FINANCIAL STATEMENTS

Banco do Nordeste and FNE

POSITION: 12.31.2011

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BANCO DO NORDESTE

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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 2011

Banco do Nordeste do Brasil S.A. (BNB) is a multiple-service financial institution created by Federal Law 1649, of 07/19/1952, and organized as a publicly-held, mixed-capital company, where over 94% of its capital is held by the Federal Government. Headquartered in the City of Fortaleza, State of Ceará, the Bank mainly operates in the nine states of the Northeast region, the Northern area and Vale do Mucuri and Vale do Jequitinhonha, State of Minas Gerais, and the Northern area of the State of Espírito Santo, covering 1,990 municipalities. BNB's workforce and structure are comprised of 6,077 employees and 187 branches. As the largest financial institution in the Latin America focused on regional development, the Bank is responsible for implementing government policies.

In 2011, BNB contracted 3.3 million operations totaling R$ 21.8 billion. This quantity of transactions represented a growth by 25.8% compared to 2010, reflecting the new strategic direction of the Bank of attending, preferably, mini, micro and small urban and rural entrepreneurs. Long-term financing for investments totaled R$ 11.9 billion and grew by 1.0%, whereas short-term loans to supplement investments totaled R$ 9.2 billion, a growth by 6.8%. Capital market operations totaled R$ 689.0 million. The Northeast Financing Constitutional Fund (FNE) was the source of funds most used by the Bank for long-term financing, accounting for R$ 11.1 billion, representing 93.4% of total financing. These figures corroborate the importance of this funding for the development of the Northeast Region. This year, FNE granted loans throughout the 1,990 municipalities where it operates.

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 year 2.6 million loans, in the total amount of R$ 3.8 billion, an increase by 40.9% compared to the prior year. Both programs are integrated with "Brasil Sem Miséria" Plan, launched by the Federal Government to raise income and welfare conditions, as well with income transfer programs, such as the "Bolsa Família" Program. Micro and small companies borrowed R$ 2.6 billion, a growth by 12.9%. In the family farming segment, BNB has invested, through the National Family Farming Strengthening Program (PRONAF), R$ 1.3 billion, a growth by 22.1%.

OPERATIONAL PERFORMANCE

Global Operations

In 2011 BNB's overall lending grew by 1.7% compared to 2010, totaling R$ 21.8 billion, and accounted for 3.3 million loans, a growth by 25.8%. Contracted loans grew by 3.5%, totaling R$ 21.1 billion, of which R$ 11.9 billion refers to long-term financing for investments and R$ 9.2 billion refers to short-term loans to supplement investments, representing a growth by 1.0% and 6.8%, respectively.

OVERALL LENDING (R$ million)

Type	2010		2011		Variation (value)
	Number	Value	Number	Value	
Lending operations	2,587,760	20,349.0	3,256,395	21,054.0	3.5%
• Long-term (1)	402,943	11,750.3	444,666	11,868.5	1.0%
• Short-term (2)	2,184,817	8,598.7	2,811,729	9,185.5	6.8%
Capital markets	10	1,010.0	5	689.0	-31.8%
Disbursements FDNE (3) - BNB risk	8	33.4	1	11.7	-64.9%
Total	**2,587,778**	**21,392.4**	**3,256,401**	**21,754.7**	**1.7%**

(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.

In spite of the decrease in capital market operations in 2011 compared to 2010 – related to the effects from the global financial crisis in the countries in the Eurozone and in the United States, which allowed the Bank to adopt better selection criteria when performing these operations, with greater focus on operations carried out with companies in the Northeast region and lower average ticket –, BNB was focused on granting short- and long-term loans to develop the Region, with a significant volume of R$ 21.1 billion and growth by 3.5%.

Focusing on mini, micro and small entrepreneurs, both urban and rural, BNB strengthens its role and guidelines as a regional development body created to support these customer segments. In 2011, the Bank's support to Micro and Small Companies (MPEs) grew by 12.9% with investments of R$ 2.6 billion. In family farming, contracting totaled R$ 1.3 billion, a growth by 22.1% compared to 2010. BNB's microcredit operations grew by 40.9% in 2011 with an investment of R$ 3.8 billion, of which R$ 3.0 billion in the urban microcredit segment and R$ 775.1 million in the rural microcredit segment.

PERFORMANCE OF CERTAIN PROGRAMS AND SEGMENTS (R$ million)

Program / Segment	2010	2011	Variation
Micro and small company (MPE)	2,276.3	2,569.5	12.9%
Family farming (PRONAF)	1,105.1	1,349.1	22.1%
BNB microcredit	2,662.1	3,751.0	40.9%
• Urban (Crediamigo program)	2,066.3	2,975.9	44.0%
• Rural (Agroamigo program)	595.8	775.1	30.1%

The division by economic sector of loans contracted in the year posted a growth in two sectors. Trade and services sector showed the highest growth with 21.8%, followed by the rural sector with 13.6%. In terms of value, trade and services sector contracted R$ 9.3 billion, accounting for 44.4% of total contracted loans, as shown below.

CONTRACTED LENDING BY INDUSTRY (R$ million)

Industry	2010	2011	Variation
Rural	4,125.3	4,686.6	13.6%
Manufacturing	6,027.6	5,041.1	-16.4%
Infrastructure	2,521.1	1,977.0	-21.6%
Trade/Services (1)	7,675.0	9,349.3	21.8%
Total	**20,349.0**	**21,054.0**	**3.5%**

(1) Includes microcredit loans (Crediamigo).

In spite of the reduction in the financing granted to the industrial and infrastructure sectors caused by a drop in domestic demand and export problems because of the global crisis, in this case an industrial one, and by the new policy introduced by the Federal Government in the power generation sector, which established that energy projects should be directly funded by BNDES, in the case of infrastructure, BNB posted a significant growth and amounts invested in 2011 in the rural sector – family farming – and trade/services sector – a sector that suffers the effects from the increase in the population income in the Northeast region.

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.The Bank contracted R$ 9.2 billion in short-term loans in 2011, a growth by 6.8% compared to 2010.

CONTRACTED SHORT-TERM LOANS (R$ million)

Product	2010	2011	Variation
Commercial Credit (Consumer Direct Credit (CDC), Working Capital, Discount and Secured Accounts)	5,653.8	5,089.1	-10.0%
Foreign Exchange [(1)]	878.6	1,120.5	27.5%
"Crediamigo"	2,066.3	2,975.9	44.0%
Total	**8,598.7**	**9,185.5**	**6.8%**

(1) Amounts converted into Brazilian Reais at the exchange rates prevailing on contract dates.

Northeast Financing Constitutional Fund (FNE)

Financing in 2011 using funds from the Northeast Financing Constitutional Fund (FNE) totaled R$ 11.1 billion, a growth by 3.1% compared to 2010. Among the sectors, the major growth was observed in the agribusiness sector, with 52.7% and R$ 336.9 million of contracted value. The trade/services sector also posted a substantial growth, with 24.5% and R$ 2.5 billion of contracted value. The regional tourism showed a growth by 11.0% and R$ 496.5 million of contracted value. The rural sector received the majority of funds, in the amount of R$ 3.9 billion, representing 35.2% of total investments. FNE loans by sector are as follows:

FNE - LENDING BY INDUSTRY (R$ million)

Industry	2010	2011	Variation
Rural	3,657.3	3,906.7	6.8%
Agribusiness	220.6	336.9	52.7%
Manufacturing	2,419.2	1,912.2	-21.0%
Infrastructure	2,020.5	1,961.3	-2.9%
Tourism	447.2	496.5	11.0%
Trade/Services	1,990.4	2,477.1	24.5%
Total	**10,755.2**	**11,090.7**	**3.1%**

CREDIT BUSINESS SEGMENTS

The segmentation of business segments implemented by the Bank allowed several programs and segments to become more dynamic and supported by differentiated monitoring in order to boost productivity. Consequently, BNB's participation in these businesses increased based on the general performance already discussed.

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. Both programs are integrated with "Brasil Sem Miséria" Plan, launched by the Federal Government to increase income and welfare conditions of the population, as well as the income transfer programs, such as "Bolsa Família" Program. In 2011, BNB's global microcredit loans totaled R$ 3.8 billion, a significant growth by 40.9% compared to 2010, with 2.6 million additional operations.

BNB MICROCREDIT (R$ million)

Microcredit	2010		2011		Variation
	Number	Value	Number	Value	(Value)
Urban (Crediamigo program)	1,632,482	2,066.3	2,246,905	2,975.9	44.0%
Rural (Agroamigo program)	329,105	595.8	366,681	775.1	30.1%
Total	**1,961,587**	**2,662.1**	**2,613,586**	**3,751.0**	**40.9%**

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 2011, Crediamigo carried out 2.2 million operations with an amount disbursed of about R$ 3.0 billion, a growth by 44.0% compared to 2010 when the amount disbursed totaled R$ 2.1 billion. The Active Portfolio grew by 54.2%, reaching a balance of R$ 1.1 billion. The number of Active Clients grew by 41.8%, from 737.8 thousand at end of 2010 to 1 million at the end of 2011. The default under financing granted, represented by the weighted average of past-due amounts from 1 to 90 days with respect to the Active Portfolio, was 0.8% at the end of the year. Crediamigo's operating capacity has been increasing constantly reaching an average of 8,952 loans contracted daily in 2011, a growth by 37.1% compared to the daily average of 6,530 loans in 2010.

CREDIAMIGO PROGRAM - RESULTS

Item	2010	2011	Variation
Number of operations	1,632,482	2,246,905	37.6%
Contracted value (R$ million)	2,066.3	2,975.9	44.0%
Average contracted value (R$1.00)	1,265.70	1,324.43	4.6%
Daily average lending	6,530/day	8,952/day	37.1%
Active clients	737,826	1,046,062	41.8%
Active portfolio (R$ million)	742.6	1,144.9	54.2%
Points of service	314	381	21.3%
Municipalities served	1,829	1,878	2.7%
Market share (%) in the eligible microfinance market (base of 3,939 thousand potential customers)	18.7	26.6	42.2%

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 refers to a differentiated methodology that establishes a fast, non-bureaucratic assignment of loans, enabling the growth in family income in rural areas, maintenance and creation of new work opportunities, as well as improvement of the quality life of farmers. In 2011, 366,681 loans were contracted in the area where the Bank operates, totaling R$ 775.1 million, with an average value of about R$ 2.1 thousand. At the end of the year, women accounted for 48.3% of Agroamigo’s active clients. Agroamigo also enables financial inclusion and environmental responsibility of microentrepreneurs. Over 100 thousand clients already have current or savings account with BNB.

Family farming

The National Family Farming Strengthening Program (PRONAF) is the federal government’s program that sponsors family farming. In the Brazilian Northeast Region, this segment accounts for 89.1% of rural establishments, representing 2.2 million family establishments and 6.4 million individuals employed. BNB is Pronaf’s main financial agent in the Northeast Region. In 2011, the Bank contracted 406,322 loans with family farmers, totaling R$1,349.1 million, of which 63.7% of the loans were granted to rural establishments located in the semi-arid region. The contracted amount grew by 22.1% compared to 2010. The Active Portfolio totaled R$ 4,6 billion at the end of the year, representing 1.3 million transactions.

Mini and small farmers

BNB transacts business with mini and small farmers to strengthen regional economy and eradicate poverty in the rural area. Through the integration of credit and government policies, the Bank promotes financial and social inclusion, the growth of income of clients in this segment and the expansion and diversification of regional economic competition. In 2011, BNB contracted 10,708 rural loans, in the total amount of R$ 598.1 million, with mini and small farmers, except for farmers eligible to PRONAF. This amount represented a growth by 48% compared to the volume in 2010.

Businesses with Micro and small enterprises (MSEs)

In 2011, BNB set aside short- and long-term credit lines, in the total amount of R$ 3.5 billion, to Micro and Small Companies (MSEs). During the same period, businesses were transacted in the amount of R$ 2.6 billion, a growth by 13% compared to 2010. 106,160 financing and loans were granted to 26,340 MSEs. The measures that contributed to the performance achieved in 2011 include: continuity of the business strategy "Nordeste Franquias" – a segment that has been posting a substantial growth in the Northeast Region each year; sponsorship of trade events and fairs; improvement of the lending process; strengthening of the partnerships between BNB and important agents operating in strategic sectors; Business Manager Training Program; and disclosure of Banco do Nordeste brand in the market through marketing campaigns.

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, 308 operations were contracted in the corporate segment, totaling R$ 6.3 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 2011, 12 loans were contracted with FNE's funds in the amount of R$ 1.4 billion.Since the launcing of the Program, 46 establishments included in PAC 1 and PAC 2 received BNB's financial support in the total amount of R$ 9.4 billion. This participation resulted in total investments of about R$ 43.4 billion in the power and transportation sectors. With respect 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 external control bodies, in 2011, the Bank contracted seven loans with FNE - Proatur's funds, totaling R$ 330.3 million. With these transactions, the Bank has 20 credit lines to finance the 2014 World Cup using FNE's funds, in the amount of R$ 673.6 million, representing total investments of R$ 1.7 billion.

Commercial credit transactions

Commercial credit transactions to supplement investments totaled R$ 5.1 billion in 2011 and comprise Direct Consumer Credit (CDC) and Working Capital, in the amount of R$ 1,886.9 million; Factoring, in the amount of R$948.1 million; and Secured Accounts, in the amount of R$ 2,254.1 million.

Foreign trade and exchange transactions

In 2011, foreign trade loans totaled R$1.5 billion, a growth by 15% compared to 2010. Credit products allow the Bank to meet financing requirements and issue guarantees, such as: Advances on Foreign Exchange Contracts (ACC/ACE), Import Financing (FINIMP) and international collaterals. The aggregate of all foreign exchange transactions in 2011, including loans, spot foreign exchange services, interbank transactions and currency arbitrage services reached R$4 billion. Through foreign trade and foreign exchange transactions, BNB facilitates access to foreign markets by companies in the Northeast Region, thus performing its development role.

FINANCIAL BUSINESS

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 2011 in the structuring of fixed-income transactions in the amount of R$ 689 million.

Asset Management

In 2011, BNB managed 20 investment funds, twelve of which targeted at retail clients, two exclusively targeted at the public sector, and six targeted at exclusive investors. At the end of 2011, the net equity of the funds totaled approximately R$ 3.4 billion, a growth by 14.3% compared to the end of 2010.

ECONOMIC AND FINANCIAL INDICATORS

Total assets

At the end of 2011, BNB’s total assets increased by 11.2% as compared to the end of 2010 (see the Global Assets table). The Bank’s assets also include FNE available funds (R$ 1,593 million) and the funds committed to that Fund’s credit operations, i.e., related to contracted transactions pending disbursement (R$ 2,983 million). The growth in BNB’s asset balances (R$ 2,652 million) between December 2010 and December 2011 is mainly due to the increase of R$ 1,724 million in the balance of cash and cash equivalents, interbank investments and securities, as well as increase in the balance of BNB’s lending portfolio, in the amount of R$ 455 million. Such increase was possible due to the increase in FNE’s cash and cash equivalents in the amount of R$ 922 million, in the volume of deposits in the amount of R$ 454 million, in foreign exchange obligations in the amount of R$ 375 million and obligations to BNDES to finance loan transactions in the amount of R$ 300 million, as well as retained earnings for the period. However, liabilities represented by “Fundo de Terras”, “Incra Conta Fundiária” and “Fundo Rotativo de Terras” decreased by R$ 699 million due to the transfer of the obligation to memorandum accounts. (see item Sources of Funds).

The balance of BNB’s lending portfolio, less the allowance for loan losses, grew by 4.5% in 2011, mainly due to the following increases: Crediamigo Program’s loans; long-term financing with BNDES’ funds; foreign exchange transactions with foreign funds; loans with funds raised through the Agribusiness Credit Note; loans with FAT’s funds; and loans with FNE's onlending. Loans with onlending funds from “Fundo da Terras-Reforma Agrária”, “Incra-Conta Fundiária” and “Fundo Rotativo de Terras” decreased due to the transfer to memorandum accounts. (See Investments by Source/Program).

In 2011, total FNE’s assets increased by 13.3% (see Global Assets), primarily owing to the inflow of funds from the National Treasury. In 2011, FNE’s equity grew by R$5,031 million compared to R$4,084 million in 2010. When comparing the positions as at December 31, 2011 and December 31, 2010, it is possible to observe a growth by 12.0% in the balance of investments in FNE’s lending operations (adjusted by the allowances for loan losses) and 25.3% in cash and cash equivalents and commitments sources.

GLOBAL ASSETS (R$ million)

Description	BNB		FNE	
	12.31.2010	12.31.2011	12.31.2010	12.31.2011
Cash and cash equivalents(*), interbank investments and securities	11,721.3	13,445.2	1,896.5	1,593.0
Funding committed to lending operations	-	-	1,756.6	2,983.2
Interbank accounts	271.0	304.1	1,331.5	1,434.4
Lending operations (Adjusted for provisions)	10,134.9	10,590.3	28,337.4	31,733.6
Other receivables (Adjusted for provisions)	1,450.8	1,890.0	3.1	2.0
Other assets	13.7	17.1	1.5	1.3
Permanent assets	192.0	188.9	-	-
Total	**23,783.7**	**26,435.6**	**33,326.6**	**37,747.5**

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

Securities

As at December 31, 2011, the securities portfolio amounted to R$ 10,063 million, a growth by R$ 2,297 million (29.6%) compared to 12/31/2010, when it totaled R$ 7,766 million. Such increase was mainly observed in Treasury Financial Bills (LFT) and Debentures, and the Selic rate applied on LFTs grew by 11.6% in 2011, and INPC applied on NTN-Bs fluctuated by 6.5% in 2011. In accordance with Circular 3068, of 11/08/2002, issued by the Central Bank of Brazil, BNB prepared a projected cash flow 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.

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, as at December 31, 2011, before allowances for loan losses, totaled R$ 44,423.5 million, a growth by about 8.8%.

INVESTMENTS BY SOURCE/PROGRAM (R$ million)

Description	12.31.2010	12.31.2011
Northeast Financing Constitutional Fund (FNE)	29,556.0	32,624.4
Own funds (except Crediamigo and BNB savings accounts)	6,247.7	5,769.6
National Bank for Economic and Social Development (BNDES)	988.1	1,300.3
Crediamigo (funds from Bird, FAT, DIM, and own funds)	770.5	1,177.9
FNE - Onlending - Law 7827 Art. 9, “a” (Subordinate Debt)	782.4	888.2
Foreign funding (foreign exchange)	553.4	857.6
Inter-American Development Bank (IDB)	654.4	757.3
Workers´ Assistance Fund (FAT)	254.3	465.3
Agribusiness Credit Note (LCA)	-	243.5
BNB savings accounts	238.4	155.6
Merchant Marine Fund (FMM)	59.2	101.6
National Treasury Secretariat (STN)	80.5	80.4
Land Fund/Agrarian Reform (*)	571.3	-
Incra - Land Account (*)	70.5	-
FRT (Revolving Land Fund) (*)	12.6	-
Other	4.5	1.8
Total	**40,843.8**	**44,423.5**

(*) Balances transferred to memorandum accounts

The table below shows BNB’s lending by industry, in particular the growth by 29.7% in the infrastructure and development portfolio, which accounted for 16.5% of BNB’s lending. Manufacturing, trade and services industry represents 63.7% of BNB’s balance of lending operations, while farming and agribusiness account for 13,1%. As to FNE’s lending by industry, it is worth mentioning the growth by 32.7% in the infrastructure and development industry, accounting for 17.9% of FNE’s lending, and the growth by 20.9% in the manufacturing, trade and services portfolio, accounting for 34.9% of FNE’s total lending balance. The farming and agribusiness industry continues to represent the major portion of total balance of FNE’s lending with 46.8%, a decrease by 1% in 2011 compared to 2010. With 0.4% in the balance of FNE’s lending, export financing decreased by R$ 187 million in 2011 compared to 2010, a reduction by 58.0%.

LENDING BY INDUSTRY (R$ million)

Description	BNB		FNE	
	12.31.2010	12.31.2011	12.31.2010	12.31.2011
Lending operations **(adjusted for provisions)**	**10,134.9**	**10,590.3**	**28,337.4**	**31,733.6**
• Lending operations	10,715.8	11,212.2	29,556.0	32,624.4
ð Manufacturing, trade and services	6,771.2	7,147.1	9,420.5	11,391.5
ð Farming and agribusiness	1,961.0	1,466.4	15,419.8	15,270.3
ð Infrastructure and development	1,426.1	1,849.3	4,392.3	5,826.7
ð Refinancing	533.2	473.7	-	-
ð Export and import financing	24.3	275.6	323.4	135.9
• Allowance for loan losses	(580.9)	(621.9)	(1,218.6)	(890.8)
Other receivables with loan characteristics (adjusted for provisions)	**499.9**	**578.7**	**-**	**-**
• Other receivables	571.9	586.9	-	-
ð Import and export	529.1	582.0	-	-
ð Other	42.8	4.9	-	-
• Allowance for loan losses	(72.0)	(8.2)	-	-
Total	**10,634.8**	**11,169.0**	**28,337.4**	**31,733.6**

Sources of funds

From December 31, 2010 to December 31, 2011, the Bank's obligations to third parties grew by 11.6%, as shown in the table below.

SOURCE OF FUNDS (R$ million)

Description	12.31.2010	12.31.2011
Demand deposits	134.1	183.6
Savings deposits	1,288.6	1,330.0
Time deposits	6,385.6	6,860.3
• FAT	686.8	622.4
• FINOR/cash and cash equivalents	95.0	216.7
• Reinvestments - Law 8167	352.5	453.5
• CDB (Time deposits)	5,251.3	5,567.7
Interbank deposits and other	701.3	590.6
FNE funds (cash and cash equivalents)	3,656.3	4,578.2
Onlending - local currency	1,685.7	1,286.7

• BNDES and Finame	986.1	1,285.7
• Other institutions	699.6	1.0
Onlending - foreign currency	729.2	840.4
Borrowings	507.5	882.8
Money market funding	524.3	704.4
Agrobusiness Credit Note (LCA)	-	196.4
Issue of securities abroad	485.5	567.2
Taxes and social security	493.1	525.8
Contingent liabilities	1,436.2	1,767.9
• FNE	1,177.8	1,386.8
• Labor lawsuits	161.9	182.8
• Civil and other lawsuits	96.5	198.3
Corporate and bylaws provisions	130.7	12.3
Accrued liabilities allowances	1,053.9	1,131.6
• Employee benefits - CVM Resolution 600	925.4	985.4
• Other	128.5	146.2
Subordinated debt eligible for capital (FNE)	1,101.8	1,216.3
Hybrid equity/debt instrument	1,004.2	1,137.9
Other payables	288.4	293.7
Total obligations to third parties	**21,606.4**	**24,106.1**
Deferred income	-	-
Shareholders' equity	2,177.3	2,329.5
Total liabilities + BNB shareholders' equity	**23,783.7**	**26,435.6**
FNE funds (other)	28,568.5	31,953.0
Total	**52,352.2**	**58,388.6**

Shareholders' equity

As at December 31, 2011, BNB's shareholders' equity was R$ 2,329.5 million (R$ 2,177.3 million as at December 31, 2010) and capital was R$ 2,010 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)

BNB’s net income for 2011 was R$ 314.8 million, a growth by 0.38% compared R$ 313.6 million in 2010. As at December 31, 2010, earnings per share grew from R$ 3.60 to R$ 3.62 as at December 31, 2011. As at December 31, 2011, return on shareholders’ equity calculated on the balance reported was 13.51% p.a. As at December 31, 2010, this index was 14.40% p.a.

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 (PR) to total risks assumed in asset transactions, including guarantees provided, and market and operational risks, for December 31, 2011 at 11%. As at December 31, 2011, BNB’s capital adequacy ratio (Basel Index) was 16.32% (13.22% as at December 31, 2010) while PR was R$ 4,604,614 thousand (R$ 3,248,273 thousand as at December 31, 2010). Required Regulatory Capital (PRE), which represents the consolidation of all exposures to risk, with capital allocation index of 11%, was R$ 3,054,085 thousand as at December 31, 2011 (R$ 2,627,409 thousand as at December 31, 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 in the context of these agreements as Tier II Capital, with positive effects on the Bank’s Basel Index. On December 22, 2010, pursuant to Law 12249, of 06/11/2010, as amended by Provisional Measure 513, of 11/26/2010, BNB and the Brazilian Government entered into a Loan Agreement, classified as Hybrid Equity and Debt Instrument (IHCD), in the amount of R$ 1,000,000 thousand, which was fully paid up. On February 21, 2011, the Central Bank authorized the classification of such hybrid instrument as Tier II Capital.

International and domestic risk assessment - Rating

In 2011, the three main international rating agencies reasserted BNB’s rating. Moody's Investors Service confirmed BNB’s global investment grade. In June 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. Fitch confirmed BNB’s global investment grade, where long-term IDRs, both in domestic and foreign currencies, remained stable with a “BBB” rating. Short-term IDRs, both in domestic and foreign currencies, were classified as “F2”. Long-term and short-term domestic ratings were classified as “AAA(bra)” and “F1+(bra)”, respectively. In accordance with the Agency, this classification reflects BNB's important role for the development of the Northeast Region. Standard & Poor’s reasserted BNB’s global investment grade in foreign currency, which continued to be classified as “BBB-/Estável/A-3”. In domestic currency, the classification was “brAAA” and also remained stable. According to the Agency’s opinion, BNB's ratings reflect the Bank's important role in the government policies of the Northeast Region, which is supported by its controlling shareholder, the Federal Government.

Convergence with International Accounting Standards

In 2011, more precisely in the first semester, BNB started to disclose its annual financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), in its website. The first financial statements refer to December 31, 2010 (compared to December 31, 2009). The financial statements as at December 31, 2011, compared to those for December 31, 2010, are expected to be disclosed in the first semester of 2012.

TECHNICAL OFFICE OF ECONOMIC STUDIES FOR THE NORTHEAST (ETENE)

The basic responsibilities of BNB’s Technical Office of Economic Studies for the Northeast (Etene) comprise the preparation, promotion and dissemination of technical and scientific knowledge to support BNB’s measures in its operational area aiming at sustainable development. In 2011, Etene analyzed the results and effects of the following programs: FNE 2010, FNE 2011 - first six-month period; Financing Program to Supplementary Infrastructure of Northeast Region (FNE - Proinfra); FNE - Farming: dairy and beef cattle raising, cultivation of soybean, cotton and grape; National Family Farming Strengthening Program (Pronaf) - 2009 and 2010. It also published 36 books in the categories of thesis and dissertations, Etene documents, Etene technical information series, Series BNB Ciência e Tecnologia, Revista Econômica do Nordeste (REN), Revista BNB Conjuntura Econômica, BNB’s policies and programs evaluation, among others.

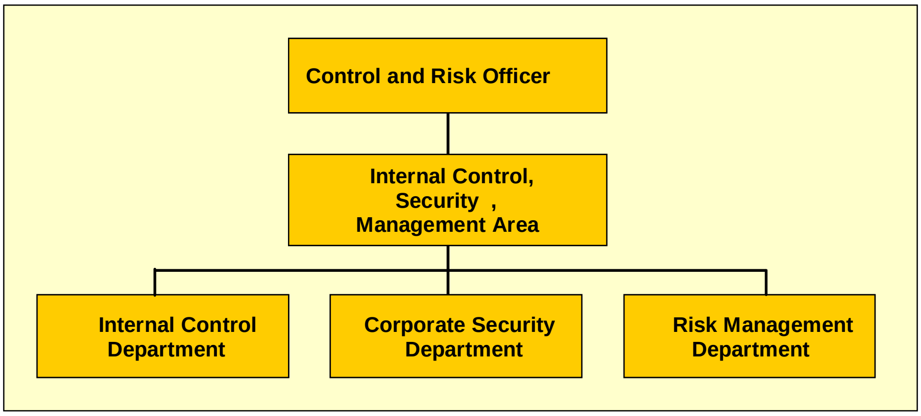
Scientific, technology and development funds

In recognizing the importance of researches to benefit from the regional potential and competencies, BNB invested R$ 38.8 million in 782 projects in 2011. These projects were selected by three research sponsored funds - Science and Technology Development Fund (Fundeci), Northeast Socioeconomic Activities Support Fund (Fase) and Regional Development Fund (FDR).

GOVERNANCE AND RISK MANAGEMENT

BNB's organizational structure is designed based on best corporate governance principles intended to ensure its organization's soundness through appropriate management of the risks involved and generation of profits, based on its development goals. The Bank has a 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

The Bank's Audit Committee, created and governed through Resolution 3198/2004 of the National Monetary Council, is an advisory board controlled by the Bank's Board of Directors. 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. During 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, in fulfilling its responsibility of assisting senior management and statutory bodies by providing information on the effectiveness of the Bank's risk management, carried out 37 audit work in 2011, of which 16 refer to business and support processes; 10 refer to information technology and 11 refer to legal compliance. In order to enhance BNB's corporate governance system to mitigate legal, operational and image risks, the Audit Area coordinates, on an integrated basis, the requests made by control, inspection, supervision and external audit bodies, as well as other outside bodies, provided that arising from work performed by these bodies in the Bank.

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 with the institution's internal departments in accordance with the Consumer Defense Code, intermediating conflicts several times. Through the establishment of internal partnerships, the Ombudsman office stimulates the improvement of process, products and services quality. In 2011, the Ombudsman office received 454 complaints, claims, suggestions, information and compliments.

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 06/22/1994, and 6029, of 02/01/2007. The Ethics Commission's activities are annually reported to the Public Ethics Commission (CEP).In 2011, it is worth mentioning the approval by the Bank's Executive Board and Board of Directors of the updated version of the Code of Ethics, which made the code to be in accordance with applicable legislation.

Investor and Financial Market Relations

Consolidating its efforts to place securities in the capital market, BNB continues to actively participate in the distribution of operations in this segment, whose total value, in 2011, totaled R$ 307.6 million in the primary and secondary markets. The Investor Relations Unit is also focused on improving the relations with shareholders by mainly providing information on the distribution of dividends/Interest on Capital (JCP) and the shareholding position held by each shareholder.

CVM INSTRUCTION 381/03

With reference to Brazilian Securities and Exchange Commission (CVM) Instruction 381/03, dated 01/14/2003, 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 year.

Fortaleza, January 30, 2012

BANCO DO NORDESTE DO BRASIL S,A,

BALANCE SHEETS AS AT DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

ASSETS	12/31/2011	12/31/2010
CURRENT ASSETS	10.584.659	10.838.392
CASH AND CASH EQUIVALENTS (Note 5)	97.086	82.391
INTERBANK INVESTMENTS (Note 6.a)	3.240.283	3.872.110
Money market investments	3.036.454	3.451.521
Interbank deposits	203.829	420.589
SECURITIES AND DERIVATIVES (Note 7)	233.192	1.026.946
Own portfolio	233.158	809.265
Derivative financial instruments	34	210
Linked to guarantees	-	217.471
INTERBANK ACCOUNTS	267.274	238.268
Unsettled payments and receipts	90	2.320
Restricted deposits:		
Deposits with the Central Bank of Brazil (Note 8.a)	260.563	230.048
National Treasury - Rural Credit Funds (Note 8.a)	4.984	3.971
Interbank onlendings	905	805
Correspondents	732	1.124
INTERDEPARTMENTAL ACCOUNTS	-	285
Internal transfers of funds	-	285
LENDING OPERATIONS	4.950.715	4.224.164
Lending operations (Note 9.a)	5.251.775	4.470.238
Public sector	78.446	58.378
Private sector	5.173.329	4.411.860
(Allowance for loan losses) (Note 9.a)	(301.060)	(246.074)
OTHER RECEIVABLES	1.778.988	1.380.525
Receivables for guarantees honored (Note 10.a)	-	8
Foreign exchange portfolio (Note 10.b)	641.071	521.843
Income receivable (Note 10.c)	22.902	25.570
Other receivables (Note 10.d)	1.118.570	851.425
(Allowance for losses on other receivables) (Note 10.e)	(3.555)	(18.321)
OTHER ASSETS	17.121	13.703
Other assets	6.169	6.702
(Allowance for devaluation)	(1.248)	(1.302)
Prepaid expenses	12.200	8.303
LONG-TERM ASSETS	15.662.089	12.753.269
SECURITIES AND DERIVATIVES (Note 7)	9.874.595	6.739.820
Own portfolio	8.878.659	6.293.647
Held under repurchase commitments	672.509	437.948
Derivative financial instruments	44.860	95
Linked to guarantees	278.567	8.130
INTERBANK ACCOUNTS	36.863	32.474
Restricted deposits:		
National Treasury - Rural loan (Note 8.a)	422	329
Financial Housing System (SFH) (Note 8.a)	32.369	27.718
Interbank onlendings	4.072	4.427
LENDING OPERATIONS	5.639.615	5.910.740
Lending operations (Note 9.a)	5.960.393	6.245.600
Public sector	1.255.601	1.209.193
Private sector	4.704.792	5.036.407
(Allowance for loan losses) (Note 9.a)	(320.778)	(334.860)
OTHER RECEIVABLES	111.016	70.235
Receivables for guarantees honored (Note 10.a)	-	12
Other receivables (Note 10.d)	161.747	155.592
(Allowance for loan losses on other receivables) (Note 10.e)	(50.731)	(85.369)
PERMANENT ASSETS	188.840	192.055
INVESTMENTS (Note 12.a)	1.568	1.429
Other investments	6.871	6.732
(Allowance for losses)	(5.303)	(5.303)
PROPERTY, PLANT AND EQUIPMENT IN USE (Note 12.b)	185.569	188.219
Real estate	137.759	132.615
Real estate revaluation	105.410	111.628
Other property, plant and equipment in use	166.672	151.302
(Accumulated depreciation)	(224.272)	(207.326)
DEFERRED CHARGES (Note 12.c)	1.703	2.407
Organization and expansion costs	4.624	6.096
(Accumulated amortization)	(2.921)	(3.689)
TOTAL ASSETS	26.435.588	23.783.716

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

BANCO DO NORDESTE DO BRASIL S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

LIABILITIES	12/31/2011	12/31/2010
CURRENT LIABILITIES	9.748.154	8.474.793
DEPOSITS (Note 13.a)	5.115.979	3.772.031
Demand deposits	162.445	109.037
Savings deposits	1.329.994	1.288.569
Interbank deposits	588.986	670.627
Time deposits	3.034.554	1.688.256
Other deposits	-	15.542
OPEN MARKET FUNDING (Note 13.b)	637.812	460.893
Own portfolio	603.883	372.897
Third parties portfolio	33.929	87.996
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 15)	199.732	2.991
Funds from real estate bills, mortgage bills, bills of credit and similar notes	196.364	-
Payables for securities issued abroad	3.368	2.991
INTERBANK ACCOUNTS	4	22
Receipts and payments pending settlement	4	22
INTERDEPARTMENTAL ACCOUNTS	7.142	30.330
Third-parties funds in transit	7.142	30.330
BORROWINGS (Note 14.b)	849.768	461.822
Domestic borrowings - Official institutions	16.511	15.219
Foreign borrowings	833.257	446.603
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (Note 14.c)	173.427	289.427
National Treasury	217	192
BNDES (National Bank for Economic and Social Development)	162.562	166.206
FINAME (National Equipment Financing Authority)	10.648	3.921
Other institutions	-	119.108
DERIVATIVE FINANCIAL INSTRUMENTS (Note 7.c)	7.615	12.118
Derivative financial instruments	7.615	12.118
FOREIGN ONLENDINGS (Note 14.d)	81.291	66.808
Foreign onlendings	81.291	66.808
OTHER LIABILITIES	2.675.384	3.378.351
Collected taxes and other (Note 16.a)	4.805	5.604
Foreign exchange portfolio (Note 16.b)	1.188	16.601
Social and statutory (Note 16.c)	12.254	130.687
Tax and social security (Note 16.d)	525.820	493.132
Trading account	-	7
Financial and development funds (Note 16.e)	1.102.922	1.011.809
Hybrid debt/ equity instruments(Note 17)	70.164	1.647
Other (Note 16.h)	958.231	1.718.864
LONG-TERM LIABILITIES	14.357.919	13.131.569
DEPOSITS (Note 13.a)	3.848.520	4.737.550
Demand deposits	21.179	25.082
Interbank deposits	-	13.501
Time deposits	3.827.341	4.698.967
OPEN MARKET FUNDING (Note 13.b)	66.561	63.396
Own portfolio	66.561	63.396
FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Note 15)	563.876	482.496
Payables for securities issued abroad	563.876	482.496
BORROWINGS (Note 14.b)	33.021	45.656
Domestic borrowings - Official institutions	33.021	45.656
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (Note 14.c)	1.113.258	1.397.349
National Treasury	775	894
BNDES (National Bank for Economic and Social Development)	990.332	767.054
FINAME (National Equipment Financing Authority)	122.151	48.938
Other institutions	-	580.463
DERIVATIVE FINANCIAL INSTRUMENTS (Note 7.c)	13.513	46.020
Derivative financial instruments	13.513	46.020
FOREIGN ONLENDINGS (Note 14.d)	759.101	662.357
Foreign onlendings	759.101	662.357
OTHER LIABILITIES	7.960.069	5.696.745
Financial and development funds (Note 16.e)	3.617.155	2.734.366
Hybrid debt/ equity instruments (Note 17)	1.067.708	1.002.519
Subordinated debt eligible for capital (Note 18)	1.216.319	1.101.848
Other (Note 16.h)	2.058.887	858.012
DEFERRED INCOME	16	16
Deferred income	16	16
SHAREHOLDERS' EQUITY (Note 19)	2.329.499	2.177.338
CAPITAL	2.010.000	1.851.000
Brazilian residents	2.010.000	1.851.000
REVALUATION RESERVE	25.198	28.064
EARNINGS RESERVES	244.536	248.528
VALUATION ADJUSTMENTS TO EQUITY	50.149	50.130
(TREASURY SHARES)	(384)	(384)
TOTAL LIABILITIES	26.435.588	23.783.716

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

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011
(In thousands of Brazilian reais - R$, except earnings per share)

	2nd half 2011	2011	2010
INCOME FROM FINANCIAL INTERMEDIATION	1.913.727	3.347.864	2.431.267
Lending operations (Note 9.a.2)	989.381	1.772.643	1.489.809
Securities transactions (Note 7.b)	717.539	1.365.528	888.770
Derivative financial instruments (Note 7.d)	65.827	25.660	(36.140)
Gains (losses) on foreign exchange transactions (Note 11.b)	129.215	163.871	73.161
Gains (losses) on compulsory investments (Note 8.b)	11.765	20.162	15.667
EXPENSES FROM FINANCIAL INTERMEDIATION	(1.326.146)	(2.130.601)	(1.464.879)
Funding operations (Note 13.c)	(622.226)	(1.048.740)	(591.142)
Borrowings and onlendings (Note 14.e)	(573.996)	(846.952)	(473.727)
Allowance for loan losses (Note 9.e)	(129.924)	(234.909)	(400.010)
GROSS INCOME FROM FINANCIAL INTERMEDIATION	587.581	1.217.263	966.388
OTHER OPERATING INCOME (EXPENSES) (Note 20)	(393.949)	(548.829)	(436.119)
Income from services provided	690.624	1.327.021	1.233.992
Income from bank fees	15.300	24.735	12.768
Personnel expenses	(596.639)	(1.081.293)	(1.019.740)
Other administrative expenses	(413.352)	(775.242)	(659.632)
Tax expenses	(96.622)	(188.995)	(173.182)
Other operating income	574.230	1.164.760	927.571
Other operating expenses	(567.490)	(1.019.815)	(757.896)
INCOME FROM OPERATIONS	193.632	668.434	530.269
NONOPERATING INCOME (EXPENSES)	7.781	7.045	1.645
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	201.413	675.479	531.914
INCOME TAX AND SOCIAL CONTRIBUTION (Note 21)	(175.399)	(323.603)	(174.086)
Provision for Income Tax	(80.021)	(181.082)	(145.381)
Provision for Social Contribution	(52.695)	(115.798)	(93.598)
Deferred income tax	(42.683)	(26.723)	64.893
PROFIT SHARING	(11.908)	(37.077)	(44.238)
NET INCOME	14.106	314.799	313.590
INTEREST ON OWN CAPITAL (Note 19.e)	(9.562)	(73.526)	(121.000)
Number of shares (in thousands)	87.002	87.002	87.002
Earnings per share - R$	0,16	3,62	3,60

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011
(In thousands of Brazilian reais - R$)

	PAID-IN CAPITAL		CAPITAL RESERVE	REVALUATION RESERVE	EARNINGS RESERVES						
	CAPITAL	CAPITAL INCREASE	OTHER CAPITAL RESERVES	OWN ASSETS	LEGAL	STATUTORY	OTHER	VALUATION ADJUSTMENTS TO EQUITY	RETAINED EARNINGS (ACCUMULATED LOSSES)	TREASURY SHARES	TOTAL
BALANCES AS OF DECEMBER 31, 2009	1.652.000	-	502	30.501	73.216	198.760	-	118.130	-	(384)	2.072.725
PRIOR-YEAR ADJUSTMENTS											
CVM Resolution 600/2009									65.534		65.534
VALUATION ADJUSTMENTS TO EQUITY	-	-	-	-	-	-	-	(68.000)	-	-	(68.000)
CAPITAL INCREASE											
From Reserve:											
Transfer for capital increase	-	199.000	(502)	-	-	(198.498)	-	-	-	-	-
Capital contribution	198.000	(198.000)	-	-	-	-	-	-	-	-	-
OTHER EVENTS											
Revaluation of assets:											
Reserve realization:											
Gross value	-	-	-	(4.061)	-	-	-	-	4.061	-	-
Taxes	-	-	-	1.624	-	-	-	-	(1.624)	-	-
NET INCOME FOR THE YEAR	-	-	-	-	-	-	-	-	313.590	-	313.590
Allocation:											
Reserves	-	-	-	-	15.680	159.370	-	-	(175.050)	-	-
Dividends									(85.511)		(85.511)
Interest on own capital	-	-	-	-	-	-	-	-	(121.000)	-	(121.000)
							-				
BALANCES AS AT DECEMBER 31, 2010	1.850.000	1.000	-	28.064	88.896	159.632	-	50.130	-	(384)	2.177.338
CHANGES FOR THE YEAR	198.000	1.000	(502)	(2.437)	15.680	(39.128)	-	(68.000)	-	-	104.613
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	-	-	-	-	-	-	-	19	-	-	19
CAPITAL INCREASE											
From Reserve:											
Capital contribution	160.000	(1.000)	-	-	-	(159.000)	-	-	-	-	-
OTHER EVENTS											
Revaluation of assets:											
Reserve realization:											
Gross value	-	-	-	(4.614)	-	-	-	-	3.994	-	(620)
Taxes	-	-	-	1.748	-	-	-	-	(1.597)	-	151
NET INCOME FOR THE YEAR	-	-	-	-	-	-	-	-	314.799	-	314.799
Allocation:											
Reserves	-	-	-	-	15.740	132.230	-	-	(147.970)	-	-
Dividends	-	-	-	-	-	-	-	-	(95.700)	-	(95.700)
Proposed Additional Dividends	-	-	-	-	-	-	7.038	-	(7.038)	-	-
Interest on own capital	-	-	-	-	-	-	-	-	(66.488)	-	(66.488)
BALANCES AS AT DECEMBER 31, 2011	2.010.000	-	-	25.198	104.636	132.862	7.038	50.149	-	(384)	2.329.499
CHANGES FOR THE YEAR	160.000	(1.000)	-	(2.866)	15.740	(26.770)	7.038	19	-	-	152.161
BALANCES AS AT JUNE 30, 2011	2.010.000	-	-	26.231	103.931	131.458	-	34.457	-	(384)	2.305.693
VALUATION ADJUSTMENTS TO EQUITY	-	-	-	-	-	-	-	15.692	-	-	15.692
OTHER EVENTS											
Revaluation of assets:											
Reserve realization:											
Gross value	-	-	-	(1.972)	-	-	-	-	1.972	-	-
Taxes	-	-	-	939	-	-	-	-	(788)	-	151
NET INCOME FOR THE PERIOD	-	-	-	-	-	-	-	-	14.106	-	14.106
Allocation:											
Reserves	-	-	-	-	705	1.404	-	-	(2.109)	-	-
Dividends	-	-	-	-	-	-	-	-	(3.619)	-	(3.619)
Proposed Additional Dividends	-	-	-	-	-	-	7.038	-	(7.038)	-	-
Interest on own capital	-	-	-	-	-	-	-	-	(2.524)	-	(2.524)
BALANCES AS AT DECEMBER 31, 2011	2.010.000	-	-	25.198	104.636	132.862	7.038	50.149	-	(384)	2.329.499
CHANGES OF THE PERIOD	-	-	-	(1.033)	705	1.404	7.038	15.692	-	-	23.806

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011
(In thousands of Brazilian reais - R$)

	2nd half 2011	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year/period	14.106	314.799	313.590
Adjustments to net income:			
Depreciation and amortization	13.952	27.346	25.551
Allowance for losses on other assets	9	27	65
Allowance for loan losses	129.924	234.909	400.010
Provision for contingent liabilities	141.186	146.536	83.233
Deferred charges	(118)	(358)	(842)
Deferred income	-	-	2
Adjusted net income	299.059	723.259	821.609
Interbank investments	280.135	17.643	(48.890)
Interbank and interdepartmental accounts	(41.220)	(56.316)	(36.807)
Lending operations	(818.018)	(712.580)	(1.588.942)
Other receivables	(81.859)	(387.230)	(196.015)
Other assets	4.704	(3.879)	(5.215)
Deposits	150.089	454.919	2.176.853
Open market funding (repurchase commitments)	(69.007)	180.084	78.613
Funds from acceptance and issuance of securities	306.642	278.120	485.487
Borrowings and onlendings	575.519	86.448	66.822
Derivative financial instruments	(50.442)	(37.010)	21.568
Other liabilities	654.920	1.258.716	1.291.732
Revaluation reserve	151	(469)	-
Income tax and social contribution	(113.468)	(29.771)	(27.702)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1.097.205	1.771.934	3.039.113
CASH FLOWS FROM INVESTING ACTIVITIES			
Available-for-sale securities	(1.512.616)	(2.425.319)	(4.192.807)
Additions to investments	(81)	(137)	(50)
Addition to property, plant and equipment in use	(9.262)	(27.607)	(20.580)
Addition to assets not in use	(324)	(750)	(1.008)
Disposal of investments	4	(2)	-
Disposal of property, plant and equipment in use	3.427	3.974	270
Disposal of assets not in use	494	1.183	351
NET CASH USED IN INVESTING ACTIVITIES	(1.518.358)	(2.448.658)	(4.213.824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and interest on own capital paid	(155.933)	(255.260)	(317.658)
Subordinated debt eligible for capital	59.261	114.471	479.783
Hybrid debt/equity instruments	64.069	133.707	1.004.166
NET CASH USED IN/PROVIDED BY FINANCING ACTIVITIES	(32.603)	(7.082)	1.166.291
Decrease in Cash and Cash equivalents	(453.756)	(683.806)	(8.420)
REPRESENTED BY CASH AND CASH EQUIVALENTS			
At beginning of period	3.639.449	3.869.499	3.877.919
At end of period	3.185.693	3.185.693	3.869.499
Decrease in Cash and Cash equivalents	(453.756)	(683.806)	(8.420)

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

STATEMENTS OF VALUE ADDED

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011

(In thousands of Brazilian reais - R$)

	2nd half 2011	%	12/31/2011	%	12/31/2010	%
REVENUES	2.461.565		4.589.979		3.514.232	
Financial intermediation	1.913.727		3.347.864		2.431.267	
Service provided and bank fees	705.924		1.351.756		1.246.760	
Allowance for loan losses	(129.924)		(234.909)		(400.010)	
Other income/expenses	(28.162)		125.268		236.215	
EXPENSES ON FINANCIAL INTERMEDIATION	(1.196.222)		(1.895.692)		(1.064.869)	
INPUTS PURCHASED FROM THIRD PARTIES	(382.974)		(714.868)		(604.897)	
Materials, electric power and other	(137.963)		(254.162)		(252.445)	
Outside services	(245.011)		(460.706)		(352.452)	
GROSS VALUE ADDED	882.369		1.979.419		1.844.466	
RETENTIONS	(13.952)		(27.346)		(25.551)	
Depreciation, amortization and depletion	(13.952)		(27.346)		(25.551)	
WEALTH CREATED BY THE ENTITY	868.417		1.952.073		1.818.915	
WEALTH FOR DISTRIBUTION	868.417		1.952.073		1.818.915	
DISTRIBUTION OF WEALTH	868.417		1.952.073		1.818.915	
PERSONNEL	540.888	62,3%	987.241	50,6%	950.902	52,3%
COMPENSATION	326.598	37,6%	650.738	33,3%	582.963	32,1%
Employees	314.690		613.661		538.725	
Profit sharing	11.908		37.077		44.238	
BENEFITS	190.101	21,9%	289.720	14,8%	327.459	18,0%
Pension plan (Capef and PGBL)	-		-		11	
Provisions (Post-employment benefits - CVM Resolution 600)	117.167		153.387		210.263	
Benefits - Other	72.934		136.333		117.185	
Severance Pay Fund (FGTS)	24.189	2,8%	46.783	2,4%	40.480	2,2%
TAXES AND CONTRIBUTIONS	296.997	34,2%	617.004	31,6%	525.239	28,9%
Federal	289.192		602.035		509.409	
State	16		26		49	
Municipal	7.789		14.943		15.781	
PAYMENTS TO THIRD PARTIES	16.426	1,9%	33.029	1,7%	29.184	1,6%
Rents	16.426		33.029		29.184	
SHAREHOLDERS' PAYMENTS	14.106	1,6%	314.799	16,1%	313.590	17,2%
INTEREST ON OWN CAPITAL	9.562	1,1%	73.526	3,8%	121.000	6,7%
Federal government	9.000		69.206		113.891	
Other	562		4.320		7.109	
DIVIDENDS	3.619	0,4%	95.700	4,9%	85.511	4,7%
Federal government	3.406		90.077		80.487	
Other	213		5.623		5.024	
RETAINED EARNINGS	925	0,1%	145.573	7,5%	107.079	5,9%

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

Contents of the Notes to the Financial Statements

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);
- CPC 09 - Statement of Value Added (CVM Resolution 557, of 11/12/2008);
- CPC 22 - Segment Reporting (CVM Resolution 582, of 07/31/2009);
- CPC 27 - Property, Plant and Equipment (CMN Resolution 583, of 07/31/2009);
- CPC 32 - Taxes on Income (CVM Resolution 599, of 09/15/2009);
- CPC 33 - Employee Benefits (CVM Resolution 600, of 10/07/2009); and
- CPC 40 - Financial Instruments - Disclosure (CVM 604, of 11/19/2009).

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:

<u>Available-for-sale securities</u> - 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; and

<u>Held-to-maturity securities</u> - 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 for the year;

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 09/30/2008 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 a 10% surtax (on income exceeding R$ 240), and Social Contribution (CSLL) is calculated at the rate of 15%, after the adjustments, on the Company's net income, 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 at 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 12/31/2011 and 12/31/2010, 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	2nd half 2011 Own portfolio	2nd half 2011 FNE	2nd half 2011 Total	12/31/2011 Own portfolio	12/31/2011 FNE	12/31/2011 Total	12/31/2010 Own portfolio	12/31/2010 FNE	12/31/2010 Total
Income	1,803,896	691,842	2,495,738	3,154,365	1,365,304	4,519,669	2,255,281	1,105,202	3,360,483
Income from lending operations	989,381	-	989,381	1,772,643	-	1,772,643	1,489,809	-	1,489,809
Securities transactions	452,330	265,209	717,539	823,007	542,521	1,365,528	474,641	414,129	888,770
Derivative financial instruments	65,827	-	65,827	25,660	-	25,660	(36,140)	-	(36,140)
Gains (losses) on foreign exchange transactions	129,215	-	129,215	163,871	-	163,871	73,161	-	73,161
Gains (losses) on compulsory investments	11,765	-	11,765	20,162	-	20,162	15,667	-	15,667
Others incomes	155,378	426,633	582,011	349,022	822,783	1,171,805	238,143	691,073	929,216
Expenses	(1,088,206)	(575,533)	(1,663,739)	(1,627,827)	(1,019,343)	(2,647,170)	(1,069,387)	(805,739)	(1,875,126)
Expenses on money market funding operations	(622,226)	-	(622,226)	(1,048,740)	-	(1,048,740)	(591,142)	-	(591,142)
Expenses on borrowings and onlending	(320,721)	(253,275)	(573,996)	(328,843)	(518,109)	(846,952)	(78,235)	(395,492)	(473,727)
Allowance for loan losses	(129,924)	(250,907)	(380,831)	(234,909)	(429,782)	(664,691)	(400,010)	(406,384)	(806,394)
Other contingent liabilities (Note 20.g)	(15,335)	(71,216)	(86,551)	(15,335)	(71,216)	(86,551)	-	-	-
Proagro provision receivable	-	(135)	(135)	-	(236)	(236)	-	(3,863)	(3,863)
Financial margin	715,690	116,309	831,999	1,526,538	345,961	1,872,499	1,185,894	299,463	1,485,357
Income from services provided	135,938	554,686	690,624	251,507	1,075,514	1,327,021	346,045	887,947	1,233,992
Income from fees, rates and commissions	15,300	-	15,300	24,735	-	24,735	12,768	-	12,768
Pasep and Cofins	(42,273)	(45,821)	(88,094)	(82,635)	(90,511)	(173,146)	(77,027)	(77,987)	(155,014)
Income (loss) after fees and commissions	824,655	625,174	1,449,829	1,720,145	1,330,964	3,051,109	1,467,680	1,109,423	2,577,103
Administrative expenses			(1,009,991)			(1,856,535)			(1,679,372)
Personnel expenses			(596,639)			(1,081,293)			(1,019,740)
Depreciation and amortization			(13,952)			(27,346)			(25,551)
Other administrative expenses			(399,400)			(747,896)			(634,081)
Others expenses			(213,079)			(452,713)			(300,079)
Expenses on provision, except allowance for loan losses			(25,346)			(66,382)			(65,738)
Income before taxes and profit sharing			201,413			675,479			531,914
Income tax and social contribution on income			(175,399)			(323,603)			(174,086)
Profit sharing			(11,908)			(37,077)			(44,238)
Net income			14,106			314,799			313,590

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.

Specification	12/31/2011	12/31/2010
Cash in local currency	94,777	80,923
Cash in foreign currency	2,309	1,468
Total cash	97,086	82,391
Investments in securities	4,016	88,333
Interbank investments	3,084,591	3,698,775
Total cash and cash equivalents	3,185,693	3,869,499

6. INTERBANK INVESTMENTS

a) Breakdown

Specification	12/31/2011	12/31/2010
a) Money market investments	3,036,454	3,451,521
Resale agreements pending settlement - own portfolio	3,002,525	3,363,525
Resale agreements pending settlement - third-party portfolio	33,929	87,996
b) Interbank deposits	203,829	420,589
Investments in foreign currency	14,987	13,475
Interbank deposits	188,842	407,114
TOTAL	3,240,283	3,872,110
CURRENT	3,240,283	3,872,110

b) Income (loss) from interbank investments

Specification	2nd half 2011	12/31/2011	12/31/2010
a) Income from money market investments (Note 7.b)	173,604	350,862	324,934
Own portfolio	167,719	340,397	316,614
Third-party portfolio	5,885	10,465	8,320
b) Income from interbank deposits (Note 7.b)	16,236	32,476	22,715
TOTAL	189,840	383,338	347,649

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

Specification	12/31/2011	12/31/2010
Available-for-sale securities	10,049,334	7,758,083
Held-to-maturity securities	13,559	8,378
Swap differential receivable	44,894	305
TOTAL	10,107,787	7,766,766
CURRENT	233,192	1,026,946
LONG-TERM	9,874,595	6,739,820

a.2) AVAILABLE-FOR-SALE SECURITIES

SPECIFICATION	12/31/2011 COST	12/31/2011 FAIR VALUE	12/31/2011 MARK-TO-MARKET	12/31/2011 MATURITY YEAR	12/31/2010 COST	12/31/2010 FAIR VALUE	12/31/2010 MARK-TO-MARKET	12/31/2010 MATURITY YEAR
FIXED-INCOME SECURITIES	9,527,312	9,530,187	2,875		7,288,386	7,259,257	(29,129)	
Treasury bills	7,461,949	7,462,115	166	2012 to 2018	5,648,455	5,646,915	(1,540)	2011 to 2017
National Treasury Notes (NTN)	1,091,120	1,141,978	50,858	2050	844,817	844,253	(564)	2015
Financial bills	30,302	30,302	-	2016	30,313	30,313	-	2016
Debentures	898,502	876,719	(21,783)	2013 to 2018	520,905	520,204	(701)	2012 to 2018
Bank credit notes (CCB)	13,588	13,370	(218)	2013	30,811	30,811	-	2011 to 2013
Promissory notes	-	-	-		182,165	182,165	-	2011
Federal government securities - FCVS and other	31,598	5,518	(28,080)	2027	30,902	4,583	(26.319)	2027
Agricultural debt securities	253	185	(68)	2012 to 2022	18	13	(5)	2011 to 2015
INVESTMENT FUND SHARES	14,750	13,434	(1,316)		15,799	14,552	(1,247)	
Social development fund (FDS)	1,316	-	(1,316)	2014	1,247	-	(1,247)	Without
Receivables Investment Fund (FIDC) shares	13,079	13,079	-	2014	14,552	14,552	-	2012
Investment Guarantee Fund (FGI)	235	235	-	Without maturity	-	-	-	-
Operation Guarantee Fund (FGO)	120	120	-	Without maturity	-	-	-	-
VARIABLE-INCOME SECURITIES	144,159	227,146	82,987		144,159	258,673	114,514	
Other tax incentives (FINOR)	4,211	428	(3,783)	Without maturity	4,211	506	(3,705)	Without
Shares of publicly-traded companies	139,948	226,718	86,770	Without maturity	139,948	258,167	118,219	Without
LINKED TO GUARANTEES(1)	279,532	278,567	(965)		226,188	225,601	(587)	
Treasury bills	275,236	275,268	32	2013 to 2017	221,920	221,920	-	2011 a 2015
Federal government securities - Other	614	-	(614)	1993	587	-	(587)	1993
Debentures	3,682	3,299	(383)	2018	3,681	3,681	-	2018
TOTAL	9,965,753	10,049,334	83,581		7,674,532	7,758,083	83,551	
Tax credit	-	-	23,453		-	-	13,873	
Provision for deferred taxes (note 16.d)	-	-	(56,885)		-	-	(47,294)	
TOTAL MARK-TO-MARKET	-	-	50,149		-	-	50,130	

Note: (1) In addition to the securities pledged as a collateral shown in the table above, there are LFTs in the amount of R$ 217,193 in 12/31/2010 and CVSs in the amount of R$ 89 (R$ 74 in 12/31/2010) 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$ 83,581 (R$ 83,551 as at 12/31/2010) was recorded in the Bank's shareholders' equity, under "Market-to-market". This adjustment, net of taxes, corresponds to R$ 50,149 (R$ 50,130 as at 12/31/2010).

a.3) HELD-TO-MATURITY SECURITIES

	12/31/2011			12/31/2010		
SPECIFICATION	COST	FAIR VALUE	MATURITY YEAR	COST	FAIR VALUE	MATURITY YEAR
FIXED-INCOME SECURITIES	13,559	13,559		8,378	8,378	
Investment Fund Shares - Northeast Entrepreneur	1,691	1,691	2013 (*)	1,608	1,608	2011 (*)
National Treasury Notes (NTN) - P	453	453	2012 to 2014	421	421	2012 to 2014
Investment Fund Shares - CRIATEC	8,609	8,609	2017 (*)	5,200	5,200	2017 (*)
FGO (Fund for Collateral of Transactions)	-	-		231	231	Without maturity
FIP Brasil Agronegócios (Agribusiness)	2,806	2,806	2018 (*)	918	918	2018 (*)
TOTAL	13,559	13,559		8,378	8,378	

(*) Estimated maturity

a.4) In December 2011, due to a specific, unusual, nonrecurring and unexpected event occurred after the classification date, the Bank reclassified the Operation Guarantee Fund (FGO) shares (R$120) from "Securities held to maturity" to "Securities available for sale".

a.5) The Company uses the criteria below to measure fair value, according to the following order of priority:

- 1st - Market Prices disclosed by the National Association of Financial Market Institutions - ANBIMA and BM&FBOVESPA;

- 2nd - Goodwill/Negative Goodwill based on the last three-month transactions at CETIP S.A. - Organized Markets.

- 3rd - Calculation of probable realizable value obtained based on its own pricing model.

b) Income (loss) from securities transactions

Specification	2nd half 2011	12/31/2011	12/31/2010
Interbank Investments (Note 6.b)	173,604	350,862	324,934
Interbank deposits (Note 6.b)	16,236	32,476	22,715
Fixed-Income Securities	525,178	976,902	537,428
Variable-Income Securities	2,521	5,288	3,693
TOTAL	717,539	1,365,528	888,770

c) Derivatives

Banco do Nordeste operates under a conservative investment policy focused on investing strictly under the maturities and rates conditions 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.

As at December 31, 2011, 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:

12/31/2011

SWAP CONTRACTS	NOTIONAL AMOUNT	FAIR VALUE		CURVE		MARK-TO-MARKET	
		RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE	POSITIVE	NEGATIVE
ASSET POSITION							
Foreign currency - dollar	509,020	44,769	-	44,338	-	431	-
LIABILITY POSITION							
Fixed rate	360,759	125	21,128	125	7,147	-	13,981
TOTAL	869,779	44,894	21,128	44,463	7,147	431	13,981

12/31/2010

SWAP CONTRACTS	NOTIONAL AMOUNT	FAIR VALUE		CURVE		MARK-TO-MARKET	
		RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE	POSITIVE	NEGATIVE
ASSET POSITION							
Foreign currency - dollar	509,020	-	28,855	-	11,174	-	17,681
LIABILITY POSITION							
Fixed rate	544,399	305	29,283	148	17,459	157	11,824
TOTAL	1,053,419	305	58,138	148	28,633	157	29,505

Swap transactions amounts in risk	12/31/2011	12/31/2010
MARKET RISK HEDGE – ASSETS	562,301	488,587
HEDGED ITEMS - LIABILITIES	566,822	485,113
MARKET RISK HEDGE - LIABILITIES	453,266	667,566
HEDGED ITEMS – ASSETS	439,143	655,709

12/31/2011

Swap contracts mature as follows:	Difference receivable	Difference payable
Up to 3 months	9	580
3 to 12 months	25	7,035
1 to 3 years	56	10,639
3 to 5 years	44,804	2,874
TOTAL	44,894	21,128

12/31/2010

Swap contracts mature as follows:	Difference receivable	Difference payable
Up to 3 months	53	2,490
3 to 12 months	157	9,628
1 to 3 years	95	13,000
3 to 5 years	-	33,020
TOTAL	305	58,138

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

Specification	2nd half 2011	12/31/2011	12/31/2010
Swap	65,827	25,660	(36,140)
TOTAL	65,827	25,660	(36,140)

8. INTERBANK ACCOUNTS - RESTRICTED DEPOSITS

a) Restricted Deposits

Specification	12/31/2011	12/31/2010
Mandatory payments - Savings	223,654	196,368
Compulsory reserves - Cash funds	36,909	33,680
National Housing System (SFH)	32,369	27,718
National Treasury - Rural credit	5,406	4,300
TOTAL	298,338	262,066
CURRENT	265,547	234,019
LONG – TERM	32,791	28,047

b) Income (loss) from compulsory investments

Specification	2nd half 2011	12/31/2011	12/31/2010
Income from restricted deposits - Central Bank of Brazil	8,023	15,189	11,779
Income from restricted deposits – SFH	1,790	3,467	10,710
Income from restricted deposits - Rural credit	39	106	113
Devaluation of restricted deposits	1,913	1,400	(6,935)
TOTAL	11,765	20,162	15,667

9. LOAN PORTFOLIO AND ALLOWANCE FOR LOAN LOSSES

a) Loan portfolio and allowance for loan losses

	12/31/2011		12/31/2010	
Specification	Gross amount	Allowance	Gross amount	Allowance
Loans	11,212,168	(621,838)	10,715,838	(580,934)
Current	5,251,775	(301,060)	4,470,238	(246,074)
Long-term	5,960,393	(320,778)	6,245,600	(334,860)
Other lines with loan features	586,892	(8,222)	571,930	(71,984)
Current	147,451	(3,555)	82,839	(18,321)
Long-term	439,441	(4,667)	489,091	(53,663)
TOTAL	11,799,060	(630,060)	11,287,768	(652,918)

a.1) Loan portfolio

Specification	12/31/2011	12/31/2010
Advances to depositors	90	1,417
Loans	5,002,849	4,882,670
Discounted notes	175,036	170,113
Financing	1,968,974	1,716,772
Financing in foreign currencies	275,591	24,311
Refinancing with Federal Government (Note 29.a.1)	473,643	533,239
Rural and agro-industrial financing(1)	1,466,409	1,961,023
Real estate financing(2)	243	243
Infrastructure and development financing	1,849,333	1,426,050
Subtotal of lending operations	11,212,168	10,715,838
Guarantees honored	-	20
Income receivable from advances	12,866	9,896
Debtors for purchase of assets	1,517	2,298
Notes and credits receivables	3,348	40,526
Advances on foreign exchange contracts (3)	569,161	519,190
Subtotal of other items with loan features	586,892	571,930
TOTAL LOAN PORTFOLIO	11,799,060	11,287,768

Notes:

(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

Specification	2nd half 2011	12/31/2011	12/31/2010
Loans and discounted notes	450,093	888,272	759,469
Financing	391,993	614,342	403,112
Rural and agro-industrial financing	73,729	149,610	171,478
Recovery of receivables written off as loss	73,265	120,472	156,964
Guarantees honored	1	2	1
Other	300	(55)	(1,215)
TOTAL	989,381	1,772,643	1,489,809

b) Breakdown by maturity

b.1) Normal (1)

Business sector	From 01 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total as at 12/31/2011	Total as at 12/31/2010
Rural	79,285	50,312	27,548	99,642	121,254	1,039,492	1,417,533	1,882,050
Manufacturing	276,335	246,925	198,431	485,489	455,385	1,423,520	3,086,085	2,505,673
Government	4,005	4,005	16,256	11,504	40,676	1,254,600	1,331,046	1,257,660
Other services	115,950	127,553	296,456	311,477	542,500	1,587,183	2,981,119	2,715,425
Trading	265,653	216,678	188,123	587,659	540,282	403,353	2,201,748	1,778,739
Financial institutions	13,888	15,091	13,282	39,370	62,874	116,674	261,179	695,342
Housing	243	-	-	-	-	-	243	243
Individuals	4,591	4,062	4,033	11,047	7,913	13,895	45,541	48,783
TOTAL	759,950	664,626	744,129	1,546,188	1,770,884	5,838,717	11,324,494	10,883,915

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

b.2) Past-due

Current

Business sector	From 01 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total as at 12/31/2011	Total as at 12/31/2010
Rural	145	109	158	760	4,019	13,351	18,542	32,184
Manufacturing	2,668	2,647	7,327	7,423	14,233	29,556	63,854	32,213
Other services	3,735	3,886	2,682	12,865	13,596	37,825	74,589	45,564
Trading	5,516	7,087	7,782	15,044	25,631	45,477	106,537	77,687
Financial institutions	142	135	138	402	733	2,290	3,840	16
Individuals	361	319	291	736	1,001	1,349	4,057	4,038
TOTAL	12,567	14,183	18,378	37,230	59,213	129,848	271,419	191,702

Past-due

Business sector	From 01 to 14 days	From 15 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total as at 12/31/2011	Total as at 12/31/2010
Rural	56	1,062	379	2,123	6,391	12,496	16,027	38,534	60,270
Manufacturing	1,213	3,783	6,567	7,320	8,901	9,466	1,925	39,175	67,848
Other services	1,390	7,489	12,879	7,627	9,075	13,450	8,717	60,627	38,589
Trading	1,959	4,555	11,136	7,686	19,940	14,277	578	60,131	41,802
Financial institutions	34	-	145	112	416	237	-	944	2
Individuals	75	554	527	342	721	1,306	211	3,736	3,640
TOTAL	4,727	17,443	31,633	25,210	45,444	51,232	27,458	203,147	212,151

c) Specification by risk level

	12/31/2011				12/31/2010			
Risk rating	Current (1)	Past-due	Total portfolio	Allowance	Current (1)	Past-due	Total portfolio	Allowance
AA	3,315,259	-	3,315,259	-	3,640,505	-	3,640,505	-
A	5,094,425	-	5,094,425	25,472	3,847,921	-	3,847,921	19,239
B	2,218,403	34,180	2,252,583	22,526	2,635,606	38,743	2,674,349	26,743
C	261,866	41,691	303,557	9,106	262,461	23,563	286,024	8,581
D	139,191	50,527	189,718	18,972	111,266	18,644	129,910	12,991
E	32,618	43,662	76,280	22,884	56,686	36,090	92,776	27,833
F	16,203	24,800	41,003	20,502	34,525	46,511	81,036	40,518
G	28,007	24,117	52,124	36,487	17,621	43,157	60,778	42,544
H	218,522	255,589	474,111	474,111	277,324	197,145	474,469	474,469
TOTAL	11,324,494	474,566	11,799,060	630,060	10,883,915	403,853	11,287,768	652,918

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

d) Change in allowance for the period

Specification	12/31/2011	12/31/2010
Opening balance	652,918	615,845
(+) Net allowance recognized in the period (1)	215,557	392,528
(-) Receivables written off as a loss in the period	(238,415)	(355,455)
(=) Allowance for loan losses	630,060	652,918
(+) Allowance for losses on other receivables without loan features (note 10.e)	46,064	31,706
(=) Allowance for loan losses balance	676,124	684,624

Note: (1) Of the total allowance in the year, R$20,141 refers to amounts recorded under BACEN Official Letter GTRJA/Cosup- 03/2011/77, of 12/22/2011, based on the provisions of article 3 of CMN Resolution 2682, of 12/21/1999.

e) Breakdown of allowance expense balance

Specification	2nd half 2011	12/31/2011	12/31/2010
(+) Expenses on allowance for loan losses	132,707	265,187	356,324
(+) Expenses on allowance for losses on other receivables	4,862	4,862	57,357
(-) Reversals of operating allowances	(26,431)	(54,492)	(21,153)
(=) Expense balance on allowance with loan features	111,138	215,557	392,528
(+) Expenses on allowance for losses on other receivables without loan features	18,786	19,352	8,630
(-) Reversals of allowance for losses on other receivables without loan features	-	-	(1,148)
(=) Expense balance on allowance for loan losses	129,924	234,909	400,010

f) In the year, receivables that had been written off as loss were recovered in the amount of R$ 120,472 (R$ 156,964 as at 12/31/2010) and renegotiations of operations amounted to R$ 750,172 (R$ 787,810 as at 12/31/2010).

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 12/31/2011, was recognized in the amount of R$ 209,488 (R$ 89,582 as at 12/31/2010). Pursuant to the mentioned laws, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE):

Specification	2nd half 2011	12/31/2011	12/31/2010
Income earned	39,272	72,772	54,611
Recovery of operations written off from assets	36,479	53,186	28,998
Expenses on discounts	(12,092)	(24,117)	(11,767)
Net effect of allowances	57,541	107,647	17,740
TOTAL	121,200	209,488	89,582

10. OTHER RECEIVABLES

Specification	12/31/2011	12/31/2010
a) Receivables for guarantees honored	-	20
b) Foreign exchange portfolio (Note 11)	641,071	521,843
c) Income receivable	22,902	25,570
d) Other	1,280,317	1,007,017
Tax credits - temporary differences (Note 21.b)	250,629	277,353
Tax credits - securities and derivatives (Notes 7.a.2 and 21.b)	23,453	13,873
Debtors from guarantee deposits	644,977	367,471
Recoverable taxes and contributions	207,830	177,148
From prepayments - SRF Regulation 90/92	200,124	170,353
Other amounts	7,706	6,795
Tax incentive options	26,748	26,748
Receivables	3,348	40,526
Salary advances	2,095	2,111
Payments to be refunded	8,246	8,110
Recalculation, discounts, waivers and bonuses in BNDES transactions	4,843	8,320
Recalculation, discounts, waivers and bonuses in FAT transactions	26,648	27,142
Other amounts	81,500	58,215
e) Allowance for losses on other receivables	(54,286)	(103,690)
Receivables with loan features	(8,222)	(71,984)
Receivables without loan characteristics (Note 10.e)	(46,064)	(31,706)
TOTAL	1,890,004	1,450,760
CURRENT	1,778,988	1,380,525
LONG-TERM	111,016	70,235

11. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

Specification	12/31/2011	12/31/2010
Assets - Other Receivables		
Foreign exchange purchased pending settlement	627,494	511,266
Receivables for foreign exchange sold	762	2,883
Advances received in local currency	(51)	(2,202)
Income receivable from advances	12,866	9,896
Current Assets (Note 10.b)	641,071	521,843
Liabilities - Other Payables	627,494	511,266
Foreign exchange purchased	569,584	532,891
Foreign exchange sold pending settlement	765	2,855
(Advances on foreign exchange contracts)	(569,161)	(519,190)
Other	-	45
Current Liabilities (Note 16.b)	1,188	16,601

b) Income (loss) from foreign portfolio

Specification	2nd half 2011	12/31/2011	12/31/2010
Exchange gains	129,541	164,406	74,128
Exchange losses	(326)	(535)	(967)
TOTAL	129,215	163,871	73,161

12. PERMANENT ASSETS

a) Investments

Specification	12/31/2010 Account balance	2011 Changes Additions	Write-offs	Allowance for impairment	12/31/2010 Account balance	Cost	Allowance for impairment	Account balance
Tax incentive investments	-	-	-	-		5,010	(5,010)	-
Shares	652	-	-	-	652	945	(293)	652
Artworks and valuables	777	139	-	-	916	916	-	916
TOTAL	1,429	139	-	-	1,568	6,871	(5,303)	1,568

b) Property and equipment

Specification	12/31/2010 Account balance	2011 Changes Additions	Write-offs	Depreciation	Allowance for impairment	12/31/2011 Account balance	Cost	Accumulated depreciation	Allowance for impairment	Account balance
Buildings	103,926	8,675	(2,876)	(9,209)	-	100,517	226,144	(125,627)	-	100,517
Data processing system	17,210	13,639	-	(7,698)	-	23,151	68,488	(45,337)	-	23,151
Furniture and equipment	22,648	3,605	(81)	(4,084)	-	22,087	50,322	(28,235)	-	22,087
Land	17,498	225	(698)	-	-	17,025	17,025	-	-	17,025
Facilities	7,858	924	(2)	(1,521)	-	7,259	16,167	(8,908)	-	7,259
Communications system	158	15	(5)	(28)	-	139	424	(285)	-	139
Construction in progress (1)	5,586	(1,098)	(282)	-	-	4,206	4,206	-	-	4,206
Security system	4,266	1,556	(30)	(926)	-	4,867	10,944	(6,077)	-	4,867
Transportation system	9,069	66	-	(2,818)	-	6,318	16,121	(9,803)	-	6,318
TOTAL	188,219	27,607	(3,974)	(26,284)	-	185,569	409,841	(224,272)	-	185,569

Note: (1) Refers to transfer to Buildings, considering the completion of the construction.

c) Deferred Charges

Specification	12/31/2010 Account balance	2011 Changes Additions	Write-offs	Amortization	Allowance for impairment	12/31/2011 Account balance	Cost	Accumulated amortization	Allowance for impairment	Account balance
Beneficiaries	2,391	358	-	(1,054)	-	1,695	4,583	(2,888)	-	1,695
Expenses on the development of software	16	-	-	(8)	-	8	41	(33)	-	8
TOTAL	2,407	358	-	(1,062)	-	1,703	4,624	(2,921)	-	1,703

13. DEPOSITS AND OPEN MARKET FUNDING

a) Deposits

Specification	12/31/2011	12/31/2010
a.1) Demand deposits	183,624	134,119
Foreign currency deposits	28,344	31,487
Government deposits	32,763	20,446
Restricted deposits	44,610	39,117
Legal entities	63,739	30,369
Individuals	11,978	9,363
Other amounts	2,190	3,337
a.2) Savings deposits	1,329,994	1,288,569
Free savings deposits - individuals	839,805	740,681
Free savings deposits - legal entities	489,013	546,832
From related parties and institutions of the Financial System	1,176	1,056
a.3) Interbank deposits	588,986	684,128
a.4) Time deposits	6,861,895	6,387,223
Time deposits	5,000,379	5,048,516
Interest-bearing escrow deposits	567,361	202,751
Interest-bearing special deposits /FAT - available funds	50,795	370,420
Proger Urbano	13,293	18,200
Pronaf	262	273
Protrabalho	3,320	3,535
Infrastructure	20,404	328,476
Drought	84	155
PNMPO - National Program for Guided Productive Microcredit	13,432	19,781
Interest-bearing special deposits /FAT - invested funds	571,594	316,372
Proger Urbano	62,810	60,448
Pronaf	561	-
Protrabalho	159,624	964
Infrastructure	249,455	192,453
Drought	9,838	50,731
PNMPO - National Program for Guided Productive Microcredit	89,306	11,776
FINOR/cash and cash equivalents and reinvestments Law 8167	670,169	447,569
Other amounts	1,597	1,595
a.5) Other deposits - Investment deposits	-	15,542
TOTAL	8,964,499	8,509,581
CURRENT	5,115,979	3,772,031
LONG-TERM	3,848,520	4,737,550

b) Open Market Funding

Specification	12/31/2011	12/31/2010
Own portfolio	670,444	436,293
Treasury bills	670,444	436,293
Third-party portfolio	33,929	87,996
Treasury bills	33,929	87,996
TOTAL	704,373	524,289
CURRENT	637,812	460,893
LONG-TERM	66,561	63,396

c) Expenses of open market funding operations

Specification	2nd half 2011	12/31/2011	12/31/2010
Expenses on raising deposits	(579,023)	(973,088)	(543,046)
Time deposits	(283,738)	(550,126)	(393,896)
Savings deposits	(33,967)	(66,127)	(52,176)
Escrow deposits	(24,070)	(35,698)	(5,446)
Interbank deposits	(8,587)	(19,658)	(15,706)
Special deposits - FAT	(56,991)	(111,196)	(68,306)
Expenses on Funds from acceptance and issuance of securities	(166,973)	(180,822)	-
Other	(4,697)	(9,461)	(7,516)
Expenses on money market funding operations	(43,203)	(75,652)	(48,096)
Third-party portfolio	(5,889)	(10,473)	(8,297)
Own portfolio	(37,314)	(65,179)	(39,799)
TOTAL	(622,226)	(1,048,740)	(591,142)

14. BORROWINGS AND ONLENDINGS

a) Borrowings and Onlendings by Maturity

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total as at 12/31/2011	Total as at 12/31/2010
Domestic borrowings	-	16,511	16,511	16,510	-	-	49,532	60,875
Foreign borrowings	241,007	592,250	-	-	-	-	833,257	446,603
Domestic onlendings	59,938	113,489	195,718	315,845	418,357	183,338	1,286,685	1,686,776
Foreign onlendings	13,797	67,494	158,676	168,489	267,725	164,211	840,392	729,165
TOTAL	314,742	789,744	370,905	500,844	686,082	347,549	3,009,866	2,923,419

b) Borrowings

Specification	Financial charges	12/31/2011	12/31/2010
Domestic borrowings - official institutions/Refinancing	TJLP+ 3.0 or 7.75 p.a.	49,532	60,875
Foreign borrowings/Borrowings in foreign currency	USD	833,257	446,603
TOTAL		882,789	507,478
CURRENT		849,768	461,822
LONG-TERM		33,021	45,656

c) Domestic Onlendings - Official Institutions

Specification	Financial charges (p.a.)	12/31/2011	12/31/2010
National Treasury	IGP-DI+ 2.0 or 6.75	992	1,086
BNDES		1,152,894	933,260
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	919,432	712,269
Credit Facility for investment in agriculture	TJLP/IGPM/IPCA+1.5	233,462	220,991
FINAME (National Equipment Financing Authority)		132,799	52,859
"Programa Automático" (program that intended purchase of new machinery and equipment by companies based in Brazil)	TJLP/IGPM/IPCA+1.5	116,710	38,276
Farm Program	TJLP/IGPM/IPCA+1.5	16,089	14,583
Other institutions		-	699,571
Pilot Support Project of Agrarian Reform	SELIC/TJLP / 6.0	-	81,699
"MEPF-Banco da Terra" - Land Fund and Agrarian Reform - Land Bank	SELIC/4.0 to 18.0	-	126,302
"Banco da Terra"- Land Bank - Fight against rural poverty	Extra Mkt rate./ 2.0 to 10.0	-	491,570
TOTAL		1,286,685	1,686,776
CURRENT		173,427	289,427
LONG-TERM		1,113,258	1,397,349

d) Foreign Onlendings

Specification	Financial charges (% p.a.)	12/31/2011	12/31/2010
IDB-Prodetur (Tourism Development Program with funds provided by the IDB)	USD + 1.24 or UCBID + 2.26	833,307	722,200
IDB-Other programs	USD + 1.24	6,703	6,456
Other programs	USD + 6.0	382	509
TOTAL		840,392	729,165
CURRENT		81,291	66,808
LONG-TERM		759,101	662,357

e) Expenses on Borrowings and Onlendings

Specification	2nd half 2011	12/31/2011	12/31/2010
Borrowings	(2,128)	(4,604)	(5,484)
Domestic borrowings	(2,128)	(4,604)	(5,484)
Onlendings	(195,304)	(250,727)	(121,605)
Domestic Onlendings - Official Institutions	(46,996)	(93,619)	(74,911)
National Treasury	(30)	(74)	(108)
BNDES	(44,686)	(84,911)	(66,654)
FINAME	(2,131)	(3,618)	(3,268)
Other institutions	(149)	(5,016)	(4,881)
Foreign onlendings	(148,308)	(157,108)	(46,694)
Foreign banks	(133,995)	(137,402)	(23,131)
Financial and development funds	(242,569)	(454,219)	(323,507)
TOTAL	(573,996)	(846,952)	(473,727)

15. FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

Specification	Funding date	Maturity	Amount in US$ thousand	Contractual amount as at 12/31/2011 - R$	Fair value as at 12/31/2011 - R$	Fair value as at 12/31/2010 - R$
Eurobond - Senior Unsecured Notes (1)	11/09/2010	11/09/2015	300,000	566,108	567,244	485,487
Agribusiness credit notes (2)	-	-	-	191,015	196,364	-

(1) 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.

(2) Medium-term security effective over 197 days, with average yield of 90.76% of the interbank deposit rate (CDI) per year on a *pro rata* basis through maturity.

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

Specification	12/31/2011	12/31/2010
a) Collected taxes and other	4,805	5,604
Funds from Proagro (program established to guarantee supplemental funds for farmers to pay their costs of farming and cattle raising)	114	148
IOF (tax on financial transactions payable)	4,601	5,389
Other taxes	90	67
b) Foreign exchange portfolio (Note 11)	1,188	16,601
c) Social and statutory	12,254	130,687
Dividends and bonuses payable	342	96,519
Profit sharing	11,912	34,168
d) Tax and social security	525,820	493,132
Provision for tax contingencies (Note 22.d)	112,578	101,525
Taxes payable	82,269	74,847
Tax lawsuits	30,309	26,678
Provision for deferred income and social contribution taxes	66,561	58,716
Securities and derivatives (Note 7.a.2)	56,885	47,294
Revaluation of buildings and land	9,676	11,422
Provision for income and social contribution taxes	298,477	284,294
Income tax	182,080	173,703
Social contribution	116,397	110,591
Taxes payable	48,204	48,597
Trading account	-	7
e) Financial and development funds	4,720,077	3,746,175
Northeast Constitutional Financing Fund (FNE)	4,578,226	3,656,262
Other	141,851	89,913
f) Hybrid debt & equity instruments (Note 17)	1,137,872	1,004,166
g) Subordinated debt eligible for capital (Note 18)	1,216,319	1,101,848
h) Other	3,017,118	2,576,876
Provision for contingent liabilities	1,767,867	1,436,231
Labor lawsuits (Note 22.e.iv)	182,824	161,863
Civil lawsuits (Note 22.e.v)	106,653	92,970
Other lawsuits (Note 22.e.vi)	140	65
FNE (Note 22.e. vii)	1,386,807	1,177,757
Onlending	1,149	372
Full risk	91,376	84,960
Shared risk	1,294,282	1,092,425
FDNE (Note 22.e.ix)	1,593	277
PROAGRO (Note 22.e.x)	3,299	3,299
Other contingent liabilities (Notes 22.e.xi and 22.k)	86,551	-
Accrued liabilities allowances	1,131,570	1,053,884
Employee benefits - CVM Resolution 600	985,408	925,375
Pension plan - CVM Resolution 600	457,916	490,630
Health care plan - CVM Resolution 600	527,492	434,745
Personnel expenses	114,564	94,143
Other	31,598	34,366
Other	117,681	86,761
TOTAL	10,635,453	9,075,096
CURRENT	2,675,384	3,378,351
LONG-TERM	7,960,069	5,696,745

17. HYBRID DEBT/EQUITY INSTRUMENTS

On 12/22/2010, 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 02/21/2011, 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:

Specification	Amount issued	Clearance	Funding Date	12/31/2011	12/31/2010
Hybrid debt/equity instruments	1,000,000	IPCA+6.5715% p.a.	12/22/2010	1,137,872	1,004,166

18. SUBORDINATED DEBT ELIGIBLE FOR CAPITAL

The Bank has subordinated debt contracts with the Northeast Constitutional Financing Fund (FNE), classified as Regulatory Capital (PR) 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:

Specification	12/31/2011	12/31/2010
Constitutional Fund to Finance the Northeast (FNE)	1,216,319	1,101,848
Funds available (1)	328,126	319,417
Funds invested (2)	888,193	782,431
TOTAL	1,216,319	1,101,848

Notes:

(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 financial comission of the 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 12/31/2011

Shareholders	Common shares	Preferred shares	Total shares	% voting capital	% total capital
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	401,992	383,877	785,869	0.83	0.90
TOTAL	48,484,775	38,517,126	87,001,901	100.00	100.00

Composition as of 12/31/2010

Shareholders	Common shares	Preferred shares	Total shares	% voting capital	% total capital
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	15,000	387,995	402,995	0.03	0.47
Other	400,792	382,677	783,469	0.83	0.90
TOTAL	48,484,775	38,517,126	87,001,901	100,00	100,00

b) Revaluation reserve

The amount of R$ 25,198 (R$ 28,064 as at 12/31/2010) 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 year totaled R$ 2,866 (R$ 2,437 as at 12/31/2010) and was used as the basis for profit distribution.

c) Treasury shares - In R$ 1.00

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 fair value on 12/31/2011 represent, respectively, R$ 35.00 and R$ 38.00 per share, are held in treasury to be later disposed of or cancelled.

d) Net Income - Allocations

Specification	12/31/2011	12/31/2010
1. Net income	314,799	313,590
2. Prior-year adjustment	-	65,534
3. Revaluation reserves transferred to retained earnings (accumulated losses)	2,397	2,437
4. Adjusted net income	317,196	381,561
Legal reserve (item 1 x 5%)	15,740	15,680
Dividends (Note 19.e)	95,700	85,511
Interest on own capital (Note 19.e)	73,526	121,000
Statutory reserve (item 4 - Legal reserve - dividends - interest on own capital)	132,230	159,370

e) Dividends and interest on own capital

Under the Bank’s bylaws, shareholders are entitled to minimum dividends of 25% of net income in the year, adjusted as defined by regulation.

The Board of Directors proposed the General Shareholders Meeting the payment of dividends and interest on capital attributable to dividends equivalent to 50.0534% of the adjusted net income for the year. Dividends and interest on capital was as follows:

Specification	12/31/2011	12/31/2010
1. Net income for the year	314,799	313,590
2. Prior-year adjustments	-	65,534
3. Recorded legal reserve	(15,740)	(15,680)
4. Revaluation reserves transferred to retained earnings (accumulated losses)	2,397	2,437
5. Employees' profit sharing (Note 24)	36,635	44,238
6. Calculation basis of dividends/interest on own capital	338,091	410,119
7. Interest own on capital in the year	73,526	121,000
8. Withholding income tax on interest on own capital	(99)	(144)
9. Interest on own capital attributed to dividends (item 7 plus item 8)	73,427	120,856
10. Interim interest on own capital adjusted by the SELIC rate	(66,478)	(110,201)
11. Additional interest on own capital (item 7 plus item 10)	7,048	10,799
12. Proposed dividends in the year	95,700	85,511
13. Interim dividends adjusted by the SELIC rate	(95,700)	(85,511)
14. Additional dividends (item 12 plus item 13)	-	-
15. Total attributed to shareholders (item 7 plus item 12) – 50.0534%	169,226	206,511
- Interest on own capital of R$ 0.80937744879 per common share (as at 12/31/2010: interest on own capital of R$ 1.331965889501 per common share)	39,236	64,569
- Interest on own capital of R$ 0.890315193449 per preferred share (as at 12/31/2010: interest on own capital of R$ 1.465162478331 per preferred share)	34,290	56,431
- Dividends of R$ 1,05345972612 per common share (as at 12/31/2010: Dividends of R$ 0,94130871072 per common share)	51,069	45,631
- Dividends of R$ 1,15880569878 per preferred share (as at 12/31/2010: Dividends of R$ 1,0354395819 per preferred share)	44,631	39,880

The Bank calculated for preferred shares dividends and interest on own capital 10% higher that 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 year generated a reduction in tax expenses of R$ 27,972.

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)

Specification	2nd half 2011	12/31/2011	12/31/2010
a) Income from services provided	690,624	1,327,021	1,233,992
Investment funds management	7,728	14,298	12,630
Funds and programs management	574,302	1,106,150	923,079
Services provided	108,594	206,573	298,283
b) Income from bank fees	15,300	24,735	12,768
c) Personnel expenses	(596,639)	(1,081,293)	(1,019,740)
Salaries	(310,480)	(606,229)	(532,497)
Payroll charges	(122,170)	(235,373)	(192,173)
Pension plan - CVM Resolution 600	(32,652)	(44,147)	(98,600)
Health care plan - CVM Resolution 600	(84,515)	(109,239)	(111,663)
Benefits, training, fees and compensation of interns	(46,822)	(86,305)	(84,807)

d) Other administrative expenses	(413,352)	(775,242)	(659,632)
Data processing	(67,097)	(124,484)	(123,984)
Advertising and publicity	(16,622)	(29,309)	(33,924)
Outside services	(142,606)	(259,067)	(178,752)
Rentals, material and public utilities	(23,211)	(44,698)	(43,976)
Travel expenses	(7,996)	(14,623)	(14,775)
Communications	(16,409)	(30,519)	(31,844)
Depreciation and amortization	(13,952)	(27,346)	(25,551)
Asset maintenance and upkeep	(16,335)	(31,612)	(28,622)
Surveillance, security and transportation	(17,685)	(32,770)	(26,525)
Promotions, public relations and publications	(10,626)	(19,874)	(20,916)
Financial system services	(10,066)	(19,417)	(17,082)
Specialized technical services	(19,108)	(34,580)	(24,213)
Insurance	(2,125)	(4,150)	(3,813)
Court, Notary and Attorney’s fees	(20,197)	(50,248)	(36,991)
Trade Association Contribution and other	(355)	(894)	(956)
Condominium fees, catering, kitchen and food	(1,828)	(3,586)	(3,353)
FUNDECI (Science and Technology Development Fund)	(10,000)	(19,200)	(16,200)
Other	(17,134)	(28,865)	(28,155)
e) Tax expenses	(96,622)	(188,995)	(173,182)
Cofins and PIS/PASEP (taxes on revenue)	(88,094)	(173,177)	(155,145)
ISS (service tax) and IPTU (municipal real estate tax)/Improvement	(7,584)	(14,423)	(15,416)
Other	(944)	(1,395)	(2,621)
f) Other operating income	574,230	1,164,760	927,571
Financial commission on investment funds management	428,100	825,511	691,906
Negative exchange variation of loans obtained	6,903	105,615	99,578
Reversal of Operating Provision on FNE transactions risks	11	11	847
Recovery of charges and expenses	6,734	10,871	8,703
Reversal of provisions for social contribution and income tax	-	-	131
Reversal of operating provisions	2,019	2,310	8,229
Interest and commissions	386	899	2,868
Monetary adjustment	1,627	6,650	4,420
Mark-to-market adjustments	39,074	39,074	-
Monetary adjustment of taxes	112	218	181
FNE - Recovery of amounts settled by the Bank	52,728	87,628	56,614
Other	36,536	85,973	54,094
g) Other operating expenses	(567,490)	(1,019,815)	(757,896)
Exchange variation from exchange area	(5,188)	(5,188)	(964)
Negative exchange variations on granted loans	(7,475)	(82,425)	(107,697)
Negative adjustments on lending operations	(1,052)	(1,052)	(160)
Discounts granted in renegotiations	(44,321)	(48,509)	(47,348)
Interest on lending operations	(7,709)	(12,513)	(18,175)
Tax risks	(7,078)	(12,881)	(6,835)
Risks on FNE transactions	(250,907)	(429,782)	(406,384)
Risks on FDNE transactions	(425)	(1,316)	(240)
Labor lawsuits	(13,460)	(32,821)	(40,428)
Civil lawsuits	(4,712)	(20,584)	(18,465)
Other lawsuits	(96)	(96)	(10)
Other contingent liabilities	(86,551)	(86,551)	-
Hybrid debt/equity instruments	(64,069)	(135,550)	-
FNE Compensation - Available Funds - Law 7827, Article 9º-A	(17,822)	(34,892)	(46,720)
FNE Compensation - Funds invested - Law 7827, Article 9º-A	(41,439)	(79,579)	(33,063)
Other	(15,186)	(36,076)	(31,407)
TOTAL	(393,949)	(548,829)	(436,119)

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 year of 2011 was R$ 181,082 (R$ 145,381 in 12/31/2010) and the social contribution tax expense was R$ 115,798 (R$ 93,598 in 12/31/2010), reconciled as shown below:

a.1) Specification of the provision for income tax and social contribution expense	Income tax 12/31/2011	Income tax 12/31/2010	Social contribution 12/31/2011	Social contribution 12/31/2011
Income before taxes on income, after interest on own capital and profit sharing	564,875	366,676	564,875	366,676
Permanent additions/deductions	(51,043)	108,644	(51,252)	108,501
Temporary additions/deductions	262,354	280,319	262,354	280,319
Taxable income before utilization of tax loss carryforwards	776,186	755,639	775,977	755,496
Offset of tax loss carryforwards	-	(19,350)	-	(20,354)
Taxable income after utilization of tax loss carryforwards	776,186	736,289	775,977	735,142
Current IRPJ/CSLL expenses, before tax incentives	(193,024)	(156,260)	(115,798)	(93,598)
Deductions (tax incentives)	11,942	10,879	-	-
Current IRPJ/CSLL expenses, after tax incentives	(181,082)	(145,381)	(115,798)	(93,598)
Deferred IRPJ/CSLL expenses	(16,702)	40,558	(10,021)	24,335
Total IRPJ/CSLL expenses	(197,784)	(104,823)	(125,819)	(69,263)
% of current expenses in relation to income before taxation	35.01%	28.59%	22.27%	18.89%

a.2) Specification of provision for income tax and social contribution	Income tax 12/31/2011	Income tax 12/31/2010	Social contribution 12/31/2011	Social contribution 12/31/2010
Provision for income tax and social contribution expense	181,082	145,381	115,798	93,598
Provision for taxes on the realization of revaluation reserve	998	1,015	599	609
Provision for taxes on prior year adjustments	-	27,307	-	16,384
Provision for income tax and social contribution	182,080	173,703	116,397	110,591
Taxes for offset due to tax prepayments, including withholding taxes	138,032	117,146	63,743	54,100
Adjustment for the period	44,048	56,557	52,654	56,491

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 at 12/31/2010	173,336	8,671	104,017	5,202	277,353	13,873
(+) Credit recognition	73,511	2,259,150	44,120	1,355,490	117,632	3,614,640
(-) Credit realization	(90,213)	(2,253,163)	(54,142)	(1,351,897)	(144,355)	(3,605,059)
(=) Ending balance as at 12/31/2011	156,634	14,658	93,995	8,795	250,629	23,453

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	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
1. Total temporary differences	3,262,708	3,000,354	3,262,708	3,000,354
2. Tax loss carryforwards	-	-	-	-
3. Total tax base ("1" + "2")	3,262,708	3,000,354	3,262,708	3,000,354
4. Tax credits on temporary differences + tax loss carryforwards	815,678	750,089	489,406	450,053
5. Tax credits from mark-to-market of securities	14,658	8,671	8,795	5,202
6. Total tax credits ("4" + "5")	830,336	758,760	498,201	455,255
7. Tax credits recognized in assets on temporary differences	156,634	173,336	93,995	104,017
8. Tax credits from mark-to-market of securities	14,658	8,671	8,795	5,202
9. Total tax credits ("7" + "8")	171,292	182,007	102,790	109,219
10. Tax credits not recognized in assets ("6" - "9") (1)	659,044	576,753	395,411	346,036

(1) Not recorded in assets as they do not meet the realization requirements provided for in CMN Resolution 3355, of 03/31/2006.

The estimated realization of tax credits as of 12/31/2011 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
2012	56,063	51,096	33,638	30,658	89,701	81,754
2013	13,045	10,765	7,827	6,459	20,872	17,224
2014	10,401	7,802	6,240	4,681	16,641	12,483
2015	13,266	9,069	7,960	5,442	21,226	14,511
2016	63,859	39,826	38,330	23,904	102,189	63,730
TOTAL	156,634	118,558	93,995	71,144	250,629	189,702

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
2012	7,167	7,167	4,300	4,300	11,467	11,467
2013	55	55	33	33	88	88
2014	2,444	2,444	1,467	1,467	3,911	3,911
2015	150	150	90	90	240	240
2016	3,055	3,055	1,833	1,833	4,888	4,888
2017 to 2019	1,329	1,329	797	797	2,126	2,126
2020 to 2022	6	6	3	3	9	9
2027 to 2029	452	452	272	272	724	724
TOTAL	14,658	14,658	8,795	8,795	23,453	23,453

c) Tax expenses

Specification	2nd half 2011	12/31/2011	12/31/2010
Cofins and PIS/PASEP (taxes on revenue)	(88,094)	(173,177)	(155,145)
ISS and IPTU/improvement contribution	(7,584)	(14,423)	(15,416)
Other	(944)	(1,395)	(2,621)
Total	(96,622)	(188,995)	(173,182)

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 Letter 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 including infringement notices issued by Regional Labor Offices 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). 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 Letter 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 12/31/2011 and 12/31/2010:

	12/31/2011			12/31/2010		
Specification	Base value	Provision	Quantity	Provision	Base value	Quantity
1.PROVISION FOR TAX CONTINGENCIES (note 16.d)						
1.1 Taxes - Legal Obligation	82,269	82,269	1	74,847	74,847	1
1.2Tax lawsuits	850,647	30,309	201	554,803	26,678	179
1.2.1 Legal Obligation	1,063	1,063	10	551	551	7
1.2.2 Other Obligations	849,584	29,246	191	554,252	26,127	172
Probable	29,246	29,246	-	26,127	26,127	-
Possible	617,180	-	-	363,126	-	-
Remote	203,158	-	-	164,999	-	-
2.PROVISION FOR CONTINGENT LIABILITIES (note 16.h)						
2.1Labor lawsuits	263,035	182,824	802	226,032	161,863	802
Probable	182,824	182,824	-	161,863	161,863	-
Possible	31,463	-	-	25,716	-	-
Remote	48,748	-	-	38,453	-	-
2.2Civil lawsuits	2,519,657	106,653	4,984	1,834,025	92,970	4,590
Probable	106,653	106,653	-	92,970	92,970	-
Possible	467,538	-	-	350,839	-	-
Remote (1)	1,945,466	-	-	1,390,216	-	-
2.3Other lawsuits	697	140	44	3,947	65	65
Probable	140	140	-	65	65	-
Possible	556	-	-	1,770	-	-
Remote	1	-	-	2,112	-	-

Note: (1) The change in contingent liabilities classified as remote risk, related to civil lawsuits, as compared to December 31, 2010, was mainly due to:
a) A lawsuit claiming compensation for pain and suffering, property damage, court costs, whose change in contingent liability totaled R$ 83,518;
b) A lawsuit claiming payment of an extra contribution (CAPEF), whose change in contingent liability totaled R$ 95,596; and
c) A lawsuit claiming refunding of unduly paid amounts, whose change in contingent liability totaled R$ 36,275. In the aggregate, changes in these lawsuits totaled the net amount of R$ 215,389.

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

Specification	12/31/2011	12/31/2010
i) Taxes (Legal Obligation)		
Opening balance	74.847	71.343
Recognition	8.933	4.149
Reversal/utilization/write-off	(1.511)	(645)
Closing balance	82.269	74.847
ii) Tax lawsuits (Legal Obligation)		
Opening balance	551	-
Recognition	512	551
Reversal/utilization/write-off	-	-
Closing balance	1.063	551
iii) Tax lawsuits (Other liabilities - other)		
Opening balance	26.127	23.824
Recognition	4.916	2.987
Reversal/utilization/write-off	(1.797)	(684)
Closing balance	29.246	26.127
iv) Labor lawsuits (Other liabilities - other)		
Opening balance	161.863	150.741
Recognition	34.203	44.785
Reversal/utilization/write-off	(13.242)	(33.663)
Closing balance	182.824	161.863
v) Civil lawsuits (Other liabilities - other)		
Opening balance	92.970	95.338
Recognition	23.836	38.025
Reversal/utilization/write-off	(10.153)	(40.393)
Closing balance	106.653	92.970
vi) Other lawsuits (Other liabilities - other)		
Opening balance	65	567
Recognition	159	12
Reversal/utilization/write-off	(84)	(514)
Closing balance	140	65
vii) Vacation		
Opening balance	52.818	39.346
Recognition	68.777	67.870

Reversal/utilization/write-off	(63.262)	(54.398)
Closing balance	58.333	52.818
viii) FNE		
Opening balance	1.177.757	956.261
Recognition	429.774	409.232
Reversal/utilization/write-off	(220.724)	(187.736)
Closing balance	1.386.807	1.177.757
ix) FDNE		
Opening balance	277	37
Recognition	1.316	240
Reversal/utilization/write-off	-	-
Closing balance	1.593	277
x) PROAGRO		
Opening balance	3.299	-
Recognition	-	3.299
Reversal/utilization/write-off	-	-
Closing balance	3.299	3.299
xi) Other contingent liabilities		
Opening balance	-	-
Recognition	86.551	-
Reversal/utilization/write-off	-	-
Closing balance	86.551	-

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 Department, pursuant to item “b”, mentioned above.

g) Tax lawsuits classified as Legal Obligation pursuant to the terms of BACEN Circular Letter 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. Estimates of financial losses from possible risks totals R$ 276,218 as at 12/31/2011. As the lawsuit was filed on 02/02/2011, there was no estimate of loss as at 12/31/2010.
- 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 12/31/2011, represent, respectively, R$ 160,547 and R$ 108,879. As at 12/31/2010, they represented, respectively, R$ 131,730 and R$ 85,032, both with possible risk level.
- 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 12/31/2011, possible loss is estimated at R$ 83,321. As at 12/31/2010, 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 12/31/2011, possible loss is estimated at R$ 32,459. As at 12/31/2010, possible loss from this lawsuit was estimated at R$ 27,147.
- A civil lawsuit claiming compensation for property damage, pain and suffering, and loss of profits as, allegedly, the Bank did not assume certain responsibilities as set forth by the Technical and Financial Cooperation Agreement and the Partnership Agreement, nor granted financing for the struthioculture activity (ostrich growing). As at 12/31/2011, and 12/31/2010, possible loss from this lawsuit is estimated at R$ 22,624 and R$ 18,921, respectively.

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

Specification	12/31/2011	12/31/2010
Labor claims	414,916	162,830
Tax claims	197,267	169,532
Civil claims	23,825	16,878
TOTAL	636,008	349,240

j) Of the total provisions recognized in Provisions for Contingent Liabilities/FNE in 2011, the amount of R$ 72,753 refers to amounts recorded under BACEN Official Letter GTRJA/Cosup-03/2011/77, of 12/22/2011, based on the provisions of article 3 of CMN Resolution 2682, of 12/21/1999.

k) The amount of R$86,551, recognized in Other Contingent Liabilities, refers to provisions arising from risk reclassification of 153 lending transactions, recommended by BACEN by means of Official Letter GTRJA/Cosup-03/2011/77, of 12/22/2011. This provision will be reversed or transferred to the relevant allowance account to meet credit risks, as the analysis of this reclassification occurs.

23. EMPLOYEES' AND OFFICERS' COMPENSATION

As at 12/31/2011, the monthly compensation paid by the Bank to its employees is as follows in R$ 1.00:

Gross compensation (1)	12/31/2011
Maximum	26,481,45
Minimum	948,65
Average	6,983,98

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

As at 12/31/2011, the annual compensation paid by the Bank to the Executive Board, Board of Directors and Supervisory Board is as follows in R$ 1.00:

	12/31/2011	12/31/2010
Gross compensation (1)	Executive Board	
Highest individual	471,963.15	461,242.05
Lowest individual	441,962.10	356,538.74
Average individual	452,923.95	400,675.96
Number of members (2)	7	7
Gross compensation (1)	Board of Directors	
Highest individual	32,591.00	30,889.33
Lowest individual	32,591.00	30,889.33
Average individual	32,838.88	30,292.26
Number of members (2)	6	6
Gross compensation (1)	Supervisory Board	
Highest individual	32,591.00	30,889.33
Lowest individual	32,591.00	30,889.33
Average individual	32,475.56	30,311.52
Number of members (2)	5	5

Notes:

(1) Amounts approved at the 58th Annual Ordinary Shareholders' Meeting and the 88th Extraordinary Shareholders' Meeting of Banco do Nordeste, both of which held on 04/01/2011.

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

As at 12/31/2011, the Bank had 6,077 employees (5,993 as at 12/31/2010), a increase of 1.40% in the Bank's headcount in the period.

24. PROFIT SHARING

In the year, the Bank accrued R$ 37,077, for profit sharing of the Bank's employees and officers, being R$ 36,635 relating to employees profit sharing, equivalent to 21.65% of dividends and interest on own capital and 11.64% of net income the year.

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 at 12/31/2011, 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 12/31/2011 (1:1, as at 12/31/2010).

c.1.4) Actuarial Position

On 12/31/2011, the BD plan reported an actuarial surplus of R$ 3,645 (surplus of R$ 6,311 as at 12/31/2010), whose main impacts were gains on investments of R$ 238,201, reversal of contingencies of R$ 11,942, and expenditures of R$ 252,809, arising from increased plan obligations, payment of benefits and administrative expenses. There was a decrease in the mathematical reserves of the benefit plan by R$ 16,750, due to the review of the benefit plan funding by increasing the maximum contribution rate of the covered participants from 21.25% to 21.50%, beginning 01/01/2012.

The CV I plan's actuarial position as at 12/31/2011 is balanced, since all the existing actuarial liabilities, totaling R$ 63,785, 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 12/31/2011, 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:

	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
Specification	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
1. Present value of actuarial obligations at beginning of year	3.109.048	2.738.730	16.494	-	492.916	469.032
2. Cost of current service	16.743	17.359	45.267	18.024	54.109	39.443
3. Interest cost	331.595	309.271	1.673	-	52.572	52.965
4. Cost of past service	-	-	-	-	-	-
5. Benefits Paid by the Plan (1)	(256.183)	(239.416)	(52)	-	(68.015)	(52.924)
6. Contributions from Members, Retirees, and Pensioners	51.900	52.425	-	-	11.792	10.201
7. Administrative expenses paid by the plan	(7.765)	(7.786)	(1.689)	(788)	(15.501)	(13.633)
8. Actuarial Losses (Gains) on Actuarial Obligation (2)	(25.348)	238.465	(1.162)	(742)	73.445	(12.168)
9. Present value of the Actuarial obligation, at the end of the year	3.219.990	3.109.048	60.531	16.494	601.318	492.916

Notes: (1) CAMED: Natural Plan - Net of co-contributions made by members;
(2) Equilibrium number.

e) Analysis of actuarial obligation

Pursuant to CVM Resolution 600, of 12/31/2011, 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$ 3,219,990, is partially funded by plan assets in the amount of R$ 2,762,074, resulting in a present value of uncovered actuarial obligations of R$ 457,916;
ii. CV I Plan: the actuarial obligation's present value, in the amount of R$ 60,531, is fully funded by plan assets of the same amount, R$ 60,531; therefore, there are no uncovered actuarial obligations for that plan;

b) Healthcare plan the actuarial obligation’s present value, in the amount of R$ 601,318, is partially funded by plan assets amounting to R$ 73,826, resulting in uncovered actuarial obligations’ present value of R$ 527,492.

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

	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
Specification	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	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	375,219	296,148	2,336	-	5,747	1,535
3. Contributions received from active participants	2,846	3,477	22,707	9,049	22,404	20,158
4. Contributions received from the employer (1)	54,662	55,871	22,559	8,975	43,902	139,250
5. Benefits paid by the plan (2)	(256,183)	(239,416)	(52)	-	(68,015)	(52,924)
6. Contributions received from beneficiaries	51,900	52,425	-	-	11,792	10,201
7. Administrative expenses paid by the plan	(7,765)	(7,786)	(1,689)	(788)	(15,501)	(13,633)
8. Actuarial gains (losses) on the Plan assets (3)	(77,023)	202,189	(1,824)	(742)	15,326	(58,205)
9. Plan assets' fair value at the end of year	2,762,074	2,618,418	60,531	16,494	73,826	58,171

Notes: (1) CAPEF - BD Plan: Contributions related to active participants and beneficiaries; CAMED - Natural Plan: Contributions related to members and co-contributions paid by the employer;
(2) CAMED - Natural Plan: Net of co-contributions paid by the members;
(3) Equilibrium number.

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

	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
Specification	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
1. Present value of actuarial obligation	3.219.990	3.109.048	60.531	16.494	601.318	492.916
2. Fair value of plan assets	(2.762.074)	(2.618.418)	(60.531)	(16.494)	(73.826)	(58.171)
3. Present value of the uncovered actuarial obligation (1) - (2)	457.916	490.630	-	-	527.492	434.745
4. Liability recognized in the balance sheet	457.916	490.630	-	-	527.492	434.745

h) Expense recognized in the statement of income:

	CAPEF				CAMED	
Specification	BD Plan		CV I Plan		Natural Plan	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
1. Cost of current service	16,743	17,359	45,267	18,024	54,109	39,443
2. Employees Contributions (1)	(2,846)	(3,477)	(22,707)	(9,049)	(22,404)	(20,158)
3. Cost of interest	331,595	309,271	1,673	-	52,572	52,965
4. Expected return on plan assets	(375,219)	(296,148)	(2,336)	-	(5,747)	(1,535)
5. Recognized actuarial (gain) loss in the period	51,675	36,276	662	-	58,119	46,037
6. Recognized cost of past service in the period	-	26,495	-	-	-	-
7. Expense recognized in Income	21,948	89,776	22,559	8,975	136,649	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		CVI Plan		Natural Plan	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Fixed income	85.44%	82.92%	85.04%	98.66%	8.19%	22.67%
Variable income	4.81%	5.79%	14.96%	0.00%	91.13%	45.91%
Real Estate Investments	6.33%	5.36%	0.00%	0.00%	0.68%	2.19%
Loans and Financing	3.41%	3.55%	0.00%	0.00%	0.00%	0.00%
Other	0.01%	2.38%	0.00%	1.34%	0.00%	29.23%
Amounts included in plan assets' fair values						
Financial instruments of the Bank	1.36%	1.45%	0.00%	0.00%	8.19%	68.58%
In properties/other assets used by the Bank	0.67%	0.68%	0.00%	0.00%	0.68%	0.00%

j) Actual return of Plan assets:

Specification	CAPEF				CAMED	
	BD Plan		CV I Plan		Natural Plan	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
1. Expected return on plan assets	375,219	296,148	2,336	-	5,747	1,535
2. Actuarial Gain (loss) on plan assets	(77,022)	202,189	(1,824)	(742)	15,324	(58,205)
3. Effective return of Plan assets (item 1 + item 2)	298,197	498,337	512	(742)	21,071	(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	
	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2011	12/31/2010
1. Defined benefit obligation	(3,219,990)	(3,109,048)	(2,738,730)	(2,240,717)	(60,531)	(16,494)
2. Plan assets	2,762,074	2,618,418	2,255,509	1,967,903	60,531	16,494
3. Surplus (deficit)	(457,916)	(490,630)	(483,221)	(272,814)	-	-
4. Experience adjustments on plan liabilities						
a. Amount	25,348	(238,465)	(392,699)	-	1,162	742
b. Percentage	(0.79%)	7.67%	14.34%	-	(1.92%)	(4.50%)
5. Experience adjustments on plan assets						
a. Amount	(77.023)	202.189	107.755	-	(1.824)	(742)
b. Percentage	(2.79%)	7.72%	4.78%	-	(3.02%)	(4.50%)

Specification	CAMED			
	Natural Plan			
	CVM Resolution 600			
	12/31/2011	12/31/2010	12/31/2009	12/31/2008
1. Defined benefit obligation	(601,318)	(492,916)	(469,032)	(366,769)
2. Plan assets	73,826	58,171	11,789	23,617
3. Surplus (deficit)	(527,492)	(434,745)	(457,243)	(343,152)
4. Experience adjustments on plan liabilities				
a. Amount	(73,445)	12,168	(72,418)	-
b. Percentage	12.21%	(2.47%)	15.44%	-
5. Experience adjustments on plan assets				
a. Amount	15,326	(58,205)	(6,670)	-
b. Percentage	20.76%	(100.06%)	(56.58%)	-

l) 2012 Estimated contributions

l.1) Opening Data

Specification	CAPEF		CAMED
	BD Plan	CV I Plan	Natural Plan
1. Nominal discount rate at beginning of year	10.75%	10.75%	10.75%
2. Nominal rate of expected return on plan assets at beginning of year	13.34%	14.41%	11.20%
3. Projected interest payroll [(1)]	50,274	234,574	-
4. Cost of current service	21,794	41,472	56,580
5. Expected active participants contributions [(1)]	3,344	20,805	21,570
6. Fair value of plan assets at beginning of year	2,762,074	60,531	73,826
7. Present value of actuarial obligation at beginning of year	3,219,990	60,531	601,318

Note: (1) Amounts extracted from the actuarial cash flow.

l.2) Estimated Expected Cost:

Specification	CAPEF		CAMED
	BD Plan	CV I Plan	Natural Plan
1. Cost of current service	21,794	41,472	56,580
2. Employee Contributions [(1)]	(3,344)	(20,805)	(21,570)
3. Cost of interest	346,120	6,507	64,636
4. Expected return on plan assets	(368,461)	(8,723)	(8,269)
5. Recognized actuarial (gain) loss for the period	51,675	662	58,119
6. Estimated Expenses to be recognized in income/losses for the period	47,784	19,113	149,496

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

m) Assumptions used

m.1) Biometric Assumptions:

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

Notes:

(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:

Specification	CAPEF % p.a. BD Plan	CAPEF % p.a. CV I Plan	CAMED % p.a. Natural Plan
Effective discount rate for actuarial obligation	5,98	5,98	5,98
Future inflation rate	4,50	4,50	4,50
Expected nominal return rate on plan assets	13,34	14,41	11,20
Estimated effective salary increase rate	1,00	-	1,00
Effective growth rate of the plan benefits	0,00	0,00	0,00
Effective growth rate of INSS benefits	0,00	0,00	3,20
Effective growth rate of social security expenses	5,98	5,98	5,98

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:

Effect of one percentage point change in the evolution rate of medical costs	One percentage point increase	One percentage point decrease
Effect on aggregate service and interest costs	14,674	(7,762)
Effect on defined benefit obligation	82,125	(68,341)

o) Additional comments

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

o.2) Net actuarial (gains)/losses - obligations for the 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$ 37,747,461 (R$ 33,326,631 as at 12/31/2010) are recorded in the Bank's memorandum accounts (Net assets of managed public funds).

b) The Fund's cash and cash equivalents, totaling R$ 4,576,207 (R$ 3,653,134 as at 12/31/2010), 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$ 445,076 (R$ 315,708 as at 12/31/2010).

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:

Risk rating	Balances	Allowance as at 12/31/2011	Allowance as at 12/31/2010
AA	2,786,457	-	-
A	11,429,317	28,549	25,186
B	8,880,056	44,875	35,642
C	899,438	13,453	9,232
D	599,739	30,004	17,470
E	281,753	42,434	31,192
F	262,615	66,089	72,859
G	225,288	86,689	56,646
H	2,113,108	1,074,714	929,530
TOTAL	27,477,771	1,386,807	1,177,757

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$ 822,771 (R$ 690,226 as at 12/31/2010).

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$ 993,540 (R$ 816,783 as at 12/31/2010).

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:

Specification	TADE	AMOUNT
Special Program to Fight Drought Effects	16/2006	2,036
PROGER URBANO - Investment	17/2006	19,097
FAT - Infrastructure	18/2006	274,523
PRONAF - Investment	19/2006	812
PROGER-RURAL - Cost	20/2006	1,661
PRONAF - Cost	01/2007	1,410
PROGER-RURAL - Investment	02/2007	22,182
PROTRABALHO - Investment	04/2007	139,932
PNMPO - National Program for Guided Productive Microcredit	01/2010	97,106
TOTAL		558,759

Funds derived from the Fund for Workers' Assistance (FAT), recorded under 'Interest-bearing special deposits', totaling R$ 622,390 (R$ 686,792 as at 12/31/2010) 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$ 50,795 (R$ 370,420 as at 12/31/2010).

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:

		Return of FAT resources			12/31/2011		
Specification	TADE Resolution	Form (1)	R.A.	SELIC rate	Available TMS (2)	TJLP (3) used	TOTAL
Special Program to Fight Drought Effects	16/2006	RA	2,635	10	85	9,838	9,923
PROGER URBANO - Investment	17/2006	RA	26,066	996	13,293	62,810	76,103
FAT - Infrastructure	18/2006	RA	120,350	11,266	20,404	249,455	269,858
PRONAF - Investment	19/2006	RA	344	11	192	484	676
PRONAF - Cost	01/2007	RA	118	4	69	77	146
PROTRABALHO - Investment	04/2007	RA	43,277	264	3,320	159,625	162,945
PNMPO - National Program for Guided Productive Microcredit	01/2010	RA	8,332	1,102	13,432	89,306	102,738
TOTAL			201,122	13,653	50,795	571,595	622,389

Specification	TADE Resolution	Form (1)	Return of FAT resources R.A.	SELIC rate	12/31/2010 Available TMS (2)	TJLP (3) used	TOTAL
Special Program to Fight Drought Effects	16/2006	RA	3,169	17	155	11,776	11,931
PROGER URBANO - Investment	17/2006	RA	20,950	460	18,200	60,448	78,648
FAT – Infrastructure (4)	18/2006	RA	8,389	627	328,476	50,731	379,207
PRONAF - Investment	19/2006	RA	296	9	200	782	982
PROGER RURAL - Cost	20/2006	RA	496	7	-	-	-
PRONAF - Cost	01/2007	RA	92	3	73	182	255
PROGER RURAL - Investment	02/2007	RA	3,186	31	-	-	-
PROTRABALHO - Investment	04/2007	RA	52,103	985	3,535	192,453	195,988
PNMPO - National Program for Guided Productive Microcredit	01/2010	RA	402	121	19,781	-	19,781
TOTAL			89,083	2,260	370,420	316,372	686,792

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: a) credit, liquidity, market and operational risks, b) proposes the definition of credit, liquidity, market and operational risk management methodologies and models; c) 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.

Exposures by economic sector	Exposure	
	12/31/2011	12/31/2010
LENDING OPERATIONS AND CO-OBLIGATIONS	27,900,112	25,403,408
Public sector	1,527,360	1,552,553
Private sector	26,372,752	23,850,855
Trade	2,854,921	2,038,548
Foreign trade	835,083	522,239
Housing	242	242
Industry	6,563,170	4,183,965
Infrastructure	4,414,467	3,404,530
Financial intermediation	262,718	692,004
Urban microfinancing	1,165,074	762,969
Individuals	196,285	172,320
Rural	5,983,626	6,327,219
Other services	4,097,166	5,746,819

MARKET OPERATIONS	14,879,825	13,130,399
Federal Government Securities	12,631,707	10,611,256
Repurchase agreements	4,415,402	4,327,417
Other	8,216,305	6,283,839
Interbank deposits	188,842	407,114
Other securities	1,147,537	1,022,417
Other operations	911,739	1,089,612
OTHER ASSETS	1,872,530	1,520,759
Total exposures	44,652,467	40,054,566

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 fundamental model assessment, 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 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. The global risk rating, involving the customer and the related operation, may be granted higher or lower risk ratings. Operations above R$ 5,000, considered individually, amounting to R$ 6,394,184 as at 12/31/2011 (R$ 6,130,588 as at 12/31/2010), are backed by collaterals (leased chattels, mortgage and guarantee) and other guarantees (unsecured, guarantee of notes, guarantee funds, risk fund (FGPC), collateralization of shares, bank guarantees, among others).

For all these transactions, the Bank requires coverage of at least 125% and, in case of collaterals, transactions should be measured at least once every two years, as long as there are material events involving the client or the transaction.

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:

Specification	2011	2010
As at June 30	245.45%	290.82%
Average for the last 12 months	227.39%	241.15%
Maximum for the last 12 months	321.96%	312.57%
Minimum for the last 12 months	175.15%	189.31%

As at 12/31/2011 and 12/31/2010, the maturities of funding, considering the projected future payment flows, including the related contractual rates, are as follows:

	12/31/2011				
Specification	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Interbank deposits	10,968	202,145	379,955	-	-
Time deposits	67,803	225,712	1,524,753	2,884,486	3,574,573
Repurchase agreements	638,093	-	-	72,531	30,165
Agribusiness Credit Note (LCA)	47,951	70,784	81,907	-	-
TOTAL	764,815	498,641	1,986,615	2,957,017	3,604,738
Available funds	3,185,694				

Specification	12/31/2010 Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Interbank deposits	144.831	53.968	479.505	16.367	-
Time deposits	44.489	384.187	589.673	4.214.105	3.189.624
Repurchase agreements	461.206	-	44.311	37.450	-
TOTAL	650.526	438.155	1.113.489	4.267.922	3.189.624
Available funds	3.869.499				

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.

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:

Risk exposure limits	Control procedure
• 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 12/31/2011, was R$ 290, compared to the portfolio's net balance (assets less liabilities) of R$ 2,298,151.

As at 12/31/2011, the VaR ratio was just 0.0126% 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. Interest rate risk measurement and assessment of non-trading portfolio related to interest rates, exchange coupons, interest rates and price

indices 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;
- 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 BM&FBOVESPA 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:

Specification	12/31/2011	From 01/01/2011 to 12/31/2011 Average	Maximum	Minimum
Marked-to-market currency exposure	29,042	34,479	110,465	1,567
Trading portfolio interest rate risk (PJUR1)	643	709	2,035	257
Commodity price variation risk (PCOM)	345	1,501	16,894	280
Non-trading portfolio interest rate risk (RBAN)	48,603	57,975	86,526	40,848

Specification	12/31/2010	From 01/01/2010 to 12/31/2010 Average	Maximum	Minimum
Marked-to-market currency exposure	43,648	51,879	90,299	11,267
Trading portfolio interest rate risk (PJUR1)	381	895	1,863	195
Commodity price variation risk (PCOM)	16,652	21,227	30,543	16,652
Non-trading portfolio interest rate risk (RBAN)	74,721	47,351	81,296	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 12/31/2011, 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 09/12/2007.

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%, 10% and 20% 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:

		Parallel stress test (annual rates) - Non-trading portfolio					
		Loss of 5%		Loss of 10%		Loss of 20%	
Risk type	Risk factor	Basis points	Percentage points	Basis points	Percentage points	Basis points	Percentage points
Price index coupon	IGP-M coupon	209.2	2.09	469.8	4.70	1,284.7	12.85
Interest rate coupon	TJLP coupon	(509.0)	(5.09)	(844.5)	(8.45)	(1,281.0)	(12.81)
	TR coupon	*without stress*		*without stress*		*without stress*	
Fixed interest	Fixed interest	547.7	5.48	1,273.8	12.74	3,614.6	36.15

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 12/31/2011, 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.

c.3) Sensitivity analysis

As set forth in CVM Instruction 475, of 12/17/2008, 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:

		Scenario 1 (probable)	Scenario 2 (change of 25%)		Scenario 3 (change of 50%)	
Portfolio/risk factor	Risk type	Balance	Balance	Loss	Balance	Loss
Trading portfolio						
- Fixed interest	Increase in interest rate	2,411,917	2,405,371	(6,546)	2,402,873	(9,044)
Non-trading portfolio						
- Dollar coupon	Decrease in the dollar coupon	(4,370)	(12,160)	(7,790)	(13,969)	(9,599)
- IGP coupon	Increase in the IGP coupon	1,791,388	1,640,507	(150,880)	1,507,295	(284,093)
- IPCA coupon	Decrease in the IPCA coupon	(366,953)	(412,158)	(45,205)	(465,173)	(98,220)
- TJLP coupon	Decrease in the TJLP coupon	(721,965)	(766,609)	(44,644)	(816,644)	(94,679)
- TR coupon	Increase in the TR coupon	(1,423,929)	(1,426,330)	(2,401)	(1,428,002)	(4,073)
- Fixed interest	Increase in interest rate	3,751,176	3,630,522	(120,654)	3,525,432	(225,744)

For purposes of abovementioned calculations, Scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values - considering the rates used at BM&FBOVESPA. 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.

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

Nature of transaction	Risk type	Financial instrument	Scenario 1	Scenario 2	Scenario 3
Hedge	Increase in the reference rate BM&F DI x PRE	SWAP DI x Pre	(453,504)	(438,918)	(425,420)
		Fixed assets	412,775	382,030	354,641
		Net exposure	(40,729)	(56,888)	(70,779)
Hedge	Increase in the reference rate BM&FDI x Dollar	SWAP Dollar x DI	561,711	542,289	523,703
		Liabilities in FM	(577,234)	(560,841)	(545,413)
		Net exposure	(15,523)	(18,552)	(21,710)

As at 12/31/2011, 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.

SWAP DI x Pre

The method used to prepare the sensitivity analysis of swap DI x Pre transactions was to the 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.

SWAP Dollar x DI

The method used to prepare the sensitivity analysis of swap dollar x DI transactions was to the 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 of the Bank 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, 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 02/28/2007 and 08/29/2007, 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 co-obligations, and market and operational risks as at December 31, 2011.

As at December 31, 2011, the capital adequacy ratio (Extended Basel Index) of Banco do Nordeste was 16.32% (13.22% as at December 31, 2010), while PR was R$ 4,604,614 (R$ 3,248,273 as at December 31, 2010). The Required Regulatory Capital (PRE), which represents the consolidation of all risk exposures, with a capital allocation ratio of 11%, was R$ 3,054,085 as at December 31, 2011 (R$ 2,627,409 as at December 31, 2010).

The Bank's regulatory capital is as follows:

i. Matching of PR with PRE

Specification	12/31/2011	12/31/2010
a) Regulatory Capital (PR)	4,604,614	3,248,273
Tier I	2,302,307	2,146,806
Tier II	2,302,307	1,101,467
b) Required Regulatory Capital (PRE)	3,054,085	2,627,409
. PEPR (1)	2,619,648	2,248,812
. PJUR	642	381
. PCOM	345	16,652
. POPR	433,450	361,564
c) RBAN amount	48,603	74,721
Margin (a-b-c)	1,501,926	546,143
Basel Ratio (BACEN Circular 3477, of 12/28/2009)	16.58%	13.60%
Basel Ratio (including RBAN amount)	16.32%	13.22%

(1) 11% of Weighted Risk Factor Exposures, pursuant to Articles 11 to 16 of BACEN Circular 3360, of 09/12/2007.

ii. Description of PR

Specification	12/31/2011	12/31/2010
a) Regulatory Capital (PR)	4,604,614	3,248,273
Tier I	2,302,307	2,146,806
(+) Shareholders' equity	2,329,499	2,177,338
(-) Revaluation reserves	25,198	28,064
(-) Tax credits excluded	291	291
(-) Deferred permanent assets	1,703	2,177
Tier II	2,302,307	1,101,467
(+) Revaluation reserves	25,198	28,064
(+) Hybrid debt/equity instruments classified as Tier II of PR [(1)]	1,137,872	-
(+) Subordinated debt instruments [(2)]	1,216,319	1,101,848
(-) Excess subordinated debt instruments	65,165	28,445
(-) Tier II to Tier I Excess Capital	11,917	-

Notes:

(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.

On 12/22/2010, pursuant to the terms of 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 Agreement, classified as Hybrid Debt/Equity Instruments (IHCD), in the amount of R$ 1,000,000, already paid in. On 02/21/2011, 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-PARTY TRANSACTIONS

a) Related-party transactions

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

Specification	12/31/2011	12/31/2010
Assets		
Lending operations - Refinancing with Federal Government (Note 9.a.1)	473,643	533,239
TOTAL	473,643	533,239

Specification	12/31/2011	12/31/2010
Liabilities		
Time deposit - FAT (Note 13.a.4 and Note 27)	622,389	686,792
Domestic onlendings - Official Institutions (Note 14.c)	1,286,685	1,686,776
National Treasury	992	1,086
BNDES	1,152,894	933,260
FINAME	132,799	52,859
Other institutions	-	699,571
Other liabilities	6,932,417	5,762,276
Northeast Constitutional Financing Fund -FNE (Note 16.e)	4,578,226	3,656,262
Hybrid debt/equity instruments (Note 16.f)	1,137,872	1,004,166
Subordinated debt eligible for capital (Note 16.g)	1,216,319	1,101,848
TOTAL	8,841,491	8,135,844

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:

Specification	12/31/2011	12/31/2010
Liabilities		
Other liabilities - (Note 16.h)	985,408	925,375
CAPEF	457,916	490,630
CAMED	527,492	434,745
TOTAL	985,408	925,375

b) Management compensation

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

Specification	2nd half 2011	12/31/2011	12/31/2010
Short-term benefits	1,684	3,344	3,075
Attorneys' fees	1,391	2,612	2,473
Executive Board	1,202	2,239	2,132
Board of Directors	98	194	186
Supervisory Board	91	179	155
Other	115	336	376
Profit sharing	178	396	226
TOTAL	1,684	3,344	3,075

Specification	2nd half 2011	12/31/2011	12/31/2010
Post-employment benefits	109	200	84
TOTAL	109	200	84

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:

Specification	12/31/2011	12/31/2010
Import financing	131,958	110,589
Guarantee beneficiaries:		
- Individuals or non-financial legal entities	92,219	92,919
- FNE	13,926,213	12,093,509
- Other entities	54,180	40,745
Receivables assignment co-obligations	26,815	29,549

b) Insurance

The Bank's chattels and properties and third parties' properties are covered by an adequate insurance in the amount of R$ 405,649 (R$ 392,459 as at 12/31/2010), as follows:

Specification	12/31/2011	12/31/2010
Chattels	137,144	123,783
Properties	264,485	264,656
Third parties’ properties	2,863	2,863
Civil liability (aircraft)	1,157	1,157
TOTAL	405,649	392,459

c) Convergence to International Financial Reporting Standards

Since the first half of 2011, the Bank has disclosed its annual financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) on its website. The first financial statements available on the Bank´s website refer to the financial position as at 12/31/2010 (together with the 12/31/2009 financial statements, presented for comparative purposes).

Although the Bank is not required to disclose statements under this new format, Management decided to do so voluntarily, as it understands that IASB Standards introduces new concepts for accounting records and procedures that provide enhanced information transparency and accuracy, thus making them aligned with the best corporate governance practices.

The financial statements for the year ended 12/31/2011, comparatively to those as at 12/31/2010 are expected to be disclosed in the first half of 2012. The Bank’s management believes that differences in shareholders’ equity and net income under IFRS comparatively to those calculated under BACEN standards are not significantly different, since several IASB standards had already been adopted by financial institutions in Brazil.

d) Approval of the Financial Statements

The financial statements were approved by the Board of Directors at a meeting held on 02/07/2012.

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 accompanying balance sheet as at December 31, 2011 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended and six-month period ended December 31, 2011, as well as a summary of significant accounting policies 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 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 December 31, 2011, its financial performance and its cash flows for the year then ended and six-month period ended

December 31, 2011, 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 year ended December 31, 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, February 7, 2012

DELOITTE TOUCHE TOHMATSU	Claudio Lino Lippi
Auditores Independentes	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 year ended December 31, 2011, and based on the opinion of the Independent Auditor - Deloitte Touche Tohmatsu - dated February 7, 2012, 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 2011.

Fortaleza (CE), February 7, 2012

SUPERVISORY BOARD

SUMMARY OF THE AUDIT COMMITTEE REPORT

Second half of 2011

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

Committee's Activities

Consistent with its institutional mission, the Audit Committee's actions focused on providing advice to the Board of Directors and evaluating the activities performed by the Internal Audit function, the Independent Auditors, the Bank´s Internal Controls, Security, and Risk Management as well as on reviewing the financial statements, the performance of the Bank's Ombudsman function and monitoring the compliance with regulatory and oversight agencies' requirements. In the second half of 2011, 12 ordinary and 4 extraordinary meetings were held, totaling 16 meetings.

The Audit Committee's main accomplishments include the following:

Advice to the Board of Directors - The Committee monitored the implementation of the risk and capital management structures, the compliance with Board of Directors' requirements and recommendations to the Executive Board and the implementation of recommendations provided by the Internal Audit function, Independent Auditors and external regulatory agencies, and attended 11 Board of Directors' meetings.

Evaluation of Internal Control Systems - The Bank has established guidelines to enhance internal controls and controls over security and risk management and developed actions to implement capital management structures and liquidity requirements, so as to comply with the recommendations contained in the Basel Accords II and III and the time frame set by the Central Bank of Brazil (BACEN).

Evaluation of the Internal Audit function's effectiveness - The Internal Audit function performed its responsibilities with a satisfactory level of effectiveness and in conformity with the Annual Internal Audit Activities Plan, prepared under the instructions of federal regulatory agencies and approved by the Bank's Board of Directors.

Evaluation of the Independent Auditor's effectiveness - No material events occurred that might have affected the effectiveness of DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES.

Financial Statements Review

After examining 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), February 7, 2012

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: 12.31.2011

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

BALANCE SHEETS AS OF DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

ASSETS	12/31/2011	12/31/2010
CURRENT ASSETS	11.084.544	10.602.604
CASH AND CASH EQUIVALENTS (note 4.b.1)	1.593.026	1.896.520
FUNDS COMMITTED FOR LOANS	2.983.181	1.756.614
INTERBANK ACCOUNTS	84.382	75.410
Rural Loan - Proagro Receivable	4.340	1.970
Interbank onlendings - Other Institutions	80.042	73.440
LENDING OPERATIONS (note 4.b.2 and note 8)	6.421.632	6.870.930
Financing	2.022.785	1.819.214
Export Financing	128.904	316.057
Infrastructure and Development Financing	543.862	441.491
Agribusiness Financing	225.982	202.575
Rural Financing	4.390.984	4.488.993
(Allowance for loan losses)	(890.885)	(397.400)
OTHER RECEIVABLES (note 4.b.6)	2.018	3.129
Assets received as payment	2.018	3.129
OTHER ASSETS (note 4.b.7)	305	1
Proagro-backed securities	4	1
Agricultural debt securities (TDA)	357	-
(Allowance for devaluation)	(56)	-
LONG-TERM ASSETS	26.662.917	22.724.027
INTERBANK ACCOUNTS	1.349.996	1.256.033
Rural Loan - Proagro Receivable	529	2.659
Interbank Onlendings - Banco do Nordeste - Law 7827 - Article 9 - A (note 13)	1.216.319	1.101.847
Interbank Onlendings - Other Institution	133.148	151.527
LENDING OPERATIONS (note 4.b.2 and note 8)	25.311.906	21.466.471
Financing	9.368.708	7.601.304
Export Financing	7.014	7.390
Infrastructure and Development Financing	5.282.878	3.950.762
Agribusiness Financing	956.119	815.277
Rural Financing	9.697.187	9.912.929
(Allowance for loan losses)	-	(821.191)
OTHER ASSETS (note 4.b.7)	1.015	1.523
Agricultural debt securities (TDA)	1.504	2.206
(Allowance for devaluation)	(489)	(683)
TOTAL ASSETS	37.747.461	33.326.631

LIABILITIES	12/31/2011	12/31/2010
NET EQUITY (note 4.c)	37.747.461	33.326.631
TRANSFERS FROM FEDERAL GOVERNMENT:		
In the year	5.030.560	4.083.917
In prior years	32.938.613	28.854.696
INCOME FROM PRIOR YEARS	386.771	570.513
LOSS FOR THE PERIOD	(608.483)	(182.495)
TOTAL LIABILITIES	37.747.461	33.326.631

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011
(In thousands of Brazilian reais - R$)

	2nd half 2011	12/31/2011	12/31/2010
INCOME			
From lending operations (note 8.g)	261.713	380.204	891.792
From cash and cash equivalents (note 4.b.1)	235.453	445.076	315.708
EXPENSES (note 4.a.8)			
Management fee	(511.667)	(993.540)	(816.783)
PRONAF-Payment of financial charges to BNB/Performance Bonus	(43.019)	(81.974)	(71.164)
Allowance for loan losses and devaluation	(149.094)	(358.176)	(501.977)
Audit expenses	(43)	(73)	(71)
LOSS FOR THE PERIOD	(206.657)	(608.483)	(182.495)

STATEMENTS OF CHANGES IN NET EQUITY FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011
(In thousands of Brazilian reais - R$)

EVENTS	TRANSFERS FROM FEDERAL GOVERNMENT	RETAINED EARNINGS (LOSS)	TOTAL
BALANCES AS AT DECEMBER 31, 2009	28.854.696	600.232	29.454.928
Transfers from Federal Government in the year	4.083.917	-	4.083.917
Prior year adjustments (note 10)	-	(29.719)	(29.719)
Loss for the year	-	(182.495)	(182.495)
BALANCES AS AT DECEMBER 31, 2010	32.938.613	388.018	33.326.631
CHANGES FOR THE YEAR	4.083.917	(212.214)	3.871.703
BALANCES AS AT DECEMBER 31, 2010	32.938.613	388.018	33.326.631
Transfers from Federal Government in the year	5.030.560	-	5.030.560
Prior year adjustments (note 10)	-	(1.247)	(1.247)
Loss for the year	-	(608.483)	(608.483)
BALANCES AS AT DECEMBER 31, 2011	37.969.173	(221.712)	37.747.461
CHANGES FOR THE YEAR	5.030.560	(609.730)	4.420.830
BALANCES AS AT JUNE 30, 2011	35.564.229	(14.473)	35.549.756
Transfers from Federal Government in the period	2.404.944	-	2.404.944
Prior year adjustments	-	(582)	(582)
Loss for the period	-	(206.657)	(206.657)
BALANCES AS AT DECEMBER 31, 2011	37.969.173	(221.712)	37.747.461
CHANGES FOR THE PERIOD	2.404.944	(207.239)	2.197.705

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011

(In thousands of Brazilian reais - R$)

	2nd half 2011	12/31/2011	12/31/2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year/period	(206.657)	(608.483)	(182.495)
Items not affecting cash and cash equivalents			
- Allowance for loan losses and devaluation	149.094	358.176	501.977
Adjusted profit/loss for the period	(57.563)	(250.307)	319.482
Interbank Accounts	(57.905)	(102.934)	(480.370)
Lending Operations	(1.921.676)	(3.754.451)	(3.790.695)
Other Receivables	(49)	1.110	(630)
Other Assets	187	342	321
Prior Year Adjustments	(582)	(1.247)	(29.719)
CASH USED BY OPERATING ACTIVITIES	(2.037.588)	(4.107.487)	(3.981.611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers from Federal Government	2.404.944	5.030.560	4.083.917
CASH GENERATED BY FINANCING ACTIVITIES	2.404.944	5.030.560	4.083.917
Increase in Cash and Cash Equivalents	367.356	923.073	102.306
REPRESENTED BY CASH AND CASH EQUIVALENTS:			
At beginning of period	4.208.851	3.653.134	3.550.828
At end of period	4.576.207	4.576.207	3.653.134
Increase in Cash and Cash Equivalents	367.356	923.073	102.306

Contents of Notes to the Financial Statements

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 2196-1, 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 and 11941, 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, PRONAF-Emergency, PRONAF-Flooding and PRONAF-Drought, 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 sued 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.

Specification	12/31/2011	12/31/2010
Allowance for loan losses at the beginning of the year	1,218,591	1,300,349
. Full FNE risk	953,270	1,029,846
. Shared risk	265,321	270,503
(+) Net allowance recognized in the year	359,514	504,243
Net provision for discounts - Acquired Transactions Law 11322	(37,452)	(4,946)
. Full FNE risk	(37,452)	(4,946)
Allowance for loan losses	396,966	509,189
. Full FNE risk	244,486	329,387
. Shared risk	152,480	179,802
(-) Receivables written off as a loss in the year	687,220	586,000
. Full FNE risk	471,760	401,017
. Shared risk	215,460	184,983
(=) Ending balance of allowance for loan losses	890,885	1,218,591
. Full FNE risk	688,544	953,270
. Shared risk	202,341	265,321

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 year, the allowance decreased by R$ 161,960, R$ 120,019 of which referred to full FNE risk transactions and R$ 41,941 referred to shared risk transactions. These decreases include R$ 171,117 arising from discounts and releases of transactions classified under Law 12249, of 06/11/2010, of which R$ 114,746 refers to transactions whose full risk lies with the Fund and R$ 56,371 refers to shared-risk transactions. In the same period of 2010, an allowance was reduced by R$ 61,363, of which R$ 44,113 referring to transactions whose full risk lies with the Fund and R$ 17,250 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$ 110,110, of which R$ 76,931 refers to transactions whose full risk lies with the Fund and R$ 33,179 refers to shared-risk transactions. These amounts include a decrease of R$ 42,736 arising from discounts and releases of transactions classified under Law 12249, of 06/11/2010, of which R$ 28,189 referred to transactions whose full risk lies with the Fund and R$ 14,547 refers to shared-risk transactions. In the same period of 2010, an allowance was recorded in the amount of R$ 9,360, of which R$ 6,404 refers to transactions whose full risk lies with the Fund and R$ 2,956 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 the year 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$ 541,268 (R$ 51,990 of increase at 12/31/2010). 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:

Specification	12/31/2011	12/31/2010
Recovery of operations written off from assets	101,821	11,474
Expenses - bonuses and waivers	(986,730)	(23,643)
Net effect on allowances	343,641	64,159
Total net effect	(541,268)	51,990

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

Specification	12/31/2011	12/31/2010
Income from lending operations	2,688,419	2,303,018
Expenses on BNB's financial commission	(822,771)	(690,226)
Expenses on financial commission of other institutions	(3,781)	(3,891)
Expenses on negative monetary adjustment	(9,262)	(9,737)
Expenses on discounts granted in renegotiations (1)	(915,468)	(198,802)
Expenses on discounts to Cocoa Plantations Recovery Program transactions - Law 11775, of 09/17/2008	-	(538)
Expenses on rebates/bonuses for timely payment - Transactions contracted by Banco do Nordeste	(494,797)	(486,763)
Expenses on Rebates/bonuses for timely payment - Onlendings Law 7827 - Article 9 A	(12,889)	(5,141)
Expenses on rebates/ bonuses for timely payment - Onlendings to other institutions	(122)	(119)
Expenses on principal rebates - Receivables from FAT - BNDES - Law 10193, of 02/14/2001	(13)	(247)
Expenses on transactions - Other sources - Acquisitions Law 11322, of 07/13/2006	(85)	(315)
Expenses on other transactions BNB - Reissue Law 12249, of 06/11/2010	(5,491)	-
Expenses on other transactions BNB - Rebate Law 12249, of 06/11/2010	(9,998)	-
FNE's expenses honored by the Bank - Reissue Law 12249, of 06/11/2010	(11,768)	(13,985)
FNE's expenses honored by the Bank - Rebate Law 12249, of 06/11/2010	(21,742)	(1,439)
Adjustments related disposal of assets	(28)	(22)
Other expenses	-	(1)
TOTAL	380,204	891,792

(1) The amount as at December 31, 2011 is related to the quantity of renegotiations recorded during the year, as defined by Law 12249, of 06/11/2010.

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 criterion set forth in item II, subitem "a", Article 5 of Administrative Rule 11.

c) In the year, BNB returned to FNE the amount of R$ 220,721 (R$ 187,738 as at 12/31/2010) 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$ 1,247 as at 12/31/2011, (R$ 29,719 as at 12/31/2010) 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 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$ 68,334 under referred law, as follows:

Specification	Amount
Article 7 (Cocoa Farming Operations in Bahia)	66,160
Article 19 (Operations whose Risk lies with the Federal Government - FAT Funds)	607
Article 31 (PRODECER transactions - Stage III/Res 2471 transactions)	1,567
TOTAL	68,334

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$ 36,075, as follows:

Specification	Amount
Article 31 (Mixed Funds from Other Sources/FNE transactions)	17,527
Article 31 (PRODECER transactions - Stage III)	13,577
Article 31 (FAT transactions)	4,971
TOTAL	36,075

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, are as follows:

Specification	12/31/2011	12/31/2010
Available funds	328,126	319,417
Funds invested	888, 193	782,430
TOTAL	1,216,319	1,101,847

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 December 31, 2011, and the related statement of income, statement of changes in net equity and statement of cash flows for the year 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 December 31, 2011, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to constitutional funds.

Emphasis

Without modifying our opinion, we draw attention to Note 8 b) to the financial statements, which describes the adoption of the provision set forth in the sole paragraph of article 3 of Interministerial Rule 11 of December 28, 2005, for recognizing an allowance for doubtful accounts, considering that the financial statements have been prepared by Management to comply with the standards applicable to Constitutional Funds. Consequently, these financial statements should be analyzed within this context only.

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

Fortaleza, February 7, 2012

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner

MANAGEMENT COUNCIL: Dyogo Henrique de Oliveira (Presidente) – Augusto Akira Chiba – Demetrius Ferreira e Cruz – Jurandir Vieira Santiago – Martim Ramos Cavalcanti – Zilana Melo Ribeiro

BOARD OF DIRECTOR: Jurandir Vieira Santiago (Presidente) – Fernando Passos (Diretor Financeiro e de Mercado de Capitais) – Isidro Moraes de Siqueira (Diretor de Controle e Risco) – José Sydrião de Alencar Junior (Diretor de Gestão do Desenvolvimento) – Paulo Sérgio Rebouças Ferraro (Diretor de Negócios) – Stélio Gama Lyra Junior (Diretor Administrativo e de Tecnologia da Informação).

SUPERVISORY BOARD: Cláudio Xavier Seefelder Filho (Presidente em exercício) – Cláudia da Costa Martinelli Wehbe – Frederico Schettini Batista – Marco Antonio Fiori – Roberta Carvalho de Alencar

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

SUPERINTENDENT: João Francisco Freitas Peixoto (Controle Financeiro)

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