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

Company Information/Capital Breakdown

Number of shares (in thousands)	Current quarter 09/30/2017
Paid-in Capital	
Common shares	86,371
Preferred shares	-
Total	86,371
Treasury shares	
Common shares	-
Preferred shares	-
Total	-

Company Information/Cash Proceeds

Event	Approval	Proceeds	Beginning of payment	Share type	Share class	Earnings per share (Reais/Share)
Board of Directors Meeting	08/08/2017	Interest on Equity (IOE)	08/28/2017	Common		0.80157

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

Account code	Account description	Current quarter 09/30/2017	Prior year 12/31/2016
1	Total assets	52,067,559	46,321,128
1.01	Current assets	21,189,785	20,985,048
1.01.01	Cash and cash equivalents	162,199	184,575
1.01.02	Interbank investments	12,224,060	9,465,283
1.01.02.01	Open market investments	12,224,060	9,314,933
1.01.02.02	Interbank deposits	-	150,350
1.01.03	Marketable securities	2,218,195	4,050,575
1.01.03.01	Own portfolio	1,282,733	2,907,381
1.01.03.02	Linked to repurchase agreements	935,462	855,690
1.01.03.04	Linked to guarantees given	-	287,504
1.01.04	Interbank accounts	719,305	221,155
1.01.04.01	Unsettled payments and receipts	56,103	1,190
1.01.04.02	Central Bank deposits	662,422	218,335
1.01.04.04	Interbank onlending	-	784
1.01.04.05	Correspondents	780	846
1.01.06	Loans	4,075,588	4,774,641
1.01.06.02	Public sector	173,908	238,571
1.01.06.03	Private sector	4,415,723	5,084,099
1.01.06.04	(Allowance for loan losses)	-514,043	-548,029
1.01.08	Other credits	1,752,621	2,257,019
1.01.08.02	Exchange portfolio	397,441	612,278
1.01.08.03	Income receivable	16,025	13,921
1.01.08.04	Securities trading	12	12
1.01.08.05	Other	1,410,141	1,826,346
1.01.08.06	(Allowance for losses on other credits)	-70,998	-195,538
1.01.09	Other assets	37,817	31,800
1.01.09.01	Other assets	14,637	14,442
1.01.09.02	(Valuation allowances)	-624	-613
1.01.09.03	Prepaid expenses	23,804	17,971
1.02	Long-term receivables	30,682,591	25,121,511
1.02.02	Marketable securities	23,192,644	16,798,301
1.02.02.01	Own portfolio	22,389,402	16,322,718
1.02.02.02	Linked to repurchase agreements	3,037	44,099
1.02.02.03	Derivative financial instruments	377,367	403,488
1.02.02.04	Linked to guarantees given	422,838	27,996
1.02.03	Interbank accounts	66,162	66,075
1.02.03.01	National Treasury - Rural Credit Funds	-	6
1.02.03.02	National Housing System (SFH)	66,162	66,069
1.02.05	Loans	5,107,898	6,363,766
1.02.05.02	Public sector	1,107,759	1,141,948
1.02.05.03	Private sector	4,527,266	5,909,339
1.02.05.04	(Allowance for loan losses)	-527,127	-687,521
1.02.07	Other credits	2,315,887	1,893,369
1.02.07.03	Other	2,342,910	1,922,193

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

Account code	Account description	Current quarter 09/30/2017	Prior year 12/31/2016
1.02.07.04	(Allowance for losses on other credits)	-27,023	-28,824
1.03	Permanent assets	195,183	214,569
1.03.01	Investments	1,912	1,909
1.03.01.04	Other investments	7,215	7,212
1.03.01.05	Allowance for losses	-5,303	-5,303
1.03.02	Property and equipment in use	173,368	192,757
1.03.02.01	Properties and equipment in use	169,752	170,087
1.03.02.02	Revaluation of property and equipment in use	107,132	107,628
1.03.02.03	Other property and equipment in use	279,758	273,752
1.03.02.04	(Accumulated depreciation)	-383,274	-358,710
1.03.04	Intangible assets	19,903	19,903
1.03.04.01	Intangible assets	19,903	19,903

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

Account code	Account description	Current quarter 09/30/2017	Prior year 12/31/2016
2	Total liabilities	52,067,559	46,321,128
2.01	Current liabilities	19,847,839	16,536,899
2.01.01	Deposits	5,640,750	5,949,100
2.01.01.01	Demand deposits	324,261	345,990
2.01.01.02	Savings deposits	2,103,102	2,113,346
2.01.01.03	Interbank deposits	1,521,139	1,111,078
2.01.01.04	Time deposits	1,692,248	2,378,686
2.01.02	Open market funding	1,039,099	966,859
2.01.02.01	Own portfolio	935,314	896,579
2.01.02.02	Third-party portfolio	103,785	70,280
2.01.03	Funds from acceptance and issue of securities	203,196	310,611
2.01.03.01	Funds from real estate, mortgage, credit and similar notes	183,660	302,735
2.01.03.02	Liabilities for foreign marketable securities	19,536	7,876
2.01.04	Interbank accounts	40,251	593
2.01.04.01	Unsettled payments and receipts	40,251	593
2.01.05	Interdepartmental accounts	7,899	7,181
2.01.05.01	Third-party funds in transit	5,177	7,170
2.01.05.02	Internal transfers of funds	2,722	11
2.01.06	Borrowings	458,981	637,742
2.01.06.02	Foreign borrowings	458,981	637,742
2.01.07	Domestic onlending	167,607	150,737
2.01.07.01	National Treasury	314	253
2.01.07.02	BNDES	143,943	125,251
2.01.07.03	FINAME	23,350	25,233
2.01.08	Foreign onlending	137,596	141,564
2.01.09	Other liabilities	12,152,460	8,372,512
2.01.09.02	Collection of taxes and other contributions	11,570	2,547
2.01.09.03	Exchange portfolio	3,873	4,022
2.01.09.04	Social and statutory	30,309	164,522
2.01.09.05	Tax and social security	275,393	618,741
2.01.09.06	Securities trading	153	153
2.01.09.07	Financial and development funds	8,610,897	4,439,550
2.01.09.09	Other	3,220,265	3,142,977
2.02	Long-term payables	28,732,533	26,421,734
2.02.01	Deposits	5,756,817	4,658,220
2.02.01.02	Interbank deposits	57,481	87,767
2.02.01.03	Time deposits	5,699,336	4,570,453
2.02.02	Open market funding	2,992	2,778
2.02.02.01	Own portfolio	2,992	2,778
2.02.03	Funds from acceptance and issue of securities	964,581	988,259
2.02.03.02	Liabilities for foreign marketable securities	964,581	988,259
2.02.07	Domestic onlending	1,397,489	1,518,511
2.02.07.01	National Treasury	129	198
2.02.07.02	BNDES	1,323,501	1,427,340
2.02.07.03	FINAME	73,859	90,973

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

Account code	Account description	Current quarter 09/30/2017	Prior year 12/31/2016
2.02.08	Foreign onlending	516,895	622,712
2.02.09	Other liabilities	20,093,759	18,631,254
2.02.09.02	Financial and development funds	14,148,031	13,198,250
2.02.09.04	Subordinated debts eligible to capital	2,165,433	2,012,874
2.02.09.05	Debt instruments eligible to capital	1,000,000	1,000,000
2.02.09.06	Other	2,780,295	2,420,130
2.05	Equity	3,487,187	3,362,495
2.05.01	Capital	2,844,000	2,844,000
2.05.03	Revaluation reserves	12,299	14,491
2.05.03.01	Own assets	12,299	14,491
2.05.04	Income reserves	1,379,691	1,157,951
2.05.04.01	Legal reserve	252,231	237,329
2.05.04.02	Statutory reserve	1,127,460	920,622
2.05.05	Equity adjustments	-881,906	-653,947
2.05.05.01	Adjustments to marketable securities	-881,906	-653,947
2.05.06	Retained earnings (accumulated losses)	133,103	-

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

Account code	Account description	Current quarter	YTD - Current	Equal to quarter of prior year –	
		07/01/2017 to 09/30/2017	year 01/01/2017 to 09/30/2017	Prior year 07/01/2016 to 09/30/2016	YTD 01/01/2016 to 09/30/2016
3.01	Income from financial intermediation	1,310,370	4,094,806	1,465,417	4,010,669
3.01.01	Loans	492,328	1,442,108	477,568	1,519,026
3.01.02	Gain (loss) on marketable securities transactions	835,988	2,600,101	914,557	2,610,314
3.01.03	Gain (loss) on derivative financial instruments	-52,866	-43,914	39,151	-216,751
3.01.04	Foreign exchange gains (losses)	17,741	80,248	22,389	65,526
3.01.05	Compulsory investment gain (loss)	17,179	16,263	11,752	32,554
3.02	Expenses from financial intermediation	-893,298	-3,050,666	-1,160,977	-3,096,084
3.02.01	Funding operations	-245,378	-871,833	-376,166	-1,062,666
3.02.02	Borrowings and onlending	-508,388	-1,662,899	-548,534	-1,455,819
3.02.03	Allowance for loan losses	-139,532	-515,934	-236,277	-577,599
3.03	Gross income from financial intermediation	417,072	1,044,140	304,440	914,585
3.04	Other operating income/expenses	-177,942	-516,032	-398,653	-671,881
3.04.01	Income from services provided	521,815	1,711,101	468,729	1,571,103
3.04.02	Personnel expenses	-516,569	-1,433,126	-424,190	-1,281,792
3.04.03	Other administrative expenses	-318,938	-916,295	-301,396	-836,057
3.04.04	Tax expenses	-71,906	-219,707	-67,143	-209,911
3.04.05	Other operating income	558,896	1,412,975	355,555	1,676,342
3.04.06	Other operating expenses	-351,240	-1,070,980	-430,208	-1,591,566
3.05	Operating income (expenses)	239,130	528,108	-94,213	242,704
3.06	Nonoperating income (expenses)	-1,914	-4,307	275	480
3.06.01	Revenues	2,124	3,831	2,021	4,017
3.06.02	Expenses	-4,038	-8,138	-1,746	-3,537
3.07	Income (loss) before income taxes and profit sharing	237,216	523,801	-93,938	243,184
3.08	Provision for income and social contribution taxes	18,401	-15,226	-72,772	-231,064
3.09	Deferred income tax	-77,552	-13,438	113,913	175,838
3.10	Statutory contributions/profit sharing	-9,807	-28,838	0	-15,191
3.10.01	Profit sharing	-9,807	-28,838	0	-15,191
3.13	Net income (loss) for the period	168,258	466,299	-52,797	172,767

Individual Financial Statements/Income

Statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2017 to 09/30/2017	YTD - Current year 01/01/2017 to 09/30/2017	Same quarter of prior year 07/01/2016 to 09/30/2016	YTD - prior year 01/01/2016 to 09/30/2016
3.99	Earnings per share (reais/share)	1.94810	5.39880	-0.61130	2.00030

Individual Financial Statements/Statement of Comprehensive Income (Loss)

(In thousands of reais)

Account code	Account description	Current quarter	YTD - Current	Equal to quarter of prior year –	
		07/01/2017 to 09/30/2017	year 01/01/2017 to 09/30/2017	Prior year 07/01/2016 to 09/30/2016	YTD 01/01/2016 to 09/30/2016
4.01	Net income for the period	168,258	466,299	-52,797	172,767
4.02	Other comprehensive income (loss)	66,623	-225,767	44,012	65,535
4.02.01	Equity adjustment to available-for-sale securities	112,111	161,715	74,356	270,606
4.02.02	Tax effect on equity adjustment to available-for-sale securities	-45,149	-64,095	-30,249	-109,115
4.02.03	Realization of revaluation reserve	964	3,919	969	2,905
4.02.04	Tax effect on realization of revaluation reserve	-434	-1,727	-436	-1,307
4.02.05	Actuarial gains (losses)	-869	-325,579	-628	-97,554
4.03	Comprehensive income (loss) for the period	234,881	240,532	-8,785	238,302

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

Account code	Account description	YTD – Current	YTD -
		Year 01/01/2017 to 09/30/2017	Prior year 01/01/2016 to 09/30/2016
6.01	Net cash from operating activities	3,196,593	-4,081,168
6.01.01	Cash from operations	1,778,425	1,963,165
6.01.01.01	Net income (loss) for the period	466,299	172,767
6.01.01.02	Depreciation and amortization expenses	30,177	31,738
6.01.01.03	Valuation allowance for other assets	11	-12
6.01.01.04	Net allowance for loan losses	425,007	560,987
6.01.01.05	Net allowance for losses on other receivables	90,927	16,612
6.01.01.06	Net Provision for Financial Guarantees Provided (risk FNE)	523,153	739,645
6.01.01.07	Net Provision for Financial Guarantees Provided (risk FDNE)	88	30
6.01.01.08	Net provision for contingent liabilities	-36,517	86,323
6.01.01.09	Net provision for post-employment benefits	149,893	139,987
6.01.01.10	Net provision for other contingent liabilities	9,590	0
6.01.01.11	Expenses with debt instruments eligible to capital	99,352	0
6.01.01.12	Monetary restatement of judicial deposits	37,056	0
6.01.01.13	Deferred tax assets	-13,438	175,838
6.01.01.14	Reversal/Reconition provision for losses on Linked credits to SFH	-3,173	23,188
6.01.01.17	Recognition/reversal of operating provisions	-	16,062
6.01.02	Changes in assets and liabilities	1,418,168	-6,044,333
6.01.02.01	Interbank investments	116,844	-11,015
6.01.02.02	Interbank and interdepartmental accounts	-454,686	-103,094
6.01.02.03	Loans	1,529,913	446,875
6.01.02.04	Other credits	4,390	238,194
6.01.02.05	Other assets	-5,787	-5,915
6.01.02.06	Deposits	753,191	-373,360
6.01.02.07	Open market funding	72,454	-772,964
6.01.02.08	Funds from acceptance and issue of securities	-131,094	-100,638
6.01.02.09	Borrowings and onlending	-392,698	-744,661
6.01.02.10	Derivative financial instruments	26,121	196,869
6.01.02.11	Other liabilities	4,488,518	3,316,082
6.01.02.12	Revaluation reserve	407	-
6.01.02.13	Income and social contribution taxes paid	-93,348	-294,326
6.01.02.14	Available-for-sale marketable securities	-4,490,464	-7,836,380
6.01.02.15	Prior-year adjustments	-5,593	-
6.02	Net cash from investing activities	-11,034	-18,455
6.02.01	Addition to investments	-3	-32
6.02.02	Addition to property and equipment in use	-17,735	-22,179
6.02.03	Addition to intangible assets	-	-445
6.02.04	Addition to assets not for own use	-399	-204
6.02.05	Disposal (write-off) of property and equipment in use	6,946	4,332
6.02.06	Disposal of assets for own use	157	73
6.03	Net cash from financing activities	-332,314	-464,767
6.03.01	Dividends, bonuses and Interest on Equity (IOE) paid	-118,386	-71,377

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

Account code	Account description	YTD - Current year	
		01/01/2017 to 09/30/2017	01/01/2016 to 09/30/2016
6.03.04	Hybrid debt/equity instruments	-213,928	-393,390
6.05	Increase (decrease) in cash and cash equivalents	2,853,245	-4,564,390
6.05.01	Cash and cash equivalents at beginning of period	9,429,229	12,587,311
6.05.02	Cash and cash equivalents at end of period	12,282,474	8,022,921

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

Individual Financial Statements/Statement of Changes in Equity/SCE - 01/01/2016 to 09/30/2016**(In thousands of reais)**

Account code	Account description	Capital	Capital reserves	Revaluation reserves	Income reserves	Retained earnings (accumulated losses)	Equity adjustments	Total equity
5.01	Opening balance	2,844,000	-	16,621	598,429	-	-615,864	2,843,186
5.03	Adjusted balance	2,844,000	-	16,621	598,429	-	-615,864	2,843,186
5.04	Income/loss for the period	-	-	-	-	172,767	-	172,767
5.05	Allocations	-	-	-	172,617	-226,629	-	-54,012
5.05.02	Interest on Equity (IOE)	-	-	-	-	-54,012	-	-54,012
5.05.03	Other allocations	-	-	-	172,617	-172,617	-	-
5.05.03.01	Legal reserve	-	-	-	11,278	-11,278	-	-
5.05.03.02	Statutory reserve	-	-	-	161,339	-161,339	-	-
5.07	Equity adjustments	-	-	-1,598	-	1,598	63,937	63,937
5.07.01	Adjustments to marketable securities	-	-	-	-	-	161,491	161,491
5.07.04	Realization of reserve	-	-	-1,598	-	1,598	-	-
5.07.05	Actuarial gains and losses	-	-	-	-	-	-97,554	-97,554
5.13	Closing balance	2,844,000	-	15,023	771,046	-52,264	-551,927	3,025,878

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

Account code	Account description	YTD - Current year	
		01/01/2017 to 09/30/2017	01/01/2016 to 09/30/2016
7.01	Revenues	5,627,661	5,089,428
7.01.01	Financial intermediation	4,094,806	4,010,669
7.01.02	Services provided	1,711,101	1,571,103
7.01.03	(Reversal of) Allowance for loan losses	-515,934	-577,599
7.01.04	Other	337,688	85,255
7.02	Expenses from financial intermediation	-2,534,732	-2,518,485
7.03	Inputs acquired from third parties	-856,662	-776,860
7.03.01	Materials, energy and other expenses	-66,751	-63,020
7.03.02	Third-party services	-422,681	-404,902
7.03.04	Other	-367,230	-308,938
7.03.04.01	Data processing and telecommunications	-210,650	-182,991
7.03.04.02	Advertising, promotions and publications	-22,379	-11,037
7.03.04.03	Transportation	-21,220	-20,471
7.03.04.04	Security	-44,930	-41,268
7.03.04.05	Travel	-11,063	-10,142
7.03.04.06	Other	-56,988	-43,029
7.04	Gross value added	2,236,267	1,794,083
7.05	Retentions	-30,178	-31,738
7.05.01	Depreciation, amortization and depletion	-30,178	-31,738
7.06	Net value added produced	2,206,089	1,762,345
7.08	Total value added to be Distributed	2,206,089	1,762,345
7.09	Distribution of value added	2,206,089	1,762,345
7.09.01	Personnel	1,266,799	1,117,759
7.09.01.01	Work compensation	912,621	779,456
7.09.01.02	Benefits	290,666	279,787
7.09.01.03	FGTS	63,512	58,516
7.09.02	Taxes, charges and contributions	443,536	444,360
7.09.02.01	Federal	420,888	423,989
7.09.02.02	State	42	29
7.09.02.03	Municipal	22,606	20,342
7.09.03	Debt remuneration	29,455	27,459
7.09.03.01	Rents	29,455	27,459
7.09.04	Equity remuneration	466,299	172,767
7.09.04.01	Interest on Equity (IOE)	108,462	54,012
7.09.04.03	Retained earnings (accumulated losses) for the period	357,837	118,755

Performance Review

OPERATING PERFORMANCE

BNB entered into 1,230,943 loan and financing transactions in the total amount of \$7.3 billion in the third quarter of 2017, an increase of 6.4% in the number of such transactions and a 59.6% increase in the total amount of these transactions compared to the third quarter of 2016.

The funds used in long-term loan transactions mostly derived from Fundo Constitucional de Financiamento do Nordeste (FNE). In the third quarter of 2017, loan transactions were contracted in the amount of R\$4.8 billion with proceeds from FNE, aggregating a total of 151,839 transactions, a 130% increase in the contracted amount and a 20.4% increase in the number of transactions compared to the same period in 2016.

Through its urban production-oriented microloan program, denominated Crediamigo, BNB disbursed approximately R\$2.0 billion, contracting 995,065 transactions in the third quarter of 2017 supporting the related microentrepreneurs. It represents an 11.8% and 4.2% increase in the contract amount and in the number of transactions, respectively, compared to the third quarter of 2016.

In relation to the Programa Nacional de Fortalecimento da Agricultura Familiar (Pronaf), BNB contracted 142,343 financing transactions totaling the amount of R\$767.6 million in the third quarter of 2017, which represents a 40.5% increase in the contracted amount and a 21.0% increase in the number of transactions.

Under the Pronaf program, BNB operates the rural production-oriented microloan program denominated Agroamigo. Under this type, 136,664 transactions were contracted in the third quarter of 2017 with family farmers, in the total amount of R\$638.1 million, representing a 38.3% increase in the contracted amount and a 19.9% increase in the number of transactions in relation to the same period of 2016.

Under the urban production-oriented microloan program, Crediamigo, and the rural, Agroamigo program, a total amount of approximately R\$2.6 billion was disbursed in the third quarter of 2017, with a total of 1,131,729 contracted transactions providing support to micro-entrepreneurs in the urban and rural areas within the Bank's jurisdiction.

In relation to support to micro and small enterprises, BNB entered into 9,871 transactions in the amount of R\$614.6 million in the third quarter of 2017, a 8.6% increase in the contracted amount and a 24.1% increase in the number of transactions.

In relation to the financial performance, BNB posted net income of R\$168.3 million in the third quarter of 2017, although in the same period in 2016 it had a net loss of R\$52.8 million. In 2017, until September, BNB accumulates a profit of R\$ 466.3 million.

CVM Rule No. 381, of January 14, 2003

In relation to CVM Rule No. 381/03, dated 01.14.2003, Banco do Nordeste informs hereby that Ernst & Young Auditores Independentes S/S, engaged as Independent Auditor, did not provide, in the third quarter of 2017, any services other than independent audit services.

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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, except mortgage loan portfolio. As an institution devoted to regional development, the Bank operates as the executive agent of public policies and is responsible for managing Fundo Constitucional de Financiamento do Nordeste (FNE) - the main source of funds used by the Bank for long-term financing - and the operation of the 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 Financial Statements

The financial statements were prepared in accordance with the provisions from the Brazilian Corporation Law, as amended by Laws No. 11638 and No. 11941 of 12.28.2007 and 05.27.2009, respectively, and regulations of the 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 interim financial statements, as follows:

- CPC 00 (R1) - The Conceptual Framework for Financial Reporting (CMN Resolution No. 4144 of 09.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566 of 05.29.2008);
- CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements (CMN Resolution No. 640 of 10.07.2010);
- CPC 03 - Cash Flow Statement - (CMN Resolution No. 3604 of 08.29.2008);

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- CPC 05 - Related-Party Disclosures (CMN Resolution No. 3750 of 06.30.2009);
- CPC 09 - Statement of Value Added (CVM Rule No. 557 of 11.12.2008);
- CPC 12 - Present Value Adjustment (CVM Rule No. 564 of 12.17.2008);
- CPC 22 - Segment Reporting (CVM Rule No. 582 of 07.31.2009);
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors (CMN Resolution No. 4007 of 08.25.2011);
- CPC 24 - Subsequent Events (CMN Resolution No. 3973 of 05.26.2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823 of 12.16.2009);
- CPC 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) 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.

g) Derivative financial instruments

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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 sheet. 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, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

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

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

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

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

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

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

i) Prepaid expenses

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

j) Permanent assets

Investments: 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 to statutory profit as 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.

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

The Federal Contribution Taxes on Gross Revenue for Public Service Employee Savings Program (PASEP) and for Social Security Financing (COFINS) are calculated at the rates of 0.65% and 4.00%, respectively.

l) Employee benefits

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

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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 Charter. Interest on equity may be levied on dividends.

r) Use of estimates

The preparation of the interim financial statements includes estimates and assumptions, such as in determining allowances for loan losses, market value measurement of certain 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 09.30.2017 and 09.30.2016, 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":

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Specification	01.01 to 09.30.2017			01.01 to 09.30.2016		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
Revenues	2,924,660	2,578,814	5,503,474	3,302,679	2,384,812	5,687,491
Income from loans	1,442,108	-	1,442,108	1,519,026	-	1,519,026
Gains (losses) on marketable securities transactions	981,024	1,619,077	2,600,101	1,161,600	1,448,714	2,610,314
Gains (losses) on derivative financial instrument transactions	(43,914)	-	(43,914)	(216,751)	-	(216,751)
Foreign exchange gains (losses)	80,248	-	80,248	65,526	-	65,526
Compulsory investment yield	16,263	-	16,263	32,554	-	32,554
Other income	448,931	959,737	1,408,668	740,724	936,098	1,676,822
Expenses	(1,466,833)	(2,109,049)	(3,575,882)	(1,669,796)	(2,167,791)	(3,837,587)
Expenses on market funding	(871,833)	-	(871,833)	(1,062,666)	-	(1,062,666)
Expenses on borrowings and onlending	(79,066)	(1,583,833)	(1,662,899)	(29,531)	(1,426,288)	(1,455,819)
Allowance for loan losses (Note 9.e)	(515,934)	(525,178)	(1,041,112)	(577,599)	(739,645)	(1,317,244)
Other contingent liabilities	-	-	-	-	(1,117)	(1,117)
Proagro provision receivable	-	(38)	(38)	-	(741)	(741)
Financial margin	1,457,827	469,765	1,927,592	1,632,883	217,021	1,849,904
Service revenues	343,993	1,317,617	1,661,610	305,482	1,221,437	1,526,919
Income from fees, charges and commissions	49,491	-	49,491	44,184	-	44,184
PASEP and COFINS	(22,618)	(173,014)	(195,632)	(80,572)	(107,756)	(188,328)
Income after fees and commissions	1,828,693	1,614,368	3,443,061	1,901,977	1,330,702	3,232,679
Administrative expenses			(2,349,421)			(2,117,849)
Personnel expenses			(1,433,126)			(1,281,792)
Depreciation and amortization			(30,178)			(31,738)
Other administrative expenses			(886,117)			(804,319)
Other expenses			(536,214)			(763,542)
Expenses with provisions, except allowance for loan losses			(33,625)			(108,104)
Income before taxation and profit sharing			523,801			243,184
Income and social contribution taxes			(28,664)			(55,226)
Profit sharing			(28,838)			(15,191)
Net income			466,299			172,767

NOTES TO INTERIM FINANCIAL STATEMENTS

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NOTE 5 - Cash and Cash Equivalents

Specification	09.30.2017	12.31.2016
Cash and cash equivalents in local currency	116,409	127,664
Cash and cash equivalents in foreign currency	45,790	56,911
Total cash and cash equivalents	162,199	184,575
Interbank investments ⁽¹⁾	12,120,275	9,244,654
Total cash and cash equivalents	12,282,474	9,429,229

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

NOTE 6 - Interbank investments

a) Breakdown

Specification	09.30.2017	12.31.2016
a) Open market investments	12,224,060	9,314,933
Resale agreements pending settlement - Self-funded position	12,120,275	9,244,654
Resale agreements pending settlement - Financed position	103,785	70,279
b) interbank deposits	-	150,350
Investments in foreign currencies	-	-
Interbank deposits	-	150,350
Total	12,224,060	9,465,283
Short-term	12,224,060	9,465,283

b) Income from interbank investments

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
a) Income from open market investments (Note 7.b)	747,722	914,486
Self-funded position	742,036	907,515
Financed position	5,686	6,971
b) Income from interbank deposits (Note 7.b)	6,338	-
Total	754,060	914,486

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

Specification	09.30.2017	12.31.2016
Available-for-sale securities	24,837,192	20,259,164
Held-to-maturity securities	196,280	186,224
Swap differential receivable	377,367	403,488
Total	25,410,839	20,848,876
Short-term	2,218,195	4,050,575
Long-term	23,192,644	16,798,301

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a.2) Available-for-sale securities

Specification	09.30.2017								
	Maturity					Cost value	Market/book value	Market adjustment	Maturity
	No maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days				
Fixed income securities	-	-	1,481,657	686,868	22,217,478	24,884,522	24,386,003	(498,519)	
Financial Treasury Bills (LFT)	-	-	1,133,362	-	20,093,052	21,214,886	21,226,414	11,528	2018 to 2023
National Treasury Notes (NTN)	-	-	-	-	1,371,080	1,228,042	1,371,080	143,038	2050
Financial bills	-	-	348,271	669,853	655,256	1,719,642	1,673,380	(46,262)	2018 to 2019
Debentures	-	-	-	16,903	93,945	683,862	110,848	(573,014)	2018 to 2041
Federal government securities - FCVS	-	-	-	-	3,948	4,747	3,948	(799)	2027
Federal government securities - other	-	-	-	-	-	32,895	-	(32,895)	1993
Agrarian Debt Securities (TDAs)	-	-	24	112	197	448	333	(115)	2017 to 2022
Investment fund shares	371	-	-	-	-	1,974	371	(1,603)	
Social Development Funds (FDS)	-	-	-	-	-	1,603	-	(1,603)	No maturity
Investment Guarantee Fund (FGI)	352	-	-	-	-	352	352	-	No maturity
Operation Guarantee Fund (FGO)	19	-	-	-	-	19	19	-	No maturity
Variable income securities	27,980	-	-	-	-	13,025	27,980	14,955	
Other tax incentives (FINOR)	187	-	-	-	-	109	187	78	No maturity
Publicly-traded companies shares	27,793	-	-	-	-	12,916	27,793	14,877	No maturity
Security deposits⁽¹⁾	-	-	-	-	422,838	422,968	422,838	(130)	
Financial Treasury Bills (LFT)	-	-	-	-	404,232	403,590	404,232	642	2020 to 2023
Federal government securities - other	-	-	-	-	-	833	-	(833)	1993
Debentures	-	-	-	-	18,606	18,545	18,606	61	2019
Total of category	28,351	-	1,481,657	686,868	22,640,316	25,322,489	24,837,192	(485,297)	
Tax credit (Note 21.b)								271,206	
Provision for deferred taxes and contributions (Note 21.c)								(71,161)	
Total market value adjustment								(285,252)	

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Specification	12.31.2016								
	Maturity					Cost value	Market/book value	Market adjustment	Maturity
	No maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days				
Fixed income securities	-	-	2,113,406	1,606,186	16,191,268	20,574,867	19,910,860	(664,007)	
Financial Treasury Bills (LFT)	-	-	1,975,238	1,468,599	12,997,447	16,474,904	16,441,284	(33,620)	2017 to 2022
National Treasury Notes (NTN)	-	-	-	-	1,561,353	1,532,143	1,561,353	29,210	2050
Financial bills	-	-	138,060	137,564	1,528,758	1,858,041	1,804,382	(53,659)	2017 to 2019
Debentures	-	-	-	-	98,278	670,579	98,278	(572,301)	2018 to 2041
Federal government securities - FCVS	-	-	-	-	5,133	5,116	5,133	17	2027
Federal government securities - other	-	-	-	-	-	33,507	-	(33,507)	1993
Agrarian Debt Securities (TDAs)	-	-	108	23	299	577	430	(147)	2017 to 2022
Investment fund shares	327	-	-	-	-	1,895	327	(1,568)	
Social Development Funds (FDS)	-	-	-	-	-	1,568	-	(1,568)	No maturity
Investment Guarantee Fund (FGI)	313	-	-	-	-	313	313	-	No maturity
Operation Guarantee Fund (FGO)	14	-	-	-	-	14	14	-	No maturity
Variable income securities	32,477	-	-	-	-	13,025	32,477	19,452	
Other tax incentives (FINOR)	109	-	-	-	-	109	109	-	No maturity
Publicly-traded companies shares	32,368	-	-	-	-	12,916	32,368	19,452	No maturity
Security deposits⁽¹⁾	-	-	287,504	-	27,996	316,390	315,500	(890)	
Financial Treasury Bills (LFT)	-	-	287,504	-	7,439	295,107	294,943	(164)	2017 to 2022
Federal government securities - other	-	-	-	-	-	848	-	(848)	1993
Debentures	-	-	-	-	20,557	20,435	20,557	122	2019
Financial bills	-	-	-	-	-	-	-	-	
Total of category	32,804	-	2,400,910	1,606,186	16,219,264	20,906,177	20,259,164	(647,013)	
Tax credit (Note 21.b)								284,811	
Provision for deferred taxes and contributions (Note 21.c)								(20,670)	
Total market value adjustment								(382,872)	

⁽¹⁾ Breakdown: Guarantees on stock exchange transactions R\$250,056 (R\$230,402 at 12.31.2016); guarantees on clearing house association transactions R\$2,845 (R\$2,617 at 12.31.2016); guarantees on legal proceedings R\$144,187 (R\$58,733 at 12.31.2016); and other guarantees R\$25,751 (R\$23,748 at 12.31.2016).

Account "Federal Government Securities - Other" under items Fixed Income Securities and Security Deposits records cash investments in government securities named by the National Treasury as NUCL910801, 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.

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In view of the classification of assets under "Available-for-sale securities", the amount of (R\$ 485,297) ((R\$647,013) at 12.31.2016) are recorded in the Bank's Equity under "Market value adjustments" account. Such adjustment, net of taxes, corresponds to (R\$ 285,252 ((R\$382,872) at 12.31.2016).

a.3) Held-to-maturity securities

Specification	09.30.2017							
	Maturity					Cost/book value	Market value ⁽¹⁾	Maturity
	No maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days			
Fixed income securities	-	-	-	-	-	196,280	139,708	
National Treasury Notes (NTN) - P	-	-	-	-	164,366	164,366	107,794	2030
Investment Fund Shares - Criatec	-	-	11,046	-	-	11,046	11,046	2017
Investment Fund Shares - Criatec II	-	-	-	-	9,688	9,688	9,688	2023
Investment Fund Shares - Criatec III	-	-	-	-	456	456	456	2025
FIP Brasil Agronegócios	-	-	10,273	-	-	10,273	10,276	2018
Nordeste III FIP	-	-	-	-	451	451	451	2022
Total of category	-	-	21,319	-	174,961	196,280	138,708	

Specification	12.31.2016							
	Maturity					Cost/book value	Market value ⁽¹⁾	Maturity
	No maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days			
Fixed income securities	-	-	-	10,676	175,548	186,224	144,981	
National Treasury Notes (NTN) - P	-	-	-	-	156,328	156,328	115,085	2030
Investment Fund Shares - Criatec	-	-	-	10,676	-	10,676	10,676	2017
Investment Fund Shares - Criatec II	-	-	-	-	8,366	8,366	8,366	2023
Investment Fund Shares - Criatec III	-	-	-	-	438	438	438	2025
FIP Brasil Agronegócios	-	-	-	-	10,237	10,237	10,237	2018
Nordeste III FIP	-	-	-	-	179	179	179	2022
Total of category	-	-	-	10,676	175,548	186,224	144,981	

⁽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.

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

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

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.

a.6) 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 09.30.2017	01.01 to 09.30.2016
Open market investments (Note 6.b)	747,722	914,486
interbank deposits (Note 6.b)	6,338	-
Fixed income securities	1,845,430	1,695,060
Variable income securities	611	768
Total	2,600,101	2,610,314

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 09.30.2017, 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 book value is recorded under the captions 'Differential payable' and 'Differential receivable', as shown below:

Breakdown at 09.30.2017								
Specification	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative	
Long position								
Foreign currency (dollar)	578,615	377,367	-	363,639	-	13,728	-	13,728
Short position								
Fixed rate	-	-	-	-	-	-	-	-
Total	578,615	377,367	-	363,639	-	13,728	-	13,728
Provision for deferred taxes and contributions (Note 21.c)								5,491

Breakdown at 12.31.2016								
Specification	Notional value	Market value		Curve value		Market adjustment		Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Positive	Negative	
Long position								
Foreign currency (dollar)	578,615	403,488	-	392,844	-	10,644	-	10,644
Short position								
Fixed rate	-	-	-	-	-	-	-	-
Total	578,615	403,488	-	392,844	-	10,644	-	10,644
Provision for deferred taxes and contributions (Note 21.c)								4,258

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Specification	09.30.2017		12.31.2016	
	Differential receivable	Differential payable	Differential receivable	Differential payable
Up to 3 months	-	-	-	-
3 to 12 months	-	-	-	-
1 to 3 years	377,367	-	403,488	-
3 to 5 years	-	-	-	-
Total	377,367	-	403,488	-

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

Specification	09.30.2017				Market value adjustment
	Curve value		Market value		
Hedging instruments	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI	
Swap - Foreign currency - Long position	967,263	603,624	980,991	603,624	13,728
Hedged item	Curve value ⁽¹⁾		Market value ⁽¹⁾		Market value adjustment
<i>Eurobonds - Senior Unsecured Notes</i>	967,494		980,994		13,500
Tax credit (Note 21.b)					5,400

⁽¹⁾ Net of tax effects at source on interest from loan of R\$2,442.

Specification	12.31.2016				Market value adjustment
	Curve value		Market value		
Hedging instruments	Assets - dollar	Liabilities - CDI	Assets - dollar	Liabilities - CDI	
<i>Swap - Foreign currency - Long position</i>	984,503	591,659	995,147	591,659	10,644
Hedged item	Curve value ⁽¹⁾		Market value ⁽¹⁾		Market value adjustment
<i>Eurobonds - Senior Unsecured Notes</i>	984,622		995,151		10,529
Tax credit (Note 21.b)					4,211

⁽¹⁾ Net of tax effects at source on interest from loan of R\$969.

The transactions with derivative financial instruments for hedge 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 09.30.2017	01.01 to 09.30.2016
<i>Swap</i>	(43,914)	(216,751)
Total	(43,914)	(216,751)

NOTE 8 - Interbank accounts - Linked credits

a) Linked credits

Specification	09.30.2017			12.31.2016		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Mandatory payments	507,735	-	507,735	122,735	-	122,735
Compulsory reserves - Cash funds	154,687	-	154,687	95,600	-	95,600
National Housing System (SFH)	73,846	(7,684)	66,162	70,580	(4,511)	66,069
National Treasury - Rural credit	-	-	-	651	(645)	6
Total	736,268	(7,684)	728,584	289,566	(5,156)	284,410
Short-term	662,422	-	662,422	218,341	(6)	218,335
Long-term	73,846	(7,684)	66,162	71,225	(5,150)	66,075

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b) Compulsory investment yield/loss

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Income from linked credits - Central Bank of Brazil	15,458	5,357
Income from linked credits - SFH	3,266	3,870
Income from linked credits – Rural Credit	33	53
Appreciation (Depreciation) of linked credits	(2,494)	23,274
Total	16,263	32,554

NOTE 9 - Loan portfolio and allowance for loan losses

a) Loan portfolio and allowance for loan losses

Specification	09.30.2017		12.31.2016	
	Gross amount	Allowance	Gross amount	Allowance
Loans	10,224,656	(1,041,170)	12,373,957	(1,235,550)
Short-term	4,589,631	(514,043)	5,322,670	(548,029)
Long-term	5,635,025	(527,127)	7,051,287	(687,521)
Other accounts with loan features	504,940	(70,998)	619,979	(195,538)
Short-term	502,999	(70,998)	616,758	(195,538)
Long-term	1,941	-	3,221	-
Total	10,729,596	(1,112,168)	12,993,936	(1,431,088)

a.1) Breakdown of loan portfolio

Specification	09.30.2017	12.31.2016
Advances to depositors	281	441
Loans	4,651,509	5,313,172
Discounted notes	36,387	49,836
Financing	2,060,290	2,412,656
Financing in foreign currency	43,168	62,423
Refinancing with the Federal Government (Note 28.a.1)	-	552,221
Rural and agroindustrial financing	1,531,483	1,872,488
Real estate financing ⁽¹⁾	243	243
Infrastructure and development financing	1,901,295	2,110,477
Loans subtotal	10,224,656	12,373,957
Income receivable from advances granted	11,270	38,950
Debtors for purchase of assets	502	3,172
Notes and credits receivable (Note 9.a.1)	110,524	70,841
Advances on Exchange Contracts (ACC) ⁽²⁾ (Note 11.a)	382,644	507,016
Other accounts with loan features subtotal	504,940	619,979
Total	10,729,596	12,993,936

⁽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 09.30.2017	01.01 to 09.30.2016
Loans and discounted notes	748,075	849,849
Financing	438,433	443,876
Rural and agroindustrial financing	155,857	164,521
Recovery of loans written off as losses	99,740	60,662
Other amounts	3	118
Total	1,442,108	1,519,026

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b) Breakdown by maturity

b.1) Current loans⁽¹⁾

Type of Customer/Activity	From 01 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total at 09.30.2017	Total at 12.31.2016
Rural	23,593	1,266	8,015	5,527	4,196	1,446,257	1,488,854	1,780,128
Manufacturing	55,480	62,404	55,220	106,597	233,989	1,735,836	2,249,526	2,653,134
Government	15,983	9,277	9,277	48,048	55,661	542,317	680,563	1,380,519
Other services	108,415	141,839	96,892	257,794	278,529	1,141,881	2,025,350	2,471,145
Trade	709,392	598,454	489,513	789,486	325,317	497,537	3,409,699	3,773,594
Financial brokers	45	27	26	76	152	610	936	207
Housing	76	36	26	67	116	430	751	672
Individuals	26,801	11,619	8,471	12,487	16,059	15,847	91,284	94,793
Total at 09.30.2017	939,785	824,922	667,440	1,220,082	914,019	5,380,715	9,946,963	
Total at 12.31.2016	1,040,815	896,071	737,381	1,553,234	1,141,093	6,785,598		12,154,192

⁽¹⁾ Include loans overdue up to 14 days.

b.2) Past-due loans

Falling due installments								
Type of Customer/Activity	From 01 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total at 09.30.2017	Total at 12.31.2016
Rural	294	6	113	137	544	1,421	2,515	36,609
Manufacturing	4,080	4,185	4,696	12,576	24,549	96,855	146,941	118,231
Other services	5,886	5,654	6,960	14,385	27,671	85,974	146,530	137,527
Trade	11,289	12,461	10,277	22,925	31,112	71,570	159,634	220,678
Financial brokers	-	-	-	1	3	5	9	19
Individuals	214	254	257	656	940	1,748	4,069	3,635
Total at 09.30.2017	21,763	22,560	22,303	50,680	84,819	257,573	459,698	
Total at 12.31.2016	29,875	27,780	24,269	62,434	104,396	267,945		516,699

Past-due installments									
Type of Customer/Activity	From 01 to 14 days	From 15 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total at 09.30.2017	Total at 12.31.2016
Rural	-	77	360	5,415	705	1,026	42,820	50,403	52,671
Manufacturing	762	4,107	5,172	4,262	11,525	9,404	66	35,298	36,110
Other services	2,498	3,312	6,587	5,037	76,696	13,377	268	107,775	73,492
Trade	2,809	9,956	13,169	11,008	33,479	45,426	526	116,373	143,418
Financial brokers	-	-	-	-	4	39	-	43	2
Housing	-	-	21	-	5	121	-	147	396
Individuals	67	892	1,155	1,314	3,227	5,981	260	12,896	16,956
Total at 09.30.2017	6,136	18,344	26,464	27,036	125,641	75,374	43,940⁽¹⁾	322,935	
Total at 12.31.2016	8,312	20,602	36,118	30,854	86,129	94,875	46,155		323,045

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

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c) Breakdown by risk level

Risk level	09.30.2017				12.31.2016			
	Current loan ⁽¹⁾	Past-due loan	Total portfolio	Allowance	Current loan ⁽¹⁾	Past-due loan	Total portfolio	Allowance
AA	3,844,694	-	3,844,694	-	5,269,455	-	5,269,455	-
A	3,961,337	-	3,961,337	(19,807)	3,796,590	-	3,796,590	(18,983)
B	1,030,836	40,898	1,071,734	(10,717)	792,390	45,384	837,774	(8,378)
C	86,861	38,133	124,994	(3,750)	657,005	51,108	708,113	(21,243)
D	390,770	48,041	438,811	(43,881)	712,588	43,742	756,330	(75,633)
E	74,213	47,706	121,919	(36,576)	185,810	92,886	278,696	(83,609)
F	96,017	152,995	249,012	(124,506)	22,255	118,838	141,093	(70,546)
G	96,101	51,111	147,212	(103,048)	110,218	67,075	177,293	(124,104)
H	366,134	403,749	769,883	(769,883)	607,881	420,711	1,028,592	(1,028,592) ⁽²⁾
Total	9,946,963	782,633	10,729,596	(1,112,168)	12,154,192	839,744	12,993,936	(1,431,088)

(1) Include loans overdue up to 14 days.

(2) Include provisions to cover the Bank risk on loan transactions with indication of irregularities in the amount of R\$230.

d) Changes in the allowance for the period

Specification	09.30.2017	12.31.2016
Opening balance of Allowance for losses on loan portfolio	1,431,088	1,127,873
(+) Allowance recognized/(reversed) for the period	517,739	791,974
(-) Loans written off as loss for the period	(836,659)	(488,759)
(=) Net Allowance for losses on loan portfolio	1,112,168	1,431,088
Opening balance of Allowance for losses on other receivables without loan features	28,824	46,804
(+) Allowance recognized for the period	586	230
(-) Reversal of allowance for the period	(2,387)	(18,210)
(=) Net allowance for losses on other receivables without loan features (Note 10.e)	27,023	28,824
(=) Balance of allowance for loan losses	1,139,191	1,459,912

e) Breakdown of the allowance expense balance

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
(+) Allowance for loan losses recognized/(reversed)	425,011	560,982
(+) Allowance for losses on other receivables recognized/(reversed)	92,728	16,491
(=) Balance of expenses with allowance for losses on other receivables with loan features	517,739	577,473
(+) Allowance for losses on other receivables without loan features	549	208
(-) Reversals of allowances for other receivables without loan features	(2,354)	(82)
(=) Balance of expenses on allowance for loan losses	515,934	577,599

f) Financial guarantees provided

Specification	09.30.2017		12.31.2016	
	Balance	Allowance	Balance	Allowance
In connection with the International Commodity Trade	(2,336)	-	(1,822)	-
Other bank guarantees	(450)	-	-	-
Public sector	(21,106,531)	3,255,624	(21,050,079)	3,229,912
FDNE	(125,631)	692	(119,260)	604
FNE	(20,980,900)	3,254,932	(20,930,819)	3,229,308
Proagro	(399)	6	(4,844)	1,088

g) Loan concentration

Specification	09.30.2017		12.31.2016	
	Balance	% of portfolio	Balance	% of portfolio
10 major debtors	1,999,554	18.64	2,643,611	20.34
50 major debtors	4,043,190	37.68	4,948,296	38.08
100 major debtors	4,663,182	43.46	5,729,029	44.09

f) By the third quarter of 2017, receivables that had been written off as loss were recovered in the amount of R\$99,740 (R\$60,662 at 09.30.2016) and renegotiations amounted to R\$586,262 (R\$995,941 at 09.30.2016).

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NOTE 10 - Other receivables

Specification	09.30.2017	12.31.2016
a) Foreign Exchange Portfolio (Note 11.a)	397,441	612,278
b) Income receivable	16,025	13,921
c) Trading and intermediation of securities	12	12
d) Sundry	3,753,051	3,748,539
Tax credits - Provisions (Note 21.b)	2,105,755	2,132,416
Tax credits - marketable securities, derivative financial instruments and hedged item (Note 7.a.2., Note 7.c and Note 21.b)	276,606	289,022
Debtors for escrow deposits	757,526	692,167
Taxes and contributions to be offset	67,475	303,112
Tax incentive options	26,748	26,748
Notes and credits receivable (Note 9.a.1)	110,524	70,841
Advances and early salary payment	35,055	2,446
Payments to be refunded	13,508	17,802
Other amounts	359,854	213,985
e) Allowance for losses on other receivables	(98,021)	(224,362)
Receivables with loan features (Note 9.a)	(70,998)	(195,538)
Receivables without loan features (Note 9.d)	(27,023)	(28,824)
Total	4,068,508	4,150,388
Short-term	1,752,621	2,257,019
Long-term	2,315,887	1,893,369

NOTE 11 - Foreign exchange portfolio

a) Breakdown

Specification	09.30.2017	12.31.2016
Assets - Other receivables (Note 10.a)	397,441	612,278
Exchange purchased to be settle	383,432	570,689
Rights on foreign exchange sales	2,897	2,639
Advances received in local currency	(158)	-
Income receivable from advances granted	11,270	38,950
Current assets (Note 10.a)	397,441	612,278
Liabilities - Other obligations (Note 16.b)	3,873	4,022
Foreign exchange purchase obligations	383,626	508,389
Exchange sold to be settle	2,891	2,649
(Advances on exchange contracts - ACC) (Note 9.a.1)	(382,644)	(507,016)
Current liabilities (Note 16.b)	3,873	4,022

b) Foreign exchange gains (losses)

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Foreign exchange gains	80,848	66,687
Foreign exchange losses	(600)	(1,161)
Total	80,248	65,526

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NOTE 12 - Permanent assets

a) Investments

Specification	12.31.2016	01.01.2017 to 09.30.2017			09.30.2017	
	Book balance	Changes		Book balance	Cost value	Book balance
		Additions	Exclusions			
Shares and units of interest	652	-	-	652	652	652
Artworks and valuables	1,257	3	-	1,260	1,260	1,260
Total	1,909	3	-	1,912	1,912	1,912

b) Property and equipment

Specification	12.31.2016	01.01.2017 to 09.30.2017			09.30.2017			
	Book balance	Changes			Book balance	Cost value	Accumulated depreciation	Book balance
		Additions	Exclusions	Depreciation				
Buildings	82,859	594	(422)	(7,672)	75,359	259,308	(183,949)	75,359
Data processing system	46,757	12,693	(5,732)	(15,511)	38,207	150,135	(111,928)	38,207
Furniture and equipment in use	29,126	3,994	(526)	(4,072)	28,522	76,947	(48,425)	28,522
Land	17,631	(55)			17,576	17,576		17,576
Facilities	5,536	45	(12)	(875)	4,694	19,171	(14,477)	4,694
Communication system	43	24	(11)	(10)	46	274	(228)	46
Security system	7,760	439	(242)	(984)	6,973	18,894	(11,921)	6,973
Transportation system	3,045	0	(1)	(1,053)	1,991	14,337	(12,346)	1,991
Total	192,757	17,734	(6,946)	(30,177)	173,368	556,642	(383,274)	173,368

c) Intangible assets

Specification	12.31.2016	01.01.2017 to 09.30.2017			09.30.2017		
	Book balance	Changes			Book balance	Cost value	Book balance
		Additions	Exclusions	Amortization			
Spending on intangible assets under development	19,385	-	-	-	19,385	19,385	19,385
Intangible assets in use	518	-	-	-	518	-	518
Total	19,903	-	-	-	19,903	19,903	19,903

At 09.30.2017 and 12.31.2016, no impairment losses were recorded on permanent assets.

NOTES TO INTERIM FINANCIAL STATEMENTS

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Amounts expressed in thousands of reais, unless otherwise stated

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	From 0 to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Over 15 years	Total at 09.30.2017	Total at 12.31.2016
Demand deposits	324,261	-	-	-	-	-	324,261	345,990
Demand deposits	324,261						324,261	345,990
Savings deposits	2,103,102	-	-	-	-	-	2,103,102	2,113,346
Interbank deposits	971,670	549,469	57,481	-	-	-	1,578,620	1,198,845
Time deposits	1,188,461	477,715	3,506,295	1,032,604	1,162,287	24,222	7,391,584	6,949,139
Time deposits	613,343	448,884	3,007,690	924,040	1,040,754	24,222	6,058,933	5,517,628
Interest-yielding judicial deposits	563,192	-	-	-	-	-	563,192	520,393
FINOR/cash and cash equivalents and reinvestments - Law No. 8167	-	-	424,998	58,248	58,249	-	541,495	655,578
FAT - Available funds	3,756	7,025	15,806	10,804	7,981	-	45,372	28,279
FAT - Invested funds	8,170	21,776	57,801	39,512	29,189	-	156,448	226,701
Other	-	30	-	-	26,114	-	26,144	560
Funds from acceptance and issue of securities	62,199	140,997	964,581	-	-	-	1,167,777	1,298,870
Eurobonds	-	19,536	963,901	-	-	-	983,437	996,135
Agribusiness Credit Bills (LCA)	62,199	121,461	680	-	-	-	184,340	302,735
Debt instruments eligible to capital	-	-	-	-	-	1,000,000	1,000,000	1,000,000
Subordinated debts	-	-	-	-	-	2,165,433	2,165,433	2,012,874
Total at 09.30.2017	4,649,693	1,168,181	4,528,357	1,032,604	1,162,287	3,189,655	15,730,777	-
Total at 12.31.2016	4,566,724	1,692,987	2,484,369	1,897,418	1,240,489	3,037,077	-	14,919,064

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b) Deposits

Specification	09.30.2017	12.31.2016
Demand deposits	324,261	345,990
Government deposits	13,247	13,196
Restricted deposits	135,601	180,732
Legal entities	141,564	114,855
Individuals	33,265	35,462
Other amounts	584	1,745
Savings deposits	2,103,102	2,113,346
Free savings deposits - Individuals	1,410,059	1,359,437
Free savings deposits - Legal entities	692,316	753,097
From related parties and Financial System Institutions	727	812
Interbank deposits	1,578,620	1,198,845
Time deposits	6,622,125	6,949,139
Time deposits	6,058,933	5,517,628
Interest-yielding judicial deposits	563,192	520,393
Other time deposits	769,459	911,118
Interest-yielding special deposits/FAT (Note 26 and Note 28)	201,820	254,980
Available funds (Note 26)	45,372	28,279
Proger Urbano	1,168	1,709
Protrabalho	10,949	709
Infrastructure	17,727	22,297
PNMPO	15,528	3,564
Funds invested (Note 26)	156,448	226,701
Proger Urbano	10,967	12,717
Protrabalho	44,719	63,802
Infrastructure	34,236	60,055
PNMPO	66,526	90,127
Finor/cash and cash equivalents and reinvestments (Law No. 8167/91)	541,495	655,578
Other amounts	26,144	560
Total	11,397,567	10,607,320
Short-term	5,640,750	5,949,100
Long-term	5,756,817	4,658,220

c) Open market funding

Specification	09.30.2017	12.31.2016
Own portfolio	938,306	899,357
Financial Treasury Bills (LFT)	938,306	899,357
Third-party portfolio	103,785	70,280
National Treasury Bills (LTN)	103,785	-
National Treasury Notes (NTN)	-	70,280
Total	1,042,091	969,638
Short-term	1,039,099	966,859
Long-term	2,992	2,778

d) Expenses with open market funding

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Funding expenses	(795,176)	(914,928)
Time deposits	(446,294)	(535,870)
Savings deposits	(76,580)	(84,656)
Judicial deposits	(37,056)	(49,236)
Interbank deposits	(35,973)	(40,257)
Special deposits	(53,121)	(66,729)
Funds from acceptance and issue of securities	(136,674)	(129,330)
Other deposits	(9,478)	(8,850)
Expenses with open market funding	(76,657)	(147,738)
Third-party portfolio	(5,686)	(6,971)
Own portfolio	(70,971)	(140,767)
Total	(871,833)	(1,062,666)

NOTES TO INTERIM FINANCIAL STATEMENTS
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NOTE 14 - Borrowings and onlending

a) Borrowings and onlending by maturity

Specification	From 0 to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Over 15 years	Total at 09.30.2017	Total at 12.31.2016
Foreign borrowings	139,265	319,716	-	-	-	-	458,981	637,742
Domestic onlending	49,071	118,536	344,614	356,485	589,466	106,924	1,565,096	1,669,248
Foreign onlending	49,062	88,534	202,037	203,756	111,102	-	654,491	764,276
Total at 09.30.2017	237,398	526,786	546,651	560,241	700,568	106,924	2,678,568	
Total at 12.31.2016	351,598	578,445	571,165	617,310	767,832	184,916		3,071,266

b) Borrowings

Specification	Annual restatement rate (%)	09.30.2017	12.31.2016
Foreign borrowings/Foreign currency payables	USD	458,981	637,742
Total		458,981	637,742
Short-term		458,981	637,742

c) Domestic onlending - official institutions

Specification	Annual restatement rate (%)	09.30.2017	12.31.2016
National Treasury	IGP-DI + 2.00	443	451
BNDES		1,467,444	1,552,591
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 10.50/TJLP + 0.00 to 4.00/IPCA + 9.41/Exc. var. + 2.00 to 4.00	1,086,312	1,158,948
Credit Facility for investment in agriculture		381,132	393,643
Finame		97,209	116,206
"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	75,698	94,315
Agricultural Program		21,511	21,891
Total (Note 28.a.1)		1,565,096	1,669,248
Short-term		167,607	150,737
Long-term		1,397,489	1,518,511

d) Foreign onlending

Specification	Annual restatement rate (%)	09.30.2017	12.31.2016
BID-Prodetur I (Tourism Development Program with funds provided by the IDB)	USD + 4.58	232,425	283,715
BID-Prodetur II	USD + 2.25	416,413	473,742
BID - Other programs	USD + 2.25	5,653	6,819
Total		654,491	764,276
Short-term		137,596	141,564
Long-term		516,895	622,712

e) Expenses on borrowings and onlending

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Expenses on onlending	(152,967)	(150,963)
Domestic onlending - Official institutions in Brazil	(81,917)	(122,002)
National Treasury	(1)	(22)
BNDES	(79,826)	(117,659)
Finame	(2,090)	(4,321)
Foreign onlending expenses	(71,050)	(28,961)
Expenses on onlending with foreign banks	(57,088)	(22,581)
Expenses on financial and development funds	(1,452,844)	(1,282,275)

NOTES TO INTERIM FINANCIAL STATEMENTS
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Total	(1,662,899)	(1,455,819)
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NOTE 15 - Funds from acceptance and issue of securities

a) Liabilities for foreign marketable securities

Specification	Funding date	Maturity	Annual interest (%)	Contractual amount in thousands of US dollars	Contractual amount at 09.30.2017 ⁽²⁾	Market value at 09.30.2017 ⁽²⁾	Market value at 12.31.2016 ⁽²⁾
<i>Eurobonds -Senior Unsecured Notes⁽¹⁾</i>	05.03.2012	05.03.2019	4.375	300,000	969,936	983,437	996,135
Total						983,437	996,135
Short-term						19,536	7,876
Long-term						963,901	988,259

⁽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 liability balances are adjusted to market value.

b) Agribusiness Credit Bills (LCAs) issued

Specification	Annual interest (%)	Nominal value	09.30.2017	12.31.2016
Agribusiness Credit Bills (LCA) ⁽¹⁾	81.13 of the CDI	175,543	184,340	302,735
Short-term			183,660	302,735
Long-term			680	-

⁽¹⁾ Note with average maturity term of 128 days.

NOTE 16 - Other liabilities

Specification	09.30.2017	12.31.2016
a) Collection and transfer of taxes and levies	11,570	2,547
Funds from PROAGRO	181	313
Federal taxes received	8,753	361
IOF payable	843	1,439
Other taxes and levies	1,793	434
b) Foreign exchange portfolio (Note 11.a)	3,873	4,022
c) Social and statutory	30,309	164,522
Dividends and bonuses payable	555	118,810
Profit sharing	29,754	45,712
d) Tax and social security	275,393	618,741
Provision for tax contingencies⁽¹⁾	-	64,902
Taxes and contributions (Note 22.f.1)	-	812
Tax proceedings (Note 22.f.1)	-	64,090
Provision for deferred taxes and contributions	193,335	129,346
Marketable securities and derivative financial instruments (Note 21.c)	76,652	24,928
Revaluation of buildings and land (Note 21.c)	578	2,305
From credits recovered and hedged items (Note 21.c)	116,105	102,113
Provision for income and social contribution taxes (Note 21.a.2)	25	335,687
Income tax	25	181,602
Social contribution tax	-	154,085
Taxes and contributions payable	82,033	88,806
e) Securities Trading	153	153
f) Financial and development funds	22,758,928	17,637,800
FNE (Note 28.a.1)	21,819,567	16,674,513
Other amounts	939,361	963,287
g) Debt instruments eligible to capital (Note 17 and Note 28.a.1)	1,000,000	1,000,000
h) Subordinated debts eligible to capital (Note 18 and Note 28.a.1)	2,165,433	2,012,874
i) Other	6,000,560	5,563,107
Provision for contingencies	310,949	339,891
Labor claims (Note 22.f.1.ii)	165,715	172,866
Civil proceedings (Note 22.f.1.iii)	121,815	166,126
Other proceedings (Note 22.f.1.iv)	4,112	899

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Tax proceedings (Note 22.f.1.i)	19,307	-
Provision for financial guarantees provided	3,305,048	3,241,673
FNE (Note 22.f.2.i)	3,254,932	3,229,308
Onlending	1,167	1,128
Full risk - BNB	129,484	145,238
Shared risk	3,124,281	3,082,942
FDNE (Note 22.f.2.ii)	692	604
Proagro (Note 22.f.2.iii)	6	1,088
Dividends and Interest on Equity	38,689	-
Other contingent liabilities	10,729	10,673
Actuarial Liabilities	1,629,632	1,287,567
Retirement and DB pension plan (Note 24.b and Note 28.a.2)	372,708	363,118
Health care plan (Note 24.b and Note 28.a.2)	1,132,004	807,550
Life insurance - Post-employment benefit (Note 24.b and Note 28.a.2)	124,920	116,899
Accrued payments	437,812	441,447
Personnel expenses	258,158	181,576
Other amounts	79,860	55,007
Interest and charges on debt instruments eligible to capital	99,794	204,864
Other amounts	317,119	252,529
Total	32,246,219	27,003,766
Short-term	12,152,460	8,372,512
Long-term	20,093,759	18,631,254

⁽¹⁾ Reclassified to Provision for Tax Contingencies, according to BACEN Circular Letter No. 3782 of 09.19.2016.

NOTE 17 - Debt instruments eligible to capital

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 Selic rate 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 retained earnings balance, 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	09.30.2017	12.31.2016
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	09.30.2017	12.31.2016
Fundo Constitucional de Financiamento do Nordeste (FNE) ⁽¹⁾	2,165,433	2,012,874
Funds available	1,681,491	1,459,779
Funds invested	483,942	553,095
Total (Notes 16.h and 28.a.1)	2,165,433	2,012,874

⁽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.

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NOTE 19 - Equity

a) Capital

The Bank's capital in the amount of R\$2,844,000 (R\$2,844,000 at 12.31.2016) is represented by 86,371,464 common, book-entry, paid-in shares with no par value, held as follows:

Breakdown at 09.30.2017		
Shareholders	Number of shares	% of Capital
Federal Government	44,049,447	51.00
BB FGEDUC Multimarket Investment Fund	30,208,518	34.98
BB FGO Investment Fund Shares	6,221,350	7.20
National Development Fund (FND)	3,846,968	4.45
Other	2,045,181	2.37
Total	86,371,464	100.00

Breakdown at 12.31.2016		
Shareholders	Number of shares	% of Capital
Federal Government	44,049,447	51.00
BB FGEDUC Multimarket Investment Fund	30,212,068	34.98
BB FGO Investment Fund Shares	6,225,200	7.21
National Development Fund (FND)	3,846,968	4.45
Other	2,037,781	2.36
Total	86,371,464	100.00

b) Revaluation reserve

The amount of R\$12,299 (R\$14,491 at 12.31.2016) 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 this period, the amount of R\$2,192 (R\$2,130 at 12.31.2016) was transferred to Retained Earnings (Accumulated Losses).

c) Dividends and Interest on Equity (IOE) paid - 1st half of 2017

Through the Board of Director's Meeting held on 08.08.2017, 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\$69,020 (R\$53,847 at 06.30.2016). That benefit was paid in 08.28.2017. Total IOE distributed on net income for 06.30.2017 provided, in the same position, a reduction in expenses on tax charges in the amount of R\$30,324 (R\$23,981 at 06.30.2016).

d) Payment of IOE for 2016

Through the Special/Annual General Meeting held on 03.24.2017, the payment of supplementary Interest on Equity (IOE) for the year ended 12.31.2016 was approved in the amount of R\$17,778. This payment was made on 04.11.2017.

e) Statement of calculation of IOE for the nine-month period:

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
1. Net income for the period	466,299	172,767
2. Legal reserve calculated ⁽¹⁾	(23,315)	(8,638)
3. Debt adjustments to Retained Earnings (Accumulated Losses)	(16,657)	-
4. Revaluation reserves transferred to retained earnings (accumulated losses)	2,192	1,598
5. Credit adjustments to Retained Earnings (Accumulated Losses)	3,977	-
6. Dividends/interest on equity calculation basis	432,496	165,727
7. Interest on Equity (IOE)	108,461	54,012
8. Withholding Income Tax (IRRF) on IOE	(334)	(165)
9. Interest on equity attributable to dividends (item 7 + item 8)	108,127	53,847

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

f) Legal reserve

The legal reserve corresponds to 5% on net income calculated in the closing of every six-month period. In the 1st half of 2017, this reserve totaled R\$14,902 (R\$11,278 at 06.30.2016).

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g) Statutory reserve

The statutory reserve set up in the 1st half of 2017 in the amount of R\$206,838 (R\$161,339 at 06.30.2016) 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.

h) Equity adjustment

Specification	09.30.2017	12.31.2016
Marketable securities available for sale	97,620	134,788
Actuarial Gains and Losses (Post-employment Benefits)	(325,579)	(172,871)
Equity adjustment	(227,959)	(38,083)

NOTE 20 - Other operating income (expenses)

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
a) Service revenue	1,661,610	1,526,919
Investment fund management	25,535	22,848
Fund and program management	1,334,573	1,234,924
Services rendered	301,502	269,147
b) Income from bank fees	49,491	44,184
c) Personnel expenses	(1,433,126)	(1,281,792)
Salaries	(873,300)	(754,330)
Social charges	(292,732)	(278,185)
Retirement and pension plan - DB and VC I Capef Plans	(74,432)	(63,206)
Health care plan - Camed Natural Plan	(69,087)	(73,914)
Life insurance - Post-employment benefit	(7,393)	(3,561)
Benefits, training sessions, fees and compensation of interns	(116,182)	(108,596)
d) Other administrative expenses	(916,295)	(836,057)
Data processing	(186,250)	(159,414)
Advertising and publicity	(14,982)	(4,489)
Third-party services	(373,295)	(360,825)
Rentals, material and public utilities	(59,629)	(55,611)
Travel	(11,063)	(10,142)
Communications	(24,400)	(23,577)
Depreciation and amortization	(30,178)	(31,738)
Asset maintenance and upkeep	(36,577)	(34,868)
Surveillance, security and transportation	(66,150)	(61,739)
Promotions, public relations and publications	(7,397)	(6,548)
Financial system services	(26,734)	(23,867)
Specialized technical services	(22,652)	(20,210)
Insurance	(1,517)	(2,362)
Court, notary and attorney fees	(33,185)	(28,960)
Worker' union dues and Associations	(1,566)	(1,755)
Condominium fees, catering, kitchen and meals	(4,546)	(4,171)
FUNDECI (Science and Technology Development Fund)	(3,000)	(1,000)
Other amounts	(13,174)	(4,781)
e) Tax expenses (Note 21.d)	(219,707)	(209,911)
COFINS and PIS/PASEP	(195,668)	(188,351)
ISS and IPTU/Improvement tax	(21,542)	(19,302)
Other amounts	(2,497)	(2,258)
f) Other operating income	1,412,975	1,676,342
"Del credere" commission on fund management	964,722	941,678
Exchange loss on borrowings	135,036	345,376
Exchange losses on funding expenses	101,190	230,940
Exchange losses on Development Financial Fund	5,423	12,115
Reversal of operating provisions for risks on FNE transactions	977	1
Reversal of provision for IRPJ and CSLL	-	4,220
Reversal of operating provisions	71,624	299
Recovery of charges and expenses	4,276	36,835
Interest and commissions	3,950	9,856
Monetary restatement	435	2,546

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Mark-to-market adjustment	6,965	22,138
FNE - Recovery of amounts settled by the Bank	78,031	35,140
Other amounts	40,346	35,198
g) Other operating expenses	(1,070,980)	(1,591,566)
Exchange losses on exchange area	(1,612)	-
Exchange loss on loans granted	(142,141)	(368,937)
Negative monetary restatement of loans	(44,128)	(46)
Discounts granted in renegotiations	(32,333)	(1,062)
Loan charges	(13,817)	(2,573)
Tax contingencies	(4,933)	(16,258)
Risks on FNE transactions	(525,178)	(739,645)
Risks on FDNE transactions	(88)	(30)
Labor claims	(17,477)	(61,987)
Civil proceedings	(6,955)	(29,729)
Other proceedings	(4,260)	(130)
Other contingent liabilities	-	(1,117)
Hybrid debt/equity instruments	-	(20,213)
Debt instruments eligible to capital	(100,335)	(101,904)
FNE remuneration - available funds - article 9-A of Law No. 7827	(114,943)	(120,979)
FNE remuneration - invested funds - article 9-A, Law No. 7827	(37,617)	(42,779)
Other amounts	(25,163)	(84,177)
Total	(516,032)	(671,882)

NOTE 21 - Taxes and contributions

a) Income and social contribution taxes

The Bank is subject to the taxable profit regime whereby taxes are computed based on the Bank's accounting records, and income and social contribution taxes are paid monthly on an estimated basis, and may be suspended or reduced whenever the taxable profit calculation is more favorable to the Bank when compared to the estimate. Income and social contribution tax expenses are as follows:

a.1) Specification of the provision for income and social contribution tax expense	Income tax		Social contribution	
	01.01 to 09.30.2017	01.01 to 09.30.2016	01.01 to 09.30.2017	01.01 to 09.30.2016
Income (loss) before income taxes and profit sharing	523,801	243,184	523,801	243,184
Statutory profit sharing	(28,838)	(15,191)	(28,838)	(15,191)
Interest on Equity (IOE)	(108,462)	(54,012)	(108,462)	(54,012)
Income before taxes, less statutory profit sharing and interest on equity	386,501	173,981	386,501	173,981
Permanent additions/exclusions	(11,290)	(14,852)	(11,247)	(14,436)
Temporary additions/exclusions	(390,534)	355,834	(390,534)	355,834
Taxable income	(15,323)	514,963	(15,280)	515,379
Expenses with provision for IRPJ and CSLL - before tax incentives and revaluation reserve	-	(128,723)	-	(103,076)
Deductions (tax incentives)	-	4,978	-	-
Provision for IRPJ/CSLL on revaluation reserve realized	-	726	-	581
Current IRPJ/CSLL expenses - after tax incentives and revaluation reserve	-	(123,019)	-	(102,495)
Provision for deferred taxes and contributions - arising from tax credits recovered and derivative financial instruments	(9,842)	(6,220)	(5,384)	670
Provision for income and social contribution taxes	(9,842)	(129,239)	(5,384)	(101,825)
IRPJ/CSLL tax credits - provisions, derivative financial instruments and hedged item	9,436	113,110	(22,874)	62,728
Total IRPJ/CSLL	(406)	(16,129)	(28,258)	(39,097)
Effective rate (%)	0.11	(11.96)	7.31	(22.47)
a.2) Specification of the provision for IRPJ and CSLL	Income tax		Social contribution	
	09.30.2017	12.31.2016	09.30.2017	12.31.2016
Provision for income and social contribution taxes	-	180,472	-	153,177
Provision for taxes on revaluation reserve realized	-	968	-	775
Provision for taxes on adjustments to Retained earnings (accumulated losses)	-	162	-	133
Provision for income and social contribution taxes (Note 16.d)	25	181,602	-	154,085

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Taxes and contributions recoverable on prepayments, including withholding taxes	(26,905)	(162,776)	(23,169)	(127,628)
Taxes payable (recoverable) for the period	(26,880)	18,826	(23,169)	26,457

b) Tax credits on temporary differences

Income and social contribution tax credits on temporary differences of allowances for loan losses and provisions for post-employment benefits are recorded in conformity with the following major standards: CMN Resolution No. 3059 of 12.20.2002, BACEN Circular Letter No. 3171 of 12.30.2002 and CVM Ruling No. 371 of 06.27.2002; and 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.

Specification	09.30.2017		12.31.2016		09.30.2017	12.31.2016
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Provisions						
Opening balance	1,268,001	864,415	843,437	616,226	2,132,416	1,459,663
Recognition	371,673	297,353	704,980	564,004	669,026	1,268,984
Realization/ reversal	(369,666)	(326,021)	(280,416)	(315,815)	(695,687)	(596,231)
Closing balance (Note 10.d)	1,270,008	835,747	1,268,001	864,415	2,105,755	2,132,416
b) Derivative Financial Instruments						
Opening balance	-	-	-	-	-	-
Recognition	27	16	8,919	5,352	43	14,271
Realization/ reversal	(27)	(16)	(8,919)	(5,352)	(43)	(14,271)
Closing balance (Note 7.c)	-	-	-	-	-	-
c) Hedged item						
Opening balance	2,632	1,579	5,786	3,472	4,211	9,258
Recognition	4,772	2,863	26,004	15,602	7,635	41,606
Realization/ reversal	(4,029)	(2,417)	(29,158)	(17,495)	(6,446)	(46,653)
Closing balance (Note 7.c.1)	3,375	2,025	2,632	1,579	5,400	4,211
Effect on equity						
d) Marketable securities						
Opening balance	174,064	110,746	223,773	151,483	284,810	375,256
Recognition	87,623	60,378	495,382	358,110	148,001	853,492
Realization/ reversal	(96,354)	(65,251)	(545,090)	(398,847)	(161,605)	(943,937)
Closing balance (Note 7.a.2)	165,333	105,873	174,065	110,746	271,206	284,811

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

Specification	Income tax		Social contribution	
	09.30.2017	12.31.2016	09.30.2017	12.31.2016
1. Total temporary differences	6,298,445	6,186,088	6,298,445	6,186,088
2. Tax credits on temporary differences	1,574,611	1,546,522	1,232,620	1,237,218
3. Tax credits recognized in assets on Provisions	1,270,008	1,268,001	835,747	864,415
4. Tax credits recognized in assets due to marked-to-market of marketable securities, derivative financial instruments and hedged item	168,708	176,697	107,898	112,325
5. Total tax credits recognized in assets (item 3 + item 4) ⁽¹⁾	1,438,716	1,444,698	943,645	976,740
6. Tax credits not recognized in assets (item 2 - item 5) ⁽²⁾	135,895	101,824	288,975	260,478

⁽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.

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Estimated realization of tax credits on temporary differences of provisions at 09.30.2017 is as follows:

Period	Goal for over -SELIC rate - average (%) ⁽¹⁾	IRPJ		CSLL		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2017	7.02	114,261	110,450	91,409	88,360	205,670	198,810
2018	7.11	254,396	229,587	203,517	183,670	457,913	413,257
2019	8.19	171,599	143,141	102,959	85,885	274,558	229,026
2020	8.11	116,240	89,689	69,744	53,814	185,984	143,503
2021	7.98	139,351	99,576	83,611	59,745	222,962	159,321
2022	7.98	205,951	136,289	123,570	81,773	329,521	218,062
2023	7.98	63,650	39,008	38,190	23,404	101,840	62,412
2024	7.98	60,382	34,271	36,230	20,562	96,612	54,833
2025	7.98	57,957	30,463	34,774	18,278	92,731	48,741
2026	7.98	50,981	24,816	30,589	14,890	81,570	39,706
From 2026 onwards	7.98	35,240	22,770	21,154	13,669	56,394	36,439
Total		1,270,008	960,060	835,747	644,050	2,105,755	1,604,110

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates projected by BACEN at 09.30.2017 was considered.

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

Period	IRPJ		CSLL		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2017	8,835	8,835	7,068	7,068	15,903	15,903
2018	24,530	24,530	19,624	19,624	44,154	44,154
2019	7,010	7,010	4,206	4,206	11,216	11,216
2020	181	181	109	109	290	290
2021	594	594	356	356	950	950
2022	470	470	282	282	752	752
2023	59	59	35	35	94	94
From 2026 onwards	127,029	127,029	76,218	76,218	203,247	203,247
Total	168,708	168,708	107,898	107,898	276,606	276,606

Total estimated realization of tax credits at 09.30.2017 is as follows:

Period	IRPJ		CSLL		Total	
	Book value	Present value ⁽¹⁾	Book value ⁽²⁾	Present value	Book value	Present value
2017	123,096	119,285	98,477	95,429	221,573	214,714
2018	278,926	254,117	223,141	203,294	502,067	457,411
2019	178,609	150,151	107,165	90,091	285,774	240,242
2020	116,421	89,870	69,853	53,923	186,274	143,793
2021	139,945	100,169	83,967	60,101	223,912	160,270
2022	206,421	136,759	123,852	82,055	330,273	218,814
2023	63,709	39,067	38,225	23,439	101,934	62,506
2024	60,382	34,271	36,230	20,562	96,612	54,833
2025	57,957	30,463	34,774	18,278	92,731	48,741
2026	50,981	24,816	30,589	14,890	81,570	39,706
From 2026 onwards	162,269	149,799	97,372	89,887	259,641	239,686
Total	1,438,716	1,128,767	943,645	751,949	2,382,361	1,880,716

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates projected by BACEN at 09.30.2017 was considered.

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

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c) Provisions for deferred taxes and contributions

Specification	09.30.2017		12.31.2016		09.30.2017	12.31.2016
	IRPJ	CSLL	IRPJ	CSLL	Total	
Effect on P&L						
a) Derivative financial instruments						
Opening balance	2,661	1,597	5,781	3,469	4,258	9,250
Recognition	4,774	2,864	14,318	8,591	7,638	22,909
Realization/ reversal	(4,003)	(2,402)	(17,438)	(10,463)	(6,405)	(27,901)
Closing balance (Note 7.c and 16.d)	3,432	2,059	2,661	1,597	5,491	4,258
b) Revaluation reserve						
Opening balance	1,281	1,025	2,249	1,799	2,306	4,048
Recognition	25	20	-	-	45	-
Realization/ reversal	(985)	(788)	(968)	(775)	(1,773)	(1,743)
Closing balance (Note 16.d)	321	257	1,281	1,024	578	2,305
c) From credits recovered ⁽¹⁾						
Opening balance	61,352	40,761	56,342	42,172	102,113	98,514
Recognition	9,492	5,615	5,106	3,349	15,107	8,455
Realization/ reversal	(421)	(694)	(96)	(4,760)	(1,115)	(4,856)
Closing balance (Note 16.d)	70,423	45,682	61,352	40,761	116,105	102,113
Effect on equity						
d) Marketable securities						
Opening balance	12,311	8,359	947	667	20,670	1,614
Recognition	222,407	134,020	76,230	47,382	356,427	123,612
Realization/ reversal	(190,710)	(115,226)	(64,866)	(39,690)	(305,936)	(104,556)
Closing balance (Note 7.a.2 and Note 16.d)	44,008	27,153	12,311	8,359	71,161	20,670

⁽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
2017	3,738	3,738	2,991	2,991	6,729	6,729
2019	3,514	3,514	2,108	2,108	5,622	5,622
2022	784	784	470	470	1,254	1,254
2023	3,645	3,645	2,187	2,187	5,832	5,832
From 2026 onwards	35,759	35,759	21,456	21,456	57,215	57,215
Total	47,440	47,440	29,212	29,212	76,652	76,652

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

Period	Goal for over - SELIC rate - average (%) ⁽¹⁾	IRPJ		CSLL		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2017	7.02	241	233	193	186	434	419
2018	7.11	80	72	64	58	144	131
Total		321	305	257	244	578	550

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates projected by BACEN at 09.30.2017 was considered.

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

Period	Goal for over - SELIC rate - average ⁽¹⁾	IRPJ		CSLL		Total	
		Book value	Present value	Book value	Present value	Book value	Present value
2017	7.02	5,803	5,609	4,642	4,487	10,445	10,096
2018	7.11	11,342	10,236	9,075	8,189	20,417	18,425
2019	8.19	10,441	8,710	6,265	5,226	16,706	13,936
2020	8.11	8,989	6,936	5,394	4,162	14,383	11,098
2021	7.98	6,257	4,471	3,754	2,682	10,011	7,153
2022	7.98	6,024	3,987	3,615	2,392	9,639	6,379

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2023	7.98	5,534	3,392	3,321	2,035	8,855	5,427
2024	7.98	4,692	2,663	2,815	1,598	7,507	4,261
2025	7.98	4,396	2,311	2,638	1,386	7,034	3,697
2026	7.98	1,401	682	840	409	2,241	1,091
From 2026 onwards	7.98	5,544	3,581	3,323	2,149	8,867	5,730
Total		70,423	52,578	45,682	34,715	116,105	87,293

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates projected by BACEN at 09.30.2017 was considered.

Total amounts of provisions for tax liabilities at 09.30.2017 are as follows:

Period	Realization of IRPJ credit		Realization of CSLL credit		Total	
	Book value	Present value ⁽¹⁾	Book value ⁽²⁾	Present value	Book value	Present value
2017	9,783	9,580	7,826	7,665	17,609	17,245
2018	11,423	10,308	9,138	8,247	20,561	18,555
2019	13,955	12,224	8,373	7,334	22,328	19,558
2020	8,989	6,936	5,394	4,162	14,383	11,098
2021	6,257	4,471	3,754	2,682	10,011	7,153
2022	6,808	4,771	4,085	2,862	10,893	7,633
2023	9,179	7,037	5,508	4,222	14,687	11,259
2024	4,692	2,663	2,815	1,598	7,507	4,261
2025	4,396	2,311	2,638	1,386	7,034	3,697
2026	1,401	682	840	409	2,241	1,091
From 2026 onwards	41,301	39,340	24,780	23,605	66,081	62,945
Total	118,184	100,323	75,151	64,172	193,335	164,495

⁽¹⁾ For present value calculation purposes, the goal for average Over - Selic rates projected by BACEN at 09.30.2017 was considered.

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

d) Tax expenses

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
COFINS and PIS/PASEP	(195,668)	(188,351)
ISS and IPTU/Improvement tax	(21,542)	(19,302)
Other amounts	(2,497)	(2,258)
Total (Note 20.e)	(219,707)	(209,911)

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	09.30.2017		12.31.2016	
	Base value	Provision	Base value	Provision
a) Contingencies				
a.1) Taxes and contributions - legal obligation (Note 22 f.1.i)	-	-	812	812
a.2) Tax proceedings (Note 22 f.1.i)	2,104,578	19,307	3,034,793	64,090
i) Legal obligation	1,878	1,878	977	977
ii) Other liabilities - other	2,102,700	17,429	3,033,816	63,113
Probable	17,429	17,429	63,113	63,113
Possible	1,949,529	-	2,844,284	-
Remote ⁽¹⁾	135,742	-	126,419	-
a.3) Labor claims	468,085	165,715	456,644	172,866
Probable (Note 22 f.1.ii)	165,715	165,715	172,866	172,866
Possible	156,127	-	145,990	-
Remote	146,243	-	137,788	-
b) Other liability provisions				
b.1) Civil proceedings	6,147,034	121,815	5,483,090	166,126

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Probable (Note 22 f.1.iii)	121,815	121,815	166,126	166,126
Possible	1,143,250	-	1,256,790	-
Remote ⁽²⁾	4,881,969	-	4,060,174	-
b.2) Other proceedings (Note 22 f.2.iv)				
i) Securitized transactions⁽³⁾	10,729	10,729	10,673	10,673
ii) Other proceedings	776,943	4,112	711,329	899
Probable	4,112	4,112	899	899
Possible	1,900	-	9,716	-
Remote	770,931	-	700,714	-

⁽¹⁾ Contingent liabilities relating to tax proceedings assessed as remote loss are concentrated in 1 (one) proceeding, whose contingent liability balance amounts to R\$113,957 at 09.30.2017 (R\$105,310 at 12.31.2016).

⁽²⁾ Contingent liabilities relating to tax proceedings assessed as remote loss are concentrated in 5 (five) proceedings, whose contingent liability balance amounts to R\$2,905,595 at 09.30.2017 (R\$2,456,134 at 12.31.2016).

⁽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

Four tax proceedings challenging the tax deficiency notice. At 09.30.2017, estimated financial losses amount to R\$1,737,799 (R\$2,693,426 at 12.31.2016).

Civil proceedings

Civil proceeding challenging loss of profits and payment of management fees. At 09.30.2017, estimated losses amount to R\$237,132 (R\$213,841 at 12.31.2016).

Civil proceeding challenging reassessment (solutio indebiti). At 09.30.2017, estimated losses amount to R\$66,154 (R\$59,656 at 12.31.2016).

Civil proceeding claiming compensation. At 09.30.2017, estimated losses amount to R\$117,591 (R\$52,748 at 12.31.2016).

Civil proceeding challenging payment of fees. At 09.30.2017, estimated losses amount to R\$46,189 (R\$83,305 at 12.31.2016).

Civil proceeding filed in 2014 related to post-employment benefits. At 09.30.2017, the estimated possible loss amounts to R\$51,439 (R\$34,026 at 12.31.2016).

- 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	09.30.2017	12.31.2016
Labor claims	493,972	463,666
Tax proceedings	130,296	126,816
Civil proceedings	74,753	72,857
Total	699,021	663,339

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f) Changes in provisions

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

Specification	09.30.2017				
	Opening balance	Recognition	Reversal	Write-off	Closing balance
i) Tax proceedings (Note 16.i)	64,902	6,173	(51,614)	(154)	19,307
ii) Labor claims (Note 16.i)	172,866	32,459	(23,480)	(16,130)	165,715
iii) Civil proceedings (Note 16.i)	166,126	63,837	(58,503)	(49,645)	121,815
iv) Other proceedings (Note 16.i)	899	3,291	(78)	-	4,112

Specification	12.31.2016				
	Opening balance	Recognition	Reversal	Write-off	Closing balance
i) Tax proceedings (Note 16.d)	47,584	23,929	(5,121)	(1,490)	64,902
ii) Labor claims (Note 16.i)	249,461	113,406	(41,995)	(148,006)	172,866
iii) Civil proceedings (Note 16.i)	142,592	70,865	(27,237)	(20,094)	166,126
iv) Other proceedings (Note 16.i)	720	594	(407)	(8)	899

f.2) Provisions for financial guarantees provided

Specification	09.30.2017			
	Opening balance	Recognition	Reversal/use/write-off	Closing balance
i) FNE	3,229,308	1,469,429	(1,443,805)	3,254,932
ii) FDNE	604	603	(515)	692
iii) Proagro	1,088	9	(1,091)	6
iv) Other	10,673	1,039	(983)	10,729

Specification	12.31.2016			
	Opening balance	Recognition	Reversal/use/write-off	Closing balance
i) FNE	2,792,367	1,785,737	(1,348,796)	3,229,308
ii) FDNE	654	33	(83)	604
iii) Proagro	2,644	668	(2,224)	1,088
iv) Other contingent liabilities	37,800	1,334	(28,461)	10,673

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

a) Monthly employee compensation

Gross compensation ⁽¹⁾	01.01 to 09.30.2017	01.01 to 12.31.2016
Maximum	40,492.52	39,548.87
Minimum	1,613.39	1,487.83
Average	10,567.70	10,236.57

⁽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	09.30.2017		12.31.2016		09.30.2017		12.31.2016	
	Executive Board		Board of Directors		Supervisory Board			
Gross compensation ⁽¹⁾								
Highest individual compensation ⁽²⁾	625,515.28	964,628.09	37,926.36	69,911.90	46,459.78	65,626.12		
Lowest individual compensation ⁽³⁾	294,904.84	761,833.48	37,926.36	53,572.44	37,926.36	53,572.44		
Average individual compensation ⁽⁴⁾	618,922.04	913,957.21	38,862.95	51,351.17	40,986.73	57,291.50		
Number of officers/directors ⁽⁵⁾	6.89		7.75		6.33		6.33	
	4.89		5.25					

⁽¹⁾ Amounts approved at the 99th Annual General Meeting held on 12.14.2016.

⁽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.

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At 09.30.2017, the Bank had 6,975 employees (7,226 at 12.30.2016), a headcount decrease of 3.47%.

NOTE 24 - Post-employment benefits

Pursuant to CMN Resolution No. 4424, which approved CPC 33 (R1) - Employee Benefits, the post-employment benefit information is presented below. Actuarial valuations are conducted by a qualified independent actuary, based on information provided by Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (CAPEF), Caixa de Assistência dos Funcionários do Banco do Nordeste (CAMED) and the Bank.

a) General description of the benefit plan characteristics

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

The Bank sponsors two 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 based on the contribution period, age and disability to the plan participants, as well as supplementary pension and savings plans to their dependents.

In general terms, to the current participants, the Defined Benefit (DB) plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, weighted by the number of contributions paid to the plan, limited to 360, including any working hours extension, weighted by the number of contributions paid thereon, all effective since July 1997 and projected in accordance with the plan regulation up to the date of the participant's retirement. In addition, a rate equivalent to 21.25% is discounted out of the benefit as a special contribution, resulting on average in 78.75% of the average contribution salary.

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

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

According to the entity's statute, the following statutory bodies are responsible for the management and oversight of CAPEF: Deliberative Council, Executive Board and Supervisory Board.

The Deliberative Council 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 Deliberative Council and other provisions contained in the relevant legislation, charter, benefit plan regulations, covenants and adhesion terms.

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

a.1.1) Actuarial method in the scope of the Plans administered by CAPEF

Classified as defined benefit, the DB plan adopts the fully funded financial system in the actuarial calculation of math reserves related to all benefits offered to its participants and beneficiaries. VC I plan combines the characteristics of the defined contribution plan and the defined benefit plan. This plan adopts the fully funded financial system in the actuarial calculation of math reserves for

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planned benefits and the shared risk coverage regime for the other benefits offered to its participants and beneficiaries.

a.1.2) Contribution Ratio (Participants/Sponsor)

The ratio of participant contributions to Bank contributions meets the parity set by Constitutional Amendment No. 20 of 12.15.1998, with a contribution ratio of 1:1 at 09.30.2017 (1:1 at 12.31.2016).

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 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.

CAMED is subject to set up financial guarantees established by ANS to comply with the requirements of the adjusted Minimum Required Capital (MRC) for operations, Solvency Margin and set up of Technical Reserves in order to ensure payment to service providers, by binding of collateral assets as established by regulation.

CAMED statutory bodies are: Social Board, Deliberative Council, Executive Board and Supervisory Board.

The CAMED's Deliberative Council is a body for monitoring and top-tier administrative decision, composed of representatives of the Bank and of the Social Board. The Executive Board is responsible for executing the general guidelines and standards set by the Deliberative Council 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.

a.2.1) Contributions

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

In 2016, CAMED started to refund the contributions prepaid by the Bank as follows: a) lump-sum payment of: R\$22,504 thousand; and b) the remaining balance in monthly installments of R\$432 thousand.

a.2.2) Contribution Ratio (Participants/Sponsor)

At 09.30.2017, 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 12.31.2016).

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 vested participants.

a.4) Past due obligations and contributions due

At 09.30.2017, the Bank has no past due obligations or contributions due referring to social security plans, DB, VC I, health care, Natural and group life insurance plans, nor informal practices that originate constructive obligations that may be included in the measurement of the plans' defined benefit obligation.

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a.5) Risk exposure

The Defined Benefit, Variable Contribution I, Natural and Group Life Insurance plans are mainly

Plan	Type of risk	Risk description
DB/ VC I/ Natural	Actuarial Risk	The actuarial risk is related to the plan's failure to honor the payment of benefits, due to the adoption of inappropriate actuarial tables and assumptions, or even mismatch between assets and liabilities. In the case of health care plans, this risk associated with the activity of provision of services through accredited chain and/or reimbursement of supplementary health events. This risk is related both to the adequacy of the technical bases used in pricing and to the adequacy of the provision level. Any mismatches in these two variables may have an impact on the health provider's loss ratio.
DB/ VC I/ Natural	Liquidity risk	Liquidity risk is 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.
DB/ VC I/ Natural	Operational/legal risk	The operational risk is associated with losses resulting from the plan operation and may be subdivided into four categories: people risk (unpreparedness, negligence or fraud); process risk (inefficient organization, flow of information and of weak processes, ill defined responsibilities, etc.); legal risk (arising from processes and routines that flout the legal system); and risk of technology (data processing subject to errors and equipment failures).
DB/VC I/Natural/Group Life Insurance	Market risk	The market risk is related to changes in interest rates and asset prices that impact the economic and financial performance of the benefit plan.
DB and VC I	Credit Risk	The credit risk arises when counterparties do not wish or are not able to fulfill their contractual obligations. Its effect is measured by the cost of cash flow replacement in the event of default by the counterparty. The rating downgrade by specialized agencies may also increase the credit risk, given that investors' confidence is affected, which may cause reduction in the market value of organizations.
DB/VC I/Natural/Group Life Insurance	Longevity risk	The present value of the plan liabilities is calculated based on the best mortality estimate of the plan participants. An increase in the life expectancy of plan participants will increase the plan liabilities.
Natural	Administrative expense risk	Risk generated by the possibility of administrative expenses being higher than those estimated in the assessment, increasing actuarial liabilities.
DB/Natural	Risk of retirement postponement	The present value of the plan liabilities is calculated considering the possibility of retirement postponement, and in the event such postponement does not become effective, the amount of liabilities is likely to increase.
VC I	Risk of disability or death and coverage of supplementary capital	Risk of participant becoming disable or in case of death without a reserve sufficient to pay for the benefits.

exposed to the following risks:

a.6) Number of participants of the post-employment benefit plan

Specification	Assets	Vested participants	Total
DB Plan	1,710	4,752	6,462
VC I Plan	5,120	110	5,230
Natural Plan	6,809	4,786	11,595
Group life insurance	5,197	3,400	8,597

a.7) Strategies for Crosschecking Assets and Liabilities

CAPEF counts on specific areas for investment management in addition to management advisory services that strengthens 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. The Investment Committee holds monthly meetings for discussion of the risks involved in operations, impacts on plan, classification matters and analysis

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of the economic scenario, and also 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, Markovitz efficient frontier for variable income funds, follow-up of assets of corporate bonds, comments on investments of the various investment portfolios, and VaR of fixed and variable income segments. The Asset Liability Management (ALM) study is conducted every year and aims to assist the plan's administrators in choosing the most suitable portfolio to their goals, taking into consideration the characteristics and peculiarities of the assets and the plan's financial position. The result of this study allows long-term investments, without compromising the obligations or the achievement of the 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 health care plans after a certain period of default. Risk management monitors the changes in exposure scenarios to which CAMED is subject.

b) Net obligation

Specification	09.30.2017	12.31.2016
DB Plan (Notes 16.i and 28.a.2)	372,708	363,118
Natural Plan (Notes 16.i and 28.a.2)	1,132,004	807,550
Life Insurance (Notes 16.i and 28.a.2)	124,920	116,899
Total	1,629,632	1,287,567

c) Amounts recognized in P&L

Specification	Capef			
	DB Plan		VC I Plan	
	01.01 to 09.30.2017	01.01 to 09.30.2016	01.01 to 09.30.2017	01.01 to 09.30.2016
1. Current service cost, net	(6,037)	(5,397)	1,019	694
2. Net interest	(25,938)	(19,761)	-	-
3. Total (item 1 + item 2)	(31,975)	(25,158)⁽¹⁾	1,019⁽²⁾	694⁽²⁾

⁽¹⁾ Including transferred employees' contribution: DB Plan - 01.01 to 09.30.2016: R\$6.

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

Specification	Natural Plan		Life insurance	
	01.01 to 09.30.2017	01.01 to 09.30.2016	01.01 to 09.30.2017	01.01 to 09.30.2016
1. Current service cost, net	(5,920)	631	1,751	1750
2. Net interest	(63,202)	(74,573)	(9,149)	(5,316)
3. Total (item 1 + item 2)⁽³⁾	(69,122)	(73,942)	(7,398)	(3,566)

⁽³⁾ Including transferred employees' contribution: Natural Plan 01.01 to 09.30.2017: R\$36; and 01.01 to 09.30.2016: R\$28 and Group Life Insurance - 01.01 to 09.30.2017: R\$6; and 01.01 to 09.30.2016: R\$5.

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 09.30.2017	01.01 to 09.30.2016
1. Contributions (DC portion) ⁽⁴⁾	(37,987)	(33,665)

⁽⁴⁾ Including transferred employees' contribution: VCI Plan - 01.01 to 09.30.2017: R\$194; and 01.01 to 09.30.2016: R\$237.

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The administrative expenses of the DB plan are accounted for under “Post-employment benefit expenses”, as stated below:

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
1. Administrative expenses	(4,664)	(4,626)

d) Amounts recognized in equity

Specification	DB Plan ⁽¹⁾		VC I Plan ⁽²⁾	
	09.30.2017	30.09.2016	09.30.2017	30.09.2016
Actuarial gains (losses)	(30,855)	(128,980) ⁽³⁾	(2,267)	(1,752)

- ⁽¹⁾ There was no actuarial valuation in the period, therefore, for the DB plan no actuarial gains (losses) were recorded in the period from 07.01 to 09.30.2017.
- ⁽²⁾ The actuarial gains (losses) relating to the VC I plan in the period from 07.01 to 09.30.2017 refer to the asset ceiling effect.
- ⁽³⁾ Including estimated contribution difference in the DB Plan actuarial calculation: 01.01 to 09.30.2016: R\$98.

Specification	Natural Plan ⁽¹⁾		Life insurance ⁽¹⁾	
	09.30.2017	30.09.2016	09.30.2017	30.09.2016.
Actuarial gains (losses)	(288,466)	39,889	(3,994) ⁽²⁾	(6,809)

- ⁽¹⁾ There was no actuarial valuation in the period, therefore, for the Natural and Life Insurance plans no actuarial gains (losses) were recorded in the period from 07.01 to 09.30.2017.
- ⁽²⁾ Including estimated contribution difference in the Group Life Insurance actuarial calculation: 01.01 to 09.30.2017: R\$2.

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

- a)** The total assets of FNE, amounting to R\$72,713,511 (R\$67,428,548 at 12.31.2016) 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\$21,810,143 (R\$16,665,297 at 12.31.2016), recorded under “Other obligations/Financial and development funds” bear interest at the extra-market rate. In this period, the interest expense on cash and cash equivalents totaled R\$1,431,274 (R\$1,732,451 at 12.31.2016).
- c)** The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1)** Transactions contracted until 11.30.1998 are risk-free;
- c.2)** For operations contracted beginning 12.01.1998, excluding Land Program financing lines and transactions under PRONAF (Groups A, A/Microcredit, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Costing), 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. 616 of 05.26.2003. Loans funded by FNE, under Law No. 12716 of 09.21.2012, for the purpose of settling BNB transactions with other funds, will maintain the same risk position of the transaction to be settled. The financing balances and provisions recorded under “Provision for financial guarantees provided” of the Bank are broken down as follows:

Risk level	Balances	Provision at 09.30.2017	Provision at 12.31.2016
AA	10,685,169	-	-
A	12,885,752	32,360	27,119
B	7,159,029	36,230	48,565
C	2,494,743	37,590	32,843
D	1,035,337	51,751	89,640
E	765,110	114,218	94,982

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F	1,034,875	258,768	102,062
G	379,405	132,999	258,215
H	5,114,919	2,591,017	2,575,882
Total	41,554,339	3,254,932	3,229,308

⁽¹⁾ At 09.30.2017, this balance includes provision to cover the Bank risk on loan transactions with indication of irregularities in the amount of R\$36,792 (R\$43,347 at 12.31.2016, recorded under Other Contingent Liabilities - Note 22.f.2.iv).

- d) The Bank's del credere commission on transactions entered into by 11.30.1998 is nil. For transactions entered 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\$958,761 (R\$1,254,708 at 12.31.2016).
- e) The administration fee of 3% p.a. is calculated on the Fund's net asset, less the amounts under the onlending agreement entered into with the Bank, balances of onlending to other institutions with the risk fully assumed by the Bank, and the balances of PRONAF investments (Groups B, A/C, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Costing), and is limited to 20% of the transfers made by the National Treasury. In this period, the administration fee totaled R\$1,041,896 (R\$1,463,249 at 12.31.2016).

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	09.30.2017	12.31.2016
Proger-Urbano - Investment	017/2006	1,412	2,526
FAT - Infrastructure	018/2006	156,165	173,200
Protrabalho - Investment	004/2007	146,964	192,365
National Program for Production-Oriented Microcredit (PNMPO)	001/2010	73,730	96,514
Total		378,271	464,605

Obligations derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-yielding special deposits', totaling R\$156,448 (R\$254,980 at 12.31.2016), are subject to SELIC rate while they are not used in loans, and subject to TJLP after they are released to final borrowers. Available funds yielding interest at SELIC totaled R\$45,372 (R\$28,279 at 12.31.2016).

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

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

Specification	Tade	Return of FAT funds			09.30.2017		
		Form ⁽¹⁾	RA	SELIC remuneration	Cash and cash equivalents TMS ⁽²⁾	TJLP ⁽³⁾ applied	Total
Proger - Urbano - Investment	17/2006	RA	4,575	179	1,168	10,967	12,135
FAT - Infrastructure ⁽⁴⁾	18/2006	RA	46,443	2,335	17,728	34,236	51,964
Protrabalho-Investment	04/2007	RA	16,043	285	10,949	44,719	55,668
PNMPO	01/2010	RA	22,226	522	15,527	66,526	82,054

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Total (Notes 13.b and 28.a.1)	89,287	3,321	45,372	156,448	201,821
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Specification	Tade	Return of FAT funds			12.31.2016		
		Form ⁽¹⁾	RA	SELIC remuneration	Cash and cash equivalents TMS ⁽²⁾	TJLP ⁽³⁾ applied	Total
Proger - Urbano - Investment	17/2006	RA	7,460	304	1,709	12,717	14,426
FAT - Infrastructure ⁽⁴⁾	18/2006	RA	50,250	3,035	22,297	60,055	82,352
Protrabalho-Investment	04/2007	RA	17,036	42	709	63,802	64,511
PNMPO	01/2010	RA	25,484	753	3,564	90,127	93,691
Total (Notes 13.b and 28.a.1)			100,230	4,134	28,279	226,701	254,980

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

⁽²⁾ Funds yielding SELIC rate;

⁽³⁾ Funds yielding SELIC rate; and

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

NOTE 27 - Risk management and Basel Index

a) Risk and capital management

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

Risk management structure

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

Further information relating to risk management focused on matters related to Reference Assets 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".

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 2017 to 2019, which was also approved by the Board of Directors on 11.30.2016. The Control and Risk Executive Board is responsible for Capital Management, and a specific administrative unit has been structured for this purpose, as required by CMN Resolution No. 3988 of 06.30.2011. The Capital Management Structure information is available at www.bnb.gov.br, clicking the link "Sobre o Banco".

b) Credit risk

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

Specification	Exposure	
	09.30.2017	12.31.2016
Loans, co-obligations and guarantees given	31,825,892	32,994,183
Public sector	738,811	1,437,712
Private sector	31,087,081	31,556,471

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Trade	3,678,122	3,940,690
Foreign trade	432,963	439,266
Housing	242	170
Manufacturing	8,650,775	9,374,031
Infrastructure	3,983,391	2,681,649
Urban micro-financing	2,732,312	2,867,269
Individuals	134,292	125,180
Rural	7,095,451	7,346,517
Other services	4,379,533	4,781,699
Market transactions	39,227,818	31,830,474
Federal Government securities	36,436,384	28,744,042
Repurchase agreements	14,204,843	11,184,789
Other	22,231,541	17,559,253
Interbank deposits	0	150,350
Other marketable securities	1,803,167	1,923,756
Other transactions	988,267	1,012,326
Other assets	5,420,528	4,984,341
Total	76,474,238	69,808,998

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

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

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

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

The collaterals for loans are determined based on their quality, capacity to be removed and sufficiency. Balances exposed to risk of loans above R\$5,000 amount to R\$3,856,393 (R\$4,716,104 at 12.31.2016). These transactions are backed by collaterals totaling R\$4,131,558 (R\$5,425,536 at 12.31.2016).

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		09.30.2017 (%)	12.31.2016 (%)
Liquidity ratio	At reporting date	642.22	537.33
	Average for the last 12 months	602.75	481.00

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	Maximum for the last 12 months	726.50	573.00
	Minimum for the last 12 months	444.62	344.26

d) Market risk

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

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

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

The preparation of daily, monthly, quarterly and annual managerial reports for management and supervisory and control bodies is critical to market risk management. Such reports include, among others, detailed information on and analysis of exposure levels of trading and banking portfolios, 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"> • Trading portfolio: • 1% of Referential Equity Banking portfolio: • 5% of Referential Equity 	If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the area responsible for the financial operations.

Sensitivity analysis

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

Portfolio/risk factor	Type of risk	Scenario 1 (Probable)	Scenario 2 (variation of 25%)		Scenario 3 (variation of 50%)	
		Balance	Balance	Loss	Balance	Loss
Trading portfolio						
Fixed interest rate	Increase in interest rate	11,187,069	11,172,702	(14,367)	11,158,612	(28,457)
Banking portfolio						
Dollar coupon	Reduction in coupon	(136,580)	(138,591)	(2,011)	(140,737)	(4,157)
Euro coupon	Increase in coupon	(103)	(103)	-	(103)	-
IGP coupon	Increase in coupon	243,303	227,914	(15,389)	213,731	(29,572)
IPCA coupon	Reduction in coupon	1,397,667	1,170,136	(227,531)	998,545	(399,122)
TJLP coupon	Increase in coupon	186,242	185,461	(781)	184,698	(1,544)
TR coupon	Increase in coupon	(2,046,555)	(2,071,230)	(24,675)	(2,089,515)	(42,960)
Fixed interest rate	Increase in interest rate	2,829,536	2,754,550	(74,986)	2,696,138	(133,398)

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. 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:

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Nature of transaction	Type of risk	Financial instrument	Scenario 1 (Probable)	Scenario 2 (variation of 25%)	Scenario 3 (variation of 50%)
Hedging derivatives	Increase in referential rate - B3 S.A. DI vs. Dollar	Dollar x DI Swap	993,376	981,985	970,857
		Liabilities in FC	(997,085)	(985,704)	(974,586)
		Net exposure	(3,709)	(3,719)	(3,729)

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

The method used to prepare the sensitivity analysis of hedging transactions consisted of measurement of net exposure variations marked to market between short and long positions indexed to the dollar of swap transactions. The net exposure was calculated for three scenarios, allowing comparison among them. 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 swap DI x Dollar rate is applied.

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

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

e) Operational risk

The operational risk is the possibility of losses arising from failures, deficiencies or inadequacies of internal processes, people and systems or resulting from external events, 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 foreign exchange exposure sold, in the amount of R\$47,541 (R\$25,470 at 12.31.2016 - short position), as follows:

Specification	09.30.2017	12.31.2016	Specification	09.30.2017	12.31.2016
Cash and cash equivalents	45,790	56,911	Deposits	-	-
interbank investments	-	-	Interdepartmental accounts	5,177	7,170
Loans	606,776	734,445	Borrowings and onlending - in Brazil	67,619	76,062
Other receivables	437,870	672,061	Borrowings and onlending - foreign	1,637,928	1,760,411
			Other liabilities	461,873	640,391
Total assets in foreign currencies, excluding derivatives	1,090,436	1,463,417	Total liabilities in foreign currencies	2,172,597	2,484,034

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Swap transactions	980,991	995,147			
Total long position in foreign currencies	2,071,427	2,458,564	Total short position in foreign currencies	2,172,597	2,484,034

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

g) Operating limits - Basel Accord

At 09.30.2017, the Bank had a wide Basel rate (including capital to cover RBAN) of 14.77% (15.00% at 12.31.2016) and Tier I rates and Principal Capital were both at 10.35% (10.80% at 12.31.2016). RE computed was R\$6,229,311 (R\$6,099,931 at 12.31.2016), Tier I and Principal Capital had the same amount of R\$4,084,673 (R\$4,109,061 at 12.31.2016), while risk weighted assets (RWA amount) totaled R\$39,484,000 (R\$38,048,564 at 12.31.2016).

i. Minimum Required Capital - MRC (Basel III)

Specification	09.30.2017	12.31.2016
Referential Equity (RE)	6,229,311	6,099,931
. Tier I	4,084,673	4,109,061
. Principal Capital	4,084,673	4,109,061
. Tier II	2,144,638	1,990,870
Risk-Weighted Assets (RWA)	39,484,000	38,048,564
. RWACPAD	30,571,743	30,634,885
. RWACAM	467,001	257,977
. RWAJUR	131,135	57,155
. RWACOM	5,860	5,843
. RWAOPAD	8,308,261	7,092,704
RBAN amount	2,696,626	2,624,533
Margin on required RE (RE - [RWA * 9.25%])¹	2,577,041	2,342,635
Margin on required RE considering RBAN (RE - [(RWA + RBAN) * 9.25%])⁽¹⁾	2,327,603	2,083,462
Margin on required Tier I RE (Tier I RE - RWA * 6%)	1,715,633	1,826,147
Margin on Required Principal Capital (Principal Capital - RWA * 4.5%)	2,307,893	2,396,875
Required Additional Capital (RWA * 1.25%)⁽²⁾	493,550	237,804
Margin on Additional Required Capital (whichever is lower of margins - additional required principal capital)	1,222,083	1,588,343
Basel Indexes:		
. Principal capital index (minimum requirement of 4.5%)	10.35%	10.80%
. Tier I index (minimum requirement of 6.0%)	10.35%	10.80%
. Basel index (minimum requirement of 9.25%) ⁽¹⁾	15.78%	16.03%
. Basel index including RBAN	14.77%	15.00%

⁽¹⁾ In December 2016 it was 9.875%.

⁽²⁾ In December 2016 it was 0.625%.

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	09.30.2017	12.31.2016
Referential Equity (RE)	6,229,311	6,099,931
Tier I Referential Equity	4,084,673	4,109,061
Principal Capital	4,084,673	4,109,061
Capital	2,844,000	2,844,000
Income reserves	1,379,691	1,157,951
Capital and revaluation reserve	12,299	14,491
Remaining balances and retained earnings	4,073	-
Credit P&L accounts	2,834,961	-
Debt P&L accounts	(2,705,932)	-
Unrealized gains or losses - equity valuation and marketable securities	(881,906)	(653,947)
Debt instruments eligible to Principal Capital	1,000,000	1,000,000
Prudential Adjustments	(402,513)	(253,434)

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Prudential Adjustments - intangible assets	(9,525)	(7,144)
Prudential adjustment - Deferred assets	-	-
Prudential adjustment - Tax credits from temporary differences	(382,824)	(235,335)
Prudential adjustment - Difference to less - Adjustments of CMN Resolution No. 4277	(10,164)	(10,955)
TIER II REFERENTIAL EQUITY	2,144,638	1,990,870
Instruments eligible to Tier II	2,165,433	2,012,874
Investment in other entities deducted of Tier II	(20,795)	(22,004)

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

On 12.21.2016, BACEN authorized the inclusion in the Tier I Referential Equity (RE) of the Bank, as Principal Capital, the novation and acknowledgment of debt agreement entered into with the Federal Government, named Debt instruments eligible to Principal Capital, which replaced the Hybrid Debt and Equity Instrument, which was recorded under Tier II of the RA until 12.31.2015.

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	09.30.2017	12.31.2016
Tier I RE	4,084,673	4,109,061
Total exposure	74,328,311	68,182,830
Leverage Ratio (%)	5.50	6.03

iv. Investment index

The Bank's investment index, calculated in accordance with the provisions of CMN Resolution No. 2669 of 11.25.1999, is as follows:

Specification	09.30.2017	12.31.2016
Referential Equity for investment limit	6,229,311	6,099,931
Investment limit (50% of adjusted RA)	3,114,655	3,049,965
Situation	185,658	207,424
Margin	2,928,998	2,842,541
Investment index	2.98%	3.40%

NOTE 28 - Related Parties

a) Transactions with related parties

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

Specification	09.30.2017	12.31.2016
Assets		
Loans - refinancing with the Federal Government (Note 9.a.1)	-	552,221
Total	-	552,221

Specification	09.30.2017	12.31.2016
Liabilities		
Time deposits - FAT (Note 13.b. and Note 26)	201,821	254,980
Domestic onlending - Official institutions (Note 14.c.)	1,565,096	1,669,248
National Treasury	443	451
BNDES	1,467,444	1,552,591
Finame	97,209	116,206
Other obligations	25,836,385	20,548,732
FNE (Note 16.f)	21,819,567	16,674,513

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FDNE	749,838	759,798
Merchant Marine Fund (FMM)	101,547	101,547
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)	2,165,433	2,012,874
Total	27,603,302	22,472,960

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

Specification	09.30.2017	12.31.2016
Liabilities		
Post-employment benefits - Capef DB Plan (Notes 16.i and 24.b)	372,708	363,118
Post-employment benefits - Camed Natural Plan (Notes 16.i and 24.b)	1,132,004	807,550
Post-employment benefits - Life insurance (Notes 16.i and 24.b)	124,920	116,899
Total	1,629,632	1,287,567

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

Specification	09.30.2017	09.30.2016
Loans - refinancing with the Federal Government	36,708	72,775
Time deposits - FAT	(53,120)	(66,728)
National Treasury	(1)	(24)
BNDES	(79,826)	(117,659)
Finame	(2,090)	(4,321)
FMM	(6,815)	(3,714)
FNE	(114,074)	(41,094)
FDNE	21,826	21,509
Debt instruments eligible to capital	(100,335)	(101,903)
Hybrid debt/equity instruments	-	(20,213)
Subordinated debts eligible to capital	(152,560)	(163,758)
Post-employment benefit - Capef DB Plan	(36,639)	(29,777)
Post-employment benefits - VC I Plan	(36,774)	(32,735)
Post-employment benefit - Camed Natural Plan	(69,086)	(73,914)
Post-employment benefits - life insurance	(7,392)	(3,561)

b) Management compensation

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

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Fees	2,797	2,932
Executive Board	2,384	2,507
Board of Directors	228	223
Supervisory Board	185	202
Other	1,525	1,609
Annual variable compensation - exclusive for officers ⁽¹⁾	224	770
Total short-term benefits	4,546	5,311
Post-employment benefits	165	161
Total	4,711	5,472

⁽¹⁾ 50% of the annual variable compensation correspond to share-based instrument, the provision and payment of which are based on the quoted price of the Bank's shares at B3 S.A. The amounts in the table above correspond to the provision for payments to be made in the year, as well as to the deferred installments to be settled in the subsequent 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 to its Officers or members of its Board of Directors and Supervisory Board, since this practice is forbidden to financial institutions regulated BACEN.

NOTES TO INTERIM FINANCIAL STATEMENTS
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NOTE 29 - Statement of comprehensive income

Specification	01.01 to 09.30.2017	01.01 to 09.30.2016
Net income	466,299	172,767
Other comprehensive income	(225,767)	65,535
Equity adjustment to available-for-sale securities	161,715	270,606
Tax effect on Equity adjustment to available-for-sale securities	(64,095)	(109,115)
Revaluation reserve realized	3,919	2,905
Tax effect on revaluation reserve realized	(1,727)	(1,307)
Actuarial gains (losses)	(325,579)	(97,554)
Comprehensive income	240,532	238,302

NOTE 30 - Other Information

- a) On 07.03.2017, the Bank's Board of Directors approved a Voluntary Dismissal Program (PID) intended for employees who are retired or in a position to apply for retirement, in accordance with Social Security (INSS) rules.

At 10.06.2017, the adhesion term expired; 234 employees adhered to the program, totaling an expense of R\$54.2 million.

b) Statement of compliance

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

c) Approval of financial statements

These interim financial statements were approved at an Executive Board meeting held on October 31, 2017.

Fortaleza (CE), October 31, 2017

The Executive Board

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



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A free translation from Portuguese into English of Independent Auditor’s Review Report on Quarterly Information (ITR) prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil

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

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, 2017, which comprise the balance sheet as at September 30, 2017, 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 the explanatory notes.

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 is not prepared, in all material respects, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR).

Other matters

Interim financial information of value added

We also reviewed the interim financial information of value added (SVA), for the nine-month period ended September 30, 2017, prepared under the responsibility of Bank management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR). These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall interim financial information.

São Paulo, November 10, 2017

Ernst & Young
Auditores Independentes S.S.
CRC-2SP034519/O-6

Eduardo Wellichen
Accountant CRC- 1SP184050/O-6