76,055	9,079	3,718
Paggo	50.00	322	209	113	56	(14)	(7)	50.00	336	209	127	64	(13)	(7)
Total		222,743	23,054	199,689	75,902	9,360	3,832		219,382	19,171	200,211	76,119	9,066	3,711
Associate:														
Stelo	30.00	84,241	38,948	45,293	9,240	(6,160)	(1,848)	30.00	51,747	15,595	36,152	10,847	-	-

(*) The amount of R$5,880 is not reflected in the investment because it refers to the unrealized gain on capital contribution with goodwill, initially reflected in CBGS Ltda. and transferred to the indirect subsidiary CBGS as a result of the merger. In November 2009, CBGS was merged into its then subsidiary Orizon.

	03/31/2016					03/31/2015
	Net revenue	Gross profit (loss)	Operating profit (loss) before finance income (costs)	Profit (loss) before income tax and social contribution	Profit (loss) for the quarter	Profit (loss) for the quarter
Subsidiaries:						
Servinet	32,629	31,813	1,827	2,417	1,593	1,423
Multidisplay	149,924	7,556	9,957	9,515	9,267	4,173
Braspag	10,812	4,910	(774)	(268)	296	1,067
Cielo USA Inc.	-	(25,922)	(6,467)	(21,677)	(5,663)	5,858
Cateno	593,028	187,275	163,883	193,158	127,473	40,783
Aliança	578	583	(25,818)	(25,819)	(25,822)	-
Total	786,971	206,215	142,608	157,326	107,144	53,304
Joint ventures:						
Orizon	34,197	15,057	8,153	11,792	9,374	9,079
Paggo	-	-	(14)	(14)	(14)	(13)
Total	34,197	15,057	8,139	11,778	9,360	9,066
Associate:						
Stelo	10	(3,368)	(8,807)	(9,334)	(6,160)	-

The main financial information relating to indirect subsidiaries and indirect joint ventures are as follows:

	03/31/2016								12/31/2015	03/31/2015
	Ownership interest - %	**Asset**	**Liabilities**	**Equity**	**Profit for the quarter**	**Ownership interest - %**	**Asset**	**Liabilities**	**Equity**	**Profit for the quarter**
Indirect subsidiaries:										
M4Produtos	50.10	116,687	88,610	28,077	8,624	50.10	108,108	88,391	19,717	3,472
Me-S	100	1,244,753	673,207	571,546	19,455	100	1,317,182	709,628	607,554	23,510
Indirect joint ventures:										
Prevsaúde	40.95	23,926	1,127	22,799	2,053	40.95	22,218	1,472	20,746	1,916
Guilher	40.95	14,037	12,238	1,799	505	40.95	14,601	13,307	1,294	236

	03/31/2016					03/31/2015
	Net revenue	**Gross profit**	**Operating profit before finance income (costs)**	**Profit before income tax and social contribution**	**Profit for the quarter**	**Profit for the quarter**
Indirect subsidiaries:						
Prevsaúde	2,996	2,204	1,972	2,612	2,053	1,916
Guilher	1,868	531	447	750	505	236
Indirect join ventures:						
M4Produtos	26,662	15,586	8,024	8,172	8,624	3,472
MeS	458,979	127,593	31,572	31,066	19,455	23,510

The consolidation of the interim financial information, for direct subsidiaries Multidisplay, Braspag and Cielo USA, as well as for indirect subsidiaries M4Produtos and Me-S, was based on the financial information as at February 29, 2016 to calculate the investments as at March 31, 2016. Accordingly, the share of profit (loss) of investees refers to the three-month period ended February 29, 2016.

The Company has investments in foreign subsidiaries whose interim financial information was originally prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). No adjustments are made to the interim financial information of foreign subsidiaries, given that there are no significant differences in relation to Brazilian accounting practices.

As at March 31, 2016 and December 31, 2015, the goodwill arising on the acquisition of investments in the individual statement of financial position and the goodwill arising on the acquisition of investments in joint ventures and associate in the consolidated statement of financial position are recognized in line item "Investments", as shown in the breakdown below:

	Parent Company		**Consolidated**	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Multidisplay	20,690	20,690	-	-
Braspag	25,966	25,966	-	-
Orizon	10,143	10,143	10,143	10,143
Stelo (*)	-	-	-	14,999
Total	56,799	56,799	10,143	25,142

(*) The Company recognizes a provision for impairment related to the goodwill established during the initial investment in Stelo, due to the absence of future realization prospect.

The details of the nature of the goodwill arising on the acquisition of investments recognized in line item "Investments" have not changed in relation to those disclosed in note 09 - Goodwill on acquisition of investments of the Company's financial statements as of December 31, 2015.

Changes in investments for the quarters ended March 31, 2016 and 2015 are as follows:

	Parent Company	**Consolidated**
Balance at December 31, 2014	1,025,856	69,010
Capital increase - Cateno	8,390,200	-
Exchange differences on foreign investment	173,083	-
Dividends received - Multidisplay	(5,132)	-
Share of profit of investees	42,698	3,711
Balance at March 31, 2015	9,626,705	72,721
Balance at December 31, 2015	9,934,761	105,108
Advances for future capital increases - Stelo	9,540	9,240
Provision for loss on investment	-	(23,997)
Exchange differences on foreign investment	(108,895)	-
Dividends received:		
Multidisplay	(117)	-
Orizon	(4,050)	(4,050)
Cateno	(83,166)	-
Share of profit of investees	68,110	1,984
Balance as at March 31, 2016	9,816,183	88,285

8 Property and equipment

		Parent Company			
		03/31/2016			**12/31/2015**
	Annual depreciation rate - %	**Cost**	**Accumulated depreciation**	**Net**	**Net**
POS equipment	33	1,601,684	(1,066,277)	535,407	589,838
Data processing equipment	20	146,366	(75,215)	71,151	72,480
Machinery and equipment	10 - 20	47,099	(40,680)	6,419	6,856
Facilities	10	44,677	(2,747)	41,930	43,015
Furniture and fixtures	10	10,870	(3,558)	7,312	7,558
Vehicles	20	1,349	(1,070)	279	457
Total		1,852,045	(1,189,547)	662,498	720,204

		Consolidated			
		03/31/2016			12/31/2015
	Annual depreciation rate - %	**Cost**	**Accumulated depreciation**	**Net**	**Net**
POS equipment	33	1,603,008	(1,067,029)	535,979	590.593
Data processing equipment	20	180,953	(94,926)	86,027	86.669
Machinery and equipment	10 - 20	59,026	(49,861)	9,165	9.522
Facilities	10	66,102	(11,345)	54,757	54.949
Furniture and fixtures	10	15,010	(5,706)	9,304	9.255
Vehicles	20	1,448	(1,102)	346	529
Total		1,925,547	(1,229,969)	695,578	751.517

Changes in property and equipment for the quarters ended March 31, 2016 and 2015 are as follows:

	Parent Company				
	12/31/2015	**Additions**	**Disposals**	**Depreciation**	**03/31/2016**
POS equipment	589,838	47,202	(12,117)	(89,516)	535,407
Data processing equipment	72,480	4,544	-	(5,873)	71,151
Machinery and equipment	6,856	-	-	(437)	6,419
Facilities	43,015	31	-	(1,116)	41,930
Furniture and fixtures	7,558	-	-	(246)	7,312
Vehicles	457	-	(125)	(53)	279
Total	720,204	51,777	(12,242)	(97,241)	662,498
	12/31/2014	**Additions**	**Disposals**	**Depreciation**	**03/31/2015**
Total	701,274	94,711	(5,672)	(88,053)	702,260

	Consolidated					
	12/31/2015	**Additions**	**Disposals**	**Depreciation**	**Exchange differences**	**03/31/2016**
POS equipment	590,593	47,233	(12,181)	(89,614)	(52)	535,979
Data processing equipment	86,669	7,864	-	(7,162)	(1,344)	86,027
Machinery and equipment	9,522	560	-	(688)	(229)	9,165
Facilities	54,949	1,309	(1)	(1,500)	-	54,757
Furniture and fixtures	9,255	395	-	(325)	(21)	9,304
Vehicles	529	-	(125)	(58)	-	346
Total	751,517	57,361	(12,307)	(99,347)	(1,646)	695,578

	12/31/2014	**Disposals**	**Disposals**	**Depreciation**	**Exchange differences**	**03/31/2015**
Total	723,915	99,481	(5,678)	(89,628)	(1,501)	726,589

As at March 31, 2016 and 2015, an allowance for impairment of POS equipment of R$ 30,189 and R$ 25,719, respectively, was recognized as a reduction of the balance of the related line item. Additionally, as at those dates, the Company had borrowing agreements with the National Bank for Economic and Social Development ("BNDES" - Finame) to acquire new POS equipment and did not have finance leases payable.

9 Goodwill on acquisition of investments

As at March 31, 2016, the goodwill on acquisition of investments in subsidiaries is recognized in line item "Intangible assets" in the consolidated statement of financial position, according to the breakdown below:

	Consolidated	
	03/31/2016	**12/31/2015**
Multidisplay	31,348	31,348
Braspag	39,343	39,343
Me-S	1,653,571	1,814,286
Total	1,724,262	1,884,977

Changes in goodwill in the quarters ended March 31, 2016 and 2015 are as follows:

	Consolidated
Balance as at December 31, 2014	1,112,623
Exchange differences	216,502
Balance as at March 31, 2015	1,329,125
Balance as at December 31, 2015	1,884,977
Exchange differences	(160,715)
Balance as at March 31, 2016	1,724,262

There were no changes in the Parent Company goodwill balance in the quarters presented.

The additional information in this note has not changed in relation to that disclosed in the Company's financial statements as of December 31, 2015 and is being presented in note 9 to those financial statements.

10 Other intangible assets

The breakdown of other intangible assets is as shown below:

		Parent Company			
		03/31/2016			12/31/2015
	Annual amortization rate - %	Cost	Accumulated amortization	Net	Net
Software	20	314,035	(166,895)	147,140	140,056
Project development	20	29,350	(17,813)	11,537	8,075
Relationship with customers	10	953	(695)	258	270
Non-compete agreement	7.5	10,284	(7,857)	2,427	2,773
Service agreements	20	11,994	(11,994)	-	-
Total		366,616	(205,254)	161,362	151,174

		Consolidated			
		03/31/2016			12/31/2015
	Annual amortization rate - %	Cost	Accumulated amortization	Net	Net
Software	6.66 - 20	816,605	(337,310)	479,295	503,946
Project development	20	323,780	(219,409)	104,371	113,614
Relationship with customers	4 - 20	560,962	(172,511)	388,451	440,756
Non-compete agreement	7.5 - 50	150,318	(86,437)	63,881	74,923
Service agreements	8 - 20	38,310	(17,755)	20,555	21,726
Trademarks	10	3,560	(3,560)	-	-
Exploitation Rights-Ourocard Arrangements	3.33	11,572,000	(417,877)	11,154,123	11,250,556
Total		13,465,535	(1,254,859)	12,210,676	12,405,521

Changes in intangible assets for the quarters ended March 31, 2016 and 2015 are as follows:

	Parent Company			
	12/31/2015	**Additions**	**Amortizations**	**03/31/2016**
Software	140,056	18,032	(10,948)	147,140
Project development	8,075	4,296	(834)	11,537
Relationship with customers	270	-	(12)	258
Non-compete agreement	2,773	-	(346)	2,427
Total	151,174	22,328	(12,140)	161,362
	12/31/2014	**Additions**	**Amortizations**	**03/31/2015**
Total	126,672	14,321	(8,344)	132,649

	Consolidated						
	12/31/2015	**Additions**	**Granting of rights**	**Disposals**	**Amortizations**	**Exchange differences**	**03/31/2016**
Software	503,946	31,847	-	(1,887)	(25,314)	(29,297)	479,295
Project development	113,614	7,127	-	-	(6,921)	(9,449)	104,371
Relationship with customers	440,756	-	-	-	(14,635)	(37,670)	388,451
Non-compete agreement	74,923	-	-	-	(4,501)	(6,541)	63,881
Service agreements	21,726	-	-	-	(452)	(719)	20,555
Trademarks	-	-	-	-	-	-	-
Exploitation Right - Ourocard	11,250,556	-	-	-	(96,433)	-	11,154,123
Total	12,405,521	38,974	-	(1,887)	(148,256)	(83,676)	12,210,676
	12/31/2014	**Additions**	**Granting of rights**	**Disposals**	**Amortizations**	**Exchange differences**	**03/31/2015**
Total	1,206,992	31,493	11,572,000	(302)	(66,820)	217,487	12,960,850

Expenses on depreciation of property and equipment and amortization of intangible assets were recognized in “General and administrative expenses” and “Cost of sales” in the statement of profit or loss.

11 Prepayment of receivables from card-issuing banks

The Company receives in advance receivables from card-issuing banks for transactions made by cardholders, which will be transferred to merchants at the agreed settlement date. These prepayments have an average collection period of 3 business days and the weighted average rate of financial charges as at March 31, 2016 is 102.63% of the CDI - Interbank Deposit Certificate rate (101.99% of the CDI as at December 31, 2015).

The amounts due by credit cardholders through card-issuing banks and the amounts to be transferred to merchants are recorded in memorandum accounts.

In the Parent Company and Consolidated, as at March 31, 2016 the Company had no prepayment of receivables from card-issuing banks and as at December 31, 2015 the balance was R$ 1,269,190.

12 Payables to merchants

	Parent Company		Consolidated	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Payables to merchants	50,647,654	58,685,347	50,647,654	58,685,347
Receivables from issuing banks	(49,801,477)	(57,793,449)	(49,801,477)	(57,793,449)
Transactions pending transfer (a)	846,177	891,898	846,177	891,898
Payables to merchants (b)	-	-	422,537	491,684
Merchant deposits (c)	-	-	167,433	119,672
Total	846,177	891,898	1,436,147	1,503,254

(a) Transactions pending transfer - Transactions pending transfer refer to the difference between the amounts received from cardholders relating to transactions made by cardholders and the amounts to be transferred to merchants. In general, the settlement term for credit card issuers with the Company is 28 days, while the Company's average settlement term with merchants is 30 days. Therefore, the balance payable as at March 31, 2016 and December, 31 2015 refers to a float of approximately two days.

(b) Payables to merchants - Represented by amounts due to merchants by the subsidiary Me-S relating to transactions captured and processed until the end of the reporting period. Such amounts are settled on the business day following the date on which transactions are captured.

(c) Merchant deposits - The subsidiary Me-S requires deposits from customers in order to hedge against the potential risk of complaints from credit card holders due to fraud in the transaction or bankruptcy of the merchant.

In addition to the provision of services consisting of the transfer of credit and debit card transaction amounts between the card-issuing banks and the merchants, the Company also guarantees accredited merchants that they will unconditionally receive the amounts of transactions paid using credit cards. As described in note 28(c), the Company adopts a strategy to mitigate card-issuing banks' credit risk itself against the risk of default by such financial institutions. Based on the insignificant historical amount of Company's losses due to default from card-issuing banks and the current credit risks of these financial institutions, the Company estimates that the fair value of the guarantees provided to merchants is immaterial and, therefore, is not recognized as a liability.

13 Borrowings

	Interest rate per year	Parent Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
FINAME	6.90%	345,532	384,431	345,532	384,431
Long-term financing - "Ten-year bonds"	3.75%	1,687,648	1,835,003	3,133,879	3,406,608
Private debentures	100% to 111% of DI	3,381,688	3,506,434	3,381,688	3,506,434
Public debentures	105.8% of DI	4,895,507	4,729,805	4,895,507	4,729,805
R&D financing (a)	4.0%	58,663	58,663	58,663	58,663
Borrowing in foreign currency - "operation 4,131"	100% of Libor and spread of 0.73% to 1%	1,112,159	1,213,552	1,112,159	1,213,552
Total		11,481,197	11,727,888	12,927,428	13,299,493
Current		3,230,440	3,290,353	3,244,736	3,291,228
Noncurrent		8,250,757	8,437,535	9,682,692	10,008,265
Total		11,481,197	11,727,888	12,927,428	13,299,493

(a) The Company has financial investments, recognized at amortized cost in noncurrent assets, remunerated at 101.00% of the Interbank Deposit (DI) rate in the amount of R$ 68,296 (R$ 66,124 in December 31, 2015), pledged as collateral for the borrowing.

The debt structure as well as the information related to borrowings and their covenants have not changed in relation to the information published disclosed in note 13 - Borrowings of the Company's financial statements as of December 31, 2015.

As at March 31, 2016, Company had financial instruments designated as hedging instrument to manage its exposure to fluctuations in interest rates and exchange rates, mentioned above, as shown in note 28 (f) and (g).

Changes in borrowings for the quarters ended March 31, 2016 and 2015 are as follows::

	Parent Company	Consolidated
Balance at December 31, 2014	6,268,518	7,339,742
New borrowings	3,546,662	3,546,662
Payment of principal	(184,528)	(184,528)
Exchange differences (principal and interest)	261,815	485,743
Accrued interest and charges	203,797	214,960
Interest paid	(6,528)	(6,528)
Balance at March 31, 2015	10,089,736	11,396,051
Balance at December 31, 2015	11,727,888	13,299,493
New borrowings	23,367	23,367
Payment of principal	(62,320)	(62,320)
Exchange differences (principal and interest)	(273,161)	(413,744)
Mark-to-Market (MTM)	7,123	7,123
Accrued interest and charges	315,158	330,367
Interest paid	(256,858)	(256,858)
Balance at March 31, 2016	11,481,197	12,927,428

Breakdown of borrowings recorded in noncurrent liabilities

Borrowings classified as noncurrent as at March 31, 2016 by maturity date are broken down as follows:

Year of maturity	Parent Company	Consolidated
2017	1,625,487	1,625,487
2018	1,570,827	1,570,827
2019	7,281	7,281
2020	6,925	6,925
2021	6,975	6,975
2022	1,679,604	3,111,539
2023	3,345,392	3,345,392
2024	8,266	8,266
Total	8,250,757	9,682,692

14 Taxes payable

	Parent Company		Consolidated	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Income tax and social contribution, net of prepayments and withholding income tax	513,196	103,762	526,976	192,799
Tax on revenue (Cofins)	23,879	26,899	32,817	41,883
Service tax (ISS)	6,806	7,233	12,821	14,375
Tax on revenue (PIS)	8,512	9,136	10,555	12,495
Other taxes payable	15,451	11,162	18,602	14,181
Total	567,844	158,192	601,771	275,733

15 Other payables

	Parent Company		Consolidated	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Current liabilities:				
Accrual for sundry expenses	75,721	82,102	247,995	222,644
Accrual for vacation and related charges	28,221	25,465	44,301	42,809
Profit-sharing	17,373	68,689	24,361	93,643
Other payables	-	-	141,050	160,903
Total	121,315	176,256	457,707	519,999
Noncurrent liabilities:				
Other payables	10,108	11,804	15,866	17,667
Total	131,423	188,060	473,573	537,666

16 Provision for risks and escrow deposits

a. Provision for risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and governmental bodies, arising in the normal course of business and involving tax, labor, civil and other matters.

Management, based on information from its legal counsel, in the analysis of pending lawsuits and past experience on the amounts claimed in labor, civil and tax lawsuits, recognized a provision in an amount considered sufficient to cover probable future cash disbursements on pending lawsuits in the quarters ended March 31, 2016 and 2015, as follows:

	Parent Company					
	12/31/2015	**Additions (i)**	**Write-offs/ reversals**	**Inflation adjustment**	**Payments**	**03/31/2016**
Tax	1,292,010	51,685	(275)	319	-	1,343,739
Civil	25,918	8,165	-	1,426	(2,141)	33,368
Labor	83,145	1,990	(1,275)	143	-	84,003
Total	1,401,073	61,840	(1,550)	1,888	(2,141)	1,461,110
	12/31/2014	**Additions (i)**	**Write-offs/ reversals**	**Inflation adjustment**	**Payments**	**03/31/2015**
Total	1,205,427	54,259	(4,032)	1,119	(1,921)	1,254,852

	Consolidated					
	12/31/2015	**Additions (i)**	**Write-offs/ reversals**	**Inflation adjustment**	**Payments**	**03/31/2016**
Tax	1,292,010	51,685	(275)	319	-	1,343,739
Civil	27,626	8,165	-	1,426	(2,142)	35,075
Labor	100,634	3,841	(1,275)	160	-	103,360
Total	1,420,270	63,691	(1,550)	1,905	(2,142)	1,482,174
	12/31/2014	**Additions (i)**	**Write-offs/ reversals**	**Inflation adjustment**	**Payments**	**03/31/2015**
Total	1,223,633	55,495	(4,832)	1,124	(2,663)	1,272,757

(i) Refer mainly to the increase in the provision for tax risks for the quarters ended March 31, 2016 and 2015, relating to taxes with suspended payment, recorded as an offsetting entry to "Taxes on services" and "Other operating expenses, net", and other additions to the provis ion for civil and labor risks, represented by new lawsuits and changes in the assessment of the likelihood of losses made by the legal counsel, which were recorded as an offsetting entry to "Other operating expenses, net", in the statement of profit or loss.

Tax lawsuits

The balances below rRefer to the provision for tax risks, arising from differences in interpretation by tax authorities, and related escrow deposits:

	Provision for tax lawsuits (Consolidated)		Escrow deposits (Consolidated)	
Main tax lawsuits (ii)	**03/31/2016**	**12/31/2015**	**03/31/2016**	**12/31/2015**
Noncumulative Cofins	1,308,726	1,257,102	1,291,126	1,239,776
Amazon Investment Fund (FINAM)	16,133	15,835	-	-
Social contribution (CSLL) 2002	10,895	10,895	10,895	10,895
Negative Balance of IRPJ of the calendar year 2008	7,045	7,045	7,045	7,045
Others	940	1,133	19,907	11,638
Total	1,343,739	1,292,010	1,328,973	1,269,354

(ii) The status of such tax lawsuits have not changed in the quarter ended March 31, 2016 when compared with the 2015 Financial Statements approved and published on February 1, 2016.

Based on the opinion of its legal counsel, the management of the Company and its subsidiaries estimates that the actual disbursement of the provision for tax risks will occur within 5 years and understands that the development of the lawsuits will depend on external factors not under the Company's control.

Civil lawsuits

Refer basically to collection of transactions made through the Company's system that were not transferred to merchants in view of noncompliance with clauses of the affiliation contract, and compensation for losses caused by transactions not transferred at that time.

Based on the opinion of its legal counsel, the management of the Company and its subsidiaries estimates that the actual disbursement of the mentioned provision for civil risks will occur within 5 years and understands that the development of the lawsuits will depend on external factors not under the Company's control.

Additionally, as at March 31, 2016, the Company is a party to public civil lawsuits, most of them filed by the Public Prosecution Office or professional organizations, whose intention is to defend collective interests (such as consumers' rights and labor rights). Court decisions may grant rights to groups of people (even without their consent). In many situations, the group's decision on availing a favorable outcome will only be made after the final decision.

Labor lawsuits

Refer to labor lawsuits that, as at March 31, 2016, included 308 claims against the Company and 68 against the subsidiaries, totaling 376 claims. Of these claims, 139 were filed by former employees, and the other remaining 237 claims were filed by subcontractors, some of whom claiming the recognition of an employment relationship.

The risk of loss on labor claims, when these are started, is assessed as possible. As a general rule, only after the decisions of the higher or lower courts are issued, the lawsuits are reclassified to probable or remote loss, depending on the decision and based on the history of losses on similar lawsuits. In general, labor lawsuits are related to salary equalization, overtime and effects of annual bonus, rights guaranteed by agreements between the employer and the labor union, recognition of employment relationship pain and suffering.

Based on the opinion of its legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of 54% of the mentioned provision for labor risks will occur within 5 years, and 46% within 10 years, and understands that the development of the lawsuits will depend on external factors not under the Company's control.

Additionally, as at March 31, 2016, the Company and its subsidiaries are parties to tax, civil and labor lawsuits assessed by their legal counsel as possible likelihood of losses, for which no provision was recognized, as follows:

	Parent Company		**Consolidated**	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Tax	111,608	83,534	116,414	113,939
Civil	90,355	83,260	90,355	83,260
Labor	82,052	81,725	106,611	102,147
Total	284,015	248,519	313,380	299,346

b. Escrow deposits

In the quarters ended March 31, 2016 and 2015, the Company and its subsidiaries have escrow deposits related to the provision for tax, labor and civil risks, broken down as follows:

	Parent Company			
	12/31/2015	**Addition**	**Write-off**	**03/31/2016**
Civil	5,991	67	(32)	6,026
Labor	23,981	779	-	24,760
Tax	1,266,231	59,918	(275)	1,325,874
Total	1,296,203	60,764	(307)	1,356,660
	12/31/2014	**Addition**	**Write-off**	**03/31/2015**
Total	1,103,037	50,699	(18)	1,153,718

	Consolidated			
	12/31/2015	**Addition**	**Write-off**	**03/31/2016**
Civil	6,043	68	(32)	6,079
Labor	27,058	932	(6)	27,984
Tax	1,269,354	59,918	(299)	1,328,973
Total	1,302,455	60,918	(337)	1,363,036
	12/31/2014	**Addition**	**Write-off**	**03/31/2015**
Total	1,108,475	50,826	(18)	1,159,283

17 Equity

a. Share capital

Capital as at March 31, 2016 and December 31, 2015 is represented by 1,886,677,126 shares, fully subscribed and paid in.

As mentioned in note 18, the number of shares outstanding as at March 31, 2016 is 1,881,443,238 (1,881,830,814 shares as at December 31, 2015).

Share capital can be increased by up to 2,400,000,000 additional common shares, regardless of any amendments to bylaws, at the discretion of the Board of Directors, which has the power to establish the share issue price, the terms and conditions for subscription and payment of shares up to the authorized capital limit. Except in the cases described below, shareholders will have the preemptive right to subscribe for shares issued in a capital increase, which shall be exercised until 30 days as from the publication of the minutes of the Board of Directors' meeting that approved the capital increase. The Board of Directors may exclude the preemptive right or reduce the term for exercising such right in the issuance of shares, debentures convertible into shares or subscription bonus whose placement shall be made upon trade on stock exchanges, public subscription or upon exchange for shares, within the authorized capital limit. The Board of Directors may also resolve on any shares that remained unsubscribed in the capital increase during the term for exercising the preemptive right and establish, prior to their sale on stock exchanges to the benefit of the Company, the apportionment, proportional to the amounts subscribed, among the shareholders that have indicated, in the subscription bulletin or list, interest in subscribing possible remaining shares.

b. Capital reserve

Represents share-based payment costs and goodwill on the subscription of shares related to capital contributions by shareholders exceeding the amount allocated to capital formation.

The capital reserve as at March 31, 2016 is R$ 61,113 (R$ 64,305 as at December 31, 2015).

c. Treasury shares

On February 26, 2016, the Company's Board of Directors, pursuant to article 8, paragraph3º of CVM Instruction No. 567/15, approved the acquisition of up to 1,000,000 common shares, without par value, issued by the Company itself, equivalent to approximately 0.13% (zero point thirteen percent) of the outstanding shares of the Company, to allow the exercise of the option or shares to be granted under the Company's Stock Option Plan (“Plan”), approved and adopted in the Annual and Extraordinary General Meetings held on 06/01/2009 and 04/29/2011, respectively, and for the statutory directors and non statutory eligible according to the rules set out in the Plan, within 365 days from the disclosure of the significant event of the offering. Moreover, these acquisitions of shares issued by the Company itself are limited to the balance available in line item "Capital reserve" calculated during the fiscal year, in compliance with articles 1 and 12 of Instruction 10/80.

The Company's Management is responsible for deciding when and what number of shares to buy, within authorized limits.

Changes in treasury shares are as follows:

	Parent Company and Consolidated		
	Shares	**Amount**	**Average cost - R$ per share**
Balance at December 31, 2015	(4,846,312)	(140,648)	29.02
Sale in January 2016	32,966	957	29.02
Sale in February 2016	255,158	7,405	29.02
Repurchase in February 2016	(394,350)	(12,263)	29.19
Repurchase in March 2016	(394,355)	(12,641)	29.40
Sale in March 2016	113,005	3,322	29.40
Balance at March 31, 2016	(5,233,888)	(153,868)	29.40

d. Comprehensive income

Represent cumulative translation adjustments for translation into the foreign currency of the foreign investments and gains or losses on instruments designed to hedge foreign investments, net of taxes. The balances below reflect accumulated adjustments at the end of the reporting period, as follows:

	Parent Company and Consolidated	
	03/31/2016	**12/31/2015**
Exchange differences on foreign investments	483,934	592,829
Gains (losses) on hedging instruments ("bonds") on foreign operations, net of taxes	(461,485)	(568,783)
Gains (losses) on hedging instruments ("NDF") on foreign operations, net of taxes	(10,645)	(10,645)
Total	11,804	13,401

e. Earnings reserve - legal

Recognized with amounts corresponding to 5% of profit for the period, pursuant to article 193 of Law 6404/76, up to the limit of 20% of capital. The legal reserve balance is $500,000 as at March 31, 2016 and December 31, 2015.

f. Earnings reserve - capital budget

During the Board of Director's meeting held on February 1, 2016, the financial statements were submitted together with the capital budget proposed in connection with the year ended December 31, 2015, which was submitted for approval at the Annual and Extraordinary General of Meeting of Shareholders held on April 8, 2016. The capital budget consists of the equivalent of 68.4% of the total income earned in fiscal year 2015, net of the legal reserve and the balance withheld in the capital budget referring to financial year 2014.

As per the minutes of the Annual and Extraordinary General Meetings held on April 8, 2016 , a capital increase of the Company in the amount of R$ 1,000,000 from the capital budget reserve balance was approved.

The capital budget reserve balance as at March 31, 2016 and December 31, 2015 is R$ 3,583,619.

g. Dividends and interest on capital

Under the Company's bylaws, shareholders were entitled to a minimum dividend of 50% of profit after the recognition of the legal reserve of 5% of profit for the year until the reserve equals 20% of the capital. During the Annual and Extraordinary General Meeting held on April 10, 2015, a proposal was submitted and approved to reduce the annual minimum mandatory dividends to 30% of profit, adjusted as provided for in the Corporate Law's article 202.

The allocation of the remaining balance of profit for the year will be decided at the Annual and Extraordinary General Meeting. At year-end, the Company accrues the minimum dividends not paid during the year up to the limit of the previously mentioned minimum mandatory dividend. Under the bylaws, the Company may prepare semiannual or shorter period statements of financial position and, based on them, in accordance with the limits provided for in applicable law, the Board of Directors may approve the distribution of dividends from the profit account.

The Board of Directors may also declare interim dividends from the existing profit account based on the latest statement of financial position approved by the shareholders.

At February 1, 2016, the Board of Directors approved, subject to agreement by the Annual and General Meeting held on April 8, 2016, the proposal for payment of dividends and interest on capital, totaling R$ 401,538 and R$ 139,400, respectively, referring to the profit accrued in the second half of 2015 and paid on March 31, 2016, which, together with the dividends and interest on capital of R$ 524,785 paid in September 2015, correspond to a distribution of 31.6% of the net profit accrued in 2015. The proceeds were paid on March 31, 2016.

18 Earnings per share

a. Change in the number of common shares

Shares issued	**Common**
Shares at December 31, 2015	1,881,830,814
Exercise of stock options:	
January 2016	32,966
February 2016	255,158
Repurchase in February 2016	(394,350)
Repurchase in March 2016	(394,355)
March 2016	113,005
Total	1,881,443,238

Earnings per share

In compliance with CPC 41 - Earnings per share, the following tables reconcile the profit and the weighted average number of outstanding shares with the amounts used to calculate the basic and diluted earnings per share.

Basic earnings per share

	Parent Company and Consolidated	
	03/31/2016	**03/31/2015**
Profit for the quarter available for common shares	995,389	911,849
Weighted average number of outstanding common shares (in thousands)	1,881,806	1,879,888
Earnings per share (in R$) - basic	0.52895	0.48505

Diluted earnings per share

	Parent Company and Consolidated	
	03/31/2016	**03/31/2015**
Profit for the quarter available for common shares	995,389	991,849
Diluted denominator:		
Weighted average number of outstanding common shares (in thousands)	1,881,806	1,879,888
Potential increase in common shares as a result of the stock option plan	4,621	5,292
Total (in thousands)	1,886,427	1,885,180
Earnings per share (in R$) - diluted	0.52766	0.48369

19 Net revenue

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Gross operating revenue	2,030,853	1,893,270	3,349,760	2,586,531
Taxes on services	(204,498)	(190,885)	(301,861)	(234,767)
Total	1,826,355	1,702,385	3,047,899	2,351,764

The gross operating revenue is derived from the capture, transmission, processing and financial settlement of the transactions made with credit and debit cards, management of payment accounts related to Ourocard Payment Arrangement, rental of POS equipment, and provision of services for using the network.

20 Expenses by nature

The Company elected to present the consolidated statement of profit or loss by function.

The breakdown of cost of services and net operating expenses by nature is as follows:

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Personnel expenses	(106,389)	(101,827)	(182,083)	(157,351)
Depreciation and amortization	(109,382)	(96,397)	(247,603)	(156,448)
Professional services	(102,845)	(82,602)	(120,414)	(87,098)
Acquiring costs (a)	(426,884)	(398,945)	(1,078,471)	(731,389)
Sales and marketing (b)	(58,293)	(54,126)	(61,048)	(55,041)
Costs of mobile phone credits in subsidiaries (c)	-	-	(142,689)	(87,420)
Others	(20,477)	(34,163)	(57,535)	(50,605)
Total	(824,270)	(768,060)	(1,889,843)	(1,325,352)
Classified as:				
Cost of services provided	(544,421)	(506,390)	(1,462,933)	(993,370)
Personnel expenses	(67,633)	(62,699)	(126,454)	(106,489)
General and administrative expenses	(101,685)	(90,697)	(146,513)	(114,864)
Sales and marketing	(58,293)	(54,126)	(61,048)	(55,041)
Other operating expenses, net	(52,238)	(54,148)	(92,896)	(55,588)
Total	(824,270)	(768,060)	(1,889,844)	(1,325,352)

(a) Acquiring costs are mainly represented by expenses on logistics and maintenance of POS equipment, supplies to merchants, customer registration and service, telecommunication services, and capture and processing of transactions.

(b) Sales and marketing expenses include campaigns for trademark development, advertising and publicity, internal marketing and sales incentives to partners and issuing banks.

(c) Refer to the cost of the product sold related to the credit minutes for cell phones sold by the direct subsidiary Multidisplay.

21 Other operating expenses, net

Represented by:

	Parent Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Allowance for doubtful debts	(27,659)	(41,970)	(38,631)	(41,970)
Provision for risks, net	(8,881)	(274)	(10,731)	(708)
Write-off or disposals of property and equipment	(16,615)	(5,672)	(16,615)	(5,678)
Provision for loss on investments (*)	-	-	(23,997)	-
Expenses on strategic projects (**)	-	(7,447)	-	(7,447)
Others	917	1,215	(2,922)	215
Total	(52,238)	(54,148)	(92,896)	(55,588)

(*) In the quarter ended March 31, 2016, the Company recognized a provision for impairment loss related to the investment in Stelo, through its subsidiary Aliança.

(**) Expenses on investment banks and attorney's fees related to the strategic project of creating Cateno in association with BB ELO Cartões, a wholly-owned subsidiary of Banco do Brasil S.A.

22 Commitments

The Company is engaged in the capture, transmission, processing and financial settlement of transactions made using credit and debit cards. In order to conduct said activities, the Company entered into the following agreements:

a. Lease agreements

As at March 31, 2016, future annual payments under lease agreements in effect are estimated as follows:

	Consolidated
Up to 1 year	15,405
1 year to 5 years	35,886
Total	51,291

Most agreements specify a penalty for termination equivalent to three-month rent, and a partial return can be negotiated for each case

b. Suppliers of telecommunications, technology (processing of transactions), logistics services, call center and back office

As at March 31, 2016, based on prevailing contracts, the minimum commitments with suppliers of technology, telecommunications, logistics services, call center, back office and telesales are as follows:

	Consolidated
Up to 1 year	204,163
1 year to 5 years	526,647
Total	730,810

The call center contracts contain penalties for termination in the amount of R$ 11,842 and the back office contracts provide penalties for termination of R$ 36. The transaction capture and processing contracts, as well as the telecom contracts, do not provide for penalty for termination.

23 Employee benefits

Pension plan

The Company and its subsidiary Servinet contribute monthly to a defined contribution pension plan (“PGBL”) for their employees, and contributions made during the quarter ended March 31, 2016 amounted to R$ 2,670 (R$ 2,796 during the quarter ended March 31, 2015), recognized in line items “Cost of services provided” and “Personnel expenses”.

Others benefits

Besides the benefit of pension plan the Company and its subsidiaries offer their employees, health insurance, dental care, life and personal accident insurance and professional training, the amount of these expenses totaled R$ 13,443 in the quarter ended March 31, 2016 (R$ 10,024 in the quarter ended March 31, 2015).

The Company has a Corporate Education Program that aims to leverage learning, ensuring the mapping and the dissemination of key knowledge through practical and educational activities that encourage the creation, acquisition, dissemination, use and sharing of knowledge, focusing on business results. In addition, in the Company, there is development of actions for all employees, for example, leadership development, e-learning, contract training, on-demand training, continuing education and languages. The costs related to the actions described are recognized in profit or loss when incurred.

24 Profit sharing

The Company and its subsidiaries pay profit sharing to their employees and officers, subject to the achievement of operational goals and specific objectives established and approved at the beginning of each fiscal year.

The shares of employees and managers in profit for the quarters ended March 31, 2016 and 2015 were recorded under "Personnel expenses" in the statement of profit or loss and are presented as follows:

	Parent Company		**Consolidated**	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Employees	13,957	12,866	18,549	17,191
Statutory Directors	3,416	3,146	3,580	3,388
Total	17,373	16,012	22,129	20,579

25 Compensation of key management personnel

Key management personnel include the members of the Board of Directors and the officers. Expenses recognized in profit for the quarters are as follows:

	03/31/2016			03/31/2015		
	Fixed	**Variable (*)**	**Total**	**Fixed**	**Variable (*)**	**Total**
Statutory Directors	1,804	3,046	4,850	1,864	2,704	4,568
Board of Directors	460	-	460	410	-	410
Total	2,264	3,046	5,310	2,274	2,704	4,978

(*) Not including the stock option plan (see note 26).

Management (Executive Committee and Board of Directors) and the Fiscal Council overall compensation in 2016, set by the Annual and Extraordinary General Meeting held on April 8, 2016, was R$ 45,944, plus related taxes and contributions thereon, as prescribed by the prevailing laws.

For the Fiscal Council, annual compensation approved for the quarters ended March 31, 2016 and 2015 was R$ 515 and R$ 538, respectively.

26 Stock option plan and restricted shares

As at March 31, 2016, the position of the stock option plan and stock option plans of restricted shares was as follows:

	Number of shares									
				Bonus						
Grant date	**Granted**	**Cancelled**	**Exercised**	**2012**	**2013**	**2014**	**2015**	**Balance**	**Exercise price (R$ per share)**	**Fair value of options (R$ per share)**
July 2011	1,315,854	(276,942)	(2,336,362)	262,413	273,433	836,145	54,395	128,936	9.05	3.61
July 2012	987,487	(166,861)	(1,735,566)	-	189,146	1,040,526	254,730	569,462	15.44	6.35
July 2013	1,049,141	(223,885)	(823,357)	-	-	990,085	370,317	1,362,301	18.03	8.4
July 2014	1,561,552	(109,771)	(150,028)	-	-	-	303,607	1,605,360	27.18	12.53
July 2015	557,354	-	(1,738)	-	-	-	-	555,616	-	41.51
March 2014	105,000	(356)	(245,756)	-	-	105,000	41,930	5,818	-	24.34
March 2015	178,492	(9,166)	(11,761)	-	-	-	-	157,565	-	28.18
March 2016 (*)	235,535	-	-	-	-	-	-	235,535	-	31.77
Total	**5,990,415**	**(786,981)**	**(5,304,568)**	**262,413**	**462,579**	**2,971,756**	**1,024,979**	**4,620,593**		

(*) In a meeting of the Board of Directors held on January 27, 2016 plans “Sócio Cielo” 2016 - "Restricted shares", granted in March of the same year, were approved.

The fair value of the options, from 2011, was measured using the binomial pricing model. In the previous years, the Company used the Black & Scholes methodology, based on the following economic assumptions:

	Grating date				
	July 2010	**July 2011**	**July 2012**	**July 2013**	**July 2014**
Dividend yield	5.73%	8.87%	5.36%	3.71%	3.31%
Share price volatility	37.51%	38.27%	31.65%	30.06%	23.15%
Vesting period	5 years	6 years	6 years	6 years	6 years

In the quarter ended March 31, 2016, a provision of R$ 5,903 was recognized, net of charges (R$ 5,601 as at March 31, 2015), with an offsetting entry to line item "Personnel expenses".

These amounts correspond to the portion of Statutory Directors in the amount of R$ 2,682 net of charges (R$ 2,179 as at March 31, 2015).

5,233,888 shares were exercised, in amount of R$ 9,095 for the quarter ended March 31, 2016 (330,281 shares amounting to R$ 6,782 for the quarter ended March 31, 2015), and the total stock options granted which was recorded as at March 31, 2016 in the account "Capital Reserve" in equity R$ 3,192 (amounted R$ 1,181 the stock options granted as at March 31, 2015).

27 Finance income (costs)

	Parent Company		**Consolidated**	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Finance income:				
Interest on short-term investments	28,850	50,724	60,898	52,463
Pis and Cofins on finance income (b)	(1,364)	-	(2,851)	-
Other finance income	465	609	713	628
Total	27,951	51,333	58,760	53,091
Finance costs:				
Late payment interest and fines	(27)	(92)	(47)	(118)
Risk fines and interest	(1,907)	(1,119)	(1,924)	(1,125)
Withholding income tax on interest abroad	(3,554)	(2,267)	(3,554)	(2,267)
Interest on borrowings	(312,596)	(168,560)	(327,805)	(179,724)
Other finance costs	(4,880)	(4,101)	(5,445)	(5,016)
Total	(322,964)	(176,139)	(338,775)	(188,250)
Income from purchase of receivables:				
Revenue from purchase of receivables (a)	654,426	536,905	653,783	536,905
Pis and Cofins on finance income (b)	(31,318)	-	(31,318)	-
Adjustment pró rata temporis	31,111	(12,791)	31,111	(12,791)
Cost of funding with third parties (c)	(30,183)	(61,200)	(30,183)	(61,200)
Total	624,036	462,914	623,393	462,914
Exchange differences, net (d)	(2,127)	2,224	(2,122)	2,240
Total	326,896	340,332	341,256	329,995

(a) Revenue from purchase of receivables for the quarters ended March 31, 2016 and 2015 comprises revenue from the purchased volume of transactions with credit in cash and installment sales, recognized according to the maturity dates of the transactions

(b) Expenses on Pis and Cofins on finance income earned by the Group companies, subject to the non-cumulativetaxation regime, at the rates of 0.65% and 4%, respectively, as laid down in Decree 8,426/15, effective July 1, 2015. The expenses incurred in the period were recognized as "Finance Income" and "Income from Purchase of Receivables", in the proportion of their levy, for better presentation of the line items.

(c) Financial charges arising from funding with third parties to undertake transactions related to purchase of receivables. Funding for the quarter ended March 31, 2015 was partially in the form of Promissory Notes issued on December 29, 2014 and fully redeemed on April 13, 2015, funds from Bank of Tokyo-Mitsubishi UFJ, Ltd. (see note 13) and transactions related to advances on the flow of receivables with issuers. Cost of funding with third parties was recognized in line item "Revenue from Purchase of Receivables" in order to reflect better the net effect of purchase of receivables in the individual and consolidated interim financial information.

(d) Derives substantially from the exchange variation related to two borrowings in U.S. dollars in the amounts of US$ 204,625 thousand and US$ 109,016 thousand, equivalent to R$ 630,000 and R$ 370,000 at the contracting dates respectively, both maturing on December 19, 2016 taken from Bank of Tokyo-Mitsubishi UFJ, Ltd and variation of financial instruments contracted to hedge these transacations, represented by:

	Parent Company		**Consolidated**	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Exchange differences, net:				
Revenues	43,729	2,224	43,738	2,245
Expenses	(45,856)	-	(45,860)	(5)
Total	(2,127)	2,224	(2,122)	2,240

28 Financial instruments

The estimated fair values of the Group's financial assets and financial liabilities were determined using available market inputs and appropriate valuation methodologies. However, considerable judgment was required to interpret market input and then develop the most appropriate fair value estimates. Accordingly, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different market methodologies may have a significant effect on the estimated realizable values.

These financial instruments are managed through operating strategies that aim at obtaining liquidity, profitability and security. The control policy consists of permanent monitoring of the contracted rates compared to market rates. The Group does not make investments for speculative purposes, either in derivatives or either in other risk assets.

a. Capital risk management

The Group manages its capital to ensure that its companies can continue as going concerns, and at the same time maximizes the return to all their stakeholders by optimizing the debt and equity balance.

The Group's capital structure consists of its equity and net debt (borrowings less cash and cash equivalents, derivative financial instruments and financial investments).

The subsidiary Cateno complies with a minimum equity, under the BACEN regulations, corresponding to 2% of the monthly average of the payment transactions within the scope of the Ourocard Payment Arrangement. There is no requirement for compliance with a minimum equity for the other Group companies.

From the granting of the authorization to operate as a Payment Institution by the BACEN, the parent company Cielo will be subject to compliance with the regulations, which include, but not limited to, risk management, minimum equity, and compliance with requirements similar to those applicable to a Financial Institution.

The indebtedness ratio at the end of the period is as follows:

	Parent Company		**Consolidated**	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Debt (i)	(11,481,197)	(11,727,888)	(12,927,428)	(13,299,493)
Derivative financial instruments	110,665	213,314	110,665	213,314
Cash and cash equivalentes	389,525	44,487	1,660,525	1,249,524
Financial investments	68,296	66,124	68,296	66,124
Net debt	(10,912,711)	(11,403,963)	(11,087,942)	(11,770,531)
Equity (ii)	7,419,056	6,520,677	11,069,453	10,163,967
Indebtdness ratio, net	147.09%	174.89%	100.17%	115.81%

(i) Debt is defined as short- and long-term borrowings, as note 13.

(ii) Equity includes the entire share capital and the Group's reserves, managed as capital.

b. Financial assets and financial liabilities

The Group's financial assets and financial liabilities refer to cash and cash equivalents, trade receivables, receivables from related parties, escrow deposits, derivative financial instruments, financial investments, trade payables, payables to merchants and related parties and borrowings.

The estimated fair values of financial instruments as at March 31, 2016 are as follows:

		03/31/2016			
		Parent Company		**Consolidated**	
	Type	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	Fair value through profit or loss	389,525	389,525	1,660,525	1,660,525
Trade receivables	Loans and receivables	9,243,718	9,243,718	10,188,537	10,188,537
Receivables from related parties	Loans and receivables	6,422	6,422	4,923	4,923
Escrow deposits	Loans and receivables	1,356,660	1,356,660	1,363,036	1,363,036
Derivative financial instruments (Swap)	Fair value through profit or loss	110,665	110,665	110,665	110,665
Financial investments	Held-to-maturity	68,296	68,296	68,296	68,296
Trade payables	Other financial liabilities	585,184	585,184	718,388	718,388
Payables to merchants	Other financial liabilities	846,177	846,177	1,436,147	1,436,147
Payables to related parties	Other financial liabilities	16,687	16,687	2,025	2,025
Borrowings	Loans and receivables	10,369,038	10,615,652	11,815,269	12,076,923
Borrowings	Fair value through profit or loss	1,112,159	1,112,159	1,112,159	1,112,159

The fair value of financial assets and financial liabilities and short- and long-term borrowings was determined, when applicable, by using current interest rates available for transactions conducted under similar conditions and with similar maturity dates.

The Company applies CPC 40 for financial instruments measured at fair value in the statement of financial position, which requires disclosure of fair value measurements at the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on data adopted by the market (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities as at March 31, 2016:

	Parent Company			Consolidated		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets:						
Cash and cash equivalentes	389,525	-	-	1,660,525	-	-
Derivative financial instrument Swap	-	110,665	-	-	110,665	-
Financial investments	-	68,296	-	-	68,296	-
Others (Loans and receivables)		10,606,800	-	-	11,556,496	-
Liabilities:						-
Borrowings	-	11,481,197	-	-	12,927,428	-
Others (Other financial liabilities)	-	1,448,048	-	-	2,156,560	

c. Credit risk

In Cielo's operations of merchant acquiring, the primary risk refers to the possibility of default of card issuers, which are required to transfer to Cielo the amounts charged relating to transactions carried out by holders of the cards issued by them, so that Cielo can then transfer these amounts to its affiliated establishments. This primary risk is substantially mitigated by the very legal-financial model of transferring amounts adopted by Cielo, since the amounts already paid by the holders to an issuer that may become in default will always be treated as third-party funds and, as such, should be transferred to Cielo and, then, from Cielo to the commercial establishment - the end creditor of the transaction.

Cielo's model of transferring amounts substantially mitigates the risk of default of the card issuers, also remaining a residual risk to Cielo relating to the possible default of cardholders to the issuer in a situation of default. This residual risk may or may not exist for Cielo depending on the risk/guarantee model adopted by the card Brand on its operation with the card issuers and acquirers.

In the case of the Visa brand, the risk/guarantee model adopted does not include the assumption of the risk of default of card issuers. In the event of default of an issuer, Cielo will be responsible for recovering from this issuer (or its intervener) the amounts already paid by holders, and for assuring the transfer of pending transactions to the commercial establishments, as explained above. Thus, with the default of a Visa issuer, Cielo shall have the residual risk of default of the cardholders of that issuer.

In order to mitigate this residual risk, Cielo created a permanent committee called "Issuer Risk Committee," whose members are professionals in the field of credit from Cielo's controlling Shareholder Banks (Banco do Brasil and Bradesco), and professionals from Cielo itself.

The Committee's basic function is to analyze the risk level of each of the Visa brand card issuers captured by Cielo and thus classify them into two groups: 1- card issuers with low level of risk and waived from submitting guarantees and, 2- card issuers with higher level of risk and required to submit guarantees.

It was the responsibility of the Committee, upon its creation, to define the methodology for calculating the amounts of guarantees to be submitted by the card issuers to Cielo. This methodology is based on the financial volume of issuance of credit card, debit card and prepaid card that are pending settlement between the card issuer and Cielo on a particular base date. The definition of the value of the guarantees that are requested from the card issuer considers the monthly average for the three-month period that has the greatest financial volume of issuance in the last twelve months. On such pending settlement volumes, the percentages of guarantees are defined, ranging from 15% to 100% of the pending volume of settlement.

The members of the Issuer Risk Committee meet quarterly in regular meetings, and may call special meetings at any time at the request of Cielo or at the request of any Committee member.

Cielo has no credit risk with the issuers of MasterCard brand, since the risk/guarantee model adopted by this Brand fully cover any possible default by the issuers with Cielo. The MasterCard brand becomes the substitute of issuers in the event of default, becoming a counterparty to the obligation vis-à-vis Cielo and, consequently, with the commercial establishment. This model adopted by the Brand also includes hedging of possible default by cardholders in the case the card issuer becomes permanently on default (default situation). Credit risk analysis of Elo and Diners brands adopted by Cielo is the same of Visa model. For the other brands, Issuer Risk Committee assess the level of risk for each brand, requiring or waiving guarantees submission.

The credit risk analysis of Elo and Diners brands adopted by Cielo is the same of Visa brand. For the other brands, the Issuer Risk Committee assesses the level of risk for each brand, requiring or waiving the offering of guarantees.

Note that even with this model of hedging provided by the Brand, in any situation of default of any card issuer, Cielo will always resort primarily to its legal-financial model of transferring amounts for the prompt recovery of amounts received or that come to be received from cardholders by the card issuer.

The Company has rights subject to credit risk with financial institutions recorded in line items of cash and cash equivalents, financial investments, derivative financial instruments and receivables from issuing banks, totaling R$ 9,812,204 in the Parent Company and R$ 12,028,023 in Consolidated.

d. Fraud risk

The Company uses an antifraud system to monitor transactions with credit and debit cards, which detects and identifies suspected fraud at the time of the authorization and sends an alert message to the card-issuing bank for it to contact the cardholder.

e. Transactions with derivative financial instruments

Policy on the use of derivatives

According to the internal policy, the Company’s finance income (costs) must arise from the generation of cash from its activities rather than from gains in the financial market. Accordingly, it considers that derivatives should only be used to hedge against potential exposures arising from the risks to which it is subject, without speculative purposes. The offsetting entry to a derivative transaction should be an unhedged asset or liability.

The criterion adopted for definition of the notional value of the derivatives is linked to the amount of the debt and/or assets denominated in foreign currency.

f. Hedges of net investments in foreign operations

The Company, after the funds raised on the issuance of bonds in November 2012 and based on the Interpretation 16 of the International Financial Reporting Interpretations Committee - IFRIC (technical interpretation ICPC 06 - Hedge of Net Investments in Foreign Operations), issued in July 2008, and on standard IAS 39 (technical pronouncement CPC 38 - Financial Instruments: Recognition and Measurement), elected to designate as hedge for the investment in Cielo USA, in the amount of US$ 311,981 thousand, the ten-year bonds held by the Company, in the amount of US$ 470,000 thousand to hedge against the risk of foreign currency fluctuations. The value of the designated financial instrument, i.e., the ten-year bonds, is increased by the income tax and social contribution gross-up (rate of 34% under Brazilian applicable legislation) for purposes of analysis of the hedge accounting effectiveness.

The net investment hedge effects were accounted for in accordance with CPC 38 and IAS 39 - Financial Instruments: Recognition and Measurement. Accordingly, the Company formally designated the transactions by documenting the: (i) purpose of the hedge; (ii) type of the hedge; (iii) nature of the hedged risk; (iv) identification of the hedged item; (v) identification of the hedging instrument; (vi) demonstration of the relationship between the hedge and the hedged item (retrospective effectiveness test); and (vii) prospective demonstration of effectiveness

The adoption of the effectiveness tests confirmed the effectiveness of the financial instrument; accordingly, for the quarter ended March 31, 2016, there was no ineffectiveness recognized in profit or loss from net investment hedges in Cielo USA; consequently, gains or losses on these transactions were fully recognized in the Company's equity.

g. Fair value hedge

The Company, upon contracting of Swap Financial Instrument based on Technical Pronouncement CPC 38 (Financial Instruments: Recognition and Measurement) corresponding to the International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), designated it as hedging instrument for the borrowing from Bank of Tokyo-Mitsubishi UFJ, Ltd. in the amount of US$ 313,641 thousand, equivalent to R $1,000,000 maturing on 12/19/2016, to hedge against the risk of foreign currency fluctuations and exposure to Libor interest rates.

As at March 31, 2016 and December 31, 2015, the individual and consolidated position of Swaps is as follows:

			03/31/2016				12/31/2015
			Valuation			Fair value (market)	Fair value (market)
	Maturity date	Notional R$	Long position	Short position	MTM Adjustment	Amount receivable/ (payable)	Valor a receber/ (pagar)
Swap floating rate in US$ (114.2857% Libor + 0.8343% p.a.) vs. floating rate in R$ (99.4% DI)	12/19/2016	630,000	98,520	(2,305)	(2,117)	94,098	160,789
Swap floating rate in US$ (114.2857% Libor + 1.1429% p.a.) vs. floating rate in R$ (99.4% do DI)	12/19/2016	370,000	18,160	(1,355)	(238)	16,567	52,525
Total		1,000,000	116,680	(3,660)	(2,355)	110,665	213,314
Current assets						110,665	213,314
Noncurrent assets						-	-

The terms of the borrowing and swap agreements were entered into so that the comparison between the swap's long position (Company's accounts receivable) and the borrowing balance (Company's accounts payable), both adjusted at fair value, does not present losses or gains deriving from contracted foreign exchange and interest rate variation for hedged item. Accordingly, the Company remains exposed only to swap's short position, which has notional value in reais in the amount of R$ 1,000,000 remunerated at 99.4% of the daily average interest rate of the DI - Interbank Deposits.

In order to document the adopted designation strategy and the effectiveness of the derivative financial instrument, the Company used the hypothetical derivative method, which is based on a comparison of change in the fair value of a hypothetical derivative with terms identical to the critical terms of the variable-rate liability, and this change in the fair value is considered a representation of the present value of the cumulative change in the future cash flow expected for the hedged liability. Accordingly, gains and losses on the hedging instrument and the hedged item are recognized at fair value in profit or loss for the period in which they arise.

The method used by the Company to determine the market value consists in calculating the future value based on contracted conditions and determine the present value based on market curves extracted from BM&F BOVESPA.

As at March 31, 2016, the hedging relationships established by the Company were effective, according to prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

h. Foreign exchange rate risk

The Group conducts a few transactions in foreign currency, mainly represented by transactions performed by foreign credit card holders in merchants in Brazil. In addition, on August 31, 2012, the Company acquired the control of Me-S through its holding Cielo USA, both headquartered in the United States of America, whose transactions are conducted in US dollar (functional currency).

The exposures to foreign exchange rate risks are managed in accordance with the criteria set by the policies approved using currency futures contracts.

As at March 31, 2016, the net exposure to foreign exchange rate risk, in thousands of US dollars, is as follows:

	Parent Company	Consolidated
Assets:		
Cash and cash equivalents	411	103,208
Trade receivables	-	155,898
Other assets	-	5,108
Investments in foreign currency	315,108	-
Property and equipment	-	4,470
Intangible assets, including goodwill	-	716,897
Total	315,519	985,581
Liabilities:		
Payables to merchants	(911)	(166,684)
Other liabilities	-	(17,912)
Repayment of foreign borrowings - principal	(470,000)	(875,000)
Repayment of foreign borrowings - interest	(2,202)	(6,627)
Repayment of foreign borrowings - charges	-	3,054
Deferred income tax	-	(80,006)
Tax effect on hedging instruments - bonds designated as hedge of the net foreign investment	159,800	159.800
Total	(313,313)	(983,375)
Long (short) position - US dollar	2,206	2,206

The Company enters into forward exchange transactions for US dollars to hedge against fluctuations in exchange rates, which reduces significantly potential currency risks.

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollar fluctuations.

Sensitivity analysis includes only monetary items outstanding and denominated in foreign currency and adjusts translation at the end of each reporting period for a change of 10%, 25% and 50% in exchange rates. The sensitivity analysis includes borrowings from third parties when they are denominated in a currency different from that of the creditor or debtor. As at March 31, 2016, estimating the increase or decrease by 10%, 25% and 50% in exchange rates, there would be an increase or decrease in profit or loss and equity, in thousands of Brazilian reais (R$), as follows:

	Parent Company and Consolidated		
	Problable scenario 10%	Possible scenario 25%	Remote scenario 50%
Profit or loss (i)	962	2.404	4,808
Equity (i)	(785)	(1,963)	(3,925)

Refers mainly to the exposure of trade receivables and trade payables in US dollars at the end of each reporting period.

i. Interest rate risk on financial investments

The Company's results of operations are subject to significant fluctuations resulting from financial investments with floating interest rates. Pursuant to its financial policies, the Company invests its funds in prime banks. The Company operates with financial instruments within the limits of approval established by Management.

j. Liquidity risk

The Group manages the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that it considers appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

k. Interest rate sensitivity analysis - Financial investments and borrowings

Income from financial assets and interest arising from the Company's borrowings are mainly affected by variations in DI rate (source: Cetip). As at March 31, 2016, the balances exposed to variations in DI rate are R$ 418,540 for Parent Company and R$ 1,321,457 for Consolidated referring to financial investments and R$ 9,389,354 for Parent Company and Consolidated referring to borrowings. Estimating an increase or a decrease of 10%, 25% or 50% in interest rates would increase or decrease revenues or expenses as follows:

	Parent Company			Consolidated		
	Probable Scenario 10%	**Possible Scenario 25%**	**Remote Scenario 50%**	**Probable Scenario 10%**	**Possible Scenario 25%**	**Remote Scenario 50%**
Financial investments	2,885	7,212	14,425	6,090	15,225	30,449
Borrowings	31,260	78,149	156,298	32,781	81,951	163,903

29 Related-party balances and transactions

In the normal course of activities and under market conditions, the Company, its subsidiaries and associate conduct transactions with related parties, such as receivables (related to operations of purchase of receivables) from card-issuing banks, which are the financial groups in which its controlling shareholders, Banco Bradesco S.A. and Banco do Brasil, hold interests, as well as expenses and income from services provided by Servinet, Orizon, Multidisplay, M4Produtos, Cateno, Braspag, Paggo Soluções Aliança and Stelo.

In conducting its business and engaging services, the Company and its subsidiaries make market quotations and surveys intended to find the best technical and pricing terms. Also, the type of business conducted by the Company requires it to enter into agreements with several cardissuing entities, some of which are its direct and indirect shareholders. The Company and its subsidiaries believe that all the agreements entered into with related parties are carried out on an arm’s-length basis.

The tables below include the balances as at March 31, 2016 and December 31, 2015, by type of agreement, shareholders and subsidiaries, of transactions with related parties conducted by the Company, its subsidiaries and associate related to the quarters ended March 31, 2016 and 2015:

	Parent Company												
	03/31/2016												12/31/2015
	Shareholders		Subsidiaries, Joint Ventures and Associate										
	Banco Bradesco	**Banco do Brasil**	**Servinet**	**Orizon**	**Multidisplay**	**M4Produtos**	**Paggo**	**Braspag**	**Cateno**	**Stelo**	**Aliança**	**Total**	**Total**
Assets (Liabilities):													
Cash and cash equivalents (a)	100,453	39,281	-	-	-	-	-	-	-	-	-	139,734	13,550
Trade receivables	3,044	1,780	-	-	-	-	-	-	-	-	-	4,824	5,892
Borrowings (f)	-	(3,381,688)	-	-	-	-	-	-	-	-	-	(3,381,688)	(3,506,434)
Receivables from related parties	-	-	-	4,112	667	932	9	30	19	653	-	6,422	1,587
Payables to related parties	-	-	(12,736)	-	-	(754)	-	(908)	-	(2,025)	(264)	(16,687)	(17,808)

	Consolidated												
	31/03/2016												12/31/2015
	Shareholders		Subsidiaries, Joint Ventures and Associate										
	Banco Bradesco	**Banco do Brasil**	**Servinet**	**Orizon**	**Multidisplay**	**M4Produtos**	**Paggo**	**Braspag**	**Cateno**	**Stelo**	**Aliança**	**Total**	**Total**
Assets (Liabilities):													
Cash and cash equivalents (a)	106,645	39,611	-	-	-	-	-	-	-	-	-	146,256	289,631
Trade receivables	3,044	1,780	-	-	-	-	-	-	-	-	-	4,824	5,892
Borrowings (f)	-	(3,381,688)	-	-	-	-	-	-	-	-	-	(3,381,688)	(3,506,434)
Receivables from related parties	-	-	-	4,112	-	-	158	-	-	653	-	4,923	459
Payables to related parties	-	-	-	-	-	-	-	-	-	(2,025)	-	(2,025)	(398)

Parent Company

	03/31/2016									03/31/2015
	Shareholders		Subsidiaries, Joint Ventures and Associate							
	Banco Bradesco	Banco do Brasil	Servinet	Orizon	Multidisplay	M4Produtos	Braspag	Aliança	Total	Total
Revenues:										
Income from financial investments (a)	1,457	10,767	-	-	-	-	-	-	12,224	47,847
Revenue from other services (b)	10,244	6,209	-	5	2,403	2,024	79	-	20,964	15,398
Revenue from rental of POS equipment	-	-	-	15	-	-	-	-	15	34
Expenses:										
Other operating expenses - membership commission	(1,053)	(873)	-	-	-	-	-	-	(1,926)	(2,118)
Other operating expenses (c)	(7,718)	(693)	-	-	-	(5,251)	(2,609)	-	(16,271)	(10,161)
Service agreement with Servinet and Aliança (d)	-	-	(37,979)	-	-	-	-	(674)	(38,653)	(31,870)
Data processing services (e)	-	-	-	-	-	-	(695)	-	(695)	(162)
Finance costs (f)	-	(122,078)	-	-	-	-	-	-	(122,078)	(38,351)
Promissory notes placement service provision	-	-	-	-	-	-	-	-	-	(3,741)

Consolidated

	03/31/2016								03/31/2015
	Shareholders		Subsidiaries, Joint Ventures and Associate						
	Banco Bradesco	Banco do Brasil	Servinet	Orizon	Multidisplay	M4Produtos	Braspag	Total	Total
Revenues:									
Income from financial investments (a)	1,457	41,494	-	-	-	-	-	42,951	48,450
Revenue from other services (b)	10,244	6,209	-	5	-	-	-	16,458	13,239
Revenue from the rental of POS equipment	-	-	-	15	-	-	-	15	34
Expenses:									
Other operating expenses - membership commission	(1,053)	(873)	-	-	-	-	-	(1,926)	(2,118)
Other operating expenses (c)	(7,718)	(693)	-	-	-	-	-	(8,411)	(6,753)
Finance costs (f)	-	(122,078)	-	-	-	-	-	(122,078)	(38,351)
Payment management service provision (g)	-	(5,660)	-	-	-	-	-	(5,660)	(1,894)
Promissory notes placement service provision		-	-	-	-	-	-	-	(3,741)

(a) Balances corresponding to the amounts held in current account and short-term investments whose terms, charges and interest rates were agreed under conditions similar to those applicable to unrelated parties.

(b) Correspond to services of fraud prevention and receivables-based financing provided by the Company to the shareholder banks, commission on processing of transactions for the companies M4Produtos, Multidisplay, and Orizon, provision of financial, administrative, procurement, legal, and HR services for the company Braspag and purchase of receivables from the company Multidisplay. These related-party transactions are carried out at prices and conditions similar to those practiced with other issuing banks

(c) Services contracted with shareholder banks, relating to: (i) corporate collective life insurance; (ii) health and dental insurance; and (iii) private pension agreement. Development of mobile capture solution services to company M4Produtos and transactions pre-processing services to Braspag. The Company understands that the financial conditions adopted by the shareholders in respect of prices, terms and other conditions were applied under conditions similar to those adopted with respect to third parties.

(d) Provision of accreditation and maintenance services by the subsidiaries Servinet and Aliança with commercial establishments and service provider entities for the acceptance of credit and debit cards, as well as other means of payment. Foreseen remuneration for provided services is established based on costs incurred by Servinet and Aliança upon provision of said services, plus taxes and contributions, as well as remuneration margin.

(e) Refer to data processing services provided by Braspag.

(f) Refer to the balances of the Private Debenture issuance maintained by BB Elo Cartões, a company of the Banco do Brasil conglomerate.

(g) Service provision by Banco do Brasil to Cateno in order to operate as Payment Institution in the management of post-paid accounts and purchase functions by charging the Ourocard Payment Arrangement while Cateno's Granted Rights are not exercised by it.

Main related-party transactions

Balances of card-issuing banks

Receivables from card-issuing banks, whose net amounts are recognized in line item “Payables to merchants”, refer to the amounts payable by the issuers to the Company arising from the transactions carried out with credit and debit cards, which will be subsequently transferred by the Company to the authorized merchants. These related-party transactions are carried out at prices and under conditions similar to the transactions carried out with other issuers of credit or debit cards.

Domicile Bank Incentives

The Company entered into agreements with domicile banks to promote the invoicing of commissions and purchase of receivables. Under these agreements, the Company remunerates the banks based on the performance and metrics established therein.

Prepayment of receivables from card-issuing banks

The Company has agreements with card-issuing banks to transfer in advance the amounts from the transactions carried out by the bank’s customers with credit cards. These prepayment transactions are performed in order to generate short-term working capital and the amounts deposited in current account are net of prepayment fees, on a pro rata basis, calculated at the market rates that do not significantly differ from those adopted by the card-issuing banks that are not the Company’s shareholders.

Use of Cielo authorized network (Value Added Network - VAN)

The Company entered into service agreements with Companhia Brasileira de Soluções e Serviços - CBSS. These services include the capture, authorization and processing of transactions with ALELO cards, as well as services provided to merchants, operational and financial back office services, protection against fraud, issuance of statements and financial control over the electronic transactions resulting from these transactions. The fees and tariffs charged for these related-party transactions are carried out at prices and under conditions similar to the transactions carried out with other third party partners.

VAN services and connectivity rate - Amex

The Company entered into a nonexclusive service agreement for the capture of credit card transactions issued under Amex (VAN) card association, with Bankpar S.A. (“Bankpar”), a

Bradesco group's company which holds the rights over the American Express ("Amex") card association in Brazil. This agreement also establishes BankPar remuneration by the Company through payment of connectivity rate for the Company's access to merchants affiliated to Amex brand acquiring systems. Partnership with Amex brand has high potential of generating value to the Company to the extent that supplements its brand portfolio. Execution of such agreement was approved by the Board of Directors, with abstention from those legally impeded by conflict of interest. Prices charged for the provision of this service are similar to those practiced with other third party partners.

Bank account lock

Refers to bank account lock service agreements entered into with various banks, whose service consists of ensuring to the banks the blocking of the bank accounts of the authorized merchants that carry out financial transactions with them. These related-party transactions are carried out at prices and under conditions similar to the transactions carried out with other domicile banks.

Recordkeeping of Cielo's shares

A stock book-entry service agreement entered into between Cielo and Banco Bradesco S.A., whereby the latter provides stock book-entry and share certificate issuance services to the Company.

Operating services - Stock option program

Service agreement consisting of rendering operating services for the stock option program and the related grants entered into with Bradesco S.A. Corretora de Títulos e Valores Mobiliários.

Payment management services

Banco do Brasil entered into an agreement with Cateno in order to operate as Payment Institution in managing post-paid accounts and purchase functions by charging the Ourocard Payment Arrangement while Cateno's Granted Rights are not exercised by it. The agreement has a clause for compensation of 0,01% on the total financial flow of transactions under the Contracting party's management.

Securities bookkeeping services

Contract entered into with Banco Bradesco S.A. for the provision of debenture and mandatory bank bookkeeping services.

Securities management services

Contract entered into with Banco Bradesco BBI S.A. for the provision of promissory notes, debentures coordination and distribution services, being the latter pursuant to the terms of CVM Instruction No. 400.

Public and private securities operating management services

The object of the contract entered into with Banco do Brasil S.A. is to regulate the provision of movement, custody and financial settlement services for transactions carried out with public securities registered with SELIC and private securities registered with CETIP.

Representation services with CIP

Contract entered into with Banco do Brasil S.A. for representation of the bank with CIP (Interbank Payment Clearing House) aiming at provision of settlement services for transactions carried out with credit and/or debt cards and provision of STR (Reserve Transfer System) issuance services.

Other widespread agreements

In addition to the balances recorded, the Company engages other services from the main shareholders, namely:

- Cash management services.
- Insurance.
- Health insurance and private pension services.
- Corporate credit card.
- Payment to suppliers

Cateno project

On February 27, 2015, the Company entered into an association with BB Elo Cartões Participações S.A., a wholly owned subsidiary of Banco do Brasil S.A., for the creation of Cateno.

30 Segment information

Information by operating segments is presented consistently with the internal reports provided to the Chief Operating Decision-Maker - CODM.

As of the association closing process with BB Elo Cartões, when Cateno was established on February 27, 2015, with operating activities that refer substantially to managing payment accounts within the scope of the Ourocard Payment Arrangement, the Group now holds two types of business: (i) service provision related to capturing and processing of credit and debit card transactions, other means of payment, accreditation of merchants and related services, and (ii) management of transactions arising from credit and debit card transactions, among which issuing cards, managing payment accounts, support to management and control of security in transactions, payments of fees to the brands and payment arrangements, and other services related to managing payment accounts.

Therefore, as of 2015, Management started separately monitoring the operating profit or loss of its business units in order to make decisions on allocation of resources and performance evaluation. Performance of segments is assessed based on several metrics, such as net revenue, profit before taxes, profit for the year, among others that in many cases are measured differently from operating profit or loss in the consolidated interim financial information. Additionally, financial information presented in the segment performance does not correspond to the profit or loss of any Group’s company individually.

Regarding to operations in different geographical areas, the Company carries out transactions in Brazil and the United States of America through its subsidiaries Me-S and Cielo USA.

	March 31, 2016		
	Capturing and processing of transactions	**Management of payment accounts**	**Consolidated**
Domestic market	1,995,892	593,027	2,588,919
Foreign market	458,979	-	458,979
Net operating revenue	2,454,871	593,027	3,047,898
Cost of services provided	(924,567)	(309,317)	(1,233,884)
Depreciation and amortization	(132,613)	(96,436)	(229,049)
Gross profit	1,397,691	187,274	1,584,965
Operating expenses	(382,981)	(23,391)	(406,372)
Depreciation and amortization	(18,554)	-	(18,554)
Operating profit	996,156	163,883	1,160,039
Finance income (costs)	599,762	(258,506)	341,256
Profit (loss) before taxes	1,595,918	(94,623)	1,501,295
Income tax and social contribution	(495,201)	32,161	(463,040)
Profit (loss)	1,100,717	(62,462)	1,038,255
Attributable to:			
Owners of the Company	1,096,093	(100,704)	995,389
Noncontrolling interests	4,624	38,242	42,866

In order to start operating in the “Management of Payment Accounts” business segment, the Ourocard’s Payment Arrangement exploitation rights were granted to the subsidiary Cateno, in February 2015, in the amount of R$ 11,572 million.

The balances by segment as at March 31, 2016 and December 31, 2016, are as follows:

	Statement of financial position as at March 31, 2016		
	Capturing and processing of transactions	**Management of Payment Accounts**	**Consolidated**
Total assets	16,656,563	12,406,463	29,063,026
Purchases of property and equipment and intangible assets	97,769	3,036	100,805
Investment in subsidiaries and associate	88,285	-	88,285

	Statement of financial position as at December 31, 2015		
	Capturing and processing of transactions	**Management of Payment Accounts**	**Consolidated**
Total assets	17,540,255	12,437,546	29,977,801
Purchases of property and equipment and intangible assets	553,463	11,601,343	12,154,806
Investment in subsidiaries and associate	105,108	-	105,108

31 Noncash transactions

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Exchange differences on net foreign investments	108,895	173,083	108,895	173,083
Exchange differences on borrowings	162,573	259,346	303,156	483,274
Minimum dividends and interest on capital payable	79,000	54,500	79,000	54,500

32 Insurance

As at March 31, 2016, the Company has the following insurance agreements:

Type	**Insured Amount**
Civil liability of Directors and Officers	110,000
Named perils (fire, windstorm and smoke, electrical damages, electronic equipment, theft and flood)	230,539
Loss of profits	17,402
Vehicles	535
POS equipment warehousing	184,373
POS equipment transportation	2,423,846
POS equipment FINAME	907,663

33 Subsequent event

The Annual nd Extraordinary General Meeting of April 8, 2016 approved the capital increase of the Company in the amount of R$ 1,000,000 through the issuance of 377,335,425 new common shares, without par value, to be distributed to shareholders, free of charge , as a bonus, under Article 169 of Law 6,404 / 76, in the proportion of one new share for every five shares they hold at the close of April 8, 2016. For the capital increase, balance from the capital budget reserve was partially used.

34 Approval of interim financial information

The individual and consolidated interim financial information was approved by the Company’s Board of Directors and authorized for issue on May 2, 2016.

DEAR SHAREHOLDERS:

We present the performance report and interim financial information of Cielo S.A. ("Company's or "Cielo"), subsidiaries and associated company ("Group"), presented as part of quarter statement forms – ITR, for the quarter ended March, 31, 2016, and the Independent Auditor's Report on Review of Interim Financial Information.

The individual (Company) and consolidated interim financial information has been prepared in accordance with the international standard IAS 34 - "Interim Financial Reporting" and other International Financial Reporting Standards - IFRSs issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil which includes those established in the Brazilian Corporate Law, as well as the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

The consolidated financial information includes the balances of Cielo's accounts (parent company), its direct subsidiaries Multidisplay, Servinet, Braspag, Cielo USA, Cateno and Aliança, as well as indirect subsidiaries Me-S and M4Produtos. The result of joint ventures Orizon and Paggo and associated Stelo is accounted for under the equity method in interim financial information. The results of subsidiaries acquired during the year are included in the consolidated statement of income from the date of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies adopted in line with those adopted by the Group. All intercompany transactions, balances, income and expenses are eliminated in the consolidation process.

HIGHLIGHTS 1Q16

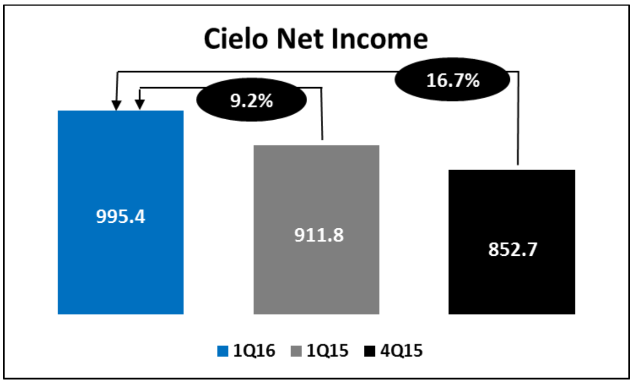
- Transaction financial volume totaled R$139.5 billion, up 10.2% compared to 1Q15, or R$13.0 billion; and down 9.8% compared to 4Q15, or R$15.1 billion;

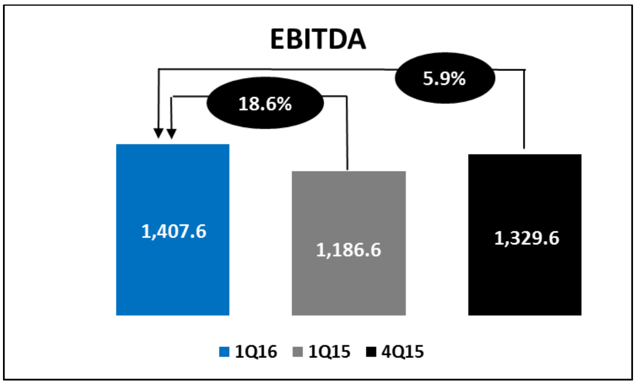
- Net Operating Revenue totaled R$3,047.9 million, up 29.6% compared to 1Q15, or R$696.1 million, and down 0.3% compared to 4Q15, or R$8.8 million;

- Purchase of Receivables reached 20.1% over the financial credit volume, up 0.5 p.p. compared to 1Q15, and up 0.4 p.p. compared to 4Q15;

- Cielo's Net Income totaled R$995.4 million, up 9.2% year-on-year, or R$83.6 million, up 16,7% quarter-on-quarter, or R$142.7 million;

- EBITDA of R$1,407.6 million, up 18.6% year-on-year, or R$221.0 million and up 5.9% quarter-on-quarter, or R$78.0 million.

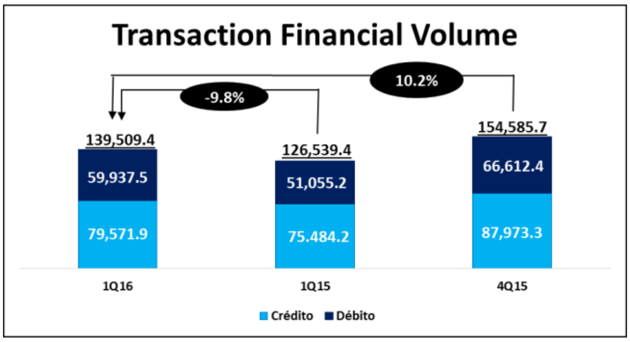


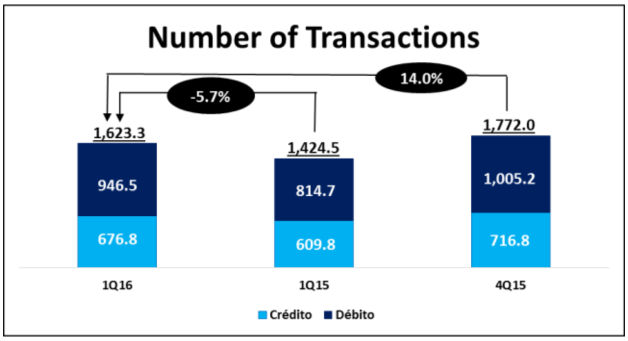


OPERATING PERFORMANCE

Transaction Financial Volume

Quarterly Evolution





In 1Q16, the transaction financial volume totaled R$139.5 billion, an expansion of 10.2% compared to R$126.5 billion in the same period in 2015 and down 9.8% compared to R$154.6 billion recorded in 4Q15.

Specifically with credit cards, financial volume totaled R$79.6 billion in 1Q16, up 5.4% compared to 1Q15 and down 9.5% quarter-on-quarter.

With debit cards, financial volume totaled R$59.9 billion in 1Q16, an increase of 17.4% compared to 1Q15 and down 10.0% quarter-on-quarter.

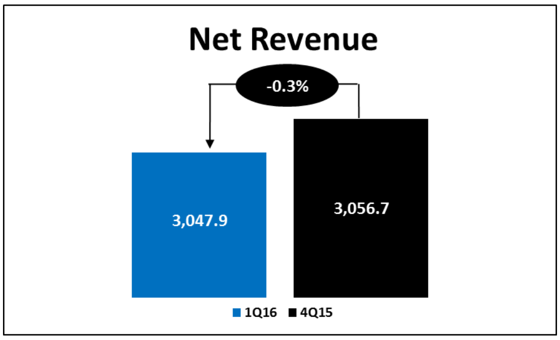
In additional, Cielo captured 1.623 billion transactions, an increase of 14.0% compared to 1Q15 and down 5.7% over 4Q15.

FINANCIAL PERFORMANCE 1Q16

COMPARISON FOR THE QUARTERS ENDED MARCH 31, 2016 AND DECEMBER 31, 2015

Net Revenue

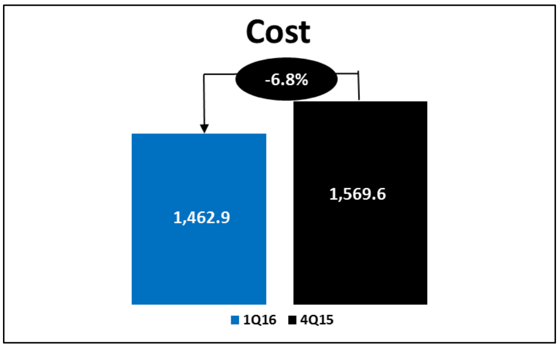
Quarterly Evolution



Cielo's consolidated net revenue decreased by R$8.8 million, or 0.3%, compared to R$3,056.7 million in 4Q15. This reduction is related to the seasonality of the business in 4Q15, due to the additional on the holidays season.

Cost Of Services Provided

Quarterly Evolution



The cost of services provided decreased by R$106.7 million, or 6.8%. This reduction was mainly due to the following:

(i) Reduction of R$79.8 million in costs related to the acquiring business, mostly represented by:

(a) Decrease of R$66.4 million in transaction costs, such as capture and processing, call centers, brand's fees and commercial business expenses, basically due to the reduced volume and quantity of captured transactions in 1Q16;

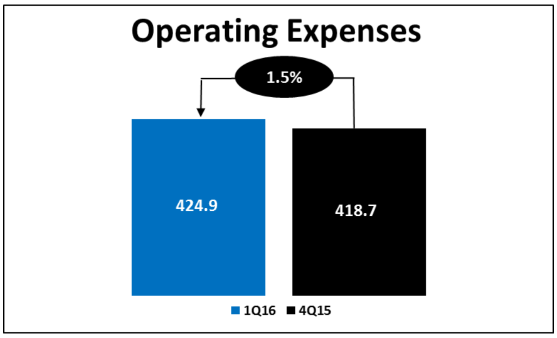
(b) Decrease of R$6.3 million in costs related to equipment, including installation, uninstallation, maintenance and activation of POS terminals, basically due to the increased demand from merchants in 4Q15, due to the seasonal sales on the end of the year; and

(c) Decrease of R$7.1 million in other costs, including those linked to the schedule of hiring of professional services related to corporate projects.

(ii) Decrease of R$26.9 million in costs related to the management of the Ourocard Arrangement, such as brand's fee, call centers, card management and costs with merchants, due to the sales seasonality at the end of the year, net of the increase in expenses related to the issuance of new Ourocard cards in 1Q16.

Operating Expenses

Quarterly Evolution



Operating expenses increased R$6.2 million, or 1.5%. The main variations are described as follows:

Personnel Expenses – Personnel expenses increased R$3.5 million or 2.8%, to R$126.5 million in 1Q16, compared to R$123.0 million in 4Q15. This increase is chiefly due to the increase in personnel expenses at Me-S, as a result of the dollar appreciation in the quarter.

General and Administrative Expenses – General and administrative expenses, excluding depreciation, decreased R$10.3 million or 7.5%, to R$128.0 million in 1Q16, compared to R$138.3 million in 4Q15. The decrease is basically due to the completion of relocation of Cielo's headquarters in 2015, net of extraordinary expenses held in 1Q16 with the relocation of Me-S headquarters from California to Atlanta, as well as to the expenses with business partners ("partnership fees") at Me-S.

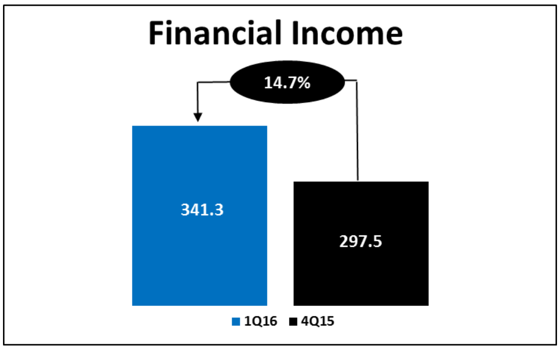
Sales and Marketing Expenses – Sales and marketing expenses decreased R$5.1 million or 7.6%, to R$61.0 million in 1Q16, compared to R$66.1 million in 4Q15. This reduction is due to higher expenses incurred in 4Q15 with seasonal marketing actions for the end of the year sales in the parent company.

Equity Interest – Equity Interest's result increased R$8.1 million to R$2.0 million in revenues 1Q16, compared to R$6.1 million in expenses in 4Q15. The increase is related to higher loss at Stelo in 4Q15, as well as the positive results of Orizon in 1Q16.

Other Net Operating Expenses – Other net operating expenses increased by R$25.3 million or 37.3%, to R$92.9 million in 1Q16, compared to R$67.6 million in 4Q15. The increase is related to the recognition of a impairment in investments and goodwill in Stelo, added to an increase provisions for labor and civil risks, net of the reduction in allowance for doubtful accounts and losses POS terminals.

Financial Income

Quarterly Evolution



The financial income totaled R$341.3 million in 1Q16, was up 14.7% or R$43.8 million. The main variations are described as follows:

Financial Revenues – Financial revenues increased R$21.8 million or 58.8%, to R$58.8 million in 1Q16, compared to R$37.0 million in 4Q15. The growth is due to the increase in average balance of financial investments at Cielo, as well as minimum prudential capital held as financial investments by Cateno.

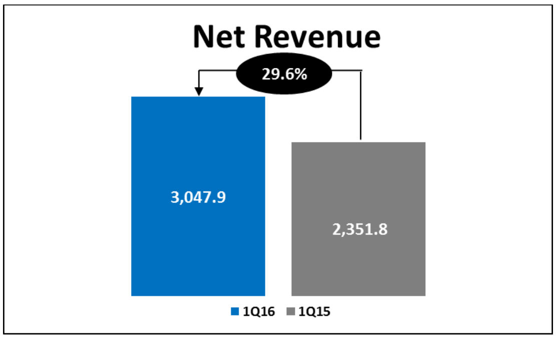
Financial Expenses – Financial expenses increased R$0.4 million or 0.1%, to R$338.8 million in 1Q16, compared to R$338.4 million in 4Q15.

Purchase of receivables results - Revenue from purchase of receivables set to *pró-rata temporis*, net of funding with third parties and the taxes on financial revenues, increased R$22.5 million or 3.7%, to R$623.4 million in 1Q16, compared to R$600.9 million in 4Q15. Despite the reduction of approximately 8% in the financial volume of purchased receivables in 1Q16, there was an increase in revenue from purchase of receivables resulting from operations performed in previous periods (set to *pró-rata temporis*), as well as a decrease in the cost of funding with third-parties, given the lower cash needs from parent Company in this quarter.

COMPARISON FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015

Net Revenue

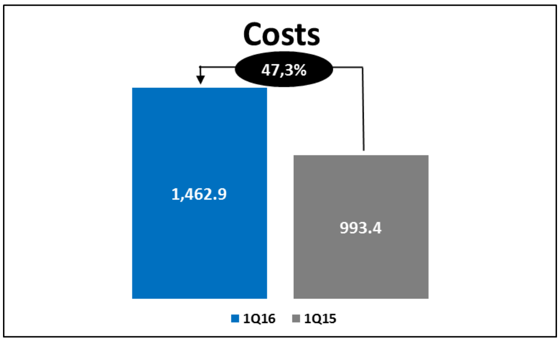
Quarterly Evolution



Cielo's consolidated net revenue increased 29.6% or R$696.1 million, to R$3.047.9 million in 1Q16, compared to R$2.351.8 million in 1Q15. The increase in net revenue is chiefly related to the beginning of Cateno activities, in February 27, 2015, as well as to the ongoing business expansion of Cielo and its subsidiaries, and to the dollar appreciation effect over the revenues in U.S. from subsidiary Me-S.

Cost Of Services Provided

Quarterly Evolution



The cost of services provided increased R$469.6 million, or 47.3%, to R$1,462.9 million in 1Q16, compared to R$993.4 million in 1Q15. The increase was chiefly due to the following:

(i) Increase of R$266.0 million related to the management of the Ourocard Arrangement, such as brand`s fee, call centers, supplies, cards issuing and management, concerning the beginning of Cateno's operational activities in March, 2015.

(ii) Increase of R$166.8 million related to the subsidiaries Merchant e-Solutions, due to the average dollar appreciation in the quarter and ongoing business expansion; and M4U, due to the increase of mobile credit sales;

(iii) Net increase of R$36.7 million in costs related to the acquiring business, mostly represented by:

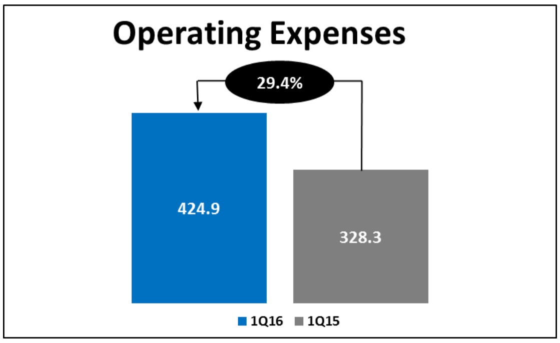
(a) Increase of R$29.3 million related to equipment costs, depreciation, installation, POS terminals maintenance and activation, chiefly due to the increase in the capture equipment base, acquisition of terminals supplies and the increase of the number captured transactions of when compared to the same quarter of the prior year;

(b) Increase of R$5.8 million in transaction costs, such as supplies, capture and processing, call centers and telecom services, mainly due to the substantial increase in volume of transactions; and

(c) Increase of R$1.6 million in other costs related to acquiring activities, as well as the hiring of professional services related to corporate development projects.

Operating Expenses

Quarterly Evolution



Operating expenses increased R$96.6 million, or 29.4% to R$424.9 million in 1Q16, compared to R$328.3 million in 1Q15. The main variations are described below:

Personnel Expenses – Personnel expenses increased R$20.0 million or 18.7%, to R$126.5 million in 1Q16, compared to R$106.5 million in 1Q15. The growth is mainly due to the beginning of consolidation of personnel expenses at subsidiary Cateno, consolidated as from February 27, 2015; as well as to the 8.2% adjustment over wages established in Collective Agreement and the increase in personnel expenses at subsidiary Me-S, as a result of the dollar appreciation in the quarter.

General and Administrative Expenses – General and administrative expenses, excluding depreciation, increased R$26.6 million or 26.2%, to R$128.0 million in 1Q16, compared to R$101.4 million in 1Q15. The increase is mainly related to expenses with business partners ("partnership fees") impacted by the appreciation of the average dollar in the quarter.

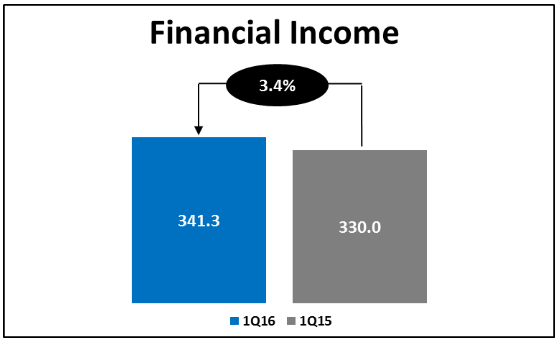
Sales and Marketing Expenses – Sales and marketing expenses increased R$6.0 million or 10.9%, to R$61.0 million in 1Q16, compared to R$55.0 million in 1Q15. The increase is substantially related to higher expenses incurred for marketing activities held in conjunction with issuing banks and Company's sales partners by the parent company in 1Q16 when compared to same period of the prior year.

Equity Interest – The Equity Interest result decreased R$1.7 million to R$2.0 million in revenues in 1Q16, compared to R$3.7 million in revenues in 1Q15. The reduction is due to the loss at Stelo associated company in 1Q16, related to its first months of operation when compared to the same quarter of the prior year.

Other Net Operating Expenses – Other net operating expenses increased R$37.3 million or 67.1%, to R$92.9 million in 1Q16, compared to R$55.6 million in 1Q15. This increase is related to the recognition of impairment in investments and goodwill in Stelo, in addition to the increase in losses on POS terminals and provision for civil and labor risks, net of the reduction in allowance for doubtful accounts and extraordinary expenses incurred in 1Q15.

Financial Income

Quarterly Evolution



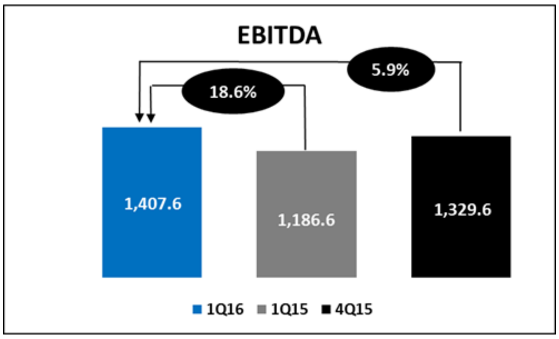
The financial income totaled R$341.3 million in 1Q16, up 3.4% or R$11.3 million compared to 1Q15, which presented a result of R$330.0 million. The main variations are described as follows:

Financial Revenues – Financial revenues increased R$5.7 million or 10.7%, to R$58.8 million in 1Q16, compared to R$53.1 million in 4Q15.

Financial Expenses – Financial expenses increased R$150.6 million, to R$338.8 million in 1Q16, compared to R$188.2 million in 1Q15. The increase is due to the higher average indebtedness with third parties.

Purchase of Receivables Results – Revenue from purchase of receivables set to *pró-rata temporis*, net of funding with third parties and of taxes on financial revenues increased R$160.5 million, to R$623.4 million in 1Q16, compared to R$462.9 million in 1Q15. The increase is related to the growth in the financial volume of acquired receivables; to the higher average spread in the quarter (increase in DI rate); and to reduced costs of funding with third parties, partially offset by the beginning of PIS and COFINS over taxes on financial income from the second half of 2015.

EBITDA
Quarterly Evolution



EBITDA totaled R$1,407.6 million in 1Q16, up 18.6%, compared to 1Q15, and up 5.9%, over 4Q15.

EBITDA (R$ million)	1Q16	1Q15	4Q15
Cielo Net Income	995.4	911.8	852.7
Other Shareholders noncontrolling interests	42.9	14.3	46.5
Financial Income (Expenses)	(341.3)	(330.0)	(297.5)
Tax and Social Contribution	463.0	434.0	466.7
Depreciation and Amortization	247.6	156.4	261.2
EBITDA	**1,407.6**	**1,186.6**	**1,329.6**
% EBITDA Margin	*46.2%*	*50.5%*	*43.5%*

EBITDA consists of net income, plus income tax and social contribution, financial income (expenses) and depreciation and amortization. It should be noted that, for this calculation, the share of non-controlling shareholders is added to the parent company's net income.

Management believes that the EBITDA is an important parameter for the investors because it provides relevant information about our operating results and the profitability.

The EBITDA is not an accounting measurement used in the accounting practices adopted in Brazil. It does not represent the cash flow for the presented periods and it should not be considered as an alternative to net income as an operating performance measure or as an alternative to operating cash flow or as a measurement of liquidity. Additionally, the EBITDA has limitations that may harm its use as an indicator of the profitability of the Company and its subsidiaries, since costs related to the business are not considered, and could deeply impact the income, e.g., financial expenses, taxes, depreciation, equity expenses and other related charges.

CORPORATE GOVERNANCE

Corporate Governance is valuable for Cielo, so one of its goals is the continuous and long-term improvement, aiming a sustainable performance for the Company. For this purpose, Cielo adopts, voluntarily, the best corporate governance practices beyond those required for companies listed on BM&FBovespa Novo Mercado, demonstrating a massive commitment of the Company and the Board of Directors to the shareholders.

The maximization of the Company efficiency and long-term value creation is explained, for instance, through (a) the adoption of appropriate decision-making systems and its monitoring, by Cielo; (b) setting a Corporate Governance Office, which aims to support management agencies and committees/ advisory committees of the Company and its subsidiaries, as well as ensuring the monitoring of the best practices of corporate governance; (c) about ethics and sustainable practices; (d) the formal and annual performance assessment of the Board of Directors members on an individual and group analysis; (e) set different people to take over Chairman and Vice Chairman of the Board positions; (f) setting the annual calendar of the Board of Directors, envisaging all the subjects to be discussed over the year; (g) restricting the information exchange to the Corporate Governance Electronic Portal; (h) maintaining the Related

Party Transactions Policies as well as situations involving Conflicts of Interest; and (i) the existence of a Code of Ethics which establishes rules of conduct when relating to all the stakeholders.

The Board of Directors of the Company has collegiate performance and is composed of 11 (eleven) members, who do not perform management activities, and out of which 03 (three) are independent, whose independence aims particularly to save the interests of the company and its minority shareholders. The Board of Directors shall determine the general direction of the Company's business, elect the members of the Management and supervise its management, among others. The Management is composed of 07 (seven) members and performs general management of the company, respecting the guidelines defined by the Board of Directors. Besides, in demonstration of Cielo's adherence to the best Corporate Governance practices, the Board of Directors has 05 (five) support committees, which are: Audit Committee, Finance Committee, Corporate Governance Committee, People Management Committee and Sustainability Committee. The Management has 08 (eight) assistance forums: Issuer Risk Forum, Earnings Release Forum, Ethics Forum, Expenses Forum, Management of Continuous Business Expansion Forum, Social Investments Forum, Pricing Forum and Projects Forum.

The Fiscal Council of Cielo is an independent management body, which currently is installed to supervise the management activities and is composed by 05 (five) members, out of which 02 (two) are independent members.

On the subject of Sustainability, the company keeps structured practices, such as: (a) establishment of a climate strategy, including the conduction and dissemination of a Greenhouse Gas (GHG) Inventory and offsetting emissions through the purchase of carbon credits; (B) support for social projects that contribute to the improvement of child and adolescent education, empower young people for work, promoting child health, developing cancer research and new treatments, and implementing the inclusion of people with disabilities; (C) the implementation of several policies that address important issues such as ethics, anti-corruption practices and the environment, in order to guide the Company's practices aimed at contributing to a healthy environment and the economic and social development of Brazil.

Since 2011, Cielo disposes level one American Depositary Receipts (ADRs), so is listed at OTCQX. From 2014, Cielo joined the index ISE (Corporate Sustainability Index) of BM&FBOVESPA and integrates the Euronext-Vigeo Sustainability Index since 2015.

As a subsequent event to the quarter ended on March 31, 2016, the Company published on April 29, 2016, the 2015 Sustainability Report. It was prepared based on the Global Reporting Initiative (GRI), G4 version, providing information on the Company's performance regarding the most material aspects for the sustainability of the business, seeking to demonstrate its ability to generate value and operate with continuity.

RELATIONSHIP WITH INDEPENDENT AUDITORS

Under CVM Rule 381/03, we inform that during 1Q16 the Company contracted the independent audit services of KPMG.

The Company's Policy for contracting independent audit services seeks to ensure that there are no conflicts of interest, loss of independence or objectivity. These principles, based on internationally accepted principles, consist of: (a) the auditor should not audit his own work, (b) the auditor should not exercise management positions at his client, and (c) the auditor should not foster the interests of the client.

We confirm that we have not been provided by independent auditors and parties related to them services not related to external audit in the 1Q16.

Performance reporting information on EBITDA, financial volume and number of transactions, discount rates, industry and sector information, net revenue additions, number of employees, total investments, and managerial revenue was not reviewed by the independent auditors.