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Company Information / Ownership Structure

Number of Shares (thousand)	Current Quarter 03/31/2011
Paid-up capital	
Common	48,485
Preferred	38,517
Total	87,002
Treasury shares	
Common	8
Preferred	2
Total	10

Company Information / Cash Proceeds

Event	Date of Approval	Type	Date of Payment	Type of Share	Amount Per Share (Reais / Share)
Ordinary and Extraordinary General	04/01/2011	Interest on own capital	04/15/2011	Common	1.33197
Ordinary and Extraordinary General	04/01/2011	Interest on own capital	04/15/2011	Preferred	1.46516
Ordinary and Extraordinary General	04/01/2011	Dividends	04/15/2011	Common	0.94130
Ordinary and Extraordinary General	04/01/2011	Dividends	04/15/2011	Preferred	1.03544

Individual Financial Statements / Balance Sheet Assets

(In thousands of Brazilian reais)

Code	Description	Current quarter 03/31/2011	Prior year 12/31/2010
1	Total Assets	24,708,141	23,783,716
1.01	Current Assets	10,279,535	10,838,392
1.01.01	Cash and cash equivalents	79,759	82,391
1.01.02	Interbank investments	3,437,978	3,872,110
1.01.02.01	Money market investments	3,110,303	3,451,521
1.01.02.02	Interbank deposits	327,675	420,589
1.01.03	Securities and derivatives	696,779	1,026,946
1.01.03.01	Own portfolio	604,337	809,265
1.01.03.03	Derivative financial instruments	280	210
1.01.03.04	Linked to guarantees	92,162	217,471
1.01.04	Interbank accounts	292,607	238,268
1.01.04.01	Unsettled payments and receipts	54,053	2,320
1.01.04.02	Deposits - Central Bank of Brazil	232,657	230,048
1.01.04.03	National Treasury - Rural credit funds	4,041	3,971
1.01.04.04	Interbank onlendings	780	805
1.01.04.05	Correspondents	1,076	1,124
1.01.05	Interdepartmental accounts	0	285
1.01.06	Lending operations	4,488,688	4,224,164
1.01.06.01	Public sector	49,954	58,378
1.01.06.02	Private sector	4,789,383	4,411,860
1.01.06.03	(Allowance for loan losses)	-350,649	-246,074
1.01.08	Other receivables	1,270,263	1,380,525
1.01.08.01	Receivables for guarantees honored	5	8
1.01.08.02	Foreign exchange portfolio	589,722	521,843
1.01.08.03	Income receivable	26,187	25,570
1.01.08.04	Other receivables	681,367	851,425
1.01.08.05	(Allowance for losses on other receivables)	-27,018	-18,321
1.01.09	Other assets	13,461	13,703
1.01.09.01	Other assets	6,295	6,702
1.01.09.02	(Allowance for devaluation)	-1,292	-1,302
1.01.09.03	Prepaid expenses	8,458	8,303
1.02	Long-Term Assets	14,239,595	12,753,269
1.02.02	Securities and derivatives	8,026,886	6,739,820
1.02.02.01	Own portfolio	7,370,601	6,293,647
1.02.02.02	Held under repurchase commitments	512,113	437,948
1.02.02.03	Derivative financial instruments	358	95
1.02.02.04	Linked to guarantees	143,814	8,130
1.02.03	Interbank accounts	32,514	32,474
1.02.03.01	National Treasury - Rural credit funds	331	329
1.02.03.02	Financial Housing System (SFH)	28,285	27,718
1.02.03.03	Interbank onlendings	3,898	4,427
1.02.05	Lending operations	6,031,767	5,910,740
1.02.05.01	Public sector	1,210,433	1,209,193
1.02.05.02	Private sector	5,077,400	5,036,407
1.02.05.03	(Allowance for loan losses)	-256,066	-334,860

Individual Financial Statements / Balance Sheet Assets

(In thousands of Brazilian reais)

Code	Description	Current quarter 03/31/2011	Prior year 12/31/2010
1.02.07	Other receivables	148,428	70,235
1.02.07.01	Receivables for guarantees honored	10	12
1.02.07.02	Other receivables	182,465	155,592
1.02.07.03	(Allowance for losses on other receivables)	-34,047	-85,369
1.03	Permanent Assets	189,011	192,055
1.03.01	Investments	1,450	1,429
1.03.01.04	Other investments	6,753	6,732
1.03.01.05	(Allowance for losses)	-5,303	-5,303
1.03.02	Property and equipment in use	185,425	188,219
1.03.02.01	Real estate	135,473	132,615
1.03.02.02	Real estate revaluation	111,628	111,628
1.03.02.03	Other property and equipment in use	151,715	151,302
1.03.02.04	(Accumulated depreciation)	-213,391	-207,326
1.03.05	Deferred charges	2,136	2,407
1.03.05.01	Organization and expansion costs	5,456	6,096
1.03.05.02	(Accumulated amortization)	-3,320	-3,689

Individual Financial Statements / Balance Sheet Liabilities

(In thousands of Brazilian reais)

Code	Description	Current quarter 03/31/2011	Prior year 12/31/2010
2	Total Liabilities	24,708,141	23,783,716
2.01	Current Liabilities	9,821,635	8,474,793
2.01.01	Deposits	4,515,734	3,772,031
2.01.01.01	Demand deposits	130,711	109,037
2.01.01.02	Savings deposits	1,456,740	1,288,569
2.01.01.03	Interbank deposits	558,167	670,627
2.01.01.04	Time deposits	2,357,078	1,688,256
2.01.01.05	Other deposits	13,038	15,542
2.01.02	Open market funding	511,697	460,893
2.01.02.01	Own portfolio	475,536	372,897
2.01.02.02	Third parties portfolio	36,161	87,996
2.01.03	Funds from acceptance and issuance of securities	6,986	2,991
2.01.03.01	Payables for securities issued abroad	6,986	2,991
2.01.04	Interdepartmental accounts	29,382	22
2.01.04.01	Receipts and payments pending settlement	29,382	22
2.01.05	Interdepartmental accounts	3,630	30,330
2.01.05.01	Third-parties funds in transit	2,603	30,330
2.01.05.02	Internal transfers of funds	1,027	0
2.01.06	Borrowings	621,065	461,822
2.01.06.01	Domestic borrowings - official institutions	16,247	15,219
2.01.06.02	Foreign borrowings	604,818	446,603
2.01.07	Domestic onlendings	297,237	289,427
2.01.07.01	National Treasury	205	192
2.01.07.02	BNDES (National Bank for Economic and Social Development)	165,596	166,206
2.01.07.03	FINAME (National Equipment Financing Authority)	5,117	3,921
2.01.07.04	Other institutions	126,319	119,108
2.01.08	Foreign onlendings	68,786	66,808
2.01.09	Other liabilities	3,767,118	3,390,469
2.01.09.01	Derivative financial instruments	9,423	12,118
2.01.09.02	Collected taxes and other	125,019	5,604
2.01.09.03	Foreign exchange portfolio	11,526	16,601
2.01.09.04	Social and statutory	143,135	130,687
2.01.09.05	Tax and social security	320,334	493,132
2.01.09.06	Trading account	3	7
2.01.09.07	Financial and development funds	1,350,803	1,011,809
2.01.09.08	Hybrid debt/ equity instruments	18,357	1,647
2.01.09.09	Other	1,788,518	1,718,864
2.02	Long-Term Liabilities	12,617,740	13,131,569
2.02.01	Deposits	4,204,876	4,737,550
2.02.01.01	Demand deposits	21,453	25,082
2.02.01.02	Interbank deposits	13,865	13,501
2.02.01.03	Time deposits	4,169,558	4,698,967
2.02.02	Open Market Funding	34,758	63,396
2.02.02.01	Own portfolio	34,758	63,396
2.02.03	Funds from acceptance and issuance of securities	471,959	482,496

Individual Financial Statements / Balance Sheet Liabilities

(In thousands of Brazilian reais)

Code	Description	Current quarter 03/31/2011	Prior year 12/31/2010
2.02.06	Borrowings	45,857	45,656
2.02.06.01	Domestic borrowings - official institutions	45,857	45,656
2.02.07	Domestic onlendings	1,466,439	1,397,349
2.02.07.01	National Treasury	876	894
2.02.07.02	BNDES (National Bank for Economic and Social Development)	835,938	767,054
2.02.07.03	FINAME (National Equipment Financing Authority)	56,233	48,938
2.02.07.04	Other institutions	573,392	580,463
2.02.08	Foreign onlendings	661,067	662,357
2.02.09	Other payables	5,732,784	5,742,765
2.02.09.01	Derivative financial instruments	60,731	46,020
2.02.09.02	Financial and development funds	2,642,019	2,734,366
2.02.09.03	Hybrid debt/ equity instruments	1,025,346	1,002,519
2.02.09.04	Subordinated debt eligible for capital	1,128,778	1,101,848
2.02.09.05	Other	875,910	858,012
2.03	Deferred income	16	16
2.05	Shareholders' equity	2,268,750	2,177,338
2.05.01	Capital	1,850,616	1,850,616
2.05.01.01	Brazilian residents	1,851,000	1,851,000
2.05.01.03	Treasury shares	-384	-384
2.05.03	Revaluation reserve	27,455	28,064
2.05.03.01	Own assets	27,455	28,064
2.05.04	Earnings reserves	248,528	248,528
2.05.04.01	Legal	88,896	88,896
2.05.04.02	Statutory	159,632	159,632
2.05.05	Valuation Adjustments To Equity	65,857	50,130
2.05.05.01	Adjustment to fair value - securities and derivatives	65,857	50,130
2.05.06	Retained earnings (accumulated deficit)	76,294	0

Individual Financial Statements / Statements of Income

(In thousands of Brazilian reais)

Code	Description	Current accumulated year 01/01/2011 to 03/31/2011	Prior accumulated year 01/01/2010 to 03/31/2010
3.01	Income from financial intermediation	698,037	547,830
3.01.01	Lending operations	394,318	338,663
3.01.02	Securities transactions	305,691	178,662
3.01.03	Derivative financial instruments	-14,940	-5,937
3.01.04	Foreign exchange transactions	8,677	27,014
3.01.05	Compulsory investments	4,291	9,428
3.02	Expenses from financial intermediation	-384,896	-286,120
3.02.01	Funding operations	-207,050	-114,482
3.02.02	Borrowings and onlendings	-131,716	-120,965
3.02.03	Allowance for loan losses	-46,130	-50,673
3.03	Gross income from financial intermediation	313,141	261,710
3.04	Other operating income (expenses)	-124,505	-97,953
3.04.01	Income from services provided	317,516	279,626
3.04.02	Personnel expenses	-252,261	-225,573
3.04.03	Other administrative expenses	-172,936	-144,159
3.04.04	Tax expenses	-44,016	-38,939
3.04.05	Other operating income	243,620	202,897
3.04.06	Other operating expenses	-216,428	-171,805
3.05	Income from operations	188,636	163,757
3.06	Nonoperating income (expenses)	-1,592	998
3.06.01	Income	607	1,077
3.06.02	Expenses	-2,199	-79
3.07	Income before taxes on income and profit sharing	187,044	164,755
3.08	Provision for income tax and social contribution	-102,302	-99,517
3.09	Deferred income tax	3,406	719
3.10	Profit Sharing	-12,463	0
3.10.01	Profit Sharing	-12,463	0
3.13	Net income	75,685	65,957
3.99	Earnings per shares - (R\$ / shares)		

Individual Financial Statements / Statements of Cash Flows – Indirect Method

(In thousands of Brazilian reais)

Code	Description	Current accumulated year 01/01/2011 to 03/31/2011	Prior accumulated year 01/01/2010 to 03/31/2010
6.01	Net cash provided by (used in) operating activities	474,040	298,507
6.01.01	Cash flows from operations	39,489	119,610
6.01.01.01	Net income for the period	75,685	65,957
6.01.01.02	Depreciation and amortization expenses	6,534	6,389
6.01.01.04	Allowance for losses on other assets	0	3
6.01.01.05	Allowance for loan losses	46,130	50,673
6.01.01.06	Provision for contingent liabilities	-88,844	-3,235
6.01.01.07	Deferred charges	-16	-175
6.01.01.08	Change in deferred income	0	-2
6.01.02	Assets and liabilities variation	434,551	178,897
6.01.02.01	Interbank investments	33,100	12,067
6.01.02.02	Interbank and interdepartmental accounts	-51,434	-35,867
6.01.02.03	Lending operations	-468,043	14,839
6.01.02.04	Other receivables	-69,349	193,518
6.01.02.05	Other assets	-236	-1,721
6.01.02.06	Deposits	211,029	152,489
6.01.02.07	Open market funding	22,166	23,845
6.01.02.08	Funds from acceptance and issuance of securities	-6,542	0
6.01.02.09	Borrowings and onlendings	237,032	-142,697
6.01.02.10	Derivative financial instruments	12,016	3,493
6.01.02.11	Other liabilities	377,031	-10,647
6.01.02.15	Income tax and social contribution	137,781	-30,422
6.02	Cash flows provided by investing activities	-724,507	-628,933
6.02.01	Available-for-sale securities	-721,511	-625,826
6.02.02	Addition to investments	-15	-14
6.02.03	Addition to property and equipment in use	-4,511	-2,874
6.02.04	Addition to not for use assets	-25	-176
6.02.05	Disposal of investments	-6	0
6.02.06	Disposal of property and equipment in use	1,059	-27
6.02.07	Disposal to assets not in use	502	-16
6.03	Cash flows from financing activities	66,465	12,226
6.03.01	Dividends and Interest on own capital	-3	-8
6.03.03	Subordinated debt eligible for capital	26,931	12,234
6.03.04	Hybrid debt/ equity instruments	39,537	0
6.05	Increase (decrease) in cash and cash equivalents	-184,002	-318,200
6.05.01	Cash and cash equivalents at beginning of period	3,869,499	3,877,920
6.05.02	Cash and cash equivalents at end of period	3,685,497	3,559,720

Individual Financial Statements / Statements of Changes in Equity - 01/01/2011 to 03/31/2011

(In thousands of Brazilian reais)

Code	Description	Paid-in Capital	Capital Reserve	Revaluation Reserve	Earnings Reserves	Retained Earnings (Accumulated Losses)	Valuation Adjustments to Equity	Total
5,01	Opening balance	1,851,000	0	28,064	248,528	0	49,746	2,177,338
5,03	Adjusted balance	1,851,000	0	28,064	248,528	0	49,746	2,177,338
5,04	Net Income	0	0	0	0	75,685	0	75,685
5,07	Valuation Adjustments To Equity	0	0	-609	0	609	15,727	15,727
5,07,01	Adjustments to securities	0	0	0	0	0	15,727	15,727
5,07,05	Reserve realization	0	0	-609	0	609	0	0
5,13	Closing balance	1,851,000	0	27,455	248,528	76,294	65,473	2,268,750

Individual Financial Statements / Statements of Changes in Equity - 01/01/2010 to 03/31/2010

(In thousands of Brazilian reais)

Code	Description	Paid-in Capital	Capital Reserve	Revaluation Reserve	Earnings Reserves	Retained Earnings (Accumulated Losses)	Valuation Adjustments to Equity	Total
5,01	Opening balance	1,652,000	502	30,501	271,977	0	117,745	2,072,725
5,03	Adjusted balance	1,652,000	502	30,501	271,977	0	117,745	2,072,725
5,04	Net Income	0	0	0	0	65,957	0	65,957
5,07	Valuation Adjustments To Equity	0	0	-609	0	609	-54,905	-54,905
5,07,01	Adjustments to securities	0	0	0	0	0	-54,905	-54,905
5,07,05	Reserve realization	0	0	-609	0	609	0	0
5,08	Capital increase	198,000	0	0	-198,000	0	0	0
5,08,01	Transfer for capital increase	198,000	0	0	-198,000	0	0	0
5,13	Closing balance	1,850,000	502	29,892	73,977	66,566	62,840	2,083,777

Individual Financial Statements / Statements of Value Added

(In thousands of Brazilian reais)

Code	Description	Current accumulated	Prior accumulated
		year 01/01/2011 to 03/31/2011	year 01/01/2010 to 03/31/2010
7.01	Revenues	998,429	809,590
7.01.01	Financial intermediation	698,037	547,830
7.01.02	Service provided and bank fees	317,516	279,626
7.01.03	Allowance for loan losses (net)	-46,130	-50,673
7.01.04	Other income/expenses	29,006	32,807
7.02	Expenses on financial intermediation	-338,766	-235,446
7.03	Inputs purchased from third parties	-158,195	-130,937
7.03.01	Materials, electric power and other	-56,395	-55,847
7.03.02	Outside services	-101,800	-75,090
7.04	Gross value added	501,468	443,207
7.05	Retentions	-6,534	-6,389
7.05.01	Depreciation, amortization and depletion	-6,534	-6,389
7.06	Wealth created by the entity	494,934	436,818
7.08	Wealth for distribution	494,934	436,818
7.09	Distribution of wealth	494,934	436,818
7.09.01	Personnel	234,328	201,866
7.09.01.01	Salaries and wages	158,444	113,525
7.09.01.02	Benefits	65,069	79,853
7.09.01.03	Severance pay fund (FGTS)	10,815	8,488
7.09.02	Taxes and contributions	176,714	162,162
7.09.02.01	Federal	173,487	159,043
7.09.02.02	State	5	7
7.09.02.03	Municipal	3,222	3,112
7.09.03	Payments to third parties	8,207	6,833
7.09.03.01	Rents	8,207	6,833
7.09.04	Shareholders' payments	75,685	65,957
7.09.04.03	Retained earnings	75,685	65,957

Comments on Performance

INTRODUCTION

In the first quarter of 2011, Banco do Nordeste do Brasil (BNB) conducted 688,846 transactions in the amount of approximately R\$5.0 billion, including short- and long-term loans, capital market and FDNE disbursements, whose risk is assumed by the Bank, representing a growth of 51% in total amount and 28% in total volume compared to the first quarter of 2010. Accordingly, BNB started 2011 fully committed to meeting the strategic goal to support the regional production agents in all of their credit needs, considering both long- and short-term financing, by using funds from the Constitutional Fund to Finance the Northeast (FNE) and other available sources, always giving priority to the family farmer, mini and small rural producer, micro and small urban entrepreneur and the informal microentrepreneur.

ACTIONS TOWARDS DEVELOPMENT

Research funding for production of she-goats in the semiarid climate. BNB will sponsor a study conducted by Universidade Federal Rural do Semiárido (Ufersa), in the State of Rio Grande do Norte, on the raising of she-goats. Over three years, the initiative will receive a funding of approximately R\$60 thousand from BNB through the Science and Technology Development Fund (Fundeci), managed by the Technical Office of Economic Studies for the Northeast (Etene). The research will compare two breeds of goats: an exotic, the Anglo-Nubian, from England, and a native one, the Canindé. The purpose is to determine the raising potential of these two breeds and identify the most adequate one to the Northeast semiarid climate. In order to release the results from the study, Ufersa's professors will conduct field work with rural producers during four days: of which, two in the university and another two in the land settlements of Mulunguzinho, in Mossoró, and Moacir Lucena, in Apodi. Two cycles of lectures and a mini-course will also be given to graduate and post-graduate students.

Partnerships to improve cotton production in the State of Ceará - In February 2011, BNB, through the Technical Office of Economic Studies for the Northeast (Etene), met with representatives of the main agricultural sectors of the State of Ceará to enter into partnerships for the implementation of the technological model and technical indexes for cotton cultivation by family producers in the semiarid climate. The meeting was attended by the Brazilian Cooperative Organization (OCB/CE), Brazilian Cooperativism Learning Service (Sescoop/CE), Brazilian Cattle Raising Research Company (Embrapa), Agrarian Development Secretariat of the State of Ceará (SDA) and Technical Support and Rural Extension Company of the State of Ceará (Ematerce). The meeting also discussed the guidelines to encourage the sustainable cultivation of cotton in the rural area through cooperative economic activities. Based on the agreement, Banco do Nordeste will be responsible for the financial support and technological activities, OCB/CE will be the project's coordinator, Embrapa will train the technicians and Ematerce will train the farmers.

Beginning of activities of the BNB Northeast Space in Barra de Santa Rosa (PB) - The Northeast Space of Barra de Santa Rosa (PB) started to operate in February 2011. The Northeast Space is a place used to perform social and cultural activities and banking business. At the inaugural ceremony, BNB State Superintendent talked about his pleasure to offer to the community of Barra de Santa Rosa an important tool to strengthen the region's culture and business.

Due to the start of the Northeast Space's activities, the local community will be able to rely on an important instrument to have access to governmental policies, social, cultural and economic development, besides the products and services provided by BNB. The Space is coordinated by Campina Grande branch and the Northeast Citizenship Institute, a Public Interest Civil Organization (Oscip), in partnership with the Municipality of Barra de Santa Rosa.

Seminars in the Southeast region about reinvestment incentives - In March 2011, BNB conducted a series of seminars on reinvestment incentives in three capitals of the Southeast region (Rio de Janeiro, São Paulo and Belo Horizonte) to large corporations operating in the Northeast region. BNB's Wealth Management Executive Officer explained the conditions for enjoying the tax benefit that allows companies to reinvest a portion of their income tax in their own equipment modernization or acquisition projects. These projects should be directed to

the industrial, agroindustrial, infrastructure and tourism sectors, including the market where BNB operates. The reinvestment can be equivalent to 30% of the income tax payable, calculated on the income from the activities related to the sectors or developments eligible to tax incentive or favorable tax treatment. The incentive may be used until the end of 2013. In 2010, BNB recorded deposits and disbursements of funds for reinvestment in the amounts of R\$ 176.7 million and R\$ 242.6 million, respectively. Also in 2010, 111 companies opted for the tax incentive. At the end of the year, 206 companies had deposits for reinvestment.

Execution of the Public and Private Partnership Agreement between BNB and the Municipality of Campina Grande (PB) - On March 29, 2011, BNB and the Municipality of Campina Grande (PB) entered into the Public and Private Partnership Agreement (PPP) in Palácio do Bispo, the house of the municipal administration. The purpose of the Agreement is to sponsor the implementation of infrastructure projects through Public and Private Partnerships (PPP), mainly roads, highways, integrated logistics centers of transportation and service, industrial districts, and support centers for technological innovation and innovative entrepreneurship. The cooperation agreement will be effective for 24 months, as from the execution date, and can be extended through an Addendum depending on the interest of the parties. The PPP Program's bill of the Municipality of Campina Grande was already forwarded to the City Council for analysis and approval.

ADMINISTRATIVE FACTS

Specialization Course in Financial Administration from Universidade Corporativa Banco do Nordeste - On February 7, 2011, in the Centro Administrativo Presidente Getúlio Vargas, City of Fortaleza (CE), started the 4th Financial Administration Specialization course, which is the result from the partnership between BNB and Universidade de Fortaleza (UNIFOR). The specialization course, scheduled to last five months, is a *lato sensu* post graduation course, whose purpose is to offer to the 39 associates expertise on finance. At the end of the training, the professionals will have a wide-ranging and integrated view of financial institution management and will update and improve knowledge in the accounting, financial market and other related finance areas using the most modern practices.

Promotion of the State Management Forums of Agroamigo Program to plan the actions for 2011 - In February 2011, BNB realized the State Management Forums of Agroamigo, production-oriented rural microcredit program, in order to evaluate the performance in 2010 and consolidate the planning of strategies and actions for 2011. The meetings were attended by the State Management teams and coordinators of the Agroamigo's units. The main purpose of the forums was to design operational strategies to enable the growth of BNB's rural microcredit program and train the program's staffs. The meetings were important to align information and evaluate the goals of each unit, and also to confirm the staff's commitment to results. At the end, a large Forum took place in the City of Fortaleza (CE) with a training in leadership and staff management. The participants were given the opportunity to experience day-to-day situations and challenges.

Meeting of BNB's Operational Supporting Centers General Managers - On March 25, 2011, BNB organized the Meeting of the Operational Supporting Centers (CRO) General Managers in the Getúlio Vargas Administrative Center, in the City of Fortaleza (CE). The purpose of the meeting was to discuss new work procedures to be adopted by the Operational Supporting Centers in view of the processes automation. Such meeting emphasized the Information Technology Area efforts to continuously invest in equipment and personnel for stabilization of computer systems and improvement of the capacity to store and retrieve information. Moreover, the stages of the processes implemented in the Centers are being simplified, structured and standardized in order to better organize their activities for the prompt and full compliance with the agencies' and other internal partners' needs. These measures are directed to change the operations of the CROs, migrating from a pure centralized view to a shared view, by positively assuming the role of service providers.

Strategic Alignment Meeting - On March 28, 2011, BNB organized the Strategic Alignment Meeting in the City of Fortaleza (CE). The meeting was attended by the Chairman, executive officers, General Executive Board's superintendents and Planning staff. Due to the changes arising from the new governmental measures, as well as the growing need to diversify the sources of funds, Banco do Nordeste is reviewing its Strategic Program for 2011. The new governmental policy establishes the need to strengthen the social nature of the transactions targeted at microcredit, family farming and micro- and small-sized companies' (SPE). The increase in funding for business expansion is among one of the main changes in the strategic guidelines. The strengthening of the Agroamigo Program is among one of the main strategic goals. There are six new strategic projects: Knowledge Management; Agroamigo System; Innovation Management; Customers' Relation Management; Strategic Intelligence System; and Credit Management and Recovery. The Strategic Program review is aligned with the

new governmental policy, and its methodology is based on the bank industry, BNB's strategic resources and institutional milestone. Also in 2011, BNB will prepare the new planning for the 2012-2015 period.

CORPORATE SOCIAL RESPONSIBILITY

Social and environmental measures in the State of Alagoas through Crediamigo Solidário Program - On February 14, 2011, BNB, through the Crediamigo's unit in Maceió-Centro (AL), organized, in partnership with the Municipality of Barra de Santo Antônio, the Crediamigo Solidário event in the main square of Ilha da Crôa, including actions aimed at providing social services and adopting environmental practices. The event is part of the "One Million Friends in the Environment" Campaign, an indication of the one million active customers that Crediamigo, BNB's production-oriented urban microcredit program, intends to reach by the end of the year. This initiative is the first of a series of similar actions in the State of Alagoas and arises from Crediamigo's concerns about issues that go far beyond credit operations, such as environment, health and culture. The proposal is to encourage earth-friendly actions, such as plantation of trees, recovery of squares, cleaning groups, recycling collection, among others. About 250 locals participated in the event that included: plantation of tree seedlings, culture circle, male hair cutting, drawing of food staples, glaucoma exam, cleaning groups and central square's recuperation, municipal fanfare concert and children recreation.

Professional qualification for underprivileged youngsters - In Aracaju (SE), 282 underprivileged youngsters will be trained by the Association of Residents and Friends of Nova Brasília (Amanb). Targeted at training and giving job opportunities to youngsters, the "Colorindo o Futuro" project will last 12 months. The initiative is sponsored by BNB, which works together with the Fund for Child and Adolescent's Rights (FIA). BNB contributed with approximately R\$ 70 thousand. By using these funds, Amanb will continue with its mission to include, train and develop youngsters and their families. This is BNB's second contribution to the Amanb's social projects in less than two years. In 2009, BNB contributed with R\$ 15 thousand for the "Computerized Children and Teenagers", which benefited 200 youngsters. BNB also donated computers to the entity's digital inclusion project, which offers basic and advanced computer courses, in addition to computer maintenance, graphic design, English, composition and automotive painting courses. Over three years, BNB's support to Amanb's projects allowed the training of 857 youngsters. Amanb is a non-profit organization, founded on September 20, 1987, which main purpose is to promote welfare through educative, cultural, social and sports activities, in addition to job and income generation. Currently, the Association encompasses 44 communities in Aracaju, serving more than 1,000 children, adolescents and youngsters.

OPERATING PERFORMANCE

Specifically as regards to credit operations, without considering capital market transactions and the FDNE disbursements with risk assumed by BNB, 688,843 loan and financing operations were contracted, in the amount of R\$ 4.6 billion, during the first quarter of 2011, an increase by 48% in contracted volume compared to the first quarter of 2010. The majority of the volume contracted in the first quarter of 2011 (59%) derived from long-term loans - a contracted amount of R\$ 2.7 billion. Short-term loans totaled R\$ 1.9 billion for the period.

The funds involved in long-term loans were provided mostly by the Constitutional Fund to Finance the Northeast (FNE). In the first quarter of 2011, 94,912 credit operations were contracted, in the amount of R\$ 2.6 billion, with FNE's funds, 65% greater than the amount contracted in the first quarter of 2010.

BNB disbursed R\$ 567.0 million through the production-oriented urban microcredit program, Crediamigo, by contracting 451,578 operations in the first quarter of 2011, in order to sponsor urban microentrepreneurs in entire region where it operates. In the first quarter of 2010, BNB disbursed R\$ 397.4 million, by contracting 326,415 operations. By comparing these two periods, BNB showed a growth by 43% in the amount disbursed.

BNB contracted 87,484 loans through the Brazilian Family Farming Strengthening Program, or Pronaf, amounting to approximately R\$267.7 million in the first quarter of 2011, compared to R\$ 206.6 million in the first quarter of 2010. By comparing these two periods, BNB showed a growth by 30% in the contracted amount. Under Pronaf, BNB conducts Agroamigo, a production-oriented rural microcredit program, through which the amount of R\$ 147.5 million was disbursed in the first quarter of 2011, with 78,425 loans to family farmers, 20% higher than the same period of 2010.

In the first quarter of 2011, BNB contracted 25,460 loans in the amount of R\$ 557.7 million to support micro- and small-sized companies, 22% above the volume contracted in the first quarter of 2010, which amounted to R\$ 456.9 million, through 21,621 loans.

BNB recorded a net income of approximately R\$ 76 million in the first quarter of 2011, an amount 15% higher than the amount recorded in the same period of 2010, which amounted to R\$ 66 million.

CVM INSTRUCTION 381, OF JANUARY 14, 2003

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2011

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

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1. THE BANK AND ITS CHARACTERISTICS

Banco do Nordeste do Brasil S.A. (the "Bank") is a private legal entity operating regionally as a public financial institution established by Federal Law 1649 of 07/19/1952. The Bank was structured as a mixed economy, publicly-traded corporation and its mission is to operate, in the capacity of a public financial institution, as a catalytic agent in promoting the sustainable development of the Northeast, integrating it to the domestic economic dynamics. Banco do Nordeste is authorized to operate all the portfolios permitted for multiple service banks, except the mortgage loan portfolio. As an institution devoted to regional development, the Bank acts as the executive agent of public policies and is responsible for managing the Northeast Constitutional Financing Fund (FNE), - the main source of funds utilized by the Bank for long-term financing - and the operation of the National Family Farming Strengthening Program (PRONAF) in its jurisdiction. It is also the operator of the Northeast Investment Fund (FINOR) and the Northeast Development Fund (FDNE), the latter created in 2001 and altered in 2007 by Supplementary Law 125, which recreated the Northeast Development Authority (SUDENE). In 1998, the Bank created its Oriented Productive Microcredit Program (Crediamigo), a Production Microcredit Program that facilitates access to credit by thousands of small entrepreneurs who engage in production-related, product sale, and service activities. In addition to federal funds, the Bank has access to other sources of financing in the domestic and foreign markets through partnerships and alliances 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); and
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution 3823, of 12/16/2009);
- CPC 33 - Employee Benefits (CVM Resolution 600, of 10/07/2009).

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a) Results of operations

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

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

b) Current and long-term assets and liabilities

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

Receivables and payables are recorded in Current and Long-term Assets and Liabilities, respectively, according to maturity dates. Securities classified as Trading Securities, regardless of their maturity, are fully classified in current assets, in conformity with BACEN Circular 3068, of 11/08/2001.

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:

Trading securities - securities bought and held principally for the purpose of selling them in the short term and reported at fair value, with unrealized gains and losses included in income for the year;

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

Held-to-maturity securities - securities that the enterprise has the positive intent and ability to hold to maturity and stated at acquisition cost, plus income earned, included in income 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 includes expenses on third-party properties and purchase and development of software through September 30, 2008 and include amortization calculated under the straight-line method at the annual rate of 20%.

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

j) Income Tax, Social Contribution, PASEP and COFINS (taxes on revenue)

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

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

k) Employee Benefits

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 recorded when the carrying amount of an asset exceeds its recoverable value. Non-financial assets are reviewed for impairment at least on a quarterly basis 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 12/18/2009.

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.

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, reserve 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. CASH AND CASH EQUIVALENTS

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Cash in local currency	79,264	80,923
Cash in foreign currency	<u>495</u>	<u>1,468</u>
Total cash	<u>79,759</u>	<u>82,391</u>
Investments in securities (1)	307,995	88,333
Interbank investments (1)	<u>3,297,743</u>	<u>3,698,775</u>
Total cash and cash equivalents	<u>3,685,497</u>	<u>3,869,499</u>

(1) 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.

5. INTERBANK INVESTMENTS

a) Breakdown

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Money market investments	<u>3,110,303</u>	<u>3,451,521</u>
Resale agreements pending settlement - own portfolio	3,074,142	3,363,525
Resale agreements pending settlement - third-party portfolio	36,161	87,996
b) Interbank deposits	<u>327,675</u>	<u>420,589</u>
Investments in foreign currency	19,792	13,475
Interbank deposits	<u>307,883</u>	<u>407,114</u>
TOTAL	<u>3,437,978</u>	<u>3,872,110</u>
CURRENT	3,437,978	3,872,110

b) Income (loss) from interbank investments

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
a) Income from money market investments	<u>95,537</u>	<u>60,181</u>
Own portfolio	93,458	58,607
Third-party portfolio	2,079	1,574
b) Income from interbank deposits	<u>7,828</u>	<u>5,840</u>
TOTAL (Note 6.b)	<u>103,365</u>	<u>66,021</u>

6. SECURITIES AND DERIVATIVES

a) Securities

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

a.1) SECURITIES PORTFOLIO

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Available-for-sale securities	8,714,034	7,758,083

Held-to-maturity securities	8,993	8,378
Swap differential receivable	<u>638</u>	<u>305</u>
TOTAL	<u>8,723,665</u>	<u>7,766,766</u>
CURRENT	696,779	1,026,946
LONG TERM	8,026,886	6,739,820

a.2) AVAILABLE-FOR-SALE SECURITIES

03/31/2011				
SPECIFICATION	<u>COST</u>	<u>FAIR VALUE</u>	<u>MARK-TO-MARKET</u>	<u>MATURITY YEAR</u>
FIXED-INCOME SECURITIES	<u>8,211,036</u>	<u>8,185,204</u>	<u>(25,832)</u>	
Treasury bills	6,432,271	6,430,908	(1,363)	2011 to 2017
National Treasury Notes (NTN)	1,032,612	1,035,704	3,092	2050
Financial bills	31,340	31,340	-	2016
Debentures	661,546	660,851	(695)	2012 to 2018
Bank credit notes (CCB)	21,743	21,743	-	2013
Federal government securities (FCVS)	7,620	4,523	(3,097)	2027
Federal government securities - Other	23,721	-	(23,721)	1993
Agricultural debt securities	183	135	(48)	2011 to 2022
INVESTMENT FUND SHARES	<u>12,496</u>	<u>11,234</u>	<u>(1,262)</u>	
Social development fund (FDS)	1,262	-	(1,262)	2014
Receivables Investment Fund (FIDC) shares	11,234	11,234	-	2012
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>281,619</u>	<u>137,460</u>	
Other tax incentives (FINOR)	4,211	405	(3,806)	Without maturity
Shares of publicly-traded companies	139,948	281,214	141,266	Without maturity
LINKED TO GUARANTEES (1)	<u>236,582</u>	<u>235,977</u>	<u>(605)</u>	
Treasury bills	232,195	232,191	(4)	2011 to 2015
Federal government securities - Other	601	-	(601)	1993
Debentures	3,786	3,786	-	2018
TOTAL	<u>8,604,273</u>	<u>8,714,034</u>	<u>109,761</u>	
Tax credit	-	-	13,846	
Provision for deferred taxes (note 15.d)	-	-	(57,750)	
TOTAL MARK-TO-MARKET	-	-	65,857	

- (1) In addition to the pledged securities shown above, there are LFTs in the amount of R\$ 222,897 and CVSSs in the amount of R\$ 73,192 not blocked by Brazilian Clearing and Custody Company - CBLIC, since the final judicial decision on the acceptance of these financial assets for pledge purposes has not yet been issued.

12/31/2010				
SPECIFICATION	<u>COST</u>	<u>FAIR VALUE</u>	<u>MARK-TO-MARKET</u>	<u>MATURITY YEAR</u>
FIXED-INCOME SECURITIES	<u>7,288,386</u>	<u>7,259,257</u>	<u>(29,129)</u>	
Treasury bills	5,648,455	5,646,915	(1,540)	2011 to 2017
National Treasury Notes (NTN)	844,817	844,253	(564)	2015
Financial bills	30,313	30,313	-	2016
Debentures	520,905	520,204	(701)	2012 to 2018
Bank Credit Notes (CCB)	30,811	30,811	-	2011 to 2013
Promissory Notes	182,165	182,165	-	2011
Federal government securities (FCVS)	7,721	4,583	(3,138)	2027
Federal government securities - Other	23,181	-	(23,181)	1993
Agricultural debt securities	18	13	(5)	2011 to 2015
INVESTMENT FUND SHARES	<u>15,799</u>	<u>14,552</u>	<u>(1,247)</u>	
Social development fund (FDS)	1,247	-	(1,247)	Without maturity
Receivables Investment Fund (FIDC) shares	14,552	14,552	-	2012
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>258,673</u>	<u>114,514</u>	
Other tax incentives (FINOR)	4,211	506	(3,705)	Without maturity
Shares of publicly-traded companies	139,948	258,167	118,219	Without maturity
LINKED TO GUARANTEES (1)	<u>226,188</u>	<u>225,601</u>	<u>(587)</u>	
Treasury bills	221,920	221,920	-	2011 to 2015
Federal government securities - Other	587	-	(587)	1993
Debentures	3,681	3,681	-	2018
TOTAL	<u>7,674,532</u>	<u>7,758,083</u>	<u>83,551</u>	

Tax credit	-	-	13,873
Provision for deferred taxes (note 15.d)	-	-	(47,294)
TOTAL MARK-TO-MARKET	-	-	50,130

- (1) In addition to the pledged securities shown above, there are LFTs in the amount of R\$ 217,193 and CVs in the amount of R\$ 74 not blocked by Brazilian Clearing and Custody Company - CBLC, since the final judicial decision on the acceptance of these financial assets for pledge purposes has not yet been issued.

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 under the category above, the amount of R\$ 109,761 (R\$ 83,551 as at December 31, 2010) was recorded in the Bank’s shareholders' equity under “Valuation adjustments to equity”. This adjustment, net of taxes, corresponds to R\$ 65,857 (R\$ 50,130 as at December 31, 2010).

a.3) HELD-TO-MATURITY SECURITIES

SPECIFICATION	03/31/2011			12/31/2010		
	COST	FAIR VALUE	MATURITY YEAR	COST	FAIR VALUE	MATURITY YEAR
FIXED-INCOME SECURITIES	<u>8,993</u>	<u>8,993</u>		<u>8,378</u>	<u>8,378</u>	
Investment Fund Shares - Northeast Entrepreneur	1,586	1,586	2012(*)	1,608	1,608	2011(*)
National Treasury Notes (NTN) - P	428	428	2012 to 2014	421	421	2012 to 2014
Investment Fund Shares - CRIATEC	5,934	5,934	2017(*)	5,200	5,200	2017(*)
FGO (Fund for Collateral of Transactions)	193	193	Without maturity	231	231	Without maturity
FIP Brasil Agronegócios	<u>852</u>	<u>852</u>	2018(*)	<u>918</u>	<u>918</u>	2018(*)
TOTAL	<u>8,993</u>	<u>8,993</u>		<u>8,378</u>	<u>8,378</u>	

(*) Estimated maturity

a.4) In the first quarter of 2011, no reclassifications of securities into the categories above were made, and no held-to-maturity securities were sold.

a.5) The following criteria were adopted to determine the fair value of securities:

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

b) Income (loss) from securities transactions

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Interbank investments (Note 5.b)	95,537	60,181
Interbank deposits (note 5.b)	7,828	584
Fixed-income securities	202,305	110,500
Variable-income securities	<u>21</u>	<u>2,141</u>
TOTAL	<u>305,691</u>	<u>178,662</u>

c) Derivatives

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

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

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

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

03/31/2011							
SWAP CONTRACTS	NOTIONAL AMOUNT	FAIR VALUE		CURVE		MARK-TO-MARKET	
		RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE	POSITIVE	NEGATIVE
ASSET POSITION							
Foreign currency - dollar	509,020	-	48,401	-	29,116	-	19,285
LIABILITY POSITION							
Interbank market (CDI)	-	-	-	-	-	-	-
Fixed rate	445,374	638	21,753	236	15,136	402	6,617
Foreign currency - dollar	-	-	-	-	-	-	-
TOTAL	<u>954,394</u>	<u>638</u>	<u>70,154</u>	<u>236</u>	<u>44,252</u>	<u>402</u>	<u>25,902</u>

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							
Interbank market (CDI)	-	-	-	-	-	-	-
Fixed rate	544,399	305	29,283	148	17,459	157	11,824
Foreign currency - dollar	-	-	-	-	-	-	-
TOTAL	<u>1,053,419</u>	<u>305</u>	<u>58,138</u>	<u>148</u>	<u>28,633</u>	<u>157</u>	<u>29,505</u>

<u>Swap transactions amounts in risk</u>	<u>03/31/2011</u> <u>Amount</u>	<u>12/31/2010</u> <u>Amount</u>
MARKET RISK HEDGE – ASSETS	<u>484,166</u>	<u>488,587</u>
HEDGED ITEMS - LIABILITIES	<u>477,948</u>	<u>485,113</u>
MARKET RISK HEDGE - LIABILITIES	<u>560,077</u>	<u>667,566</u>
HEDGED ITEMS – ASSETS	<u>538,200</u>	<u>655,709</u>

03/31/2011		
<u>Swap contracts mature as follows:</u>	<u>Difference receivable</u>	<u>Difference payable</u>
Up to 3 months	134	1,630
3 to 12 months	146	7,793
1 to 3 years	335	10,178
3 to 5 years	<u>23</u>	<u>50,553</u>
TOTAL	<u>638</u>	<u>70,154</u>

12/31/2010		
<u>Swap contracts mature as follows:</u>	<u>Difference receivable</u>	<u>Difference payable</u>
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	—	<u>33,020</u>
TOTAL	<u>305</u>	<u>58,138</u>

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

d) Income (loss) from derivative transactions

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Swap	(14,940)	(5,937)
TOTAL	<u>(14,940)</u>	<u>(5,937)</u>

7. INTERBANK ACCOUNTS - RESTRICTED DEPOSITS

a) Restricted Deposits

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Mandatory payments - Savings	194,222	196,368
Compulsory reserves - Cash funds	38,435	33,680
National Housing System (SFH)	28,285	27,718
National Treasury - Rural credit	<u>4,372</u>	<u>4,300</u>
TOTAL	<u>265,314</u>	<u>262,066</u>

b) Income (loss) from compulsory investments

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Income from restricted deposits - Central Bank of Brazil	3,483	2,468
Income from restricted deposits - SFH	816	8,405
Income from restricted deposits - Rural credit	47	15
Devaluation of restricted deposits	<u>(55)</u>	<u>(1,460)</u>
TOTAL	<u>4,291</u>	<u>9,428</u>

8. LOAN PORTFOLIO AND ALLOWANCE FOR LOAN LOSSES

a) Loan portfolio and allowance for loan losses

	<u>03/31/2011</u>		<u>12/31/2010</u>	
<u>Specification</u>	<u>Gross amount</u>	<u>Allowance</u>	<u>Gross amount</u>	<u>Allowance</u>
<u>Loans</u>	<u>11,127,170</u>	<u>(606,715)</u>	<u>10,715,838</u>	<u>(580,934)</u>
Current	4,839,337	(350,649)	4,470,238	(246,074)
Long-term	6,287,833	(256,066)	6,245,600	(334,860)
<u>Other lines with loan features</u>	<u>624,745</u>	<u>(33,432)</u>	<u>571,930</u>	<u>(71,984)</u>
Current	623,562	(26,944)	547,862	(18,321)
Long-term	<u>1,183</u>	<u>(6,488)</u>	<u>24,068</u>	<u>(53,663)</u>
TOTAL	<u>11,751,915</u>	<u>(640,147)</u>	<u>11,287,768</u>	<u>(652,918)</u>

a.1) Loan portfolio

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Advances to depositors	627	1,417
Loans	4,889,854	4,882,670

Discounted notes	156,701	170,113
Financing	1,851,249	1,716,772
Financing in foreign currencies	92,844	24,311
Refinancing with Federal Government (note 27.a.1)	533,694	533,239
Rural and agro-industrial financing	1,972,547	1,961,023
Real estate financing (1)	243	243
Infrastructure and development financing	<u>1,629,411</u>	<u>1,426,050</u>
Subtotal of lending operations	<u>11,127,170</u>	<u>10,715,838</u>
Guarantees honored	15	20
Income receivable from advances	12,082	9,896
Debtors for purchase of assets	3,018	2,298
Notes and credits receivables	16,493	40,526
Advances on foreign exchange contracts (2)	<u>593,137</u>	<u>519,190</u>
Subtotal of other items with loan features	<u>624,745</u>	<u>571,930</u>
TOTAL LOAN PORTFOLIO	<u>11,751,915</u>	<u>11,287,768</u>

- (1) Refer to transactions contracted before the discontinuance of real estate financing activities.
(2) Accounts classified as OTHER PAYABLES/Foreign Exchange Portfolio.

a.2) Income from lending operations

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Loans and discounted notes	218,093	173,260
Financing	110,606	104,317
Rural and agro-industrial financing	42,840	44,047
Recovery of receivables written off as loss	23,009	17,531
Guarantees honored	-	1
Other	<u>(230)</u>	<u>(493)</u>
TOTAL	<u>394,318</u>	<u>338,663</u>

b) Breakdown by maturity

b.1) Normal (1)

<u>Business sector</u>	<u>From 01 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 03/31/2011</u>	<u>Total as at 12/31/2010</u>
Rural	80,466	11,569	27,685	93,176	111,942	1,581,380	1,906,218	1,882,050
Manufacturing	284,022	286,254	114,533	324,729	471,540	1,273,207	2,754,285	2,505,673
Government	3,424	3,424	3,424	19,061	20,544	1,201,600	1,251,477	1,257,660
Other services	153,715	120,421	81,865	494,942	654,617	1,370,612	2,876,172	2,715,425
Trading	220,753	186,203	327,101	359,446	363,876	393,323	1,850,702	1,778,739
Financial institutions	22,821	24,172	23,794	61,218	109,960	276,539	518,504	695,342
Housing	243	-	-	-	-	-	243	243
Individuals	<u>4,009</u>	<u>4,553</u>	<u>4,467</u>	<u>11,829</u>	<u>9,652</u>	<u>16,094</u>	<u>50,604</u>	<u>48,783</u>
TOTAL	<u>769,453</u>	<u>636,596</u>	<u>582,869</u>	<u>1,364,401</u>	<u>1,742,131</u>	<u>6,112,755</u>	<u>11,208,205</u>	<u>10,883,915</u>

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

b.2) Past-due

Current									
<u>Business sector</u>	<u>From 01 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 03/31/2011</u>	<u>Total as at 12/31/2010</u>	
Rural	349	462	580	2,942	3,543	19,498	27,374	32,184	
Manufacturing	2,600	2,226	1,704	4,448	17,237	112,342	140,557	32,213	
Other services	3,147	26,087	3,860	6,873	11,741	25,212	76,920	45,564	
Trading	5,919	5,139	5,038	13,152	17,303	17,748	64,299	77,687	
Financial institutions	1	1	1	3	6	-	12	16	
Individuals	<u>264</u>	<u>243</u>	<u>265</u>	<u>591</u>	<u>856</u>	<u>1,406</u>	<u>3,625</u>	<u>4,038</u>	
TOTAL	<u>12,280</u>	<u>34,158</u>	<u>11,448</u>	<u>28,009</u>	<u>50,686</u>	<u>176,206</u>	<u>312,787</u>	<u>191,702</u>	

Past-due									
<u>Business sector</u>	<u>From 01 to 14 days</u>	<u>From 15 to 30 days</u>	<u>From 31 to 60 days</u>	<u>From 61 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total as at 03/31/2011</u>	<u>Total as at 12/31/2010</u>

Rural	65	842	12,559	2,120	5,033	17,916	13,903	52,438	60,270
Manufacturing	1,095	2,207	3,970	8,102	29,706	21,459	618	67,157	67,848
Other services	1,441	3,864	3,673	5,238	18,763	25,070	348	58,397	38,589
Trading	1,836	6,582	6,999	5,289	10,561	17,954	408	49,629	41,802
Financial institutions	1	-	1	2	1	-	-	5	2
Individuals	<u>58</u>	<u>402</u>	<u>403</u>	<u>263</u>	<u>764</u>	<u>1,273</u>	<u>134</u>	<u>3,297</u>	<u>3,640</u>
TOTAL	<u>4,496</u>	<u>13,897</u>	<u>27,605</u>	<u>21,014</u>	<u>64,828</u>	<u>83,672</u>	<u>15,411</u>	<u>230,923</u>	<u>212,151</u>

c) Specification by risk level

Risk rating	03/31/2011				12/31/2010			
	Current (1)	Past-due	Total portfolio	Allowance	Current (1)	Past-due	Total portfolio	Allowance
AA	3,520,509	-	3,520,509	-	3,640,505	-	3,640,505	-
A	4,851,438	-	4,851,438	24,257	3,847,921	-	3,847,921	19,239
B	2,304,039	33,491	2,337,530	23,375	2,635,606	38,743	2,674,349	26,743
C	203,202	47,404	250,606	7,518	262,461	23,563	286,024	8,581
D	88,887	35,870	124,757	12,476	111,266	18,644	129,910	12,991
E	44,173	43,625	87,798	26,340	56,686	36,090	92,776	27,833
F	12,364	30,766	43,130	21,565	34,525	46,511	81,036	40,518
G	9,184	29,254	38,438	26,907	17,621	43,157	60,778	42,544
H	<u>174,409</u>	<u>323,300</u>	<u>497,709</u>	<u>497,709</u>	<u>277,324</u>	<u>197,145</u>	<u>474,469</u>	<u>474,469</u>
TOTAL	<u>11,208,205</u>	<u>543,710</u>	<u>11,751,915</u>	<u>640,147</u>	<u>10,883,915</u>	<u>403,853</u>	<u>11,287,768</u>	<u>652,918</u>

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

d) Change in allowance for the period

Specification	03/31/2011	12/31/2010
Opening balance	652,918	615,845
(+) Net allowance recognized in the period	45,208	392,528
(-) Receivables written off as a loss in the period	<u>(57,979)</u>	<u>(355,455)</u>
(=) Allowance for loan losses	640,147	652,918
(+) Allowance for losses on other receivables without loan features (note 9e)	<u>27,633</u>	<u>31,706</u>
(=) Allowance for loan losses balance	<u>667,780</u>	<u>684,624</u>

e) Breakdown of allowance expense balance

Specification	03/31/2011	12/31/2010
(+) Expenses on allowance for loan losses	64,177	44,795
(+) Expenses on allowance for losses on other receivables	-	5,885
(-) Reversals of operating allowances	<u>(18,969)</u>	<u>(7,501)</u>
(=) Expense balance on allowance with loan features	45,208	43,179
(+) Expense on allowance for losses on other receivables without loan features	922	7,644
(-) Reversals of allowance for losses on other receivables without loan features	-	<u>(150)</u>
(=) Expense balance on allowance for loan losses	<u>46,130</u>	<u>50,673</u>

f) In the first quarter, receivables written off as loss in the amount of R\$ 23,009 (R\$ 17,531 as at December 31, 2010) were recovered, and renegotiations amounted to R\$ 25,113 (R\$ 162,440 as at March 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 03/31/2011, was recognized in the amount of R\$ 31,068 (R\$ 18,931

as at 03/31/2010). Pursuant to the mentioned laws, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE):

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Income earned	12,586	8,150
Recovery of operations written off from assets	5,730	3,583
Expenses on discounts	(5,396)	(739)
Net effect of allowances	<u>18,148</u>	<u>(7,937)</u>
TOTAL	<u>31,068</u>	<u>18,931</u>

9. OTHER RECEIVABLES

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Receivables for guarantees honored	<u>15</u>	<u>20</u>
b) Income receivable	<u>26,187</u>	<u>25,570</u>
c) Other	<u>863,832</u>	<u>1,007,017</u>
Tax credits - temporary differences (note 20.b)	280,758	277,353
Tax credits - securities and derivatives (notes 6.a.2 and 20.b)	13,846	13,873
Debtors from guarantee deposits	376,259	367,471
Recoverable taxes and contributions	40,046	177,148
From prepayments - SRF Regulation 90/92	32,573	170,353
Other amounts	7,473	6,795
Tax incentive options	26,748	26,748
Receivables	16,493	40,526
Salary advances	18,767	2,111
Payments to be refunded	8,300	8,110
Recalculation, discounts, waivers and bonuses in BNDES transactions	2,746	8,320
Recalculation, discounts, waivers and bonuses in FAT transactions	23,381	27,142
Other amounts	56,488	58,215
e) Allowance for losses on other receivables	<u>(61,065)</u>	<u>(103,690)</u>
Receivables with loan features	(33,432)	71,984
Receivables without loan characteristics (note 8.d)	<u>(27,633)</u>	<u>(31,706)</u>
TOTAL	<u>828,969</u>	<u>928,917</u>
CURRENT	680,541	858,682
LONG-TERM	148,428	70,235

10. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Assets - Other receivables		
Foreign exchange purchased pending settlement	570,681	511,266
Receivables for foreign exchange sold	8,269	2,883
Advances received in local currency	(1,310)	(2,202)
Income receivable from advances	<u>12,082</u>	<u>9,896</u>
Current Assets	<u>589,722</u>	<u>521,843</u>
Liabilities - Other payables		
Foreign exchange purchased	596,369	532,891
Foreign exchange sold pending settlement	8,249	2,855
(Advances on foreign exchange contracts)	(593,137)	(519,190)
Other	<u>45</u>	<u>45</u>
Current Liabilities	<u>11,526</u>	<u>16,601</u>

b) Income (loss) from foreign portfolio

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Exchange gains	8,779	27,523
Exchange losses	<u>(102)</u>	<u>(509)</u>
TOTAL	<u>8,677</u>	<u>27,014</u>

11. PERMANENT ASSETS

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Investments	<u>1,450</u>	<u>1,429</u>
a.1) Other investments	<u>6,753</u>	<u>6,732</u>
Tax incentive investments	5,010	5,011
Shares	944	944
Artworks and valuables	799	777
a.2) Allowance for losses	<u>(5,303)</u>	<u>(5,303)</u>
Tax incentive investments	(5,010)	(5,010)
Shares	(293)	(293)
b) Property and equipment (1)	<u>185,425</u>	<u>188,219</u>
b.1) Real estate	<u>135,473</u>	<u>132,615</u>
Land	6,567	6,567
Buildings	128,906	126,048
b.2) Real estate revaluations	<u>111,628</u>	<u>111,628</u>
Land – Revaluations	10,930	10,930
Buildings – Revaluations	100,698	100,698
b.3) Other property and equipment	<u>151,715</u>	<u>151,302</u>
Facilities, furniture and equipment	64,474	63,401
Data processing system	56,632	56,177
Security system	9,532	9,549
Transportation system	16,135	16,135
Other	4,942	6,040
b.4) Accumulated depreciation	<u>(213,391)</u>	<u>(207,326)</u>
Real estate	(159,289)	(155,715)
Other property and equipment	(54,102)	(51,611)
c) Deferred charges	<u>2,136</u>	<u>2,407</u>
c.1) Organization and expansion costs	<u>5,456</u>	<u>6,096</u>
Leasehold improvements	5,415	6,055
Software purchase and development	41	41
c.2) Accumulated amortization	<u>(3,320)</u>	<u>(3,689)</u>
Leasehold improvements	(3,293)	(3,664)
Software purchase and development	(27)	(25)
TOTAL	<u>189,011</u>	<u>192,055</u>

(1) Property and equipment includes attached or pledged properties in the amount of R\$ 69,317.

12. DEPOSITS AND OPEN MARKET FUNDING

a) Deposits

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a.1) Demand deposits	<u>152,164</u>	<u>134,119</u>
Foreign currency deposits	27,616	31,487
Government deposits	16,796	20,446
Restricted deposits	39,009	39,117
Legal entities	57,130	30,369
Individuals	10,896	9,363
Other amounts	717	3,337
a.2) Savings deposits	<u>1,456,740</u>	<u>1,288,569</u>
Free savings deposits - individuals	762,690	740,681
Free savings deposits - legal entities	692,988	546,832
From related parties and institutions of the Financial System	1,062	1,056
a.3) Interbank deposits	<u>572,032</u>	<u>684,128</u>
a.4) Time deposits	<u>6,526,636</u>	<u>6,387,223</u>
Time deposits	4,997,711	5,048,516
Interest-bearing escrow deposits	221,450	202,751
Interest-bearing special deposits /FAT - available funds	<u>128,325</u>	<u>370,420</u>
Proger Urbano	14,033	18,200
Proger Rural	-	-
Pronaf	129	273
Protrabalho	1,659	3,535

Infrastructure	109,397	328,476
Drought	73	155
PNMPO - National Program for Guided Productive Microcredit	3,034	19,781
Interest-bearing special deposits /FAT - invested funds	<u>535,124</u>	<u>316,372</u>
Proger Urbano	60,873	60,448
Proger Rural	-	-
Pronaf	904	964
Protrabalho	185,443	192,453
Infrastructure	261,011	50,731
Drought	11,318	11,776
PNMPO - National Program for Guided Productive Microcredit	15,575	-
FINOR/cash and cash equivalents and reinvestments Law 8167	642,691	447,569
Other amounts	1,335	1,595
a.5) Other deposits - Investment deposits	<u>13,038</u>	<u>15,542</u>
TOTAL	<u>8,720,610</u>	<u>8,509,581</u>
CURRENT	4,515,734	3,772,031
LONG-TERM	4,204,876	4,737,550

b) Open Market Funding

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Own portfolio	<u>510,293</u>	<u>436,293</u>
Treasury bills	510,293	436,293
Third-party portfolio	<u>36,162</u>	<u>87,996</u>
Treasury bills	170	87,996
National treasury notes	<u>35,992</u>	-
TOTAL	<u>546,455</u>	<u>524,289</u>
CURRENT	511,697	460,893
LONG-TERM	34,758	63,396

c) Expenses of Funding Operations

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Expenses on raising deposits	<u>(192,667)</u>	<u>(104,995)</u>
Time deposits	(131,809)	(72,207)
Savings deposits	(15,859)	(11,245)
Escrow deposits	(4,852)	(845)
Interbank deposits	(5,064)	(3,250)
Special deposits - FAT	(27,435)	(15,917)
Other	(7,648)	(1,531)
Expenses on money market funding operations	<u>(14,383)</u>	<u>(9,487)</u>
Third-party portfolio	(2,081)	(1,574)
Own portfolio	<u>(12,302)</u>	<u>(7,913)</u>
TOTAL	<u>(207,050)</u>	<u>(114,482)</u>

13. BORROWINGS AND DOMESTIC ONLENDINGS

a) Borrowings and Onlending by Maturity:

<u>Specification</u>	<u>0 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>5 to 15 years</u>	<u>Over 15 years</u>	<u>Total as at 03/31/2011</u>	<u>Total as at 12/31/2010</u>
Domestic borrowings	961	15,286	22,929	22,928	-	-	62,104	60,875
Foreign borrowings	215,051	389,767	-	-	-	-	604,818	446,603
Domestic onlending	183,164	114,073	216,016	359,260	548,121	343,042	1,763,676	1,686,776
Foreign onlending	<u>27,067</u>	<u>41,719</u>	<u>137,100</u>	<u>141,774</u>	<u>311,956</u>	<u>70,237</u>	<u>729,853</u>	<u>729,165</u>
TOTAL	<u>426,243</u>	<u>560,846</u>	<u>376,044</u>	<u>523,962</u>	<u>860,077</u>	<u>413,279</u>	<u>3,160,451</u>	<u>2,923,419</u>

b) Borrowings

<u>Specification</u>	<u>Financial charges (p.a)</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
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Domestic borrowings - official institutions/Refinancing	TJLP+ 3 or 7.75	62,104	60,875
Foreign borrowings/Borrowings in foreign currency	USD	<u>604,818</u>	<u>446,603</u>
TOTAL		<u>666,922</u>	<u>507,478</u>
CURRENT		621,065	461,822
LONG-TERM		45,857	45,656

c) Domestic Onlending - Official Institutions

<u>Specification</u>	<u>Financial charges (p.a.)</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
National Treasury	IGP-DI+ 2.0 or 6.75	<u>1,081</u>	<u>1,086</u>
BNDES		<u>1,001,534</u>	<u>933,260</u>
POC (credit facility granted by the BNDES agents to shareholders of medium-sized and small companies to buy shares in capital increases)	TJLP/IGPM/IPCA+1.5	773,994	712,269
Credit Facility for investment in agriculture	TJLP/IGPM/IPCA+1.5	227,540	220,991
FINAME (National Equipment Financing Authority)		<u>61,350</u>	<u>52,859</u>
“Programa Automático” (program that intended purchase of new machinery and equipment by companies based in Brazil)	TJLP/IGPM/IPCA+1.5	45,623	38,276
Farm Program	TJLP/IGPM/IPCA+1.5	15,727	14,583
Other institutions		<u>699,711</u>	<u>699,571</u>
Pilot Support Project of Agrarian Reform	SELIC/TJLP / 6.0	82,966	81,699
“MEPF-Banco da Terra” - Land Fund and Agrarian Reform - Land Bank	SELIC/4 to 18.0	125,236	126,302
“Banco da Terra”- Land Bank - Fight against rural poverty	Extra Mkt rate./ 2 to 10.0	<u>491,509</u>	<u>491,570</u>
TOTAL		<u>1,763,676</u>	<u>1,686,776</u>
CURRENT		297,237	289,427
LONG-TERM		1,466,439	1,397,349

d) Foreign Onlending

<u>Specification</u>	<u>Financial charges (p.a.)</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
IDB-Prodetur (Tourism Development Program with funds provided by the IDB)	USD + 1.14 or UCBID + 2,83	723,400	722,200
IDB-Other programs	USD + 1.14	6,045	6,456
Other programs	USD + 6.0	<u>408</u>	<u>509</u>
TOTAL		<u>729,853</u>	<u>729,165</u>
CURRENT		68,786	66,808
LONG-TERM		661,067	662,357

e) Expenses on Borrowings and Onlending

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Borrowings	<u>(1,228)</u>	<u>(1,416)</u>
Domestic borrowings	(1,228)	(1,416)
Onlending	<u>(26,280)</u>	<u>(33,603)</u>
Domestic Onlending - Official Institutions	<u>(22,472)</u>	<u>(15,484)</u>
National Treasury	(25)	(23)
BNDES	(20,364)	(13,362)
FINAME	(766)	(797)
Other institutions	(1,317)	(1,302)
Foreign onlending	<u>(3,808)</u>	<u>(18,119)</u>
Foreign banks	<u>(3,210)</u>	<u>(18,007)</u>
Financial and development funds	<u>(100,998)</u>	<u>(67,939)</u>
TOTAL	<u>(131,716)</u>	<u>(120,965)</u>

14. FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

In November 2010, Banco do Nordeste issued Senior Unsecured Notes amounting to US\$ 300,000 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 payable in interim installments; the principal is settled in R\$/US\$ thousand in a lump sum on the maturity date. Interest on notes is paid on a semiannual basis, as shown below:

<u>Specification</u>	<u>Funding date</u>	<u>Maturity</u>	<u>Value US\$</u>	<u>Contractual amount</u>	<u>Market value on 03/31/2011</u>	<u>Market value on 12/31/2010</u>
Eurobond - Senior Unsecured Notes	11/09/2010	11/09/2015	300,000	509,019	<u>478,945</u>	<u>485,487</u>

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

15. OTHER LIABILITIES

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Derivatives (Note 6.c)	<u>70,154</u>	<u>58,138</u>
b) Collected taxes and other	<u>125,019</u>	<u>5,604</u>
Funds from Proagro (program established to guarantee farmers to pay their costs of farming and cattle raising)	588	148
Collection of federal taxes	119,580	-
IOF (tax on financial transactions payable)	3,617	5,389
Other taxes	1,234	67
c) Social and statutory	<u>143,135</u>	<u>130,687</u>
Dividends and bonuses payable	96,504	96,519
Profit sharing	46,631	34,168
d) Tax and social security	<u>320,334</u>	<u>493,132</u>
Provision for tax contingencies (note 21)	<u>103,755</u>	<u>101,525</u>
Taxes payable	76,837	74,847
Tax lawsuits	26,918	26,678
Provision for deferred income and social contribution taxes	<u>68,767</u>	<u>58,716</u>
Securities and derivatives (note 6.a.2)	57,750	47,294
Revaluation of buildings and land (note 18.b)	11,017	11,422
Provision for income and social contribution taxes (note 20.a)	<u>100,980</u>	<u>284,294</u>
Income tax	62,535	173,703
Social contribution	38,445	110,591
Taxes payable	<u>46,832</u>	<u>48,597</u>
e) Trading account	<u>3</u>	<u>7</u>
f) Financial and development funds	<u>3,992,822</u>	<u>3,746,175</u>
Northeast Constitutional Financing Fund (FNE)	3,902,281	3,656,262
Other	90,541	89,913
g) Hybrid debt & equity instruments (note 16)	1,043,703	1,004,166
h) Subordinated debt eligible for capital (note 17)	<u>1,128,778</u>	<u>1,101,848</u>
i) Other	<u>2,664,428</u>	<u>2,576,876</u>
Provision for contingent liabilities	<u>1,511,709</u>	<u>1,436,231</u>
Labor lawsuits (note 21.d)	172,306	161,863
Civil lawsuits (note 21.d)	102,342	92,970
Other lawsuits (note 21.d)	47	65
FNE (note 21.e)	<u>1,233,421</u>	<u>1,177,757</u>
Onlending	402	372
Full risk	82,839	84,960
Shared risk	1,150,180	1,092,425
FDNE	401	277
PROAGRO	3,192	3,299
Accrued liabilities allowances	<u>1,068,546</u>	<u>1,053,884</u>
Employee benefits - CVM Resolution 600	<u>939,040</u>	<u>925,375</u>
Pension plan - CVM Resolution 600	480,316	490,630
Health care plan - CVM Resolution 600	458,724	434,745
Personnel expenses	100,192	94,143
Other	29,314	34,366
Other	<u>84,173</u>	<u>86,761</u>
TOTAL	<u>9,488,376</u>	<u>9,116,633</u>
CURRENT	3,755,592	3,373,868
LONG-TERM	5,732,784	5,742,765

16. HYBRID DEBT/EQUITY INSTRUMENTS

On December 22, 2010, pursuant to Law 12249, of 06/11/2010, as amended by Provisional Act 513, of 11/26/2010, Banco do Nordeste and the Federal Government entered into a Loan Contract, classified as Hybrid Debt/Equity Instruments (IHCD), in the amount of R\$ 1,000,000, already paid in. On February 21, 2011, the Central Bank of Brazil issued Deorf/Cofil Letter 2011/00979 authorizing the classification of such hybrid instruments as tier-II capital. Below are details on the transaction:

<u>Specifications</u>	<u>Amount issued</u>	<u>Clearance</u>	<u>Funding date</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Hybrid debt/equity instruments	1,000,000	IPCA+6.5715% p.a.	12/22/2010	<u>1,043,703</u>	<u>1,004,166</u>

17. SUBORDINATED DEBT ELIGIBLE FOR CAPITAL

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

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

<u>Specifications</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Constitutional Fund to Finance the Northeast (FNE)	1,128,778	1,101,848
Funds available (1)	347,467	319,417
Funds invested (2)	<u>781,311</u>	<u>782,431</u>
TOTAL	<u>1,128,778</u>	<u>1,101,848</u>

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

18. SHAREHOLDERS' EQUITY

a) Capital

Capital amounts to R\$ 1,851,000 (R\$ 1,851,000 as at December 31, 2010), represented by 87,001,901 registered, fully paid shares with no par value, held as follows:

<u>Composition as of 03/31/2011</u>					
<u>Shareholders</u>	<u>Common shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% voting capital</u>	<u>% total capital</u>
Federal Government	46,595,279	35,373,190	81,968,469	96.10	94.21
FND (National Development Fund)	1,473,704	2,373,264	3,846,968	3.04	4.42
BNDESPAR	13,800	386,795	400,595	0.03	0.47
Other (9,606 shareholders)	<u>401,992</u>	<u>383,877</u>	<u>785,869</u>	<u>0.83</u>	<u>0.90</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

Composition as of 12/31/2010

<u>Shareholders</u>	<u>Common shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% voting capital</u>	<u>% total capital</u>
Federal Government	46,595,279	35,373,190	81,968,469	96.10	94.21
FND (National Development Fund)	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 (9,623 shareholders)	<u>400,792</u>	<u>382,677</u>	<u>783,469</u>	<u>0.83</u>	<u>0.90</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

b) Revaluation reserve

The amount of R\$ 27,455 (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 quarter totaled R\$ 609 (R\$ 2,437 as at 12/31/2010).

c) Treasury shares

The Bank holds 10,232 own shares, of which 8,088 are registered common shares (ON) and 2,144 are registered preferred shares (PN), bought back on 02/17/2009. These shares, whose market values on 03/31/2011 represent, respectively, R\$ 27.00 and R\$ 40.00 per share, are held in treasury to be later disposed of or cancelled.

19. OTHER OPERATING INCOME (EXPENSES)

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
a) Income from services provided	<u>314,262</u>	<u>276,638</u>
Investment funds management	3,211	2,803
Funds and programs management	261,922	214,334
Services provided	49,129	59,501
b) Income from bank fees	<u>3,254</u>	<u>2,988</u>
c) Personnel expenses	<u>(252,261)</u>	<u>(225,573)</u>
Salaries	(144,460)	(112,074)
Payroll charges	(54,052)	(39,633)
Pension plan - CVM Resolution 600	(6,659)	(32,235)
Health care plan - CVM Resolution 600	(27,868)	(21,913)
Benefits, training, fees and compensation of interns	(19,222)	(19,718)
d) Other administrative expenses	<u>(172,936)</u>	<u>(144,159)</u>
Data processing	(24,642)	(37,801)
Advertising and publicity	(7,004)	(6,560)
Outside services	(56,406)	(34,463)
Rentals, material and public utilities	(10,536)	(10,357)
Travel expenses	(2,622)	(2,963)
Communications	(7,724)	(7,615)
Depreciation and amortization	(6,533)	(6,389)
Asset maintenance and upkeep	(7,445)	(7,523)
Surveillance, security and transportation	(7,392)	(6,250)
Promotions, public relations and publications	(3,562)	(4,532)
Financial system services	(4,411)	(3,874)
Specialized technical services	(7,443)	(4,938)
Insurance	(1,011)	(908)
Court, Notary and Attorney's fees	(15,714)	(5,693)
Trade Association Contribution and other	(382)	(208)
Condominium fees, catering, kitchen and food	(878)	(776)
FUNDECI (Science and Technology Development Fund)	(6,200)	-
Other	(3,031)	(3,309)
e) Tax expenses	<u>(44,016)</u>	<u>(38,939)</u>
Cofins and PIS/PASEP (taxes on revenue)	(40,731)	(35,783)

ISS (service tax) and IPTU (municipal real estate tax)/Improvement	(3,010)	(2,908)
Other	(275)	(248)
f) Other operating income	<u>243,620</u>	<u>202,897</u>
Financial commission on investment funds management	194,751	159,000
Negative exchange variation of loans obtained	30,635	1,669
Recovery of charges and expenses	1,814	3,648
Reversal of provisions for social contribution and income tax	-	131
Reversal of operating accruals	236	3,551
Interest and commissions	125	720
Monetary adjustment	1,242	1,451
Monetary adjustment of taxes	52	40
FNE - Recovery of amounts settled by the Bank	13,947	7,145
Other	818	25,542
g) Other operating expenses	<u>(216,428)</u>	<u>(171,805)</u>
Exchange variation from exchange area	(181)	(1,443)
Negative exchange variations on granted loans	(14,550)	(7,954)
Negative adjustments on lending operations	-	(3)
Discounts granted in renegotiations	(848)	(18,929)
Interest on lending operations	(2,072)	(2,896)
Tax risks	(3,478)	(2,082)
Risks on FNE transactions	(97,165)	(107,990)
Risks on FDNE transactions	(124)	(52)
Labor lawsuits	(13,126)	(5,160)
Civil lawsuits	(10,434)	(6,448)
Other lawsuits	-	(5)
Other	<u>(74,450)</u>	<u>(18,843)</u>
TOTAL	<u>(124,505)</u>	<u>(97,953)</u>

20. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution

The Bank is subject to taxation on deemed income and pays income and social contribution taxes monthly on an estimated basis. Income tax expenses in the first quarter was R\$ 60,949 and the social contribution tax expense was R\$ 37,947, reconciled as shown below:

	Income tax		Social contribution	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
a.1) Specification of the provision for income tax and social contribution expenses				
Income before taxes on income, interest on own capital and profit sharing	174,581	164,755	174,581	164,755
Permanent additions/deductions	(6,996)	1,812	(6,996)	1,817
Temporary additions/deductions	94,882	104,147	94,882	104,147
Taxable income before utilization of tax loss carryforwards	262,467	270,714	262,467	270,719
Offset of tax loss carryforwards	-	(19,350)	-	(20,354)
Taxable income after utilization of tax loss carryforwards	262,467	251,364	262,467	250,365
Provision for income tax and social contribution	(65,357)	(62,581)	(39,218)	(37,403)
Deductions (tax incentives)	2,274	467	-	-
Expense on provision for income tax and social contribution	(63,083)	(62,114)	(39,218)	(37,403)
Deferred tax assets	2,135	456	1,271	263
Total current expenses	(60,949)	(61,658)	(37,947)	(37,140)
% of current expenses in relation to income before taxation	34.91%	37.42%	21.74%	22.54%

	Income tax		Social contribution	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
a.2) Specification of provision for income tax and social contribution				
Provision for income tax and social contribution expense	63,083	145,381	39,218	93,598
Provision for taxes on the realization of revaluation reserve	255	1,015	152	609
Provision for taxes on prior year adjustments	-	27,307	-	16,384
Provision for income tax and social contribution	63,338	173,703	39,370	110,591

Taxes for offset due to tax prepayments, including withholding taxes	22,276	(117,146)	10,357	(54,100)
Adjustment for the period	41,062	56,557	29,013	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 3,355, 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.

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	8,670	104,016	5,202	277,352	13,872
(+) Credit recognition	24,311	504,620	14,590	302,772	38,901	807,392
(-) Credit realization	<u>(22,175)</u>	<u>(504,636)</u>	<u>(13,320)</u>	<u>(302,782)</u>	<u>(35,495)</u>	<u>(807,418)</u>
(=) Ending balance as at 03/31/2011	<u>175,472</u>	<u>8,654</u>	<u>105,286</u>	<u>5,192</u>	<u>280,758</u>	<u>13,846</u>

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

Specification	Income tax		Social contribution	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
1. Total temporary differences	3,099,085	3,000,354	3,099,085	3,000,354
2. Tax loss carryforwards	-	-	-	-
3. Total tax base ("1" + "2")	3,099,085	3,000,354	3,099,085	3,000,354
4. Tax credits on temporary differences + tax loss carryforwards	774,771	750,089	464,863	450,053
5. Tax credits from mark-to-market of securities	8,654	8,671	5,192	5,202
6. Total tax credits ("4" + "5")	783,425	758,760	470,055	455,255
7. Tax credits recognized in assets	175,571	173,336	105,287	104,017
8. Tax credits from mark-to-market of securities	8,654	8,671	5,192	5,202
9. Total tax credits ("7" + "8")	184,125	182,007	110,479	109,219
10. Tax credits not recognized in assets ("6" - "9")	599,300	576,753	359,576	346,036

The estimated realization of tax credits as at 03/31/2011 is as follows:

Period	Realization of income tax credit		Realization of social contribution tax		Total	
	Book value	Present value	Book value	Present value	Book value	Present value
2011	56,762	51,987	34,046	31,182	90,808	83,169
2012	21,646	17,753	12,987	10,652	34,633	28,405
2013	18,198	13,490	10,919	8,094	29,117	21,584
2014	23,763	15,981	14,258	9,589	38,021	25,570
2015	<u>55,103</u>	<u>33,727</u>	<u>33,076</u>	<u>20,245</u>	<u>88,179</u>	<u>53,972</u>
TOTAL	<u>175,472</u>	<u>132,938</u>	<u>105,286</u>	<u>79,762</u>	<u>280,758</u>	<u>212,700</u>

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

Realization of income tax credit	Realization of social contribution tax credit	Total
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<u>Period</u>	<u>Book value</u>	<u>Present value</u>	<u>Book value</u>	<u>Present value</u>	<u>Book value</u>	<u>Present value</u>
2011	7,349	7,349	4,409	4,409	11,758	11,758
2012	1	1	-	-	1	1
2013	1	1	-	-	1	1
2014	177	177	106	106	283	283
2015	345	345	207	207	552	552
2016 to 2018	3	3	2	2	5	5
2019 to 2021	3	3	2	2	5	5
2022 to 2024	1	1	1	1	2	2
2027 to 2029	<u>774</u>	<u>774</u>	<u>465</u>	<u>465</u>	<u>1,239</u>	<u>1,239</u>
TOTAL	<u>8,654</u>	<u>8,654</u>	<u>5,192</u>	<u>5,192</u>	<u>13,846</u>	<u>13,846</u>

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

- a) Banco do Nordeste is a part to several administrative and judicial proceedings involving civil, tax, labor and other matters. To recognize a reserve and contingent liabilities, contingencies are classified in accordance with CMN Resolution 3823, of 12/16/2009 and BACEN Circular 3429, of 02/11/2010.
- b) The assessment of the reserve and contingent liability, risk level of new lawsuits, and the reassessment of already existing lawsuits are made by the Legal Department, on case by case, and are classified according to the risk of loss, as probable, possible and remote. Such classification is based on the analysis of the following factors: i) reasonableness of the factual and legal arguments of the other party; ii) arguments and legal basis developed by Banco do Nordeste; iii) previous losses incurred by Banco do Nordeste final outcome in similar cases; iv) previous decisions of higher courts' and supervisory authorities on the matters in litigation; v) decisions already made on each proceeding (decision, sentence, injunction, interim relief, writ of payment, writ of attachment, etc); and vi) existence of procedural errors in the administrative and judicial proceedings.
- c) Contingencies classified as probable losses are accounted for and represented by Civil Lawsuits (claiming compensation for pain and suffering and property damage, such as protest of notes, return of checks, and provision of information to credit reporting agencies, among others), Labor Lawsuits (claiming labor rights, in light of specific professional category legislation, such as overtime, salary equalization, job reinstatement, premium for transfer, termination pay, retirement supplementation and others), Tax and Social Security Lawsuits (represented by judicial and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as infringement notices issued by Regional Councils that regulate the exercise of professions and Regional Labor Offices). Taking into consideration that the procedures adopted by Banco do Nordeste are in compliance with legal and regulatory provisions, Management understands that the reserves recorded are sufficient to cover losses arising from the respective judicial and administrative proceedings.
- d) The Bank recognized a provision for the total estimated loss on lawsuits classified as probable losses, as well as for those classified as Legal Obligation pursuant to the terms of BACEN Circular 3429, of 02/11/2010, regardless of the legal counsel's assessment of loss, and provisions are not applicable to lawsuits classified as possible and remote losses, as shown in the comparative chart for 03/31/2011 and 12/31/2010:

<u>Specification</u>	<u>03/31/2011</u>			<u>12/31/2010</u>		
	<u>Base value</u>	<u>Provision</u>	<u>Quantity</u>	<u>Base value</u>	<u>Provision</u>	<u>Quantity</u>
1.PROVISION FOR TAX CONTINGENCIES (note 15.d)						
1.1 Taxes - Legal obligation	<u>76,837</u>	<u>76,837</u>	<u>01</u>	<u>74,847</u>	<u>74,847</u>	<u>01</u>
1.2 Tax lawsuits	<u>26,918</u>	<u>26,918</u>	<u>202</u>	<u>554,803</u>	<u>26,678</u>	<u>179</u>

1.2.1 Legal obligation	527	527	05	551	551	07
1.2.2 Other obligations	<u>493,157</u>	<u>26,391</u>	195	<u>554,252</u>	<u>26,127</u>	172
Probable	26,391	26,391	-	26,127	26,127	-
Possible	288,944	-	-	363,126	-	-
Remote	177,822	-	-	164,999	-	-
2.PROVISION FOR CONTINGENT LIABILITIES (note 15.i)						
2.1 Labor lawsuits	<u>239,948</u>	<u>172,306</u>	<u>795</u>	<u>226,032</u>	<u>161,863</u>	<u>802</u>
Probable	172,306	172,306	-	161,863	161,863	-
Possible	26,356	-	-	25,716	-	-
Remote	41,286	-	-	38,453	-	-
2.2 Civil lawsuits	<u>2,092,676</u>	<u>102,342</u>	<u>4,658</u>	<u>1,834,025</u>	<u>92,970</u>	<u>4,590</u>
Probable	102,342	102,342	-	92,970	92,970	-
Possible	458,853	-	-	350,839	-	-
Remote	1,531,481	-	-	1,390,216	-	-
2.3 Other lawsuits	<u>1,640</u>	<u>47</u>	<u>43</u>	<u>3,947</u>	<u>65</u>	<u>65</u>
Probable	47	47	-	65	65	-
Possible	614	-	-	1,770	-	-
Remote	979	-	-	2,112	-	-

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

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Taxes (Legal obligation)		
Opening balance	74,847	71,343
Recognition	2,198	4,149
Reversal/utilization/write-off	<u>(208)</u>	<u>(645)</u>
Closing balance	<u>76,837</u>	<u>74,847</u>
b) Tax lawsuits (Legal obligation)		
Opening balance	551	-
Recognition	-	551
Reversal/utilization/write-off	<u>(24)</u>	<u>-</u>
Closing balance	<u>527</u>	<u>551</u>
c) Tax lawsuits (Other liabilities - other)		
Opening balance	26,127	23,824
Recognition	1,986	2,987
Reversal/utilization/write-off	<u>(1,722)</u>	<u>(684)</u>
Closing balance	<u>26,391</u>	<u>26,127</u>
d) Labor lawsuits (Other liabilities - other)		
Opening balance	161,863	150,741
Recognition	13,126	44,785
Reversal/utilization/write-off	<u>(2,683)</u>	<u>(33,663)</u>
Closing balance	<u>172,306</u>	<u>161,863</u>
e) Civil lawsuits (Other liabilities - other)		
Opening balance	92,970	95,337
Recognition	10,434	38,025
Reversal/utilization/write-off	<u>(1,062)</u>	<u>(40,392)</u>
Closing balance	<u>102,342</u>	<u>92,970</u>
f) Other lawsuits (Other liabilities - other)		
Opening balance	65	567
Recognition	1	12
Reversal/utilization/write-off	<u>(19)</u>	<u>(514)</u>
Closing balance	<u>47</u>	<u>65</u>
g) Vacation		
Opening balance	52,818	39,346
Recognition	16,506	67,870
Reversal/utilization/write-off	<u>(18,712)</u>	<u>(54,398)</u>
Closing balance	<u>50,612</u>	<u>52,818</u>
h) FNE		
Opening balance	1,177,757	956,261
Recognition	97,166	409,232
Reversal/utilization/write-off	<u>(41,502)</u>	<u>(187,736)</u>
Closing balance (Note 24.c3)	<u>1,233,421</u>	<u>1,177,757</u>
i) FDNE		
Opening balance	277	37
Recognition	124	240
Reversal/utilization/write-off	<u>-</u>	<u>-</u>
Closing balance	<u>401</u>	<u>277</u>

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

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

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

- 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 03/31/2011, sum, respectively, R\$ 138,963 and R\$ 88,210. As at 12/31/2010, they represented, respectively, R\$ 131,730 and R\$ 85,032, both with possible risk level.
- Civil lawsuit aiming to obtain an Indemnity for Pain and Suffering and Property Damages as, allegedly, the litigant was declared bankrupt. As at March 31, 2011, lawsuits assessed as possible loss amounts to R\$ 73,457 (R\$ 69,849 as at December 31, 2010).
- Civil lawsuit filed for loss of profits and payment of management fees under the allegation of losses incurred as a result of the suspension of onlending of the financing obtained for the construction of a commercial establishment. As at March 31, 2011, possible loss is estimated at R\$ 73,285. As at December 31, 2010, the estimated loss on this lawsuit, assessed as remote loss, was R\$ 1, which was stipulated in the initial complaint.
- Civil lawsuit claiming for refund as a result of undue collection and withholding. Possible estimated financial loss sums, on base date 03/31/2011, R\$ 28,549. As at 12/31/2010, estimated financial loss for this lawsuit was R\$ 27,147 with possible risk of loss.
- Civil lawsuit claiming Indemnity for Pain and Suffering, Damage and Refund due to alleged noncompliance with responsibilities set forth in the Agreement. As of 03/31/2011, possible financial loss is estimated at R\$ 19,898. As at 12/31/2010, financial loss on this lawsuit was estimated at R\$ 18,921 with possible risk of loss.
- Civil lawsuit claiming for refund of alleged losses in a clothing project. As at March 31, 2011, possible financial loss is estimated at R\$ 18,522. As at December 31, 2010, the estimated financial loss for this lawsuit was R\$ 17,612 with possible risk of loss.

i) Escrow and appeal deposits in order to guarantee legal and administrative proceedings, recognized for probable, possible and/or remote contingent liabilities, are presented below:

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Labor claims	165,427	162,830
Tax claims	179,143	169,532
Civil claims	<u>21,530</u>	<u>16,878</u>
Total	<u>366,100</u>	<u>349,240</u>

22. EMPLOYEES' AND OFFICERS' COMPENSATION

As at March 31, 2011, the monthly compensation paid by the Bank to its employees are as follows (in R\$1.00):

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

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

As at March 31, 2011, the quarterly compensation paid by the Bank to the Executive Officers and member of the Board of Directors and Supervisory Board is as follows (in R\$ 1.00):

Gross compensation (2)	Executive Board
------------------------	------------------------

Highest individual compensation	87,654.00
Lowest individual compensation	78,093.57
Average individual compensation	85,057.57
Number of members (1)	7
Gross compensation (2)	Board of Directors
Highest individual compensation	24,275.20
Lowest individual compensation	887.65
Average individual compensation	6,343.62
Number of members (1)	6
Gross compensation (2)	Supervisory Board
Highest individual compensation	8,393.00
Lowest individual compensation	8,393.00
Average individual compensation	8,323.00
Number of members (1)	5

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

(2) Amounts approved at the 57th Annual Shareholders' Meeting and 84th Extraordinary Shareholders' Meeting of Banco do Nordeste, both held on March 30, 2010.

As at 03/31/2011, the Bank had 6,034 employees (5,993 as at 12/31/2010), a increase of 0.68% in the Bank's headcount in the period.

23. EMPLOYEE BENEFITS

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

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 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 as at 01/01/2009, have been fully recognized in the statements as at 12/31/2010.

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 03/31/2011, 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 03/31/2011 (1:1, as at 12/31/2010).

c.1.4) Actuarial Position

In March 2011, the BD plan reported an actuarial surplus of R\$ 18,036 (versus a surplus of R\$ 44,416 on 03/31/2010), as a result of the positive impact of the investments, expenses on plan obligation variations, as well as changes in contingencies. The main event was the increase in the obligations under the benefit plan totaling R\$ 123,088 in December 2010 due to the review of the benefit plan funding that resulted in a reduction of the maximum contribution rate of the covered participants from 23% to 21.25%, beginning January 1, 2011.

The CV I plan's actuarial position as at 03/31/2011 is balanced, since all the existing actuarial liabilities, totaling R\$ 27,389, have defined contribution features.

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 of 03/31/2011, 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.

24. NORTHEAST CONSTITUTIONAL FINANCING FUND (FNE)

- a) The net assets of FNE, totaling R\$ 34,428,918 (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\$ 3,898,660 (R\$ 3,653,134 as at 12/31/2010), recorded in 'Other liabilities/Financial and development funds' bears interest at non-market rate. The expense of interest on cash and cash equivalents totaled R\$ 99,959 (R\$ 67,100 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:

<u>Risk rating</u>	<u>Balances</u>	<u>Allowance as at 03/31/2011</u>	<u>Allowance as at 12/31/2010</u>
AA	3,065,288	-	-
A	10,432,778	26,225	25,186
B	7,606,127	37,981	35,642
C	593,408	8,888	9,232
D	411,492	20,703	17,470
E	263,770	39,859	31,192
F	288,438	72,550	72,859
G	196,683	75,771	56,646
H	<u>1,870,561</u>	<u>951,444</u>	<u>929,530</u>
TOTAL	<u>24,728,545</u>	<u>1,233,421</u>	<u>1,177,757</u>

- d) The Bank's financial commission on transactions entered agreement by 11/30/1998 is zero. The Bank's financial commission on transactions entered as agreement after 11/30/1998 is 3 p.a., when the risk is 50 percent, 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 commissions totaled R\$ 194,125 (R\$ 158,863 as at 03/31/2010).

- 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 onlending 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 percent of the transfers made by the National Treasury each fiscal year. The management fee totaled R\$ 237,175 (R\$ 189,500 as at 03/31/2010).

25. 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 follows:

<u>Specification</u>	<u>TADE</u>	<u>AMOUNT</u>
Special Program to Fight Drought Effects	TADE 16/2006	3,158
PROGER-URBANO Investment	TADE 17/2006	15,149
FAT - Infrastructure	TADE 18/2006	262,453
PRONAF Investment	TADE 19/2006	1,940
PROGER-RURAL - Cost	TADE 20/2006	1,683
PRONAF - Cost	TADE 01/2007	4,499
PROGER-RURAL - Investment	TADE 02/2007	24,345
PROTRABALHO Investment	TADE 04/2007	150,760
PNMPO - National Program for Guided Productive Microcredit	TADE 01/2010	<u>15,488</u>
TOTAL		<u>479,475</u>

Funds derived from the Fund for Workers' Assistance (FAT), recorded under 'Interest-bearing special deposits', totaling R\$ 663,449 (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 total R\$ 128,325 (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.

<u>Specification</u>	<u>TADE Resolution</u>	<u>Return of FAT resources</u>			<u>03/31/2011</u>		
		<u>Form (1)</u>	<u>R.A.</u>	<u>SELIC rate</u>	<u>Available TMS (2)</u>	<u>TJLP (3) used</u>	<u>TOTAL</u>
Special Program to Fight Drought Effects	16/2006	RA	2,979	13	73	11,318	11,391
PROGER - URBANO Investment	17/2006	RA	24,129	650	14,033	60,873	74,906
FAT - Infrastructure	18/2006	RA	104,056	9,925	109,397	261,011	370,408
PRONAF Investment	19/2006	RA	362	11	99	737	836
PROGER - RURAL Cost	20/2006	RA	7	-	-	-	-
PRONAF Cost	01/2007	RA	123	4	30	167	197
PROGER RURAL Investment	02/2007	RA	6	-	-	-	-
PROTRABALHO Investment	04/2007	RA	48,961	629	1,659	185,443	187,102
PNMPO - National Program for Guided Productive Microcredit	01/2010	RA	<u>1,936</u>	<u>518</u>	<u>3,034</u>	<u>15,575</u>	<u>18,609</u>
TOTAL	-	-	<u>182,559</u>	<u>11,750</u>	<u>128,325</u>	<u>535,124</u>	<u>663,449</u>

Specification	TADE Resolution	Return of FAT resources			12/31/2010		
		Form (1)	R.A.	SELIC rate	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	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	<u>402</u>	<u>121</u>	<u>19,781</u>	<u>-</u>	<u>19,781</u>
TOTAL	-	-	<u>89,083</u>	<u>2,260</u>	<u>370,420</u>	<u>316,372</u>	<u>686,792</u>

Notes:

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

26. RISK MANAGEMENT AND BASEL RATIO

a) Risk management

The Bank's corporate governance tools include an internal control structure periodically reviewed to maintain an adequate monitoring of operational, credit, market and liquidity risks. The Bank's operational risk management methodology follows the guidelines of the Basel Committee and the requirements of the Basel II Accord, prioritizing the identification of possible risks existing in the different processes of the Bank, the implementation and monitoring of key indicators and mechanisms to mitigate identified risks. Potential losses arising from the operational risk are stored in the Bank's accounting information retrieval system database, with necessary qualifications for follow-up of occurrences identified, allowing the development and use of control tools.

The credit risk is managed through risk evaluation models, review and development of risk assessment models, and credit granting limits based on the risk rating of customers and their operations, in accordance with the parameters set forth in National Monetary Council Resolution 2682, of 12/21/1999. In addition, credit risk management involves the constant flow of information, which, after collected and analyzed, 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 and management of the allowance for loan losses.

Banco do Nordeste do Brasil, acting as a Government agency responsible for fostering the development of the Northeast region, follows best financial market practices to identify, measure and control market risks inherent to the positions assumed by the Entity.

Market and liquidity risks are monitored based on the volatility in interest rates, currencies, commodities and share indices affecting the Bank's assets and liabilities. The Bank uses its in-house developed proprietary treasury risk management software, providing information on the Value at Risk (VaR), the Duration global (assets and liabilities) by portfolio, security and index, estimated cash flows, with identification of any maturity mismatching between assets and liabilities, and global balances of assets and liabilities, by portfolio and by security, indicating possible mismatches by currency.

Liquidity is monitored on a daily basis, according to the limits defined for cash and cash equivalents, indicating the margin for trading and enforcement of the Treasury Policy.

Monitoring of market risk management of Banco do Nordeste is guided by the Risk Management Corporate Policy, which defines guidelines for the negotiation of the Bank's assets and establishes operating limits for the assumption of positions entailing several risk factors.

In accordance with BACEN Circular 3354 of 06/27/2007 and 3365 of 09/12/2007, for management purposes, transactions exposed to market risk are separated into the following portfolios:

Trading Portfolio: includes purchase transactions with resale agreement, sale transactions with repurchase agreement and trading securities, in accordance with BACEN Circular 3068 of 11/08/2001.

Non-Trading Portfolio: includes transactions subject to market risk and not included in the Trading Portfolio.

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%, and using information from 60 useful days.

The Value at Risk (VaR) of the BNB Trading Portfolio, as of 03/31/2011, was R\$ 398, compared to the portfolio's net balance (assets less liabilities) of R\$ 2,560,000.

As of 03/31/2011, the VaR ratio was just 0.016% 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 the transactions are subject to CDI rate or fixed rates, which, in most cases, mature overnight and are backed by federal government bonds.

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*.

b) Sensitivity analysis

Banco do Nordeste manages its market risk by identifying and monitoring the exposures of its own positions based on the risk limits established in the Corporate Risk Management Policy.

For market risk management purposes, the Bank's portfolios are classified into Trading Book – which may comprise repurchase transactions and trading securities – and Banking Book, comprising all transactions not included in the Trading Book which are exposed to market risks.

The sensitivity analysis, presented below, is carried out in accordance with Article 3, of CVM Instruction 475/2008, including the balances exposed to market risks and hedging derivatives.

TABLE I - Trading Book

<u>Risk factor</u>	<u>Risk type</u>	<u>Rate changes</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
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Fixed rate	Changes in interest rates	Increase in interest rate	-	(3,487)	(6,882)
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TABLE II - Banking Book

Risk factor	Risk type	Rate variation	Scenario 1	Scenario 2	Scenario 3
Fixed rate	Changes in interest rates	Increase in interest rate	-	(145,964)	(273,365)
IGP	Changes in price index coupon	Coupon increase (index decrease)	-	(90,817)	(168,706)
IPCA	Changes in price index coupon	Coupon increase (index decrease)	-	(97,353)	(177,955)
TJLP	Changes in TJLP coupon	Coupon increase (TJLP decrease)	-	(90,792)	(199,338)
TR	Changes in TR coupon	Coupon increase (TR decrease)	-	(491)	(941)
Dollar	Changes in exchange coupon	Coupon decrease (exchange rate increase)	-	(3,938)	(8,493)

TABLE III - Hedging Derivatives

Nature of transaction	Risk type	Financial instrument	Scenario 1	Scenario 2	Scenario 3
Hedge	Increase in interest rate	DI Swap x Pre	(561,233)	(543,735)	(527,593)
		Fixed rate assets	<u>548,043</u>	<u>504,591</u>	<u>466,159</u>
		Net exposure	<u>(13,190)</u>	<u>(39,144)</u>	<u>(61,434)</u>
	Net effect		-	(25,954)	(48,244)
Hedge	Increase in foreign currency quotation (FM)	DI SWAP x Dollar	488,162	463,429	440,201
		Liabilities in Dollar	<u>(481,867)</u>	<u>(463,033)</u>	<u>(445,707)</u>
		Net exposure	<u>6,295</u>	<u>396</u>	<u>(5,506)</u>
		Net effect		-	(5,899)

As at March 31, 2011, the possible risks of losses included: increase in interest rates, increase in the opportunity cost (coupon of the respective exposure to Price Index, TJLP and TR) and exchange coupon decrease. As regards to the hedging derivatives, scenarios were defined based on the interest rate changes - hedge with DIxPRE swap – and US exchange variation - hedge with DIxDollar swap.

Three scenarios were considered in the sensitivity analysis as follows:

Scenario 1 - refers to the current situation of risk exposure factors, based on market information (BM&FBovespa). This scenario applies 100% of the reference rate to the respective risk factor as at March 31, 2011.

Scenario 2 - This scenario considers a stress of 25% in the respective risk variable as at March 31, 2011.

Scenario 3 - This scenario considers a stress of 50% in the respective risk variable as at March 31, 2011.

Based on the results above, it is also important to mention that: i) scenarios 2 and 3, presented in tables I, II and III, show situations of highly volatility rates - 25% and 50%, respectively; and ii) it is not recommended to perform an aggregated analysis of results, since it would be subject to inconsistencies resulting from the fact that the stresses were applied on an individual basis to each risk factor, in accordance with CVM Instruction 475. Therefore, some scenarios considered for

individual simulations include changes in the risk factors, which synchronism would be economically unfeasible, such as interest rate increase together with exchange rate increase and TJLP decrease.

The Banking Book mainly comprises credit operations and other held-to-maturity positions. Therefore, the calculated effect, arising from sudden changes in market interest rates, does not affect the Bank's results of operations.

c) Exposure to currency risk

As at 03/31/2011, the net balance of sold foreign exchange exposure arising on transactions containing a clause for foreign currency adjustment totaled R\$ 44,590 (R\$ 32,712 as at 12/31/2010 - sold position), as shown below:

	<u>03/31/2011</u>	<u>12/31/2010</u>
<u>Assets</u>		
Cash and cash equivalents	495	1,468
Interbank investments	19,792	13,474
Lending operations	623,854	642,663
Other receivables	<u>687,690</u>	<u>555,369</u>
Unhedged assets (swaps)	1,331,831	1,212,974
Hedged assets (swaps)	<u>484,166</u>	<u>488,587</u>
Total	<u>1,815,997</u>	<u>1,701,561</u>
<u>Liabilities</u>		
Deposits	27,616	31,486
Interdepartmental accounts	2,603	30,330
Foreign borrowings and onlending	1,208,799	1,214,652
Other payables	<u>621,569</u>	<u>457,805</u>
Unhedged liabilities (swaps)	1,860,587	1,734,273
Hedged liabilities (swaps)	-	-
Total	<u>1,860,587</u>	<u>1,734,273</u>

The Bank manages its currency risk by limiting its exposure to residual values, strictly observing the percentage set by the Central Bank of Brazil and the Bank's Corporate Policy for Risk Management.

Exchange rate mismatches, marked to market, are calculated on a daily basis and their values are shown below. This mismatch is measured in accordance with BACEN Circular 3389, of 06/25/2008, and is less than 5% of Regulatory Capital as at March 31, 2011, which is the limit established by the Bank's Management Risk Corporate Policy.

<u>Specification</u>	<u>03/31/2011</u>		<u>12/31/2010</u>	
	<u>ASSETS</u>	<u>LIABILITIES</u>	<u>ASSETS</u>	<u>LIABILITIES</u>
<u>CURRENCY</u>				
Dollar	1,670,192	1,726,574	1,262,122	1,309,416
Euro	78,979	77,083	79,607	77,107
Yen	19	-	17	-
Swiss franc	<u>72</u>	<u>17</u>	<u>60</u>	<u>31</u>
TOTAL	<u>1,749,262</u>	<u>1,803,674</u>	<u>1,341,806</u>	<u>1,386,554</u>

d) Operational Limits - Basel Accord

The guidelines in effect (CMN Resolutions 3444 and 3490, of 02/28/2007 and 08/29/2007, respectively) maintained at 11% the minimum capital adequacy ratio—which is the ratio of a

financial institution's regulatory capital to total risks assumed in asset transactions, including guarantees provided, and market and operational risks—for 03/31/2011.

As at 03/31/2011 the Bank's asset-to-equity ratio (Basel ratio) was 17.64% (13.60% as at 12/31/2010), whereas the regulatory capital was R\$ 4,422,684 (R\$ 3,248,273 as at 12/31/2010). Required Regulatory Capital, which refers to the consolidation of all exposures to risk, with a capital allocation ratio of 11%, was R\$ 2,758,647 as at 03/31/ 2011 (R\$ 2,627,409 as at 12/31/2010).

The table below shows the Basel ratio calculation:

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
a) Regulatory Capital (RC)	<u>4,422,684</u>	<u>3,248,273</u>
Tier I	2,225,027	2,146,806
Tier II	2,197,657	1,101,467
b) Required Regulatory Capital (RRC)	<u>2,758,647</u>	<u>2,627,409</u>
. PEPR (1)	2,358,712	2,248,812
. PJUR	932	381
. PCOM	392	16,652
. POPR	398,611	361,564
c) RBAN amount	<u>58,022</u>	<u>74,721</u>
Margin (a-b-c)	1,606,015	546,143
Basel Ratio (BACEN Circular 3477, of 12/24/2009)	17.64%	13.60%
Basel Ratio (including RBAN amount)	17.27%	13.22%

(1) 11% of Risk-weighted Exposures risk, pursuant to Articles 11-16 of Central Circular 3360, of 9/12/2007.

On December 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 Contract, classified as Hybrid Debt/Equity Instruments (HDEI), in the amount of R\$ 1,000,000, already paid in. On February 21, 2011, the Central Bank issued official letter Deorf/Cofil - 2011/00979, which approved that this instrument will be considered as Tier II capital.

27. RELATED-PARTIES TRANSACTIONS

a) Related parties transactions

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

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Assets		
Lending operations - Refinancing with Federal Government (note 8.a.1)	<u>533,694</u>	<u>533,239</u>
Total	<u>533,694</u>	<u>533,239</u>

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Liabilities		
Time deposit - FAT (note 12.a.4 and note 25)	<u>663,449</u>	<u>686,792</u>
Domestic onlending - Official Institutions (note 13.c)	<u>1,763,676</u>	<u>1,686,776</u>
National Treasury	1,081	1,086
BNDES	1,001,534	933,260
FINAME	61,350	52,859
Other institutions	699,711	699,571

Other liabilities	<u>6,074,762</u>	<u>5,762,276</u>
Northeast Constitutional Financing Fund -FNE (note 15.f)	3,902,281	3,656,262
Hybrid debt/equity instruments (note 15.g)	1,043,703	1,004,166
Subordinated debt eligible for capital (note 15.h)	<u>1,128,778</u>	<u>1,101,848</u>
Total	<u>8,501,887</u>	<u>8,135,844</u>

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

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Liabilities		
Other liabilities - (notes 15.i)	<u>939,040</u>	<u>925,375</u>
CAPEF	480,316	490,630
CAMED	<u>458,724</u>	<u>434,745</u>
Total	<u>939,040</u>	<u>925,375</u>

b) Management compensation

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

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Short-term benefit	<u>648</u>	<u>655</u>
Fees	<u>599</u>	<u>572</u>
Executive Board	504	484
Board of Directors	51	48
Supervisory Board	44	40
Other	<u>49</u>	<u>83</u>
Profit sharing	—	—
TOTAL	<u>648</u>	<u>655</u>

<u>Specification</u>	<u>03/31/2011</u>	<u>03/31/2010</u>
Post-employment benefit	<u>43</u>	<u>7</u>
TOTAL	<u>43</u>	<u>7</u>

The Bank does not have variable stock-based compensation and other long-term benefits and does not grant post-employment benefits to management, except for those comprising its staff who participate in the Pension 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.

28. OTHER INFORMATION

a) Guarantees provided

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

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Import financing	56,335	110,589
Guarantee beneficiaries:		
- Individuals or non-financial legal entities	92,219	92,919
- FNE	12,552,088	12,093,509
- Other entities	41,375	40,745
Receivables assignment co-obligations	29,309	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\$ 395,179 (R\$ 392,459 as at 12/31/2010), as follows:

<u>Specification</u>	<u>03/31/2011</u>	<u>12/31/2010</u>
Chattels	124,219	123,783
Properties	266,940	264,656
Third parties' properties	2,863	2,863
Civil liability (aircraft)	<u>1,157</u>	<u>1,157</u>
TOTAL	<u>395,179</u>	<u>392,459</u>

c) Events after the Reporting Date

The Extraordinary Shareholders' Meeting of April 1, 2011 approved a capital increase of R\$ 159,000 by incorporation of the bylaws reserves, without issuing new shares. Said increase is awaiting approval by BACEN. The Bank's capital increased from R\$ 1,851,000 to R\$ 2,010,000, represented by 87,001,901 registered shares, without par value.

Fortaleza, April 26, 2011

The Executive Board

(Convenience Translation into English from the Original Previously Issued in Portuguese)
REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the interim accounting information of Banco do Nordeste do Brasil S.A. (the “Bank”) included in the Interim Financial Statements - ITR for the quarter ended March 31, 2011, which comprise the balance sheet and the related statements of income, changes in shareholders’ equity and cash flows, for the quarter then ended, and other explanatory information.

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

Scope of Review

We conducted our review in accordance with the Brazilian and international standards for review of interim financial statements (NBC TR 2410 – Review of Interim Financial Statements Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Statements Performed by the Independent Auditor of the Entity, respectively). The review of interim financial statements comprise inquiries, mainly to those persons responsible for the financial and accounting matters, and adoption of analytical procedures and other review procedures. The scope of review is significantly lesser than an audit performed in accordance with the audit standards and, therefore, we cannot assure that we were able to identify all significant matters that could have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any significant modifications that should be made to the interim accounting information included in the interim financial statements referred to above, in all material respects, for them to be in conformity with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil, and in conformity with the standards established by the Brazilian Securities and Exchange Commission (CVM) applicable to the Interim Financial Statements - ITR.

Other Matters

Interim Statements of Value Added

In addition, we have reviewed the interim statements of value added (DVA) for the quarter ended March 31, 2011, which presentation in the interim financial statements is required in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Statements - ITR. This information was subject to the same review procedures described above and, based on our review, we are not aware of any significant modifications that should be made to this information, in all material respects, for it to be in accordance with the interim financial statements taken as a whole.

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

Fortaleza, May 13, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner