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Company Information / Capital Breakdown

Number of shares (in thousands)	Current quarter 09/30/2018
Paid-in Capital	
Common shares	86,371
Preferred shares	0
Total	86,371
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

Company Information / Cash Proceeds

Event	Approval	Proceeds	Beginning of payment	Share type	Share class	Earnings per share (Reais / Share)
Board of Directors' Meeting	08/10/2018	Interest on Equity (IOE)	08/28/2018	Common		0.61984

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

Account code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Total assets	58,788,537	54,046,937
1.01	Current assets	17,885,717	22,276,591
1.01.01	Cash and cash equivalents	117,242	161,518
1.01.02	Short-term interbank investments	9,577,743	12,931,084
1.01.02.01	Open market investments	9,434,873	12,787,577
1.01.02.02	Investments in interbank deposits	142,870	143,507
1.01.03	Marketable securities	1,396,666	2,335,215
1.01.03.01	Own portfolio	758,632	1,458,959
1.01.03.02	Linked to repurchase agreements	0	876,256
1.01.03.03	Derivative financial instruments	638,034	0
1.01.04	Interbank accounts	638,199	517,430
1.01.04.01	Outstanding payments and receipts	60,404	8,155
1.01.04.02	Central Bank deposits	577,042	506,318
1.01.04.03	Correspondents	753	2,957
1.01.05	Interbranch accounts	0	84
1.01.06	Loans	3,993,758	4,183,701
1.01.06.01	Public sector	167,252	186,731
1.01.06.02	Private sector	4,295,212	4,489,435
1.01.06.03	(Allowance for loan losses)	-468,706	-492,465
1.01.08	Other receivables	2,131,919	2,115,657
1.01.08.01	Exchange portfolio	902,532	885,164
1.01.08.02	Income receivable	20,522	16,480
1.01.08.03	Trading and intermediation of securities	12	12
1.01.08.04	Sundry	1,219,004	1,219,789
1.01.08.05	(Allowance for losses on other receivables)	-10,151	-5,788
1.01.09	Other assets	30,190	31,902
1.01.09.01	Other assets	14,673	14,649
1.01.09.02	(Valuation allowances)	-617	-620
1.01.09.03	Prepaid expenses	16,134	17,873
1.02	Long-term receivables	40,734,493	31,585,567
1.02.02	Marketable securities	33,622,877	24,524,324
1.02.02.01	Own portfolio	31,975,732	23,665,336
1.02.02.02	Linked to repurchase agreements	1,201,004	3,091
1.02.02.03	Financial instruments and Derivatives	0	426,513
1.02.02.04	Linked to guarantees given	446,141	429,384
1.02.03	Interbank accounts	69,575	66,639
1.02.03.01	National Housing System (SFH)	69,575	66,639
1.02.05	Loans	5,030,767	4,915,752
1.02.05.01	Public sector	500,929	1,041,162
1.02.05.02	Private sector	4,703,805	4,327,186
1.02.05.03	(Allowance for loan losses)	-173,967	-452,596
1.02.07	Other receivables	2,011,274	2,078,852
1.02.07.01	Sundry	2,039,027	2,106,090
1.02.07.02	(Allowance for losses on other receivables)	-27,753	-27,238

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

Account code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
1.03	Permanent assets	168,327	184,779
1.03.01	Investments	1,591	1,591
1.03.01.04	Other investments	6,877	6,877
1.03.01.05	Valuation Allowance	-5,286	-5,286
1.03.02	Property and equipment in use	146,788	163,240
1.03.02.01	Properties in use	169,752	169,752
1.03.02.02	Revaluation of property and equipment in use	107,132	107,132
1.03.02.03	Other property and equipment in use	280,504	277,150
1.03.02.04	(Accumulated depreciation)	-410,600	-390,794
1.03.04	Intangible assets	19,948	19,948
1.03.04.01	Intangible assets	19,948	19,948

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

Account code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total liabilities	58,788,537	54,046,937
2.01	Current liabilities	17,340,339	21,632,803
2.01.01	Deposits	6,117,521	5,410,955
2.01.01.01	Demand deposits	289,814	239,932
2.01.01.02	Savings deposits	2,307,026	2,277,515
2.01.01.03	Interbank deposits	1,443,319	1,548,266
2.01.01.04	Time deposits	2,077,362	1,345,242
2.01.02	Open market funding	1,332,124	983,405
2.01.02.01	Own portfolio	1,190,907	876,278
2.01.02.02	Third-party portfolio	141,217	107,127
2.01.03	Funds from acceptance and issue of securities	1,397,035	184,357
2.01.03.01	Funds from real estate, mortgage, credit and similar notes	160,923	176,500
2.01.03.02	Liabilities for foreign marketable securities	1,236,112	7,857
2.01.04	Interbank accounts	41,322	317
2.01.04.01	Outstanding payments and receipts	41,322	317
2.01.05	Interbranch accounts	15,858	5,660
2.01.05.01	Third-party funds in transit	15,172	5,660
2.01.05.02	Internal transfers of funds	686	0
2.01.06	Borrowings	873,909	951,482
2.01.06.01	Foreign borrowings	873,909	951,482
2.01.07	Onlending in Brazil	136,849	161,679
2.01.07.01	National Treasury	337	187
2.01.07.02	BNDES	118,031	142,072
2.01.07.03	Machinery and Equipment Financing (Finame)	18,481	19,420
2.01.08	Foreign onlending	172,098	143,354
2.01.09	Other obligations	7,253,623	13,791,594
2.01.09.01	Collection of taxes and other contributions	94,378	1,453
2.01.09.02	Exchange portfolio	52,731	9,318
2.01.09.03	Social and statutory	26,975	138,114
2.01.09.04	Tax and social security	509,956	303,202
2.01.09.05	Trading and intermediation of securities	153	153
2.01.09.06	Financial and development funds	3,236,638	10,913,835
2.01.09.07	Sundry	3,332,792	2,425,519
2.02	Long-term payables	37,573,029	28,872,097
2.02.01	Deposits	5,817,326	6,397,227
2.02.01.01	Interbank deposits	8,502	34,623
2.02.01.02	Time deposits	5,808,824	6,362,604
2.02.02	Open market funding	8,687	3,042
2.02.02.01	Own portfolio	8,687	3,042
2.02.03	Funds from acceptance and issue of securities	0	1,004,912
2.02.03.02	Liabilities for foreign marketable securities	0	1,004,912
2.02.07	Onlending in Brazil	1,105,165	1,358,892
2.02.07.01	National Treasury	141	263
2.02.07.02	BNDES	1,053,385	1,293,434
2.02.07.03	Machinery and Equipment Financing (Finame)	51,639	65,195

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

Account code	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
2.02.08	Foreign onlending	483,607	491,871
2.02.09	Other obligations	30,158,244	19,616,153
2.02.09.01	Tax and social security	4,911	42,954
2.02.09.02	Financial and development funds	23,999,478	12,614,943
2.02.09.03	Subordinated debts eligible to capital	2,325,337	2,205,468
2.02.09.04	Debt instruments eligible to capital	1,000,000	1,000,000
2.02.09.05	Sundry	2,828,518	3,752,788
2.05	Equity	3,875,169	3,542,037
2.05.01	Paid-in capital	2,844,000	2,844,000
2.05.03	Revaluation reserves	11,592	11,769
2.05.03.01	Own assets	0	11,769
2.05.04	Income reserves	1,856,561	1,685,026
2.05.04.01	Legal reserve	0	271,416
2.05.04.02	Statutory reserve	0	1,413,610
2.05.05	Equity adjustments	-984,623	-998,758
2.05.05.01	Adjustments to marketable securities	0	-998,758
2.05.06	Retained Earnings/Accumulated Losses	147,639	0

Individual Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2018 to 09/30/2018	Current YTD 01/01/2018 to 09/30/2018	Same quarter of prior year07/01/2017 to 09/30/2017	Prior YTD - 01/01/2017 to 09/30/2017
3.01	Revenues from financial intermediation	1,304,071	3,972,910	1,310,370	4,094,806
3.01.01	Loans	440,568	1,372,095	492,328	1,442,108
3.01.02	Gains (losses) on marketable securities transactions	714,493	2,063,040	835,988	2,600,101
3.01.03	Gains (losses) on Financial Instruments and Derivatives	57,668	213,887	-52,866	-43,914
3.01.04	Foreign exchange gains	85,133	305,171	17,741	80,248
3.01.05	Compulsory investment yield (loss)	6,209	18,717	17,179	16,263
3.02	Expenses from financial intermediation	-915,262	-2,875,657	-893,298	-3,050,666
3.02.01	Open market funding	-274,225	-838,406	-245,378	-871,833
3.02.02	Borrowings and onlending	-569,572	-1,741,641	-508,388	-1,662,899
3.02.03	(Allowance for loan losses)	-71,465	-295,610	-139,532	-515,934
3.03	Gross profit from financial intermediation	388,809	1,097,253	417,072	1,044,140
3.04	Other operating income/expenses	-40,534	-312,312	-177,942	-516,032
3.04.01	Service revenues	629,088	1,846,047	521,815	1,711,101
3.04.02	Personnel expenses	-490,699	-1,433,689	-516,569	-1,433,126
3.04.03	Other administrative expenses	-304,400	-937,092	-318,938	-916,295
3.04.04	Tax expenses	-76,330	-229,582	-71,906	-219,707
3.04.05	Other operating income	465,426	1,413,003	558,896	1,412,975
3.04.06	Other operating expenses	-263,619	-970,999	-351,240	-1,070,980
3.05	Operating income	348,275	784,941	239,130	528,108
3.06	Non-operating income (loss)	284	2,507	-1,914	-4,307
3.06.01	Revenues	1,845	7,296	2,124	3,831
3.06.02	Expenses	-1,561	-4,789	-4,038	-8,138
3.07	Income before income taxes and profit sharing	348,559	787,448	237,216	523,801
3.08	Provision for income and social contribution taxes	-66,391	-303,442	18,401	-15,336
3.09	Deferred income tax	-75,706	-31,666	-77,552	-13,438
3.10	Statutory contributions/profit sharing	-11,538	-25,598	-9,807	-28,838
3.13	Income/Loss for the period	194,924	426,742	168,258	466,299
3.99	Earnings per share (reais / share)	2.25680	4.94074	1.94806	5.39880

Individual Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account code	Account description	Current quarter	Current	Current	Prior YTD
		01/07/2018 to 09/30/2018	YTD	Same quarter of prior year	01/01/2017 to 09/30/2017
4.01	Net income for the period	194,924	426,742	168,258	466,299
4.02	Other comprehensive income (loss)	-44,854	14,313	66,623	-225,767
4.02.01	Equity adjustment to available-for-sale securities	-72,277	-178,245	112,111	161,715
	Tax effect on Equity adjustment to available-for-sale securities	28,694	66,781	-45,149	-64,095
4.02.02	Revaluation reserve realized	0	322	964	3,919
4.02.03	Tax effect on revaluation reserve realized	0	-145	-434	-1,727
4.02.04	Actuarial gains (losses)	-1,271	125,600	-869	-325,579
4.02.05					
4.03	Comprehensive income (loss) for the period	150,070	441,055	234,881	240,532

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

Account code	Account description	Current YTD 01/01/2018 to 09/30/2018	Prior YTD 01/01/2017 to 09/30/2017
6.01	Net cash from operating activities	4,925,186	7,687,057
6.01.01	Cash from operations	1,618,606	1,786,947
6.01.01.01	Net Income/Loss for the period	426,742	466,299
6.01.01.02	Depreciation and amortization expense	22,012	30,177
6.01.01.03	Provision for Impairment of Other Assets	-2	11
6.01.01.04	Allowance for losses on other receivables, net	288,321	425,007
6.01.01.05	Allowance for losses on other receivables, net	7,288	90,927
6.01.01.06	Provision for financial guarantees provided, net (FNE risks)	484,448	523,153
6.01.01.07	Provision for financial guarantees provided, net (FDNE risks)	22	88
6.01.01.08	Provision for contingencies, net	41,055	-36,517
6.01.01.09	Provision for other contingencies, net	50,077	9,590
6.01.01.10	Actuarial liabilities - post-employment benefits	193,716	149,893
6.01.01.11	Provision for Debt instruments eligible to capital	110,122	99,352
6.01.01.13	Monetary restatement of judicial deposits	22,177	37,056
6.01.01.14	Deferred tax assets	-31,666	-13,438
6.01.01.15	Reversal of provision for losses on credits linked to SFH	-71	-3,173
6.01.01.16	Restatement of debt instrument eligible to capital	4,365	8,522
6.01.02	Changes in assets and liabilities	3,306,580	5,900,110
6.01.02.01	Short-term interbank investments	-33,453	116,844
6.01.02.02	Interbranch and interbank accounts	-72,346	-454,686
6.01.02.03	Loans	-213,393	1,529,913
6.01.02.04	Other receivables	326,620	4,390
6.01.02.05	Other assets	1,738	-5,787
6.01.02.06	Deposits	104,488	753,191
6.01.02.07	Open market funding	354,363	72,454
6.01.02.08	Funds from acceptance and issue of securities	207,767	-131,094
6.01.02.09	Borrowings and onlending	-335,649	-392,698
6.01.02.10	Derivative financial instruments	-211,522	26,121
6.01.02.11	Other obligations	3,480,257	4,479,996
6.01.02.12	Revaluation reserve realized	0	407
6.01.02.13	Income and social contribution taxes paid	-294,233	-93,348
6.01.02.14	Prior years' adjustments	-8,057	-5,593
6.02	Net cash from investing activities	-8,065,530	-4,501,498
6.02.01	Investments	0	-3
6.02.02	Investments in property and equipment in use	-7,084	-17,734
6.02.04	Investments in assets not for own use	-66	-400
6.02.05	Disposal (write-off) of property and equipment in use	1,524	6,946
6.02.06	Disposal of assets not for own use	43	157
6.02.07	Available-for-sale marketable securities	-8,059,947	-4,490,464
6.03	Net cash from financing activities	-290,726	-332,314
6.03.01	Payment of dividends as interest of equity paid	-93,888	-118,386
6.03.02	Payment of interest on debt instruments eligible to capital	-196,838	-213,928

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

Account code	Account description	Current YTD 01/01/2018 to 09/30/2018	Prior YTD 01/01/2017 to 09/30/2017
6.05	Increase (decrease) in cash and cash equivalents	-3,431,070	2,853,245
6.05.01	Cash and cash equivalents at beginning of period	12,841,968	9,429,229
6.05.02	Cash and cash equivalents at end of period	9,410,898	12,282,474

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2018 to 09/30/2018**(In thousands of reais)**

Account code	Account description	Capital	Capital reserves	Revaluation reserves	Income reserves	Retained earnings (accumulated losses)	Equity adjustments	Total equity
5.01	Opening balance	2,844,000	0	11,769	1,685,026	0	-998,758	3,542,037
5.02	Prior years' adjustments	0	0	0	0	-8,057	0	-8,057
5.03	Adjusted balance	2,844,000	0	11,769	1,685,026	-8,057	-998,758	3,533,980
5.04	Income/loss for the period	0	0	0	0	426,742	0	426,742
5.05	Allocations	0	0	0	171,535	-271,224	0	-99,689
5.05.02	Interest on Equity (IOE)	0	0	0	0	-99,689	0	-99,689
5.05.03	Other allocations	0	0	0	171,535	-171,535	0	0
5.05.03.01	Legal reserve	0	0	0	11,591	-11,591	0	0
5.05.03.02	Statutory reserve	0	0	0	159,944	-159,944	0	0
5.07	Equity adjustments	0	0	-177	0	177	14,136	14,136
5.07.01	Adjustments to marketable securities	0	0	0	0	0	-111,464	-111,464
5.07.04	Realization of reserve	0	0	-177	0	177	0	0
5.07.05	Actuarial gains and losses	0	0	0	0	0	125,600	125,600
5.13	Closing balance	2,844,000	0	11,592	1,856,561	147,638	-984,622	3,875,169

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2017 to 09/30/2017

(In thousands of reais)

Account code	Account description	Capital	Capital reserves	Revaluation reserves	Income reserves	Retained earnings (accumulated losses)	Equity adjustments	Total equity
5.01	Opening balance	2,844,000	0	14,491	1,157,951	0	-653,947	3,362,495
5.02	Prior years' adjustments	0	0	0	0	-5,593	0	-5,593
5.03	Adjusted balance	2,844,000	0	14,491	1,157,951	-5,593	-653,947	3,356,902
5.04	Income/loss for the period	0	0	0	0	466,299	0	466,299
5.05	Allocations	0	0	0	221,740	-330,202	0	-108,462
5.05.02	Interest on Equity (IOE)	0	0	0	0	-108,462	0	-108,462
5.05.03	Other allocations	0	0	0	221,740	-221,740	0	0
5.05.03.01	Legal reserve	0	0	0	14,902	-14,902	0	0
5.05.03.02	Statutory reserve	0	0	0	206,838	-206,838	0	0
5.07	Equity adjustments	0	0	-2,192	0	2,599	-227,959	-227,552
5.07.01	Adjustments to marketable securities	0	0	0	0	0	97,620	97,620
5.07.04	Realization of reserve	0	0	-2,192	0	2,599	0	407
5.07.05	Actuarial gains and losses	0	0	0	0	0	-325,579	-325,579
5.13	Closing balance	2,844,000	0	12,299	1,379,691	133,103	-881,906	3,487,187

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

Account code	Account description	Current YTD - 01/01/2018 to 09/30/2018	Prior YTD - 01/01/2017 to 09/30/2017
7.01	Revenues	5,967,859	5,627,661
7.01.01	Financial intermediation	3,972,910	4,094,806
7.01.02	Services rendered	1,846,047	1,711,101
7.01.03	(Reversal of) Allowance for loan losses	-295,610	-515,934
7.01.04	Other	444,512	337,688
7.02	Expenses from financial intermediation	-2,580,047	-2,534,732
7.03	Inputs Acquired From Third Parties	-888,248	-856,662
7.03.01	Materials, energy and other expenses	-64,739	-66,751
7.03.02	Third-party services	-464,281	-422,681
7.03.04	Other	-359,228	-367,230
7.04	Gross Value Added	2,499,564	2,236,267
7.05	Retentions	-22,012	-30,178
7.05.01	Depreciation, amortization and depletion	-22,012	-30,178
7.06	Net value added produced	2,477,552	2,206,089
7.08	Total Value Added to be Distributed	2,477,552	2,206,089
7.09	Distribution of Value Added	2,477,552	2,206,089
7.09.01	Personnel	1,261,740	1,266,799
7.09.01.01	Direct compensation	858,286	912,621
7.09.01.02	Benefits	338,997	290,666
7.09.01.03	Unemployment Compensation Fund (FGTS)	64,457	63,512
7.09.02	Taxes, charges and contributions	762,238	443,536
7.09.02.01	Federal	735,556	420,888
7.09.02.02	State	29	42
7.09.02.03	Municipal	26,653	22,606
7.09.03	Debt Remuneration	26,832	29,455
7.09.03.01	Rent	26,832	29,455
7.09.04	Equity Remuneration	426,742	466,299
7.09.04.01	Interest on Equity (IOE)	99,689	108,462
7.09.04.03	Retained Earnings (Accumulated Losses)	327,053	357,837

Comments on Performance

OPERATING PERFORMANCE

BNB entered into 1,216,506 loan and financing transactions in the third quarter of 2018. These transactions totaled R\$9.6 billion - a 31.9% increase compared with the same period in 2017.

The funds used in long-term loan transactions mostly derived from Fundo Constitucional de Financiamento do Nordeste (FNE). In the third quarter of 2018, 145,740 transactions were entered into, amounting to R\$7.1 billion with FNE funds, which represents a 48.0% increase compared with the third quarter of 2017.

Through its urban production-oriented microloan program, denominated Crediamigo, BNB disbursed approximately R\$2.1 billion, with 1,030,805 transactions entered into in the third quarter of 2018 to provide support to micro-entrepreneurs within the Bank's jurisdiction. BNB presented 8.5% and 3.6% increases in the contracted amount and in the number of transactions, respectively, compared with the third quarter of 2017.

In relation to the National Family Farming Strengthening Program (Pronaf), BNB entered into 135,825 financing transactions totaling R\$789.7 million in the period, which represents a 2.9% increase in the amount entered into and a 4.6% decrease in the number of transactions compared with the third quarter of 2017.

Under the Pronaf program, BNB operates the rural production-oriented microloan program denominated Agroamigo. In the third quarter of 2018, under this type, 130,140 transactions were entered into with family farmers, totaling R\$650.6 million (a 2.0% increase compared with the same period of 2017).

Under the urban production-oriented microloan program (Crediamigo) and the rural Agroamigo program, the total amount of R\$2.8 billion was entered into in the third quarter of 2018, with 1,160,945 transactions entered into to provide support to micro-entrepreneurs in the urban and rural areas within the Bank's jurisdiction. These results represented a 6.9% increase in the amount entered into and 2.6% increase in the number of transactions, compared with the same period in 2017.

In relation to support to micro and small enterprises, BNB entered into 9,273 transactions totaling R\$733.9 million through the third quarter of 2018, a 19.4% increase in the amount entered into and a 6.1% decrease in the number of transactions.

Regarding finance income (costs), BNB recorded income of R\$194.9 million in the third quarter of 2018, a 15.8% increase compared with the third quarter of 2017, when the Bank reached the amount of R\$168.3 million.

NOTES TO INTERIM FINANCIAL STATEMENTS
Quarters ended September 30, 2018 and 2017
Amounts expressed in thousands of reais, unless otherwise stated

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NOTE 1 - The Bank and its Characteristics

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

NOTE 2 - Basis of Preparation and Presentation of Interim Financial Statements

The financial statements were prepared in accordance with the provisions of the Brazilian Corporation Law, as amended by Laws No. 11638 and No. 11941 of 12.28.2007 and 05.27.2009, respectively, and regulations of the National Monetary Council (Conselho Monetário Nacional - CMN), the Central Bank of Brazil (*Banco Central do Brasil - BACEN*), and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), and are presented in accordance with the Standard Chart of Accounts for National Financial Institutions (Plano Contábil das Instituições do Sistema Financeiro Nacional - Cosif).

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

- CPC 00 (R1) - The Conceptual Framework for Financial Reporting (CMN Resolution No. 4144 of 09.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566 of 05.29.2008);
- CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements (CMN Resolution No. 640 of 10.07.2010);

- CPC 03 - Statement of Cash Flow (CMN Resolution No. 3604 of 08.29.2008);
- CPC 05 - Related-Party Disclosures (CMN Resolution No. 3750 of 06.30.2009);
- CPC 09 - Statement of Value Added (CVM Rule No. 557 of 11.12.2008);
- CPC 12 - Present Value Adjustment (CVM Rule No. 564 of 12.17.2008);
- CPC 21 (R1) - Interim Financial Reporting (CVM Rule No. 673 of 10.20.2011);
- CPC 22 - Segment Reporting (CVM Rule No. 582 of 07.31.2009);
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors (CMN Resolution No. 4007 of 08.25.2011);
- CPC 24 - Subsequent Events (CMN Resolution No. 3973 of 05.26.2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823 of 12.16.2009);
- CPC 26 (R1) - Presentation of Financial Statements (CVM Rule No. 760 of 12.22.2016);
- CPC 27 - Property, Plant and Equipment (CVM Rule No. 583 of 07.31.2009);
- CPC 32 - Income Taxes (CVM Rule No. 599 of 09.15.2009);
- CPC 33 (R1) - Employee Benefits (CMN Resolution No. 4424 of 06.25.2015); and
- CPC 41 - Earnings per Share (CVM Rule No. 636 of 08.06.2010).

NOTE 3 - Summary of Significant Accounting Practices

a) Functional currency

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

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

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

b) P&L recognition criteria

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

c) Current and noncurrent assets and liabilities

Assets and receivables are stated at realizable values, plus income earned and currency variations and currency fluctuation, less unearned income or allowance, if applicable. Liabilities are stated at original amounts plus, if applicable, charges and monetary and currency variations incurred, less deferred expenses. Available funds from FNE are classified in Current liabilities and Long-term payables according to the expected outflow of funds.

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

d) Cash and Cash Equivalents

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

e) Short-term interbank investments

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

f) Marketable Securities

Marketable securities are recorded at cost, plus brokerage and other fees, and are classified and evaluated as follows:

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

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

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

The methodology for adjusting the market value of marketable securities was established in accordance with consistent and verifiable criteria, which take into consideration the following criteria, according to the following order of priority:

1st - Market Prices disclosed by the National Association of Financial Market Institutions (*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - Anbima*) and B3 S.A.;

2nd - Goodwill/Negative Goodwill on transactions occurred over the past 3 months in B3 S.A.; and

3rd - Calculation of probable realizable value based on own pricing model. In this case, the present value is determined by discounted cash flow by the market rate net of the risk factor and of the discount for the low liquidity, such as the Financial Bills and Debentures.

Gains on marketable securities, irrespective of the category into which they are classified, are appropriated on a pro rata day basis and on an accrual basis, through maturity date or definitive sale of the security, according to the compound interest method or the straight-line method, based on remuneration clauses and acquisition rate distributed in the passage of time and recorded directly in P&L for the period.

Losses on available-for-sale and held-to-maturity securities that are not characterized as temporary losses are recognized directly in P&L for the period and begin to compose the new base of the asset cost.

At the time of disposal, the difference between the sale price and the acquisition cost restated by income is considered as a result of the transaction and is recorded at the transaction date as gain or loss on marketable securities.

g) Derivative financial instruments

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

Swap transactions are stated in balance sheet and memorandum accounts, according to their nature, based on prevailing accounting standards and legal provisions. They are measured at market value upon preparation of monthly trial balances and half-yearly balance sheets. Valuations or devaluations are stated in income or expense accounts. The rates disclosed by B3 S.A. are used to calculate the market value of these transactions.

Hedge Accounting

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

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

The risk management objectives and the hedging strategy of such risks during the entire transaction are adequately documented, and so is the assessment of the transaction effectiveness. A hedge is expected to be highly effective if the changes in market value or cash flow attributed to the hedging instrument offsets the changes in market value of the hedged item, in an interval between 80% and 125%.

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

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

Income from loans overdue for more than 59 days, regardless of the risk level, is only recognized as revenue when effectively received.

H-rated operations remain under this rating for 180 days, when they are then written off against the existing allowance and controlled for at least five years, no longer being included in the statements of financial position.

Renegotiated operations remain, at least, at the same level as previously classified.

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

i) Prepaid expenses

These refer to funds used in prepayments, whose benefits or service rendering will occur in coming years. Prepaid expenses are recorded at cost and amortized as the services are rendered and benefits generated.

j) Permanent assets

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

Property and equipment in use: include depreciation calculated by the straight-line method at the following annual rates: Buildings - 4%; Data Processing Systems and Vehicles - 20%; Tractors and Motorcycles - 25%; and other items - 10%. Real properties in use include the revaluation amount.

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

k) Taxes

Corporate Income Tax (IRPJ) is calculated at the rate of 15% plus a 10% surtax (on taxable profit exceeding R\$240 for the year), and Social Contribution Tax on Net Profit (CSLL) is calculated at the rate of 20% (until 12.31.2018, in compliance with Law No. 13169 of 10.06.2015), after adjustments in corporate profit defined in tax legislation. Deferred tax assets and liabilities are calculated on temporary differences between accounting and tax bases, arising from allowances for loan losses, provisions for post-employment benefits, mark-to-market of marketable securities, derivative financial instruments, and hedged item.

For accrual, maintenance and write-off of deferred tax assets, the criteria observed are established by CMN Resolution No. 3059 of 12.20.2002, and BACEN Circular Letter No. 3171 of 12.30.2002, the latter establishing the procedures for recognition and accounting record, and are supported by technical studies on capacity for realization. The provisions of the CVM are also applicable, when not conflicting with the CMN and BACEN rules.

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

l) Employee benefits

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

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

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

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

m) Deposits and open market funding

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

n) Impairment of assets

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

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

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

Provisions for civil, tax, labor and other claims are recognized in the financial statements when, based on the opinion of legal advisors and management, the likelihood of loss in a given legal or administrative proceeding is assessed as probable, the settlement of which is likely to result in an outflow of economic benefits, and the amounts involved can be reliably measured upon court reference/notification, reviewed as required by procedural changes, and monetarily restated on a monthly basis.

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

Contingencies classified as probable losses are accounted for and represented by Civil proceedings (claiming compensation for pain and suffering and property damages, including, among others, protest of notes, return of checks, and provision of information to credit reporting agencies), Labor claims (claiming labor rights, in light of specific professional category legislation, such as overtime pay, salary equalization, job reinstatement, transfer allowance, severance pay, retirement supplementation, including enforcement notices issued by Regional Labor Offices and others), Tax and Social Security proceedings (represented by legal and administrative proceedings involving federal and municipal taxes) and Other proceedings (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). For lawsuits unfavorable outcome of which is possible or remote, provisions are not set up, as provided for in legal and regulatory requirements, except for legal obligations.

Contingent assets and liabilities are not recognized in the financial statements.

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

p) Subordinated debts

Subordinated debts are recorded at the cost of acquisition, restated by reference to the extra-market rate disclosed by Bacen when the funds are available and, when invested, by reference to the charges agreed upon by the borrowers.

q) Interest on Equity (IOE) and Dividends

The shareholders are entitled to receive, as mandatory minimum dividend for each year, 25% (twenty-five percent) of the net income for the year, as established in the Bank's Chart. Interest on equity may be levied on dividends.

r) Use of estimates

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

s) Earnings per share

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

NOTE 4 - Segment Reporting

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

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

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

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

For the periods ended 09.30.2018 and 09.30.2017, no revenue from transactions with one single customer accounted for 10% or more of the Bank's total revenue.

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

Specification	01.01 to 09.30.2018			01.01 to 09.30.2017		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
Revenues	3,126,068	2,262,353	5,388,421	2,924,660	2,578,814	5,503,474
Income from loans	1,372,095	-	1,372,095	1,442,108	-	1,442,108
Gains (losses) on marketable securities transactions	800,986	1,262,054	2,063,040	981,024	1,619,077	2,600,101
Gains (losses) on derivative financial instrument transactions	213,887	-	213,887	(43,914)	-	(43,914)
Foreign exchange gains	305,171	-	305,171	80,248	-	80,248
Compulsory investment yield	18,717	-	18,717	16,263	-	16,263
Other revenues	415,212	1,000,299	1,415,511	448,931	959,737	1,408,668
Expenses	(1,622,220)	(1,739,441)	(3,361,661)	(1,466,833)	(2,109,049)	(3,575,882)
Funding expenses	(838,406)	-	(838,406)	(871,833)	-	(871,833)
Expenses on borrowings and onlending	(488,204)	(1,253,437)	(1,741,641)	(79,066)	(1,583,833)	(1,662,899)
Allowance for loan losses (Note 9.e)	(295,610)	(485,997)	(781,607)	(515,934)	(525,178)	(1,041,112)
Proagro provision receivable	-	(7)	(7)	-	(38)	(38)
Financial margin	1,503,848	522,912	2,026,760	1,457,827	469,765	1,927,592
Service revenues	421,857	1,368,047	1,789,904	343,993	1,317,617	1,661,610
Income from fees, charges and commissions	56,143	-	56,143	49,491	-	49,491
Pasep and Cofins	(39,981)	(161,799)	(201,780)	(22,618)	(173,014)	(195,632)
Income after fees and commissions	1,941,867	1,729,160	3,671,027	1,828,693	1,614,368	3,443,061
Administrative expenses			(2,370,781)			(2,349,421)
Personnel expenses			(1,433,689)			(1,433,126)
Depreciation and amortization			(22,012)			(30,178)
Other administrative expenses			(915,080)			(886,117)
Other expenses			(421,148)			(536,214)
Expenses with provisions, except allowance for loan losses			(91,650)			(33,625)
Income before taxation and profit sharing			787,448			523,801
Income and social contribution taxes			(335,108)			(28,664)
Profit sharing			(25,598)			(28,838)
Net income			426,742			466,299

NOTE 5 - Cash and Cash Equivalents

Specification	09.30.2018	12.31.2017
Cash and cash equivalents in local currency	100,258	145,271
Cash and cash equivalents in foreign currency	16,984	16,247
Total cash and cash equivalents	117,242	161,518
Short-term interbank investments ⁽¹⁾	9,293,656	12,680,450
Total cash and cash equivalents	9,410,898	12,841,968

⁽¹⁾ Transactions whose maturity on the investment date is within 90 days.

NOTE 6 - Interbank investments

a) Breakdown

Specification	09.30.2018	12.31.2017
a) Open market investments	9,434,873	12,787,577
Resale agreements pending settlement	9,293,656	12,680,450
Resale agreements pending settlement - Financed position	141,217	107,127
b) Investments in interbank deposits	142,870	143,507
Foreign currency investments	65,989	27,953
Investments in interbank deposits	76,881	115,554
Total	9,577,743	12,931,084
Short-term	9,577,743	12,931,084

b) Income from interbank investments

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
a) Income from open market investments (Note 7.b)	583,783	747,722
Self-funded position	578,496	742,036
Financed position	5,287	5,686
b) Income from interbank deposits (Note 7.b)	4,560	6,338
Total	588,343	754,060

NOTE 7 - Marketable securities and derivative financial instruments

a) Marketable securities

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

a.1) Marketable Securities and Derivative Financial Instrument portfolio

Securities available for sale	09.30.2018									12.31.2017	
	Market value					Maturity	Cost value	Market/book value	Market adjustment	Market/book value	Market adjustment
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days						
Fixed income securities	13,000	93,598	629,003	115	32,945,399		34,417,227	33,681,115	(736,112)	25,773,355	(562,494)
Financial Treasury Bills (LFT)	-	-	7,142	-	30,177,579	From 2019 to 2024	30,181,559	30,184,721	3,162	22,614,045	15,806
National Treasury Notes (NTN)	-	-	-	-	1,535,518	From 2050 to 2055	1,564,295	1,535,518	(28,777)	1,332,596	75,756
Financial Bills	-	93,598	621,835	-	1,157,849	From 2019 to 2022	1,929,070	1,873,282	(55,788)	1,718,101	(36,232)
Debentures	13,000	-	-	-	70,854	From 2019 to 2041	701,927	83,854	(618,073)	104,449	(583,562)
Federal government securities - FCVS	-	-	-	-	3,507	2027	4,217	3,507	(710)	3,838	(777)
Federal government securities - other	-	-	-	-	-	1993	35,876	-	(35,876)	-	(33,396)
Agrarian Debt Securities (TDAs)	-	-	26	115	92	From 2018 to 2022	283	233	(50)	326	(89)
Investment fund shares	409	-	-	-	-		2,015	409	(1,606)	392	(1,605)
Social Development Funds (FDS)	-	-	-	-	-	No maturity	1,606	-	(1,606)	-	(1,605)
Investment Guarantee Fund (FGI)	381	-	-	-	-	No maturity	381	381	-	362	-
Operation Guarantee Fund (FGO)	28	-	-	-	-	No maturity	28	28	-	30	-
Variable income securities	22,507	-	-	-	-		22,247	22,507	260	26,870	4,623
Other tax incentives (FINOR)	156	-	-	-	-	No maturity	109	156	47	171	62
Shares issued by publicly-held companies	22,351	-	-	-	-	No maturity	22,138	22,351	213	26,699	4,561
Security deposits ⁽¹⁾	-	-	-	-	446,141		446,511	446,141	(370)	429,384	(106)
Financial Treasury Bills (LFT)	-	-	-	-	433,564	From 2020 to 2023	433,071	433,564	493	413,770	729
Federal government securities - other	-	-	-	-	-	1993	908	-	(908)	-	(845)
Debentures	-	-	-	-	12,577	2019	12,532	12,577	45	15,614	10
Total of category	35,916	93,598	629,003	115	33,401,540		34,888,000	34,150,172	(737,828)	26,230,001	(559,582)
Tax credit (Note 21.c)									302,114		270,294
Provision for deferred taxes and contributions (Note 21.d)									(5,028)		(39,987)
Total market value adjustment									(440,742)		(329,275)

⁽¹⁾ Breakdown: Guarantees on stock exchange transactions R\$266,680 (R\$254,543 at 12.31.2017); guarantees on clearing house association transactions R\$3,034 (R\$2,896 at 12.31.2017); guarantees on legal proceedings R\$148,965 (R\$145,732 at 12.31.2017); and other guarantees R\$27,462 (R\$26,213 at 12.31.2017).

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

In view of the classification of assets under "Available-for-sale securities", the amount of (R\$737,828) ((R\$559,582) at 12.31.2017) was recorded in Equity under "Market value adjustments" account. Such adjustment, net of taxes, corresponds to (R\$440,742) ((R\$329,275) at 12.31.2017).

Securities held to maturity	09.30.2018						12.31.2017		
	Cost value				Maturity	Cost (book value)	Market value ⁽¹⁾	Cost (book value)	Market value ⁽¹⁾
	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days					
Fixed income securities	-	-	-	231,337		231,337	155,569	203,025	139,857
National Treasury Notes (NTN) - P	-	-	-	174,369	2030	174,369	98,601	166,832	103,664
Investment Fund Shares - Criatec	-	-	-	14,445	2019	14,445	14,445	10,240	10,240
Investment Fund Shares - Criatec II	-	-	-	12,659	2023	12,659	12,659	11,218	11,218
Investment Fund Shares - Criatec III	-	-	-	1,868	2025	1,868	1,868	958	958
FIP Brasil Agronegócios	-	-	-	13,357	2020	13,357	13,357	12,624	12,624
Nordeste III FIP	-	-	-	14,639	2022	14,639	14,639	1,153	1,153
Total of category	-	-	-	231,337		231,337	155,569	203,025	139,857

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

a.2) In the period, there were no reclassifications of marketable securities into the categories above, and no held-to-maturity securities were sold.

a.3) Bank Management states that the institution has the financial capacity and the intention to keep these securities held under this category until maturity.

b) Gain (loss) on marketable securities

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Open market investments (Note 6.b)	583,783	747,722
Investments in interbank deposits (Note 6.b)	4,560	6,338
Fixed income securities	1,474,419	1,845,430
Variable income securities	278	611
Total	2,063,040	2,600,101

c) Derivative financial instruments

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

At 09.30.2018, the Bank had swap transactions registered with B3 S.A. and the notional value of these transactions is recorded in memorandum accounts (notional value) while the related equity value is recorded under accounts 'Differential payable' and 'Differential receivable', as shown below:

Breakdown at 09.30.2018									12.31.2017
Specification	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net	Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative		
Long position									
Foreign currency (dollar)	578,615	638,034	-	627,661	-	10,373	-	10,373	12,619
Short position									
Fixed rate	-	-	-	-	-	-	-	-	-
Total	578,615	638,034	-	627,661	-	10,373	-	10,373	12,619
Provision for deferred taxes and contributions (Note 21.d)								4,149	5,048

Specification	09.30.2018		12.31.2017	
	Differential receivable	Differential payable	Differential receivable	Differential payable
Up to 3 months	-	-	-	-
From 3 to 12 months	638,034	-	-	-
From 1 to 3 years	-	-	426,513	-
From 3 to 5 years	-	-	-	-
Total	638,034	-	426,513	-

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

Specification	09.30.2018				12.31.2017	
	Curve value		Market value		Market value adjustment	Market value adjustment
Hedging instruments	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI		
Swap - Foreign currency - Long position	1,222,628	594,968	1,233,001	594,968	10,373	12,619
Hedged item	Curve value ⁽¹⁾		Market value ⁽¹⁾		Market value adjustment	Market value adjustment
Eurobonds - Senior Unsecured Notes	1,222,920		1,233,005			
Tax credit (Note 21.c)					4,034	5,004

⁽¹⁾ Net of tax effects at source in the amount of R\$3,107 (R\$999 in 12.31.2017) on the transaction interest.

The transactions with derivative financial instruments for hedging purposes were assessed as effective under Bacen Circular Letter No. 3082 of 01.30.2002, based on the financial flows (principal and interest) of the hedged item, Eurobonds - Senior Unsecured Notes, and of hedging instruments (swap contracts).

d) Gain (loss) on derivative financial instruments

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Swap	213,887	(43,914)
Total	213,887	(43,914)

NOTE 8 - Linked Credits

a) Linked credits

Specification	09.30.2018			12.31.2017		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Mandatory payments	452,789	-	452,789	382,760	-	382,760
Compulsory reserves - Cash funds	124,253	-	124,253	123,558	-	123,558
National Housing System (SFH)	77,828	(8,253)	69,575	74,821	(8,182)	66,639
Total	654,870	(8,253)	646,617	581,139	(8,182)	572,957
Short-term	577,042	-	577,042	506,318	-	506,318
Long-term	77,828	(8,253)	69,575	74,821	(8,182)	66,639

b) Compulsory investment yield/loss

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Income from linked credits - Central Bank of Brazil	15,782	15,458
Income from linked credits - SFH	3,006	3,266
Income from linked credits - Rural Credit	-	33
Appreciation (Depreciation) of linked credits	(71)	(2,494)
Total	18,717	16,263

NOTE 9 - Loan portfolio and allowance for loan losses

a) Loan portfolio and allowance for loan losses

Specification	09.30.2018		12.31.2017	
	Gross amount	Allowance	Gross amount	Allowance
Loans	9,667,198	(642,673)	10,044,514	(945,061)
Short term	4,462,464	(468,706)	4,676,166	(492,465)
Long term	5,204,734	(173,967)	5,368,348	(452,596)
Other accounts with loan features	779,632	(10,019)	913,565	(5,788)
Short term	777,008	(10,019)	911,561	(5,788)
Long term	2,624	-	2,004	-
Total	10,446,830	(652,692)	10,958,079	(950,849)

a.1) Breakdown of loan portfolio

Specification	09.30.2018	12.31.2017
Advances to deposit holders	789	374
Loans	4,240,162	4,749,224
Discounted notes	16,999	33,978
Financing	1,619,935	1,929,132
Financing in foreign currency	36,617	60,186
Agribusiness financing	6,252	9,303
Rural financing	1,401,580	1,385,618
Real estate financing ⁽¹⁾	-	243
Infrastructure and development financing	2,344,864	1,876,456
Loans subtotal	9,667,198	10,044,514
Income receivable from advances granted	33,226	11,204
Debtors for purchase of assets	286	1,311
Notes and credits receivable (Note 10.d)	51,103	50,221
Advances on Exchange Contracts (ACC) ⁽²⁾ (Note 11.a)	695,017	850,829
Other accounts with loan features subtotal	779,632	913,565
Total	10,446,830	10,958,079

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

⁽²⁾ Accounts classified as "Other payables/ foreign exchange portfolio".

a.2) Income from loans

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Loans and discounted notes	630,025	748,075
Financing	462,982	438,433
Agribusiness financing	972	5,168
Rural financing	190,946	150,689
Recovery of loans written off as losses	87,170	99,740
Other amounts	-	3
Total	1,372,095	1,442,108

b) Breakdown by maturity

b.1) Current loans⁽¹⁾

Type Customer/Activity	of	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 09.30.2018	Total at 12.31.2017
Rural		17,563	600	6,578	11,163	12,066	1,280,994	1,328,964	1,358,054
Manufacturing		177,194	163,183	155,425	105,268	233,969	1,491,344	2,326,383	2,619,697
Government		8,486	8,486	8,486	51,569	50,919	471,186	599,132	695,537
Other services		121,398	133,758	88,234	155,297	241,651	1,529,314	2,269,652	1,927,209
Trading		741,766	629,953	521,168	781,794	292,051	153,711	3,120,443	3,534,436
Financial brokers		57	44	42	121	183	304	751	864
Housing		66	32	26	41	38	13	216	586
Individuals		24,879	10,472	7,524	11,273	15,281	11,898	81,327	91,732
Total at 09.30.2018		1,091,409	946,528	787,483	1,116,526	846,158	4,938,764	9,726,868	
Total at 12.31.2017		927,127	781,795	710,307	1,305,713	1,381,809	5,121,364		10,228,115

⁽¹⁾ Include loans overdue up to 14 days.

b.2) Past-due loans

Amounts falling due									
Type Customer/Activity	of	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 09.30.2018	Total at 12.31.2017
Rural		423	319	416	556	1,293	36,518	39,525	1,877
Manufacturing		3,634	3,608	3,508	9,905	16,515	66,459	103,629	162,846
Government		2,974	2,974	2,974	8,923	17,845	29,742	65,432	-
Other services		5,948	5,212	7,074	13,191	23,731	80,198	135,354	171,116
Trading		15,092	8,603	7,174	17,282	24,497	54,903	127,551	140,626
Individuals		238	138	127	448	768	1,268	2,987	4,203
Total at 09.30.2018		28,309	20,854	21,273	50,305	84,649	269,088	474,478	
Total at 12.31.2017		81,118	19,702	16,135	43,242	70,402	250,069⁽¹⁾		480,668

Amounts overdue										
Type Customer/Activity	of	01 to 14 days	15 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Above 360 days ⁽²⁾	Total at 09.30.2018	Total at 12.31.2017
Rural		1	60	81	189	206	1,003	37,804	39,344	44,020
Manufacturing		1,406	15,235	18,633	3,025	7,095	11,762	3,922	61,078	34,726
Government		-	3,614	-	-	-	-	-	3,614	-
Other services		5,999	3,339	4,645	3,222	12,790	7,520	1,068	38,583	53,102
Trading		34,868	8,523	9,478	6,223	15,648	18,738	730	94,208	106,005
Financial brokers		-	12	-	-	-	-	-	12	2
Housing		-	-	-	-	-	-	-	-	247
Individuals		30	826	701	763	2,018	4,264	45	8,647	11,194
Total at 09.30.2018		42,304	31,609	33,538	13,422	37,757	43,287	43,569	245,486	
Total at 12.31.2017		5,585	17,446	24,552	25,154	61,296	72,408	42,855⁽¹⁾		249,296

⁽¹⁾ These include amounts referring to loans taken out based on CMN Resolution No. 2471 of 02.26.1998.

⁽²⁾ Classified in Noncurrent assets in the Balance Sheet.

c) Breakdown by risk level

Risk level	09.30.2018				12.31.2017			
	Current loan ⁽¹⁾	Past due loan	Total portfolio	Allowance	Current loan ⁽¹⁾	Past due loan	Total portfolio	Allowance
AA	3,818,110	-	3,818,110	-	4,112,754	-	4,112,754	-
A	4,347,203	-	4,347,203	(21,736)	4,112,276	-	4,112,276	(20,561)
B	945,885	98,177	1,044,062	(10,441)	1,073,569	30,020	1,103,589	(11,037)
C	273,659	58,608	332,267	(9,968)	98,991	34,045	133,036	(3,992)
D	192,991	41,501	234,492	(23,449)	365,755	28,980	394,735	(39,473)
E	22,322	34,674	56,996	(17,099)	61,102	38,088	99,190	(29,757)
F	8,322	55,438	63,760	(31,880)	21,902	236,755	258,657	(129,328)
G	15,001	24,403	39,404	(27,583)	50,870	39,600	90,470	(63,329)
H	103,375	407,161	510,536	(510,536)	330,896	322,476	653,372	(653,372)
Total	9,726,868	719,962	10,446,830	(652,692)	10,228,115	729,964	10,958,079	(950,849)

⁽¹⁾ Include loans overdue up to 14 days.

d) Changes in the allowance for the period

Specification	09.30.2018	12.31.2017
Opening balance of Allowance for losses on loan portfolio	950,848	1,431,088
(+) Allowance recognized/(reversed) for the period	294,962	543,965
(-) Loans written off as loss for the period	(593,118)	(1,024,204)
(=) Net Allowance for losses on loan portfolio	652,692	950,849
Opening balance of Allowance for losses on other receivables without loan features	27,238	28,824
(+) Allowance recognized for the period	798	1,215
(-) Reversal of allowance for the period	(151)	(2,801)
(=) Net allowance for losses on other receivables without loan features (Note 10.e)	27,885	27,238
(=) Balance of allowance for loan losses	680,577	978,087

e) Breakdown of the allowance expense balance

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
(+) Expenses with allowance for loan losses	288,322	425,011
(+) Expenses with allowance for losses on other receivables	6,640	92,728
(=) Balance of expenses with allowance for losses with loan features	294,962	517,739
(+) Expenses with allowance for losses on other receivables without loan features	798	549
(-) Reversals of allowances for other receivables without loan features	(150)	(2,354)
(=) Balance of expenses with allowance for loan losses (Note 4)	295,610	515,934

f) Financial guarantees provided

Specification	09.30.2018		12.31.2017	
	Balance	Allowance	Balance	Allowance
In connection with the International Commodity Trade	-	-	2,234	-
Other bank guarantees	450	-	450	-
Public sector	22,284,871	(3,135,336)	21,491,232	(3,084,588)
FDNE (Notes 16.i and 22.f.2)	131,692	(658)	127,239	(636)
FDNE (Notes 16.i and 22.f.2)	22,151,006	(3,134,671)	21,363,190	(3,083,952)
Proagro (Notes 16.i and 22.f.2)	2,173	(7)	803	-

g) Loan concentration

Specification	09.30.2018		12.31.2017	
	Balance	% of portfolio	Balance	% of portfolio
10 major debtors	2,049,832	19.62	2,270,716	20.72
50 major debtors	4,339,449	41.54	4,377,577	39.95
100 major debtors	4,997,949	47.84	5,002,911	45.65

h) By the third quarter of 2018, receivables that had been written off as loss were recovered in the amount of R\$87,171 (R\$99,740 at 09.30.2017) and renegotiations amounted to R\$287,315 (R\$586,262 at 09.30.2017).

NOTE 10 - Other receivables

Specification	09.30.2018	12.31.2017
a) Foreign Exchange Portfolio (Note 11.a)	902,532	885,164
b) Income receivable	20,522	16,480
c) Trading and intermediation of securities	12	12
d) Sundry	3,258,031	3,325,879
Tax Credits on Allowance for Loan Losses (Note 21.c)	1,255,389	1,328,513
Tax credits on Actuarial Provisions (Note 21.c)	663,221	681,068
Tax Credits on Marketable Securities, Derivative Financial Instruments and hedged item (Notes 7.a., 2, 7.c and 21.c)	306,148	275,298
Debtors for escrow deposits	403,213	352,207
Taxes and contributions to be offset	274,868	74,244
Tax incentive options	26,748	26,748
Notes and credits receivable (Note 9.a.1)	51,103	50,221
Advances and early salary payment	36,387	2,378
Payments to be refunded	2,525	14,267
Amounts receivable - bonus/rebates	107,457	282,358
Other amounts	130,972	238,577
e) Allowance for losses on other receivables	(37,904)	(33,026)
Receivables with loan features	(10,019)	(5,788)
Receivables without loan features (Note 9.d)	(27,885)	(27,238)
Total	4,143,193	4,194,509
Short-term	2,131,919	2,115,657
Long-term	2,011,274	2,078,852

NOTE 11 - Foreign exchange portfolio

a) Breakdown

Specification	09.30.2018	12.31.2017
Assets - Other receivables (Note 10)	902,532	885,164
Exchange purchase pending settlement	817,446	865,655
Rights on foreign exchange sales	51,910	8,502
Advances received in local currency	(50)	(197)
Income receivable from advances granted	33,226	11,204
Current assets (Note 10)	902,532	885,164
Liabilities - Other obligations (Note 16.b)	52,731	9,318
Foreign exchange purchase obligations	695,856	851,617
Foreign exchange sales pending settlement	51,891	8,530
(Advances on exchange contracts - ACC) (Note 9.a.1)	(695,017)	(850,829)
Other amounts	1	-
Current liabilities (Note 16.b)	52,731	9,318

b) Foreign exchange gains (losses)

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Foreign exchange gains	305,831	80,848
Foreign exchange losses	(660)	(600)
Total	305,171	80,248

NOTE 12 - Permanent assets

a) Investments

Specification	12.31.2017	01.01.2018 to 09.30.2018			09.30.2018	
	Book balance	Changes		Book balance	Cost value	Book balance
		Additions	Write-offs			
Shares and units of interest	331	-	-	331	331	331
Artworks and valuables	1,260	-	-	1,260	1,260	1,260
Total	1,591	-	-	1,591	1,591	1,591

b) Property and equipment

Specification	12.31.2017	01.01.2018 to 09.30.2018				09.30.2018		
	Book balance	Changes			Book balance	Cost value	Accumulated depreciation	Book balance
		Additions	Write-offs	Depreciation				
Buildings	72,802	-	-	(4,028)	68,774	259,309	(190,535)	68,774
Data processing system	33,077	1,210	(912)	(11,319)	22,056	147,739	(125,683)	22,056
Furniture and equipment in use	27,048	5,697	(509)	(3,891)	28,345	80,538	(52,193)	28,345
Plots of land	17,576	-	-	-	17,576	17,576	-	17,576
Facilities	4,417	-	(4)	(771)	3,642	19,044	(15,402)	3,642
Communication system	45	6	(2)	(9)	40	271	(231)	40
Security system	6,635	170	(98)	(939)	5,768	18,579	(12,811)	5,768
Transportation system	1,640	-	-	(1,053)	587	14,332	(13,745)	587
Total	163,240	7,083	(1,525)	(22,010)	146,788	557,388	(410,600)	146,788

c) Intangible assets

Specification	12.31.2017	01.01.2018 to 09.30.2018			09.30.2018		
	Book balance	Changes		Book balance	Cost value	Book balance	
		Additions	Write-offs				Amortization
Spending on intangible assets under development	19,948	-	-	-	19,948	19,948	19,948
Total	19,948	-	-	-	19,948	19,948	19,948

At 09.30.2018 and 12.31.2017, no impairment losses were recorded on permanent assets.

NOTE 13 - Deposits, Open Market Funding, Funds from Acceptance and Issue of Securities, Debt Instruments Eligible to Capital and Subordinated Debts

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

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 09.30.2018	Total at 12.31.2017
Demand deposits	289,814	-	-	-	-	-	289,814	239,932
Savings deposits	2,307,026	-	-	-	-	-	2,307,026	2,277,515
Interbank deposits	922,750	520,569	8,502	-	-	-	1,451,821	1,582,889
Time deposits	646,971	1,430,394	3,779,440	953,182	1,056,805	19,394	7,886,186	7,707,846
Time deposits	293,336	1,401,295	2,123,527	855,894	932,210	19,394	5,625,656	5,287,894
Interest-yielding judicial deposits	346,786	-	-	-	-	-	346,786	562,981
Finor/cash and cash equivalents and reinvestments - Law No. 8167	-	-	1,612,649	67,761	67,762	-	1,748,172	1,649,735
FAT - Available funds	3,604	10,035	19,404	13,971	10,242	-	57,256	37,481
FAT - Invested funds	3,245	8,921	23,860	15,556	11,405	-	62,987	142,452
Other	-	10,143	-	-	35,186	-	45,329	27,303
Funds from acceptance and issue of securities	77,109	1,319,926	-	-	-	-	1,397,035	1,189,269
Eurobonds - Senior Unsecured Notes	24,858	1,211,254	-	-	-	-	1,236,112	1,012,769
Agribusiness Credit Bills (LCA)	52,251	108,672	-	-	-	-	160,923	176,500
Debt instruments eligible to capital	-	-	-	-	-	1,000,000	1,000,000	1,000,000
Subordinated debts	-	-	-	-	-	2,325,337	2,325,337	2,205,468
Total at 09.30.2018	4,243,670	3,270,889	3,787,942	953,182	1,056,805	3,344,731	16,657,219	
Total at 12.31.2017	3,831,276	1,764,036	5,454,438	792,901	1,130,070	3,230,198		16,202,919

c) Deposits

Specification	09.30.2018	12.31.2017
Demand deposits	289,814	239,932
Government deposits	6,061	5,985
Restricted deposits	77,890	93,751
Legal entities	170,450	108,855
Individuals	34,867	30,611
Other amounts	546	730
Savings deposits	2,307,026	2,277,515
Free savings deposits - Individuals	1,540,898	1,482,561
Free savings deposits - Legal entities	765,392	794,209
From related parties and Financial System Institutions	736	745
Interbank deposits	1,451,821	1,582,889
Time deposits	7,886,186	7,707,846
Time deposits	5,625,656	5,287,894
Interest-yielding judicial deposits	346,786	562,981
Other time deposits	1,913,744	1,856,971
Interest-yielding special deposits/FAT (Notes 26 and 28)	120,243	179,933
Available funds (Note 26)	57,256	37,481
Proger Urbano	315	948
Protrabalho	1,340	15,597
Infrastructure	17,566	15,736
PNMPO	38,035	5,200
Funds invested (Note 26)	62,987	142,452
Proger Urbano	9,778	10,619
Protrabalho	23,721	31,784
Infrastructure	-	26,847
PNMPO	29,488	73,202
Finor/cash and cash equivalents and reinvestments (Law No. 8167/91)	1,748,172	1,649,735
Other amounts	45,329	27,303
Total	11,934,847	11,808,182
Short-term	6,117,521	5,410,955
Long-term	5,817,326	6,397,227

c) Open market funding

Specification	09.30.2018	12.31.2017
Own portfolio	1,199,594	879,320
Financial Treasury Bills (LFT)	1,199,594	879,320
Third-party portfolio	141,217	107,127
National Treasury Notes (NTN)	141,217	107,127
Total	1,340,811	986,447
Short-term	1,332,124	983,405
Long-term	8,687	3,042

d) Expenses with open market funding

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Funding expenses	(788,472)	(795,176)
Time deposits	(251,727)	(446,294)
Savings deposits	(60,566)	(76,580)
Judicial deposits	(22,177)	(37,056)
Interbank deposits	(31,298)	(35,973)
Special deposits	(83,806)	(53,121)
Funds from acceptance and issue of securities	(330,605)	(136,674)
Other deposits	(8,293)	(9,478)
Expenses with open market funding	(49,934)	(76,657)
Third-party portfolio	(5,287)	(5,686)
Own portfolio	(44,647)	(70,971)
Total	(838,406)	(871,833)

NOTE 14 - Borrowings and onlending

a) Borrowings and onlending by maturity

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 09.30.2018	Total at 12.31.2017
Foreign borrowings	589,243	284,666	-	-	-	-	873,909	951,482
Domestic onlending	40,957	95,892	304,390	327,673	435,010	38,092	1,242,014	1,520,571
Foreign onlending	60,156	111,942	192,540	192,604	98,463	-	655,705	635,225
Total at 09.30.2018	690,356	492,500	496,930	520,277	533,473	38,092	2,771,628	
Total at 12.31.2017	239,544	1,016,971	530,901	544,101	671,879	103,882		3,107,278
Short-term							1,182,856	1,256,515
Long-term							1,588,772	1,850,763

b) Onlending in Brazil - official institutions

Specification	Annual restatement rate (%)	09.30.2018	12.31.2017
National Treasury	IGP-DI + 2.00	478	450
BNDES		1,171,416	1,435,506
POC (credit facility granted by the BNDES agents to small and medium-sized companies to buy shares in capital increases)	Fixed rate 1.50 to 11.10/TJLP + 0.00 to 4.00/IPCA + 9.41/Exc. var. + 2.00 to 4.00	784,121	1,065,137
Credit Facility for investment in agriculture		387,295	370,369
Machinery and Equipment Financing (Finame)		70,120	84,615
"Programa Automático" (program for purchase of new machinery and equipment by companies based in Brazil)	Fixed rate 1.50 to 7.00/TJLP + 0.00 to 4.00/Exc. var. + 2.00 to 4.00	48,577	63,575
Agricultural Program		21,543	21,040
Total (Note 28.a.1)		1,242,014	1,520,571
Short-term		136,849	161,679
Long-term		1,105,165	1,358,892

c) Borrowings

Specification	Annual restatement rate (%)	09.30.2017	12.31.2017
Foreign borrowings/Foreign currency payables	USD	873,909	951,482
Total		873,909	951,482
Short-term		873,909	951,482

d) Foreign onlending

Specification	Annual restatement rate (%)	09.30.2018	12.31.2017
BID-Prodetur I (Tourism Development Program with funds provided by the IDB)	USD + 4.40	176,029	191,947
BID-Prodetur II	USD + 3.25	473,711	437,340
BID - Other programs	USD + 3.25	5,965	5,938
Total		655,705	635,225
Short-term		172,098	143,354
Long-term		483,607	491,871

e) Expenses on borrowings and onlending

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Expenses on onlending	(289,981)	(152,967)
Domestic onlending - Official institutions in Brazil	(101,694)	(81,917)
National Treasury	(30)	(1)
BNDES	(98,354)	(79,826)
Machinery and Equipment Financing (Finame)	(3,310)	(2,090)
Foreign onlending expenses	(188,287)	(71,050)
Expenses on onlending with foreign banks	(286,253)	(57,088)
Expenses on financial and development funds	(1,165,407)	(1,452,844)
Total	(1,741,641)	(1,662,899)

NOTE 15 - Funds from acceptance and issue of securities

a) Liabilities for foreign marketable securities

Specification	Funding date	Maturity	Remuneratio n p.a. (%)	Contractual amount in thousands of US dollars	Contractual amount at 09.30.2018 ⁽²⁾	Market value at 09.30.2018 ⁽²⁾	Market value 12.31.2017 ⁽²⁾
<i>Eurobonds – Senior Unsecured Notes (1)</i>	05.03.2012	05.03.2019	4.375	300,00	1,226,028	1,236,112	1,012,769
Total				300,000	1,226,028	1,236,112	1,012,769
Short-term						1,236,112	7,857
Long-term						-	1,004,912

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

⁽²⁾ Considering tax effects.

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

b) Agribusiness Credit Bills (LCAs) issued

Specification	Remuneration p.a. (%)	Nominal value	09.30.2018	12.31.2017
Agribusiness Credit Bills (LCA) ⁽¹⁾	81.21 CDI	156,305	160,923	176,500
Short-term			160,923	176,500
Long-term			-	-

⁽¹⁾ Note with average maturity term of 163 days.

NOTE 16 - Other liabilities

Specification	09.30.2018	12.31.2017
a) Collection and transfer of taxes and levies	94,378	1,453
Funds from Proagro	140	171
Federal taxes received	92,060	26
IOF payable	712	775
Other taxes and levies	1,466	481
b) Foreign exchange portfolio (Note 11.a)	52,731	9,318
c) Social and statutory	26,975	138,114
Dividends and bonuses payable	341	94,222
Profit sharing	26,634	43,892
d) Tax and social security	514,867	346,156
Provision for deferred taxes and contributions	135,006	164,858
Marketable securities and derivative financial instruments (Note 21.d)	9,177	45,035
Revaluation of buildings and land (Note 21.d)	-	144
From credits recovered and hedged items (Note 21.d)	125,829	119,679
Provision for income and social contribution taxes (Note 21.a.2)	298,335	92,554
Income tax	162,151	49,047
Social contribution tax	136,184	43,507
Taxes and contributions payable	81,526	88,744
e) Trading and intermediation of securities	153	153
f) Financial and development funds	27,236,116	23,528,778
FNE (Note 28.a.1)	26,317,987	22,599,975
Other amounts	918,129	928,803
g) Debt instruments eligible to capital (Notes 17 and 28.a.1)	1,000,000	1,000,000
h) Subordinated debts eligible for capital (Notes 18 and 28.a.1)	2,325,337	2,205,468
i) Sundry	6,161,310	6,178,307

Provision for contingencies	450,498	332,084
Labor claims (Note 22.f.1.ii)	201,238	169,253
Civil proceedings (Note 22.f.1.iii)	152,931	116,349
Other proceedings (Note 22.f.1.iv)	35,581	33,154
Tax proceedings (Note 22.f.1.i)	14,874	13,328
Dividends and interest on equity	45,874	-
Provision for Financial Guarantees Provided (Note 22.f.2)	3,135,336	3,084,588
FNE (Note 9.f)	3,134,671	3,083,952
Onlending	1,056	1,137
Full risk - BNB	65,679	87,599
Shared risk	3,067,936	2,995,216
FDNE (Note 9.f)	658	636
Proagro (Note 9.f)	7	-
Actuarial liabilities	1,768,554	1,900,021
Retirement and DB pension plan (Notes 24.g and 28.a.2)	416,425	411,216
Health care plan (Notes 24.g and 28.a.2)	1,214,653	1,354,238
Life insurance - Post-employment benefit (Notes 24.g and 28.a.2)	137,476	134,567
Accrued payments	473,844	441,475
Personnel expenses	264,821	181,764
Other amounts	98,901	67,238
Interest and charges on debt instruments eligible to capital	110,122	192,473
Other amounts	333,078	420,139
Total	37,411,867	33,407,747
Short-term	7,253,623	13,791,594
Long-term	30,158,244	19,616,153

NOTE 17 - Debt Instruments Eligible to Principal Capital (IECP)

On 01.19.2016, the Bank and Federal Government entered into a loan agreement in the amount of R\$1,000,000 for purposes of classification as instrument eligible to principal capital, as provided for in article 16 of CMN Resolution No. 4192 of 03.01.2013, amended by CMN Resolution No. 4278 of 12.31.2013 and CMN Resolution No. 4311 of 02.20.2014.

Interest will be settled in an annual lump-sum payment, restated by the Brazil's Central Bank benchmark rate (Selic) up to the effective payment date, within 30 days from the payment of dividends referring to P&L determined in the closing balance sheet of the fiscal year.

In case the balance of retained earnings, of income reserves, including legal reserve and capital reserves of the Bank, is not sufficient to absorb its losses calculated upon closing of the balance sheet of the fiscal year, the Bank will be relieved from the remuneration and will use the amounts due as interest overdue and the principal balance, in that order, up to the amount required to offset losses, the debt to which the agreement refers being duly settled for all purposes.

Any unpaid charges will not accrue. In the event the payment or dividend credit is not performed (including as interest on equity) until December 31 of the subsequent fiscal year, the financial charges unpaid will no longer be enforceable definitely.

The obligation has no maturity date and it may only be redeemed or repurchased by the issuer, subject to prior authorization by Bacen.

Specification	Amount issued	Remuneration	Funding date	09.30.2018	12.31.2017
Debt instruments eligible to capital (Notes 16.g and 28.a.1)	1,000,000	Profitability on Equity	01.19.2016	1,000,000	1,000,000
Long-term				1,000,000	1,000,000

NOTE 18 - Subordinated debts

Specification	09.30.2018	12.31.2017
Fundo Constitucional de Financiamento do Nordeste (FNE) ⁽¹⁾	2,325,337	2,205,467
Funds available	1,325,803	1,734,734
Funds invested	999,534	470,734
Total (Notes 16.h and 28.a.1)	2,325,337	2,205,468

⁽¹⁾These comprise two funding operations with FNE in the original amounts of R\$600,000 and R\$400,000 of 07.20.2009 and 03.01.2010, respectively.

NOTE 19 - Equity

a) Capital

The Bank's capital in the amount of R\$2,844,000 (R\$2,844,000 at 12.31.2017) is represented by 86,371,464 common registered paid-in shares with no par value, held as follows:

Specification	09.30.2018		12.31.2017	
	Number of shares	% of Capital	Number of shares	% of Capital
Shareholders				
Federal Government	44,049,447	51.00	44,049,447	51.00
BB FGEDUC Multimarket Investment Fund	30,205,568	34.97	30,207,318	34.97
BB FGO Investment Fund Shares	6,217,900	7.20	6,220,150	7.20
National Development Fund (FND)	3,846,968	4.45	3,846,968	4.45
Other	2,051,581	2.38	2,047,581	2.38
Total	86,371,464	100.00	86,371,464	100.00

b) Revaluation reserve

The amount of R\$11,592 (R\$11,769 at 12.31.2017) refers to revaluation of property and equipment in use, recognized on 02.26.1993. This reserve will be maintained through its effective realization date either as a result of depreciation, write-off or disposal, pursuant to CMN Resolution No. 3565 of 05/29/2008. In the period, the amount of R\$177 (R\$3,129 at 12.31.2017) was transferred to Retained Earnings (Accumulated Losses).

c) Dividends and Interest on Equity (IOE) paid - 1st half of 2018

Through the Board of Director's Meeting held on 08.10.2018, prepayment of Interest on Equity (IOE), attributable to the dividend of 25% on adjusted net income for the six-month period, was approved in the amount of R\$53,537 (R\$69,233 at 06.30.2017). That benefit was paid in 08.28.2018. Total IOE distributed on net income for 06.30.2018 provided, in the same position, a reduction in expenses on tax charges in the amount of R\$23,770 (R\$30,324 at 06.30.2017).

d) Payment of IOE for 2017

Through the Annual General Meeting held on 03.26.2018, the payment of supplementary Interest on Equity (IOE) for the year ended 12.31.2017 was approved in the amount of de R\$94,013. This payment was made on 04.10.2018.

e) Statement of calculation of IOE:

Specification	09.30.2018	09.30.2017
1. Net income for the period	426,742	466,299
2. Legal reserve calculated	(21,337)	(23,315)
3. Debt adjustments to Retained Earnings (Accumulated Losses)	(13,922)	(16,657)
4. Revaluation reserve transferred to retained earnings (accumulated losses)	177	2,192
5. Credit adjustments to Retained Earnings (Accumulated Losses)	5,865	3,977
6. Dividend and IOE calculation basis	397,525	432,496
7. Interest on Equity (IOE)	99,689	108,461
8. Withholding Income Tax on IOE	(308)	(334)
9. Interest on equity attributable to dividends (item 7- tem 8)	99,381	108,127

f) Legal reserve

The legal reserve corresponds to 5% on net income calculated in the closing date of every six-month. In the 1st half of 2018, this reserve totaled R\$11,592 (R\$14,902 at 06.30.2017).

g) Statutory reserve

The statutory reserve represents the remaining balance of net income calculated in the closing of every six-month period, after establishment of the legal reserve and the amount distributed as IOE/dividends. In the 1st half of 2018, this reserve totaled R\$159,944 (R\$206,838 at 06.30.2017).

h) Equity Adjustment

Specification	09.30.2018	12.31.2017
Marketable securities available for sale	(111,464) ⁽¹⁾	53,597 ⁽¹⁾
Actuarial Gains and Losses (Post-employment Benefits)	125,600 ⁽¹⁾	(398,408) ⁽¹⁾
Equity adjustment⁽¹⁾	14,136	(344,811)

⁽¹⁾ Net of tax effects

NOTE 20 - Other operating income (expenses)

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
a) Service revenue	1,789,904	1,661,610
Investment fund management	30,925	25,535
Fund and program management	1,398,403	1,334,573
Services rendered	360,576	301,502
b) Income from bank fees	56,143	49,491
c) Personnel expenses	(1,433,689)	(1,433,126)
Earnings	(821,047)	(873,300)
Social charges	(301,847)	(292,732)
Retirement and pension plan - DB and VC I Capef Plans	(76,411)	(74,432)
Health care plan - Camed Natural Plan	(109,654)	(69,087)
Life insurance - Post-employment benefit	(8,353)	(7,393)
Benefits, training sessions, fees and compensation of interns	(116,377)	(116,182)
d) Other administrative expenses	(937,092)	(916,295)
Data processing	(188,194)	(186,250)
Advertising and publicity	(14,449)	(14,982)
Third-party services	(415,400)	(373,295)
Rentals, material and public utilities	(55,018)	(59,629)
Travel	(13,018)	(11,063)
Communications	(19,612)	(24,400)
Depreciation and amortization	(22,012)	(30,178)
Asset maintenance and upkeep	(36,553)	(36,577)
Surveillance, security and transportation	(67,987)	(66,150)
Promotions, public relations and publications	(8,097)	(7,397)
Financial system services	(23,240)	(26,734)
Specialized technical services	(25,641)	(22,652)
Insurance	(1,119)	(1,517)
Court, notary and attorney fees	(29,852)	(33,185)
Worker' union dues and Associations	(1,403)	(1,566)
Condominium fees, catering, kitchen and meals	(4,305)	(4,546)
FUNDECI (Science and Technology Development Fund)	(4,000)	(3,000)
Other amounts	(7,192)	(13,174)
e) Tax expenses (Note 21.e)	(229,582)	(219,707)
COFINS and PIS/PASEP	(201,780)	(195,668)
ISS and IPTU/Improvement tax	(25,522)	(21,542)
Other amounts	(2,280)	(2,497)
f) Other operating income	1,413,003	1,412,975
Del credere commission on fund management	1,005,140	964,722
Exchange losses on borrowings	115,408	135,036
Exchange losses on funding expenses	73,950	101,190
Exchange loss on reclassification of Development Financial Fund obligation expenses	3,633	5,423
Reversal of operating provisions for risks on FNE transactions	1,555	977
Recovery of charges and expenses	4,730	71,624
Reversal of operating provisions	9,954	4,276
Interest and commissions	1,275	3,950
Monetary restatement	1,070	435
Mark-to-market adjustment	-	6,965
FNE - Recovery of amounts settled by the Bank	180,247	78,031
Other amounts	16,041	40,346
g) Other operating expenses	(970,999)	(1,070,980)
Exchange losses on exchange area	(1,667)	(1,612)
Exchange losses on loans granted	(115,787)	(142,141)
Negative monetary restatement of loans	(16)	(44,128)
Discounts granted in renegotiations	(22,975)	(32,333)
Loan charges	(2,583)	(13,817)
Tax contingencies	(3,149)	(4,933)
Risks on FNE transactions	(485,997)	(525,178)
Risks on FDNE transactions	(2,790)	(88)
Labor claims	(38,423)	(17,477)
Civil proceedings	(47,251)	(6,955)
Other proceedings	(2,827)	(4,260)
Debt instruments eligible to capital	(110,121)	(100,335)
FNE remuneration - available funds - article 9-A of Law No. 7827	(71,688)	(114,943)
FNE remuneration - invested funds - article 9-A, Law No. 7827	(48,182)	(37,617)
Other amounts	(17,543)	(25,163)
Total	(312,312)	(516,032)

NOTE 21 - Taxes and contributions

a) Income and social contribution taxes

The Bank is subject to the taxable profit regime whereby taxes are computed based on the Bank's accounting records, and income and social contribution taxes are paid monthly on an estimated basis. Income and social contribution tax expenses are as follows:

a.1) Specification of the provision for income and social contribution tax expense	Income tax		Social contribution tax	
	01.01 to 09.30.2018	01.01 to 09.30.2017	01.01 to 09.30.2018	01.01 to 09.30.2017
Income (loss) before income taxes and profit sharing	787,448	523,801	787,448	523,801
Statutory profit sharing	(25,598)	(28,838)	(25,598)	(28,838)
Interest on Equity (IOE)	(99,689)	(108,462)	(99,689)	(108,462)
Income before taxes, less statutory profit sharing and interest on equity	662,161	386,501	662,161	386,501
Permanent additions/exclusions	(21,058)	(11,290)	(22,021)	(11,247)
Temporary additions/exclusions	40,777	(390,534)	40,777	(390,534)
Taxable income	681,880	(15,323)	680,917	(15,280)
Expenses with provision for IRPJ and CSLL - before tax incentives and revaluation reserve	(170,452)	-	(136,183)	-
Deductions (tax incentives)	8,301	-	-	-
Provision for IRPJ/CSLL on revaluation reserve realized	80	-	64	-
Current IRPJ/CSLL expenses - after tax incentives, revaluation reserve and adjustments of earnings per share	(162,071)	-	(136,119)	-
Provision for deferred taxes and contributions - arising from tax credits recovered and derivative financial instruments	(4,084)	(9,842)	(1,169)	(5,384)
Provision for income and social contribution taxes	(166,154)	(9,842)	(137,288)	(5,384)
IRPJ/CSLL tax credits - provisions, derivative financial instruments and hedged item	1,914	9,436	(33,580)	(22,874)
Total IRPJ/CSLL	(164,240)	(406)	(170,868)	(28,258)
Effective rate (%)	24.80	0.11	25.80	7.31
a.2) Specification of the provision for IRPJ and CSLL	Income tax		Social contribution tax	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Provision for income and social contribution taxes	162,071	49,350	136,119	43,749
Provision for taxes on revaluation reserve realized	80	(303)	64	(242)
Provision for income and social contribution taxes (Note 16.d)	162,151	49,047	136,183	43,507
Taxes and contributions recoverable on prepayments, including withholding taxes	(153,799)	(31,406)	(97,131)	(28,154)
Taxes payable (recoverable) for the period	8,352	17,641	39,052	15,353

b) Reconciliation of IR and CSLL charges

Specification	09.30.2018	09.30.2017
Income before taxes and profit sharing	787,449	523,801
Total charge of 45% - IRPJ (25%) and CSLL (20%)	(354,352)	(235,711)
Statement of tax levy:		
Income and social contribution taxes for the period	(335,109)	(28,664)
Increase/decrease in income and social contribution taxes arising from:	(19,243)	(207,047)
Profit sharing/IOE	(56,379)	(61,785)
Actuarial gains and losses	83,644	(146,511)
Other income/FNE/Del Credere/Ops Onlending - Article 9- A of Law No. 7827	(13,942)	(10,414)
Temporary differences - Other provisions (labor, civil, tax and other proceedings)	32,684	(38,015)
Temporary differences on actuarial provisions	(105,351)	13,830
Temporary differences - transactions with reimbursement longer than 10 years	17,065	(4,304)
Recovery (Provisional Executive Order (MP) No. 517) - revenues renegotiated but not received	(2,210)	(2,336)
Difference from the CSLL rate (from 20% to 15%)	29,447	37,156
Other (tax incentives, permanent additions/exclusions)	(4,200)	5,332
Total reconciled tax levy	(354,352)	(235,711)

c) Deferred Tax Assets (Tax Credits on Temporary Differences)

Income and social contribution tax credits arising from temporary differences of allowances for loan losses and provisions for post-employment benefits are recorded in conformity with the following major standards: CMN Resolution No. 3059 of 12.20.2002 and Bacen Circular Letter No. 3171 of 12.30.2002 are based on technical studies conducted every six months on recognition of Deferred Tax Assets and Liabilities.

Concerning tax credits arising from Market Value Adjustment, in accordance with BACEN Circular Letters No. 3068 of 11.08.2001 and No. 3082 of 01.30.2002, the Bank recognized tax credits on market

value adjustments to marketable securities classified under 'Available-for-Sale Securities' and on Derivative Financial Instruments.

In connection with recognition of tax credits on Provisions for Contingent Liabilities (Labor, Civil and Tax), as recommended in article 1, item II, of CMN Resolution No. 3059 of 12.20.2002, they must be expected to be realized within a maximum period of ten (10) years. Given the absence of a horizon for the outcome of matters related to the legal proceedings that are provisioned, the Bank prudently does not recognize Deferred Tax Asset on these provisions.

Specification	09.30.2018		12.31.2017		09.30.2018	12.31.2017
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Provisions (ALL)						
Opening balance	802,220	526,293	939,423	655,350	1,328,513	1,594,773
Set up	255,875	204,715	37,278	22,755	460,590	60,033
Realization/reversal	(282,228)	(251,486)	(174,481)	(151,812)	(533,714)	(326,293)
Closing balance (Note 10.d)	775,867	479,522	802,220	526,293	1,255,389	1,328,513
b) Actuarial provisions						
Opening balance	297,265	183,822	328,578	209,065	481,087	537,643
Set up	32,141	25,713	149,189	52,002	57,854	201,191
Realization/reversal	(3,268)	(12,158)	(32,093)	(25,674)	(15,426)	(57,767)
Closing balance (Note 10.d)	326,138	197,377	420,995	260,072	523,515	681,067
c) Derivative financial instruments						
Opening balance	-	-	-	-	-	-
Set up	11,508	6,905	27	16	18,413	43
Realization/reversal	(11,508)	(6,905)	(27)	(16)	(18,413)	(43)
Closing balance (Note 7.c)	-	-	-	-	-	-
d) Hedged item						
Opening balance	3,128	1,876	2,632	1,579	5,004	4,211
Set up	7,141	4,284	7,039	4,223	11,425	11,262
Realization/reversal	(7,748)	(4,647)	(6,543)	(3,926)	(12,395)	(10,469)
Closing balance (Note 7.c,1)	2,521	1,513	3,128	1,876	4,034	5,004
Effect on equity						
e) Marketable Securities						
Opening balance	164,744	105,550	174,065	110,746	270,294	284,811
Set up	94,567	56,394	101,904	70,083	150,961	171,987
Realization/reversal	(71,719)	(47,422)	(111,225)	(75,279)	(119,141)	(186,504)
Closing balance (Note 7.a,1)	187,592	114,522	164,744	105,550	302,114	270,294
f) Actuarial valuation adjustments						
Opening balance	123,731	76,250	-	-	199,981	-
Set up	-	-	133,724	82,609	-	216,333
Realization/reversal	(36,697)	(23,578)	(9,993)	(6,359)	(60,275)	(16,352)
Closing balance (Note 10.d)	87,034	52,672	123,731	76,250	139,706	199,981

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

Specification	Income tax		Social contribution tax	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
1. Total temporary differences	6,207,409	6,244,779	6,207,409	6,244,779
2. Tax credits on temporary differences	1,551,852	1,561,195	1,205,428	1,222,085
3. Tax credits recognized in assets on Provisions	1,189,039	1,223,216	729,571	786,364
4. Tax credits recognized in assets due to mark-to-market of marketable securities, derivative financial instruments and hedged item	190,113	167,872	116,035	107,426
5. Total tax credits recognized in assets (item 3 + item 4) ⁽¹⁾	1,379,152	1,391,088	845,606	893,790
6. Tax credits not recognized in assets (item 2 - item 5) ⁽²⁾	172,700	170,107	359,822	328,295

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

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

Estimated realization of tax credits on temporary differences of Allowance for Loan Losses at 09.30.2018 is as follows:

Period	Goal for over - SELIC rate - average (%)	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2018	6.60	69,948	66,674	55,958	53,339	125,906	120,013
2019	8.08	308,246	271,853	184,948	163,112	493,194	434,965
2020	8.38	91,945	74,819	55,167	44,892	147,112	119,711
2021	8.24	54,658	41,092	32,795	24,655	87,453	65,747
2022	8.27	61,958	43,022	37,175	25,813	99,133	68,835
2023	8.27	116,141	74,485	69,685	44,691	185,826	119,176
2024	8.27	19,167	11,353	11,500	6,812	30,667	18,165

2025	8.27	17,630	9,646	10,578	5,787	28,208	15,433
2026	8.27	15,083	7,621	9,050	4,573	24,133	12,194
2027	8.27	12,498	5,833	7,499	3,500	19,997	9,333
2028	8.27	8,593	5,423	5,167	3,261	13,760	8,684
Total		775,867	611,821	479,522	380,435	1,255,389	992,256

Estimated realization of tax credits on temporary differences of Actuarial Provisions and Actuarial Valuation Adjustments at 09.30.2018 are as follows:

Period	Goal for over -SELIC rate - average (%)	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2018	6.60	10,739	10,237	8,591	8,189	19,330	18,426
2019	8.08	37,425	33,006	22,455	19,804	59,880	52,810
2020	8.38	38,452	31,290	23,071	18,774	61,523	50,064
2021	8.24	39,363	29,593	23,618	17,756	62,981	47,349
2022	8.27	40,250	27,948	24,150	16,769	64,400	44,717
2023	8.27	41,173	26,406	24,704	15,843	65,877	42,249
2024	8.27	42,136	24,959	25,281	14,975	67,417	39,934
2025	8.27	43,003	23,527	25,801	14,116	68,804	37,643
2026	8.27	43,919	22,193	26,351	13,316	70,270	35,509
2027	8.27	44,571	20,802	26,742	12,481	71,313	33,283
2028	8.27	32,141	20,281	19,285	12,168	51,426	32,449
Total		413,172	270,242	250,049	164,191	663,221	434,433

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

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2018	32,641	32,641	21,553	21,553	54,194	54,194
2019	3,353	3,353	2,012	2,012	5,365	5,365
2020	322	322	193	193	515	515
2021	435	435	261	261	696	696
2022	13,089	13,089	7,853	7,853	20,942	20,942
2023	445	445	267	267	712	712
2024	732	732	439	439	1,171	1,171
2025	178	178	106	106	284	284
2028	138,918	138,918	83,351	83,351	222,269	222,269
Total	190,113	190,113	116,035	116,035	306,148	306,148

Total estimated realization of tax credits at 09.30.2018 is as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value ⁽¹⁾	Book value ⁽²⁾	Present value	Book value	Present value
2018	113,328	109,552	86,102	83,081	199,430	192,633
2019	349,024	308,212	209,415	184,928	558,439	493,140
2020	130,719	106,431	78,431	63,859	209,150	170,290
2021	94,456	71,120	56,674	42,672	151,130	113,792
2022	115,297	84,059	69,178	50,435	184,475	134,494
2023	157,759	101,336	94,656	60,801	252,415	162,137
2024	62,035	37,044	37,220	22,226	99,255	59,270
2025	60,811	33,351	36,485	20,009	97,296	53,360
2026	59,002	29,814	35,401	17,889	94,403	47,703
2027	57,069	26,635	34,241	15,981	91,310	42,616
2028	179,652	164,622	107,803	98,780	287,455	263,402
Total	1,379,152	1,072,176	845,606	660,661	2,224,758	1,732,837

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates was considered, projected by Bacen at 09.30.2018.

⁽²⁾ Considering the rate of 20% up to 12.31.2018 and 15% from 01.01.2019 onwards.

d) Provision for deferred taxes and contributions

Specification	09.30.2018		12.31.2017		09.30.2018	12.31.2017
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Derivative financial instruments						
Opening balance	3,155	1,893	2,661	1,597	5,048	4,258
Set up	7,217	4,330	6,983	4,190	11,547	11,173
Realization/reversal	(7,779)	(4,667)	(6,489)	(3,894)	(12,446)	(10,383)
Closing balance (Notes 7.c and 16.d)	2,593	1,556	3,155	1,893	4,149	5,048
b) Revaluation reserve						
Opening balance	80	64	1,281	1,024	144	2,305
Set up	-	-	25	20	-	45
Realization/reversal	(80)	(64)	(1,226)	(980)	(144)	(2,206)
Closing balance (Note 16.d)	-	-	80	64	-	144
c) From recovered credits⁽¹⁾						
Opening balance	73,219	46,460	61,352	40,761	119,679	102,113
Set up	5,083	2,282	12,288	6,903	7,365	19,191
Realization/reversal	(438)	(777)	(421)	(1,204)	(1,215)	(1,625)
Closing balance (Note 16.d)	77,864	47,965	73,219	46,460	125,829	119,679
d) Hedged item						
Opening balance	-	-	-	-	-	-
Set up	11,583	6,950	-	-	18,533	-
Realization/reversal	(11,583)	(6,950)	-	-	(18,533)	-
Closing balance (Note 16.d)	-	-	-	-	-	-
Effect on equity						
e) Marketable Securities						
Opening balance	24,848	15,139	12,311	8,359	39,987	20,670
Set up	116,082	70,188	261,377	157,598	186,270	418,975
Realization/reversal	(137,796)	(83,433)	(248,840)	(150,818)	(221,229)	(399,658)
Closing balance (Notes 7.a.1 and 16.d)	3,134	1,894	24,848	15,139	5,028	39,987

⁽¹⁾ Pursuant to article 12 of Law No. 9430 of 12.27.1996.

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

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2018	65	65	52	52	117	117
2019	2,611	2,611	1,567	1,567	4,178	4,178
2022	281	281	169	169	450	450
2023	2,761	2,761	1,656	1,656	4,417	4,417
2024	9	9	6	6	15	15
Total	5,727	5,727	3,450	3,450	9,177	9,177

The provisions on Credits Recovered, according to Law No. 9430 article 12 of 27.12.1996, determined at present value, will be written off according to the following schedule:

Period	Goal for over-SELIC rate - average ⁽¹⁾	Realization of IRPJ credit		Realization of CSLL credit		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2018	6.60	6,242	5,950	4,993	4,760	11,235	10,710
2019	8.08	12,518	11,040	7,511	6,624	20,029	17,664
2020	8.38	11,000	8,951	6,600	5,371	17,600	14,322
2021	8.24	8,632	6,490	5,179	3,894	13,811	10,384
2022	8.27	8,459	5,874	5,075	3,524	13,534	9,398
2023	8.27	7,530	4,830	4,518	2,898	12,048	7,728
2024	8.27	6,422	3,804	3,853	2,282	10,275	6,086
2025	8.27	6,035	3,302	3,621	1,981	9,656	5,283
2026	8.27	2,344	1,185	1,406	711	3,750	1,896
2027	8.27	1,882	878	1,129	527	3,011	1,405
2028	8.27	6,800	4,291	4,080	2,575	10,880	6,866
Total		77,864	56,595	47,965	35,147	125,829	91,742

⁽¹⁾ For present value calculation purposes, we considered the goal for average Over - Selic rates projected by BACEN at 09.30.2018.

Total amounts of provisions for tax liabilities, expected to be written off, at 09.30.2018, are as follows:

Total tax liabilities in thousands of reais						
Period	Realization of IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value ⁽¹⁾	Book value ⁽²⁾	Present value	Book value	Present value
2018	6,307	6,015	5,045	4,812	11,352	10,827
2019	15,129	13,651	9,078	8,191	24,207	21,842
2020	11,000	8,951	6,600	5,371	17,600	14,322
2021	8,632	6,490	5,179	3,894	13,811	10,384
2022	8,740	6,155	5,244	3,693	13,984	9,848
2023	10,291	7,591	6,174	4,554	16,465	12,145
2024	6,431	3,813	3,859	2,288	10,290	6,101
2025	6,035	3,302	3,621	1,981	9,656	5,283
2026	2,344	1,185	1,406	711	3,750	1,896
2027	1,882	878	1,129	527	3,011	1,405
2028	6,800	4,291	4,080	2,575	10,880	6,866
Total	83,591	62,322	51,415	38,597	135,006	100,919

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates was considered, projected by Bacen at 09.30.2018.

⁽²⁾ Considering the rate of 20% up to 12.31.2018 and 15% from 01.01.2019 onwards.

e) Tax expenses

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
COFINS and PIS/PASEP	(201,780)	(195,668)
ISS and IPTU/Improvement tax	(25,522)	(21,542)
Other amounts	(2,280)	(2,497)
Total (Note 20.e)	(229,582)	(219,707)

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

- a) The Bank is a party to various ongoing administrative and legal proceedings involving civil, tax, labor and other matters. Bank management understands that the provisions set up are sufficient to cover the likelihood of losses arising from the respective legal and administrative proceedings, as follows:

Specification	09.30.2018		12.31.2017	
	Base value	Provision	Base value	Provision
a) Provision for contingencies				
a.1) Tax proceedings (Note 22 f.1.i)	3,075,386	14,874	2,180,185	13,328
i) Legal obligation	2,184	2,184	1,910	1,910
ii) Other liabilities - other	3,073,202	12,690	2,178,275	11,418
Probable	12,690	12,690	11,418	11,418
Possible	2,910,891	-	2,028,355	-
Remote ⁽¹⁾	149,621	-	138,502	-
a.2) Labor claims	467,505	201,238	468,951	169,253
Probable (Note 22 f.1.ii)	201,238	201,238	169,253	169,253
Possible	149,945	-	153,668	-
Remote	116,322	-	146,030	-
b.3) Civil proceedings	6,770,771	152,931	6,283,743	116,349
Probable (Note 22 f.1.iii)	152,931	152,931	116,349	116,349
Possible	1,204,678	-	1,151,253	-
Remote ⁽²⁾	5,413,162	-	5,016,141	-
a.4) Other contingencies (Note 22 f.1.iv)	924,216	35,581	843,789	33,154
i) Securitized transactions ⁽³⁾	6,781	6,781	6,729	6,729
ii) Other proceedings	917,435	28,800	837,060	26,425
Probable	28,800	28,800	26,425	26,425
Possible	15,573	-	14,502	-
Remote	873,062	-	796,133	-

⁽¹⁾ Contingent liabilities relating to tax proceedings assessed as remote loss are concentrated in one (1) proceeding, whose balance amounts to R\$121,633 at 09.30.2018 (R\$115,980 at 12.31.2017).

⁽²⁾ Contingent liabilities relating to civil proceedings assessed as remote loss are concentrated in 4 (four) proceedings, with balance of R\$3,045,600 at 09.30.2018 (R\$2,836,665 at 12.31.2017, relating to five proceedings). These proceedings refer to the following matters: i) extraordinary contribution of post-employment benefit and payment of attorney fees - R\$1,940,660 at 09.30.2018 (R\$1,721,681 at 12.31.2017); ii) consequential damages and loss of profits for not providing technical assistance - R\$456,327 (R\$371,847 at 12.31.2017); iii) payment of fine due to undue inclusion in the bad payer system - R\$419,142 (R\$371,847 at 12.31.2017); and iv) reassessment (solutio indebiti), compensation for pain and suffering and loss of profits - R\$229,470 (R\$307,423 at 12.31.2017).

⁽³⁾ This refers to the credit risk on securitized transactions based on Law. No. 9138 of 11.29.1995 that is recorded in memorandum accounts.

- b) The Bank is involved in lawsuits handled by outside attorneys, most of which relate to loan collection actions, whose assessment of the provision for contingent liabilities is performed by its Legal Department.
- c) Tax proceedings classified as Legal Obligation pursuant to the terms of Bacen Circular Letter No. 3429 of 02.11.2010, whose amounts were presented in the table above, challenge municipal taxes.
- d) Below is a brief description of proceedings to which the Bank is party, involving significant contingent liabilities assessed as possible risk of loss:

Tax proceedings

Five tax proceedings challenging the tax deficiency notice. At 09.30.2018, estimated financial losses amount to R\$2,666,495 (R\$1,808,128 at 12.31.2017).

Civil proceedings

Civil proceeding challenging loss of profits and payment of administration fees. At 09.30.2018, estimated losses amount to R\$276,839 (R\$245,601 at 12.31.2017).

Civil proceeding challenging reassessment (solutio indebiti). At 09.30.2018, estimated losses amount to R\$77,252 (R\$68,516 at 12.31.2017).

Civil proceeding claiming compensation. At 09.30.2018, estimated losses amount to R\$137,281 (R\$121,791 at 12.31.2017).

Civil proceeding challenging payment of fees. At 09.30.2018, estimated losses amount to R\$43,809 (R\$47,839 at 12.31.2017).

Civil proceeding filed in 2014 related to post-employment benefits. At 09.30.2018, the estimated possible loss amounts to R\$56,869 (R\$57,835 at 12.31.2017).

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

Specification	09.30.2018	12.31.2017
Labor claims	86,105	88,073
Tax proceedings	133,925	129,832
Civil proceedings	87,606	69,904
Total	307,636	287,809

Changes in provisions

f.1) Tax, Labor, Civil and Other Contingencies

Specification	09.30.2018					12.31.2017				
	Opening balance	Set up	Reversal	Write-off	Closing balance	Opening balance	Set up	Reversal	Write-off	Closing balance
i) Tax proceedings (Note 16.i)	13,328	3,447	(297)	(1,604)	14,874	64,090	7,327	(56,736)	(1,353)	13,328
ii) Labor claims (Note 16.i)	169,252	48,178	(10,272)	(5,920)	201,238	172,866	43,485	(26,488)	(20,610)	169,253
iii) Civil proceedings (Note 16.i)	116,348	63,858	(16,608)	(10,667)	152,931	166,126	74,908	(64,159)	(60,526)	116,349
iv) Other proceedings (Note 16.i)	33,154	3,243	(816)	-	35,581	899	37,493	(5,236)	(2)	33,154

f.2) Provisions for financial guarantees provided

Specification	09.30.2018				12.31.2017			
	Opening balance	Set up	Reversal/ Use/ Write-off	Closing balance	Opening balance	Set up	Reversal/ Use/ Write-off	Closing balance
i) FNE (Nota 16.i)	3,083,952	1,234,680	(1,183,961)	3,134,671	3,229,308	1,970,123	(2,115,479)	3,083,952
ii) FDNE (Nota 16.i)	636	22	-	658	604	608	(576)	636
iii) Proagro (Note 16.i)	-	7	-	7	1,088	9	(1,097)	-

NOTE 23 - Employee and officer compensation (in Brazilian reais)

a) Monthly employee compensation

Gross compensation ⁽¹⁾	09.30.2018	12.31.2017
Maximum	42,780.80	40,492.52
Minimum	1,725.13	1,643.01
Average	11,220.92	10,590.05

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

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

Specification	01.01 to 09.30.2018	01.01 to 12.31.2017	01.01 to 09.30.2018	01.01 to 12.31.2017	01.01 to 09.30.2018	01.01 to 12.31.2017
Gross compensation⁽¹⁾	Executive Board		Board of Directors		Supervisory Board	
Highest individual compensation ⁽²⁾	903,632.97	843,352.57	56,940.43	50,452.50	54,558.05	61,804.30
Lowest individual compensation ⁽³⁾	651,014.41	428,190.44	44,537.22	50,452.50	43,574.59	50,452.50
Average individual compensation ⁽⁴⁾	806,467.62	826,239.35	43,310.48	52,608.04	44,811.37	54,536.09
Number of members ⁽⁵⁾	6.56	6.92	6.11	6.28	5.56	5.08

⁽¹⁾ Amounts approved at the 64th Annual General Meeting held on 03.24.2017.

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

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

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

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

At 09.30.2018, the Bank had 7,011 employees (6,925 at 12.31.2017), a headcount increase of 1.24%.

NOTE 24 - Post-employment benefits

Pursuant to CMN Resolution No. 4424, which approved Accounting Pronouncement CPC 33 (R1) - Employee Benefits, the accounting practices and procedures adopted by the Bank regarding post-employment benefit are presented below.

a) Description of the Plan Benefits

a.1) Private pension plans

The Bank sponsors two supplementary pension plans named Defined Benefit (DB) and Variable Contribution (CV I) managed by CAPEF, a closed-ended private pension plan entity that provides supplementary retirement benefits.

a.1.1) Defined Benefit Plan

The DB plan, which is closed to new participants since 11.26.1999, offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents. The sponsors of the DB plan are: (1) Banco do Nordeste do Brasil S.A., defined as founding sponsor; (2) a Caixa de Assistência dos Funcionários do Banco do Nordeste do Brasil (CAMED); and (3) Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (CAPEF). Participants in this plan are the employees and vested participants of their sponsors, in addition to self-sponsoring participants, that is, those active participants already severed from their respective sponsors, who elected to remain bound to the plan.

In general terms, the Defined Benefit (DB) plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, weighted by the number of contributions paid to the plan, limited to 360, including any working hours extension, weighted by the number of contributions paid thereon, all effective and projected in accordance with the plan regulation up to the date of the participant's retirement. The INSS amount is determined based on the current rules, and all amounts are restated by the plan index up to the calculation date. In addition, a rate equivalent to 21.25% is discounted out of the benefit as a special contribution, resulting on average in 78.75% of the average contribution salary.

a.1.2) Variable Contribution I Plan

The VC I Plan is classified as variable contribution plan, since it combines the characteristics of the DC plan and of the DB plan. This plan offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents. This plan sponsors are Banco do Nordeste do Brasil S.A. and CAPEF. Participants in this plan are the employees and vested participants of their sponsors, in addition to self-sponsoring

participants, that is, those employees already severed from their respective sponsors, who elected to remain bound to the plan.

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

The VC I Plan may only present actuarial deficit or surplus after the beginning of the concession of unplanned benefits or planned benefits in the life annuity phase, when the plan starts to present characteristics of defined benefit, and only in this phase the sponsor will be required to pay additional contributions, together with the participants, whether the plan does not have sufficient assets to pay all the benefits then due. For safety purposes, the VC I plan is supported by the Actuarial Solvency Fund that will be used to cover any future actuarial insufficiency of mutual pension plan portfolios, as well as supported by the Mutual Fund for Risk Benefits, in order to supply the payment of supplementary capital in case of disability or death of the participant.

a.2) Health care plan

The Bank is the sponsor of a health care plan managed by CAMED, named Natural Plan, whose primary purpose is to provide health care to its associate participants and dependents, through granting of subsidies to cover or reimburse expenses incurred in connection with health promotion, protection and recovery.

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

The Natural Plan is adapted to Law No. 9656 of 06.03.1998, which regulates the Brazilian health care plans. CAMED is registered with the National Regulatory Agency for Private Health Insurance and Plans (ANS), the regulatory body of this sector, under registration No. 38.569-7.

a.3) Group life insurance

The Bank's benefits policy to its employees comprises collective policy agreement of group life insurance intended for its employees and retired former employees. Such policy provides basic coverage for death by natural and accidental causes and additional coverage for disability caused by accident and disease. Insurance premiums are determined by applying rates by age groups. The employees contribute with 50% of this premium amount and the Bank with the remaining 50%, in the form of the Collective Bargaining Agreement (2016/2018). Retirees are responsible for full payment of the premium. Every six-month period, the Bank actuarially assesses the benefit that consists of indirect subsidy to current retirees.

b) Governance

The following statutory bodies are responsible for the management and oversight of CAPEF: Decision-Making Board, Executive Board and Supervisory Board. The Decision-Making Board is a body for top-tier decision and guidance and shall primarily define the CAPEF's management policy and benefit plans. It is composed of representatives of the Bank, active participants and participants' and vested beneficiaries' representatives. The Executive Board is responsible for executing the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, charter, benefit plan regulations, covenants and adherence terms. The Supervisory Board is the internal control body and shall mainly monitor and oversee CAPEF activities.

CAMED statutory bodies are: Social Board, Decision-Making Board, Executive Board and Supervisory Board. The CAMED's Decision-Making Board is a body for monitoring and top-tier administrative decision, composed of representatives of the Bank and of the Social Board. The Executive Board is responsible for executing the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation and in CAMED's charter. The Supervisory Board is the supervisory body of CAMED's management acts and shall essentially monitor and direct the company's activities.

c) Past due obligations and contributions due

At 09.30.2018, the Bank has no past due obligations or contributions due referring to the pension plans, DB and VC I, health care plan, Natural plan, and the group life insurance, neither informal practices that

originate constructive obligations that may be included in the measurement of the defined benefit obligation.

d) Contribution Ratio (Participants/Sponsor)

At 09.30.2018, the ratio of participants' contributions to Bank contributions meets the parity set by Resolution No. 9 of 10.08.1996 of the Department for Coordination and Control of State-Owned Entities (CCE), with a contribution ratio of 1:1 (1:1 at 12.31.2017).

e) Risk exposure

Due to its post-employment benefit plans, the Bank is exposed to a number of risks, mainly:

- **Actuarial Risk:** related to the plans' failure to honor the payments of benefits and cost absorption, due to the adoption of inappropriate actuarial assumptions;
- **Liquidity Risk:** the possibility of mismatches between tradable assets and liabilities, which may affect the ability to have funds available for payment of benefits and other plan obligations; and
- **Market risk:** related to changes in interest rates and asset prices that impact the economic and financial performance of the benefit plans.

f) Strategies for Crosschecking Assets and Liabilities

CAPEF counts on specific areas for investment management in addition to management advisory services that strengthen the monitoring of investment risks. Investments are monitored on a daily basis in order to check issues focused on classification, returns on assets and follow-up of the evolution of the plan's actuarial goal. Quarterly risk reports are prepared, with simulation of the monthly and annual profitability, crosschecking of returns on assets against the actuarial goal over time, the plan's liquidity projected in the long-term, in order to assist the managers of the plans in electing the portfolio most appropriate to their objectives, taking into consideration the characteristics and particularities of the assets and of the financial position of the plans. The result of this study allows long-term investments, without compromising the obligations or the achievement of the plans' actuarial goal.

CAMED has financial instruments to fund its activities or invest its funds available. The risks associated with these instruments are managed through conservative strategies, intended to ensure liquidity, profitability and safety. The criteria for investments consider fund allocation limits in accordance with the regulation established by ANS. The credit risk associated with these investments is reduced by the restriction of its operations with top-tier financial institution according to the market and concentration of investments in fixed income government securities and corporate bonds with short-term maturity. The credit risk associated with the possibility of not receiving monthly amounts and charges is mitigated by the possibility of collection in payroll and authorization to debit in current account, as well as by the legal possibility of interrupting the service to beneficiaries of the natural plan after a certain period of default. Risk management monitors the changes in exposure scenarios to which CAMED is subject.

g) Net obligation recognized in the Balance Sheet

The liabilities recognized in the Balance Sheet correspond to the present value of the defined benefit obligations less the fair value of the plan assets. The remeasurements are carried out every six-month by independent actuarial advisory firm, based on information provided by Capef, Camed and the Bank. The statement of the Bank's obligations is as follows:

Specification	09.30.2018	12.31.2017
DB Plan (Notes 16.i and 28.a.2)	416,425	411,216
Natural Plan (Notes 16.i and 28.a.2) (1)	1,214,653	1,354,238
Health care plan (Notes 16.i and 28.a.2)	137,476	134,567

(1) In 2016, CAMED started to refund the contributions prepaid by the Bank as follows: a) lump-sum payment of: R\$22,504; and b) the remaining balance in monthly installments of R\$443.

h) Amounts recognized in P&L

Specification	01.01 to 09.30.2018				01.01 to 09.30.2017			
	DB Plan	VC I Plan	Natural Plan	Life insurance	DB Plan	VC I Plan	Natural Plan	Life insurance
1. Current service cost, net	(6,256)	701	(13,518)	1,211	(6,037)	1,019	(5,920)	1,751
2. Net interest	(26,832)	-	(96,167)	(9,570)	(25,938)	-	(63,202)	(9,149)
3. Total (item 1 + item 2)	(33,088)	701⁽¹⁾	(109,685)⁽²⁾	(8,359)⁽²⁾	(31,975)	1,019⁽¹⁾	(69,122)⁽²⁾	(7,398)⁽²⁾

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

⁽²⁾ Including transferred employees' contribution: Natural Plan 01.01 to 09.30.2018: R\$31; and 01.01 to 09.30.2017: R\$36 and Group life insurance – 01.01 to 09.30.2018: R\$6; and 01.01 to 09.30.2017: R\$6.

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

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
1. Contributions (DC portion) ⁽³⁾	(38,650)	(37,987)

⁽³⁾ Including transferred employees' contribution: VC I Plan - 01.01 to 09.30.2018: R\$189; and 01.01 to 09.30.2017: R\$194.

The administrative expenses of the Defined Benefit (DB) plan are accounted for under "Post-employment benefit expenses", as stated below:

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
1. Administrative expenses	(4,862)	(4,664)

NOTE 25 - Fundo Constitucional de Financiamento do Nordeste (FNE)

- a) The total assets of FNE, amounting to R\$80,179,110 (R\$74,501,501 at 12.31.2017) are recorded in the Bank's memorandum accounts "Net assets of managed public funds".
- b) Cash and cash equivalents and funds committed to loan transactions, which represent cash and cash equivalents of FNE in the amount of R\$26,308,324 (R\$22,590,576 at 12.31.2017), recorded under "Other obligations/Financial and development funds" bear interest at the extra-market rate. In the period, the interest expense on cash and cash equivalents totaled R\$1,133,567 (R\$1,801,879 at 12.31.2017).
- c) The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1) Transactions contracted until 11.30.1998 are risk-free;
 - c.2) For transactions contracted beginning 12.01.1998, excluding transactions under PRONAF (groups A, A/Microcredit, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Funding), the Bank's risk is 50% of the amount calculated pursuant to CMN Resolution No. 2682 of 12.21.1999; and
 - c.3) The Bank assumes all the risks on renegotiated and reclassified FNE loan transactions, as set forth by Law No. 11775 of 09.17.2008, and transactions recognized in "Onlending debtors", as prescribed by Ministry of Integration Administrative Ruling No. 147 of 04.05.2018. Loans funded by FNE, under Law No. 12716 of 09.21.2012 and Law No. 12844 of 07.19.2013, for the purpose of settling BNB transactions with other funds, will maintain the same risk position of the transaction to be settled. The financing balances and provisions recorded under "Provision for financial guarantees provided" of the Bank are broken down as follows:

Risk level	Balances	Provision at 09.30.2018 ⁽¹⁾	Provision at 12.31.2017
AA	13,131,740	-	-
A	14,484,338	36,360	33,618
B	6,166,457	31,278	37,992
C	2,270,605	34,366	34,021
D	987,842	49,287	47,647
E	1,053,940	158,707	112,860
F	322,418	80,881	248,214
G	328,954	115,516	136,894
H	5,243,591	2,628,276	2,432,706
Total	43,989,885	3,134,671⁽¹⁾	3,083,952⁽¹⁾

⁽¹⁾ At 09.30.2018, this balance includes provision to cover the Bank risk on loan transactions with indication of irregularities in the amount of R\$48,758 (R\$35,161 at 12.31.2017).

- d) The Bank's del credere commission on transactions entered into by 11.30.1998 is nil. For transactions entered into after this date, del credere commission is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9, item A of Law No. 7827 of 09.27.1989. In transactions reclassified for FNE based on Law No. 11775 of 09.17.2008, del credere commission is 3% p.a. or 6% p.a., as regulated by Interministerial Ruling No. 245 of 10.14.2008, of the Ministry of Finance and Ministry of National Integration. Income from del credere commission totaled R\$998,744 (R\$1,283,268 at 12.31.2017).
- e) In the period, the administration fee was R\$1,064,331 (R\$1,391,864 at 12.31.2017), calculated at 3% p.a. on Equity and appropriated on a monthly basis.

- f) The Provisional Executive Order No. 812, signed into Law No. 13682 of 06.19.2018, determined the following changes, from 2018 onwards:
- annual reduction in administration fee at 0.3%, from 3% in 2018 to 1.5% from 2023 onwards;
 - the calculation basis is the Net Assets of FNE, deducted from the balance of cash and cash equivalents referred to in article 4 of Law No. 9126 of 11.10.1995, of the amounts transferred to Banco do Nordeste based on article 9-A of Law No. 7827 of 09.27.1989 and of the balances of investments under Pronaf addressed by article 6 of Law No. 10177 of 01.12.2001, and the Program regulation (MCR-10) (groups A/Microcredit, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Funding);
 - the Bank will be entitled to the percentage of 0.35% (thirty-five hundredths percent) p.a. on the balances of cash and cash equivalents addressed by article 4 of Law No. 9126 of 11.10.1995;
 - the amount to be received by the Bank as administration fee, after deducting the amount of the remuneration on cash and cash equivalents, may be increased up to 20% (twenty percent) based on the timely-payment factor for loans with operational risk fully assumed by FNE or with risk shared between the Bank and the Fund, calculated in accordance with the methodology for calculating the allowance for loan losses applicable to bank loan; and
 - the administration fee plus remuneration on cash and cash equivalents is limited, every month, to 20% (twenty percent) of the accumulated amount, up to the reference month, of transfers addressed by letter c of item I of the main section of article 159 of Federal Constitutions, carried out by Government.

NOTE 26 - Workers' Assistance Fund (Fundo de Amparo ao Trabalhador - FAT)

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

Specification	Tade	09.30.2018	12.31.2017
Proger-Urbano - Investment	017/2006	656	1,049
FAT - Infrastructure	018/2006	-	151,507
Protrabalho - Investment	004/2007	112,043	113,669
National Program for Production-Oriented Microcredit (PNMPO)	001/2010	36,434	80,394
Total		149,133	346,619

Obligations derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-yielding special deposits', totaling R\$120,243 (R\$179,935 at 12.31.2017), are subject to average SELIC rate while they are not used in loan transactions. Regarding the funds released, their remuneration is calculated based on the Long-term Interest Rate (TJLP) for transactions taken out up to December 31, 2017 and Long-term Rate (TLP) for funds referring to transactions taken out from January 1, 2018 onwards, after they are released to final borrowers and over the period of financing. Available funds yielding interest at SELIC totaled R\$57,256 (R\$37,481 at 12.31.2017).

Remuneration of funds allocated in the Bank shall be paid to FAT on a monthly basis, as established in Codefat Resolutions No. 439/2005, 489/2006 and 801/2017, with a minimum amount equivalent to 2% calculated on the total balance of each FAT Special Deposit Allocation Statement (TADE)), plus cash and cash equivalents that fall under the following conditions, in terms of remaining in the Bank's cash:

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

Specification	Tade ⁽¹⁾	Return of FAT funds			09.30.2018		
		Form ⁽²⁾	AR	SELIC remuneration	TMS available ⁽³⁾	TJLP or TLP applied ⁽⁴⁾	Total
Proger - Urbano - Investment	17/2006	AR	2,761	51	315	9,777	10,092
FAT - Infrastructure	18/2006	AR	36,596	1,141	17,566	-	17,566
Protrabalho-Investment	04/2007	AR	32,975	588	1,340	23,721	25,061
PNMPO	01/2010	AR	19,658	587	38,035	29,489	67,524
Total (Notes 13.b and 28.a.1)			91,990	2,367	57,256	62,987	120,243

Specification	Tade ⁽¹⁾	Return of FAT funds			12.31.2017		
		Form ⁽²⁾	AR	SELIC remuneration	TMS available ⁽³⁾	TJLP Applied ⁽⁴⁾	Total
Proger - Urbano - Investment	17/2006	AR	3,774	137	948	10,619	11,567
FAT - Infrastructure ⁽⁵⁾	18/2006	AR	44,504	1,945	15,737	26,847	42,584
Protrabalho-Investment	04/2007	AR	21,218	507	15,595	31,784	47,380
PNMPO	01/2010	AR	21,332	565	5,201	73,202	78,402
Total (Notes 13.b and 28.a.1)			90,828	3,154	37,481	142,452	179,933

⁽¹⁾ TADE: Special Deposit Allocation Statement;

⁽²⁾ AR - Automatic Return (Monthly, 2% on total balance);

⁽³⁾ Funds yielding by Average SELIC Rate (TMS);

⁽⁴⁾ Funds yielding by: Long-term Interest Rate (TJLP) for transactions taken out up to 12.31.2017 and Long-term Rate (TLP) for transactions taken out from 01.01.2018 onwards.

⁽⁵⁾ Regarding FAT - Infrastructure, AR is 1% on the balance and deductible reimbursements refer to the last 4 months.

NOTE 27 - Risk management and Basel Index

a) Risk and capital management

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

Risk management structure

The risk management structure is unified at the strategic level and specific at its business and support units' levels, observing the principle of segregation of activities. The units and their basic responsibilities regarding risk management are defined, formally standardized and disclosed in the institution's policies and standards website.

The performance of this structure takes into consideration the Banks's financial balance and is based on the institution's integrity and ethics policy and on the principles of social and environmental responsibility, in relationships with its customers, partners, employees, shareholders, service providers and with the society.

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

Capital management structure

The Executive Board is responsible for approving the capital management structure of the Bank, including the Capital Plan for the period from 2018 to 2020, which was also approved by the Board of Directors, on 12.04.2017. The Control and Risk Executive Board is responsible for capital management, and a specific administrative unit has been structured for this purpose, as required by CMN Resolution No. 4557 of 02.23.2017. The Capital Management Structure information is available at www.bnb.gov.br, clicking the link "Sobre o Banco".

Corporate Risk Management Policy

The corporate risk management policy sets forth guidelines and standards that integrate the Bank's activities, for management of credit, operational, market and liquidity risks, Interest Rate Risk for instruments classified in the Banking Book (IRRBB), as well as concentration and social and environmental risks. The Risk Management Committee analyzes and forwards for approval by the Executive Board and Board of Directors proposals for creation of and adjustments in strategies, policies, models and procedures for risk management. The Control and Risk Executive Board coordinates the implementation thereof and the Bank's performance, through a specific unit that manages risks, in an integrated manner, at corporate level, defining management methodologies and models, as well as promoting the dissemination of the risk management culture.

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

b) Credit risk

Credit risk is defined as the risk of incurring losses associated with default by the counterparty to its obligations under the terms agreed; depreciation and reduction of expected remunerations and gains on financial instruments deriving from deterioration of the creditworthiness of counterparty, intervening party or mitigating instrument; restructuring of financial instruments or costs of recovering exposures characterized as troubled assets.

Specification	Exposure	
	09.30.2018	12.31.2017
Loans, co-obligations and guarantees given	34,600,910	32,250,091
Public sector	1,188,743	976,426
Private sector	33,412,167	31,273,665
Trading	3,793,990	3,660,424
Foreign trade	758,116	919,354
Housing	-	242
Manufacturing	7,212,512	7,717,032
Infrastructure	6,619,371	4,276,411
Urban micro-financing	2,996,813	2,962,117
Individuals	135,270	44,284
Rural	7,550,401	7,243,696
Other services	4,345,694	4,450,105
Market transactions	46,495,616	40,972,232
Federal Government securities	43,108,773	38,305,132
Repurchase agreements	11,978,098	14,653,399
Other	31,130,675	23,651,733
Interbank deposits	76,881	115,554
Other marketable securities	1,969,947	1,481,880
Other transactions	1,340,015	1,069,666
Other assets	5,115,235	5,483,392
Total	86,211,761	78,705,715

The Bank uses the constant information flow to identify, measure, monitor, assess, report, control and mitigate risks, thus ensuring that credit risk exposure is in accordance with the parameters defined in the Risk Appetite Statement (RAS). Accordingly, various instruments are used, such as: credit policies, risk assessment models and methodologies, methodology for segregation of credit assets in troubled and non-troubled, managerial reports, and system for risk rating and for calculation of expenses related to allowance for loan losses.

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

All loans with risk exposure to the Bank are subject to risk rating, based on the customer's risk rating and loan grade, in accordance with their value, term, nature and purpose characteristics and conditions of collaterals as to their sufficiency and liquidity.

Collaterals for loans above R\$5.000 with full risk for the Bank

The collaterals for loans are determined based on their quality, capacity to be removed and sufficiency. Balances exposed to risk of loans above R\$5,000 amount to R\$3,679,154 (R\$3,694,575 at 12.31.2017). These transactions are backed by collaterals totaling R\$3,967,292 (R\$4,030,391 at 12.31.2017).

c) Liquidity risk

Liquidity risk is the possibility of mismatches between tradable assets and liabilities that could affect the Bank's ability to pay, as well as the possibility of the institution being unable to negotiate a position at market price due to its volume being greater than the volume normally traded in the market or due to any discontinuity thereof.

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

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

Specification		09.30.2018 (%)	12.31.2017 (%)
Liquidity ratio	At reporting date	790.85	831.55
	Average for the last 12 months	927.81	669.88
	Maximum for the last 12 months	1,460.41	1,033.35
	Minimum for the last 12 months	644.28	503.67

d) Market risk

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

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

- a) VaR (value at risk) of asset and liability transactions in trading portfolio;
- b) change in in the economic value of financial instruments (Δ EVE) of the banking portfolio;
- c) change in gain (loss) from financial intermediation (Δ NII) of the banking portfolio;
- d) mapping of Minimum Required Capital (MRC);
- e) foreign exchange exposure report;
- f) sensitivity analysis;
- g) stress testing;
- h) back-testing; and
- i) reports on monitoring of limits established for portions exposed to market risk.

The preparation of daily, monthly, quarterly and annual managerial reports for management and supervisory and control bodies is critical to market risk management. Such reports include, among others, detailed information on and analysis of exposure levels of trading and banking portfolios, currency exposure levels and liquidity levels.

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

Risk exposure limits	Control procedure
<ul style="list-style-type: none"> • 1% (one percent) of the Referential Equity (RE) as the possibility of maximum loss of the Trading Portfolio; • 15% (fifteen percent) of the amount of Referential Equity (RE), Tier I, as the maximum limit for the result of the change in the economic value of financial instruments (ΔEVE) used to measure the interest rate risk in the book banking (IRRBB); • 15% (fifteen percent) of the amount of Referential Equity (RE), Tier I, as the maximum limit for the result of the change in the economic value of financial instruments (ΔNII) used to measure the interest rate risk in the book banking (IRRBB); • 5% (five percent) of the amount of Referential Equity (RE), as the maximum limit of exposures in foreign currency. 	<p>If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the finance area.</p>

Sensitivity analysis

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

Portfolio/risk factor	Type of risk	Scenario 1	Scenario 2 (variation of 25%)		Scenario 3 (variation of 50%)	
		(Probable)	Balance	Loss	Balance	Loss
Trading portfolio						
Fixed interest rate	Increase in interest rate	8,100,971	8,090,471	(10,500)	8,080,140	(20,831)
Banking portfolio						
Dollar coupon	Reduction in coupon	(130,502)	(133,285)	(2,783)	(136,282)	(5,780)
Euro coupon	Increase in coupon	1,480	1,478	(2)	1,475	(5)
IGP coupon	Increase in coupon	90,355	83,312	(7,043)	77,003	(13,352)
IPCA coupon	Reduction in coupon	(208,789)	(361,087)	(152,298)	(536,238)	(327,449)
TJLP coupon	Increase in coupon	407,827	406,156	(1,671)	404,503	(3,324)
TR coupon	Reduction in coupon	(2,281,843)	(2,305,952)	(24,109)	(2,323,836)	(41,993)
Fixed interest rate	Increase in interest rate	2,588,331	2,533,068	(55,263)	2,488,636	(99,695)

For purposes of abovementioned calculations, scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values - considering the rates used at B3 S.A. - Brasil, Bolsa, Balcão S.A. As regards scenarios 2 and 3, changes of 25% and 50% were applied, respectively, to the market risk factors considered, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances under scenario 1 and the balances under scenarios 2 and 3.

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

Nature of transaction	Type of risk	Financial instrument	Scenario 1 (Probable)	Scenario 2 (variation of 25%)	Scenario 3 (variation of 50%)
<i>Hedging derivatives</i>	Increase in referential rate - B3 S.A. DI vs. DOLLAR	Dollar Swap vs. DI	1,251,867	1,247,334	1,242,834
		Liabilities in FC	(1,242,948)	(1,238,464)	(1,234,013)
		Net exposure	8,919	8,870	8,821

Market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from a possible stressed increase in exchange coupon in foreign-currency-denominated transactions.

The method used in the sensitivity analysis of hedging transactions consisted in the measurement of changes in net exposure marked to market between the dollar-indexed foreign exchange payable and the dollar-denominated foreign exchange receivable of swap transactions. The net exposure was calculated for three scenarios, allowing their comparison. Scenario 1 uses market rates, representing the current situation for risk exposure factors, based on the rates disclosed by B3. Scenarios 2 and 3 are obtained by applying shocks to the foreign exchange coupon used in Scenario 1, as described below:

Scenario 1 - 100% of the DI vs. Dollar swap rate is applied.

Scenario 2 - 125% of the DI vs. Dollar swap rate is applied.

Scenario 3 - 150% of the DI vs. Dollar swap rate is applied.

e) Operational risk

The operational risk is the possibility of losses arising from external events, or failures, deficiencies or inadequacies of internal processes, people or systems, including those related to legal issues.

Operational risk management requires continuous commitment and involvement of all managers, employees and collaborators, whose main purpose is to mitigate the possibility and impact of operating losses.

The corporate operating risk management system aims at ensuring compliance with the corporate policy in accordance with governance principles and the policies set by the National Monetary Council (CMN), based on the timetable defined by the banking supervisory body.

The Bank's corporate operational risk is managed through a process view and a specific organizational structure designed to support assessment activities in all supporting and business processes of the Institution, mainly based on the Resolutions issued by the Central Bank. The qualitative approach comprises process risk assessment methodologies, follow-up of mitigating measures and managerial reports. Another methodology used is the RCSA (Risk and Control Self-Assessment) that allows

simulating risks inherent to activities and procedures, as well as defining their impact. RCSA further allows building a Risk Matrix and defining indicators, aiming at reaching an expanded vision of the processes and improved management.

f) Foreign exchange exposure

Transactions under agreements that provide for currency adjustment clause presented net balance of currency exposure sold, in the amount of R\$90,752 (R\$73,728 at 12.31.2017 - short position), as follows:

Specification	09.30.2018	12.31.2017	Specification	09.30.2018	12.31.2017
Cash and cash equivalents	16,984	16,247	Deposits	-	-
Short-term interbank investments	65,989	27,953	Interbranch accounts	15,172	5,660
Loans	610,541	615,161	Borrowings and onlending - domestic	71,766	68,241
Other receivables	887,289	937,045	Borrowings and onlending - foreign	1,891,818	1,647,993
			Other obligations	925,801	960,012
Total assets in foreign currencies, excluding derivatives	1,580,803	1,596,406	Total liabilities in foreign currencies	2,904,557	2,681,906
Swap transactions	1,233,002	1,011,772			
Total long position in foreign currencies	2,813,805	2,608,178	Total short position in foreign currencies	2,904,557	2,681,906

Foreign exchange exposure is maintained below the limits established in the Corporate Risk Management Policy (5% of the Referential Equity - RE).

g) Operational limits - Basel Accord

At 09.30.2018, the Bank had a wide Basel rate (including capital to cover RBAN) of 13.64% (15.01% at 12.31.2017) and Tier I rates and Principal Capital were both at 10.10% (10.39% at 12.31.2017). RE computed was R\$6,599,690 (R\$6,300,032 at 12.31.2017), Tier I and Principal Capital had the same amount of R\$4,337,461 (R\$4,115,719 at 12.31.2017), while risk weighted assets (RWA amount) totaled R\$42,945,471 (R\$39,615,608 at 12.31.2017).

i. Minimum Required Capital - MRC (Basel III)

Specification	09.30.2018	12.31.2017
Referential Equity (RE)	6,599,690	6,300,032
. Tier I	4,337,461	4,115,719
. Principal Capital	4,337,461	4,115,719
. Tier II	2,262,229	2,184,313
Risk-Weighted Assets (RWA)	42,945,471	39,615,608
. RWACPAD	33,172,614	30,935,801
. RWACAM	201,758	182,897
. RWAJUR	102,458	183,265
. RWACOM	5,994	5,384
. RWAOPAD	9,462,647	8,308,261
RBAN amount	5,454,005	2,353,525
Margin on RE (RE - [RWA * 8.625%])¹	2,895,643	2,635,589
Margin on RE considering RBAN {RE - ([RWA + RBAN] * 8.625%)}⁽¹⁾	2,425,235	2,417,888
Margin on Required Tier I RE (Tier I RE - RWA * 6%)	1,760,733	1,738,783
Margin on Required Principal Capital (Principal Capital - RWA * 4.5%)	2,404,915	2,333,017
Additional Required Capital (RWA * 1.875%)⁽²⁾	805,228	495,195
Margin on Additional Required Capital (whichever is lower of margins - additional required principal capital)	955,506	1,243,587
Basel Indexes:		
. Principal capital index (minimum requirement of 4.5%)	10.10%	10.39%
. Tier I index (minimum requirement of 6.0%)	10.10%	10.39%
. Basel index (minimum requirement of 8.625%) ⁽¹⁾	15.37%	15.90%
. Basel index including RBAN	13.64%	15.01%

⁽¹⁾ In June/2017 it was 9.25%.

⁽²⁾ In June/2017 it was 1.25%.

Where:

- . RWACPAD: amount related to credit risk exposures.
- . RWACAM: amount related to exposure to gold, foreign currency and assets subject to foreign exchange variation.
- . RWAJUR: amount related to exposures subject to change in interest rates.
- . RWACOM: amount related to exposures subject to change in commodity prices.

- . RWAOPAD: amount related to operational risk.
- . RBAN: capital to cover risk in transactions subject to change in interest rates not classified in the trading portfolio.

ii. Breakdown of RE (Basel III)

Specification	09.30.2018	12.31.2017
REFERENTIAL EQUITY (RE)	6,599,690	6,300,032
TIER I REFERENTIAL EQUITY	4,337,461	4,115,719
Principal Capital	4,337,461	4,115,719
Capital	2,844,000	2,844,000
Income reserves	1,856,561	1,685,026
Capital and revaluation reserve	11,592	11,769
Credit P&L accounts	2,983,915	-
Debt P&L accounts	(2,835,143)	-
Equity adjustments	(984,623)	(998,758)
Retained earnings (accumulated losses)	(1,134)	
Debt instruments eligible to Principal Capital	1,000,000	1,000,000
Prudential Adjustments	(537,707)	(426,318)
Prudential adjustment - intangible assets	(19,947)	(9,561)
Prudential adjustment - Tax credits from temporary differences	(486,931)	(403,551)
Prudential adjustment - Difference to less - Adjustments of CMN Resolution No. 4277	(30,829)	(13,206)
TIER II REFERENTIAL EQUITY	2,262,229	2,184,313
Instruments eligible to Tier II	2,282,604	2,205,467
Investment in other entities deducted of Tier II	(20,375)	(21,154)

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

The debt instrument eligible to Principal Capital entered into with the Federal Government comprises Tier I RE, as Principal Capital of the Bank, as authorized by BACEN.

iii. Leverage Ratio (LR)

The Leverage Ratio (LR), according to the methodology approved by Bacen Circular Letter No. 3748 of 02.27.2015, corresponds to the division of Tier I RE by Total Exposure. The Bank's Leverage Ratio is as follows:

Specification	09.30.2018	12.31.2017
Tier I RE	4,337,461	4,115,719
Total exposure	84,954,709	77,083,190
Leverage Ratio (%)	5.11	5.34

iv. Fixed asset to equity ratio

The Bank's fixed asset to equity ratio, calculated in accordance with the provisions of CMN Resolution No. 2669 of 11.25.1999, is as follows:

Specification	09.30.2018	12.31.2017
Referential Equity - fixed asset to equity limit	6,599,690	6,300,032
Fixed asset to equity limit (50% of adjusted RE)	3,299,845	3,150,016
Situation	148,379	175,218
Margin	3,151,466	2,974,798
Fixed asset to equity ratio	2.25%	2.78%

NOTE 28 - Related Parties

a) Transactions with related parties

The Bank's policy on transactions with related parties was approved by the Board of Directors on 02.28.2018 and disclosed to the market. Among others, the policy provides that in carrying out transactions with related parties, the conditions and rates compatible with market practices are applied, in addition to establishing guidelines to be observed in potential conflicts of interest.

In the period, the Bank carried out banking transactions with related parties, such as current account deposits (non-interest bearing), short-term investments and loan transactions.

- a.1) Significant transactions with state-owned companies, autonomous government agencies, programs and funds controlled by the Federal Government are broken down as follows:**

Specification	09.30.2018	12.31.2017
Liabilities		
Time deposits - FAT (Note 13.b. and Note 26)	120,243	179,933
Domestic onlending - Official institutions (Note 14.b.)	1,242,014	1,520,571
National Treasury	479	450
BNDES	1,171,416	1,435,506
Machinery and Equipment Financing (Finame)	70,120	84,615
Other obligations	30,467,734	26,638,378
FNE (Note 16.f)	26,317,987	22,599,975
FDNE	717,767	730,837
Merchant Marine Fund (FMM)	106,643	102,098
Debt instruments eligible to capital (Note 16.g and Note 17)	1,000,000	1,000,000
Subordinated debts eligible to capital (Note 16.h and Note 18)	2,325,337	2,205,468
Total	31,829,991	28,338,882

a.2) Significant transactions with entities related to the Bank's employees, namely, Capef and Camed, are broken down as follows:

Specification	09.30.2018	12.31.2017
Liabilities		
Post-employment benefits - Capef DB Plan (Notes 16.i and 24.g)	416,425	411,216
Post-employment benefits - Camed Natural Plan (Notes 16.i and 24.g)	1,214,653	1,354,238
Post-employment benefits - Life insurance (Notes 16.i and 24.g)	137,476	134,567
Total	1,768,554	1,900,021

a.3) Significant revenues and expenses with related parties are as follows:

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Loans - refinancing with the Federal Government	-	36,708
Time deposits - FAT	(83,806)	(53,120)
National Treasury	(29)	(1)
BNDES	(98,354)	(79,826)
Machinery and Equipment Financing (Finame)	(3,311)	(2,090)
FMM	(16,282)	(6,815)
FNE	234,058	(114,074)
FDNE	19,608	21,826
Debt instruments eligible to capital	(110,121)	(100,335)
Subordinated debts eligible to capital	(119,870)	(152,560)
Post-employment benefit - Capef DB Plan	(37,950)	(36,639)
Post-employment benefits - VC I Plan	(37,760)	(36,774)
Post-employment benefit - Camed Natural Plan	(109,653)	(69,086)
Post-employment benefits - life insurance	(8,352)	(7,392)

b) Management compensation

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

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Fees	3,095	2,797
Executive Board	2,619	2,384
Board of Directors	247	228
Supervisory Board	229	185
Other	1,383	1,525
Variable compensation (RVA) ⁽¹⁾	1,136	224
Total short-term benefits	5,614	4,546
Post-employment benefits	203	165
Total	5,817	4,711

⁽¹⁾50% of RVA corresponds to an equity-based instrument, and the parameter for provision and payment in cash is the quotation price of the Bank's shares on B3. The amounts in the table above correspond to the provision for payments in the six-month periods, as well as deferred installments to be settled in the following three years, in accordance with CMN Resolution No. 3921 of 11.25.2010.

The Bank offers to its officers, as post-employment benefits, Pension and Health Care Plans under the same conditions offered to employees.

The Bank does not grant loans or advances to key management personnel, in accordance with current regulations.

NOTE 29 - Statement of comprehensive income

Specification	01.01 to 09.30.2018	01.01 to 09.30.2017
Net income	426,742	466,299
Other comprehensive income (loss)	14,313	(225,767)
Equity adjustment to available-for-sale securities	(178,245)	161,715
Tax effect on Equity adjustment to available-for-sale securities	66,781	(64,095)
Revaluation reserve realized	322	3,919
Tax effect on revaluation reserve realized	(145)	(1,727)
Actuarial gains (losses)	185,875	(325,579)
Tax effect on Actuarial Gains or Losses	(60,275)	-
Comprehensive income	441,055	240,532

NOTE 30 - Other Information

a) On 10.08.2018, the Bank's Board of Directors approved a Voluntary Dismissal Program ("PID") intended for employees who, up to 12.31.2017, were retired or in a position to apply for retirement, in accordance with Social Security (INSS) rules. The period from 11.29.2018 to 12.05.2018 was established for adherence to PID by employees who meet the conditions established in the Program's regulations. The expense will be recognized to the extent that adhesions take place, limited to R\$63,216, which corresponds to the amount of the PID budget.

b) Explanatory Note 24 is condensed in the quarterly information, in relation to the presentation in the Financial Statements for the six-month period ended 06.30.2018, according to Accounting Pronouncement CPC 21 (R1), due to the fact that, in the quarter, there was no remeasurement of actuarial calculations on post-employment benefits.

c) Statement of compliance

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

d) Approval of financial statements

The financial statements were approved by the Executive Board at the meeting held on October 30, 2018.

Fortaleza (Ceará State), October 30, 2018.

The Executive Board

Note: These notes an integral part of the Financial Statements.

Quarterly Information (ITR)

Banco do Nordeste do Brasil S.A.

September 30, 2018
with Independent Auditor's Review Report

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

Independent auditor's review report on Quarterly Information (ITR)

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

Introduction

We have reviewed the interim financial information of Banco do Nordeste do Brasil S.A. ("Bank"), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, comprising the balance sheet as at September 30, 2018 and the related statements of income and of comprehensive income for the three and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including explanatory information.

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

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and *ISRE 2410* - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR).

Other matters

Interim financial information of value added

The quarterly information referred to above includes the individual statements of value added (SVA) for the nine-month period ended September 30, 2018, prepared under the responsibility of Bank management and presented as supplementary information for BACEN purposes. These statements were submitted to review procedures performed together with the review of quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with accounting the criteria defined in referred to Accounting Pronouncement and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 12, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Eduardo Wellichen
Accountant CRC- 1SP184050/O-6

Opinions and Statements / Statement of Directors on the Financial Statements

We, the Officers of Banco do Nordeste do Brasil SA, declare for purposes of complying with the provisions of Article 25, paragraph 1, Subsection VI, Instruction 480 of December 7, 2009, of the Brazilian Securities and Exchange Commission (CVM), which we have reviewed, reviewed, discussed and agreed to the full contents of Banco do Nordeste do Brasil SA financial statements, as of September 30, 2018.

Fortaleza, October 30, 2018

EXECUTIVE BOARD: Romildo Carneiro Rolim (President) – Aloísio Barbosa de Carvalho Neto (Director Financial and Credit) – Antônio Rosendo Neto Júnior (Director of Business) – Claudio Luiz Freire Lima (Director of Management) – Nicola Moreira Miccione (Director of Control and Risk) – Perpétuo Socorro Cajazeiras (Director of Planning)

Opinions and Statements / Statement by the Directors on the Report of the Auditor
Independent

We, the Officers of Banco do Nordeste do Brasil SA, declare for purposes of compliance with the provisions of Article 25, paragraph 1, Subsection V, of Instruction 480 of December 7, 2009, of the Brazilian Securities and Exchange Commission (CVM), which we have reviewed, reviewed, discussed and agreed to the full contents of the Report, dated November 12, 2018, by Ernst & Young Auditors Independentes S.S. on the financial statements of Banco do Nordeste do Brasil S.A., as of September 30, 2018.

Fortaleza, November 12, 2018

EXECUTIVE BOARD: Romildo Carneiro Rolim (President) – Aloísio Barbosa de Carvalho Neto (Director Financial and Credit) – Antônio Rosendo Neto Júnior (Director of Business) – Claudio Luiz Freire Lima (Director of Management) – Nicola Moreira Miccione (Director of Control and Risk) – Perpétuo Socorro Cajazeiras (Director of Planning)