



FINANCIAL STATEMENTS

Banco do Nordeste and FNE

POSITION: 06.30.2011



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**BANCO DO NORDESTE DO BRASIL S.A. Head office: Av. Pedro Ramalho, 5.700 Fortaleza
- Ceará - Publicly-held Company - CNPJ 07.237.373/0001-20**

MANAGEMENT REPORT - First half of 2011

In the first half of 2011, Banco do Nordeste do Brasil S.A. (BNB) contracted a total of 1.5 million loans in the total amount of R\$ 9.5 billion. Such amount represented an increase of 12.4% compared to the same period of 2010. Long-term financing directed to investments totaled R\$ 4.7 billion, whereas short-term loans, which are supplementary to investments, amounted to R\$ 4.4 billion. Capital market operations totaled R\$ 389.0 million. Among all sources of funds used by the Bank, the Northeast Financing Constitutional Fund (FNE) was responsible for R\$ 4.5 billion of financing granted - emphasizing the importance of this source of funds to the development of the Northeast region. In the first half, FNE, which covers 1,963 municipalities out of the 1,989 municipalities where it operates, accounted for 98.7% in terms of geographic occupation.

Backed by two microcredit programs, Crediamigo and Agroamigo, targeted at the urban and rural areas, respectively, BNB has been spreading out its reach in this important emerging segment in Brazil. In order to boost the informal microentrepreneurs' production activities, the Bank contracted, in the first half, approximately 1.2 million loans, in the total amount of R\$ 1.6 billion, an increase by 36.6% compared to the same period of the prior year. Micro and small companies (MPEs) borrowed R\$ 1.2 billion, a growth by 25.2%. In the family farming segment, BNB has invested, through the National Family Farming Strengthening Program (PRONAF), R\$ 599.4 million, a growth by 27.6%.

BNB's farming loan portfolio had a balance of R\$ 16.8 billion at the end of the first half, corresponding to the country's second largest farming portfolio, after Banco do Brasil only, with operations throughout Brazil. In March 2011, the Bank's loan portfolio, including FNE funds, had a balance of R\$41.5 billion and was ranked the ninth largest bank in Brazil in terms of loan portfolio. BNB continues to hold a substantial market share of long-term credit balances of the Financial System in the area where it operates - in the Northeast and in northern Minas Gerais and Espírito Santo - with a 65.4% market share of the total. In the short-term balance, Bank's market share is 6.8%; in the farm credit segment, the Bank's market share is 71.9%.

OPERATIONAL PERFORMANCE

Global Operations

BNB's overall lending increased by 12.4% in the first half of 2011 compared to the same period of prior year, totaling R\$ 9.5 billion, and accounted for 1.5 million loans. Contracted loans total R\$ 9.1 billion, a growth by 11.5%, divided between long-term financing directed to investments, with R\$ 4.7 billion and growth by 7.8%, and short-term loans supplementary to investments, in the amount of R\$ 4.4 billion with substantial growth by 15.7%.

OVERALL LENDING (R\$ million)

Type	1st half 2010		1st half 2011		Change (value)
	Number	Value	Number	Value	
Lending operations	1,179,575	8,189.4	1,500,254	9,131.0	11.5%
• Long-term ⁽¹⁾	185,189	4,346.6	212,531	4,684.1	7.8%
• Short-term ⁽²⁾	994,386	3,842.8	1,287,723	4,446.9	15.7%
Capital markets	4	265.0	4	389.0	46.8%
Disbursements FDNE ⁽³⁾ - BNB risk	5	14.6	-	-	-100%
Total	1,179,584	8,469.0	1,500,258	9,520.0	12.4%

(1) Rural, manufacturing, agribusiness, infrastructure and trade/service financing;

(2) Microcredit loans (Crediamigo), Direct Consumer Credit (CDC), working capital loans, factoring, foreign exchange and secured accounts;

(3) FDNE: Northeast Development Fund.

Over the last years, BNB has focused on business segments, with positive effects on its operational performance, mainly services provided to mini, micro and small urban and rural entrepreneurs, thus strengthening its role as regional development institution supporting these customer segments.

In the first half of 2011, the Bank's support to micro and small companies (MPEs) grew 25.2% with investments of R\$ 1.2 billion. In family farming, contracting reached R\$ 599.4 billion with a growth of 27.6%. BNB's microcredit operation grew 36.6% in the half, with investments of R\$ 1.6 billion, of which R\$ 1.3 billion in urban microcredit and R\$ 327.3 million in the rural sector. Commercial and foreign exchange credit grew 7.9% as loans amounting to R\$ 3.2 billion were contracted.

PERFORMANCE OF CERTAIN PROGRAMS AND SEGMENTS (R\$ million)

Program / Segment	1st half 2010	1st half 2011	Variation
Micro and small company (MPE)	951.1	1,190.7	25.2%
Family farming (PRONAF)	469.8	599.4	27.6%
BNB microcredit	1,176.9	1,608.1	36.6%
• Urban (Crediamigo program)	907.7	1,280.8	41.1%
• Rural (Agroamigo program)	269.2	327.3	21.6%
Commercial and foreign exchange credit	2,935.1	3,166.1	7.9%

The division by economic sector of loans contracted in the half posted a growth in three out of four sectors. Trade and services sector showed the highest growth with 24%, followed by the rural sector with 14.9% and the infrastructure sector with 10.7%. In terms of value, trade and services sector contracted R\$ 4.3 billion, accounting for 46.7% of total contracted loans.

CONTRACTED LENDING BY INDUSTRY (R\$ million)

Industry	1st half 2010	1st half 2011	Variation
Rural	1,649.4	1,895.6	14.9%
Manufacturing	2,442.0	2,243.4	-8.1%
Infrastructure	659.4	729.7	10.7%
Trade/Services ⁽¹⁾	3,438.6	4,262.3	24.0%
Total	8,189.4	9,131.0	11.5%

(1) Includes microcredit loans (Crediamigo).

In the first half of 2011, total contracted operations with mini, micro and small farmers and businesses posted the highest growth, with 31.4% above the same half of prior year. This sector accounted for 42.1% of mini to large farmers and businesses in the half, in the total amount of R\$ 3.5 billion, a significant growth by 17.8% compared to 35.7% of the market share of this sector in the first half of 2010. The operations with mid-sized customers grew by 26.8% while large-sized customers decreased investments by 7.6%. These results reflect the Bank's effort to serve mini, micro and small customers on a priority basis.

CONTRACTED LENDING BY SIZE (R\$ million)

Size	1st half 2010	1st half 2011	Variation
Mini/Micro/Small	2,689.2	3,534.9	31.4%
Mid-sized	1,139.9	1,445.1	26.8%
Large	3,700.9	3,421.3	-7.6%
Mini to Large	7,530.0	8,401.3	11.6%
Infrastructure	659.4	729.7	10.7%
Total	8,189.4	9,131.0	11.5%

BNB offers short-term loans to supplement long-term financing. Mainly targeted at investment financing customers, short-term loans are designed to meet their operational capital requirements, such as working capital loans, factoring, secured accounts and foreign exchange. As regards to short-term loans, BNB contracted R\$ 4.4 billion in the first half of 2011 - a growth by 15.7% compared to the same period of the prior year.

CONTRACTED SHORT-TERM LOANS (R\$ million)

Product	1st half 2010	1st half 2011	Variation
Commercial credit	2,608.1	2,645.8	1.4%
Foreign Exchange ⁽¹⁾	327.0	520.3	59.1%
“Crediamigo”	907.7	1,280.8	41.1%
Total	3,842.8	4,446.9	15.7%

(1) Amounts translated into Brazilian reais at the exchange rates prevailing on contract dates.

Northeast Financing Constitutional Fund (FNE)

In the first half of 2011, the financing using resources from the Northeast Financing Constitutional Fund (FNE) totaled R\$ 4.5 billion, a growth by 9,5% compared to the same half of 2010. Among the sectors, the highest growth in the half was posted in the rural sector, with 21.1% and contracted amount of R\$ 1.7 billion, equivalent to 38.4% of total contracted value by FNE. Trade and services segment also posted a substantial growth, with 19.3% and R\$1.1 billion of contracted value. The stabilization of the availability of external credit lines in the after-crisis financial market plunged the demand for the Northeast Export program (NExport) by agribusinesses, leading to a 19.79% decline in this industry's lending in the half through FNE funds.

FNE - LENDING BY INDUSTRY (R\$ million)

Industry	1st half 2010	1st half 2011	Variation
Rural	1,425.3	1,726.3	21.1%
Agribusiness	128.2	103.0	-19.7%
Manufacturing	914.5	789.3	-13.7%
Infrastructure	659.4	714.1	8.3%
Tourism	83.8	96.6	15.3%
Trade/Services	890.1	1.061.7	19.3%
Total	4,101.3	4,491.0	9.5%

Financing oriented to mini and small farmers (annual gross revenue from agribusiness of up to R\$ 300 thousand) and micro and small companies (annual gross revenue from operations of up to R\$ 2,4 million) totaled R\$ 1.5 billion, a 31.5% growth in the half.

FNE - LENDING BY SIZE (R\$ million)

Size	1st half 2010	1st half 2011	Variation
Mini/Micro/Small ⁽¹⁾	1,163.9	1,530.3	31.5%
Mid-sized ⁽¹⁾	689.2	694.0	0.7%
Large ⁽¹⁾	1,588.8	1,552.6	-2.3%
Mini to Large	3,441.9	3,776.9	9.7%
Infrastructure	659.4	714.1	8.3%
Total	4,101.3	4,491.0	9.5%

- (1) Classification of beneficiaries (farming industry) by size, based on FNE guidelines and according to annual gross revenue from agribusiness: mini - up to R\$ 150 thousand; small - above R\$ 150 thousand and up to R\$ 300 thousand; mid-sized - above R\$ 300 thousand and up to R\$ 1.9 million; large - above R\$ 1.9 million. Classification of beneficiaries (other industries) by size, based on FNE guidelines and according to annual gross revenue from operations: micro - up to R\$ 240 thousand; small - above R\$ 240 thousand and up to R\$ 2.4 million; mid-sized - above R\$ 2.4 million and up to R\$ 35 million; large - above R\$ 35 million.

CREDIT BUSINESS SEGMENTS

The segmentation of business segments implemented by the Bank over the last years allowed several programs and segments to become more dynamic and supported by differentiated monitoring in order to boost productivity and, therefore, expand BNB's market share in these business segments.

BNB microcredit

BNB has been spreading out its reach in this important emerging segment in Brazil. Backed by two microcredit programs, Crediamigo and Agroamigo, targeted at the urban and rural areas, respectively, the Bank boosted informal microentrepreneurs' production activities. The programs are synchronized with the Brazilian government's strategy to eradicate poverty and promote social inclusion, through income transfer programs, e.g., "Bolsa Família" Program. In the first half of 2011, BNB total microcredit financing, in the amount of R\$1,6 billion, significantly increased by 36.6% compared to the same period of the prior year. In the half, approximately 1.2 million operations were performed.

BNB MICROCREDIT (R\$ million)

Microcredit	1st half 2010		1st half 2011		Variation (Value)
	Number	Value	Number	Value	
Urban (Crediamigo program)	729,922	907.7	1,006,185	1,280.8	41.1%
Rural (Agroamigo program)	150,864	269.2	173,292	327.3	21.6%
Total	880,786	1,176.9	1,179,477	1,608.1	36.6%

Urban microcredit (Crediamigo)

Crediamigo is BNB's Production Microcredit Program that facilitates access to credit by thousands of urban entrepreneurs, mostly on the margin of the law, who engage in the production and sale of goods and provision of services. In the first half of 2011, Crediamigo performed 1,006,185 operations with disbursements in the total amount of R\$ 1.3 billion, a growth by 41.1% compared to the same half in 2010, with disbursements totaling R\$ 907.7 million. The loan portfolio grew by 13.5%, reaching a balance of R\$ 842 million in the half. The number of lending clients grew by 19.8%, from 737.8 thousand at the end of 2010 to 883.7 thousand at the end of the half. Crediamigo's operating capacity is constantly increasing, reaching an average of 8,114 loans contracted daily in the first half of 2011, a growth by 36.7% compared to the daily average of 5,934 loans during the same period of 2010.

Rural microcredit (Agroamigo)

The overall purpose of BNB's Agroamigo program (Rural Microcredit Program) is to improve service to PRONAF's Group B family farmers (farmers with annual gross revenue of up to R\$ 6,000.00) by granting production-oriented microcredit. It is a differentiated methodology adopted to expand quick and non-bureaucratic service by granting rural microcredit to low-income families in the rural area. In the first half of 2011, 173,292 loans were performed under the Agroamigo program with funds in the amount of R\$ 327.3 million, a growth by 21.6% compared to the same period in 2010. The average value per loan was R\$ 1,888.72 in the period. At the end of the half, Agroamigo's loan portfolio had a balance of R\$ 923.4 million and comprised 699,501 customers, of which 47% were women, confirming the importance of women in family farming.

Family farming

The National Family Farming Strengthening Program (PRONAF) is the Federal Government's program to support family farming, which, in the Northeast, represents 89,1% of the rural establishments in the region, totaling 2,2 million family establishments. This segment employs 6.4 million people in the Northeast region. BNB is PRONAF's main financial agent in the Northeast, with an active portfolio of R\$ 4.6 billion, corresponding to 1.3 million transactions, as at June 30, 2011. In this half, the Bank contracted 193,923 loans, in the total amount of R\$ 599.4 million, with family farmers, a growth by 27.6% compared to the same period of 2010. Of the amounts contracted, 65% were granted in the semi-arid climate region.

Mini and small farmers

BNB transacts business with mini and small farmers to strengthen regional economy and eradicate poverty in the rural area. By integrating the credit to the public policies at several governmental levels, the Bank promotes financial and social inclusion, as well as customers' income improvement in this segment. In the first half of 2011, BNB contracted 4,769 loans, in the total amount of R\$ 235.6 million, with mini and small farmers, except for farmers benefiting from Pronaf. Loan portfolio totaled R\$ 4.2 billion, representing 179.9 thousand operations.

Micro and small enterprises (MSEs)

In the first half of 2011, BNB set aside short and long-term credit lines in the total amount of R\$ 1.5 billion to micro and small enterprises (MSEs). During the same period, 52,847 loans were contracted with 16,669 customers, in the total amount of R\$ 1.2 billion, a growth by 25.2% compared to the first half of 2010. Among the measures that contributed to the results obtained in the first half of 2011 are the following: circularization of MPEs' 2011 advertising campaign; franchise business expansion with 36 new trademarks in 2011; BNB's participation in the 2011 ABF Expo Franchising; and creation of FNE Program - Individual Venturer.

Businesses with mid-sized and large businesses

The corporate segment covers mid-sized and large clients. The segment is comprised of farmers with annual revenue in excess of R\$ 300 thousand and companies with annual revenues between R\$ 2.4 million and R\$ 200 million. The corporate segment manages and structures the businesses of customers with annual revenues in excess of R\$ 200 million. During the period, 127 operations were contracted in the corporate segment, totaling R\$ 2.1 billion.

Support to the Growth Acceleration Program (PAC) and 2014 World Cup

BNB operates over the last years in full compliance with the Federal Government's guidelines, in particular in relation to the financial support provided to the projects developed by the Growth Acceleration Program (PAC). During the first half of 2011, four loans were contracted with FNE's funds in the amount of R\$ 430.0 million. As regards to the financial support to the 2014 World Cup, as set forth in the criteria established by the Ministry of National Integration, in accordance with foreign regulatory bodies, during the first half of 2011, the Bank contracted three loans with FNE - Proatur's funds, totaling R\$ 11.2 million.

Commercial credit transactions

Commercial credit transactions, supplementary to investments, totaled R\$ 2,645.8 million in the first half of 2011 and comprise Direct Consumer Credit (CDC) and working capital loans, in the amount of R\$ 911.1 million; factoring, in the amount of R\$ 455.4 million; and secured accounts, in the amount of R\$ 1,279.3 million.

Foreign trade and exchange transactions

In the first half of 2011, total foreign trade transactions contracted grew by 45% compared to the same period in 2010. The amount of R\$ 792 million was allocated by several financing sources to the foreign trade transactions performed by the Bank. The credit products comprise financing and issuance of guarantees, such as: Advances on Foreign Exchange Contracts (ACC/ACE), Importing Financing (Finimp) and international guarantees. The aggregate of all foreign exchange transactions during the first half of 2011, including loans, spot foreign exchange services, interbank transactions and currency arbitrage services reached R\$ 2.4 billion.

Capital markets

BNB has supported Northeast companies to access and use capital market instruments, promoting, therefore, the diversification of sources of funds, and contributing to the professional qualification, strengthening the companies' corporate governance and stimulating the regional development. The Bank participated in the first half of 2011 in the structuring of fixed-income transactions in the amount of R\$ 389 million. Accordingly, BNB was ranked ninth in the domestic ranking of origination of fixed-income transactions of the Brazilian capital market of the Brazilian Financial and Capital Markets Association (ANBIMA).

ECONOMIC AND FINANCIAL INDICATORS

Total assets

At the end of the first half of 2011, BNB's total assets increased by 4.3% as compared to the end of 2010 (see the Total Assets table). The Bank's assets also include FNE available funds (R\$ 1,428 million) and the funds committed to that Fund's credit operations, i.e., related to contracted transactions pending disbursement (R\$ 2,780 million). The increase in BNB's asset balance (R\$ 1,020 million) between December 2010 and June 2011 is mainly represented by the increase in cash and cash equivalents, interbank investments and securities. This resulted from the increase in FNE's net funds and in the volume of Finor's deposits and deposits for reinvestment, in addition to retained earnings in the first half of 2011.

The balance of BNB's lending portfolio, less allowance for loan losses, decreased by 2.5% in the first half of 2011 (see Investments by source/program and Lending by Industry tables), mainly due to the following: increase of R\$ 107 million in Crediamigo Program's loans (R\$ 878 million as at June 30, 2011 against R\$ 771 million as at December 31, 2010); reduction of R\$ 315 million in acquisition of payroll loans with co-obligation of the assigning bank (R\$ 441 million as at June 30, 2011 and R\$ 756 million as at December 31, 2010); increase of R\$ 244 million in infrastructure financing (R\$ 1,670 million as at June 30, 2011 against R\$ 1,426 million as at December 31, 2010); and decrease of R\$ 685 million in rural and agroindustrial financing (R\$ 1,276 million as at June 30, 2011 against R\$ 1,961 million as at December 31, 2010) due to the transfer to memorandum accounts as they relate to loans with funds provided by Fundo de Terra, Inkra-Conta Fundiária and Fundo Rotativo de Terras improperly recorded in balance sheet accounts.

In the first half of 2011, FNE's total assets grew by 6.7% (see Total Assets table), primarily owing to the inflow of funds from the National Treasury. During the first half of 2011, FNE's equity increased by R\$ 2,626 million as compared to the R\$ 2,034 million in the first half of 2010. Loans reimbursed within the scope of FNE in the first half of 2011 (R\$ 3,055 million) were above the amount of R\$ 2,548 million in the same period of 2010. By comparing positions held as at June 30, 2011 and December 31, 2010, FNE's investments in loans grew by 5.7%.

As regards to FNE's funds, cash and cash equivalents decreased by R\$ 468 million and funding committed to lending operations increased by R\$ 1,024 million in the first half of 2011 compared to December 31, 2010.

TOTAL ASSETS (R\$ million)

Description	BNB			FNE		
	06.30.	12.31.	06.30.	06.30.	12.31.	06.30.
	2010	2010	2011	2010	2010	2011
Cash and cash equivalents(*), interbank investments and securities	9,092.4	11,721.3	12,650.7	809.1	1,896.5	1,428.1
Funding committed to lending operations	-	-	-	2,532.2	1,756.6	2,780.8
Interbank accounts	282.4	271.0	336.7	1,275.3	1,331.4	1,376.5
Lending operations – Adjusted for provisions	8,963.8	10,134.9	9,878.7	26,809.2	28,337.4	29,961.0
Other receivables – Adjusted for provisions	1,315.6	1,450.8	1,718.3	2.6	3.1	2.0
Other assets	8.9	13.7	22.0	1.5	1.5	1.5
Permanent assets	191.1	192.1	196.8	-	-	-
Total	19.854.2	23.783.7	24.803.2	31.429.9	33.326.6	35.549.8

(*) BNB's cash and cash equivalents include available funds and amounts committed to FNE's lending operations.

Securities

As at June 30, 2011, the securities portfolio amounted to R\$ 8,709 million, an increase of R\$ 943 million (12%) as compared to December 31, 2010, when it amounted to R\$ 7,766 million. This variation is explained by the adjustment to the securities portfolio, as well as to the addition to Treasury Financial Bills and National Treasury Notes due to the increase in FNE's funds. In compliance with Brazilian Central Bank Circular 3068, of November 8, 2002, BNB prepared projected cash flows to classify the securities portfolio. These cash flows show that there are sufficient funds available to fulfill all obligations and comply with credit granting policies without the need to sell securities classified as held-to-maturity securities. Accordingly, BNB's management affirms that the Bank has the intent and financial capacity to hold these securities to maturity. In the first six-month period of 2011, there were no reclassifications of securities between the categories above and no held-to-maturity securities were sold.

Overall lending

Lending plus other investments recorded in accounts with credit characteristics, such as advances against foreign exchange contracts and credits granted to borrowers to purchase securities and assets, before allowances for loan losses, totaled R\$ 42,102 million as at June 30, 2011, a growth by about 10.5%.

INVESTMENTS BY SOURCE/PROGRAM (R\$ million)

Description	06.30.2010	12.31.2010	06.30.2011
Northeast Financing Constitutional Fund (FNE)	28,109	29,556	31,076
Own funds (except Crediamigo and BNB savings accounts)	5,945	6,248	6,106
Foreign funding (foreign exchange)	483	553	635
BNB savings accounts	443	238	204
Inter-American Development Bank (IDB)	670	654	626
National Bank for Economic and Social Development (BNDES)	676	988	1,136
Crediamigo (Source: Bird, FAT, DIM and own funds)	596	771	878
Land Fund/Agrarian Reform (*)	551	571	-

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Workers' Assistance Fund (FAT)	264	254	465
National Treasury Secretariat (STN)	80	81	80
Incra - Land Account (*)	70	71	-
Merchant Marine Fund (FMM)	55	59	60
FNE - Onlending - Law 7827, Art. 9, "a" (Subordinate Debt)	127	782	830
FRT (Revolving Land Fund) (*)	12	13	-
Other	5	5	6
Total	38,086	40,844	42,102

(*) Balances transferred to memorandum accounts

The balances of BNB's lending by industry at the end of the first halves of 2010 and 2011, as indicated in the table below, showed a 50% growth in the credit portfolio allocated to infrastructure and development, which represented 15.9% of the Bank's lending. Manufacturing, trade and services represent 65,7% of BNB's balance of lending operations, while farming and agribusiness account for 12,1%. As to FNE's lending by industry, by comparing the end of the first halves of 2010 and 2011, it is worth mentioning the 29.4% growth in the credit portfolio allocated to infrastructure and development, accounting for 15.8% of FNE's lending, and the 17.6% growth in the manufacturing, trade and services portfolio, accounting for 33% of FNE's total lending balance. Rural loans grew by 2.6%, with market share of 50% in total loans.

LENDING BY INDUSTRY (R\$ million)

Description	BNB		FNE			
	06.30. 2010	12.31. 2010	06.30. 2011	06.30. 2010	12.31. 2010	06.30. 2011
Lending operations	8,963.8	10,134.9	9,878.7	26,809.2	28,337.4	29,961.0
• Lending operations	9,512.3	10,715.8	10,515.1	28,109.0	29,556.0	31,076.0
⇒ Manufacturing, trade and services	5,707.9	6,771.2	6,913.6	8,780.6	9,420.5	10,329.1
⇒ Farming and agribusiness	2,124.5	1,961.0	1,276.2	15,149.9	15,419.8	15,548.1
⇒ Infrastructure and development	1,114.1	1,426.1	1,669.7	3,805.0	4,392.3	4,923.4
⇒ Refinancing	526.8	533.2	525.0	-	-	-

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Description	BNB			FNE		
	06.30.2010	12.31.2010	06.30.2011	06.30.2010	12.31.2010	06.30.2011
⇒ Exporting financing	-	-	-	373.4	323.4	275.4
⇒ Other	39.0	24.3	130.6	-	-	-
• Allowance for loan losses	(548.5)	(580.9)	(636.4)	(1,299.8)	(1,218.6)	(1,115.0)
Other receivables with loan characteristics	432.5	499.9	503.6	-	-	-
• Other receivables	464.3	571.9	511.1	-	-	-
⇒ Import and export	444.5	529.1	504.3	-	-	-
⇒ Other	19.8	42.8	6.8	-	-	-
• Allowance for loan losses	(31.8)	(72.0)	(7.5)	-	-	-
Total	9,396.3	10,634.8	10,382.3	26,809.2	28,337.4	29,961.0

Sources of funds

From December 2010 to June 2011, the Bank's obligations to third parties increased by 5.3%, as shown in the table below.

SOURCE OF FUNDS (R\$ million)

Description	06.30.2010	12.31.2010	06.30.2011
Demand deposits	177	134	153
Savings deposits	1,086	1,289	1,354
Time deposits	5,072	6,386	6,567
• FAT	355	687	550
• Finor	145	95	241
• Reinvestments - Law 8167	328	353	506
• CDB	4,244	5,251	5,270
Interbank deposits and other	532	701	742
FNE funds (cash and cash equivalents)	3,344	3,656	4,211

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Description	06.30.2010	12.31.2010	06.30.2011
Onlending - local currency	1,468	1,687	1,134
• BNDES and Finame	814	986	1,133
• Other institutions	654	700	1
Onlending - foreign currency	757	729	702
Borrowings	479	507	598
Money market funding	456	524	773
Issue of securities abroad	-	485	457
Taxes and social security	376	493	372
Contingent liabilities	1,356	1,433	1,534
• FNE	1,103	1,178	1,249
• Civil and other lawsuits	100	93	111
• Labor lawsuits	153	162	174
Corporate and bylaws provisions	68	131	181
Accrued liabilities	1,194	1,054	1,074
• Post-employment benefits (CVM Resolution 600)	1,077	925	919
• Other	117	129	155
Subordinated debt eligible for capital (FNE)	1,050	1,102	1,157
Hybrid equity/debt instrument	-	1,004	1,074
Other payables	378	292	414
Total obligations to third parties	17,793	21,607	22,497
Deferred income	-	-	-
Shareholders' equity	2,061	2,177	2,306
Total liabilities + BNB shareholders' equity	19,854	23,784	24,803
FNE funds (other)	27,036	28,569	30,300
Total	46,890	52,353	55,103

Shareholders' equity

As at June 30, 2011, BNB's shareholders' equity was R\$ 2,305.7 million (R\$ 2,177.3 million as at December 31, 2010) and capital was R\$ 2,010.0 million (R\$ 1,850.0 million as at December 31, 2010), represented by 87,001,901 book-entry and paid-up shares without par value.

Net income (loss)

In the first half of 2011, BNB's net income totaled R\$ 300.7 million, a growth by 173% compared to the same period in 2010 (R\$ 110.1 million). As at June 30, 2010, earnings per share increased from R\$ 1.26 to R\$ 3.46 as at June 30, 2011. As at June 30, 2011, return on average shareholders' equity was 28.49% p.a. as at December 31, 2010 and June 30, 2010, this ratio was 14.87% p.a. and 10.87% p.a., respectively.

Capital adequacy ratio

Starting July 1, 2008, the National Monetary Council established, through Resolution 3490 and supplementary regulations, additional requirements for the allocation of capital, including new risk-exposed components. Directives in effect maintained the minimum capital adequacy ratio, which is the ratio of a financial institution's regulatory capital to total risks assumed in asset transactions, including guarantees provided, and market and operational risks, for June 30, 2011 at 11%. As at June 30, 2011, BNB's capital adequacy ratio (Basel Index) was 17.23% (13.78% as at June 30, 2010) while Regulatory Capital (PR) was R\$ 4,515.8 million (R\$ 3,067.8 million as at June 30, 2010). Required Regulatory Capital (PRE), which represents the consolidation of all exposures to risk, with capital allocation ratio of 11%, was R\$ 2,833.3 million as at June 30, 2011 (R\$ 2,432.6 million as at June 30, 2010). In July 2009 and June 2010, BNB entered into a subordinated debt agreement with FNE and was authorized by the Central Bank of Brazil to consider the amounts under these agreements as Tier II Capital, with positive effects on the Bank's Basel Ratio. On December 22, 2010, pursuant to Law 12249, of June 11, 2010, as amended by Provisional Act 513, of November 26, 2010, BNB and the Brazilian Government entered into a Loan Agreement, classified as Hybrid Equity and Debt Instrument (IHCD), in the amount of R\$ 1 billion, which was fully paid up. On February 21, 2011, through Deorf/Cofil Letter 2011/00979, the Central Bank authorized the classification of such hybrid instrument as Tier II Capital. This agreement has no maturity date.

International and domestic risk assessment - Rating

In the first half of 2011, the three main international rating agencies upgraded BNB's rating. In 2010, Moody's Investors Service assigned BNB a global investment grade. At the end of the first half of 2011, the Agency increased BNB's rating to Baa2 for long-term foreign currency deposit and to Prime-2 for short-term foreign currency deposit. In the domestic market, it has assigned the Aaa.br rating for long-term deposits and BR-1 for short-term deposits. All ratings are stable. In 2010, Fitch assigned BNB a global investment grade. In the first half of 2011, ratings attributed to BNB were improved, where long-term IDR in foreign currency and local currency was rated as 'BBB', with a stable perspective. Short-term IDRs, both in foreign and local currency, were rated as "F2". Long-term and short-term domestic ratings were rated as "AAA(bra)" and "F1+(bra)", respectively. In accordance with the Agency, this rating reflects BNB's important role in the development of the Northeast region. In the first half of 2011, Standard & Poor's changed BNB's rating in the global ranking in foreign currency from "stable" to "positive", representing BBB-/Positiva/A-3 rating. In domestic currency, the rating was maintained at BBB-/Estável/A-3. In accordance with this Agency's opinion, BNB plays an important role in the public policies of the Northeast region and is supported by its majority shareholder, the Federal Government.

Convergence with International Accounting Standards

In the first half of 2011, BNB started to disclose its annual financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), in its website. The first available financial statements refer to the year ended December 31, 2010 (as compared to the year ended December 31, 2009).

TECHNICAL OFFICE OF ECONOMIC STUDIES FOR THE NORTHEAST (ETENE)

BNB, through its Technical Office of Economic Studies for the Northeast (Etene), whose basic responsibilities comprise the preparation, promotion and dissemination of technical and scientific knowledge to support the Bank's measures in its operational area, aiming at sustainable development, analyzed, in the first half of 2011, the results and effects of the following programs: National Family Farming Strengthening Program - 2009 results and effects; Financing Program to Supplementary Infrastructure of Northeast Region (FNE - Proinfra); FNE - Rural: dairy and beef cattle raising and soybean cultivation activities; National Family Farming Strengthening Program - 2010 results and effects; and 2010 FNE's Report on Results and Effects. The following projects are under analysis: FNE's Investment Effects Assessment about Employment Generation between 2000 and 2008; Agroamigo and Crediamigo's Effects Assessment; FNE Verde's Assessment; and preparation of a database to determine FNE's economic effects at municipal level.

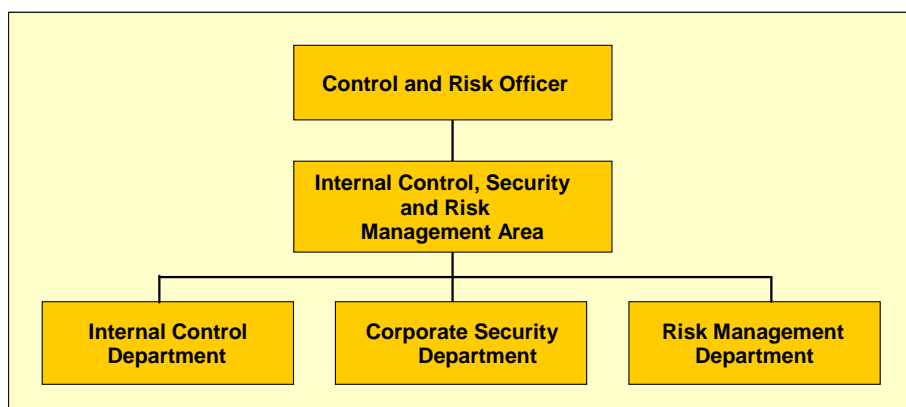
Scientific, technology and development funds

As regards to the three research sponsored funds - Science and Technology Development Fund (Fundeci), Northeast Socioeconomic Activities Support Fund (Fase) and Regional Development Fund (FDR) - BNB invested R\$ 18.2 million in 381 projects in the first half of 2011.

GOVERNANCE AND RISK MANAGEMENT

BNB's organizational structure is designed based on corporate governance principles intended to ensure its organization's soundness through appropriate management of the risks involved and generation of profits. The Bank has a specific officer to handle control and risks, in compliance with National Monetary Council (CMN) Resolutions 3380, 3464 and 3721, which establish that financial institutions must implement an operational, market and credit risk management structure. The Internal Control, Security and Risk Management Area, which reports to such specific officer in charge of Control and Risks, is responsible for overseeing three departments: Internal Control, Corporate Security and Risk Management.

STRUCTURE OF THE CONTROL AND RISK



The Internal Control, Security and Risk Management Area are mainly responsible for: developing strategies to identify, evaluate, monitor, control, manage and mitigate credit, market, liquidity and operating risks and defining minimum levels for capital allocation to bear these risks; defining and managing corporate security actions, along with other Bank's areas, including physical and electronic information, bank, property, communication and personal security; and implementing internal controls segregated from other areas for activities developed in all units of the Bank, including operating and management processes and information systems, as well as insuring compliance with applicable laws and regulations. The Internal Control Department is responsible for: establishing mechanisms and procedures for control focused on mitigating risks of the Bank in its activities and financial, operating and management information systems; executing, separately from other areas of the Bank, activities related to management of the Internal Control System in order to ensure the efficiency of existing controls for each process; monitoring compliance of other areas of the Bank with laws and regulations applicable to the bank; and verifying the compliance of operations processes, products, and services. The Corporate Security Department is responsible for: defining, managing, and participating in the implementation of corporate security procedures, including physical and electronic information, bank, property, communications and personal security, specifically of managers and persons responsible for the safeguard and handling of cash; and disseminating policies and actions focused on prevention and combat of money laundering, and monitoring the efficiency of the procedures adopted. The Risk Management Department is responsible for ensuring the maintenance of risk levels appropriate to the Bank's strategies and capital structure, through the management of credit, market, liquidity and operational risk models and methodologies.

A complete description of BNB's management structure for operating, credit, market, and liquidity risks will be presented in the 2011 Annual Report that will be prepared in 2012. This publication is made available on the Internet at the portal www.bnb.gov.br and is distributed to the public that has a relationship with the Bank. This website, through the Investor Relations link, may also include information on risk management, focusing on issues relating to the Regulatory Capital (PR) and Required Regulatory Capital (PRE), as prescribed by Circular 3477 issued by the Central Bank of Brazil.

Audit Committee, Internal Audit, Institutional Ombudsman, and Ethics Commission

BNB is supported by an Audit Committee - advisory board under the Board of Directors -, created and governed through Resolution 3198/2004 of the National Monetary Council. The Audit Committee's activities are reported on a semi-annual basis through its Activities Report, whose summary comprises the disclosure of the Bank's Financial Statements. In the first half of 2011, the Audit Committee focused on monitoring and assessing the activities carried out by the Independent Auditor, Internal Audit, Internal Controls, Security, and Risk Management and on reviewing and assessing the quality of the financial statements, credit recovery procedures and performance of the Bank's Ombudsman. It also advised the Bank's Executive Board on the improvement of controls and compliance with legal provisions and internal regulations.

The Internal Audit's main responsibility, under the Board of Directors, is to assist senior management and statutory boards (Supervisory Board, Board of Directors and Audit Committee) by providing information on the effectiveness of the Bank's risk management and process controls, adopting an independent, systematic and disciplined approach for the assessment and improvement of these processes and, subsequently, improvement of the Bank's corporate governance.

Ombudsman, the specific citizen representation body in BNB, addresses the claims made by customers as an appeal to the eventual, non-satisfactory solutions offered by regular customer service channels. It operates as an intermediary between customers and the Bank's internal departments in accordance with the Consumer Defense Code, intermediating conflicts several times.

BNB's Ethics Commission is the body designed to promote educational, preventive and corrective actions relating to the employee's professional ethics in dealing with people and managing government funds, whose operation is governed by Federal Decrees 1171, of June 22, 1994, and 6029, of February 01, 2007. The Ethics Commission's activities are annually reported to the Public Ethics Commission (CEP).

Investor and financial market relations

BNB is supported by a specific investor and financial market relations organizational unit designed to provide services to the Bank's shareholders and investors, place securities in the market and coordinate syndicated transactions. Accordingly, the Bank expands its portfolio of products and services offered to the market, disseminates the culture of transparency and strengthens good corporate governance practices. Consolidating its effort to place securities in the capital markets, BNB continues to actively participate in the distribution of operations in this segment, whose total value in the first half of 2011 totaled R\$ 252 million in the primary and secondary markets. Accordingly, the Bank was ranked tenth in Distribution - fixed income segment - primary market disclosed by the Brazilian Financial and Capital Markets Association (Anbima).

CVM INSTRUCTION

With reference to Brazilian Securities and Exchange Commission (CVM) Instruction 381/03, dated January 14, 2003, BNB informs that Deloitte Touche Tohmatsu Auditores Independentes, engaged as our independent auditors, have not provided any non-audit services to the Bank in the first half of 2011.

Fortaleza ,August 5, 2011

BANCO DO NORDESTE DO BRASIL S.A.

BALANCE SHEETS AS AT JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R\$)

	06/30/2011	06/30/2010
ASSETS		
CURRENT ASSETS	<u>10.503.059</u>	<u>10.692.450</u>
CASH AND CASH EQUIVALENTS (Note 5)	90.212	80.485
INTERBANK INVESTMENTS (Note 6.a)	<u>3.850.950</u>	<u>3.655.329</u>
Money market investments	3.503.949	3.364.510
Interbank deposits	347.001	290.819
SECURITIES AND DERIVATIVES (Note 7)	<u>252.069</u>	<u>1.533.358</u>
Own portfolio	251.904	1.330.267
Derivative financial instruments	165	148
Linked to guarantees	-	202.943
INTERBANK ACCOUNTS	<u>303.971</u>	<u>248.099</u>
Unsettled payments and receipts	74.420	61.653
Restricted deposits:		
Deposits with the Central Bank of Brazil (Note 8.a)	223.826	183.110
National Treasury - Rural Credit Funds (Note 8.a)	4.048	1.626
Interbank onlendings	753	869
Correspondents	924	841
LENDING OPERATIONS	<u>4.439.344</u>	<u>3.926.697</u>
Lending operations (Note 9.a)	<u>4.817.993</u>	<u>4.267.489</u>
Public sector	58.932	58.129
Private sector	4.759.061	4.209.360
(Allowance for loan losses) (Note 9.a)	(378.649)	(340.792)
OTHER RECEIVABLES	<u>1.544.509</u>	<u>1.239.563</u>
Receivables for guarantees honored (Note 10.a)	70	-
Foreign exchange portfolio (Note 11.a)	483.434	487.405
Income receivable (Note 10.b)	23.840	21.578
Trading account (Note 10c)	6	-
Other receivables (Note 10.d)	1.041.730	748.154
(Allowance for losses on other receivables) (Note 10.e)	(4.571)	(17.574)
OTHER ASSETS	<u>22.004</u>	<u>8.919</u>
Other assets	6.568	6.528
(Allowance for devaluation)	(1.277)	(1.394)
Prepaid expenses	16.713	3.785
LONG-TERM ASSETS	<u>14.103.341</u>	<u>8.970.663</u>
SECURITIES AND DERIVATIVES (Note 7)	<u>8.457.508</u>	<u>3.823.237</u>
Own portfolio	7.591.148	3.435.803
Held under repurchase commitments	686.918	379.421
Derivative financial instruments	128	149
Linked to guarantees	179.314	7.864
INTERBANK ACCOUNTS	<u>32.772</u>	<u>34.288</u>
Restricted deposits:		
National Treasury - Rural loan (Note 8.a)	340	85
Financial Housing System (SFH) (Note 8.a)	28.666	29.047
Interbank onlendings	3.766	5.156
LENDING OPERATIONS	<u>5.439.326</u>	<u>5.037.056</u>
Lending operations (Note 9.a)	<u>5.697.120</u>	<u>5.244.797</u>
Public sector	1.188.588	1.138.260
Private sector	4.508.532	4.106.537
(Allowance for loan losses) (Note 9.a)	(257.794)	(207.741)
OTHER RECEIVABLES (Note 10)	<u>173.735</u>	<u>76.082</u>
Other receivables (Note 10.d)	203.922	122.233
(Allowance for loan losses on other receivables) (Note 10.e)	(30.187)	(46.151)
PERMANENT ASSETS (Note 12)	<u>196.763</u>	<u>191.085</u>
INVESTMENTS	<u>1.492</u>	<u>1.398</u>
Other investments	6.795	6.701
(Allowance for losses)	(5.303)	(5.303)
PROPERTY, PLANT AND EQUIPMENT IN USE	<u>193.189</u>	<u>186.637</u>
Real estate	137.266	130.430
Real estate revaluation	109.995	111.628
Other property, plant and equipment in use	164.607	143.115
(Accumulated depreciation)	(218.679)	(198.536)
DEFERRED CHARGES	<u>2.082</u>	<u>3.050</u>
Organization and expansion costs	5.412	7.538
(Accumulated amortization)	(3.330)	(4.488)
TOTAL ASSETS	<u><u>24.803.163</u></u>	<u><u>19.854.198</u></u>

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

BANCO DO NORDESTE DO BRASIL S.A.

BALANCE SHEETS AS AT JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R\$)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
CURRENT LIABILITIES	9.831.201	7.335.945
DEPOSITS (Note 13.a)	<u>4.723.715</u>	<u>2.706.019</u>
Demand deposits	132.148	146.759
Savings deposits	1.354.021	1.086.119
Interbank deposits	725.979	502.244
Time deposits	2.511.567	960.916
Other deposits	-	9.981
OPEN MARKET FUNDING (Note 13.b)	<u>633.871</u>	<u>455.539</u>
Own portfolio	545.044	377.851
Third parties portfolio	88.827	77.688
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 15)	<u>2.803</u>	<u>-</u>
Payables for securities issued abroad	2.803	-
INTERBANK ACCOUNTS	<u>51.723</u>	<u>39.655</u>
Receipts and payments pending settlement	51.723	39.655
INTERDEPARTMENTAL ACCOUNTS	<u>29.247</u>	<u>13.697</u>
Third-parties funds in transit	29.215	12.921
Internal transfer of funds	32	776
BORROWINGS (Note 14.b)	<u>550.590</u>	<u>420.170</u>
Domestic borrowings - Official institutions	15.838	14.602
Foreign borrowings	534.752	405.568
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (Note 14.c)	<u>174.654</u>	<u>317.714</u>
National Treasury	198	186
BNDES (National Bank for Economic and Social Development)	167.286	184.048
FINAME (National Equipment Financing Authority)	7.170	9.473
Other institutions	-	124.007
DERIVATIVE FINANCIAL INSTRUMENTS (Note 7.c)	<u>7.571</u>	<u>13.813</u>
Derivative financial instruments	7.571	13.813
FOREIGN ONLENDINGS (Note 14.d)	<u>65.679</u>	<u>66.845</u>
Foreign onlendings	65.679	66.845
OTHER LIABILITIES	<u>3.591.348</u>	<u>3.302.493</u>
Collected taxes and other (Note 16.a)	32.300	32.221
Foreign exchange portfolio (Note 11.a)	8.885	51.448
Social and statutory (Note 16.b)	181.335	68.256
Tax and social security (Note 16.c)	371.743	375.965
Financial and development funds (Note 16.d)	1.099.123	1.147.669
Hybrid debt/ equity instruments (Note 17)	32.291	-
Other (Note 16.g)	1.865.671	1.626.934
LONG-TERM LIABILITIES	<u>12.666.253</u>	<u>10.457.480</u>
DEPOSITS (Note 13.a)	<u>4.090.696</u>	<u>4.162.584</u>
Demand deposits	20.563	30.508
Interbank deposits	14.261	20.167
Time deposits	4.055.872	4.111.909
OPEN MARKET FUNDING (Note 13.b)	<u>139.510</u>	<u>-</u>
Own portfolio	139.510	-
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 15)	<u>454.163</u>	<u>-</u>
Payables for securities issued abroad	454.163	-
BORROWINGS (Note 14.b)	<u>47.513</u>	<u>58.408</u>
Domestic borrowings - Official institutions	47.513	58.408
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (Note 14.c)	<u>959.225</u>	<u>1.150.621</u>
National Treasury	837	928
BNDES (National Bank for Economic and Social Development)	881.111	601.368
FINAME (National Equipment Financing Authority)	77.277	18.379
Other institutions	-	529.946
DERIVATIVE FINANCIAL INSTRUMENTS (Note 7.c)	<u>64.000</u>	<u>22.346</u>
Derivative financial instruments	64.000	22.346
FOREIGN ONLENDINGS (Note 14.d)	<u>636.686</u>	<u>690.027</u>
Foreign onlendings	636.686	690.027
OTHER LIABILITIES	<u>6.274.460</u>	<u>4.373.494</u>
Financial and development funds (Note 16.d)	3.221.090	2.294.666
Hybrid debt/ equity instruments (Note 17)	1.041.513	-
Subordinated debt eligible for capital (Note 18)	1.157.058	1.049.574
Other (Note 16.g)	854.799	1.029.254
DEFERRED INCOME	<u>16</u>	<u>20</u>
Deferred income	16	20
SHAREHOLDERS' EQUITY (Note 19)	<u>2.305.693</u>	<u>2.060.753</u>
CAPITAL	<u>2.010.000</u>	<u>1.850.000</u>
Brazilian residents	2.010.000	1.850.000
CAPITAL RESERVE	-	502
REVALUATION RESERVE	26.231	29.283
EARNINGS RESERVES	235.389	127.183
VALUATION ADJUSTMENTS TO EQUITY	34.457	54.169
(TREASURY SHARES)	(384)	(384)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>24.803.163</u>	<u>19.854.198</u>

The accompanying notes are an integral part of these financial statements

BANCO DO NORDESTE DO BRASIL S.A.

INCOME STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R\$, except earnings per share)

	<u>1st half 2011</u>	<u>1st half 2010</u>
INCOME FROM FINANCIAL INTERMEDIATION	<u>1.434.137</u>	<u>1.132.797</u>
Lending operations (Note 9.a.2)	783.262	695.274
Securities transactions (Note 7.b)	647.989	378.036
Derivative financial instruments (Note 7.d)	(40.167)	(5.652)
Gains (losses) on foreign exchange transactions (Note 11.b)	34.656	54.864
Gains (losses) on compulsory investments (Note 8.b)	8.397	10.275
EXPENSES FROM FINANCIAL INTERMEDIATION	<u>(804.455)</u>	<u>(668.056)</u>
Funding operations (Note 13.c)	(426.514)	(251.994)
Borrowings and onlendings (Note 14.e)	(272.956)	(237.777)
Allowance for loan losses (Note 9.e)	(104.985)	(178.285)
GROSS INCOME FROM FINANCIAL INTERMEDIATION	<u>629.682</u>	<u>464.741</u>
OTHER OPERATING INCOME (EXPENSES) (Note 20)	<u>(154.880)</u>	<u>(204.996)</u>
Income from services provided	636.397	594.415
Income from bank fees	9.435	6.139
Personnel expenses	(484.654)	(458.976)
Other administrative expenses	(361.890)	(304.543)
Tax expenses (Note 21.c)	(92.373)	(80.512)
Other operating income	590.530	400.009
Other operating expenses	(452.325)	(361.528)
INCOME FROM OPERATIONS	<u>474.802</u>	<u>259.745</u>
NONOPERATING INCOME (EXPENSES)	<u>(736)</u>	<u>1.468</u>
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	<u>474.066</u>	<u>261.213</u>
INCOME TAX AND SOCIAL CONTRIBUTION (note 21)	<u>(148.204)</u>	<u>(141.088)</u>
Provision for Income Tax	(101.061)	(111.335)
Provision for Social Contribution	(63.103)	(67.809)
Deferred income tax	15.960	38.056
PROFIT SHARING	<u>(25.169)</u>	<u>(10.070)</u>
NET INCOME	<u><u>300.693</u></u>	<u><u>110.055</u></u>
INTEREST ON OWN CAPITAL (Note 19.e)	<u><u>(63.964)</u></u>	<u><u>(58.066)</u></u>
Number of shares (in thousands)	<u><u>87.002</u></u>	<u><u>87.002</u></u>
Earnings per share - R\$	<u><u>3,46</u></u>	<u><u>1,26</u></u>

The accompanying notes are an integral part of these financial statements

BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

(In thousands of Brazilian reais - R\$)

	PAID-IN CAPITAL		CAPITAL RESERVE	REVALUATION RESERVE	EARNINGS RESERVES		VALUATION ADJUSTMENTS TO EQUITY	RETAINED EARNINGS (ACCUMULATED LOSSES)	TREASURY SHARES	TOTAL
	CAPITAL	CAPITAL INCREASE	OTHER CAPITAL RESERVES	OWN ASSETS	LEGAL	STATUTORY				
BALANCES AS OF DECEMBER 31, 2005	1.652.000	-	502	30.501	73.216	198.760	118.130	-	(384)	2.072.725
VALUATION ADJUSTMENTS TO EQUITY	-	-	-	-	-	-	(63.961)	-	-	(63.961)
CAPITAL INCREASE										
From Reserve:										
Transfer for capital increase	-	198.000	-	-	-	(198.000)	-	-	-	-
Capital contribution	198.000	(198.000)	-	-	-	-	-	-	-	-
OTHER EVENTS										
Revaluation of assets:										
Reserve realization:										
Gross value	-	-	-	(2.030)	-	-	-	2.030	-	-
Taxes	-	-	-	812	-	-	-	(812)	-	-
NET INCOME FOR THE PERIOD	-	-	-	-	-	-	-	110.055	-	110.055
Allocation:										
Reserves	-	-	-	-	5.503	47.704	-	(53.207)	-	-
Interest on own capital	-	-	-	-	-	-	-	(58.066)	-	(58.066)
BALANCES AS OF JUNE 30, 2010	<u>1.850.000</u>	<u>-</u>	<u>502</u>	<u>29.283</u>	<u>78.719</u>	<u>48.464</u>	<u>54.169</u>	<u>-</u>	<u>(384)</u>	<u>2.060.753</u>
CHANGES OF THE PERIOD	<u>198.000</u>	<u>-</u>	<u>-</u>	<u>(1.218)</u>	<u>5.503</u>	<u>(150.296)</u>	<u>(63.961)</u>	<u>-</u>	<u>-</u>	<u>(11.972)</u>
BALANCES AS OF DECEMBER 31, 2010	1.850.000	1.000	-	28.064	88.896	159.632	50.130	-	(384)	2.177.338
VALUATION ADJUSTMENTS TO EQUITY	-	-	-	-	-	-	(15.673)	-	-	(15.673)
CAPITAL INCREASE										
From Reserve:										
Capital contribution	160.000	(1.000)	-	-	-	(159.000)	-	-	-	-
OTHER EVENTS										
Revaluation of assets:										
Reserve realization:										
Gross value	-	-	-	(2.642)	-	-	-	2.022	-	(620)
Taxes	-	-	-	809	-	-	-	(809)	-	-
NET INCOME FOR THE PERIOD	-	-	-	-	-	-	-	300.693	-	300.693
Allocation:										
Reserves	-	-	-	-	15.035	130.826	-	(145.861)	-	-
Dividends	-	-	-	-	-	-	-	(92.081)	-	(92.081)
Interest on own capital	-	-	-	-	-	-	-	(63.964)	-	(63.964)
BALANCES AS OF JUNE 30, 2011	<u>2.010.000</u>	<u>-</u>	<u>-</u>	<u>26.231</u>	<u>103.931</u>	<u>131.458</u>	<u>34.457</u>	<u>-</u>	<u>(384)</u>	<u>2.305.693</u>
CHANGES OF THE PERIOD	<u>160.000</u>	<u>(1.000)</u>	<u>-</u>	<u>(1.833)</u>	<u>15.035</u>	<u>(28.174)</u>	<u>(15.673)</u>	<u>-</u>	<u>-</u>	<u>128.355</u>

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

BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R\$)

	<u>06/30/2011</u>	<u>06/30/2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	<u>300.693</u>	<u>110.055</u>
Adjustments to net income:		
Depreciation and amortization	13.394	12.716
Allowance for losses on other assets	18	7
Allowance for loan losses	104.985	178.285
Provision for contingent liabilities	5.350	133.123
Deferred charges	(240)	(758)
Deferred income	-	6
Adjusted net income	<u>424.200</u>	<u>433.434</u>
Interbank investments	(262.492)	9.145
Interbank and interdepartmental accounts	(15.096)	(25.166)
Lending operations	105.438	(252.495)
Other receivables	(305.371)	(99.635)
Other assets	(8.583)	(778)
Deposits	304.830	535.876
Open market funding (repurchase commitments)	249.091	9.862
Funds from acceptance and issuance of securities	(28.522)	-
Borrowings and onlendings	(489.071)	(152.812)
Derivative financial instruments	13.432	(412)
Other liabilities	603.796	(130.119)
Revaluation Reserve	(620)	-
Income tax and Social contribution	<u>83.697</u>	<u>67.462</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>674.729</u>	<u>394.362</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Available-for-sale securities	(912.703)	(850.004)
Additions to investments	(56)	(19)
Addition to property, plant and equipment in use	(18.345)	(6.618)
Addition to assets not in use	(426)	(318)
Disposal of investments	(6)	-
Disposal of property, plant and equipment in use	547	(2)
Disposal of assets not in use	<u>689</u>	<u>64</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(930.300)</u>	<u>(856.897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends and interest on own capital paid	(99.327)	(209.620)
Subordinated debt eligible for capital	55.210	427.510
Hybrid debt/equity instruments	<u>69.638</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>25.521</u>	<u>217.890</u>
Decrease in Cash and Cash equivalents	<u>(230.050)</u>	<u>(244.645)</u>
REPRESENTED BY CASH AND CASH EQUIVALENTS		
At beginning of period	3.869.499	3.877.919
At end of period	<u>3.639.449</u>	<u>3.633.274</u>
Decrease in Cash and Cash equivalents	<u>(230.050)</u>	<u>(244.645)</u>

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

BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R\$)

	06/30/2011	%	06/30/2010	%
REVENUES	<u>2.128.414</u>		<u>1.633.072</u>	
Financial intermediation	1.434.137		1.132.797	
Service provided and bank fees	645.832		600.554	
Allowance for loan losses	(104.985)		(178.285)	
Other income/expenses	153.430		78.006	
EXPENSES ON FINANCIAL INTERMEDIATION	<u>(699.470)</u>		<u>(489.771)</u>	
INPUTS PURCHASED FROM THIRD PARTIES	<u>(331.894)</u>		<u>(277.962)</u>	
Materials, electric power and other	(116.199)		(128.293)	
Outside services	(215.695)		(149.669)	
GROSS VALUE ADDED	<u>1.097.050</u>		<u>865.339</u>	
RETENTIONS	<u>(13.394)</u>		<u>(12.716)</u>	
Depreciation, amortization and depletion	(13.394)		(12.716)	
WEALTH CREATED BY THE ENTITY	<u>1.083.656</u>		<u>852.623</u>	
WEALTH FOR DISTRIBUTION	<u>1.083.656</u>		<u>852.623</u>	
DISTRIBUTION OF WEALTH	<u>1.083.656</u>		<u>852.623</u>	
PERSONNEL	<u>446.353</u>	<u>41,2%</u>	<u>418.860</u>	<u>49,1%</u>
COMPENSATION	<u>324.140</u>	<u>29,9%</u>	<u>247.072</u>	<u>29,0%</u>
Employees	298.971		237.002	
Profit sharing	25.169		10.070	
BENEFITS	<u>99.619</u>	<u>9,2%</u>	<u>153.871</u>	<u>18,0%</u>
Pension plan (Capef and PGBL)	-		11	
Provisions (Post-employment benefits - CVM Resolution 600)	36.220		101.869	
Benefits - Other	63.399		51.991	
Severance Pay Fund (FGTS)	22.594	2,1%	17.917	2,1%
TAXES AND CONTRIBUTIONS	<u>320.007</u>	<u>29,5%</u>	<u>309.843</u>	<u>36,3%</u>
Federal	312.843		302.794	
State	10		11	
Municipal	7.154		7.038	
PAYMENTS TO THIRD PARTIES	<u>16.603</u>	<u>1,5%</u>	<u>13.865</u>	<u>1,6%</u>
Rents	16.603		13.865	
SHAREHOLDERS' PAYMENTS	<u>300.693</u>	<u>27,7%</u>	<u>110.055</u>	<u>12,9%</u>
INTEREST ON OWN CAPITAL	<u>63.964</u>	<u>5,9%</u>	<u>58.067</u>	<u>6,8%</u>
Federal government	60.206		54.655	
Other	3.758		3.412	
DIVIDENDS	<u>92.081</u>	<u>8,5%</u>	<u>-</u>	<u>0,0%</u>
Federal government	86.671		-	
Other	5.410		-	
RETAINED EARNINGS	<u>144.648</u>	<u>13,3%</u>	<u>51.988</u>	<u>6,1%</u>

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

BANCO DO NORDESTE DO BRASIL S.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Amounts in thousands of Brazilian Reais - R\$, unless otherwise stated)

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1. THE BANK AND ITS CHARACTERISTICS

Banco do Nordeste do Brasil S.A. (the "Bank") is a private legal entity operating regionally as a public financial institution established by Federal Law 1649 of 07/19/1952. The Bank was structured as a mixed economy, publicly-traded corporation and its mission is to operate, in the capacity of a public financial institution, as a catalytic agent in promoting the sustainable development of the Northeast, integrating it to the domestic economic dynamics. Banco do Nordeste is authorized to operate all the portfolios permitted for multiple service banks, except the mortgage loan portfolio. As an institution devoted to regional development, the Bank acts as the executive agent of public policies and is responsible for managing the Northeast Constitutional Financing Fund (FNE), - the main source of funds utilized by the Bank for long-term financing - and the operation of the National Family Farming Strengthening Program (PRONAF) in its jurisdiction. It is also the operator of the Northeast Investment Fund (FINOR) and the Northeast Development Fund (FDNE), the latter created in 2001 and altered in 2007 by Supplementary Law 125, which recreated the Northeast Development Authority (SUDENE). In 1998, the Bank created its Oriented Productive Microcredit Program (Crediamigo), a Production Microcredit Program that facilitates access to credit by thousands of small entrepreneurs who engage in production-related, product sale, and service activities. In addition to federal funds, the Bank has access to other sources of financing in the domestic and foreign markets through funds raised directly, as well as partnerships with domestic and foreign institutions, including multilateral institutions such as the World Bank and the Inter-American Development Bank (IDB).

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Brazilian Corporate Law, as amended by Laws 11638 and 11941, of 12/28/2007 and 05/27/2009, respectively, and regulations of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN), and the Brazilian Securities and Exchange Commission (CVM), and are presented in accordance with the Standard Chart of Accounts for National Financial Institutions (COSIF).

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

- CPC 01 - Impairment of Assets (National Monetary Council (CMN) Resolution 3566, of 05/29/2008);
- CPC 03 - Statements of Cash Flows (CMN Resolution 3604, of 08/29/2008);
- CPC 05 - Related-Party Disclosures (CMN Resolution 3750, of 06/30/2009);
- CPC 24 - Events After the Reporting Date (CMN Resolution 3973, of 05/26/2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution 3823, of 12/16/2009); and
- CPC 33 - Employee Benefits (CVM Resolution 600, of 10/07/2009).

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a) Results of operations

Revenue and expenses are recorded on the accrual basis, as detailed below:

- a.1) interest, charges and monetary or exchange variations on assets and liabilities are recorded on a daily pro rata basis;
- a.2) provisions, including accrued vacation, license award and 13th salary, are recorded monthly on an accrual basis; and
- a.3) assets are marked to market or adjusted to realizable value, if applicable.

b) Current and long-term assets and liabilities

Assets and receivables are stated at realizable values, plus income earned and currency adjustments and foreign exchange fluctuation, less unearned income or allowance, if applicable. Liabilities are stated at original amounts plus, if applicable, accrued interest and monetary and exchange variations, less deferred expenses. Available funds from FNE (Northeast Constitutional Financing Fund) are classified in current and long-term liabilities according to the expected outflow of funds.

Receivables and payables are recorded in Current and Long-term Assets and Liabilities, respectively, according to maturity dates.

c) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents correspond to the balances of cash and interbank investments immediately convertible into cash or with original maturity equal to or less than ninety days.

d) Interbank investments

Interbank investments are recorded at acquisition cost, plus income earned and adjusted for the provision for losses, when applicable.

e) Securities

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

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

Held-to-maturity securities - securities that the enterprise has the positive intent and ability to hold to maturity and stated at acquisition cost, plus income earned, included in income of period;

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

f) Derivative financial instruments

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

Swap transactions are stated at fair value on monthly trial balances and balances and gains and losses are recorded in revenue or expense accounts.

The fair value of swap transactions is calculated using the rates disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA).

g) Lending operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowances for loan losses.

Lending operations, advances on foreign exchange contracts, and other receivables with loan characteristics are classified in accordance with Management's judgment on risk level, taking into consideration the economic scenario, past experience and specific risks related to the operation, creditors and guarantors, considering the standards established by CMN Resolution 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 lending operations over 59 days past due, regardless of the risk level, is only recognized when realized.

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

Renegotiated operations remain at least at the same risk level in which they were classified.

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

h) Prepaid expenses

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

i) Permanent assets

Investments are stated at cost, net of allowance for losses;

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

Deferred charges include costs on third-party properties and software purchase and development incurred through September 30, 2008 and include amortization calculated under the straight-line method at the annual rate of 20%.

CMN Resolution 3617, of 09/30/2008, determines that any balances of property, plant and equipment and deferred charges existing before the Resolution came into effect that have been recorded based on prior standards should be maintained until such balances are actually written off.

j) Income tax, social contribution, PASEP and COFINS (taxes on revenue)

IRPJ (corporate income tax) is calculated at the rate of 15% plus additional 10%, and Social Contribution (CSLL) is calculated at the rate of 15%, after the adjustments defined in tax law. Tax credits and deferred liabilities are calculated, basically, on temporary differences between accounting and tax income, on allowances for loans and doubtful accounts and on securities and derivatives fair value adjustments.

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

PIS/Pasep and COFINS are calculated at the rates of 0.65% and 4.00%, respectively.

k) Employee benefits

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

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

The policy adopted for the recognition of actuarial gains and losses beginning December 2010 is consistent with the provisions of item 93 of the Appendix to CVM Resolution 600, that is, actuarial gains and losses are immediately recognized as revenue or expense. The policy adopted for the recognition of actuarial gains and losses was based on items 52 to 55 of the Appendix to CVM Resolution 371, i.e., the Bank recognized a portion of actuarial gains and losses in excess of the higher of: 10% of the defined benefit total actuarial obligation present value, and 10% of plan assets fair value. The effects of the first-time adoption of CVM Resolution 600, beginning 01/01/2009, have been fully recognized in the statements as of 12/31/2010.

l) Impairment assessment

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable value. Relevant non-financial assets are reviewed for impairment at least annually, to determine if there is any indication that the asset might be impaired.

m) Contingent assets and contingent liabilities and legal obligations

Contingent assets, contingent liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in CMN Resolution 3823, of 12/16/2009.

Contingent assets are recognized in the financial statements only when their realization can be reliably measured from evidences, which may be the final and unappealable decision on a lawsuit or the confirmation of its recoverability, either through the receipt or offset against another liability.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal counsel and Management, the risk of loss on a judicial or administrative proceeding is considered probable, with probable outflow of funds to settle the obligations, the amounts involved can be reliably measured upon court reference/notification and reviewed monthly.

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.

n) Use of estimates

The preparation of the financial statements includes estimates and assumptions, such as the measurement of allowances for loan losses, estimates of certain financial instruments fair values, provision for contingencies, impairment losses, other provisions, and the calculation of technical provisions for health care plan and pension plans. Actual results could differ from such estimates and assumptions.

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 lending operations within the scope of FNE and the provision of portfolio management services.

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

As at June 30, 2011 and June 30, 2010, no revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenues.

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

Specification	06/30/2011			06/30/2010		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
Income	1,350,134	673,797	2,023,931	1,031,677	502,597	1,534,274
Income from lending operations	783,262	-	783,262	695,274	-	695,274
Securities transactions	370,341	277,648	647,989	199,762	178,274	378,036
Derivative financial instruments	(40,167)	-	(40,167)	(5,652)	-	(5,652)
Gains (losses) on foreign exchange transactions	34,656	-	34,656	54,864	-	54,864
Gains (losses) on compulsory investments	8,397	-	8,397	10,275	-	10,275
Others incomes	193,645	396,149	589,794	77,154	324,323	401,477
Expenses	(539,621)	(443,709)	(983,330)	(497,805)	(410,362)	(908,167)
Expenses on money market funding operations	(426,514)	-	(426,514)	(251,994)	-	(251,994)
Expenses on borrowings and onlending	(8,122)	(264,834)	(272,956)	(67,526)	(170,251)	(237,777)
Allowance for loan losses	(104,985)	(178,875)	(283,860)	(178,285)	(236,415)	(414,700)
Proagro provision receivable	-	(101)	(101)	-	(3,696)	(3,696)
Financial margin	810,513	230,088	1,040,601	533,872	92,235	626,107
Income from services provided	115,569	520,828	636,397	153,523	440,892	594,415
Income from fees, rates and commissions	9,435	-	9,435	6,139	-	6,139
Pasep and Cofins	(40,363)	(44,689)	(85,052)	(36,163)	(37,235)	(73,398)
Income (loss) after fees and commissions	895,154	706,227	1,601,381	657,371	495,892	1,153,263
Administrative expenses			(846,544)			(763,519)
Personnel expenses			(484,654)			(458,976)
Depreciation and amortization			(13,394)			(12,716)
Other administrative expenses			(348,496)			(291,827)
Others expenses			(239,634)			(104,019)
Expenses on provision, except allowance for loan losses			(41,137)			(24,512)
Income before taxes and profit sharing			474,066			261,213
Income tax and social contribution on income			(148,204)			(141,088)
Profit sharing			(25,169)			(10,070)
Net income			300,363			110,055

5. CASH AND CASH EQUIVALENTS

Investments in securities and Interbank investments refers to transactions whose maturity on the investment date is equal to or lower than 90 days and that are subject to an insignificant risk of change in fair value.

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Cash in local currency	87,582	77,349
Cash in foreign currency	<u>2,630</u>	<u>3,136</u>
Total cash	<u>90,212</u>	<u>80,485</u>
Investments in securities	-	12,760
Interbank investments	<u>3,549,237</u>	<u>3,540,029</u>
Total cash and cash equivalents	<u>3,639,449</u>	<u>3,633,274</u>

6. INTERBANK INVESTMENTS

a) Breakdown

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Money market investments	<u>3,503,949</u>	<u>3,364,510</u>
Resale agreements pending settlement - own portfolio	3,415,123	3,286,822
Resale agreements pending settlement - third-party portfolio	88,826	77,688
b) Interbank deposits	<u>347,001</u>	<u>290,819</u>
Investments in foreign currency	36,177	22,231
Interbank deposits	<u>310,824</u>	<u>268,588</u>
TOTAL	<u>3,850,950</u>	<u>3,655,329</u>
CURRENT	3,850,950	3,655,329

b) Income (loss) from interbank investments

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Income from money market investments	<u>177,258</u>	<u>133,125</u>
Own portfolio	172,678	129,598
Third-party portfolio	4,580	3,527
b) Income from interbank deposits	<u>16,240</u>	<u>11,521</u>
TOTAL (Note 7.b)	<u>193,498</u>	<u>144,646</u>

7. SECURITIES AND DERIVATIVES

a) Securities

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

a.1) SECURITIES PORTFOLIO

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Available-for-sale securities	8,698,275	5,325,612
Held-to-maturity securities	11,009	30,686
Swap differential receivable	293	297
TOTAL	<u>8,709,577</u>	<u>5,356,595</u>
CURRENT	252,069	1,533,358
LONG-TERM	8,457,508	3,823,237

a.2) AVAILABLE-FOR-SALE SECURITIES

<u>SPECIFICATION</u>	<u>06/30/2011</u>			
	<u>COST</u>	<u>FAIR VALUE</u>	<u>MARK-TO-MARKET</u>	<u>MATURITY YEAR</u>
FIXED-INCOME SECURITIES	<u>8,303,029</u>	<u>8,260,448</u>	<u>(42,581)</u>	
Treasury bills	6,502,958	6,501,693	(1,265)	2011 to 2017
National Treasury Notes (NTN)	1,065,138	1,051,365	(13,773)	2050
Financial bills	30,309	30,309	-	2016
Debentures	653,908	653,222	(686)	2012 to 2018
Bank credit notes (CCB)	19,031	19,031	-	2013
Federal government securities (FCVS)	7,522	4,696	(2,826)	2027
Federal government securities - Other	23,984	-	(23,984)	1993
Agricultural debt securities	179	132	(47)	2011 to 2022
INVESTMENT FUND SHARES	<u>13,732</u>	<u>12,452</u>	<u>(1,280)</u>	
Social development fund (FDS)	1,280	-	(1,280)	2014
Receivables Investment Fund (FIDC) shares	12,207	12,207	-	2014
Investment Guarantee Fund (FGI)	245	245	-	Without maturity
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>246,061</u>	<u>101,902</u>	
Other tax incentives (FINOR)	4,211	552	(3,659)	Without maturity
Shares of publicly-traded companies	139,948	245,509	105,561	Without maturity
LINKED TO GUARANTEES(1)	<u>179,926</u>	<u>179,314</u>	<u>(612)</u>	
Treasury bills	175,630	175,625	(5)	2013 to 2017
Federal government securities - Other	607	-	(607)	1993
Debentures	3,689	3,689	-	2018
TOTAL	<u>8,640,846</u>	<u>8,698,275</u>	<u>57,429</u>	
Tax credit	-	-	19,255	
Provision for deferred taxes (note 16.d)	-	-	(42,227)	
TOTAL MARK-TO-MARKET	-	-	34,457	

⁽¹⁾ In addition to the securities pledged as a collateral shown in the table above, there are LFTs in the amount of R\$ 3,689 and CVSs in the amount of R\$ 74 not blocked by Companhia Brasileira de Liquidação e Custódia - CBLIC, which are pending the final decision on whether these financial assets will be accepted or not for pledge purposes.

SPECIFICATION	06/30/2010			MATURITY YEAR
	COST	FAIR VALUE	MARK-TO- MARKET	
FIXED-INCOME SECURITIES	<u>4,864,882</u>	<u>4,839,814</u>	<u>(25,068)</u>	
Treasury bills	3,687,675	3,687,695	20	2010 to 2015
Debentures	403,443	402,472	(971)	2012 to 2018
Bank credit notes (CCB)	42,533	42,533	-	2011 to 2013
Promissory notes	701,637	701,637	-	2010
Federal government securities (FCVS)	7,925	5,455	(2,470)	2027
Federal government securities - Other	21,638	-	(21,638)	1993
Agricultural debt securities	31	22	(9)	2010 to 2015
INVESTMENT FUND SHARES	<u>14,948</u>	<u>13,727</u>	<u>(1,221)</u>	
Social development fund (FDS)	1,221	-	(1,221)	Without maturity
Receivables Investment Fund (FIDC) shares	13,727	13,727	-	2012
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>261,264</u>	<u>117,105</u>	
Other tax incentives (FINOR)	4,211	521	(3,690)	Without maturity
Shares of publicly-traded companies	139,948	260,743	120,795	Without maturity
LINKED TO GUARANTEES(1)	<u>211,341</u>	<u>210,807</u>	<u>(534)</u>	
Treasury bills	207,117	207,131	14	2011 to 2015
Federal government securities - Other	548	-	(548)	1993
Debentures	<u>3,676</u>	<u>3,676</u>	<u>-</u>	2018
TOTAL	<u>5,235,330</u>	<u>5,325,612</u>	<u>90,282</u>	
Tax credit	-	-	12,219	
Provision for deferred taxes (note 16.d)	-	-	(48,332)	
TOTAL MARK-TO-MARKET	-	-	54,169	

(1) In addition to the securities pledged as a collateral shown in the table above, there are LFTs, in the amount of R\$ 206,324 and CVSs in the amount of R\$ 89 not blocked by Brazilian Clearing and Custody Company - CBLC, which are pending the final decision on whether these financial assets will be accepted or not for pledge purposes.

The caption “Federal Government Securities - Other” records cash investments in government securities called by the National Treasury as NUCL910801 with a maturity on 08/31/1993, not yet redeemed.

In view of the classification of assets in the category above, the amount of R\$ 57,429 (R\$ 90,282 as of 06/30/2010) was recorded in the Bank’s shareholders’ equity, under “Market-to-market”. This adjustment, net of taxes, corresponds to R\$ 34,457 (R\$ 54,169 as of 06/30/2010).

a.3) HELD-TO-MATURITY SECURITIES

SPECIFICATION	06/30/2011			06/30/2010		
	COST	FAIR VALUE	MATURITY YEAR	COST	FAIR VALUE	MATURITY YEAR
FIXED-INCOME SECURITIES	<u>11,009</u>	<u>11,009</u>		<u>30,686</u>	<u>30,686</u>	
Investment Fund Shares - Northeast Entrepreneur	2,341	2,341	2013	1,612	1,612	2011
National Treasury Notes (NTN) - P	436	436	2012 to 2014	407	407	2012 to 2014
Investment Fund Shares - CRIATEC	7,082	7,082	2017	4,179	4,179	2017
Investment Fund Shares - Northeast Energy	-	-	-	23,473	23,473	2023
FGO (Fund for Collateral of Transactions)	172	172	Without maturity	-	-	-
FIP Brasil Agronegócios (Agribusiness)	<u>978</u>	<u>978</u>	2018	<u>1,015</u>	<u>1,015</u>	2018
TOTAL	<u>11,009</u>	<u>11,009</u>		<u>30,686</u>	<u>30,686</u>	

a.4) In October 2010, due to a specific, unusual, nonrecurring and unexpected event occurred after the classification date, the Bank reclassified Investment Fund shares of Nordeste Energia from “Securities held to maturity” to “Securities available for sale”. On said shares acquired in 2008 and sold on 10/15/2010 the Bank recorded gains amounting to R\$ 7,500.

a.5) In the first half of 2011, no securities were reclassified between the categories above; also, no held-to-maturity securities were sold.

a.6) The following criteria were adopted to determine the fair value of securities:

- Fixed-income Securities: average goodwill/negative goodwill in the secondary market, as disclosed by ANBIMA (National Association of Financial Market Institutions);
- Agricultural Debt Securities (TDA), Debentures, CCB and Promissory Notes: average goodwill/negative goodwill in the last trading registered with CETIP S.A. (Clearinghouse for the Custody and Financial Settlement of Securities).
- Variable-income securities: average quotation on the São Paulo Mercantile and Stock Exchange (BM&F BOVESPA).

b) Income (loss) from securities transactions

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Interbank Investments (Note 6.b)	177,258	133,125
Interbank deposits (note 6.b)	16,240	11,521
Fixed-Income Securities	451,724	230,827
Variable-Income Securities	<u>2,767</u>	<u>2,563</u>
TOTAL	<u>647,989</u>	<u>378,036</u>

c) Derivatives

Banco do Nordeste operates under a conservative investment policy focused on investing strictly under the conditions and rates established by the sources of the funds in order to avoid any mismatching among assets and liabilities in terms of maturities, interest rates and indices.

Banco do Nordeste employs a conservative portfolio management policy and limits its operations in the derivative market to swap transactions intended solely for hedging its asset and liability positions, when necessary.

Swap transactions are recorded in balance sheet and memorandum accounts, according to their nature, in accordance with prevailing law and accounting standards.

The Bank has swap transactions registered with CETIP S.A. (Clearinghouse for the Custody and Financial Settlement of Securities) and the notional amount of these transactions is recorded in memorandum accounts and the related book value is recorded under the captions 'Differential Payable' and 'Differential Receivable', as shown below:

06/30/2011							
SWAP CONTRACTS	NOTIONAL AMOUNT	FAIR VALUE		CURVE		MARK-TO-MARKET	
		RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE	POSITIVE	NEGATIVE
ASSET POSITION							
Foreign currency - dollar	509,020		53,357		41,005		12,352
LIABILITY POSITION							
Interbank market (CDI)	-	-	-	-	-	-	-
Fixed rate	<u>341,219</u>	<u>293</u>	<u>18,214</u>	<u>122</u>	<u>12,726</u>	<u>171</u>	<u>5,487</u>
TOTAL	<u>850,239</u>	<u>293</u>	<u>71,571</u>	<u>122</u>	<u>53,731</u>	<u>171</u>	<u>17,839</u>
06/30/2010							
SWAP CONTRACTS	NOTIONAL AMOUNT	FAIR VALUE		CURVE		MARK-TO-MARKET	
		RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE	POSITIVE	NEGATIVE
ASSET POSITION							
Foreign currency - dollar	-	-	-	-	-	-	-
LIABILITY POSITION							
Interbank market (CDI)	-	-	-	-	-	-	-
Fixed rate	<u>686,218</u>	<u>297</u>	<u>36,159</u>	=	<u>21,693</u>	<u>297</u>	<u>14,465</u>
TOTAL	<u>686,218</u>	<u>297</u>	<u>36,159</u>	=	<u>21,693</u>	<u>297</u>	<u>14,465</u>

<u>Swap transactions amounts in risk</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
	<u>Amount</u>	<u>Amount</u>
MARKET RISK HEDGE – ASSETS	465,089	-
HEDGED ITEMS - LIABILITIES	456,615	-
MARKET RISK HEDGE - LIABILITIES	445,542	810,117
HEDGED ITEMS – ASSETS	410,453	772,618

06/30/2011

<u>Swap contracts mature as follows:</u>	<u>Difference receivable</u>	<u>Difference payable</u>
Up to 3 months	105	5,059
3 to 12 months	60	2,513
1 to 3 years	128	8,829
3 to 5 years	-	<u>55,170</u>
TOTAL	<u>293</u>	<u>71,571</u>

06/30/2010

<u>Swap contracts mature as follows:</u>	<u>Difference receivable</u>	<u>Difference payable</u>
Up to 3 months	1	6,102
3 to 12 months	147	7,711
1 to 3 years	149	17,642
3 to 5 years	-	4,485
5 to 15 years	-	<u>219</u>
TOTAL	<u>297</u>	<u>36,159</u>

The fair value of swap transactions is calculated using the rates disclosed by ANBIMA. The credit risk is determined using the correlation ratios and risk factors disclosed by the Central Bank of Brazil.

d) Income (loss) from derivative transactions

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Swap	<u>(40,167)</u>	<u>(5,652)</u>
TOTAL	<u>(40,167)</u>	<u>(5,652)</u>

8. INTERBANK ACCOUNTS - RESTRICTED DEPOSITS

a) Restricted Deposits

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Mandatory payments - Savings	195,532	151,290
Compulsory reserves - Cash funds	28,294	31,820
National Housing System (SFH)	28,666	29,047
National Treasury - Rural credit	<u>4,388</u>	<u>1,711</u>
TOTAL	<u>256,880</u>	<u>213,868</u>
CURRENT	227,874	184,736
LONG - TERM	29,006	29,132

b) Income (loss) from compulsory investments

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Income from restricted deposits - Central Bank of Brazil	7,166	5,255
Income from restricted deposits - SFH	1,677	9,114
Income from restricted deposits - Rural credit	67	29
Devaluation of restricted deposits	<u>(513)</u>	<u>(4,123)</u>
TOTAL	<u>8,397</u>	<u>10,275</u>

9. LOAN PORTFOLIO AND ALLOWANCE FOR LOAN LOSSES

a) Loan portfolio and allowance for loan losses

<u>Specification</u>	<u>06/30/2011</u>		<u>06/30/2010</u>	
	<u>Gross amount</u>	<u>Allowance</u>	<u>Gross amount</u>	<u>Allowance</u>
Loans	<u>10,515,113</u>	<u>(636,443)</u>	<u>9,512,286</u>	<u>(548,533)</u>
Current	4,817,993	(378,649)	4,267,489	(340,792)
Long-term	5,697,120	(257,794)	5,244,797	(207,741)
Other lines with loan features	<u>511,076</u>	<u>(7,480)</u>	<u>464,331</u>	<u>(31,830)</u>
Current	510,187	(4,572)	462,516	(14,335)
Long-term	<u>889</u>	<u>(2,908)</u>	<u>1,815</u>	<u>(17,495)</u>
TOTAL	<u>11,026,189</u>	<u>(643,923)</u>	<u>9,976,617</u>	<u>(580,363)</u>

a.1) Loan portfolio

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Advances to depositors	750	1,152
Loans	5,025,665	4,257,416
Discounted notes	163,773	161,314
Financing	1,723,162	1,287,775
Financing in foreign currencies	130,647	38,974
Refinancing with Federal Government (note 29.a.1)	525,012	526,826
Rural and agro-industrial financing(1)	1,276,179	2,124,503
Real estate financing(2)	243	243
Infrastructure and development financing	<u>1,669,682</u>	<u>1,114,083</u>
Subtotal of lending operations	<u>10,515,113</u>	<u>9,512,286</u>
Guarantees honored	70	-
Income receivable from advances	9,909	11,404
Debtors for purchase of assets	2,627	2,927
Notes and credits receivables	4,082	16,919
Advances on foreign exchange contracts (3)	<u>494,388</u>	<u>433,081</u>
Subtotal of other items with loan features	<u>511,076</u>	<u>464,331</u>
TOTAL LOAN PORTFOLIO	<u>11,026,189</u>	<u>9,976,617</u>

(1) Reduction of R\$ 685,000 in rural and agro-industrial financing as a result of the reclassification to memorandum accounts "NET ASSETS OF MANAGED PUBLIC FUNDS", since they refer to lending operations managed by the Bank mainly using funds from Fundo de Terras, Banco da Terra, INCRA - Conta Fundiária and Fundo Rotativo de Terras. On the other hand, liabilities recorded under "DOMESTIC ONLENDING - OFFICIAL INSTITUTIONS" (Note 14.c) were reclassified.

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

(3) Accounts classified as OTHER PAYABLES/Foreign Exchange Portfolio.

a.2) Income from lending operations

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Loans and discounted notes	438,179	357,723
Financing	222,349	146,440
Rural and agro-industrial financing	75,881	147,838
Recovery of receivables written off as loss	47,207	43,864
Guarantees honored	1	-
Other	<u>(355)</u>	<u>(591)</u>
TOTAL	<u>783,262</u>	<u>695,274</u>

b) Breakdown by maturity

b.1) Normal (1)

<u>Business sector</u>	<u>From 01 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 30/06/2011</u>	<u>Total as at 30/06/2010</u>
Rural	24,197	22,694	36,013	53,508	58,899	1,029,381	1,224,692	2,023,058
Manufacturing	258,559	167,445	115,920	525,487	472,597	1,300,160	2,840,168	2,076,157
Government	3,354	3,354	12,313	10,063	25,085	1,171,150	1,225,319	1,196,389
Other services	137,897	97,405	132,291	318,398	850,824	1,422,903	2,959,718	2,346,873
Trading	262,043	196,239	178,212	366,389	419,204	396,608	1,818,695	1,391,056
Financial institutions	33,174	17,736	14,796	45,938	84,528	185,350	381,522	520,953
Housing	243	-	-	-	-	-	243	243
Individuals	<u>5,147</u>	<u>3,891</u>	<u>3,651</u>	<u>12,201</u>	<u>9,974</u>	<u>16,096</u>	<u>50,960</u>	<u>50,869</u>
T O T A L	<u>724,614</u>	<u>508,764</u>	<u>493,196</u>	<u>1,331,984</u>	<u>1,921,111</u>	<u>5,521,648</u>	<u>10,501,317</u>	<u>9,605,598</u>

(1) Include past-due receivables up to 14 days.

b.2) Past-due

Current									
<u>Business sector</u>	<u>From 01 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 30/06/2011</u>	<u>Total as at 30/06/2010</u>	
Rural	294	377	627	1,927	3,072	19,425	25,722	14,271	
Manufacturing	1,616	1,379	1,858	9,000	16,526	114,858	145,237	52,214	
Other services	2,812	12,334	2,270	6,810	10,322	22,369	56,917	38,146	
Trading	5,130	6,504	4,564	11,929	17,046	17,216	62,389	65,017	
Financial institutions	111	108	105	335	682	3,003	4,344	25	
Individuals	<u>295</u>	<u>318</u>	<u>290</u>	<u>652</u>	<u>963</u>	<u>1,622</u>	<u>4,140</u>	<u>3,773</u>	
T O T A L	<u>10,258</u>	<u>21,020</u>	<u>9,714</u>	<u>30,653</u>	<u>48,611</u>	<u>178,493</u>	<u>298,749</u>	<u>173,446</u>	

Past-due									
<u>Business sector</u>	<u>From 01 to 14 days</u>	<u>From 15 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 30/06/2011</u>	<u>Total as at 30/06/2010</u>
Rural	168	919	1,556	1,703	11,183	6,213	14,768	36,510	100,650
Manufacturing	1,758	1,195	3,659	2,564	16,779	46,806	635	73,396	30,237
Other services	1,902	3,638	4,825	4,001	19,551	26,326	1,184	61,427	30,985
Trading	2,385	7,159	8,561	4,659	12,266	13,497	2,554	51,081	32,322
Financial institutions	1	-	153	1	-	-	-	155	3
Individuals	<u>122</u>	<u>299</u>	<u>521</u>	<u>476</u>	<u>746</u>	<u>1,180</u>	<u>210</u>	<u>3,554</u>	<u>3,376</u>
T O T A L	<u>6,336</u>	<u>13,210</u>	<u>19,275</u>	<u>13,404</u>	<u>60,525</u>	<u>94,022</u>	<u>19,351</u>	<u>226,123</u>	<u>197,573</u>

c) Specification by risk level

Risk rating	06/30/2011				06/30/2010			
	Current (1)	Past-due	Total portfolio	Allowance	Current (1)	Past-due	Total portfolio	Allowance
AA	2,954,782	-	2,954,782	-	3,165,802	-	3,165,802	-
A	4,711,340	-	4,711,340	23,557	3,485,588	-	3,485,588	17,428
B	2,332,572	34,760	2,367,332	23,673	2,277,222	21,022	2,298,244	22,982
C	155,943	40,965	196,908	5,907	119,242	37,632	156,874	4,706
D	106,049	23,605	129,654	12,965	171,670	39,252	210,922	21,092
E	41,306	25,394	66,700	20,010	65,001	16,792	81,793	24,538
F	12,309	41,339	53,648	26,824	62,304	25,338	87,642	43,821
G	23,420	26,042	49,462	34,624	111,438	35,087	146,525	102,569
H	163,596	332,767	496,363	496,363	147,331	195,896	343,227	343,227
TOTAL	<u>10,501,317</u>	<u>524,872</u>	<u>11,026,189</u>	<u>643,923</u>	<u>9,605,598</u>	<u>371,019</u>	<u>9,976,617</u>	<u>580,363</u>

(1) Include past-due receivables up to 14 days.

d) Change in allowance for the period

Specification	06/30/2011	06/30/2010
Opening balance	652,918	615,845
(+) Net allowance recognized in the period	104,418	170,554
(-) Receivables written off as a loss in the period	(113,413)	(206,036)
(=) Allowance for loan losses	<u>643,923</u>	<u>580,363</u>
(+) Allowance for losses on other receivables without loan features (note 10.f)	<u>27,278</u>	<u>31,895</u>
(=) Allowance for loan losses balance	<u>671,201</u>	<u>612,258</u>

e) Breakdown of allowance expense balance

Specification	06/30/2011	06/30/2010
(+) Expenses on allowance for loan losses	132,480	177,378
(+) Expenses on allowance for losses on other receivables	-	678
(-) Reversals of operating allowances	(28,062)	(7,502)
(=) Expense balance on allowance with loan features	<u>104,418</u>	<u>170,554</u>
(+) Expenses on allowance for losses on other receivables without loan features	567	8,218
(-) Reversals of allowance for losses on other receivables without loan features	-	(487)
(=) Expense balance on allowance for loan losses	<u>104,985</u>	<u>178,285</u>

f) In the six-month period, receivables that had been written off as loss were recovered in the amount of R\$ 47,207 (R\$ 43,864 as at 06/30/2010) and renegotiations of operations amounted to R\$ 287,948 (R\$ 661,607 as at 06/30/2010).

g) Recovery of receivables with legal base:

In conformity with Law 11322, of 07/13/2006, Law 11775, of 09/17/2008, and Law 12249, of 06/11/2010, concerning rescheduling of debts arising from rural credit operations, that provides for rebates in the debit balance, discounts for prompt payment of installments, reduction of interest rate, and extension of payment terms of referred operations, a positive effect on the Bank's income, referring to 06/30/2011, was recognized in the amount of R\$ 88,288 (R\$ 26,481 as at 06/30/2010). Pursuant to the mentioned laws, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE):

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Income earned	33,500	15,419
Recovery of operations written off from assets	16,707	5,307
Expenses on discounts	(12,025)	(2,444)
Net effect of allowances	<u>50,106</u>	<u>8,199</u>
TOTAL	<u>88,288</u>	<u>26,481</u>

10. OTHER RECEIVABLES

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Receivables for guarantees honored	<u>70</u>	<u>-</u>
b) Foreign exchange portfolio (Note 11)	<u>483,434</u>	<u>487,405</u>
c) Income receivable	<u>23,840</u>	<u>21,578</u>
d) Trading account	<u>6</u>	<u>-</u>
e) Other	<u>1,245,652</u>	<u>870,387</u>
Tax credits - temporary differences (note 21.b)	293,313	250,515
Tax credits - securities and derivatives (notes 7.a.2 and 21.b)	19,255	12,219
Debtors from guarantee deposits	710,278	369,455
Recoverable taxes and contributions	95,424	82,948
From prepayments - SRF Regulation 90/92	86,656	75,189
Other amounts	8,768	7,759
Tax incentive options	26,748	26,748
Receivables	4,082	16,919
Salary advances	18,698	14,568
Payments to be refunded	8,075	8,619
Recalculation, discounts, waivers and bonuses in BNDES transactions	2,971	2,451
Recalculation, discounts, waivers and bonuses in FAT transactions	17,353	53,935
Other amounts	49,455	32,010
f) Allowance for losses on other receivables	<u>(34,758)</u>	<u>(63,725)</u>
Receivables with loan features	(7,480)	(31,830)
Receivables without loan characteristics (note 9.d)	<u>(27,278)</u>	<u>(31,895)</u>
TOTAL	<u>1,718,244</u>	<u>1,315,645</u>
CURRENT	1,544,509	1,239,563
LONG-TERM	173,735	76,082

11. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Assets - Other Receivables	<u>483,434</u>	<u>487,405</u>
Foreign exchange purchased pending settlement	468,045	458,460
Receivables for foreign exchange sold	6,862	26,700
Advances received in local currency	(1,382)	(9,159)
Income receivable from advances	9,909	11,404
Current Assets	<u>483,434</u>	<u>487,405</u>
Liabilities - Other Payables	<u>8,885</u>	<u>51,448</u>
Foreign exchange purchased	496,439	457,768
Foreign exchange sold pending settlement	6,834	26,712
(Advances on foreign exchange contracts)	(494,388)	(433,081)
Other	-	49
Current Liabilities	<u>8,885</u>	<u>51,448</u>

b) Income (loss) from foreign portfolio

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Exchange gains	34,865	55,584
Exchange losses	<u>(209)</u>	<u>(720)</u>
TOTAL	<u>34,656</u>	<u>54,864</u>

12. PERMANENT ASSETS

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Investments	<u>1,492</u>	<u>1,398</u>
a.1) Other investments	<u>6,795</u>	<u>6,701</u>
Tax incentive investments	5,011	5,010
Shares	944	944
Artworks and valuables	840	747
a.2) Allowance for losses	<u>(5,303)</u>	<u>(5,303)</u>
Tax incentive investments	(5,010)	(5,010)
Shares	(293)	(293)
b) Property and equipment	<u>193,189</u>	<u>186,637</u>
b.1) Real estate	<u>137,266</u>	<u>130,430</u>
Land	6,558	6,267
Buildings	130,708	124,163
b.2) Real estate revaluations	<u>109,995</u>	<u>111,628</u>
Land – Revaluations	10,686	10,930
Buildings – Revaluations	99,309	100,698
b.3) Other property and equipment	<u>164,607</u>	<u>143,115</u>
Facilities, furniture and equipment	65,670	61,505
Data processing system	68,278	49,976
Security system	9,601	9,567
Transportation system	16,120	16,298
Other	4,938	5,769
b.4) Accumulated depreciation	<u>(218,679)</u>	<u>(198,536)</u>
Real estate	(161,787)	(149,463)
Other property and equipment	(56,892)	(49,073)
c) Deferred charges	<u>2,082</u>	<u>3,050</u>
c.1) Organization and expansion costs	<u>5,412</u>	<u>7,538</u>
Leasehold improvements	5,371	7,490
Software purchase and development	41	48
c.2) Accumulated amortization	<u>(3,330)</u>	<u>(4,488)</u>
Leasehold improvements	(3,301)	(4,460)
Software purchase and development	(29)	(28)
TOTAL	<u>196,763</u>	<u>191,085</u>

13. DEPOSITS AND OPEN MARKET FUNDING

a) Deposits

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a.1) Demand deposits	<u>152,711</u>	<u>177,267</u>
Foreign currency deposits	26,536	37,408
Government deposits	37,339	40,744
Restricted deposits	51,251	46,715
Legal entities	22,197	41,875
Individuals	14,026	9,144
Other amounts	1,362	1,381
a.2) Savings deposits	<u>1,354,021</u>	<u>1,086,119</u>
Free savings deposits - individuals	800,465	657,238
Free savings deposits - legal entities	552,468	428,207
From related parties and institutions of the Financial System	1,088	674
a.3) Interbank deposits	<u>740,240</u>	<u>522,411</u>
a.4) Time deposits	<u>6,567,439</u>	<u>5,072,825</u>
Time deposits	4,758,125	4,159,167
Interest-bearing escrow deposits	511,918	79,080
Interest-bearing special deposits /FAT - available funds	<u>27,601</u>	<u>19,895</u>
Proger Urbano	2,335	1,473
Proger Rural	-	4
Pronaf	133	125
Protrabalho	1,321	10,814
Infrastructure	23,565	7,096
Drought	105	383
PNMPO - National Program for Guided Productive Microcredit	142	-
Interest-bearing special deposits /FAT - invested funds	<u>522,166</u>	<u>335,499</u>
Proger Urbano	61,477	62,881
Pronaf	824	1,242
Protrabalho	177,350	204,236
Infrastructure	255,435	54,442
Drought	10,773	12,698
PNMPO - National Program for Guided Productive Microcredit	16,307	-
FINOR/cash and cash equivalents and reinvestments Law 8167	746,225	473,510
Other amounts	1,404	5,674
a.5) Other deposits - Investment deposits	<u>-</u>	<u>9,981</u>
TOTAL	<u>8,814,411</u>	<u>6,868,603</u>
CURRENT	4,723,715	2,706,019
LONG-TERM	4,090,696	4,162,584

b) Open Market Funding

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Own portfolio	<u>684.554</u>	<u>377.851</u>
Treasury bills	684.554	377.851
Third-party portfolio	<u>88.827</u>	<u>77.688</u>
Treasury bills	30.386	27.740
National treasury bills	-	49.948
National treasury notes	<u>58.441</u>	<u>-</u>
TOTAL	<u>773.381</u>	<u>455.539</u>
CURRENT	633.871	455.539
LONG-TERM	139.510	-

c) Expenses of funding operations

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Expenses on raising deposits	<u>(394.065)</u>	<u>(231.624)</u>
Time deposits	(266,388)	(163,155)
Savings deposits	(32,160)	(23,373)
Escrow deposits	(11,628)	(1,838)
Interbank deposits	(11,071)	(6,544)
Special deposits - FAT	(54,205)	(33,319)
Other	(18,613)	(3,395)
Expenses on money market funding operations	<u>(32.449)</u>	<u>(20.370)</u>
Third-party portfolio	(4,584)	(3,527)
Own portfolio	<u>(27.865)</u>	<u>(16.843)</u>
TOTAL	<u>(426.514)</u>	<u>(251.994)</u>

14. BORROWINGS AND DOMESTIC ONLENDINGS

a) Borrowings and Onlendings by Maturity

<u>Specification</u>	<u>0 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>5 to 15 years</u>	<u>Over 15 years</u>	<u>Total as at 06/30/2011</u>	<u>Total as at 06/30/2010</u>
Domestic borrowings	15,838	-	31,675	15,838	-	-	63,351	73,010
Foreign borrowings	202,404	332,348	-	-	-	-	534,752	405,568
Domestic onlendings	57,722	116,932	213,124	283,502	239,215	223,384	1,133,879	814,382
Foreign onlendings	<u>10,165</u>	<u>55,514</u>	<u>138,304</u>	<u>148,069</u>	<u>293,494</u>	<u>56,819</u>	<u>702,365</u>	<u>756,873</u>
TOTAL	<u>286,129</u>	<u>504,794</u>	<u>383,103</u>	<u>447,409</u>	<u>532,709</u>	<u>280,203</u>	<u>2,434,347</u>	<u>2,049,833</u>

b) Borrowings

<u>Specification</u>	<u>Financial charges</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Domestic borrowings - official institutions/Refinancing	TJLP+ 3.0 or 7.75 p.a.	63,351	73,010
Foreign borrowings/Borrowings in foreign currency	USD	<u>534,752</u>	<u>405,568</u>
TOTAL		<u>598,103</u>	<u>478,578</u>
CURRENT		550,590	420,170
LONG-TERM		47,513	58,408

c) Domestic Onlendings - Official Institutions

<u>Specification</u>	<u>Financial charges (p.a.)</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
National Treasury	IGP-DI+ 2.0 or 6.75	<u>1,035</u>	<u>1,114</u>
BNDES		<u>1,048,397</u>	<u>785,416</u>
POC (credit facility granted by the BNDES agents to shareholders of medium-sized and small companies to buy shares in capital increases)	TJLP/IGPM/IPCA+1.5	817,045	459,109
Credit Facility for investment in agriculture	TJLP/IGPM/IPCA+1.5	231,352	326,307
FINAME (National Equipment Financing Authority)		<u>84,447</u>	<u>27,852</u>
“Programa Automático” (program that intended purchase of new machinery and equipment by companies based in Brazil)	TJLP/IGPM/IPCA+1.5	68,488	13,810
Farm Program	TJLP/IGPM/IPCA+1.5	15,959	14,042
Other institutions		-	<u>653,953</u>
Pilot Support Project of Agrarian Reform (Note 9.a.1)	SELIC/TJLP / 6.0	-	84,473
“MEPF-Banco da Terra” - Land Fund and Agrarian Reform - Land Bank	SELIC/4.0 to 18.0	-	127,988
“Banco da Terra”- Land Bank - Fight against rural poverty	Extra Mkt rate./ 2.0 to 10.0	-	<u>441,492</u>
TOTAL		<u>1,133,879</u>	<u>1,468,335</u>
CURRENT		174,654	317,714
LONG-TERM		959,225	1,150,621

d) Foreign Onlendings

<u>Specification</u>	<u>Financial charges (% p.a.)</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
IDB-Prodetur (Tourism Development Program with funds provided by the IDB)	USD + 1.10 or UCBID + 2.83	696,159	749,044
IDB-Other programs	USD + 1.14	5,809	7,186
Other programs	USD + 6.0	<u>397</u>	<u>642</u>
TOTAL		<u>702,365</u>	<u>756,872</u>
CURRENT		65,679	66,845
LONG-TERM		636,686	690,027

e) Expenses on Borrowings and Onlendings

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Borrowings	<u>(2,476)</u>	<u>(2,852)</u>
Domestic borrowings	(2,476)	(2,852)
Onlendings	<u>(55,423)</u>	<u>(70,697)</u>
Domestic Onlendings - Official Institutions	<u>(46,623)</u>	<u>(33,419)</u>
National Treasury	(44)	(54)
BNDES	(40,225)	(29,277)
FINAME	(1,487)	(1,637)
Other institutions	(4,867)	(2,451)
Foreign onlendings	<u>(8,800)</u>	<u>(37,278)</u>
Foreign banks	<u>(3,407)</u>	<u>(19,609)</u>
Financial and development funds	<u>(211,650)</u>	<u>(144,619)</u>
TOTAL	<u>(272,956)</u>	<u>(237,777)</u>

15. FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

In November 2010, Banco do Nordeste issued Senior Unsecured Notes amounting to US\$ 300,000 thousand in the international financial market, maturing in 5 years and a coupon rate of 3.625% p.a., subject to semi-annual interest. The notes are not subject to intermediary payments and principal is settled on the transaction maturity date.

The table below is expressed in R\$/US\$ thousands:

<u>Specification</u>	<u>Funding date</u>	<u>Maturity</u>	<u>Amount in US\$ thousand</u>	<u>Contractual amount - R\$</u>	<u>Fair value as at 06/30/2011 - R\$</u>	<u>Fair value as at 06/30/2010 - R\$</u>
Eurobond - Senior Unsecured Notes	09.11.2010	09.11.2015	300,000	509,019	456,966	-

Swap transactions contracted to hedge US dollar liabilities from securities raised abroad against market fluctuations have been classified as hedge operations and, therefore, the balances from obligations were adjusted to fair value.

16. OTHER LIABILITIES

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Collected taxes and other	<u>32,300</u>	<u>32,221</u>
Funds from Proagro (program established to guarantee supplemental funds for farmers to pay their costs of farming and cattle raising)	504	335
Federal tax receipts	27,910	26,209
IOF (tax on financial transactions payable)	3,315	4,291
Other taxes	571	1,386
b) Foreign exchange portfolio	<u>8,885</u>	<u>51,448</u>
c) Social and statutory	<u>181,335</u>	<u>68,256</u>
Dividends and bonuses payable	156,253	58,186
Profit sharing	25,082	10,070
d) Tax and social security	<u>371,743</u>	<u>375,965</u>
Provision for tax contingencies (note 22)	<u>106,080</u>	<u>96,563</u>
Taxes payable	78,786	72,067
Tax lawsuits	27,294	24,496
Provision for deferred income and social contribution taxes	<u>52,841</u>	<u>60,567</u>
Securities and derivatives (note 7.a.2)	42,227	48,332
Revaluation of buildings and land	10,614	12,235
Provision for income and social contribution taxes	<u>164,973</u>	<u>179,957</u>
Income tax	101,567	111,843
Social contribution	63,406	68,114
Taxes payable	<u>47,849</u>	<u>38,878</u>
e) Financial and development funds	<u>4,320,213</u>	<u>3,442,335</u>
Northeast Constitutional Financing Fund (FNE)	4,210,821	3,343,850
Other	109,392	98,485
f) Hybrid debt & equity instruments (note 17)	<u>1,073,804</u>	<u>-</u>
g) Subordinated debt eligible for capital (note 18)	<u>1,157,058</u>	<u>1,049,574</u>
h) Other	<u>2,720,470</u>	<u>2,656,188</u>
Provision for contingent liabilities	<u>1,535,025</u>	<u>1,359,198</u>
Labor lawsuits (Note 22.d)	174,209	153,109
Civil lawsuits (Note 22.d)	107,024	99,111
Other lawsuits (Note 22.d)	44	532
FNE (Note 22.e)	<u>1,249,397</u>	<u>1,102,620</u>
Onlending	388	1,219
Full risk	81,339	-
Shared risk	1,167,670	1,101,401
FDNE (Note 22.e)	1,168	146
PROAGRO	3,183	3,680
Accrued liabilities allowances	<u>1,073,495</u>	<u>1,193,519</u>
Employee benefits - CVM Resolution 600	<u>918,884</u>	<u>1,076,944</u>
Pension plan - CVM Resolution 600	467,499	803,581
Health care plan - CVM Resolution 600	451,385	273,363
Personnel expenses	127,310	91,473
Other	27,301	25,102
Other	<u>111,950</u>	<u>103,471</u>
TOTAL	<u>9,865,808</u>	<u>7,675,987</u>
CURRENT	3,591,348	3,302,493
LONG-TERM	6,274,460	4,373,494

17. HYBRID DEBT/EQUITY INSTRUMENTS

On December 22, 2010, pursuant to Law 12249, of 06/11/2010, as amended by Provisional Act 513, of 11/26/2010, Banco do Nordeste and the Federal Government entered into a Loan Contract, classified as Hybrid Debt/Equity Instruments (IHCD), in the amount of R\$ 1,000,000, already paid in. As at February 21, 2011, through Deorf/Cofil Letter 2011/00979, the Central Bank authorized the classification of such hybrid instrument as capital tier II. The table below contains information on the transaction:

<u>Specification</u>	<u>Amount issued</u>	<u>Clearance</u>	<u>Funding Date</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Hybrid debt/equity instruments	1,000,000	IPCA+6.5715% p.a.	12/22/2010	<u>1,073,804</u>	-

18. SUBORDINATED DEBT ELIGIBLE FOR CAPITAL

The Bank has subordinated debt contracts with the Northeast Constitutional Financing Fund (FNE), classified as Regulatory Capital Tier II, under the Subordinated Debts Eligible to Capital category, in accordance with CMN Resolution 3444, of 02/28/2007, and the Central Bank of Brazil's authorization.

The agreements have indeterminate term and establish that the funds not yet invested will yield the extramarket rate disclosed by the Central Bank of Brazil, and, when invested upon release to the borrowers under the financings contracted by Banco do Nordeste, will be updated at the charges agreed on in the corresponding credit instruments, pursuant to Article 9-A of Law 7827, of 09/27/1989. Breakdown is as follows:

<u>Specifications</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Constitutional Fund to Finance the Northeast (FNE)	1,157,058	1,049,574
Funds available (1)	326,846	922,109
Funds invested (2)	<u>830,212</u>	<u>127,465</u>
TOTAL	<u>1,157,058</u>	<u>1,049,574</u>

- (1) Yielding extramarket rates disclosed by the Central Bank of Brazil, pursuant to article 9-A of Law 7827, of 09/27/1989.
- (2) Yielding rates agreed upon with borrowers, less *del credere* of the financial institution, pursuant to article 9-A of Law 7827, of 09/27/1989.

19. SHAREHOLDERS' EQUITY

a) Capital

The Extraordinary Shareholders' Meeting held on 04/01/2011 approved a capital increase of R\$ 159,000 by using bylaws reserves, without issuance of new shares. Capital increased from R\$ 1,851,000 to R\$ 2,010,000 represented by 87,001,901 registered, fully paid shares with no par value, distributed as follows:

Composition as of 06/30/2011					
<u>Shareholders</u>	<u>Common shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% voting capital</u>	<u>% total capital</u>
Federal Government	46,595,279	35,373,190	81,968,469	96.10	94.21
FND (National Development Fund)	1,473,704	2,373,264	3,846,968	3.04	4.42
BNDESPAR	13,800	386,795	400,595	0.03	0.47
Other (9,604 shareholders)	<u>401,992</u>	<u>383,877</u>	<u>785,869</u>	<u>0.83</u>	<u>0.90</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

Composition as of 06/30/2010					
<u>Shareholders</u>	<u>Common shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% voting capital</u>	<u>% total capital</u>
Federal Government	46,595,279	35,373,190	81,968,469	96.10	94.21
Fundo Nacional de Desenvolvimento - FND	1,473,704	2,373,264	3,846,968	3.04	4.42
BNDESPAR	20,200	399,595	419,795	0.04	0.48
Other (9,606 shareholders)	<u>395,592</u>	<u>371,077</u>	<u>766,669</u>	<u>0.82</u>	<u>0.89</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

b) Revaluation reserve

The amount of R\$ 26,231 (R\$ 29,283 as at 06/30/2010) refers to the revaluation of property, plant and equipment in use, recognized on 02/26/1993. Said reserve will be maintained through its actual realization date either as a result of depreciation, write-off or sale, pursuant to CMN Resolution 3565, of 05/29/2008. The realization occurred in the six-month period totaled R\$ 1,213 (R\$ 1,218 as at 06/30/2010).

c) Treasury shares

The Bank holds 10,232 own shares, of which 8,088 are registered common shares (ON) and 2,144 are registered preferred shares (PN), bought back on 02/17/2009. These shares, whose market values on 06/30/2011 represent, respectively, R\$ 24.00 and R\$ 24.00 per share, are held in treasury to be later disposed of or cancelled.

d) Net Income - Allocations

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
1. Net income	<u>300,693</u>	<u>110,055</u>
2. Revaluation reserves transferred to retained earnings (accumulated losses)	<u>1,213</u>	<u>1,218</u>
3. Adjusted net income	<u>301,906</u>	<u>111,273</u>
Legal reserve (item 1 x 5%)	15,035	5,503
Dividends (Note 19.e)	92,081	-
Interest on own capital (Note 19.e)	63,964	58,066
Statutory reserve (item 3 - Legal reserve - dividends - interest on own capital)	130,826	47,704

e) Dividends and interest on own capital

Under the Bank's bylaws, shareholders are entitled to minimum dividends of 25% of net income of the semester, adjusted as defined by regulation, as an advance of the dividends for the year.

The Executive Board proposed the interim payment of dividends and interest on capital attributable to dividends equivalent to 50.0507% of the adjusted net income for the six-month period. Dividends and interest on capital for the first six-month period of 2011 was as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
1. Net income for the six-month period	<u>300,693</u>	<u>110,055</u>
2. Recorded legal reserve	(15,035)	(5,503)
3. Revaluation reserves transferred to retained earnings (accumulated losses)	1,213	1,218
4. Employees' profit sharing (Note 24)	24,901	10,070
5. Calculation basis of dividends/interest on own capital	<u>311,772</u>	<u>115,840</u>
6. Interest own on capital in the six-month period	63,964	58,066
7. Withholding income tax on interest on own capital	(132)	(122)
8. Interest on own capital attributed to dividends (item 6 plus item 7)	63,832	57,944
9. Proposed dividends	92,081	-
10. Total attributed to shareholders (item 6 plus item 9)	156,045	58,066
- Interest on own capital of R\$ 0.70411790847 per common share (as at 06/30/2010: interest on own capital of R\$ 0.639196881379 per common share)	34,133	30,986
- Interest on own capital of R\$ 0.774529699118 per preferred share (as at 06/30/2010: interest on own capital of R\$ 0.703116569807 per preferred share)	29,831	27,080
- Dividends of R\$ 1.013624291404 per common share	49,137	-
- Dividends of R\$ 1.114986720752 per preferred share	42,944	-

The Bank calculated for preferred shares dividends and interest on own capital 10% higher than dividends/interest on own capital attributed to common shares, pursuant to Article 17, "I", of Law 6404, of 12/15/1976, as reworded by Law 10303, of 10/31/2001 and the provision of Article 6, paragraph 2, of the Bank's bylaws.

Interest on own capital was accounted for in expenses, but, for purposes of disclosure of financial statements, has been reclassified to "Retained earnings (accumulated losses)". Total interest on own capital in the six-month period generated a reduction in tax expenses of R\$ 25,202.

Employees' profit sharing was added to the calculation basis of dividends and interest on capital, as established by Article 2 of Resolution 10, of 05/30/1995, of the CCE (Council for Coordination and Control of State-Owned Companies).

20. OTHER OPERATING INCOME (EXPENSES)

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Income from services provided	<u>636,397</u>	<u>594,415</u>
Investment funds management	6,570	5,767
Funds and programs management	531,848	455,005
Services provided	97,979	133,643
b) Income from bank fees	<u>9,435</u>	<u>6,139</u>
c) Personnel expenses	<u>(484,654)</u>	<u>(458,976)</u>
Salaries	(295,749)	(234,053)
Payroll charges	(113,203)	(83,593)
Pension plan - CVM Resolution 600 (1)	(11,495)	(63,727)
Health care plan - CVM Resolution 600 (1)	(24,724)	(37,865)
Benefits, training, fees and compensation of interns	(39,483)	(39,738)
d) Other administrative expenses	<u>(361,890)</u>	<u>(304,543)</u>
Data processing	(57,387)	(64,256)
Advertising and publicity	(12,687)	(19,757)
Outside services	(116,461)	(73,726)
Rentals, material and public utilities	(21,487)	(21,550)
Travel expenses	(6,627)	(6,914)
Communications	(14,110)	(14,761)
Depreciation and amortization	(13,394)	(12,716)
Asset maintenance and upkeep	(15,277)	(14,583)
Surveillance, security and transportation	(15,085)	(12,498)
Promotions, public relations and publications	(9,248)	(9,739)
Financial system services	(9,351)	(8,098)
Specialized technical services	(15,472)	(10,460)
Insurance	(2,025)	(1,864)
Court, Notary and Attorney's fees	(30,051)	(10,921)
Trade Association Contribution and other	(539)	(457)
Condominium fees, catering, kitchen and food	(1,758)	(1,611)
FUNDECI (Science and Technology Development Fund)	(9,200)	(8,100)
Other	(11,731)	(12,532)
e) Tax expenses	<u>(92,373)</u>	<u>(80,512)</u>
Cofins and PIS/PASEP (taxes on revenue)	(85,083)	(73,398)
ISS (service tax) and IPTU (municipal real estate tax)/Improvement	(6,839)	(6,763)
Other	(451)	(351)

f) Other operating income	<u>590,530</u>	<u>400,009</u>
Financial commission on investment funds management	397,411	325,201
Negative exchange variation of loans obtained	98,712	12,646
Recovery of charges and expenses	4,137	6,651
Reversal of provisions for social contribution and income tax	-	131
Reversal of operating provisions	291	3,788
Interest and commissions	513	1,270
Monetary adjustment	5,023	2,858
Monetary adjustment of taxes	106	83
FNE - Recovery of amounts settled by the Bank	34,900	16,816
Other	49,437	30,565
g) Other operating expenses	<u>(452,325)</u>	<u>(361,528)</u>
Exchange variation from exchange area	-	(629)
Negative exchange variations on granted loans	(74,950)	(30,912)
Negative adjustments on lending operations	-	(3)
Discounts granted in renegotiations	(4,188)	(21,959)
Interest on lending operations	(4,804)	(9,538)
Tax risks	(5,803)	(1,396)
Risks on FNE transactions	(178,975)	(240,095)
Risks on FDNE transactions	(891)	(109)
Labor lawsuits	(19,361)	(6,546)
Civil lawsuits	(15,872)	(12,881)
Other lawsuits	-	(10)
Hybrid debt/equity instruments	(71,481)	-
FNE Compensation - Available Funds - Law 7827, Article 9°-A	(17,070)	(24,068)
FNE Compensation - Funds invested - Law 7827, Article 9°-A	(38,140)	(3,442)
Other	<u>(20,790)</u>	<u>(9,940)</u>
TOTAL	<u>(154,880)</u>	<u>(204,996)</u>

(1) Pension Plan and Health Care expenses in the first half of 2010 comply with the provisions of CVM Resolution 371, of 12/13/2000.

21. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution

The Bank is subject to taxation on deemed income and pays income and social contribution taxes monthly on an estimated basis. Income tax expenses in the first half of 2011 was R\$ 101,061 and the social contribution tax expense was R\$ 63,103, reconciled as shown below:

a.1) Specification of the provision for income tax and social contribution expense	Income tax		Social contribution	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Income before taxes on income, interest on own capital and profit sharing	384,933	193,076	384,933	193,076
Permanent additions/deductions	(15,650)	6,566	(15,650)	6,578
Temporary additions/deductions	53,424	274,793	53,424	274,793
Taxable income before utilization of tax loss carryforwards	422,707	474,435	422,707	474,447
Offset of tax loss carryforwards	-	(19,350)	-	(20,354)
Taxable income after utilization of tax loss carryforwards	422,707	455,085	422,707	454,093
Current IRPJ/CSLL expenses, before tax incentives	(105,160)	(113,251)	(63,103)	(67,809)
Deductions (tax incentives)	4,099	1,916	-	-
Current IRPJ/CSLL expenses, after tax incentives	(101,061)	(111,335)	(63,103)	(67,809)
Deferred IRPJ/CSLL expenses	9,980	23,789	5,980	14,267
Total IRPJ/CSLL expenses	(91,081)	(87,546)	(57,123)	(53,542)
% of current expenses in relation to income before taxation	23.66%	45.34%	14.84%	27.73%

a.2) Specification of provision for income tax and social contribution	Income tax		Social contribution	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Provision for income tax and social contribution expense	101,061	111,335	63,103	67,809
Provision for taxes on the realization of revaluation reserve	506	508	303	305
Provision for income tax and social contribution	101,567	111,843	63,406	68,114
Taxes for offset due to tax prepayments, including withholding taxes	(60,567)	(52,203)	(27,434)	(23,772)
Adjustment for the period	41,000	59,640	35,972	44,342

b) Tax credits on temporary differences

Income tax and social contributions on temporary differences of allowances for doubtful accounts are recorded in conformity with the provisions of the following main standards: CMN Resolution 3059, of 12/20/2002 (amended by CMN Resolution 3355, of 03/31/2006), and Central Bank of Brazil Circular 3171, of 12/30/2002; and are based on technical studies performed on a six-monthly basis determining the probable realization of tax credits for a period of five years.

In accordance with Central Bank of Brazil Circular Letter 3023, of 06/11/2002, the Bank recognized tax credits on adjustments to fair value of securities classified into the category 'available-for-sale securities'.

Changes in tax credits are shown below:

Specification	INCOME TAX		SOCIAL CONTRIBUTION		TOTAL	
	Temporary differences	Securities	Temporary differences	Securities	Temporary differences	Securities
Opening balance as of 12/31/2010	173,336	8,670	104,016	5,202	277,352	13,872
(+) Credit recognition	51,439	1,004,680	30,870	602,808	82,309	1,607,488
(-) Credit realization	(41,458)	(1,001,316)	(24,890)	(600,789)	(66,348)	(1,602,105)
(=) Ending balance as of 06/30/2011	183,317	12,034	109,996	7,221	293,313	19,255

The balance of the income and social contribution tax, gains and losses, recognized in 'OTHER RECEIVABLES - other', is composed as follows:

Specification	Income tax		Social contribution	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010
1. Total temporary differences	3,065,459	3,010,009	3,065,459	3,010,009
2. Tax loss carryforwards	-	-	-	-
3. Total tax base ("1" + "2")	<u>3,065,459</u>	<u>3,010,009</u>	<u>3,065,459</u>	<u>3,010,009</u>
4. Tax credits on temporary differences + tax loss carryforwards	766,365	752,502	459,819	451,501
5. Tax credits from mark-to-market of securities	<u>12,034</u>	<u>7,637</u>	<u>7,221</u>	<u>4,582</u>
6. Total tax credits ("4" + "5")	<u>778,399</u>	<u>760,139</u>	<u>467,040</u>	<u>456,083</u>
7. Tax credits recognized in assets	183,317	156,567	109,996	93,948
8. Tax credits from mark-to-market of securities	<u>12,034</u>	<u>7,637</u>	<u>7,221</u>	<u>4,582</u>
9. Total tax credits ("7" + "8")	<u>195,351</u>	<u>164,204</u>	<u>117,217</u>	<u>98,530</u>
10. Tax credits not recognized in assets ("6" - "9") (1)	<u>583,048</u>	<u>595,935</u>	<u>349,823</u>	<u>357,553</u>

- (1) Not recorded in assets as they do not meet the realization requirements provided for in CMN Resolution 3355, of March 31, 2006.

The estimated realization of tax credits as of 06/30/2011 is as follows:

Period	Realization of income tax credit		Realization of social contribution tax credit		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2011	49,089	46,239	29,454	27,743	78,543	73,982
2012	24,615	20,603	14,769	12,362	39,384	32,965
2013	11,319	8,522	6,791	5,113	18,110	13,635
2014	11,041	7,520	6,624	4,512	17,665	12,032
2015	61,800	38,244	37,080	22,947	98,880	61,191
2016	<u>25,453</u>	<u>14,311</u>	<u>15,278</u>	<u>8,590</u>	<u>40,731</u>	<u>22,901</u>
TOTAL	<u>183,317</u>	<u>135,439</u>	<u>109,996</u>	<u>81,267</u>	<u>293,313</u>	<u>216,706</u>

The tax credits arising on the mark-to-market of securities determined at the present realizable value, pursuant to Central Bank of Brazil Circular 3068, of 11/08/2001, will be realized according to the maturities of the securities, as shown below:

Period	Realization of income tax credit		Realization of social contribution tax credit		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2011	7,063	7,063	4,238	4,238	11,301	11,301
2012	1	1	-	-	1	1
2013	1	1	-	-	1	1
2014	493	493	296	296	789	789
2015	319	319	192	192	511	511
2016 to 2018	3	3	2	2	5	5
2019 to 2021	3	3	2	2	5	5
2022 to 2024	2	2	1	1	3	3
2027 to 2029	706	706	424	424	1,130	1,130
2050 to 2052	<u>3,443</u>	<u>3,443</u>	<u>2,066</u>	<u>2,066</u>	<u>5,509</u>	<u>5,509</u>
TOTAL	<u>12,034</u>	<u>12,034</u>	<u>7,221</u>	<u>7,221</u>	<u>19,255</u>	<u>19,255</u>

c) Tax expenses

Specification	06/30/2011	06/30/2010
Cofins and PIS/PASEP (taxes on revenue)	(85,083)	(73,398)
ISS and IPTU/improvement contribution	(6,839)	(6,763)
Other	<u>(451)</u>	<u>(351)</u>
Total	<u>(92,373)</u>	<u>(80,512)</u>

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS - TAX AND SOCIAL SECURITY

- a) Banco do Nordeste is a party to several administrative and judicial proceedings involving civil, tax, labor and other matters. To recognize a reserve and contingent liabilities, contingencies are classified in accordance with CMN Resolution 3823, of 12/16/2009 and BACEN Circular 3429, of 02/11/2010.
- b) The assessment of the reserve and contingent liability, risk level of new lawsuits, and the reassessment of already existing lawsuits are made by the Legal Department, on case by case, and are classified according to the risk of loss, as probable, possible and remote. Such classification is based on the analysis of the following factors: i) reasonableness of the factual and legal arguments of the other party; ii) arguments and legal basis developed by Banco do Nordeste; iii) previous losses incurred by Banco do Nordeste final outcome in similar cases; iv) previous decisions of higher courts' and supervisory authorities on the matters in litigation; v) decisions already made on each proceeding (decision, sentence, injunction, interim relief, writ of payment, writ of attachment, etc); and vi) existence of procedural errors in the administrative and judicial proceedings.

- c) Contingencies classified as probable losses are accounted for and represented by Civil Lawsuits (claiming compensation for pain and suffering and property damage, such as protest of notes, return of checks, and provision of information to credit reporting agencies, among others), Labor Lawsuits (claiming labor rights, in light of specific professional category legislation, such as overtime, salary equalization, job reinstatement, premium for transfer, termination pay, retirement supplementation and others), Tax and Social Security Lawsuits (represented by judicial and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as infringement notices issued by Regional Councils that regulate the exercise of professions and Regional Labor Offices). Taking into consideration that the procedures adopted by Banco do Nordeste are in compliance with legal and regulatory provisions, Management understands that the reserves recorded are sufficient to cover losses arising from the respective judicial and administrative proceedings.
- d) The Bank recognized a provision for the total estimated loss on lawsuits classified as probable losses, as well as for those classified as Legal Obligation pursuant to the terms of BACEN Circular 3429, of 02/11/2010, regardless of the legal counsel's assessment of loss, and provisions are not applicable to lawsuits classified as possible and remote losses, as shown in the comparative chart for 06/30/2011 and 06/30/2010:

Specification	06/30/2011			06/30/2010		
	Base value	Provision	Quantity	Provision	Base value	Quantity
1.PROVISION FOR TAX CONTINGENCIES (note 16.d)						
1.1 Taxes - Legal Obligation	<u>78,786</u>	<u>78,786</u>	<u>1</u>	<u>72,067</u>	<u>72,067</u>	<u>1</u>
1.2Tax lawsuits	<u>761,677</u>	<u>27,294</u>	<u>204</u>	<u>433,852</u>	<u>24,496</u>	<u>163</u>
1.2.1 Legal Obligation	908	908	9	215	215	3
1.2.2 Other Obligations	<u>760,769</u>	<u>26,385</u>	195	<u>433,637</u>	<u>24,281</u>	160
Probable	26,385	26,385	-	24,281	24,281	-
Possible	544,286	-	-	252,318	-	-
Remote	190,098	-	-	157,038	-	-
2.PROVISION FOR CONTINGENT LIABILITIES (note 16.h)						
2.1Labor lawsuits	<u>248,467</u>	<u>174,209</u>	<u>803</u>	<u>207,638</u>	<u>153,109</u>	<u>921</u>
Probable	174,209	174,209	-	153,109	153,109	-
Possible	32,985	-	-	20,297	-	-
Remote	41,273	-	-	34,232	-	-
2.2Civil lawsuits	<u>2,276,677</u>	<u>107,024</u>	<u>4,792</u>	<u>995,592</u>	<u>99,111</u>	<u>4,452</u>
Probable	107,024	107,024	-	99,111	99,111	-
Possible	481,693	-	-	264,397	-	-
Remote (1)	1,687,960	-	-	632,084	-	-
2.3Other lawsuits	<u>1,713</u>	<u>44</u>	<u>40</u>	<u>3,910</u>	<u>532</u>	<u>86</u>
Probable	44	44	-	532	532	-
Possible	658	-	-	1,216	-	-
Remote	1,011	-	-	2,162	-	-

- (1) The change in the number of civil lawsuits classified as remote risk of loss is due, mainly, to the fact that the following lawsuits were classified as contingent liabilities: a) Payment of an extra contribution referring to pension plan benefits - R\$ 539,572; b) Indemnity for pain and suffering and payment of fine - R\$ 116,538; and c) Repetition of undue - R\$ 33,951 and d) Indemnity for property damages and pain and suffering - R\$ 23,890.

e) Changes in the provision for contingent liabilities are as follows:

Specification	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Taxes (Legal Obligation)		
Opening balance	74,847	71,343
Recognition	4,231	2,677
Reversal/utilization/write-off	<u>(292)</u>	<u>(1,953)</u>
Closing balance	<u>78,786</u>	<u>72,067</u>
b) Tax lawsuits (Legal Obligation)		
Opening balance	551	-
Recognition	357	215
Reversal/utilization/write-off	<u>-</u>	<u>-</u>
Closing balance	<u>908</u>	<u>215</u>
c) Tax lawsuits (Other liabilities - other)		
Opening balance	26,127	23,824
Recognition	2,054	972
Reversal/utilization/write-off	<u>(1,796)</u>	<u>(300)</u>
Closing balance	<u>26,385</u>	<u>24,496</u>
d) Labor lawsuits (Other liabilities - other)		
Opening balance	161,863	150,741
Recognition	19,547	9,057
Reversal/utilization/write-off	<u>(7,201)</u>	<u>(6,689)</u>
Closing balance	<u>174,209</u>	<u>153,109</u>
e) Civil lawsuits (Other liabilities - other)		
Opening balance	92,970	95,337
Recognition	15,872	17,760
Reversal/utilization/write-off	<u>(1,818)</u>	<u>(13,986)</u>
Closing balance	<u>107,024</u>	<u>99,111</u>
f) Other lawsuits (Other liabilities - other)		
Opening balance	65	567
Recognition	1	9
Reversal/utilization/write-off	<u>(22)</u>	<u>(44)</u>
Closing balance	<u>44</u>	<u>532</u>
g) Vacation		
Opening balance	40,908	37,100
Recognition	71,114	52,273
Reversal/utilization/write-off	<u>(59,089)</u>	<u>(48,465)</u>
Closing balance	<u>52,933</u>	<u>40,908</u>
h) FNE		
Opening balance	1,177,757	956,261
Recognition	178,875	240,111
Reversal/utilization/write-off	<u>(107,235)</u>	<u>(93,752)</u>
Closing balance	<u>1,249,397</u>	<u>1,102,620</u>
i) FDNE		
Opening balance	277	37
Recognition	891	109
Reversal/utilization/write-off	<u>-</u>	<u>-</u>
Closing balance	<u>1,168</u>	<u>146</u>

f) The Bank has lawsuits handled by outside attorneys, most of which relates to loan collection actions, whose assessment of the contingent liabilities is performed by the Legal Area, pursuant to item “b”, mentioned above.

g) Tax lawsuits classified as Legal Obligation pursuant to the terms of BACEN Circular 3429 of 02/11/2010, whose amounts were presented in item “d”, subitems 1.1 and 1.2.1 discuss, respectively, IRPJ 1999 and ISSQN.

h) Below, a brief description of the lawsuits involving the most relevant contingent liabilities in which the Bank is a party, classified as possible risk of loss.

- Tax lawsuit filed to annul the tax assessment notice relating to the ISSQN levied on income from services provided. As at June 30, 2011, possible loss is estimated at R\$ 242,908. As at June 30, 2010, there was no estimate of loss from such lawsuit since the tax assessment notice took place in January 2011.
- Two tax lawsuits aiming at cancelling tax assessment notices referring to ISSQN levied on service provision income. Estimates of financial losses from possible risks, on base date 06/30/2011, represent, respectively, R\$ 141,186 and R\$ 95,749. As at 06/30/2010, they represented, respectively, R\$ 125,389 and R\$ 77,729, both with possible risk level.
- Civil lawsuit aiming to obtain an Indemnity for Pain and Suffering and Property Damages as, allegedly, the litigant was declared bankrupt. Possible estimated financial loss represents, on base date 06/30/2011, R\$ 77,154. As at 06/30/2010, estimated financial loss for this lawsuit was R\$ 100 with remote risk of loss.
- Civil lawsuit filed to claim loss of profits and payment of management fees under the allegation of losses incurred due to the interruption of financial onlendings contracted for the construction of a commercial establishment. As at June 30, 2011, possible loss is estimated at R\$ 76,972. As at June 30, 2010, remote loss from such lawsuit was estimated at R\$ 1, whose amount was set in the complaint.
- Civil lawsuit filed to claim refund of overpayment under the allegation of undue collection and withholding. As at June 30, 2011, possible loss is estimated at R\$ 29,986. As at June 30, 2010, possible loss from this lawsuit was estimated at R\$ 25,015.

i) Escrow and appeal deposits made to guarantee legal and administrative proceedings, recognized for probable, possible and/or remote contingent liabilities, are as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Labor claims	394,856	167,543
Tax claims	283,871	152,178
Civil claims	21,943	15,855
Other	-	11
Total	<u>700,670</u>	<u>335,587</u>

23. EMPLOYEES' AND OFFICERS' COMPENSATION

As at 06/30/2011, the monthly compensation paid by the Bank to its employees is as follows in R\$ 1.00:

<u>Gross compensation</u> ⁽¹⁾	<u>Employees</u> ⁽¹⁾
Maximum	24,275.20
Minimum	887.65
Average	6,343.62

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

As at 06/30/2011, the semi-annual compensation paid by the Bank to the Executive Board, Board of Directors and Supervisory Board is as follows in R\$ 1.00:

	<u>06/30/2011</u>	<u>06/30/2010</u>
<u>Gross compensation</u> ⁽²⁾		
		<u>Executive Board</u>
Highest individual	145,328.43	157,235.67
Lowest individual	145,294.47	138,332.73
Average individual	148,130.79	135,029.53
Number of members ⁽¹⁾	7	7
		<u>Board of Directors</u>
<u>Gross compensation</u> ⁽²⁾		
Highest individual	16,012.10	14,103.63
Lowest individual	16,012.10	14,103.33
Average individual	16,069.20	14,103.33
Number of members ⁽¹⁾	6	6
		<u>Supervisory Board</u>
<u>Gross compensation</u> ⁽²⁾		
Highest individual	16,012.10	14,103.33
Lowest individual	16,012.10	14,103.33
Average individual	15,915.98	13,623.73
Number of members ⁽¹⁾	5	5

⁽¹⁾ The number of members corresponds to the annual average number of members of each body calculated on a monthly basis.

⁽²⁾ Amounts approved at the 58th Annual Ordinary Shareholders' Meeting and the 88th Extraordinary Shareholders' Meeting of Banco do Nordeste, both of which held on April 1, 2011.

As at 06/30/2011, the Bank had 6,049 employees (5,858 as at 06/30/2010), a increase of 3.26% in the Bank's headcount in the period.

24. PROFIT SHARING

In the first half of the year, the Bank accrued R\$ 25,169, for profit sharing of the Bank's employees and officers, being R\$ 24,901 relating to employees profit sharing, equivalent to 15.96% of dividends and interest on own capital and 8.28% of net income for six-month period.

25. EMPLOYEE BENEFITS

Pursuant to CVM Resolution 600, of 10/07/2009, which approved Technical Pronouncement CPC 33 - Employee Benefits, the employee benefit policy and the accounting procedures adopted by Banco do Nordeste for recognizing its obligations are as follows:

a) The Bank does not have:

- Severance pay benefits;
- Others Long-term benefits;
- Stock-based compensation.

b) Accounting policy adopted by the Bank to recognize actuarial gains and losses

The policy adopted for the recognition of actuarial gains and losses, beginning December 2010, is in line with item 93 of the Appendix to CVM Resolution 600, that is, actuarial gains and losses are immediately recognized as revenue or expense. The policy previously adopted for the recognition of actuarial gains and losses was based on items 52 to 55 of the Appendix to CVM Resolution 371, i.e., the Bank recognized a portion of actuarial gains and losses in excess of the higher of: 10% of the present value of the defined benefit actuarial obligation and 10% of the fair value of the plan's assets.

c) General description of Benefit Plan Characteristics

c.1) Benefit Plan

The Bank sponsors two benefit plans managed by the *Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil* (CAPEF), a private pension entity which provides the payment of social security supplementary benefits to participant employees and their beneficiaries.

The Defined Benefit (BD) plan, which is not open to new participants since 11/26/1999, and the Variable Contribution (CV I) plan, authorized to operate through Administrative Rule MPS/PREVIC/DETEC 189, of 03/25/2010, started operations on 05/19/2010, when it received the first contributions. These plans offer retirement benefits for length of contribution, age and disability to the plan participants and pension benefits to their dependents.

c.1.1) Actuarial Method

Classified as defined benefit, the BD plan adopts the financial system of capitalization in the actuarial calculation of mathematical provisions related to all benefits offered to its participants and dependents.

CV-I plan combines the characteristics of the defined contribution plan and the defined benefit plan, and is classified, pursuant to CVM Resolution 600, as a defined benefit plan. This plan adopts the financial system of capitalization in the actuarial calculation of mathematical reserves related to planned benefits and the coverage capital regime for the other benefits offered to its participants and dependents.

c.1.2) Past-due Obligations and Contributions Due

As of 06/30/2011, the Bank has no past due obligations or contribution debts referring to plans BD and CV I, neither informal practices that originate constructive obligations included in the measurement of the plans' defined benefit obligation.

c.1.3) Contribution Ratio (Participants/Sponsor)

The ratio of participant contributions to Bank contributions meets the parity set by Constitutional Amendment 20, of 12/15/1998, with a contribution ratio of 1:1 as at 06/30/2011 (1:1, as at 06/30/2010).

c.1.4) Actuarial Position

On 06/30/2011, the BD plan reported an actuarial surplus of R\$ 11,084 (versus a surplus of R\$ 35,451 as at 06/30/2010), as a result of the positive impact of the investments, and expenditures referring to the changes in plan obligations, as well as changes in contingencies. The main event was the change in the obligations of the benefit plan totaling R\$ 123,088 in December 2010 due to the review of the benefit plan funding that resulted in a reduction of the maximum contribution rate of the covered participants from 23% to 21.25%, beginning 01/01/2011.

The CV I plan's actuarial position as of 06/30/2011 is balanced, since all the existing actuarial liabilities, totaling R\$ 37,537, have defined contribution.

c.2) Health Care Plan

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

c.2.1) Past-due Obligations and Contributions Due

As at 06/30/2011, the Bank has no past due obligations or contribution debts referring to this plan, neither informal practices that originate constructive obligations included in the measurement of the plan's defined benefit obligation.

c.2.2) Contributions

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

d) Reconciliation of the opening and closing balances of the obligation's present value

The reconciliation of the opening and closing balances of the obligation's present value is shown below, according to actuarial valuations conducted by PROBUS Suporte Empresarial S/S Ltda., based on information provided by CAPEF, CAMED and the Bank, in compliance with the provisions of CVM Resolution 600:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010	06/30/2011	06/30/2010
1. Present value of actuarial obligations at beginning of year	3,109,048	2,738,730	16,495	-	492,916	469,032
2. Cost of current service	7,492	17,359	19,007	18,024	25,341	39,443
3. Interest cost	161,598	309,271	816	-	25,620	52,965
4. Cost of past service	-	-	-	-	-	-
5. Benefits Paid by the Plan (1)	(127,909)	(239,416)	(13)	-	(32,516)	(52,924)
6. Contributions from Members, Retirees, and Pensioners	23,975	52,425	-	-	6,034	10,201
7. Administrative expenses paid by the plan	(3,996)	(7,786)	(735)	(788)	(7,079)	(13,633)
8. Actuarial Losses (Gains) on Actuarial Obligation (2)	(151,304)	238,465	5	(742)	19,949	(12,168)
9. Present value of the Actuarial obligation, at the end of the six-month period	3,018,904	3,109,048	35,575	16,494	530,265	492,916

Notes: (1) Net of co-contributions made by members;
(2) Break-even number.

e) Analysis of actuarial obligation

Pursuant to CVM Resolution 600, of 06/30/2011, the present value of the actuarial obligation of the plans managed by CAPEF and CAMED, recorded as Liabilities in the Bank, is as follows:

a) Private Pension Plan

- i. BD Plan: the actuarial obligation's present value, amounting to R\$ 3,018,904, is partially funded by plan assets in the amount of R\$ 2,551,405, resulting in a present value of uncovered actuarial obligations of R\$ 467,499;
- ii. CV I Plan: the actuarial obligation's present value, in the amount of R\$ 35,575, is fully funded by plan assets of the same amount, R\$ 35,575; therefore, there are no uncovered actuarial obligations for that plan;

- b) Healthcare plan the actuarial obligation's present value, in the amount of R\$ 530,265, is partially funded by plan assets amounting to R\$ 78,880, resulting in uncovered actuarial obligations' present value of R\$ 451,385;

f) Reconciliation of the opening and closing of the fair value of plan assets:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
1. Plan assets' fair value at beginning of year	2,618,418	2,255,509	16,494	-	58,171	11,789
2. Expected return on plan assets	181,331	296,148	1,129	-	2,806	1,535
3. Contributions received from active participants	1,352	3,477	9,513	9,049	11,141	20,158
4. Contributions received from the employer ⁽¹⁾	25,296	55,872	9,495	8,975	21,365	139,250
5. Benefits paid by the plan ⁽²⁾	(127,909)	(239,416)	(13)	-	(32,516)	(52,924)
6. Contributions received from beneficiaries	23,975	52,425	-	-	6,034	10,201
7. Administrative expenses paid by the plan	(3,996)	(7,786)	(735)	(788)	(7,079)	(13,633)
8. Actuarial gains (losses) on the Plan assets ⁽³⁾	(167,062)	202,189	(308)	(742)	18,958	(58,205)
9. Plan assets' fair value at the end of the six-month period	2,551,405	2,618,418	35,575	16,494	78,880	58,171

Note: (1) Contributions related to active participants, beneficiaries and co-contributions paid by the employer;

(2) Net of co-contributions paid by the members;

(3) Equilibrium Break-even number.

g) Reconciliation of the obligation's present value and plans assets' value to assets and liabilities recognized in the balance sheet:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
1. Present value of actuarial obligation	3,018,904	3,109,048	35,575	16,494	530,265	492,916
2. Fair value of plan assets	(2,551,405)	(2,618,418)	(35,575)	(16,494)	(78,880)	(58,171)
3. Present value of the uncovered actuarial obligation (1) - (2)	467,499	490,630	-	-	451,385	434,745
4. Liability recognized in the balance sheet	467,499	490,630	-	-	451,385	434,745

h) Expense recognized in the statement of income:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
1. Cost of current service	7,492	17,359	19,007	18,024	25,341	39,443
2. Employees Contributions ⁽¹⁾	(1,352)	(3,477)	(9,512)	(9,049)	(11,141)	(20,158)
3. Cost of interest	161,598	309,271	816	-	25,620	52,965
4. Expected return on plan assets	(181,331)	(296,148)	(1,129)	-	(2,806)	(1,535)
5. Recognized actuarial (gain) loss in the six-month period	15,758	36,276	313	-	991	46,037
6. Recognized cost of past service in the six-month period	-	26,495	-	-	-	-
7. Expense recognized in Income	2,165	89,776	9,495	8,975	38,005	116,752

Note: (1) Contributions received from active participants

i) Percentage of each plan assets' main category in relation to plan assets' total fair value:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	12/31/2010	06/30/2011	06/30/2011	12/31/2010	
Fixed income	82.94%	82.92%	82.36%	23.14%	98.66%	
Variable income	5.18%	5.79%	16.16%	52.09%	-	
Real Estate Investments	5.48%	5.36%	-	0.38%	-	
Loans and Financing	3.63%	3.55%	-	9.87%	-	
Other	2.77%	2.38%	1.48%	14.52%	1.34%	
Amounts included in plan assets' fair values						
Financial instruments of the Bank	1.25%	1.45%	-	22.41%	-	
In properties/other assets used by the Bank	0.74%	0.68%	-	0.77%	-	

j) Actual return of Plan assets:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
1. Expected return on plan assets	181,331	296,148	1,129	-	2,806	1,535
2. Actuarial Gain (loss) on plan assets	(167,062)	202,189	(308)	(742)	18,958	(58,205)
3. Effective return of Plan assets (item 1 + item 2)	14,269	498,337	821	(742)	21,764	(56,670)

k) Present value of the obligation, fair value of assets, and surplus (deficit) in current semester and the last three years.

Specification	CAPEF					
	BD Plan				CV I Plan	
	CVM Resolution 600				CVM Resolution 600	
	06/30/2011	12/31/2010	12/31/2009	12/31/2008	06/30/2011	12/31/2010
1. Defined benefit obligation	(3,018,904)	(3,109,048)	(2,738,730)	(2,240,717)	(35,575)	(16,494)
2. Plan assets	2,551,405	2,618,418	2,255,509	1,967,903	35,575	16,494
3. Surplus (deficit)	(467,499)	(490,630)	(483,221)	(272,814)	-	-
4. Experience adjustments on plan liabilities						
a. Amount	151,304	(238,465)	(392,699)	-	(4)	742
b. Percentage	(5.01%)	7.67%	(14.34%)	-	0.01%	(4.50%)
5. Experience adjustments on plan assets						
a. Amount	(167,062)	202,189	107,755	-	(308)	(742)
b. Percentage	(6.55%)	7.72%	(4.78%)	-	(0.87%)	(4.50%)

Specification	CAMED			
	Natural Plan			
	CVM Resolution 600			
	06/30/2011	12/31/2010	12/31/2009	12/31/2008
1. Defined benefit obligation	(530,265)	(492,916)	(469,032)	(366,769)
2. Plan assets	78,880	58,171	11,789	23,617
3. Surplus (deficit)	(451,385)	(434,745)	(457,243)	(343,152)
4. Experience adjustments on plan liabilities				
a. Amount	(19,949)	12,168	(72,418)	-
b. Percentage	3.76%	(2.47%)	15.44%	-
5. Experience adjustments on plan assets				
a. Amount	18,958	(58,205)	(6,670)	-
b. Percentage	24.03%	(100.06%)	(56.58%)	-

l) Estimated contributions

l.1) Opening Data

<u>Specification</u>	<u>CAPEF</u>		<u>CAMED</u>
	<u>BD Plan 2011</u>	<u>CV I Plan 2011</u>	<u>Natural Plan 2011</u>
1. Nominal discount rate at beginning of year	10.67%	10.14%	10.67%
2. Nominal rate of expected return on plan assets at beginning of year	14.33%	14.16%	9.90%
3. Projected interest payroll ⁽¹⁾	50,353	227,765	-
4. Cost of current service	19,794	39,806	51,248
5. Expected active participants contributions ⁽¹⁾	3,377	19,930	19,672
6. Fair value of plan assets at beginning of year	2,618,418	35,575	58,171
7. Present value of actuarial obligation at beginning of year	3,109,048	35,575	492,916

(1) Amounts extracted from the actuarial cash flow.

l.2) Estimated Expected Cost:

<u>Specification</u>	<u>CAPEF</u>		<u>CAMED</u>
	<u>BD Plan 2011</u>	<u>CV I Plan 2011</u>	<u>Natural Plan 2011</u>
1. Cost of current service	19,794	39,806	51,248
2. Employee Contributions ⁽¹⁾	(3,377)	(19,930)	(19,672)
3. Cost of interest	331,595	3,608	52,572
4. Expected return on plan assets	(375,219)	(5,037)	(5,747)
5. Recognized actuarial (gain) loss for the period	15,758	-	990
6. Estimated Expenses to be recognized in income/losses for the period	11,449	18,447	79,391

(1) Employee contributions relate to active participants expected for the year.

m) Assumptions used

m.1) Biometric Assumptions:

<u>Specification</u>	<u>BD Plans (CAPEF) and Natural Plan (CAMED)</u>	<u>CV I Plan (CAPEF)</u>
	General mortality table for active employees	AT2000 Men
Disability mortality table	IAPC experience - Weak ⁽¹⁾	IAPC experience - Weak ⁽¹⁾
Disability table	CAPEF experience - Weak ⁽²⁾	-
Turnover table	None	-

(1) The disability mortality table used results from the application of factor 0.5 on mortality rates of the original IAPC table;

(2) The disability table used results from the application of factor 0.5 on disability rates of the original CAPEF experience table.

m.2) Economic Assumptions:

<u>Specification</u>	<u>CAPEF % p.a.</u>		<u>CAMED % p.a.</u>
	<u>BD Plan</u>	<u>CV I Plan</u>	<u>Natural Plan</u>
Effective discount rate for actuarial obligation:	6.4	5.85	6.4
Future inflation rate	4.5	4.5	4.5
Expected nominal return rate on plan assets:	14.33	14.16	9.90
Estimated effective salary increase rate	1.0	-	1.0
Effective growth rate of the plan benefits	-	-	-
Effective growth rate of INSS benefits	-	-	-
Effective growth rate of social security expenses	-	-	3.4% a.a.

m.3) Future inflation rate is used in the calculation of the Present Value of Actuarial Obligation to measure fluctuations in inflation rates due to the freezing, by annual cycles, of future contributions and benefits, this calculation also assumes the occurrence of the same inflation level for all salary, benefit, pension and economic variables of the plan.

m.4) The actuarial evaluation method used is the Projected Unit Credit Method to determine the present value of the obligation, cost of current service and, when necessary, for the calculation of past service cost.

n) Effect of the one percentage point increase and the one percentage point decrease in the assumed medical cost trend rates:

<u>Effect of one percentage point change in the evolution rate of medical costs</u>	<u>One percentage point increase</u>	<u>One percentage point decrease</u>
Effect on aggregate service and interest costs	8,450	(47)
Effect on defined benefit obligation	70,563	(1,183)

o) Additional comments

o.1) Current expenses - obligations for the six-month period, derived from the increase in the length of service provided by employees;

o.2) Net actuarial (gains)/losses - obligations for the six-month period, derived from changes in actuarial assumptions adopted or discrepancy between assumptions used and actual results. These obligations are recognized according to the rules for recognition of actuarial gains and losses - item b of this note;

o.3) Cost of past service - obligations derived from the increase in post-employment benefits related to services provided by employees in past periods. The recognition of expenses related to cost of past service is based on items 96 to 101 of the Appendix to CVM Resolution 600; and

o.4) There are no contingent liabilities related to post-employment benefit obligations in Banco do Nordeste.

26. NORTHEAST CONSTITUTIONAL FINANCING FUND (FNE)

- a) The total assets of FNE, totaling R\$ 35,549,756 (R\$ 31,429,925 as at 06/30/2010) are recorded in the Bank's memorandum accounts (Net assets of managed public funds).
- b) The Fund's cash and cash equivalents, totaling R\$ 4,208,851 (R\$ 3,341,269 as at 06/30/2010), recorded in 'Other liabilities/Financial and development funds' bears interest at extra-market rate. The expense of interest on cash and cash equivalents totaled R\$ 209,623 (R\$ 142,741 as at 06/30/2010).
- c) The allowance to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1) The Bank is free from operational risk in transactions contracted until 11/30/ 1998;
- c.2) For operations contracted beginning 12/01/1998, excluding Land Program financing lines granted under the PRONAF (groups A, B, A/C, Forest, Semiarid, Emergency, Flood and Drought), is 50 percent of the amount calculated pursuant to CMN Resolution 2682, of 12/21/1999; and
- c.3) The Bank assumes all the risks on credit renegotiated and reclassified FNE loan transactions, as set forth by Law 11775, of 09/17/2008, and transactions recognized in the Fund's 'Interbank accounts', as prescribed by Ministry of Integration Administrative Rule 616, of 05/26/2003.

The balances of financing and allowances accounted for in the Bank's Contingent liabilities are as follows:

<u>Risk rating</u>	<u>Balances</u>	<u>Allowance as at 06/30/2011</u>	<u>Allowance as at 06/30/2010</u>
AA	3,096,456	-	-
A	10,677,225	26,829	23,130
B	8,215,265	41,005	32,299
C	537,495	8,091	7,097
D	464,668	23,281	46,790
E	254,600	39,096	34,065
F	268,565	67,170	67,212
G	201,036	81,572	78,195
H	<u>1,904,893</u>	<u>962,353</u>	<u>813,832</u>
TOTAL	<u>25,620,203</u>	<u>1,249,397</u>	<u>1,102,620</u>

- d) The Bank's financial commission on transactions entered agreement by 11/30/1998 is zero. The Bank's financial commission on transactions entered as agreement after this date is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlendings based on Art 9- A of Law 7827, of 09/27/1989. In operations reclassified for FNE based on Law 11775, of 09/17/2008, financial commission is 3% p.a. or 6% p.a., as regulated by Interministerial Rule 245, of 10/14/2008, of the Ministry of Finance and Ministry of National Integration. Income from financial commission totaled R\$ 396,149 (R\$ 324,323 as at 30/06/2010).

- e) The management fee of 3% p.a. is calculated on the Fund's net equity, less the amounts linked to the onlending agreement entered into with the Bank, balances of onlendings to other institutions with the risk fully assumed by the Bank, and the balances of PRONAF investments (Groups B, A/C, Forest, Semiarid, Emergency, Flood and Drought), and is limited to 20% of the transfers made by the National Treasury each fiscal year. The management fee totaled R\$ 481,873 (R\$ 406,741 as at 06/30/2010).

27. WORKERS' ASSISTANCE FUND (FAT)

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

<u>Specification</u>	<u>TADE</u>	<u>AMOUNT</u>
Special Program to Fight Drought Effects	16/2006	2,659
PROGER URBANO - Investment	17/2006	16,400
FAT - Infrastructure	18/2006	264,675
PRONAF - Investment	19/2006	1,473
PROGER-RURAL - Cost	20/2006	1,631
PRONAF - Cost	01/2007	3,309
PROGER-RURAL - Investment	02/2007	23,533
PROTRABALHO - Investment	04/2007	147,220
PNMPO - National Program for Guided Productive Microcredit	01/2010	<u>18,093</u>
TOTAL		<u>478,993</u>

Funds derived from the Fund for Workers' Assistance (FAT), recorded under 'Interest-bearing special deposits', totaling R\$ 549,767 (R\$ 355,394 as at 06/30/2010) are subject to SELIC (Central Bank overnight rate) while they are not used in lending operations, and to TJLP after they are released to final borrowers. Available funds bearing interest at SELIC totaled R\$ 27,601 (R\$ 19.895 as at 06/30/2010).

Pursuant to CODEFAT (Board of the Worker's Assistance Fund) Resolution 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 TADE (FAT Special Deposit Allocation Statement), plus cash that meets 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:

<u>Specification</u>	<u>TADE Resolution</u>	<u>Return of FAT resources</u>			<u>06/30/2011</u>		<u>TOTAL</u>
		<u>Form (1)</u>	<u>R.A.</u>	<u>SELIC rate</u>	<u>Available TMS (2)</u>	<u>TJLP (3) used</u>	
Special Program to Fight Drought Effects	16/2006	RA	1,378	5	105	10,773	10,878
PROGER URBANO - Investment	17/2006	RA	16,520	614	2,335	61,477	63,812
FAT - Infrastructure	18/2006	RA	103,839	10,043	23,565	255,435	279,000
PRONAF - Investment	19/2006	RA	222	7	102	678	780
PRONAF - Cost	01/2007	RA	83	3	31	146	177
PROTRABALHO - Investment	04/2007	RA	22,635	101	1,321	177,350	178,671
PNMPO - National Program for Guided Productive Microcredit	01/2010	RA	<u>3,531</u>	<u>510</u>	<u>142</u>	<u>16,307</u>	<u>16,449</u>
TOTAL			<u>148,208</u>	<u>11,283</u>	<u>27,601</u>	<u>522,166</u>	<u>549,767</u>

<u>Specification</u>	<u>TADE Resolution</u>	<u>Return of FAT resources</u>			<u>06/30/2010</u>		<u>TOTAL</u>
		<u>Form (1)</u>	<u>R.A.</u>	<u>SELIC rate</u>	<u>Available TMS (2)</u>	<u>TJLP (3) used</u>	
Special Program to Fight Drought Effects	16/2006	RA	1,657	10	383	12,698	13,081
PROGER URBANO - Investment	17/2006	RA	13,363	387	1,473	62,881	64,354
FAT - Infrastructure (4)	18/2006	RA	3,460	278	7,096	54,442	61,538
PRONAF - Investment	19/2006	RA	166	5	96	987	1,083
PROGER RURAL - Cost	20/2006	RA	493	7	3	-	3
PRONAF - Cost	01/2007	RA	56	2	29	256	285
PROGER RURAL - Investment	02/2007	RA	3,186	31	1	-	1
PROTRABALHO - Investment	04/2007	RA	<u>27,269</u>	<u>613</u>	<u>10,814</u>	<u>204,235</u>	<u>215,049</u>
TOTAL			<u>49,650</u>	<u>1,333</u>	<u>19,895</u>	<u>335,499</u>	<u>355,394</u>

Notes:

- (1) RA - Automatic Return (Monthly, 2% on balance) and AV - Available Balance less deposits made in the last 3 months and reimbursements in the last 2 months.
- (2) Funds yielding SELIC rate.
- (3) Funds yielding Long-term Interest Rate (TJLP).
- (4) Regarding FAT - Infrastructure, RA is 1% on the balance and deductible reimbursements refer to the last 4 months.

28 RISK MANAGEMENT AND BASEL RATIO

a) Risk and capital management

Introduction and overview

The Bank is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

Risk management structure

The Executive Board is responsible for approving risk policies and subsequent reporting to the Board of Directors. The Control and Risk Executive Board coordinates the implementation of risk policies and monitors the performance of risk management areas.

The Corporate Risk Management Committee analyzes and approves the risk management matters reported to senior management levels, as well as those to be implemented by lower management levels.

Specific area coordinates the operational risk management and manages at corporate level: credit, liquidity, market and operational risks, proposes the definition of credit, liquidity, market and operational risk management methodologies and models and disseminates the risk management culture throughout the Bank.

Risk management policy

The corporate risk management policy sets forth guidelines and standards related to the Bank's activities for credit, liquidity, market and operational risk management.

The risks do not comprise solely threats since opportunities are also risk events, mainly at strategic level. Without ignoring the opportunities presented to the Bank, which are duly evaluated, the guidelines set in the Bank's corporate risk management policy are also focused on the management of risks affecting the attainment of corporate goals, including the related controls.

a.1) Credit risk

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

The credit risk comprises:

- the counterparty's credit risk, including obligations related to derivatives;
- the risk related to decisions taken by the government of the country where the borrower or counterparty is located, as well as problems with the conversion of amounts received;
- the disbursement risk to honor guarantees, co-obligations, loan commitments or other similar operations; and
- the risk of nonperformance of financial obligations under the terms agreed by the intermediary party or assignor of lending operations.

<u>Exposures by economic sector</u>	<u>Exposure</u>	
	<u>06/30/2011</u>	<u>06/30/2010</u>
LENDING OPERATIONS	<u>25,613,596</u>	<u>23,042,821</u>
Public sector	<u>1,483,370</u>	<u>1,328,970</u>
Private sector	<u>24,130,226</u>	<u>21,713,851</u>
Trade	2,518,902	2,171,477
Foreign trade	631,055	468,424
Housing	242	241
Industry	5,442,953	4,604,799
Infrastructure	3,977,232	2,903,606
Financial intermediation	383,900	523,069
Urban microfinancing	868,758	588,809
Individuals	192,011	158,939
Rural	5,749,275	6,283,956
Other services	4,365,898	4,010,531
MARKET OPERATIONS	<u>14,097,855</u>	<u>10,077,860</u>
Federal Government Securities	<u>11,928,502</u>	<u>7,648,317</u>
Repurchase agreements	4,877,783	4,123,353
Other	7,050,719	3,524,964
Interbank deposits	<u>310,825</u>	<u>268,589</u>
Other securities	<u>948,915</u>	<u>1,408,201</u>
Other operations	<u>909,613</u>	<u>752,753</u>
OTHER ASSETS	<u>2,300,792</u>	<u>1,714,474</u>
Total exposures	<u>42,012,243</u>	<u>34,835,155</u>

a.2) Credit risk management

The credit risk management guidelines comprise:

1) Risk limits:

All lending operations are supported by risk limits. In general, these limits are approved by committees, from branches to the Executive Board, based on specific models to customers in the rural, industrial, commercial and service sectors.

2) Risk assessment:

The risk limits are preceded by risk assessment, based on models prepared in accordance with the customer's and operation's characteristics, namely: i) small-sized customers, in terms of amounts of liabilities in the Bank, mainly comprised of small rural producers and micro urban entrepreneurs - the risk assessment comprises analysis of customer's personal information and the operation's conformity with the standards of each financing program, whose conditions aim at selectively meeting the borrowers' needs; ii) medium-sized customers, in terms of amounts of liabilities in the Bank - adoption of specific risk assessment models, in accordance with the customers' activities, upon selection of standard alternatives for risk factors considered; and iii) large-sized customers, in terms of amounts of liabilities in the Bank, including the holders of structured operations - adoption of a risk assessment model, based on the individual and detailed analysis of each risk, supported by the findings, data and analysis arguments, including the application of criteria for acceptance of differentiated collaterals, allowing credit analysis under special conditions, considering the individuality and complexity of projects and operation with similar size.

3) Risk rating:

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

In addition, credit risk management involves the constant flow of information, allows the identification, measurement, control and risk mitigation to ensure that Banco do Nordeste maintains its exposure to credit risks within reasonable parameters. Accordingly, several instruments are used, including: credit policies, management reports, risk rating system, performance indicators by macro sectors.

4) Asset evaluation by portfolio:

The portfolio evaluation enables the Bank to identify, in its portfolio of products and customers, risk concentrations in order to adopt preventive and corrective measures related to the Bank's global risk management.

5) Collaterals:

The collateral policy for lending operations sets out parameters for the selection of collaterals and their evaluation. In view of the quality and sufficiency of collaterals provided, based on the customer's risk assessment, the global risk rating, including customer and operation, may be granted higher or lower risk ratings.

6) Decision making process:

Any approval in terms of risk limits is based on the level of authority by body. In accordance with their characteristics and amount, the limits may be analyzed and defined by the branches' credit assessment committees or 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.

a.3) Collaterals received

The collaterals for lending operations are determined based on their quality and sufficiency in light of the customer's risk assessment and the global risk rating, involving the customer and the related operation. Operations above R\$ 5,000, considered individually, amount to R\$ 6,497,122 as at June 30, 2011 (R\$ 5,321,319 as at June 30, 2010). As regards to these operations, collaterals received amounted to R\$ 2,143,112 as at June 30, 2011 (R\$ 1,642,585 as at June 30, 2010). These collaterals are analyzed at least once at every two years or in a shorter period, provided there are material facts involving the customer or operation. These collaterals are as follows by type:

<u>Collaterals</u>	<u>Amount</u>	
	<u>06/30/2011</u>	<u>06/30/2010</u>
Financed real estate	547,177	297,984
Mortgage	733,000	516,758
Pledge	<u>862,935</u>	<u>827,843</u>
Total	<u>2,143,112</u>	<u>1,642,585</u>

b) Liquidity risk

b.1) Liquidity risk management

Liquidity risk is the possibility of occurring mismatches between tradable assets and payable liabilities that could affect the Bank's payment ability. The liquidity risk may be aggravated by the market risk due to possible losses arising from the need to generate financial resources to settle assumed commitments, either due to difficulty in selling the asset without significant depreciation of value or raising funds.

Liquidity is monitored on a daily basis in accordance with the limits set in the market and liquidity risk management policy approved by the Bank's management. To this end, liquidity is projected for a 90-day period, considering the most conservative scenario, i.e., exposing the flow of amounts receivable to a maximum stress situation, where available funds are compared to the commitments estimated for the next 90 days, not considering total estimated amounts receivable. Liquidity levels also consider the possibility of accelerated settlement of borrowings and deposits without defined maturity date.

For purposes of liquidity risk management, the Bank uses the methodologies below, which are reviewed and restated periodically:

- overall balances of assets and liabilities by portfolio, by note, indicating possible mismatches by index and term;
- GAP measuring possible mismatches between assets and liabilities related to terms, including the Bank's projected cash flow;
- monitoring of limits established for installments in terms of liquidity risk exposure;
- cash flow; and
- exchange mismatch map.

The information on liquidity risks is reported to the Management through daily reports, consolidated on an annual basis.

The daily report on market and liquidity risk management includes the Bank's liquidity ratio represented by the ratio between available funds and commitments estimated for the next 90 days. Such index is strictly conservative because it disregards all reimbursement flows. Available funds comprising the liquidity ratio calculation basis include banking reserves, interbank deposits, repurchase agreements and own securities portfolio.

The liquidity ratio for 2011 and 2010 is as follows:

<u>Specification</u>	<u>2011</u>	<u>2010</u>
As at June 30	219.02%	272.56%
Average for the last 12 months	240.80%	237.00%
Maximum for the last 12 months	321.96%	276.29%
Minimum for the last 12 months	175.15%	192.29%

As at June 30, 2011 and June 30, 2010, the maturities of funding, considering the projected future payment flows, including the related contractual rates, are as follows:

<u>Specification</u>	<u>06/30/2011</u>				
	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
Time deposits	51,145	107,329	1,023,133	2,663,716	927,678
Interbank deposits	74,889	81,111	577,165	14,762	-
Repurchase agreements	<u>634,355</u>	<u>-</u>	<u>33,967</u>	<u>133,979</u>	<u>9,526</u>
Total	<u>760,389</u>	<u>188,440</u>	<u>1,634,265</u>	<u>2,812,457</u>	<u>937,204</u>
Available funds	3,639,449				

<u>Specification</u>	06/30/2010				
	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
Time deposits	47,242	55,904	303,281	4,249,946	2,040,552
Interbank deposits	46,754	60,675	398,996	20,605	-
Repurchase agreements	<u>455,872</u>	-	-	-	-
Total	<u>549,868</u>	<u>116,579</u>	<u>702,277</u>	<u>4,270,551</u>	<u>2,040,552</u>
Available funds	3,633,274				

b.2) Liquidity Contingency Plan

The Liquidity Contingency Plan describes the guidelines to be adopted by the related areas in the case of liquidity crisis. Liquidity crisis corresponds to current or future events or threats affecting the Bank's payment capacity and that could not be resolved through regular treasury fund management measures.

Liquidity crisis is characterized when:

- 1) there are insufficient available funds to perform its estimated obligations for a period of 90 days, regardless of the flow of receipts in the period; or
- 2) it is identified in advance, through monitoring of the Bank's cash flow, that the Bank does not have available funds sufficient to perform its obligations in the future.

The specific risk management area is responsible for identifying the liquidity crisis. The operating measures to resolve the liquidity crisis will follow recommendations made by the special liquidity crisis management group.

The special liquidity crisis management group will act during liquidity crisis or when projected scenarios show a potential lack of liquidity, and liquidity is recovered based on the body's recommendations.

The special liquidity crisis management group will act independently and cover all operating and business areas related to the liquidity crisis. The recommendations from the special liquidity crisis management group will be submitted to the analysis of Executive Board together with a grounded opinion.

The strategic measures during the liquidity crisis will comprise:

1) External scope:

- performance of operations and renegotiation of operations with financial institutions with which the Bank conducts interbank transactions;
- performance of operations with monetary authorities;
- renegotiation of operational conditions with customers with which the Bank conducts lending and borrowing operations; and
- other strategies focused on solving the liquidity crisis.

2) Internal scope:

- discontinuity of, changes in or suspension in the sale of products;
- suspension of the concession of operating limits;
- renegotiation of lending and borrowing operations, including accelerated receipts and extension of borrowing terms;
- renegotiation of agreements with suppliers; and
- other strategies focused on solving the liquidity crisis.

The procedures adopted for solving the liquidity crisis include, but are not limited to, the following:

- increase in the funding rate;
- funding in new markets;
- reduction or suspension of lending operations;
- transfer of credit portfolio;
- postponement or suspension of release of funds for contracted operations;
- renegotiation of existing liabilities;
- sale of assets; and
- operations with monetary authorities.

The abovementioned procedures do not follow a priority order and the special liquidity crisis management group will define the criteria, method and timetable for implementation of the recommendations in light of actual facts, their related effects and the time necessary to achieve the necessary goals.

The recommendations made by the special liquidity crisis management group should be in line with the Bank's operating policies as a development bank.

c) Market risk

c.1) Market risk management

Market risk is the possibility of depreciation 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 multiple scenarios, based on the following methodologies:

- 1) global Value at Risk (VaR), by portfolio, note and index;
- 2) global duration (assets and liabilities), by portfolio, note and index;
- 3) stress test;
- 4) GAP measuring possible mismatches between assets and liabilities in respect of terms, including the Bank's projected cash flow;
- 5) overall balances of assets and liabilities, by portfolio and note, including possible mismatches by indices;
- 6) monitoring of limits set for installments in terms of market risk exposure; and
- 7) exchange mismatch map.

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

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

<u>Risk exposure limits</u>	<u>Control procedure</u>
<ul style="list-style-type: none">• Trading portfolio: 1% of portfolio's value• Non-trading portfolio: 5% of portfolio's value	If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the area responsible for the financial operations.

c.2) Trading and non-trading portfolios

For purposes of market risk management, operations are classified into two portfolios:

- 1) Trading book: comprises trading or hedging transactions related to trading portfolios that are intended to be traded before their contractual terms, under normal market conditions, without non-trading clause. The trading portfolio composition is daily monitored by the risk management area using the marked-to-market value of operations.

In order to monitor and control Trading Portfolio risks, Banco do Nordeste uses the parametric VaR, which measures the maximum expected loss of a portfolio within a period of time, considering a confidence level of 99%.

The Value at Risk (VaR) of fixed rate transactions of the BNB Trading Portfolio, as at 06/30/2011, was R\$ 130, compared to the portfolio's net balance (assets less liabilities) of R\$ 2,731,000.

As at 06/30/2011, the VaR ratio was just 0.005% of the net amount of the Trading Portfolio, well below the one-percent cap set by the Bank's Risk Management Corporate Policy.

The low exposure to the market risk of this portfolio arises from the fact that fixed-rate transactions have a one-day maturity and are backed by Federal Government securities.

2) Non-trading portfolio: comprises operations not included in the trading portfolio and subject to market risks. Risk measurement and assessment of non-trading portfolio related to interest rates, price indices and exchange rate changes comply with the policies set by the Central Bank using widely known methodologies adopted by financial institutions based on the following parameters and assumptions:

- VaR parameter;
- normal distribution;
- statistical parameters;
- standard deviation of returns;
- rate maintenance term: 1 year;
- portfolio settlement term: 10 days;
- historical rate analysis period: 1 year;
- 12 points and their respective correlations;
- Confidence level of 99%.

VaR calculation is determined based on information provided by ANBIMA as regards to the rates used in the financial market for each risk factor.

c.2.1) Market risk indicators

The market risk indicators, at marked-to-market values, are summarized as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>From 07.01.2010 to 06.30.2011</u>		
		<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
Marked-to-market currency exposure	16,715	43,387	90,299	1,567
Trading portfolio interest rate risk (PJUR1)	537	721	1,367	195
Commodity price variation risk (PCOM)	395	13,169	30,543	374
Non-trading portfolio interest rate risk (RBAN)	49,994	66,112	81,296	42,625
<u>Specification</u>	<u>06/30/2010</u>	<u>From 07.01.2009 to 06.30.2010</u>		
		<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
Marked-to-market currency exposure	51,670	45,505	87,973	10,508
Trading portfolio interest rate risk (PJUR1)	1,195	784	1,863	179
Commodity price variation risk (PCOM)	19,855	21,258	31,082	18,374
Non-trading portfolio interest rate risk (RBAN)	16,927	32,810	54,453	16,048

c.2.2. Stress test

The stress test, a tool used to analyze extreme scenarios, allows to foresee potential gains or losses in operations based on changes in interest rates, exchange rates or price indices, that could be adopted in the market under extreme conditions.

The table below provides the results from stress tests of the non-trading portfolio (CnN) as at June 30, 2011, considering the factors that individually account for over 5% of the portfolio as set forth in items III and IV, article 2, of BACEN Circular 3365, of September 12, 2007.

The operation basis adopted include marked-to-market values and is classified by risk factors.

As regards to stress tests of changes in interest rates on fixed operations, the stress is applied at the DIXPRE rate and, as regards to the other operations, the stress is applied on the related coupon resulting in a new marked-to-market value.

The stress test consisted of estimating the number of percentage points of parallel stress tests of the rates necessary to result in changes in the fair value of operations resulting in reductions equivalent to 5% (five per cent), 10% (ten per cent) and 20% (twenty per cent) of the Regulatory Capital (PR), according to the stress test of the rates comprising the Interest Rate Term Structures (ETTJs). The results from parallel stress tests, expressed in basis points and percentage points, are as follows:

Risk type	Risk factor	Parallel stress test (annual rates) - Non-trading portfolio					
		Loss of 5%		Loss of 10%		Loss of 20%	
		Basis points	Percentage points	Basis points	Percentage points	Basis points	Percentage points
Price index coupon	IGPM coupon	240,7	2,41	552,1	5,52	1.644,4	16,44
Interest rate coupon	TJLP coupon	(321,6)	(3,22)	(584,2)	(5,84)	(990,5)	(9,90)
	TR coupon	<i>without stress</i>		<i>without stress</i>		<i>without stress</i>	
Fixed interest	Fixed interest	599,2	5,99	1.393,8	13,94	3.956,9	39,57

The stress scenarios for monthly interest rates in order to generate losses as from 5% of the Bank's Regulatory Capital (PR) are highly improbable. Considering the highest exposures as at June 30, 2011, linked to risk factors, fixed interest and TJLP, the stress for losses of 5% of the PR would amount to approximately 5.99 percentage points for the annual rate in case of fixed interest risk, and negative of (3.22) percentage points for the coupon rate in case of TJLP operations.

As set forth in CVM Instruction 475, of December 17, 2008, the sensitivity analysis was conducted in order to identify the main types of risks capable of generating losses to the Bank, considering alternative scenarios for the behavior of several risk factors of the operations comprising trading and non-trading portfolios, whose results are as follows:

<u>Portfolio/risk factor</u>	<u>Risk type</u>	<u>Scenario 1</u>	<u>Scenario 2</u>		<u>Scenario 3</u>	
		<u>(probable)</u>	<u>(change of 25%)</u>		<u>(change of 50%)</u>	
		<u>Balance</u>	<u>Balance</u>	<u>Loss</u>	<u>Balance</u>	<u>Loss</u>
Trading portfolio						
- Fixed interest	Increase in interest rate	1,584,751	1,573,949	0.68%	1,563,293	1.35%
Non-trading portfolio						
- Dollar coupon	Increase in dollar quotation	(14,510)	(15,682)	8.08%	(16,942)	16.76%
- IGP coupon	Index reduction	1,417,526	1,320,148	6.87%	1,222,769	13.74%
- IPCA coupon	Index increase	(85,094)	(94,474)	11.02%	(103,854)	22.05%
- TJLP coupon	Increase in interest rate	(1,842,592)	(1,932,253)	4.87%	(2,021,914)	9.73%
- TR coupon	Increase in interest rate	(1,353,511)	(1,353,642)	0.01%	(1,353,773)	0.02%
- Fixed interest	Increase in interest rate	3,223,539	3,203,751	0.61%	3,099,644	3.84%

For purposes of abovementioned calculations, Scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values. As regards to Scenarios 2 and 3, changes of 25% and 50% were applied, respectively, on risk factors, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances of Scenario 1 and balances of Scenarios 2 and 3, and are represented in terms of percentage of the related portfolio.

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

<u>Nature of transaction</u>	<u>Risk type</u>	<u>Financial instrument</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Hedge	Increase in interest rate	Pre-SWAP x DI	(445,190)	(432,211)	(420,218)
		Fixed rate assets	420,825	388,979	360,645
		Net exposure	(24,365)	(43,232)	(59,573)
Hedge	Increase in foreign currency quotation (FM)	DI SWAP x Dollar	466,665	444,935	424,433
		Liabilities in FM	(459,624)	(442,505)	(426,670)
		Net exposure	7,041	2,430	(2,237)

As at 06/30/2011, market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards to scenario 1, arising from increase in opportunity costs, in the fixed operations; and those arising from exchange coupon increase, in the operations in foreign currency.

Pre-SWAP x DI

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

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

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

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

DI SWAP x Dollar

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

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

Scenario 2 - Under this scenario, 125% of the DI swap rate x dollar.

Scenario 3 - Under this scenario, 150% of the DI swap rate x dollar.

d) Operational risk

The operational risk results in potential, actual or recovered loss arising from human failures or errors in processes, systems or arising from external factors, including those related to legal issues.

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

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

The corporate operational risk management is strengthened through a specific organizational structure designed to support assessment and compliance related to the adoption of controls for all processes and operations carried out by the Bank, mainly based on the provisions set forth in the institutional regulatory system. It is divided into two approaches: qualitative and quantitative approach.

The qualitative approach comprises methodologies, control tools, mitigating measures and managerial reports that describe the control over processes carried out in all institutional areas and describe management by process and architecture design - macroprocesses, processes and subprocesses - identification of risk, control, mitigation and corrective plan. The quantitative approach adopts measurement models, showing considerable improvements in the operational risk measurement stochastic model applied to the Bank, for purposes of allocation of capital to support expected and unexpected losses.

e) Operational Limits - Basel Accord

As set forth in CMN Resolutions 3444 and 3490, of February 28, 2007 and August 29, 2007, respectively, and supplementary regulations, CMN set additional requirements for capital allocation, including new risk-exposed components: Credit Commitment Unconditionally or Unilaterally Non-Cancelable by the Bank; exposure to stock risk (PACS); exposure to risk of assets indexed to commodities prices (PCOM); exposure to risk of assets in foreign currency (PCAM); exposure to operational risk (POPR) and market risk of operations not classified in the trading portfolio (RBAN). The prevailing guidelines maintained the minimum capital allocation ratio by 11%, which is the ratio between a financial institution's regulatory capital (PR) and the total risks assumed in lending transactions, including collaterals offered, and market and operational risks as at June 30, 2011.

As at June 30, 2011, the capital adequacy ratio (Basel Index) of Banco do Nordeste was 17.23% (13.78% as at June 30, 2010), while PR was R\$ 4,515,788 (R\$ 3,067,846 as at June 30, 2010). The Required Regulatory Capital (PRE), which represents the consolidation of all risk exposures, with a capital allocation ratio of 11%, was R\$ 2,833,292 as at June 30, 2011 (R\$ 2,432,575 as at June 30, 2010).

The Bank's regulatory capital is as follows:

i. Matching of PR with PRE

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Regulatory Capital (PR)	4,515,788	3,067,846
Tier I	2,277,169	2,019,760
Tier II	2,238,619	1,048,086
b) Required Regulatory Capital (PRE)	2,833,292	2,432,575
. PEPR (1)	2,433,749	2,089,197
. PJUR	537	1,195
. PCOM	395	19,855
. POPR	398,611	322,328
c) RBAN amount	49,994	16,927
Margin (a-b-c)	1,632,502	618,344
Basel Ratio (BACEN Circular 3477, of 12/28/2009)	17.53%	13.87%
Basel Ratio (including RBAN amount)	17.23%	13.78%

11% of Weighted Risk Factor Exposures, pursuant to Articles 11 to 16 of BACEN Circular 3360, of September 12, 2007.

ii. Description of PR

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
a) Regulatory Capital (PR)	4,515,788	3,067,846
Tier I	2,277,169	2,019,760
(+ Shareholders' equity	2,305,694	2,060,753
(-) Revaluation reserves	26,231	29,283
(-) Tax credits excluded	291	291
(-) Deferred permanent assets	2,003	2,496
(-) Adjustment to fair value - securities and derivatives	-	8,923
Tier II	2,238,619	1,048,086
(+ Revaluation reserves	26,231	29,283
(+ Hybrid debt/equity instruments classified as Tier II of PR ⁽¹⁾	1,073,804	-
(+ Subordinated debt instruments ⁽²⁾	1,157,058	1,049,574
(+ Adjustment to fair value – securities and derivatives	-	8,923
(-) Excess subordinated debt instruments	18,474	39,694

- (1) The hybrid debt/equity instrument was entered into with the National Treasury Department with indefinite term.
- (2) The subordinated debt instruments were entered into with the Constitutional Fund to Finance the Northeast (FNE) with indefinite term.

In July 2009 and June 2010, the Bank entered into subordinated debt agreements with FNE and was authorized by the Central Bank of Brazil to consider the amounts under these agreements as Tier II Capital, with a positive impact on the Bank's Basel Ratio.

On December 22, 2010, pursuant to the terms of Law 12249, of June 11, 2010, as amended by Provisional Act 513, of November 26, 2010, Banco do Nordeste and the Federal Government entered into a Loan Agreement, classified as Hybrid Debt/Equity Instruments (IHCD), in the amount of R\$ 1,000,000, already paid in. On February 21, 2011, through Deorf/Cofil Letter 2011/00979, the Central Bank authorized the classification of such hybrid instrument as Tier II Capital. Such instrument was entered into for indefinite term.

Information related to risk management, focusing on issues such as Regulatory Capital (PR) and the Required Regulatory Capital (PRE), as provided for in BACEN Circular 3477, of 12/28/2009, is available on www.bnb.gov.br under "Relação com Investidores".

29. RELATED-PARTIES TRANSACTIONS

a) Related parties transactions

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

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Assets		
Lending operations - Refinancing with Federal Government (note 9.a.1)	<u>525,012</u>	<u>526,826</u>
Total	<u>525,012</u>	<u>526,826</u>

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Liabilities		
Time deposit - FAT (note 13.a.4 and note 27)	<u>549,767</u>	<u>355,394</u>
Domestic onlendings - Official Institutions (note 14.c)	<u>1,133,879</u>	<u>1,468,335</u>
National Treasury	1,035	1,114
BNDES	1,048,397	785,416
FINAME	84,447	27,852
Other institutions (note 9.a.1)	-	653,953
Other liabilities	<u>6,441,683</u>	<u>4,393,424</u>
Northeast Constitutional Financing Fund -FNE (note 16.d)	4,210,821	3,343,850
Hybrid debt/equity instruments (Note 16.f)	1,073,804	-
Subordinated debt eligible for capital (note 16.g)	<u>1,157,058</u>	<u>1,049,574</u>
Total	<u>8,125,329</u>	<u>6,217,153</u>

a.2) The main transactions with entities related to the Bank's employees, Caixa de Previdência (CAPEF) and Caixa de Assistência Médica (CAMED) are composed as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Liabilities		
Other liabilities - (note 16.g)	<u>918,884</u>	<u>1,076,944</u>
CAPEF	467,499	803,581
CAMED	<u>451,385</u>	<u>273,363</u>
Total	<u>918,884</u>	<u>1,076,944</u>

b) Management compensation

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

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Short-term benefits	<u>1,660</u>	<u>1,434</u>
Attorneys' fees	<u>1,221</u>	<u>1,098</u>
Executive Board	1,037	945
Board of Directors	96	85
Supervisory Board	88	68
Other	<u>221</u>	<u>168</u>
Profit sharing	<u>218</u>	<u>168</u>
TOTAL	<u>1,660</u>	<u>1,434</u>
<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Post-employment benefits	<u>91</u>	<u>13</u>
TOTAL	<u>91</u>	<u>13</u>

The Bank does not have variable stock-based compensation and other long-term benefits and does not offer post-employment benefits to management, except for those comprising the headcount, which are the members of the Employees' Social Security Plan of Banco do Nordeste do Brasil S.A.

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

30. OTHER INFORMATION

a) Guarantees provided

Co-obligations and risks related to guarantees provided by the Bank are composed as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Import financing	167,939	22,215
Guarantee beneficiaries:		
- Individuals or non-financial legal entities	92,220	110,318
- FNE	12,996,617	11,259,728
- Other entities	41,581	21,531
Receivables assignment co-obligations	29,193	33,469

b) Insurance

The Bank's chattels and properties and third parties' properties are covered by an adequate insurance in the amount of R\$ 407,876 (R\$ 386,780 as at 06/30/2010), as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Chattels	135,941	123,795
Properties	267,915	261,828
Third parties' properties	2,863	-
Civil liability (aircraft)	<u>1,157</u>	<u>1,157</u>
TOTAL	<u>407,876</u>	<u>386,780</u>

c) Approval of the Financial Statements

The financial statements were approved by the Board of Directors at a meeting held on 08/05/2011.

Fortaleza, August 5, 2011

The Executive Board

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors, Shareholders and Management of
Banco do Nordeste do Brasil S.A.
Fortaleza, CE

We have audited the financial statements of Banco do Nordeste do Brasil S.A. (the "Bank"), which comprise the balance sheet as at June 30, 2011 and the related statements of income, changes in shareholders' equity, and cash flows for the six-month period then ended, as well as a summary of significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Brazilian accounting practices applicable to entities authorized to operate by the Central Bank of Brazil (BACEN) as well as the internal controls deemed necessary for preparing financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Banco do Nordeste do Brasil S.A. as at June 30, 2011, its financial performance and its cash flows for the six-month period then ended, in conformity with Brazilian accounting practices applicable to entities authorized to operate by the Central Bank of Brazil (BACEN).

Other matters

Statement of value added

We have also audited the statement of value added ("DVA") for the six-month period ended June 30, 2011, whose presentation is required for publicly-held companies by the Brazilian corporate law. Such information has been subjected to the auditing procedures above mentioned and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Fortaleza, August 5, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner

SUPERVISORY BOARD'S REPORT

In the discharge of its legal and corporate statutory duties and after having examined the Management Report, the Balance Sheet, the Statements of Income, Changes in Shareholders' Equity, Cash Flows, and Valued Added of Banco do Nordeste do Brasil S.A. for the six-month period ended June 30, 2011, and based on the opinion of the Independent Auditor - Deloitte Touche Tohmatsu - dated August 5, 2011, the Supervisory Board of Banco do Nordeste do Brasil S.A. is of the opinion that the Management Report and Financial Statements present fairly the activities developed, the financial position, and results of operations of Banco do Nordeste do Brasil S.A. in the first half of 2011.

Fortaleza (CE), August 5, 2011

SUPERVISORY BOARD

SUMMARY OF THE AUDIT COMMITTEE REPORT

First half of 2011

The Audit Committee of Banco do Nordeste do Brasil S.A., created as set forth in National Monetary Council (CMN) Resolution 3198/2004, is an advisory body to the Board of Directors, whose duties and responsibilities are set out in the Bank's Bylaws.

Committee Activities

Consistent with its institutional mission, in the first half of 2011, the Audit Committee focused on monitoring and assessing the activities carried out by the Internal Audit, Independent Auditor, Internal Controls, Security and Risk Management and on reviewing and assessing the quality of the financial statements and the performance of the Bank's ombudsman.

As part of the advisory duties of the Board of Directors, the Audit Committee has also monitored compliance with requirements of supervisory and external control agencies, including those originating from the Board of Directors itself.

In the six-month period, the Audit Committee held 16 meetings, 12 of which ordinary and 4 extraordinary, to discuss matters related to the areas above. In addition to these events, the Audit Committee contacted and held meetings with several Bank officers and the Supervisory Board, and also attended 9 Board of Directors' meetings.

During this period, the Audit Committee conducted analyses of the reports and information made available on a monthly basis by the finance area. At the end of the six-month period, it also reviewed, together with representatives of the accounting area, the independent auditor and Supervisory Board, the financial statements for the six-month period ended June 30, 2011, taken as a whole. Together with the members of the Supervisory Board and the independent auditor, it attended the Board of Directors' meeting which approved said financial statements.

The main achievements in the six-month period include the following activities:

- The implementation of the credit, operating and market risk management structure, based on the timetables established by the Central Bank of Brazil, in compliance with the Basel II Capital Accord;
- Requests and recommendations made by the Bank's Board of Directors to the Board of Executive Officers.
- The implementation of the recommendations of the internal audit, independent auditor and external control agencies;

Internal Control

The Bank has been structuring its internal control system to achieve the integration of guidelines focused on strengthening internal control, security, and risk management. This structure is periodically reviewed and updated to ensure it is capable of mitigating the risks inherent to the Bank's activities.

In this respect, the Bank has been undertaking actions to complete the implementation of structures to manage operational, credit, and market risks. The purpose is to implement the recommendations made in the Basel II Capital Accord and meet the schedule set out in Central Bank regulations.

The completion of the aforementioned actions will enhance the mitigation of the risks to which the Bank is exposed in the normal course of operations, with a positive impact on the achievement of its business and corporate goals.

Internal Audit

The Internal Audit function has been developing its activities at a satisfactory level of quality, taking into consideration the need to conform to the size and complexity of the Bank's operations.

During the period under review, its activities were guided by the Annual Internal Audit Plan, which is prepared pursuant to instructions from federal supervisory bodies and submitted to the Federal Controller General after being approved by the Bank's Board of Directors.

Independent Auditor

In examining the opinions and reports issued by DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES during the six-month period, no material facts have been identified that could compromise its independence, the results and the quality of its work.

Financial Statements

The Audit Committee analyzed the Financial Statements, Notes to the Financial Statements, Financial Reports, and the Management Report dated June 30, 2011. It also analyzed the opinion issued by the Independent Auditor of Banco do Nordeste do Brasil S.A. and of Fundo Constitucional de Financiamento do Nordeste - FNE.

After examining and discussing the practices used to prepare the financial statements, it was established that these are consistent with applicable corporate laws, and regulations of the National Monetary Council, the Central Bank of Brazil, and the Brazilian Securities and Exchange Commission.

Fortaleza (CE), August 5, 2011

Audit Committee



CONSTITUTIONAL FUND OF FINANCE OF THE NORTHEAST - FNE
Managed by Banco do Nordeste do Brasil S.A.

Financial Statements

F N E

POSITION: 06.30.2011

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

BALANCE SHEET AS AT JUNE 30, 2011 AND 2010

(In thousands of Brazilian reais - R\$)

<u>ASSETS</u>	<u>06/30/2011</u>	<u>06/30/2010</u>	<u>LIABILITIES AND NET EQUITY</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
CURRENT ASSETS	11.436.515	10.039.581	NET EQUITY (note 4.c)	35.549.756	31.429.925
CASH AND CASH EQUIVALENTS (note 4.b.1)	1.428.096	809.060	TRANSFERS FROM FEDERAL GOVERNMENT:		
FUNDS COMMITTED FOR LOANS	2.780.755	2.532.209	In the period	2.625.616	2.033.706
INTERBANK ACCOUNTS	79.368	70.863	In prior years	32.938.613	28.854.696
Rural Loan - Proagro Receivable	3.716	2.546	INCOME FROM PRIOR YEARS	387.353	574.441
Interbank onlendings - Other Institutions	75.652	68.317	LOSS FOR THE PERIOD	(401.826)	(32.918)
LENDING OPERATIONS (note 4.b.2 and note 8)	7.145.995	6.624.636			
Financing	1.886.113	1.869.467			
Export Financing	268.048	372.750			
Infrastructure and Development Financing	507.484	365.919			
Agribusiness Financing	186.279	200.539			
Rural Financing	4.652.826	4.251.961			
(Allowance for loan losses)	(354.755)	(436.000)			
OTHER RECEIVABLES (note 4.b.6)	1.969	2.582			
Assets received as payment	1.969	2.582			
OTHER ASSETS (note 4.b.7)	332	231			
Proagro-backed securities	4	-			
Agricultural debt securities (TDA)	388	343			
(Allowance for devaluation)	(60)	(112)			
LONG-TERM ASSETS	24.113.241	21.390.344			
INTERBANK ACCOUNTS	1.297.106	1.204.466			
Rural Loan - Proagro Receivable	976	2.634			
Interbank Onlendings - Banco do Nordeste - Law 7827 - Article 9 - A (note 13)	1.157.058	1.049.574			
Interbank Onlendings - Other Institution	139.072	152.258			
LENDING OPERATIONS (note 4.b.2 and note 8)	22.814.989	20.184.573			
Financing	8.442.985	6.911.119			
Export Financing	7.351	690			
Infrastructure and Development Financing	4.415.924	3.439.067			
Agribusiness Financing	851.405	801.206			
Rural Financing	9.857.582	9.896.243			
(Allowance for loan losses)	(760.258)	(863.752)			
OTHER ASSETS (note 4.b.7)	1.146	1.306			
Agricultural debt securities (TDA)	1.659	1.914			
(Allowance for devaluation)	(513)	(608)			
TOTAL ASSETS	<u>35.549.756</u>	<u>31.429.925</u>	TOTAL LIABILITIES AND NET EQUITY	<u>35.549.756</u>	<u>31.429.925</u>

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

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

(In thousands of Brazilian reais - R\$)

	<u>06/30/2011</u>	<u>06/30/2010</u>
INCOME		
From lending operations (note 8.g)	118.491	525.937
From cash and cash equivalents (note 4.b.1)	209.623	142.741
EXPENSES (note 4.a.8)		
Management fee	(481.873)	(406.741)
PRONAF-Payment of financial charges to BNB/Performance Bonus	(38.955)	(34.151)
Allowance for loan losses and devaluation	(209.082)	(260.664)
Audit expenses	(30)	(40)
LOSS FOR THE PERIOD	<u>(401.826)</u>	<u>(32.918)</u>

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

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2011 AND 2010

(Amounts in thousands of Brazilian reais - R\$)

Contents of Notes to the Financial Statements

Note 1 - History	Note 8- Risk of Financing Operations and Onlending and Allowance for Loan
Note 2 - Basis of preparation and Presentation of Financial Statements	Nota 9 - Recognition of Losses and Return of BNB's Share of Risk
Nota 3 - Management	Note 10 - Prior Year Adjustments
Note 4 - Accounting Practices	Note 11 - Registration with the Federal Government Integrated Financial Management System (SIAFI)
Note 5 - Supervisory	Note 12 - Renegotiation and Reclassification of Lending Operations
Note 6 - Independent Audit	Note 13 - Onlendings to BNB under Article 9A of Law 7827, of September 27, 1989
Note 7 - Tax Exemption	

1. HISTORY

Fundo Constitucional de Financiamento do Nordeste - FNE (Northeast Constitutional Financing Fund, "FNE" or the "Fund") was established by the Federal Constitution of 1988 (Article 159, item I, subitem "c"), and is regulated by Law 7827, of 09/27/1989, amended by Supplementary Law 125, of 01/03/2007, Laws 9126, of 11/10/1995, 9808, of 07/20/1999, and 10177, of 01/12/2001, Provisory Act 2196-14, of 06/28/2001, and its amendments, and Article 13 of Provisory Act 2199-14, of 08/24/2001. The purpose of FNE is to foster the economic and social development of the Northeast region, through Banco do Nordeste do Brasil S.A. ("BNB"), by offering financing to production sectors, in conformity with regional development plans, giving priority to activities developed by small farmers, small companies and staple food producers, and to irrigation projects. Non-refundable aid is prohibited.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Brazilian Corporate Law, including the changes introduced by Laws 11638/07 and 11941/09, of 12/28/2007 and 05/27/2009, respectively, and the regulation specifically for constitutional funds established by the Federal Government.

3. MANAGEMENT

Banco do Nordeste is responsible for allocating funds and implementing the credit policy, defining operational standards, procedures and conditions, applying the ranges of financial charges to financing applications and granting credit, formalizing agreements for onlendings to other institutions authorized to operate by the Central Bank of Brazil, observing the guidelines established by the Ministry of National Integration, reporting on the results achieved, performing other activities related to the use of funds and recovery of credits, including renegotiating and settling debts, pursuant to Articles 15-B, 15-C, and 15-D of Law 7827 of 09/27/1989.

4. ACCOUNTING PRACTICES

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

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

Significant accounting practices are as follows:

a) Income and expense recognition

a.1) Income and expenses are recorded on the accrual basis.

FNE's income consists of financial charges on lending operations and the interest paid by Banco do Nordeste on FNE's cash.

a.2) Beginning January 1, 2008, financial charges on financing granted with funds from FNE range between 5% and 10% per annum, according to the activity and size of the borrowers, including BNB's financial commission, pursuant to legislation. The agreements signed with borrowers establish that the financial charges will be reviewed annually and whenever the accumulated variation of the TJLP (long-term interest rate), up or down, exceeds 30 percent.

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

On the financial charges established by law, a bonus for timely payment of 25 percent will be granted for borrowers that develop their activities in the northeast semiarid region, and 15 percent for borrowers from other regions, provided that the debt is paid by the due date.

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

- a.3) Provisory Act 2196-1, of 06/28/2001, and its amendments, which created the Strengthening Program for Federal Financial Institutions, sets out the following as regards the BNB's financial commission on financing with funds from FNE:
- For transactions contracted until 11/30/1998, BNB's financial commission was reduced to zero, and the charges agreed to with borrowers remained unchanged;
 - For transactions contracted with a risk of 50 percent for Banco do Nordeste, BNB's financial commission will be 3 percent per annum;
 - For transactions resulting from onlendings to Banco do Nordeste for in its name and at its own risk, to conduct lending transactions, the financial commission will be 6 percent per annum.
- a.4) Decree 5818, of 06/26/2006, combined with National Monetary Council (CMN) Resolution 3293, of 06/28/2005, established that, for PROFROTA transactions with large companies, with shared risk, BNB's financial commission is 2.5 percent per annum.
- a.5) Administrative Rule 616, of 05/16/2003, of the Ministry of National Integration, establishes that, for onlendings to institutions authorized to operate by the Central Bank of Brazil, BNB is entitled to the financial commission agreed to with the institutions, observing the limit established by legislation.
- a.6) For financing under PRONAF (Groups A, B, A/C, Semiarid, Forest, PRONAF-Emergency, PRONAF-Flooding and PRONAF-Drought), BNB is not entitled to any commission, according to the legislation and regulation of the Program.
- a.7) For lending transactions reclassified under Article 31 of Law 11775 of 09/17/2008, Interministerial Rule 245 of 10/14/2008 sets BNB's financial commission at 3 percent per annum in the cases defined in Article 1, items I to IV, and sets a financial commission of 6 percent per annum in the cases defined in Article 1, Sole Paragraph.
- a.8) FNE's expenses refer to management fee payable to Banco do Nordeste as the Fund manager, to financial charges payable to BNB on financing under PRONAF (Groups A, B, A/C, Forest, Semiarid, PRONAF-Emergency, PRONAF-Flooding and PRONAF-Drought), to performance premium on PRONAF A/C, Semiarid and Forest programs reimbursements, to allowance for loan losses recognized pursuant to Administrative Rule 11, of 12/28/2005, of the Ministry of Finance and Ministry of National Integration, and to independent audit services, in addition to bonuses and discounts established by legislation.

The management fee of 3 percent per annum, paid to Banco do Nordeste by FNE, is recorded on a monthly basis of 0,25% on the Fund's net equity, less onlendings to BNB, onlendings to other institutions under Administrative Rule 616 of 05/26/2003 of the Ministry of National Integration, and application balances on PRONAF - Groups B, A/C, Forest, Semiarid and Emergency, limited each year to 20 percent of the transfers made by the National Treasury, pursuant to Decree 5641, of 12/26/2005.

The financial charges paid to BNB on transactions under PRONAF - Groups A, B, A/C, Forest, Semiarid, PRONAF - Emergency, PRONAF-Flooding and PRONAF-Drought and the performance premium on PRONAF A/C, Semiarid and Forest reimbursements, established by the National Monetary Council, follow the percentages and criteria established by the legislation and regulation of the Program.

b) Current and long-term assets

Stated at realizable value, plus income and monetary adjustments earned.

- b.1) Cash and cash equivalents consist of cash assets, which represent funds available for use in lending operations, and Funds Committed for Loans, which represent restricted cash in connection with yet-unpaid installments of contracted operations corresponding to the amounts outstanding by the balance sheet date, plus the payments expected during the 90 subsequent days and any mismatches between the amounts to be released after such 90 days and the estimated inflow to the Fund during such period. The Fund's cash held by Banco do Nordeste are paid based on extra-market rate, released by the Central Bank of Brazil.
- b.2) Total Lending Operations are stated at the amount of principal plus financial charges, less unearned income and allowance for loan losses (note 8).
- b.3) Law 11322, of 07/13/2006, provides for the renegotiation of debts arising from rural credit transactions contracted in the area under the jurisdiction of the Superintendency for the Development of the Northeast (SUDENE), and grants decrease on debit balance, bonuses for timely payment, decreased interest rates and extension of payment periods.
- b.4) Law 11775 of 09/17/2008, provides for the settlement, regularization, renegotiation or reclassification of debts arising from lending operations classified, among others, under Laws 9138 of 11/29/1995, 10437 of 04/25/2002 and 11322 of 07/13/2006, Provisory Act 2196-3 of 08/24/2001, CMN Resolution 2471 of 02/26/1998, National Family Farming Strengthening Program (PRONAF), Japanese and Brazilian Cooperation Program for the Development of the Cerrado Region (PRODECER) - Stage III, and contracted with FAT funds by financial agents, and grants discounts on debt balances and bonuses for timely payment, waivers, and maintenance or rescheduling of payment periods.

b.5) Law 12249, of 06/11/2010, provides for, in Articles 69 and 70, the reissuance of agricultural debts renegotiated based on Article 2 of Law 11322, of 07/13/2006, or classified under said Article, as well as the granting of discounts for settlement of unreleased agricultural debts renegotiated based on Article 2 of Law 11322, backed by FNE funds or FNE funds along with other sources of funds. Articles 71 and 72 of said Law provides for the reissuance of debts relating to agricultural activities with producers classified under Group B of PRONAF, as well as the granting of discounts for unreleased debts, backed by FNE funds.

b.6)The caption “Other receivables” includes FNE’s rights on chattels and properties received by BNB as payment of debts. After assets are sold, the sale proceeds are apportioned between the Fund and BNB, proportionally to the risk assumed, pursuant to Article 7 of Administrative Rule 11, of 12/28/2005.

b.7)Securities recorded under line account “Other Assets” are stated at their face value, plus expected yield on each security, including, when applicable, the effects of adjustments of assets to market or realizable values.

c) Net Equity

The net equity of FNE is originated as follows:

- Transfers from the Federal Government in the proportion of 1.8 percent of the collection of taxes on income of any nature (IR) and industrialized products tax (IPI);
- Returns and results of transactions;
- Interest paid by Banco do Nordeste on FNE’s temporarily not invested cash.

5. SUPERVISORY

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

6. INDEPENDENT AUDIT

FNE contracts an independent auditor at its own cost to certify that constitutional and legal requirements have been met, to issue an opinion on its financial statements, audit the accounts and perform other usual auditing procedures.

7. TAX EXEMPTION

FNE is tax-exempt and its earnings, income and financing operations are not subject to any tax or other charges, pursuant to Law 7827, of 09/27/1989, and subsequent amendments.

8. RISK OF FINANCING OPERATIONS AND ONLENDING AND ALLOWANCE FOR LOAN LOSSES

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

a.1) Transactions contracted until 11/30/1998:

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

a.2) Transactions contracted beginning 12/01/1998:

- In financing under *Programa da Terra*, the risk lies with PROCERA;
- In transactions under PRONAF (Groups A, B, A/C, Forest, Semiarid and Emergency/Flood/Drought), the risk lies totally with FNE;
- In onlendings to Banco do Nordeste whose funds are used in BNB's own lending operations, the risk is fully assumed by Banco do Nordeste;
- In onlendings to other institutions authorized to operate by the Central Bank of Brazil, contracted until 11/30/1998, the risk is fully assumed by FNE. Under a specific clause of the onlending agreements, the risk on financing granted to final borrowers is fully assumed by the lender;
- In onlendings to other institutions authorized to operate by the Central Bank of Brazil, contracted after Administrative Rule 616, of 05/26/2003, becomes effective, the risk lies totally with BNB. Under referred Administrative Rule and under a specific clause of the onlending agreements, the risk on financing granted to final borrowers is fully assumed by the lender;
- In the transactions addressed by Article 31 of Law 11775 of 09/17/2008, the risk lies 100% with Banco do Nordeste, if the risk of the original transaction is fully attributed to the Bank, or shared, when the renegotiated transaction involves this type of risk;
- In other transactions, the risk is 50 percent for FNE and 50 percent for BNB.

- b) Pursuant to sole paragraph of Article 3 of Administrative Rule 11, of 12/28/2005, the allowance for loan losses is recorded by FNE in accordance with the criteria set forth in item I, subitems “a” and “b” of the same Article, pursuant to which an allowance must be recorded for amounts past-due for more than 180 days, according to the risk. Changes in the allowance for loan losses for the period are as follows.

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Allowance for loan losses at the beginning of the six-month period	<u>1,218,591</u>	<u>1,300,349</u>
. Full FNE risk	953,269	1,029,846
. Shared risk	265,322	270,503
(+) Net allowance recognized in the period	<u>209,704</u>	<u>262,132</u>
Net provision for discounts - Acquired Transactions Law 11322	<u>(18,119)</u>	<u>(426)</u>
. Full FNE risk	(18,119)	(426)
Allowance for loan losses	<u>227,823</u>	<u>262,558</u>
. Full FNE risk	151,186	163,725
. Shared risk	76,637	98,833
(-) Receivables written off as a loss in the period	<u>(313,282)</u>	<u>262,728</u>
. Full FNE risk	(207,778)	169,831
. Shared risk	(105,504)	92,897
(=) Ending balance of allowance for loan losses	<u>1,115,013</u>	<u>1,299,753</u>
. Full FNE risk	878,558	1,023,314
. Shared risk	236,455	276,439

- c) Considering that PROCERA is responsible for the risk of financing transactions under *Programa da Terra* with FNE’s funds, no allowance for loan losses is recognized.

- d) Under Administrative Rule 46, of 03/07/2007, an allowance for loan losses is recorded for transactions renegotiated under Law 11332, of 07/13/2006, as described below:

d.1) for transactions with other sources of funds acquired by FNE: in an amount equal to the negative goodwill determined on acquisition by the Fund, recorded as a contra entry to loan transactions. The amounts for the year are described in subaccount “Net provision for discounts - Acquired Transactions Law 11322” in the table in item b of this Note; and

d.2) for renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts written off from assets as a loss, recorded as a contra entry to “Expenses on allowance for loan losses”. In the first half of the year, the allowance decreased by R\$ 78,039, R\$ 54,801 of which referred to full FNE risk transactions and R\$ 23,238 referred to shared risk transactions. These decreases include R\$ 99,731 arising from discounts and releases of transactions classified under Law 12249, of 06/11/2010, of which R\$ 60,559 refers to transactions whose full risk lies with the Fund and R\$ 39,172 refers to shared-risk transactions. In the same period of 2010, an allowance was reduced by R\$ 9,658, of which R\$ 8,606 referring to transactions whose full risk lies with the Fund and R\$ 1,052 referring to shared-risk transactions. These amounts are included in subtitle “Allowance for loan losses” in the table in item b of this note.

- e) Administrative Rule 244, of 10/14/2008, establishes that an allowance for loan losses is recorded for transactions renegotiated under Law 11775, of 09/17/2008, as described below:
- e.1) for renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts written off from assets as a loss, recorded as a contra entry to “Expenses on operating provisions”; and
- e.2) for renegotiated FNE transactions, the allowance was reduced by R\$ 34,708, of which R\$ 23,337 refers to transactions whose full risk lies with the Fund and R\$ 11,371 refers to shared-risk transactions. These amounts include a decrease of R\$ 25,272 arising from discounts and releases of transactions classified under Law 12249, of 06/11/2010, of which R\$ 16,207 referred to transactions whose full risk lies with the Fund and R\$ 9,065 refers to shared-risk transactions. In the same period of 2010, an allowance was recorded in the amount of R\$ 17,657, of which R\$ 9,502 refers to transactions whose full risk lies with the Fund and R\$ 8,155 referred to shared-risk transactions. These amounts are included in subtitle “Allowance for loan losses” in the table in item b of this Note.
- f) The renegotiations, documented in six-month period based on Law 11775, of 09/17/2008, Law 9138, of 11/29/1995, Law 10437, of 04/25/2002 and Law 11322, of 07/13/2006, Provisional Act 2196-3, of 08/24/2001 and the releases and discounts granted in conformity with Law 12249, of 06/11/2010, reduced the Fund’s income by R\$ 344,303 (R\$ 19,135 as at 06/30/2010). This effect includes costs on renegotiation of transactions contracted between the Fund and other funding sources, mixed funding sources, acquired or reclassified to the Fund, as authorized by referred Laws, as shown below:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Recovery of operations written off from assets	29,910	32,558
Expenses - bonuses and waivers	(529,559)	(45,444)
Net effect on allowances	<u>155,346</u>	<u>(6,249)</u>
Total net effect	<u>(344,303)</u>	<u>(19,135)</u>

- g) In the Statement of Income, “Income from lending operations” is recorded at the net amount as follows:

<u>Specification</u>	<u>06/30/2011</u>	<u>06/30/2010</u>
Income from lending operations	1,263,844	1,089,226
Expenses on BNB’s financial commission	(396,149)	(324,323)
Expenses on financial commission of other institutions	(1,927)	(1,955)
Expenses on negative monetary adjustment	(2,139)	(1,366)
Expenses on discounts granted in renegotiations (1)	(495,269)	(2,131)
Expenses on discounts to Cocoa Plantations Recovery Program transactions - Law 11775 of 09/17/2008	-	(501)
Expenses on rebates/bonuses for timely payment - Transactions contracted by Banco do Nordeste	(227,203)	(232,210)
Expenses on Rebates/bonuses for timely payment - Onlendings Law 7827 - Article 9 A	(6,315)	(327)
Expenses on rebates/ bonuses for timely payment - Onlendings to other institutions	(33)	(41)
Expenses on principal rebates - Receivables from FAT - BNDES - Law 10193 of 02/14/2001	(4)	(238)
Expenses on transactions - Other sources - Acquisitions Law 11322 of 07/13/2006	(39)	(197)
FNE’s expenses honored by the Bank - Reissue Law 12249, of 06/11/2010	(9,920)	-
FNE’s expenses honored by the Bank - Rebate Law 12249, of 06/11/2010	(6,342)	-
Adjustments related disposal of assets	(13)	-
T O T A L	<u>118,491</u>	<u>525,937</u>

- (1) The amount as at June 30, 2011 is related to the quantity of renegotiations recorded during the first semester of 2011, as defined by Law 12249, of 06/11/2011.

9. RECOGNITION OF LOSSES AND RETURN OF BNB’S SHARE OF RISK

- a) Regardless of the provisions set forth in paragraph of Article 3, Administrative Rule 11, based on which losses can be recorded in FNE’s accounting books at the amounts of principal and charges past-due for more than 360 days, according to the risk percentage assumed by the Fund, the Bank recognized losses on these transactions considering the amounts of principal and charges past-due for more than 329 days.
- b) Funds related to BNB’s share of risk are returned to FNE on the second business day after losses are recognized by the Fund, according to the criteria set forth in item II, subitem “a”, Article 5 of Administrative Rule 11.
- c) In the period, BNB returned to FNE the amount of R\$ 107,235 (R\$ 93,753 as at 06/30/2010) related to BNB’s share of risk in transactions that were written off as loss.

10. PRIOR YEAR ADJUSTMENTS

The net negative adjustment of R\$ 665 as at 06/30/2011, (R\$ 25,791 as at 06/30/2010) refers to recalculations of charges on lending transactions.

11. REGISTRATION WITH THE FEDERAL GOVERNMENT INTEGRATED FINANCIAL MANAGEMENT SYSTEM (SIAFI)

In compliance with Administrative Rule 11, of 12/28/2005, the accounting information related to FNE is available on SIAFI, considering the Fund's specific characteristics.

12. RENEGOTIATION AND RECLASSIFICATION OF LENDING OPERATIONS

Law 11775, of 09/17/2008, established measures to encourage the settlement or renegotiation of debts from rural credit transactions and land mortgage loan, with the following impacts on FNE:

- a) renegotiation of financing contracted with FNE's funds;
- b) contracting of new transactions with FNE's funds to settle debts related to the Program for the Recovery of Cocoa Farming in Bahia, entered into with risks partially or fully assumed by the National Treasury, the State of Bahia and FNE;
- c) contracting of new transactions with FNE funds to settle debts related to the Japanese and Brazilian Cooperation Program for the Development of the Cerrado Region (PRODECER) - Stage III;
- d) reclassification to FNE of transactions entered into under the PRONAF at the risk of the Federal Government;
- e) reclassification for the Fund of transactions carried out with funds from FAT;
- f) reclassification to the FNE of transactions entered into with mixed funds from other sources.

The same statute authorizes the replacement of financial charges on outstanding rural and non-rural transactions, contracted until 01/14/2001, subject to post fixed rates and backed with resources FNE, by pre fixed rates set by legislation applicable to this kind of transactions.

In the first half of year, credits were reclassified to FNE or new operations were contracted to settle financings with funds from other sources, with full risk for the Fund, totaling R\$ 41,424 under referred law, as follows:

<u>Specification</u>	<u>Amount</u>
Article 7 (Cocoa Farming Operations in Bahia)	40,324
Article 19 (Operations whose Risk lies with the Federal Government - FAT Funds)	642
Article 31 (PRODECER transactions - Stage III/Res 2471 transactions)	458
TOTAL	<u>41,424</u>

Still under Law 11775, of 09/17/2008, credits were reclassified to FNE or new operations were contracted to settle financings with funds from other sources, with full risk for Banco do Nordeste, in the amount of R\$ 15,554, as follows:

<u>Specification</u>	<u>Amount</u>
Article 31 (Mixed Funds from Other Sources/FNE transactions)	6,540
Article 31 (PRODECER transactions - Stage III)	6,789
Article 31 (FAT transactions)	<u>2,225</u>
TOTAL	<u>15,554</u>

A survey conducted by Banco do Nordeste indicates that the following amounts are eligible for transfer to FNE based on Articles 7 and 31 of Law 11775, of 09/17/2008, as of 06/30/2011:

<u>Specification</u>	<u>Amount</u>
Article 7 (Cocoa Farming Operations in Bahia)	261,131
Article 31 (Transactions with mixed FNE funds)	497,443
Article 31 (Transactions with FAT funds)	<u>123,295</u>
TOTAL	<u>881,869</u>

13. ONLENDINGS TO BNB UNDER ARTICLE 9-A OF LAW 7827, OF 09/27/1989

On 06/16/2010, the Central Bank of Brazil issued Official Letter DEORF/Cofil - 2010/05338, which approved the qualification of the onlending transaction by FNE, in the amount of R\$ 400,000, as Tier II Capital in the Regulatory Equity (PR) of Banco do Nordeste do Brasil S/A, in the subordinated debt class, in accordance with CMN Resolution 3444, of 02/28/2007.

The outstanding balance of onlendings made to Banco do Nordeste, including the operation of R\$ 600,000, contracted in 2009, were as follows at 06/30/2011:

<u>Specification</u>	<u>Amount</u>
Available funds	326,846
Funds invested	<u>830,212</u>
TOTAL	<u>1,157,058</u>

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

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

INDEPENDENT AUDITOR'S REPORT

To the Management of
Fundo Constitucional de Financiamento do Nordeste - FNE
(Managed by Banco do Nordeste do Brasil S.A.)
Fortaleza, CE

We have audited the accompanying financial statements of Fundo Constitucional de Financiamento do Nordeste - FNE ("Fund" or "FNE"), which comprise the balance sheet as at June 30, 2011, and the related statement of income, statement of changes in net equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management's Responsibility for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to constitutional funds, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fundo Constitucional de Financiamento do Nordeste - FNE as at June 30, 2011, and its financial performance and its cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil applicable to constitutional funds.

Emphasis of Matter

Law 12249, of June 11, 2010, established measures to release (debt relief) and promote the settlement of debts arising from agricultural credit and land mortgage loans, among others. These measures are applicable to: i) transactions backed by FNE funds; ii) transactions backed by FNE funds along with other sources of funds; iii) transactions backed by other sources of funds, whose risk is assumed by the Brazilian government; or iv) transactions under the National Family Farming Strengthening Program (PRONAF). Debt settlements subject to discounts are contingent on the borrower's declaration and payment of the outstanding balance portion. The Fund is compliant with the provisions of the aforementioned Law 12249/10 since the amounts corresponding to debt reliefs were already recorded in the accounting books. The impacts from debt settlements on its financial statements will only be fully known when debt settlement processes are completed.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Fortaleza, August 5, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner

MANAGEMENT COUNCIL: Dyogo Henrique de Oliveira (President) – Jurandir Vieira Santiago (Vice-President) – Augusto Akira Chiba – Demetrius Ferreira e Cruz – Valter Correia da Silva – Zilana Melo Ribeiro

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AUDIT'S COMMITTEE: João Alves de Melo (President) – Antonio Carlos Correia – Luciano Silva Reis

SUPERINTENDENT: João Francisco Freitas Peixoto (Financial Control)

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