# Contents

# Company Information / Ownership Structure

| Number of Shares (thousand) | Current Quarter 09/30/2012 |
|---|---|
| **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 | Class | Share (Reais / Share) |
|---|---|---|---|---|---|---|
| Board of Directors’ Meeting | 08/14/2012 | Dividend | 08/31/2012 | Common | | 0.61408 |
| Board of Directors’ Meeting | 08/14/2012 | Dividend | 08/31/2012 | Preferred | | 0.67548 |
| Board of Directors’ Meeting | 08/14/2012 | Interest on equity | 08/31/2012 | Common | | 0.74083 |
| Board of Directors’ Meeting | 08/14/2012 | Interest on equity | 08/31/2012 | Preferred | | 0.81491 |

# Individual Financial Statements / Balance Sheet Assets

## (In thousands of Brazilian reais)

| Code | Description | Current quarter 09/30/2012 | Prior year 12/31/2011 |
|---|---|---|---|
| 1 | Total Assets | 31,105,962 | 26,435,588 |
| 1.01 | Current Assets | 14,426,714 | 10,584,659 |
| 1.01.01 | Cash and cash equivalents | 105,331 | 97,086 |
| 1.01.02 | Interbank investments | 6,424,153 | 3,240,283 |
| 1.01.02.01 | Open market investments | 6,303,860 | 3,036,454 |
| 1.01.02.02 | Interbank deposits | 120,293 | 203,829 |
| 1.01.03 | Securities and derivatives | 538,592 | 233,192 |
| 1.01.03.01 | Own portfolio | 391,164 | 233,158 |
| 1.01.03.03 | Derivative financial instruments | 0 | 34 |
| 1.01.03.04 | Linked to guarantees | 147,428 | 0 |
| 1.01.04 | Interbank accounts | 364,189 | 267,274 |
| 1.01.04.01 | Unsettled payments and receipts | 64,486 | 90 |
| 1.01.04.02 | Deposits - Central Bank of Brazil | 291,958 | 260,563 |
| 1.01.04.03 | National Treasury - Rural credit funds | 6,165 | 4,984 |
| 1.01.04.04 | Interbank onlendings | 972 | 905 |
| 1.01.04.05 | Correspondents | 608 | 732 |
| 1.01.06 | Lending operations | 4,885,778 | 4,950,715 |
| 1.01.06.01 | Public sector | 85,487 | 78,446 |
| 1.01.06.02 | Private sector | 5,118,612 | 5,173,329 |
| 1.01.06.03 | (Allowance for loan losses) | (318,321) | (301,060) |
| 1.01.08 | Other receivables | 2,079,472 | 1,778,988 |
| 1.01.08.02 | Foreign exchange portfolio | 545,013 | 641,071 |
| 1.01.08.03 | Income receivable | 25,489 | 22,902 |
| 1.01.08.04 | Securities trading and brokerage | 4 | 0 |
| 1.01.08.05 | Other receivables | 1,587,439 | 1,118,570 |
| 1.01.08.06 | (Allowance for losses on other receivables) | (78,473) | (3,555) |
| 1.01.09 | Other assets | 29,199 | 17,121 |
| 1.01.09.01 | Other assets | 6,412 | 6,169 |
| 1.01.09.02 | (Allowance for devaluation) | (845) | (1,248) |
| 1.01.09.03 | Prepaid expenses | 23,632 | 12,200 |
| 1.02 | Long-Term Assets | 16,479,542 | 15,662,089 |
| 1.02.02 | Marketable securities | 10,505,689 | 9,874,595 |
| 1.02.02.01 | Own portfolio | 9,485,455 | 8,878,659 |
| 1.02.02.02 | Held under repurchase commitments | 712,623 | 672,509 |
| 1.02.02.03 | Derivative financial instruments | 179,780 | 44,860 |
| 1.02.02.04 | Linked to guarantees | 127,831 | 278,567 |
| 1.02.03 | Interbank accounts | 40,063 | 36,863 |
| 1.02.03.01 | National Treasury - Rural credit funds | 3 | 422 |
| 1.02.03.02 | Financial Housing System (SFH) | 36,658 | 32,369 |
| 1.02.03.03 | Interbank onlendings | 3,402 | 4,072 |
| 1.02.05 | Lending operations | 5,438,934 | 5,639,615 |
| 1.02.05.01 | Public sector | 1,279,940 | 1,255,601 |
| 1.02.05.02 | Private sector | 4,511,873 | 4,704,792 |

# Individual Financial Statements / Balance Sheet Assets

(In thousands of Brazilian reais)

| Code | Description | Current quarter 09/30/2012 | Prior year 12/31/2011 |
|---|---|---|---|
| 1.02.05.03 | (Allowance for losses) | (352,879) | (320,778) |
| 1.02.07 | Other receivables | 494,856 | 111,016 |
| 1.02.07.02 | Other receivables | 494,856 | 161,747 |
| 1.02.07.03 | (Allowance for losses on other receivables) | 0 | (50,731) |
| 1.03 | Permanent Assets | 199,706 | 188,840 |
| 1.03.01 | Investments | 1,715 | 1,568 |
| 1.03.01.04 | Other investments | 7,018 | 6,871 |
| 1.03.01.05 | Allowance for losses | (5,303) | (5,303) |
| 1.03.02 | Property and equipment in use | 196,893 | 185,569 |
| 1.03.02.01 | Real estate in use | 150,572 | 137,759 |
| 1.03.02.02 | Real estate revaluation | 105,410 | 105,410 |
| 1.03.02.03 | Other property and equipment in use | 186,166 | 166,672 |
| 1.03.02.04 | (Accumulated depreciation) | (245,255) | (224,272) |
| 1.03.05 | Deferred charges | 1,098 | 1,703 |
| 1.03.05.01 | Organization and expansion costs | 3,556 | 4,624 |
| 1.03.05.02 | (Accumulated amortization) | (2,458) | (2,921) |

# Individual Financial Statements / Balance Sheet Liabilities

(In thousands of Brazilian reais)

| Code | Description | Current quarter 09/30/2012 | Prior year 12/31/2011 |
|---|---|---|---|
| 2 | Total Liabilities | 31,105,962 | 26,435,588 |
| 2.01 | Current Liabilities | 11,167,285 | 9,748,154 |
| 2.01.01 | Deposits | 4,764,672 | 5,115,979 |
| 2.01.01.01 | Demand deposits | 115,108 | 162,445 |
| 2.01.01.02 | Savings deposits | 1,501,771 | 1,329,994 |
| 2.01.01.03 | Interbank deposits | 699,914 | 588,986 |
| 2.01.01.04 | Time deposits | 2,447,879 | 3,034,554 |
| 2.01.02 | Open market funding | 802,350 | 637,812 |
| 2.01.02.01 | Own portfolio | 641,695 | 603,883 |
| 2.01.02.02 | Third-party portfolio | 160,655 | 33,929 |
| 2.01.03 | Funds from acceptance and issuance of securities | 159,156 | 199,732 |
| 2.01.03.01 | Receivables from mortgage bills, securities and similar | 136,679 | 196,364 |
| 2.01.03.02 | Payables for marketable securities issued abroad | 22,477 | 3,368 |
| 2.01.04 | Interbank accounts | 46,186 | 4 |
| 2.01.04.01 | Receipts and payments pending settlement | 46,186 | 4 |
| 2.01.05 | Interdepartmental accounts | 10,292 | 7,142 |
| 2.01.05.01 | Third-party funds in transit | 10,247 | 7,142 |
| 2.01.05.02 | Internal transfers of funds | 45 | 0 |
| 2.01.06 | Borrowings | 844,816 | 849,768 |
| 2.01.06.01 | Domestic borrowings - official institutions | 17,954 | 16,511 |
| 2.01.06.02 | Foreign borrowings | 826,862 | 833,257 |
| 2.01.07 | Domestic onlendings | 215,190 | 173,427 |
| 2.01.07.01 | National Treasury | 252 | 217 |
| 2.01.07.02 | BNDES (National Bank for Economic and Social Development) | 197,064 | 162,562 |
| 2.01.07.03 | FINAME (National Equipment Financing Authority) | 17,874 | 10,648 |
| 2.01.08 | Foreign onlendings | 89,037 | 81,291 |
| 2.01.09 | Other obligations | 4,235,586 | 2,682,999 |
| 2.01.09.01 | Derivative financial instruments | 2,530 | 7,615 |
| 2.01.09.02 | Collected taxes and other | 46,547 | 4,805 |
| 2.01.09.03 | Foreign exchange portfolio | 15,636 | 1,188 |
| 2.01.09.04 | Social and statutory | 16,251 | 12,254 |
| 2.01.09.05 | Tax and social security | 535,913 | 525,820 |
| 2.01.09.06 | Securities trading and brokerage | 72 | 0 |
| 2.01.09.07 | Financial and development funds | 2,314,822 | 1,102,922 |
| 2.01.09.08 | Hybrid debt/ equity instruments | 0 | 70,164 |
| 2.01.09.09 | Other | 1,303,815 | 958,231 |
| 2.02 | Long-Term Liabilities | 17,455,726 | 14,357,919 |
| 2.02.01 | Deposits | 5,204,672 | 3,848,520 |
| 2.02.01.01 | Demand deposits | 15,286 | 21,179 |
| 2.02.01.02 | Interbank deposits | 34,462 | 0 |
| 2.02.01.03 | Time deposits | 5,154,924 | 3,827,341 |
| 2.02.02 | Open Market Funding | 68,929 | 66,561 |
| 2.02.02.01 | Own portfolio | 68,929 | 66,561 |
| 2.02.03 | Funds from acceptance and issuance of securities | 1,286,650 | 563,876 |
| 2.02.03.01 | Receivables from mortgage bills, securities and similar | 412 | 0 |
| 2.02.03.02 | Payables for marketable securities issued abroad | 1,286,238 | 563.876 |
| 2.02.06 | Borrowings | 17,263 | 33,021 |
| 2.02.06.01 | Domestic borrowings - official institutions | 17,263 | 33,021 |
| 2.02.07 | Domestic onlendings | 1,346,902 | 1,113,258 |
| 2.02.07.01 | National Treasury | 595 | 775 |
| 2.02.07.02 | BNDES (National Bank for Economic and Social Development) | 1,210,712 | 990,332 |
| 2.02.07.03 | FINAME (National Equipment Financing Authority) | 135,595 | 122,151 |

# Individual Financial Statements / Balance Sheet Liabilities

(In thousands of Brazilian reais)

| Code | Description | Current quarter 09/30/2012 | Prior year 12/31/2011 |
|---|---|---|---|
| 2.02.08 | Foreign onlendings | 762,826 | 759,101 |
| 2.02.09 | Other obligations | 8,768,484 | 7,973,582 |
| 2.02.09.01 | Derivative financial instruments | 11,058 | 13,513 |
| 2.02.09.02 | Financial and development funds | 3,807,518 | 3,617,155 |
| 2.02.09.03 | Hybrid debt/ equity instruments | 1,161,438 | 1,067,708 |
| 2.02.09.04 | Subordinated debt eligible for capital | 1,303,638 | 1,216,319 |
| 2.02.09.05 | Other | 2,484,832 | 2,058,887 |
| 2.03 | Deferred income | 0 | 16 |
| 2.05 | Equity | 2,482,951 | 2,329,499 |
| 2.05.01 | Capital | 2,141,616 | 2,009,616 |
| 2.05.01.01 | Brazilian residents | 2,142,000 | 2,010,000 |
| 2.05.01.02 | (Treasury shares) | (384) | (384) |
| 2.05.03 | Revaluation reserve | 23,478 | 25,198 |
| 2.05.03.01 | Own assets | 23,478 | 25,198 |
| 2.05.04 | Income reserves | 229,566 | 244,536 |
| 2.05.04.01 | Legal | 116,936 | 104,636 |
| 2.05.04.02 | Statutory | 112,630 | 132,862 |
| 2.05.04.07 | Other income reserves | 0 | 7,038 |
| 2.05.05 | Valuation adjustments to equity | 103,098 | 50,149 |
| 2.05.06 | Retained earnings (accumulated losses) | (14,807) | 0 |

# Individual Financial Statements / Statements of Income

(In thousands of Brazilian reais)

| Code | Description | Current quarter period 07/01/2012 to 09/30/2012 | Current accumulated year 01/01/2012 to 09/30/2012 | Same prior quarter period 07/01/2011 to 09/30/2011 | Prior accumulated year 01/01/2011 to 09/30/2011 |
|---|---|---|---|---|---|
| 3.01 | Income from financial intermediation | 773,842 | 2,703,090 | 1,131,422 | 2,565,559 |
| 3.01.01 | Lending operations | 408,766 | 1,410,624 | 572,574 | 1,355,836 |
| 3.01.02 | Marketable securities transactions | 326,428 | 1,020,900 | 367,940 | 1,015,929 |
| 3.01.03 | Derivative financial instruments | (20) | 114,245 | 69,208 | 29,041 |
| 3.01.04 | Foreign exchange transactions | 32,304 | 139,627 | 113,963 | 148,619 |
| 3.01.05 | Compulsory investments | 4,195 | 15,525 | 7,737 | 16,134 |
| 3.01.06 | Sale or transfer of financial assets | 2,169 | 2,169 | 0 | 0 |
| 3.02 | Expenses on financial intermediation | (514,791) | (2,026,336) | (800,090) | (1,604,545) |
| 3.02.01 | Funding operations | (199,261) | (784,341) | (372,950) | (799,464) |
| 3.02.02 | Borrowings and onlendings | (160,955) | (846,713) | (419,911) | (692,867) |
| 3.02.03 | Sale or transfer of financial assets | (2) | (2) | 0 | 0 |
| 3.02.04 | Allowance for loan losses | (154,573) | (395,280) | (7,229) | (112,214) |
| 3.03 | Gross income from financial intermediation | 259,051 | 676,754 | 331,332 | 961,014 |
| 3.04 | Other operating income (expenses) | (430,208) | (823,143) | (98,711) | (253,591) |
| 3.04.01 | Income from services provided | 314,932 | 1,038,908 | 342,499 | 988,331 |
| 3.04.02 | Personnel expenses | (538,656) | (1,270,321) | (250,486) | (735,140) |
| 3.04.03 | Other administrative expenses | (195,729) | (615,509) | (207,516) | (569,406) |
| 3.04.04 | Tax expenses | (46,264) | (142,534) | (45,795) | (138,168) |
| 3.04.05 | Other operating income | 335,512 | 1,149,564 | 275,408 | 865,938 |
| 3.04.06 | Other operating expenses | (300,003) | (983,251) | (212,821) | (665,146) |
| 3.05 | Operating income (expenses) | (171,157) | (146,389) | 232,621 | 707,423 |
| 3.06 | Non operating income (expenses) | 1,151 | 2,270 | 203 | (533) |
| 3.06.01 | Income | 1,261 | 2,937 | 892 | 3,023 |
| 3.06.02 | Expenses | (110) | (667) | (689) | (3,556) |
| 3.07 | Income before taxes and profit sharing | (170,006) | (144,119) | 232,824 | 706,890 |
| 3.08 | Provision for income and social contribution taxes | (81,432) | (221,744) | (45,355) | (209,519) |
| 3.09 | Deferred income tax | 240,555 | 618,492 | (45,898) | (29,938) |
| 3.10 | Profit Sharing/Statutory contributions | (4,498) | (22,004) | (22,468) | (47,637) |
| 3.10.01 | Profit Sharing | (4,498) | (22,004) | (22,468) | (47,637) |
| 3.13 | Net income for the period | (15,381) | 230,625 | 119,103 | 419,796 |
| 3.99 | Earnings per share - (R$ / share) | (0.17681) | 2.65111 | 1.36913 | 4.82569 |

# Individual FS / Statement of comprehensive income

(In thousands of Brazilian reais)

| Code | Description | Current quarter period 07/01/2012 to 09/30/2012 | Current accumulated year 01/01/2012 to 09/30/2012 | Same prior quarter period 07/01/2011 to 09/30/2011 | Prior accumulated year 01/01/2011 to 09/30/2011 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | (15,381) | 230,625 | 119,103 | 419,796 |
| 4.02 | Other comprehensive income | (10,000) | 54,669 | (13,569) | (28,029) |
| 4.02.01 | Equity valuation adjustments of available-for-sale securities | (17,622) | 88,249 | (23,617) | (49,738) |
| 4.02.02 | Tax effect on equity valuation adjustments of available-for-sale securities | 7,049 | (35,300) | 9,447 | 19,895 |
| 4.02.03 | Realization of revaluation reserve | 956 | 2,868 | 1,001 | 3,023 |
| 4.02.04 | Tax effect on realization of revaluation reserve | (383) | (1,148) | (400) | (1,209) |
| 4.03 | Comprehensive income for the period | (25,381) | 285,294 | 105,534 | 391,767 |

# Individual Financial Statements / Statements of Cash Flows – Indirect Method

(In thousands of Brazilian reais)

| Code | Description | Current accumulated year 01/01/2012 to 09/30/2012 | Prior accumulated year 01/01/2011 to 09/30/2011 |
|---|---|---|---|
| 6.01 | Net cash provided by (used in) operating activities | 3,978,104 | 1,160,392 |
| 6.01.01 | Cash flows from operations | 1,858,757 | 1,197,922 |
| 6.01.01.01 | Net income for the period | 230,625 | 419,796 |
| 6.01.01.02 | Depreciation and amortization expenses | 21,749 | 20,394 |
| 6.01.01.04 | Allowance for losses on other assets | -404 | 0 |
| 6.01.01.05 | Allowance for loan losses | 366,526 | 164,406 |
| 6.01.01.06 | Provision for other receivables | 28,754 | 2,302 |
| 6.01.01.07 | Provision for contingent liabilities - FNE | 488,223 | 258,953 |
| 6.01.01.08 | Expenses on other operating provisions | 4,212 | 9,581 |
| 6.01.01.09 | Provision for contingent liabilities - Other | 102,021 | 38,718 |
| 6.01.01.10 | Reversal of operating provisions | (118,357) | (66,302) |
| 6.01.01.11 | Expenses on subordinated debt eligible for capital | 87,319 | 84,990 |
| 6.01.01.12 | Expenses on hybrid debt and equity instruments | 96,186 | 100,845 |
| 6.01.01.13 | Investments in deferred charges | 0 | (320) |
| 6.01.01.14 | Allowance (Post-employment benefits - CVM Resolution 600) | 551,928 | 68,811 |
| 6.01.01.15 | Provisioned dividends and interest on equity | (9) | 96,217 |
| 6.01.01.16 | Deferred income | (16) | 0 |
| 6.01.01.17 | Revaluation reserve | 0 | (469) |
| 6.01.02 | Changes in assets and liabilities | 2,119,347 | (37,530) |
| 6.01.02.01 | Short-term interbank investments | (125,256) | (22,383) |
| 6.01.02.02 | Interbank and interdepartmental accounts | (50,783) | (57,476) |
| 6.01.02.03 | Lending operations | (100,908) | (500,865) |
| 6.01.02.04 | Other receivables | (564,310) | (317,997) |
| 6.01.02.05 | Other assets | (11,816) | (8,890) |
| 6.01.02.06 | Deposits | 1,004,845 | 306,542 |
| 6.01.02.07 | Open market funding | 166,906 | 228,755 |
| 6.01.02.08 | Funds from acceptance and issuance of securities | 682,197 | 205,924 |
| 6.01.02.09 | Borrowings and onlendings | 266,168 | 110,866 |
| 6.01.02.10 | Derivative financial instruments | (142,426) | (60,554) |
| 6.01.02.11 | Other obligations | 1,143,499 | 221,922 |
| 6.01.02.13 | Income and social contribution taxes paid | (148,769) | (143,374) |
| 6.02 | Net cash provided by (used in) investing activities | (785,148) | (1,822,745) |
| 6.02.01 | Available-for-sale marketable securities | (752,675) | (1,801,127) |
| 6.02.02 | Addition to investments | (147) | (60) |
| 6.02.03 | Addition to property and equipment in use | (32,496) | (22,774) |
| 6.02.04 | Addition to assets not for own use | (383) | (603) |
| 6.02.05 | Disposal of investments | 0 | (6) |
| 6.02.06 | Disposal of property and equipment in use | 28 | 872 |
| 6.02.07 | Disposal of assets not for own use | 525 | 953 |
| 6.03 | Cash flows from financing activities | (130,113) | -252,262 |
| 6.03.01 | Dividends and Interest on equity paid | (130,113) | (252,262) |
| 6.05 | Increase (decrease) in cash and cash equivalents | 3,062,843 | (914,615) |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 3,185,693 | 3,869,499 |
| 6.05.02 | Cash and cash equivalents at the end of the period | 6,248,536 | 2,954,884 |

# Individual Financial Statements / Statements of Changes in Equity - 01/01/2012 to 09/30/2012

## (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 | 2,010,000 | 0 | 25,198 | 244,536 | 0 | 49,765 | 2,329,499 |
| 5.03 | Adjusted balance | 2,010,000 | 0 | 25,198 | 244,536 | 0 | 49,765 | 2,329,499 |
| 5.04 | Net Income for the period | 0 | 0 | 0 | 0 | 230,625 | 0 | 230,625 |
| 5.05 | Allocations | 0 | 0 | 0 | 117,030 | (247,152) | 0 | (130,122) |
| 5.05.01 | Dividends | 0 | 0 | 0 | 0 | (61,467) | 0 | (61,467) |
| 5.05.03 | Other allocations | 0 | 0 | 0 | 117,030 | (185,685) | 0 | (68,655) |
| 5.05.03.01 | Legal reserve | 0 | 0 | 0 | 12,300 | (12,300) | 0 | 0 |
| 5.05.03.02 | Statutory reserve | 0 | 0 | 0 | 111,768 | (111,768) | 0 | 0 |
| 5.05.03.03 | Additional dividends proposed | 0 | 0 | 0 | 0 | (61,521) | 0 | (61,521) |
| 5.05.03.04 | Other | 0 | 0 | 0 | (7,038) | 0 | 0 | (7,038) |
| 5.05.03.05 | Provision for income tax on interest on equity | 0 | 0 | 0 | 0 | (96) | 0 | (96) |
| 5.07 | Equity valuation adjustments | 0 | 0 | (1,720) | 0 | 1,720 | 52,949 | 52,949 |
| 5.07.01 | Marketable securities adjustments | 0 | 0 | 0 | 0 | 0 | 52,949 | 52,949 |
| 5.07.05 | Reserve realization | 0 | 0 | (1,720) | 0 | 1,720 | 0 | 0 |
| 5.08 | Increase/decrease in capital | 132,000 | 0 | 0 | (132,000) | 0 | 0 | 0 |
| 5.08.01 | Transfer for capital increase | 132,000 | 0 | 0 | (132,000) | 0 | 0 | 0 |
| 5.13 | Closing balance | 2,142,000 | 0 | 23,478 | 229,566 | (14,807) | 102,714 | 2,482,951 |

# Individual Financial Statements / Statements of Changes in Equity - 01/01/2011 to 09/30/2011

## (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 for the period | 0 | 0 | 0 | 0 | 419,796 | 0 | 419,796 |
| 5.05 | Allocations | 0 | 0 | 0 | 178,818 | (334,863) | 0 | (156,045) |
| 5.05.01 | Dividends | 0 | 0 | 0 | 0 | (92,081) | 0 | (92,081) |
| 5.05.02 | Interest on equity | 0 | 0 | 0 | 32,957 | (96,921) | 0 | (63,964) |
| 5.05.03 | Other allocations | 0 | 0 | 0 | 145,861 | (145,861) | 0 | 0 |
| 5.05.03.01 | Legal reserve | 0 | 0 | 0 | 15,035 | (15,035) | 0 | 0 |
| 5.05.03.02 | Statutory reserve | 0 | 0 | 0 | 130,826 | (130,826) | 0 | 0 |
| 5.07 | Equity valuation adjustments | 0 | 0 | (2,283) | 0 | 1,814 | (29,843) | (30,312) |
| 5.07.01 | Marketable securities adjustments | 0 | 0 | 0 | 0 | 0 | (29,843) | (29,843) |
| 5.07.04 | Reserve realization | 0 | 0 | (2,283) | 0 | 1,814 | 0 | (469) |
| 5.08 | Increase/decrease in capital | 159,000 | 0 | 0 | (159,000) | 0 | 0 | 0 |
| 5.08.01 | Transfer for capital increase | 159,000 | 0 | 0 | (159,000) | 0 | 0 | 0 |
| 5.13 | Closing balance | 2,010,000 | 0 | 25,781 | 268,346 | 86,747 | 19,903 | 2,410,777 |

# Individual Financial Statements / Statements of Value Added

(In thousands of Brazilian reais)

| Code | Description | Current accumulated year 01/01/2012 to 09/30/2012 | Prior accumulated year 01/01/2011 to 09/30/2011 |
|---|---|---|---|
| 7.01 | Revenues | 3,515,299 | 3,611,997 |
| 7.01.01 | Financial intermediation | 2,703,090 | 2,565,559 |
| 7.01.02 | Service provided | 1,038,908 | 988,331 |
| 7.01.03 | Allowance for/Reversal of loan losses | (395,280) | (112,214) |
| 7.01.04 | Other | 168,581 | 170,321 |
| 7.02 | Expenses on financial intermediation | (1,631,054) | (1,492,331) |
| 7.03 | Inputs purchased from third parties | (575,281) | (523,938) |
| 7.03.01 | Materials, electric power and other | (166,582) | (185,713) |
| 7.03.02 | Third-party services | (408,699) | (338,225) |
| 7.04 | Gross value added | 1,308,964 | 1,595,728 |
| 7.05 | Retentions | (21,749) | (20,395) |
| 7.05.01 | Depreciation, amortization and depletion | (21,749) | (20,395) |
| 7.06 | Net value added produced | 1,287,215 | 1,575,333 |
| 7.08 | Total value added for distribution | 1,287,215 | 1,575,333 |
| 7.09 | Distribution of value added | 1,287,215 | 1,575,333 |
| 7.09.01 | Personnel | 1,178,572 | 688,829 |
| 7.09.01.01 | Salaries and wages | 502,202 | 489,079 |
| 7.09.01.02 | Benefits | 639,781 | 166,239 |
| 7.09.01.03 | Government Severance Indemnity Fund for Employees (FGTS) | 36,589 | 33,511 |
| 7.09.02 | Taxes and contributions | (140,461) | 441,634 |
| 7.09.02.01 | Federal | (151,334) | 430,660 |
| 7.09.02.02 | State | 32 | 13 |
| 7.09.02.03 | Municipal | 10,841 | 10,961 |
| 7.09.03 | Payments to third parties | 18,479 | 25,074 |
| 7.09.03.01 | Rents | 18,479 | 25,074 |
| 7.09.04 | Equity remuneration | 230,625 | 419,796 |
| 7.09.04.01 | Interest on equity | 67,300 | 63,964 |
| 7.09.04.02 | Dividends | 55,785 | 92,081 |
| 7.09.04.03 | Retained earnings for the period | 107,540 | 263,751 |

## Comments on Performance

### INTRODUCTION

In the third quarter of 2012, Banco do Nordeste took out approximately R$ 4.5 billion, referring to 935,486 transactions involving loans, financing, capital markets and Fund for the Development of the Northeast (FDNE) disbursements with risks for the Bank, which presented an 11.4% increase in number of transactions and a 19.3% decrease in value as compared to the third quarter of 2011. In the period from January to September 2012, 2,751,954 transactions were carried out, involving loans, financing, capital markets and FDNE disbursements with risks for the Bank in the amount of R$ 14.2 billion - a 17.6% increase in the number of transactions and a 5.5% decrease in the contracted amount as compared to the same period of 2011. Accordingly, in 2012 Banco do Nordeste seeks to achieve its strategic objective, which is to support regional productive agents in all their credit needs, considering both long and short-term financing, by using funds from the Brazilian Financing Fund for the Northeast (FNE) or other available sources, always prioritizing the small-scale farmer, the mini and small-sized rural producer, the micro and small-sized urban entrepreneur and the unofficial micro-entrepreneur.

### ACTIONS TOWARDS DEVELOPMENT

Evaluation of Prodetur/NE II by Banco do Nordeste, BID, Ministry of Tourism and State Governments – On July 5, 2012, representatives of Banco do Nordeste, the Inter-American Development Bank (BID), the Ministry of Tourism (Mtur) and of State Governments attended a meeting for the purpose of evaluating the final report issued by the Tourism Development Program - Northeast (Prodetur/NE II) in Fortaleza (State of Ceará). Completed in March 2012, the second phase of the Tourism Development Program - Northeast (Prodetur/NE II) allocated funds to 136 projects across its multiple financing matrix components. Out of this total, 52 projects for boosting municipal capacity, 81 projects relating to strategic planning, capacity-building and infrastructure and 3 projects for promoting private investments were funded. These funds amounted to US$ 400 million, US$ 240 million of which originated from a Loan Agreement 1392/OC-BR and a minimum amount of US$ 160 million (40% of this total) was given in consideration by the Federal, State and Municipal governments. Additionally, FNE-Proatur-funded private investments in the municipalities surrounding the Projects supported by Prodetur have reached R$ 1.4 billion in the last 10 years. Prodetur benefited touristic complexes in five States in the Northeast of Brazil – Bahia, Ceará, Rio Grande do Norte, Pernambuco and Piauí, and also the Vale do Jequitinhonha touristic center in the Northern area of the State of Minas Gerais. As compared to its first phase, this program had the scope of its actions expanded to encompass, in addition to infrastructure, actions aimed at strengthening tourism management and at business and professional capacity-building in the segment. Out of the funds made available to the States, 99.7% was applied in actions in connection with projects whose purpose was to boost the municipal capacity for tourism management, strategic planning, capacity-building and infrastructure for touristic development. Based on the results obtained by Prodetur/NE I, and for the purpose of ensuring that future investments in this sector promote the development of tourism in a sustainable and responsible manner, Banco do Nordeste and BID entered into a second Loan Agreement, No. 1392-OC/BR, for the execution of Prodetur/NE II. The second version of aforementioned Program introduced new planning mechanisms and concepts, among which those of paramount importance are: the creation and implementation of Tourism Integrated Development Complexes; an integrated and participatory sector planning process; and the search for strengthening the planning capacity and tax, administrative and environmental management of the States and Municipalities participating in this Program.

Inauguration of two more units of Espaço Nordeste in the State of Bahia – Banco do Nordeste inaugurated two more units of Espaço Nordeste in Bahia: Amargosa, on July 5, and Lençóis, on July 6, 2012. As a result, three facilities are made available to the people of the State of Bahia, the first of which is already in operation in the municipality of Euclides da Cunha, benefiting hundreds of people on a daily basis. Acting as a partner in the implementation of Espaço Nordeste in Amargosa, the Municipal Government provided the former train station in Praça do

Bosque. In Lençóis, the partner is the Grãos de Luz e Griô project, which shared its facilities for the implementation of Espaço Nordeste. The Grãos de Luz e Griô project already operated as a cultural spot, a program of the Ministry of Culture, and is responsible for the education of 130 children, adolescents and young adults by means of identity, art, crafts and solidarity economy workshops, and whose generating topic is oral tradition and citizenship. In addition to the structure assembled by Espaço Nordeste, the project already had a music studio, a room for producing and editing video and music, a space for art workshops and a small stage. With Espaço Nordeste, a library, a reading room, an activity room, a business and meeting room, and a laboratory which has 11 computers with Internet access add to the project.

Disclosure of socioeconomic information about the Northeast by Banco do Nordeste – In July 2012, Banco do Nordeste, through its Technical Office of Economic Studies for the Northeast (Etene), posted two documents on the Internet, providing significant information about the social and economic reality of the area where the Bank operates, which corresponds to the Northeast, Northern Minas Gerais and Northern Espírito Santo. Issued annually, the “Nordeste do Brasil: Sinopse Estatística 2012” edition depicts the socioeconomic reality of the Region based on most recent data available. It may be downloaded for free on the Internet page of Banco do Nordeste, or at http://bit.ly/PQL5pv. Data is mostly presented in tables and sometimes detailed in graphs, to facilitate visualization and understanding. Systematically organized, this publication constitutes an additional source of information available, which may provide a basis for studies and research about the socioeconomic reality of the Northeastern region of Brazil. The document “Nordeste em Mapas” offers a series of theme maps, presents municipalities’ data and is divided into themes which compile information about territory, demography, socioeconomics and BNB financing in the municipalities where the Bank operates. This document may also be found at BNB website, or at http://bit.ly/O7boQZ.

R$ 3 million agreement entered into between Banco do Nordeste, Iphan and the Municipality of João Pessoa (State of Paraíba - PB) – On July 5, 2012, Banco do Nordeste executed a R$ 3 million agreement with the National Historic and Artistic Heritage Institute (Iphan) and the Municipality of João Pessoa (PB) referring to the Program for Renovation of Historic Urban Properties. The purpose of this partnership is to finance the recovery and restoration of private historical properties, owned by legal entities or individuals, which are listed as historical official heritage sites, located in historical downtown João Pessoa (PB). These funds originate from Iphan’s budget and are part of PAC Historical Cities. In Brazil, 185 historical cities are able to receive funds under this Program, 43 of which are within the area of operation of Banco do Nordeste.

Launch of Subsidized Credit Program by Banco do Nordeste and the Bahia State Government – On July 12, 2012, during the second State Conference of Sectorial Chambers, Banco do Nordeste and the Bahia State Government launched a Subsidized Credit Program, whose purpose is to direct and follow-up the application of rural credit. This Program, also supported by Brazil’s Agency for Mini and Small Businesses Sustainable Development (Sebrae), the Agriculture and Livestock Federation of the State of Bahia (Faeb) - Brazil’s Service for Rural Apprenticeship (Senar) System, the Executive Committee of the Cocoa Plantation Plan (Ceplac) and the Development Agency of the State of Bahia (Desenbahia), is expected to assist 22 production chains considered strategic and organized into sectorial chambers. During the event, the Agriculture secretary of the State of Bahia and the state superintendent of Banco do Nordeste delivered 20 vehicles paid with funds from the Scientific and Technological Development Fund (Fundeci), which will be used by the technicians who coordinate the production chains assisted.

**ADMINISTRATIVE FACTS**

Presentation by the Executive Board of the Action Plan to be implemented by Banco do Nordeste in the second half of 2012 – On July 18, 2012, the Executive Board of Banco do Nordeste, in a videoconference, presented the Action Plan to be implemented in the second half of 2012. The 20 guidelines encompass all areas of the Bank and are aimed at optimizing administrative expenses, generating more profit. Also, a celebratory video prepared by NordesTV team was shown. Approximately 500 work stations followed this videoconference on the Intranet, whereas over 400 employees watched this event physically present at the Training Center auditorium of the Presidente Getúlio Vargas Administrative Center in Fortaleza (State of Ceará - CE).

XVIII Banco do Nordeste Forum on Development and XVII Regional Encounter on Economy – On July 19 and 20, 2012, Banco do Nordeste hosted the XVIII Banco do Nordeste Forum on Development and XVII Regional Encounter on Economy at the Presidente Getúlio Vargas Administrative Center in Fortaleza (CE). As a major milestone of the six decades of the Bank's operation, the purpose of this event was to geer up the academic and political community around matters which are of significance for regional development. The President of Banco do Nordeste opened the Forum, which was attended by the Minister of National Integration, the deputy Executive Secretary of the Ministry of Finance, the President of the Brazilian Development Bank (BNDES), the Superintendent of the Superintendency for the Development of the Northeast (Sudene) and the Secretary of the Brazilian Association of Graduate Programs in Economics (ANPEC).

Sanction of Law No. 12712 which approved a R$ 4 billion contribution to Banco do Nordeste – President Dilma Rousseff enacted Law No. 12712, which resulted from the passing of Provisional Executive Act (MP) 564 into law. This law regulates the Brasil Maior Plan, ensuring a R$ 4 billion contribution to Banco do Nordeste up until 2014, and was published in the Federal Official Gazette of August 31, 2012. As from 2014, in accordance with these provisions, Banco do Nordeste will be exempt from paying the Federal Government dividends and interest on equity and will pay the minimum amount of 25% on adjusted net income, which shall also impact the Bank's capital increase. This Law also establishes that the funds originated from the Fund for the Development of the Northeast (FDNE) shall have the Bank as their preferred operator. Additionally, aforementioned law annually allocates 1.5% of such funds to pay for technology, development and research activities of regional interest. These funds shall be fully managed by Banco do Nordeste.

New President of Banco do Nordeste takes office – On September 6, 2012, Finance Minister Guido Mantega rose Ary Joel de Abreu Lanzarin to the position of President of Banco do Nordeste. This ceremony occurred at the Bank's Administrative Center in Fortaleza (CE). Having climbed the career ladder at Banco do Brasil, Ary Joel held a position as Distribution Director at that government-controlled bank, previously working as a Micro and Small Businesses Director. He holds a degree in Executive Services Management and an MBA in "High-level Executives Development" and "Executives in Advanced Business Management". Among his most recent activities are the following: advisor of Sebrae Nacional, chairman of the Guarantee Fund Guidance Committee and vice-chairman of the Brazilian Association of Financial Institutions for Development (ABDE). Besides the Finance Minister, the National Integration and Social Security Ministers, the President of the Board of Directors of Banco do Nordeste, the Governor of the State of Ceará, as well as senators, representatives, former presidents of the Bank and agents from institutions which are partners in regional development attended this ceremony.

## OPERATING PERFORMANCE

Banco do Nordeste took out approximately R$ 4.5 billion in the third quarter of 2012, referring to 935,486 transactions involving loans, financing, capital markets and Fund for the Development of the Northeast (FDNE) disbursements with risks for the Bank, which presented an 11.4% increase in number and a 19.3% decrease in value as compared to the third quarter of 2011. In the period from January to September 2012, 2,751,954 transactions were carried out, involving loans, financing, capital markets and FDNE disbursements with risks for the Bank in the amount of R$ 14.2 billion, which represents a 17.6% increase in number and a 5.5% decrease in the contracted amount as compared to the same period of 2011.

The funds involved in the long-term loan transactions originated mostly from the Brazilian Financing Fund for the Northeast (FNE). In the third quarter of 2012, the funds taken out with FNE amounted to R$ 2.2 billion, with 143,375 transactions carried out, which represents a 21.0% increase in the number of operations and a 22.6% decrease in the amount taken out in the same period of 2011. From January to September 2012, Banco do Nordeste took out R$ 6.1 billion in funds from FNE, which is a 16.9% decrease as compared to the same period in 2011, for a total 351,881 loan transactions, amount which is 7.0% higher than the amount taken out in the period from January to September 2011.

Through its urban guided productive microcredit program (Crediamigo), Banco do Nordeste disbursed R$ 1.0 billion, contracting 673,974 operations in the third quarter of 2012, as support to micro-entrepreneurs across its area of operation. In the third quarter of 2011, R$ 718.9 million was disbursed, contracting 569,528 operations. By comparing both periods, Banco do Nordeste increased disbursements by 41.2% and the number of operations by 18.3%. From January to September 2012, R$ 3.0 billion was disbursed as regards Crediamigo, contracting 2,010,135 operations, a 48.9% increase in disbursements and a 27.6% increase in the number of operations as compared to the same period in 2011.

As regards the Family Farming Strengthening Program (Pronaf), Banco do Nordeste took out 132,492 loans involving funds for R$ 614.8 million in the third quarter of 2012, which represents an increase in value taken out by 20.6% as compared to the third quarter of 2011. From January to September 2012, Banco do Nordeste contracted R$ 1.3 billion at Pronaf level, through 323,351 loan transactions, an increase in value by 35.7% and in the number of operations by 6.4% as compared to the same period in 2011.

Worth noting is that at Pronaf level BNB operates Agroamigo, a productive microcredit program guided to the rural area, taking out R$ 248.5 million in the third quarter of 2012, with 100,981 operations carried out with small-scale family farmers, an increase in value by 10.4% and in the number of operations by 0.6% as compared to the same period in 2011. From January to September 2012, Banco do Nordeste contracted 269,857 operations with Agroamigo amounting to R$ 656.7 million, an increase in value by 18.9% and a reduction in the number of operations by 1.4% as compared to the same period in 2011.

As regards the BNB’s guided productive microcredit as a whole involving Crediamigo for the urban area and Agroamigo for the rural area, nearly R$ 1.3 billion was disbursed in the third quarter of 2012, contracting 774,955 operations as a support to micro-entrepreneurs of urban and rural areas across its area of operation, with an increase in disbursed value by 33.8% and in the number of operations by 15.7% as compared to the same period in 2011. From January to September 2012, Banco do Nordeste contracted 2,279,992 operations involving its two micro-credit programs, Crediamigo and Agroamigo, having disbursed R$ 3.6 billion, with an increase in disbursed value by 42.4% and in the number of operations by 23.3% as compared to the same period in 2011.

As regards the support to micro and small enterprises, Banco do Nordeste contracted 22,972 financing operations for R$ 660.0 million over the third quarter of 2012, which is a decrease in value taken out by 4.3% and a decrease in the number of operations by 20.0% as compared to the third quarter of 2011. From January to September 2012, Banco do Nordeste contracted approximately R$ 1.9 billion for a total 68,885 loan transactions carried out with micro and small companies, a decrease in value by 0.4% and in the number of operations by 15.6% as compared to the same period in 2011.

As regards financial results, Banco do Nordeste recorded net loss amounting to R$ 15.4 million in the third quarter of 2012. From January to September 2012, net income recorded totaled R$ 230.6 million.

**CVM RULE No. 381, of 01/14/2003**

As regards CVM Resolution No. 381, of 01/14/2003, Banco do Nordeste informs that Ernst & Young Terco Auditores Independentes S/S, engaged as its external auditor, did not provide any services other than external audit in the third quarter of 2012.

# NOTES TO FINANCIAL STATEMENTS

## Quarters ended September 30, 2012 and 2011

**Amounts expressed in thousands of Brazilian reais (R$), unless otherwise stated**

**Contents**



**NOTE 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 under Federal Law No. 1649, of July 19, 1952, established at Avenida Pedro Ramalho, No. 5700, Passaré, Fortaleza, Ceará, Brazil. The Bank was structured as a publicly-traded mixed capital 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 into 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 Fund for the Development of the Northeast (FDNE), the latter created in 2001 and amended in 2007 by Supplementary Law 125, which recreated the Northeast Development Authority (SUDENE). In 1998, the Bank created its Oriented Productive Microcredit Program (Crediamigo), which 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).

**NOTE 2 - Basis of preparation and presentation of financial statements**

The financial statements were prepared in accordance with Brazilian Corporate Law, as amended by Laws No. 11638 and No. 11941, of 12/28/2007 and 05/27/2009, respectively, and regulations of the National Monetary Council (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 contain the pronouncements issued by the Brazilian FASB (CPC) in the process of convergence between the Brazilian accounting standards and the International Financial Reporting Standards (IFRS), in accordance with the standards edited by the National Monetary Council (CMN) and those approved by the Brazilian Securities and Exchange Commission (CVM) that are in line with CMN standards, as follows:

- CPC 00 – Conceptual Framework for the Preparation and Presentation of Financial Statements (CMN Resolution No. 4144, of 09/27/2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566, of 05/29/2008);
- CPC 03 - Statements of Cash Flows (CMN Resolution No. 3604, of 08/29/2008);
- CPC 05 - Related-Party Disclosures (CMN Resolution No. 3750, of 06/30/2009);
- CPC 23 – Accounting policies, changes in estimates and correction of errors (CMN Resolution No. 4007, of 08/25/2011);
- CPC 24 – Subsequent Events (CMN Resolution No. 3973, of 5/26/2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823, of 12/16/2009);
- CPC 09 – Statement of Value Added (CVM Resolution No. 557, of 11/12/2008);

- CPC 22 – Segment Reporting (CVM Resolution No. 582, of 7/31/2009);
- CPC 27 – Property, Plant and Equipment (CVM Resolution No. 583, of 7/31/2009);
- CPC 32 – Income Taxes (CVM Resolution No. 599, of 9/15/2009);
- CPC 33 - Employee Benefits (CVM Resolution No. 600, of 10/7/2009); and
- CPC 40 – Financial Instruments: Disclosures (CVM Resolution No. 604, of 11/19/2009).

## NOTE 3 – Summary of significant accounting practices

**a) Functional currency**

The Bank's functional and reporting currency is the Brazilian real.
Assets and liabilities in foreign currency are initially recorded at the average exchange rate in force at the date of transaction, and nonmonetary assets are initially recorded at the historical cost.
At the end of each period, monetary assets and liabilities in foreign currency are adjusted by the average exchange rate, and variations are recognized in profit or loss.

**b) Criteria for recognizing revenue and expenses**

Revenue and expenses are recognized every month on the accrual basis, considering the "pro rata temporis" criterion.

**c) Current and long-term assets and liabilities**

Assets and rights are stated at realizable values, plus, if applicable, 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, incurred interest and currency adjustments and foreign exchange fluctuation, 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.

**d) Cash and cash equivalents**

Cash and cash equivalents correspond to the balances of cash, short-term interbank investments, and marketable securities immediately convertible into cash or with original maturity equal to or less than ninety days, presenting an insignificant risk of changes in fair value.

**e) Short-term interbank investments**

Short-term interbank investments are recorded at application or acquisition cost, plus income earned and adjusted by the allowance for losses, when applicable.

**f) Marketable securities**

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

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

**Held-to-maturity securities:** securities that the Bank has the positive intent and ability to hold to maturity and stated at acquisition cost, plus income earned, included in income for the period.
The classification of Available-for-sale securities and Held-to-maturity securities into current and long-term assets was determined according to their maturities, which does not represent the unavailability of the securities, which are of the highest quality and highly liquid.

**g) Derivative financial instruments**

Banco do Nordeste limits its operations in the derivative market to swap transactions intended solely to hedge its asset and liability positions.
Swap transactions are recorded in balance sheet and memorandum accounts, according to their nature, based on the prevailing accounting standards and legal provisions.
Derivative financial instruments are stated at market value on monthly trial balances and balances and gains or losses are recorded in revenue or expense accounts.

**Hedge accounting**

Considering the risk of foreign exchange exposure and conditions of the funding market abroad through long-term Senior Unsecured Notes, the Bank designated derivative financial instruments (swap agreements) to fully hedge the loans raised

and corresponding interest payable (market risk hedge). In order to equalize the effects of mark-to-market of derivatives designated as hedging instruments, the hedged item is also marked-to-market.
Changes in the market value of derivatives designated as hedging instruments are recognized in the statement of income. However, the mark-to-market of the hedged item is recorded as part of its book value, and is also recognized in the statement of income for the period. If the hedging instrument expires or is sold, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.
The risk management objectives and the hedging strategy of such risks during the entire transaction are adequately documented, and so is the assessment of the effectiveness of the transaction. A hedge is expected to be highly effective if the changes in the market value or cash flow attributed to the hedging instrument offsets the changes in the market value of the hedged item, in an interval between 80% and 125%.
The market values of derivative financial instruments used for hedging purposes and of the hedged item are disclosed in Note 7.c.1.

**h) 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 No. 2682 of 12/21/1999, which require the periodic analysis of the portfolio and its rating into nine risk levels, where AA is the minimum risk and H is the maximum risk, as well as the classification of operations in arrears for more than 15 days as past due operations.
Income from 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 180 days, 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 into which they were classified.
Renegotiated lending operations that have been written off against the allowance are rated as H, and possible recoveries are recognized as income when received.

**i) Prepaid expenses**

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

**j) Permanent assets**

Investments are stated at cost, net of allowance for losses.
Property and equipment in use 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%. Property and equipment in use include revaluation amount.
Deferred charges include expenses on third-party properties and purchase and development of software acquired through September 30, 2008 and include amortization calculated under the straight-line method at the annual rate of 20%.
CMN Resolution No. 3617, of 09/30/2008, determines that any balances of property 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.

**k) Income tax, social contribution tax, Pasep and Cofins**

Corporate income tax (IRPJ) is calculated at the rate of 15% plus a 10% surcharge (on amounts in excess of R$ 60 for the quarter), and social contribution tax on net profit (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 loan losses and mark-to-market of marketable securities and derivative financial instruments.

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

**l) Employee benefits**

The Bank grants its employees short-term and post-employment benefits. Short-term benefits are recognized and measured at their original amounts (excluding the effect of the discount to present value or actuarial calculation) based on the monthly accrual basis of accounting.
Existing post-employment benefits refer to defined benefit and variable contribution pension plans, and a defined benefit health care plan.

The policy adopted for the recognition of actuarial gains and losses, as of December 2010, is consistent with the provisions of item 93 of the Appendix to CVM Resolution No. 600, of 10/7/2009, that is, actuarial gains and losses are immediately recognized as revenue or expense.

**m) Impairment testing**

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

**n) 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 No. 3823, of December 16, 2009.

Contingent assets are recognized in the financial statements only when their realization can be reliably evidenced, 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 advisors and Management, the risk of loss on a legal or administrative proceeding is considered probable, the settlement of which is expected to result in an outflow of resources, and the amounts involved can be reliably measured, which are quantified upon court reference/notice and reviewed as required by court and monetarily restated on a monthly basis.

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.

**o) Use of estimates**

The preparation of the financial statements includes estimates and assumptions, such as the measurement of allowances for loan losses, estimates of certain financial instruments' fair values, provision for contingencies, impairment losses, and other provisions, such as actuarial liabilities with health care plans and pension plans. Actual profit or loss could differ from such estimates and assumptions.

**NOTE 4 – Segment reporting**

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

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

**b)** FNE **-** comprises lending operations within the scope of FNE and the provision of portfolio management services.

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

As at September 30, 2012 and September 30, 2011, no revenue from transactions with one single external customer accounted for 10% or more of the Bank's total revenues.

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

| Specification | 01/01 to 09/30/2012 | | | 01/01 to 09/30/2011 | | |
|---|---|---|---|---|---|---|
| | Own portfolio | FNE | Total | Own portfolio | FNE | Total |
| **Revenue** | **2,796,401** | **1,058,523** | **3,854,924** | **2,389,441** | **1,041,523** | **3,430,964** |
| Lending operations | 1,410,624 | - | 1,410,624 | 1,355,836 | - | 1,355,836 |
| Marketable Securities transactions | 649,043 | 371,857 | 1,020,900 | 581,094 | 434,835 | 1,015,929 |
| Derivative financial instruments | 114,245 | - | 114,245 | 29,041 | - | 29,041 |
| Gains (losses) on foreign exchange transactions | 139,627 | - | 139,627 | 148,619 | - | 148,619 |
| Gains (losses) on compulsory investments | 15,525 | - | 15,525 | 16,134 | - | 16,134 |
| Sale or transfer of financial assets | 2,169 | - | 2,169 | - | - | - |
| Other revenue | 465,168 | 686,666 | 1,151,834 | 258,717 | 606,688 | 865,405 |
| **Expenses** | **(1,697,599)** | **(873,148)** | **(2,570,747)** | **(1,189,779)** | **(673,856)** | **(1,863,635)** |
| Expenses on open market funding operations | (784,341) | - | (784,341) | (799,464) | - | (799,464) |
| Expenses on borrowings and onlending | (491,586) | (355,127) | (846,713) | (278,101) | (414,766) | (692,867) |
| Sale or transfer of financial assets | (2) | - | (2) | - | - | - |
| Allowance for loan losses | (395,280) | (488,223) | (883,503) | (112,214) | (258,953) | (371,167) |
| Other contingent liabilities (Note 20.g) | (26,390) | (29,633) | (56,023) | | | |
| Proagro provision receivable | - | (165) | (165) | - | (137) | (137) |
| **Financial margin** | **1,098,802** | **185,375** | **1,284,177** | **1,199,662** | **367,667** | **1,567,329** |
| Revenue from services provided | (23,533) | 1,042,114 | 1,018,581 | 176,362 | 794,216 | 970,578 |
| Revenue from fees, rates and commissions | 20,327 | - | 20,327 | 17,753 | - | 17,753 |
| Pasep and Cofins (1) | (50,140) | (80,251) | (130,391) | (58,187) | (68,324) | (126,511) |
| **Income (loss) after fees and commissions** | **1,045,456** | **1,147,238** | **2,192,694** | **1,335,590** | **1,093,559** | **2,429,149** |
| **Administrative expenses** | | | **(1,885,830)** | | | **(1,304,546)** |
| Personnel expenses | | | (1,270,321) | | | (735,140) |
| Depreciation and amortization | | | (21,749) | | | (20,395) |
| Other administrative expenses | | | (593,760) | | | (549,011) |
| **Other expenses** | | | **(400,773)** | | | **(369,414)** |
| **Expenses on provision, except allowance for loan losses** | | | **(50,210)** | | | **(48,299)** |
| **Income before taxes and profit sharing** | | | **(144,118)** | | | **706,890** |
| Income and social contribution taxes | | | 396,747 | | | (239,457) |
| Profit sharing | | | (22,004) | | | (47,637) |
| **Net income** | | | **230,625** | | | **419,796** |

**(1)** The expenses referring to Pasep and Cofins on service import amounting to R$ 223 (R$ 31 at September 30, 2011) comprise Other Expenses

## NOTE 5 – Cash and cash equivalents

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Cash in local currency | 101,296 | 94,777 |
| Cash in foreign currency | 4,035 | 2,309 |
| **Total cash** | **105,331** | **97,086** |
| Investments in marketable securities | - | 4,016 |
| Interbank investments | 6,143,205 | 3,084,591 |
| **Total cash and cash equivalents (Note 27.c)** | **6,248,536** | **3,185,693** |

## NOTE 6 - Interbank investments

### a) Breakdown

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **a) Open market investments** | **6,303,860** | **3,036,454** |
| Resale agreements pending settlement-Own portfolio | 6,143,205 | 3,002,525 |
| Resale agreements pending settlement-Third-party portfolio | 160,655 | 33,929 |
| **b) Interbank deposits** | **120,293** | **203,829** |
| Investments in foreign currency | 15,290 | 14,987 |
| Interbank deposits | 105,003 | 188,842 |
| **Total** | **6,424,153** | **3,240,283** |
| Total current | 6,424,153 | 3,240,283 |

### b) Income from interbank investments

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **a) Income from open market investments (Note 7.b)** | **288,755** | **268,509** |
| Own portfolio | **281,105** | 261,024 |
| Third-party portfolio | **7,650** | 7,485 |
| **b) Income from interbank deposits (Note 7.b)** | **16,294** | **26,864** |
| **Total** | **305,049** | **295,373** |

## NOTE 7- Marketable securities and derivative financial instruments

### a) Marketable securities

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

#### a.1) Marketable securities portfolio

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Available-for-sale securities | 10,847,486 | 10,049,334 |
| Held-to-maturity securities | 17,015 | 13,559 |
| Swap differential receivable | 179,780 | 44,894 |
| **Total** | **11,044,281** | **10,107,787** |
| Total current | 538,592 | 233,192 |
| Total long-term | 10,505,689 | 9,874,595 |

## a.2) Available-for-sale securities

| Specification | 09/30/2012 | | | | 12/31/2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Cost** | **Market value** | **Mark-to-market** | **Maturity year** | **Cost** | **Market value** | **Mark-to-market** | **Maturity year** |
| **Fixed-income securities** | **10,239,365** | **10,374,574** | **135,209** | | **9,527,312** | **9,530,187** | **2,875** | |
| Financial Treasury Bills | 7,866,692 | 7,866,684 | (8) | 2013 to 2018 | 7,461,949 | 7,462,115 | 166 | 2012 to 2018 |
| National Treasury Bills | 8 | 8 | - | 2014 | - | - | - | |
| National Treasury Notes | 1,116,776 | 1,399,434 | 282,658 | 2050 | 1,091,120 | 1,141,978 | 50,858 | 2050 |
| Financial Bills | 419,989 | 392,499 | (27,490) | 2014 to 2016 | 30,302 | 30,302 | - | 2016 |
| Debentures | 797,599 | 705,128 | (92,471) | 2013 to 2018 | 898,502 | 876,719 | (21,783) | 2013 to 2018 |
| Bank credit notes (CCB) | 5,418 | 5,227 | (191) | 2013 | 13,588 | 13,370 | (218) | 2013 |
| Federal government securities (FCVS) | 6,875 | 5,352 | (1,523) | 2027 | 7,328 | 5,518 | (1,810) | 2027 |
| Federal government securities – Other | 25,692 | - | (25,692) | 1993 | 24,270 | - | (24,270) | 1993 |
| Agricultural debt securities | 316 | 242 | (74) | 2012 to 2022 | 253 | 185 | (68) | 2012 to 2022 |
| **Investment fund shares** | **15,877** | **14,522** | **(1,355)** | | **14,750** | **13,434** | **(1,316)** | |
| Social development fund (FDS) | 1,355 | - | (1,355) | 2014 | 1,316 | - | (1,316) | 2014 |
| Receivables Investment Fund (FIDC) shares | 14,156 | 14,156 | - | 2014 | 13,079 | 13,079 | - | 2014 |
| Investment Guarantee Fund (FGI) | 242 | 242 | - | No maturity | 235 | 235 | - | No maturity |
| Transaction Guarantee Fund (FGO) | 124 | 124 | - | No maturity | 120 | 120 | - | No maturity |
| **Variable-income securities** | **144,159** | **183,131** | **38,972** | | **144,159** | **227,146** | **82,987** | |
| Other tax incentives (FINOR) | 4,211 | 264 | (3,947) | No maturity | 4,211 | 428 | (3,783) | No maturity |
| Shares of publicly-traded companies | 139,948 | 182,867 | 42,919 | No maturity | 139,948 | 226,718 | 86,770 | No maturity |
| **Linked to guarantees (1)** | **276,255** | **275,259** | **(996)** | | **279,532** | **278,567** | **(965)** | |
| Financial Treasury Bills | 271,532 | 271,537 | 5 | 2013 to 2018 | 275,236 | 275,268 | 32 | 2013 to 2017 |
| Federal government securities – Other | 760 | 87 | (673) | 1993 to 2027 | 614 | - | (614) | 1993 |
| Debentures | 3,963 | 3,635 | (328) | 2018 | 3,682 | 3,299 | (383) | 2018 |
| **Total** | **10,675,656** | **10,847,486** | **171,830** | | **9,965,753** | **10,049,334** | **83,581** | |
| Tax credit (Note 10.d) | - | - | 77,186 | | - | - | 23,453 | |
| Provision for deferred taxes and contributions (Note 16.d) | - | - | (145,918) | | - | - | (56,885) | |
| **Total mark-to-market** | **-** | **-** | **103,098** | | **-** | **-** | **50,149** | |

(1) Breakdown: Stock Broking Guarantees R$ 145,779 (R$ 136,654 at 12/31/2011); Settlement House Operation Guarantees R$ 1,650 (R$ 1,546 at 12/31/2011); Litigation Guarantees R$ 112,809 (R$ 117,816 at 12/31/2011); and Other Guarantees R$ 15,022 (R$ 22,551 at 12/31/2011).

Account “Federal government securities - Other ” records cash investments in government securities called by the National Treasury as NUCL910801 maturing on August 31, 1993, but not yet redeemed by the National Treasury, and CVSB970101, maturing on January 1, 2027.
In view of the classification of assets into the “Available-for-sale securities”, the amount of R$ 171,830 (R$ 83,581 at December 31, 2011) was recorded in the Bank’s equity, under “Valuation Adjustments to equity”. This adjustment, net of taxes, corresponds to R$ 103,098 (R$ 50,149 at December 31, 2011).

**a.3) Held-to-maturity securities**

| Specification | 09/30/2012 | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|
| | Cost | Market value | Maturity year | Cost | Market value | Maturity year |
| **Fixed-income securities** | **17,015** | **17,015** | | **13,559** | **13,559** | |
| Investment Fund Shares - Northeast Entrepreneur | 2,020 | 2,020 | 2013 | 1,691 | 1,691 | 2013 |
| National Treasury Notes - NTN - P | 244 | 244 | 2013 to 2014 | 453 | 453 | 2012 to 2014 |
| Investment Fund Shares - CRIATEC | 10,617 | 10,617 | 2017 | 8,609 | 8,609 | 2017 |
| FIP Brasil Agronegócios | 4,134 | 4,134 | 2018 | 2,806 | 2,806 | 2018 |
| **Total** | **17,015** | **17,015** | | **13,559** | **13,559** | |

**a.4)** In the third quarter of 2012, no reclassifications of marketable securities into the categories above were made, and no held-to-maturity securities were sold.

**a.5)** The following criteria, in the order or priority defined below, were adopted to determine the market value:
-1st – Market prices published by the National Association of Financial Market Institutions (Anbima) and BM&FBovespa;
-2nd – Goodwill/negative goodwill over the past 3 months registered with Cetip S.A. – Mercados Organizados;
-3rd – Calculation of probable realizable value based on a Bank's own pricing model.

**b) Income (loss) from marketable securities**

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Interbank investments (Note 6.b) | 288,755 | 268,509 |
| Interbank deposits (Note 6.b) | 16,294 | 26,864 |
| Fixed-income securities | 709,085 | 717,768 |
| Variable-income securities | 6,766 | 2,788 |
| **Total** | **1,020,900** | **1,015,929** |

**c) Derivative financial instruments**

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.
As at September 30, 2012, the Bank has swap transactions registered with Cetip (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 accounts 'Differential Payable' and 'Differential Receivable', as shown below:

| Breakdown as at 09/30/2012 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Specification | Notional value | Fair value | | Curve | | Mark-to-market | |
| | | Receivable | Payable | Receivable | Payable | Positive | Negative |
| **Asset position** | | | | | | | |
| Foreign currency (U.S. dollar) | 1,087,635 | 179,780 | - | 112,369 | - | 67,411 | - |
| **Liability position** | | | | | | | |
| Fixed rate | 237,862 | - | 13,588 | - | 2,364 | - | 11,224 |
| **Total** | **1,325,497** | **179,780** | **13,588** | **112,369** | **2,364** | **67,411** | **11,224** |

| Breakdown as at 12/31/2011 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Specification | Notional value | Fair value | | Curve | | Mark-to-market | |
| | | Receivable | Payable | Receivable | Payable | Positive | Negative |
| **Asset position** | | | | | | | |
| Foreign currency (U.S. dollar) | 509,020 | 44,769 | - | 44,338 | - | 431 | - |
| **Liability position** | | | | | | | |
| Fixed rate | 360,759 | 125 | 21,128 | 125 | 7,147 | - | 13,981 |
| **Total** | **869,779** | **44,894** | **21,128** | **44,463** | **7,147** | **431** | **13,981** |

| Specification | 09/30/2012 | | 12/31/2011 | |
|---|---|---|---|---|
| | Differential receivable | Differential payable | Differential receivable | Differential payable |
| Up to 3 months | - | 382 | 9 | 580 |
| 3 to 12 months | - | 2,148 | 25 | 7,035 |
| 1 to 3 years | - | 7,699 | 56 | 10,639 |
| 3 to 5 years | 113,369 | 3,359 | 44,804 | 2,874 |
| 5 to 15 years | 66,411 | - | - | - |
| **Total** | **179,780** | **13,588** | **44,894** | **21,128** |

**c.1) Derivative financial instruments classified into market risk hedge (hedge accounting)**

| Specification | 09/30/2012 | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|
| | Curve yield(1) | Market value(1) | Mark-to-market | Curve yield(1) | Market value(1) | Mark-to-market |
| **Hedging instruments** | | | | | | |
| Swap – Foreign currency (U.S. dollar) | 1,237,558 | 1,304,969 | 67,411 | 561,870 | 562,301 | (431) |
| **Hedged item** | | | | | | |
| Eurobonds – Senior Unsecured Notes | 1,238,027 | 1,305,905 | 67,878 | 565,687 | 566,822 | 1,135 |

(1) Net of taxes in relation to the Hedged item

The transaction was assessed as effective under Bacen Circular No. 3082, of January 30, 2002, based on the financial flows (principal and interest) of the hedged item, Eurobonds – Senior Unsecured Notes, and of hedging instruments (swap agreements).

Considering the risk of foreign exchange exposure and conditions of the funding market abroad through Eurobonds - Senior Unsecured Notes, the Bank entered into swap agreements to fully hedge the loans raised and corresponding interest payable, classified according to their nature as market risk hedge. The hedged principal, plus interest payable, is stated at market value, and any changes are recorded as part of the book value, recognized in the statement of income for the three-month period.

Considering that the financial flow (principal and interest) of the hedged item (Eurobonds – Senior Unsecured Notes) and financial flows of financial instruments (swaps) designated are identical, the effectiveness expected from the designation of hedging instruments and throughout the transaction is in line with the requirements of the Central Bank of Brazil.

**c.2) Other derivative financial instruments**

| Specification | 09/30/2012 | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|
| | Curve yield | Market value | Mark-to-market | Curve yield | Market value | Mark-to-market |
| Swap – Fixed rate | 260,677 | 271,901 | (11,224) | 439,285 | 453,266 | (13,981) |

**c.3) Breakdown of the margin given in guarantee of derivative transactions**

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Eurobonds – Senior Unsecured Notes | - | 8,472 |
| **Total** | **-** | **8,472** |

**d) Income (loss) from derivative financial instruments**

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Swap | 114,245 | 29,041 |
| **Total** | **114,245** | **29,041** |

**NOTE 8 – Interbank accounts – Restricted deposits**

**a) Restricted deposits**

| Specification | 09/30/2012 | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|
| | Gross amount | Allowance | Net amount | Gross amount | Allowance | Net amount |
| Mandatory payments – Savings accounts | 253,790 | - | 253,790 | 223,654 | - | 223,654 |
| Compulsory reserves - Cash funds | 38,168 | - | 38,168 | 36,909 | - | 36,909 |
| National Housing System (SFH) | 59,282 | (22,624) | 36,658 | 56,892 | (24,523) | 32,369 |
| National Treasury - Rural credit | 7,327 | (1,159) | 6,168 | 6,632 | (1,226) | 5,406 |
| **Total** | **358,567** | **(23,783)** | **334,784** | **324,087** | **(25,749)** | **298,338** |
| Total current | 299,282 | (1,159) | 298,123 | 266,773 | (1,226) | 265,547 |
| Total long-term | 59,285 | (22,624) | 36,661 | 57,314 | (24,523) | 32,791 |

## b) Income (loss) from compulsory investments

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Income from restricted deposits - Central Bank of Brazil | 11,093 | 11,323 |
| Income from restricted deposits - SFH | 2,391 | 2,623 |
| Income from restricted deposits - Rural credit | 44 | 85 |
| Devaluation of restricted deposits | 1,997 | 2,103 |
| **Total** | **15,525** | **16,134** |

## NOTE 9 – Loan portfolio and allowance for loan losses

## a) Loan portfolio and allowance for loan losses

| Specification | 09/30/2012 | | 12/31/2011 | |
|---|---|---|---|---|
| | Gross amount | Allowance | Gross amount | Allowance |
| **Loans** | **10,995,912** | **(671,200)** | **11,212,168** | **(621,838)** |
| Current | 5,204,099 | (318,321) | 5,251,775 | (301,060) |
| Long-term | 5,791,813 | (352,879) | 5,960,393 | (320,778) |
| **Other accounts with loan features** | **642,194** | **(32,016)** | **586,892** | **(8,222)** |
| Current | 128,512 | (32,016) | 147,451 | (3,555) |
| Long-term | 513,682 | - | 439,441 | (4,667) |
| **Total** | **11,638,106** | **(703,216)** | **11,799,060** | **(630,060)** |

## a.1) Breakdown of loan portfolio

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Advances to depositors | 162 | 90 |
| Loans | 4,886,544 | 5,002,849 |
| Discounted notes | 150,776 | 175,036 |
| Financing | 2,010,099 | 1,968,974 |
| Financing in foreign currency | 375,472 | 275,591 |
| Refinancing with Federal Government (Note 29.a.1) | 455,673 | 473,643 |
| Rural and agro-industrial financing | 1,297,534 | 1,466,409 |
| Real estate financing (1) | 243 | 243 |
| Infrastructure and development financing | 1,819,409 | 1,849,333 |
| **Subtotal of lending operations** | **10,995,912** | **11,212,168** |
| Income receivable from advances | 14,603 | 12,866 |
| Debtors for purchase of assets | 1,817 | 1,517 |
| Notes and credits receivable | 16,169 | 3,348 |
| Advances on exchange contracts (2) (Note 11.a) | 492,804 | 569,161 |
| Restricted deposits from transactions acquired in an assignment | 116,801 | - |
| **Subtotal of other accounts with loan features** | **642,194** | **586,892** |
| **Total** | **11,638,106** | **11,799,060** |

(1) Refer to transactions contracted before the discontinuance of the real estate financing activities.
(2) Accounts classified as “Other obligations/Exchange portfolio”.

## a.2) Income from lending operations

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Loans and discounted notes | 702,559 | 669,335 |
| Financing | 522,925 | 498,691 |
| Rural and agro-industrial financing | 123,300 | 111,186 |
| Recovery of receivables written off as loss | 61,175 | 76,493 |
| Guarantees and sureties honored | - | 1 |
| Other | 665 | 130 |
| **Total** | **1,410,624** | **1,355,836** |

## b) Breakdown by maturity

### b.1) Normal [1]

| Business sector | 01 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | Over 360 days | Total at 09/30/2012 | Total at 12/31/2011 |
|---|---|---|---|---|---|---|---|---|
| Rural | 19,925 | 15,464 | 56,787 | 41,953 | 38,853 | 1,079,200 | 1,252,182 | 1,417,533 |
| Manufacturing | 115,355 | 116,787 | 144,532 | 190,636 | 337,866 | 1,375,623 | 2,280,799 | 3,086,085 |
| Government | 6,025 | 6,025 | 6,025 | 31,243 | 36,168 | 1,279,940 | 1,365,426 | 1,331,046 |
| Other services | 471,110 | 382,323 | 380,415 | 644,233 | 758,657 | 1,496,370 | 4,133,108 | 2,981,119 |
| Trading | 159,710 | 91,510 | 139,525 | 262,065 | 639,060 | 320,375 | 1,612,245 | 2,201,748 |
| Financial | 8,190 | 5,691 | 5,758 | 17,274 | 33,054 | 194,713 | 264,680 | 261,179 |
| Housing | 1,122 | 747 | 623 | 799 | 157 | 20 | 3,468 | 243 |
| Individuals | 4,350 | 4,053 | 3,975 | 11,699 | 10,673 | 19,380 | 54,130 | 45,541 |
| **Total** | **785,787** | **622,600** | **737,640** | **1,199,902** | **1,854,488** | **5,765,621** | **10,966,038** | **11,324,494** |

[1] Include past due receivables up to 14 days.

### b.2) Past due

| Falling due | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Business sector | 01 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | Over 360 days | Total at 09/30/2012 | Total at 12/31/2011 |
| Rural | 352 | 396 | 909 | 1,547 | 5,231 | 12,356 | 20,791 | 18,542 |
| Manufacturing | 4,651 | 4,699 | 4,919 | 12,268 | 23,490 | 50,005 | 100,032 | 63,854 |
| Other services | 5,465 | 11,117 | 3,790 | 8,480 | 12,336 | 24,974 | 66,162 | 74,589 |
| Trading | 10,149 | 16,598 | 7,790 | 19,415 | 25,688 | 46,210 | 125,850 | 106,537 |
| Financial | 122 | 117 | 118 | 406 | 874 | 1,009 | 2,646 | 3,840 |
| Housing | 4 | 3 | 2 | 2 | 1 | - | 12 | - |
| Individuals | 290 | 420 | 412 | 747 | 1,295 | 1,314 | 4,478 | 4,057 |
| **Total** | **21,033** | **33,350** | **17,940** | **42,865** | **68,915** | **135,868** | **319,971** | **271,419** |

| Past due | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Business sector | 01 to 14 days | 15 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | Over 360 days | Total at 09/30/2012 | Total at 12/31/2011 |
| Rural | 159 | 6,206 | 7,910 | 1,013 | 3,434 | 2,516 | 11,804 | 33,042 | 38,534 |
| Manufacturing | 1,393 | 17,655 | 13,207 | 10,625 | 10,780 | 24,583 | 1,610 | 79,853 | 39,175 |
| Other services | 776 | 12,212 | 35,031 | 10,650 | 24,408 | 28,704 | 536 | 112,317 | 60,627 |
| Trading | 1,750 | 6,012 | 12,701 | 53,866 | 22,093 | 19,871 | 3,179 | 119,472 | 60,131 |
| Financial | 11 | 117 | 109 | 122 | 412 | 706 | 765 | 2,242 | 944 |
| Housing | - | 4 | 14 | - | 1 | - | - | 19 | - |
| Individuals | 37 | 530 | 618 | 511 | 1,474 | 1,861 | 121 | 5,152 | 3,736 |
| **Total** | **4,126** | **42,736** | **69,590** | **76,787** | **62,602** | **78,241** | **18,015** | **352,097** | **203,147** |

## c) Breakdown by risk level

| Risk level | 09/30/2012 | | | | 12/31/2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Current [1] | Past due | Total portfolio | Allowance | Current [1] | Past due | Total portfolio | Allowance |
| AA | 2,877,721 | - | 2,877,721 | - | 3,315,259 | - | 3,315,259 | - |
| A | 4,482,629 | - | 4,482,629 | 22,413 | 5,094,425 | - | 5,094,425 | 25,472 |
| B | 2,440,735 | 67,926 | 2,508,661 | 25,087 | 2,218,403 | 34,180 | 2,252,583 | 22,526 |
| C | 266,489 | 123,775 | 390,264 | 11,708 | 261,866 | 41,691 | 303,557 | 9,106 |
| D | 603,504 | 89,620 | 693,124 | 69,312 | 139,191 | 50,527 | 189,718 | 18,972 |
| E | 33,422 | 55,598 | 89,020 | 26,706 | 32,618 | 43,662 | 76,280 | 22,884 |
| F | 9,524 | 32,408 | 41,932 | 20,966 | 16,203 | 24,800 | 41,003 | 20,502 |
| G | 45,696 | 46,744 | 92,440 | 64,709 | 28,007 | 24,117 | 52,124 | 36,487 |
| H | 206,318 | 255,997 | 462,315 | 462,315 | 218,522 | 255,589 | 474,111 | 474,111 |
| **Total** | **10,966,038** | **672,068** | **11,638,106** | **703,216** | **11,324,494** | **474,566** | **11,799,060** | **630,060** |

[1] Include past due receivables up to 14 days.

## d) Changes in allowance for the period

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Opening balance | 630,060 | 652,918 |
| (+) Net allowance recognized for the period | 394,888 | 215,557 |
| (-) Receivables written off as loss for the period | (321,732) | (238,415) |
| **(=) Allowance for loan losses** | **703,216** | **630,060** |
| (+) Allowance for losses on other receivables without loan features (Note 10.e) | 46,457 | 46,064 |
| **(=) Allowance for loan losses balance** | **749,673** | **676,124** |

**e) Breakdown of the allowance expense balance**

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| (+) Expenses on allowance for loan losses | 366,526 | 164,406 |
| (+) Expenses on allowance for losses on other receivables | 28,363 | 1,510 |
| (-) Reversal of operational allowances | (1) | (54,493) |
| **(=) Balance of expenses on allowance with loan features** | **394,888** | **111,423** |
| (+) Expenses on allowance for losses on other receivables without loan features | 392 | 791 |
| (-) Reversal of allowance for losses on other receivables without loan features | - | - |
| **(=) Balance of expenses on allowance for loan losses** | **395,280** | **112,214** |

**f)** Up to the third quarter, receivables that had been written off as loss were recovered in the amount of R$ 61,175 (R$ 76,493 at September 30, 2011) and renegotiations of operations amounted to R$ 646,043 (R$ 471,560 at September 30, 2011).

**g) Recovery of receivables with legal grounds**

In conformity with Law No. 11322, of 07/13/2006, Law No. 11775, of 09/17/2008, and Law No. 12249, of 06/11/2010, concerning rescheduling of debts arising from rural credit transactions, that provides for rebates in the debit balance, discounts for prompt payment of installments, reduction in interest rate, and extension of payment terms of the referred to transactions, a positive effect on the Bank's income, referring to 09/30/2012, was recognized in the amount of R$ 56,545 (R$ 127,322 at 09/30/2011), shown below. Pursuant to the mentioned laws, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE):

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Income earned | 17,849 | 48,301 |
| Recovery of transactions written off from assets | 23,211 | 26,859 |
| Expenses on discounts | (5,420) | (16,180) |
| Net effect of allowances | 20,905 | 68,342 |
| **Total** | **56,545** | **127,322** |

## NOTE 10 - Other receivables

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **a) Foreign exchange portfolio (Note 11.a)** | **545,013** | **641,071** |
| **b) Income receivable** | **25,489** | **22,902** |
| **c) Securities trading** | **4** | **-** |
| **d) Other** | **2,082,295** | **1,280,317** |
| Tax credits – temporary differences (Note 21.b) | 869,121 | 250,629 |
| Tax credits – marketable securities and derivatives (Notes 7.a.2 and 21.b) | 77,186 | 23,453 |
| Debtors for guarantee deposits | 678,501 | 644,977 |
| **Taxes and contributions to be offset** | **156,578** | **207,830** |
| From prepayments –SRF Regulation No. 90/92 | 146,860 | 200,124 |
| Other | 9,718 | 7,706 |
| Tax incentive options | 26,748 | 26,748 |
| Notes and credits receivable | 16,170 | 3,348 |
| Salary advances and prepayments | 21,019 | 2,095 |
| Payments refundable | 9,016 | 8,246 |
| Recalculation, discounts, waivers and bonuses in BNDES transactions | 3,551 | 4,843 |
| Recalculation, discounts, waivers and bonuses in FAT transactions | 8,399 | 26,648 |
| Other | 216,006 | 81,500 |
| **e) Allowance for losses on other receivables** | **(78,473)** | **(54,286)** |
| Receivables with loan features (Note 9.a) | (32,016) | (8,222) |
| Receivables without loan features (Note 9.d) | (46,457) | (46,064) |
| **Total** | **2,574,328** | **1,890,004** |
| Total current | 2,079,472 | 1,778,988 |
| Total long-term | 494,856 | 111,016 |

## NOTE 11 – Foreign exchange portfolio

### a) Breakdown

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Assets - Other receivables** | **545,013** | **641,071** |
| Foreign exchange purchases pending settlement | 526,668 | 627,494 |
| Receivables for foreign exchange sold | 7,197 | 762 |
| Advances received in local currency | (3,455) | (51) |
| Income receivable from advances | 14,603 | 12,866 |
| **Current assets (Note 10.a)** | **545,013** | **641,071** |
| **Liabilities – Other obligations** | **15,636** | **1,188** |
| Foreign exchange purchased | 501,279 | 569,584 |
| Foreign exchange sold pending settlement | 7,160 | 765 |
| (Advances on foreign exchange contracts) (Note 9.a.1) | (492,804) | (569,161) |
| Other | 1 | - |
| **Current liabilities (Note 16.b)** | **15,636** | **1,188** |

### b) Income (loss) from foreign exchange portfolio

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Exchange income | 140,159 | 149,096 |
| Exchange expenses | (532) | (477) |
| **Total** | **139,627** | **148,619** |

**NOTE 12 - Permanent assets**

**a) Investments**

| Specification | 12/31/2011 | 01/01/2012 to 09/30/2012 | | | 09/30/2012 | | |
|---|---|---|---|---|---|---|---|
| | Book balance | Changes | | Book balance | Cost | Provision for impairment | Book balance |
| | | Additions | Exclusions | | | | |
| Tax incentive investments | - | - | - | - | 5,011 | (5,011) | - |
| Shares and units of interest | 652 | - | - | 652 | 944 | (292) | 652 |
| Artworks and valuable items | 916 | 147 | - | 1,063 | 1,063 | - | 1,063 |
| **Total** | **1,568** | **147** | **-** | **1,715** | **7,018** | **(5,303)** | **1,715** |

## b) Property and equipment

| Specification | 12/31/2011 | 01/01/2012 to 09/30/2012 | | | | 09/30/2012 | | |
|---|---|---|---|---|---|---|---|---|
| | Book balance | Changes [2] | | | Book balance | Cost | Accumulated depreciation | Book balance |
| | | Additions | Exclusions | Depreciation | | | | |
| Buildings | 100,517 | 12,813 | - | (6,999) | 106,331 | 238,957 | (132,626) | 106,331 |
| Data processing system | 23,151 | 11,024 | (2) | (6,955) | 27,218 | 79,460 | (52,242) | 27,218 |
| Furniture and equipment in use | 22,087 | 4,156 | (22) | (3,188) | 23,033 | 54,381 | (31,348) | 23,033 |
| Land | 17,025 | - | - | - | 17,025 | 17,025 | - | 17,025 |
| Facilities | 7,259 | 547 | (3) | (1,098) | 6,705 | 16,708 | (10,003) | 6,705 |
| Communication system | 139 | 277 | - | (19) | 397 | 698 | (301) | 397 |
| Construction in progress [1] | 4,206 | 441 | - | - | 4,647 | 4,647 | - | 4,647 |
| Security system | 4,867 | 1,309 | (1) | (767) | 5,408 | 12,222 | (6,814) | 5,408 |
| Transportation system | 6,318 | 1,929 | - | (2,118) | 6,129 | 18,050 | (11,921) | 6,129 |
| **Total** | **185,569** | **32,496** | **(28)** | **(21,144)** | **196,893** | **442,148** | **(245,255)** | **196,893** |

(1) Refers to transfer to Buildings, considering the completion of the construction.
(2) Provision for impairment of property and equipment was not recorded.

## c) Deferred charges

| Specification | 12/31/2011 | 01/01/2012 to 09/30/2012 | | | | 09/30/2012 | | |
|---|---|---|---|---|---|---|---|---|
| | Book balance | Changes [1] | | | Book balance | Cost | Accumulated amortization | Book balance |
| | | Additions | Exclusions | Amortization | | | | |
| Leasehold improvements | 1,695 | - | - | (599) | 1,096 | 3,515 | (2,419) | 1,096 |
| Software development expenses | 8 | - | - | (6) | 2 | 41 | (39) | 2 |
| **Total** | **1,703** | **-** | **-** | **(605)** | **1,098** | **3,556** | **(2,458)** | **1,098** |

(1) Provision for impairment of property and equipment was not recorded.

# NOTE 13 – Deposits and open market funding

## a) Deposits

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Demand deposits** | **130,394** | **183,624** |
| Foreign currency deposits in the country | 22,964 | 28,344 |
| Government deposits | 19,178 | 32,763 |
| Restricted deposits | 41,695 | 44,610 |
| Legal entities | 27,134 | 63,739 |
| Individuals | 18,317 | 11,978 |
| Other | 1,106 | 2,190 |
| **Savings deposits** | **1,501,771** | **1,329,994** |
| Free savings deposits - Individuals | 945,761 | 839,805 |
| Free savings deposits – Legal entities | 555,262 | 489,013 |
| From related parties and Financial System Institutions | 748 | 1,176 |
| **Interbank deposits** | **734,376** | **588,986** |
| **Time deposits** | **7,602,803** | **6,861,895** |
| Time deposits | 5,574,215 | 5,000,379 |
| Interest-bearing escrow deposits | 731,546 | 567,361 |
| **Interest-bearing special deposits/FAT – available funds (Note 26)** | **51,545** | **50,795** |
| Proger Urbano | 7,010 | 13,293 |
| Pronaf | - | 262 |
| Protrabalho | 971 | 3,320 |
| Infrastructure | 26,607 | 20,404 |
| Drought | 444 | 84 |
| PNMPO – National Program for Guided Productive Microcredit | 16,513 | 13,432 |
| **Interest-bearing special deposits/FAT – invested funds (Note 26)** | **581,622** | **571,594** |
| Proger Urbano | 63,774 | 62,810 |
| Pronaf | - | 561 |
| Protrabalho | 140,668 | 159,624 |
| Infrastructure | 229,765 | 249,455 |
| Drought | 7,200 | 9,838 |
| PNMPO – National Program for Guided Productive Microcredit | 140,215 | 89,306 |
| FINOR/cash and cash equivalents and reinvestments – Law No. 8167 | 661,879 | 670,169 |
| Other | 1,996 | 1,597 |
| **Total** | **9,969,344** | **8,964,499** |
| Total current | 4,764,672 | 5,115,979 |
| Total long-term | 5,204,672 | 3,848,520 |

## b) Open market funding

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Own portfolio** | **710,624** | **670,444** |
| Financial Treasury Bills | 710,624 | 670,444 |
| **Third-party portfolio** | **160,655** | **33,929** |
| Financial Treasury Bills | 122,636 | 33,929 |
| National Treasury Notes | 38,019 | - |
| **Total** | **871,279** | **704,373** |
| Total current | 802,350 | 637,812 |
| Total long-term | 68,929 | 66,561 |

## c) Expenses on open market funding

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **Deposit funding expenses** | **(730,477)** | **(743,626)** |
| Time deposits | (310,542) | (418,698) |
| Savings deposits | (49,203) | (49,797) |
| Judicial deposits | (35,501) | (23,864) |
| Interbank deposits | (11,981) | (16,362) |
| Special deposits - FAT | (68,720) | (84,307) |
| Expenses on funds from acceptance and issuance of securities | (247,458) | - |
| Other deposits | (7,072) | (150,598) |
| **Expenses on open market funding transactions** | **(53,864)** | **(55,838)** |
| Third-party portfolio | (7,664) | (7,493) |
| Own portfolio | (46,200) | (48,345) |
| **Total** | **(784,341)** | **(799,464)** |

## NOTE 14 - Borrowings and onlending

### a) Borrowings and onlending by maturity

| Specification | 0 to 3 months | 3 to 12 months | 1 to 3 years | 3 to 5 years | **5 to 15 years** | **Over 15 years** | **Total at 09/30/2012** | **Total at 12/31/2011** |
|---|---|---|---|---|---|---|---|---|
| Domestic borrowings | - | 17,954 | 17,263 | - | - | - | 35,217 | 49,532 |
| Foreign borrowings | 256,226 | 570,636 | - | - | - | - | 826,862 | 833,257 |
| Domestic onlending | 71,453 | 143,737 | 251,210 | 372,376 | 468,138 | 255,178 | 1,562,092 | 1,286,685 |
| Foreign onlending | 32,090 | 56,947 | 184,271 | 185,169 | 380,027 | 13,359 | 851,863 | 840,392 |
| **Total** | **359,769** | **789,274** | **452,744** | **557,545** | **848,165** | **268,537** | **3,276,034** | **3,009,866** |
| Total current | | | | | | | 1,149,043 | 1,104,486 |
| Total long-term | | | | | | | 2,126,991 | 1,905,380 |

### b) Borrowings

| Specification | Annual restatement rate - % | 09/30/2012 | 12/31/2011 |
|---|---|---|---|
| Domestic borrowings – Official institutions/Refinancing | TJLP+3.0 or 7.75 | 35,217 | 49,532 |
| Foreign borrowings / Foreign currency payables | USD | 826,862 | 833,257 |
| **Total** | | **862,079** | **882,789** |
| Total current | | 844,816 | 849,768 |
| Total long-term | | 17,263 | 33,021 |

### c) Domestic onlending – Official institutions

| Specification | Annual restatement rate - % | 09/30/2012 | 12/31/2011 |
|---|---|---|---|
| **National Treasury** | IGP-DI + 2.0 or 6.75 | **847** | **992** |
| **BNDES** | | **1,407,776** | **1,152,894** |
| POC (credit facility granted by the BNDES agents to small and medium-sized companies to buy shares in capital increases) | TJLP/IGPM/IPCA+1.5 | 1,030,734 | 919,432 |
| Credit Facility for investment in agriculture | TJLP/IGPM/IPCA+1.5 | 377,042 | 233,462 |
| **Finame** | | **153,469** | **132,799** |
| “Programa Automático” (program for purchase of new machinery and equipment by companies based in Brazil) | TJLP/IGPM/IPCA+1.5 | 136,266 | 116,710 |
| Agricultural Program | TJLP/IGPM/IPCA+1.5 | 17,203 | 16,089 |
| **Total** | | **1,562,092** | **1,286,685** |
| Total current | | 215,190 | 173,427 |
| Total long-term | | 1,346,902 | 1,113,258 |

### d) Foreign onlending

| Specification | Annual restatement rate - % | 09/30/2012 | 12/31/2011 |
|---|---|---|---|
| BID-Prodetur (Tourism Development Program with funds provided by the BID) | USD + 1.09 or 2.05 | 845,028 | 833,307 |
| BID-Other programs | USD + 1.09 | 6,631 | 6,703 |
| Other programs | USD + 6.0 | 204 | 382 |
| **Total** | | **851,863** | **840,392** |
| Total current | | 89,037 | 81,291 |
| Total long-term | | 762,826 | 759,101 |

### e) Expenses on borrowings and onlending

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **Borrowings** | **(2,988)** | **(3,705)** |
| Domestic borrowings | (2,988) | (3,705) |
| **Onlending** | **(363,224)** | **(225,621)** |
| **Domestic onlending – Official institutions** | **(214,008)** | **(69,070)** |
| National Treasury | (22) | (56) |
| BNDES | (209,266) | (61,691) |
| Finame | (4,720) | (2,307) |
| Other institutions | - | (5,016) |
| **Foreign onlending** | **(149,216)** | **(156,551)** |
| **Onlending with foreign banks** | **(134,495)** | **(128,989)** |
| **Financial and development funds** | **(346,006)** | **(334,552)** |
| **Total** | **(846,713)** | **(692,867)** |

## NOTE 15 - Funds from acceptance and issuance of securities

| Specification | Funding date | Maturity | Annual interest (%) | Contractual amount in thousands of US dollars | Contractual amount at 09/30/2012[(2)] | Market value at 09/30/2012 [(2)] | Market value at 12/31/2011[(2)] |
|---|---|---|---|---|---|---|---|
| Eurobonds – Senior Unsecured Notes [(1)] | 11/09/2010 | 11/09/2015 | 3.625 | 300,000 | 619,135 | 641,994 | 567,244 |
| Eurobonds – Senior Unsecured Notes [(1)] | 05/03/2012 | 05/03/2019 | 4.375 | 300,000 | 621,702 | 666,721 | - |
| **Total** | | | | **600,000** | **1,240,837** | **1,308,715** | **567,244** |
| Total current | | | | | | 22,477 | 3,368 |
| Total long-term | | | | | | 1,286,238 | 563,876 |

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

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

| Specification | Annual interest (%) | Nominal value | 09/30/2012 | 12/31/2011 |
|---|---|---|---|---|
| Agribusiness Credit Bills[(1)] | 91.03 CDI | 198,692 | 137,091 | 196,364 |
| Total current | | | 136,679 | 196,364 |
| Total long-term | | | 412 | - |

(1) Security with average maturity term of 226 days.

## NOTE 16 – Other obligations

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **a) Collection and transfer of taxes and levies** | **46,547** | **4,805** |
| Funds from Proagro | 98 | 114 |
| Receipt of federal taxes | 42,651 | - |
| IOF (Tax on Financial Transactions) payable | 3,377 | 4,601 |
| Other taxes and levies | 421 | 90 |
| **b) Foreign exchange portfolio (Note 11)** | **15,636** | **1,188** |
| **c) Social and statutory** | **16,251** | **12,254** |
| Dividends and bonuses payable | 351 | 342 |
| Profit sharing | 11,070 | 11,912 |
| Other taxes and levies | 4,830 | - |
| **d) Tax and social security** | **535,913** | **525,820** |
| **Provision for tax contingencies (Note 22.d)** | **114,097** | **112,578** |
| Taxes and contributions | 81,289 | 82,269 |
| Tax suits | 32,808 | 30,309 |
| **Provision for deferred taxes and contributions** | **154,446** | **66,561** |
| Marketable securities and derivatives (Note 7.a.2) | 145,918 | 56,885 |
| Revaluation of buildings and land | 8,528 | 9,676 |
| **Provision for income and social contribution taxes** | **222,891** | **298,477** |
| Income tax | 137,092 | 182,080 |
| Social contribution tax | 85,799 | 116,397 |
| **Taxes payable** | **44,479** | **48,204** |
| **e)Securities trading** | **72** | - |
| **f) Financial and development funds** | **6,122,340** | **4,720,077** |
| Northeast Constitutional Financing Fund (FNE) | 5,974,344 | 4,578,226 |
| Other | 147,996 | 141,851 |
| **g) Hybrid debt and equity instruments (Note 17)** | **1,161,438** | **1,137,872** |
| **h) Subordinated debts eligible for capital (Note 18)** | **1,303,638** | **1,216,319** |
| **i) Other** | **3,788,647** | **3,017,118** |
| **Provision for contingent liabilities** | **2,014,275** | **1,767,867** |
| Labor lawsuits (Note 22.e.iv) | 180,334 | 182,824 |
| Civil lawsuits (Note 22.e.v) | 108,191 | 106,653 |
| Other lawsuits (Note 22.e.vi) | 233 | 140 |
| **FNE (Note 22.e.vii)** | **1,683,676** | **1,386,807** |
| Onlending | 1,345 | 1,149 |
| Full risk | 104,264 | 91,376 |
| Shared risk | 1,578,067 | 1,294,282 |

| | | |
|---|---|---|
| FDNE (Note 22.e.viii) | 582 | 1,593 |
| Proagro (Note 22.e.ix) | 3,402 | 3,299 |
| Other contingent liabilities (Note 22.e.x) | 37,857 | 86,551 |
| **Accrued Liabilities Allowances** | **1,651,337** | **1,131,570** |
| **Employee Benefits - CVM Resolution No. 600** | **1,458,489** | **985,408** |
| Pension plan | 654,690 | 457,916 |
| Health care plan | 803,799 | 527,492 |
| Personnel expenses | 158,305 | 114,564 |
| Other | 34,543 | 31,598 |
| **Other** | **123,035** | **117,681** |
| **Total** | **12,990,482** | **10,635,453** |
| Total current | 4,233,056 | 2,675,384 |
| Total long-term | 8,757,426 | 7,960,069 |

## NOTE 17 – Hybrid debt and equity instruments

On 12/22/2010, pursuant to Law No. 12249, of 06/11/2010, as amended by Provisional Executive Order No. 513, of 11/26/2010, the Bank and the Federal Government entered into a Loan Agreement, classified as Hybrid Debt and Equity Instruments (IHCD), in the amount of R$ 1,000,000, already paid in.

On 02/21/2011, through Deorf/Cofil Letter No. 2011/00979, the Central Bank authorized the classification of such hybrid instrument into tier II capital.

| Specification | Amount issued | Interest | Funding date | 09/30/2012 | 12/31/2011 |
|---|---|---|---|---|---|
| Hybrid debt and equity instruments (Note 16.g) | 1,000,000 | IPCA+6.5715% p.a. | 12/22/2010 | 1,161,438 | 1,137,872 |

## NOTE 18 - Subordinated debts

The Bank has subordinated debt agreements with the Northeast Constitutional Financing Fund (FNE), classified as Regulatory Capital (PR) Tier II, under the Subordinated Debts Eligible to Capital category, in accordance with CMN Resolution No. 3444, of 02/28/2007, and the Central Bank of Brazil's authorization.

The agreements have indefinite term and establish that the funds not yet invested will yield the extra market 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 No. 7827, of 09/27/1989.

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Northeast Constitutional Financing Fund (FNE) | 1,303,638 | 1,216,319 |
| Funds available (1) | 388,047 | 328,126 |
| Funds invested (2) | 915,591 | 888,193 |
| **Total** | **1,303,638** | **1,216,319** |

(1) Yielding extramarket rates disclosed by the Central Bank of Brazil, pursuant to article 9-A of Law No. 7827, of 09/27/1989.

(2) Yielding rates agreed upon with borrowers, less del credere commission of the institution, pursuant to article 9-A of Law No. 7827, of 09/27/1989.

## NOTE 19 - Equity

### a) Capital

The Extraordinary Shareholders' Meeting held on 03/30/2012 approved a capital increase of R$ 132,000, resulting from addition of statutory reserves, with no new shares issued. Capital increased from R$ 2,010,000 to R$ 2,142,000 represented by 87,001,901 registered, paid-in shares with no par value, approved by BACEN.

| Position at 09/30/2012 | | | | | |
|---|---|---|---|---|---|
| **Shareholders** | **Common shares** | **Preferred shares** | **Total shares** | **% voting capital** | **% total capital** |
| Federal Government | 46,595,279 | 35,373,190 | 81,968,469 | 96.10 | 94.21 |
| National Development Fund (FND) | 1,473,704 | 2,373,264 | 3,846,968 | 3.04 | 4.42 |
| BNDESPAR | 4,200 | 379,900 | 384,100 | 0.01 | 0.44 |
| Other | 411,592 | 390,772 | 802,364 | 0.85 | 0.93 |
| **Total** | **48,484,775** | **38,517,126** | **87,001,901** | **100.00** | **100.00** |

| Position at 12/31/2011 | | | | | |
|---|---|---|---|---|---|
| **Shareholders** | **Common shares** | **Preferred shares** | **Total shares** | **% voting capital** | **% total capital** |
| Federal Government | 46,595,279 | 35,373,190 | 81,968,469 | 96.10 | 94.21 |
| National Development Fund (FND) | 1,473,704 | 2,373,264 | 3,846,968 | 3.04 | 4.42 |
| BNDESPAR | 13,800 | 386,795 | 400,595 | 0.03 | 0.47 |
| Other | 401,992 | 383,877 | 785,869 | 0.83 | 0.90 |
| **Total** | **48,484,775** | **38,517,126** | **87,001,901** | **100.00** | **100.00** |

**b) Revaluation reserve**

The amount of R$ 23,478 (R$ 25,198 as at 12/31/2011) refers to the revaluation of property 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 disposal, pursuant to CMN Resolution No. 3565, of 05/29/2008. The realization in the three-month period totaled R$ 1,720 (R$ 2,866 at 12/31/2011).

**c) Treasury shares – in R$ 1.00**

The Bank holds 10,232 own shares, 8,088 of which are registered common shares (ON) and 2,144 are registered preferred shares (PN), bought back on 02/17/2009. These shares, whose fair value on 09/30/2012 represents, respectively, R$ 20.00 and R$ 21.50 per share, are held in treasury to be later disposed of or cancelled.

## NOTE 20 - Other operating income (expenses)

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **a) Income from services provided** | **1,018,581** | **970,578** |
| Investment fund management | 12,846 | 10,405 |
| Fund and program management | 860,734 | 810,684 |
| Services provided | 145,001 | 149,489 |
| **b) Income from bank fees** | **20,327** | **17,753** |
| **c) Personnel expenses** | **(1,270,321)** | **(735,140)** |
| Salaries | (473,753) | (436,143) |
| Payroll charges | (174,638) | (168,210) |
| Pension plan | (253,666) | (16,754) |
| Health care plan | (298,263) | (52,057) |
| Benefits, training, fees and compensation of interns | (70,001) | (61,976) |
| **d) Other administrative expenses** | **(615,509)** | **(569,406)** |
| Data processing | (105,189) | (92,121) |
| Advertising and promotion | (19,703) | (19,198) |
| Third-party services | (220,463) | (187,527) |
| Rentals, material and public utilities | (31,010) | (32,767) |
| Travels | (11,255) | (11,045) |
| Communication | (24,042) | (22,391) |
| Depreciation and amortization | (21,749) | (20,395) |
| Asset maintenance and upkeep | (23,623) | (23,204) |
| Surveillance, security and transportation | (29,783) | (23,595) |
| Promotions, public relations and publications | (14,975) | (15,017) |
| Financial system services | (13,266) | (14,321) |
| Specialized technical services | (28,890) | (24,767) |
| Insurance | (3,250) | (3,091) |
| Court, notary and attorney`s fees | (30,879) | (42,026) |
| Trade Association Contribution and membership charges | (1,075) | (747) |
| Condominium fees, catering, kitchen and meals | (2,914) | (2,675) |
| FUNDECI (Science and Technology Development Fund) | (18,200) | (14,200) |
| Other | (15,243) | (20,319) |
| **e) Tax expenses** | **(142,534)** | **(138,168)** |
| Cofins and PIS/PASEP | (130,614) | (126,542) |
| ISS and IPTU/Improvement tax | (10,445) | (10,499) |
| Other | (1,475) | (1,127) |
| **f) Other operating income** | **1,149,564** | **865,938** |
| *Del credere* commission on fund management | 689,388 | 608,593 |
| Negative exchange variation on loans obtained | 205,213 | 104,142 |
| Reversal of operating provisions/FNE risks | - | 11 |
| Recovery of charges and expenses | 6,476 | - |
| Reversal of provisions for CSLL and IR | - | 6,791 |
| Reversal of operating provisions | 116,183 | 8,965 |
| Interest and commissions | 637 | 581 |
| Monetary restatement | 9,003 | 5,886 |
| Mark-to-market adjustments | 9,368 | 11,689 |
| Monetary restatement of taxes | - | 165 |
| FNE – Recover of amounts settled by the Bank | 40,561 | 53,376 |
| Other | 72,735 | 65,739 |
| **g) Other operating expenses** | **(983,251)** | **(665,146)** |
| Exchange variation of exchange area | (4,390) | (5,405) |
| Negative exchange variation on loans granted | (175,872) | (80,354) |
| Negative monetary restatement of lending operations | (22) | (988) |
| Discounts granted in renegotiations | (3,018) | (47,542) |
| Interest on lending operations | (5,873) | (9,854) |
| Tax contingencies | (4,212) | (9,581) |
| Risks on FNE transactions | (488,223) | (258,953) |
| Risks on FNDE transactions | (340) | (1,304) |

| | | |
|---|---|---|
| Labor lawsuits | (23,419) | (22,719) |
| Civil lawsuits | (22,446) | (15,872) |
| Other lawsuits | (133) | (127) |
| Other contingent liabilities | (56,023) | - |
| Hybrid debt and equity instruments | (96,186) | (100,845) |
| FNE remuneration – available funds – article 9 A of Law No. 7827 | (21,322) | (26,236) |
| FNE remuneration – invested funds – article 9 A of Law No. 7827 | (65,997) | (58,754) |
| Other | (15,775) | (26,612) |
| **Total** | **(823,143)** | **(253,591)** |

## NOTE 21 - Taxes and contributions

### a) Income and social contribution taxes

The Bank is subject to taxation whereby taxable profit is based on accounting records, and income and social contribution taxes are paid monthly on an estimated basis. Income and social contribution tax expenses from January to September 2012 totaled R$ 136,375 (R$ 128,836 at 09/30/2011) and R$ 85,369 (R$ 80,683 at 09/30/2011), respectively.

| **a.1) Specification of the provision for income and social contribution tax expense** | **Income tax** | | **Social contribution tax** | |
|---|---|---|---|---|
| | **01/01 to 09/30/2012** | **01/01 to 09/30/2011** | **01/01 to 09/30/2012** | **01/01 to 09/30/2011** |
| Income before income taxes and profit sharing | (144,119) | 706,890 | (144,119) | 706,890 |
| Statutory profit sharing (PLR) | (22,004) | (47,637) | (22,004) | (47,637) |
| Interest on equity (JCP) | (67,300) | (96,921) | (67,300) | (96,921) |
| Income before income taxes, less statutory profit sharing and interest on equity | (233,423) | 562,332 | (233,423) | 562,332 |
| Permanent additions (exclusions) | (29,848) | (22,081) | (29,854) | (22,081) |
| Temporary additions (exclusions) | 835,272 | 658 | 835,272 | 658 |
| Taxable profit before use of tax loss carryforwards | 572,001 | 540,909 | 571,995 | 540,909 |
| Offset of income and social contribution tax loss carryforwards | - | - | - | - |
| Taxable profit after use of tax loss carryforwards | 572,001 | 540,909 | 571,995 | 540,909 |
| Expenses on provision for IRPJ (25%) [(1)] and CSLL (15%) – before tax incentives and revaluation reserve | (142,982) | (135,208) | (85,799) | (81,136) |
| Deductions (tax incentives) | 5,891 | 5,617 | - | - |
| Provision for IRPJ/CSLL on revaluation reserve released to retained earnings | 716 | 755 | 430 | 453 |
| Current IRPJ/CSLL expenses – after tax incentives and revaluation reserve | (136,375) | (128,836) | (85,369) | (80,683) |
| Deferred IRPJ/CSLL expenses | 386,560 | (18,709) | 231,932 | (11,229) |
| Total IRPJ/CSLL expenses | 250,185 | (147,545) | 146,563 | (91,912) |
| % of total tax expenses in relation to income before taxation | 107.18% | 26.24% | 62.79% | 16.34% |
| **a.2) Specification of the provision for income and social contribution taxes** | **Income tax** | | **Social contribution tax** | |
| | **09/30/2012** | **12/31/2011** | **09/30/2012** | **12/31/2011** |
| Expense on provision for income and social contribution taxes | 136,375 | 181,082 | 85,369 | 115,798 |
| Provision for taxes on revaluation reserve released to retained earnings | 716 | 998 | 430 | 599 |
| Provision for income and social contribution taxes | 137,091 | 182,080 | 85,799 | 116,397 |
| Taxes for offset due to tax prepayments, including withholding taxes | (101,701) | (138,032) | (47,069) | (63,743) |
| Adjustment for the period | 35,390 | 44,048 | 38,730 | 52,654 |

(1) The rate of 15% is applied to the taxable base referring to income tax payable + 10% surtax on the amount exceeding the annual limit of R$ 240.

### b) Tax credits on temporary differences

Income and social contribution tax credits on temporary differences of allowances for loan losses are recorded in conformity with the following major standards: CMN Resolution No. 3059, of 12/20/2002 (amended by CMN Resolution No. 3355, of 03/31/2006 and CMN Resolution No. 3655, of 12/17/2008) and BACEN Circular No. 3171, of 12/30/2002; and are based on technical studies performed every six months determining the probable realization of tax credits for a period of five years.

In April 2012, the Bank recorded IRPJ and CSLL tax credits on temporary differences of allowances for loan losses, realized with FNE funds, not including transactions that do not meet the realization criteria established by BACEN. Credits referring to such transactions were set up based on technical studies performed then, determining their probable realization within five years.

In September 2012, after feasibility studies for the recognition of new tax credits on temporary differences, the Bank also recognized tax credits on provisions relating to the Bank's supplementary pension plan and health care expenses, which will be contributed to CAPEF/CAMED only in the post-employment phase. The credits were recognized in assets based on the projection of contributions to the Pension Plan and Health Care Cash (CAPEF/CAMED) for the next five years.

In accordance with BACEN Circular No. 3023, of 06/11/2002, the Bank recognized tax credits on mark-to-market of marketable securities classified under 'available-for-sale securities'.

| Specification | 09/30/2012 | | | | | |
|---|---|---|---|---|---|---|
| | Income tax | | Social contribution tax | | Total | |
| | Temporary differences | Marketable securities | Temporary differences | Marketable securities | Temporary differences | Marketable securities |
| Opening balance at 12/31/2011 | 156,634 | 14,658 | 93,995 | 8,795 | 250,629 | 23,453 |
| (+) Set up/(-)Realization of credits | 386,559 | 33,583 | 231,933 | 20,150 | 618,492 | 53,733 |
| Closing balance at 09/30/2012 | 543,193 | 48,241 | 325,928 | 28,945 | 869,121 | 77,186 |

| Specification | 12/31/2011 | | | | | |
|---|---|---|---|---|---|---|
| | Income tax | | Social contribution tax | | Total | |
| | Temporary differences | Marketable securities | Temporary differences | Marketable securities | Temporary differences | Marketable securities |
| Opening balance at 12/31/2010 | 173,336 | 8,671 | 104,017 | 5,202 | 277,353 | 13,873 |
| (+) Set up/(-)Realization of credits | (16,702) | 5,987 | (10,022) | 3,593 | (26,724) | 9,580 |
| Closing balance at 12/31/2011 | 156,634 | 14,658 | 93,995 | 8,795 | 250,629 | 23,453 |

Income and social contribution tax credits recognized and not recognized in assets, recorded under "OTHER RECEIVABLES - OTHER" are broken down as follows:

| Specification | Income tax | | Social contribution tax | |
|---|---|---|---|---|
| | 09/30/2012 | 12/31/2011 | 09/30/2012 | 12/31/2011 |
| 1. Total temporary differences | 4,167,716 | 3,262,708 | 4,167,716 | 3,262,708 |
| 2. Tax credits on temporary differences + income and social contribution tax losses carryforwards | 1,041,929 | 815,678 | 625,157 | 489,406 |
| 3. Tax credit from mark-to-market of marketable securities | 48,241 | 14,658 | 28,945 | 8,795 |
| 4. Total tax credits (item 2 + item 3) | 1,090,170 | 830,336 | 654,102 | 498,201 |
| 5. Tax credits recognized in assets on temporary differences | 543,194 | 156,634 | 325,927 | 93,995 |
| 6. Tax credits recognized in assets from mark-to-market of marketable securities | 48,241 | 14,658 | 28,945 | 8,795 |
| 7. Total tax credits recognized in assets (item 5 + item 6) | 591,435 | 171,292 | 354,872 | 102,790 |
| 8. Tax credits not recognized in assets (item 4 - item 7) (1) | 498,735 | 659,044 | 299,230 | 395,411 |

(1) Not recorded in assets as they do not meet the realization requirements provided for in CMN Resolution No. 3355, of 03/31/2006.

The estimated realization of tax credits as of 09.30.2012 is as follows:

| Period | Goal for Over-Selic rate - Average % (1) | Realization of income tax credit | | Realization of CSLL tax credit | | Total | |
|---|---|---|---|---|---|---|---|
| | | Book value | Present value | Book value | Present value | Book value | Present value |
| 2012 | 7.28 | 224,039 | 212,537 | 134,427 | 127,526 | 358,466 | 340,063 |
| 2013 | 7.93 | 92,201 | 81,041 | 55,321 | 48,625 | 147,522 | 129,666 |
| 2014 | 8.82 | 39,799 | 32,146 | 23,879 | 19,288 | 63,678 | 51,434 |
| 2015 | 8.85 | 26,093 | 19,363 | 15,656 | 11,617 | 41,749 | 30,980 |
| 2016 | 8.60 | 104,220 | 71,212 | 62,532 | 42,727 | 166,752 | 113,939 |
| 2017 | 8.60 | 56,842 | 35,763 | 34,112 | 21,462 | 90,954 | 57,225 |
| **TOTAL** | | **543,194** | **452,062** | **325,927** | **271,245** | **869,121** | **723,307** |

(1) For present value calculation, we considered the goal for average Over-Selic rates projected by BACEN on 10/19/2012.

The tax credits arising on the mark-to-market of marketable securities determined at the present realizable value, pursuant to BACEN Circular No. 3068, of 11/08/2001, will be realized according to the maturities of the securities.

| Period | Realization of credit | | Total |
|---|---|---|---|
| | Income tax | Social contribution tax | |
| 2012 | 16,476 | 9,885 | 26,361 |
| 2013 | 63 | 38 | 101 |
| 2014 | 3,156 | 1,894 | 5,050 |
| 2015 | 4,311 | 2,587 | 6,898 |
| 2016 | 23,188 | 13,912 | 37,100 |
| 2017 to 2019 | 655 | 393 | 1,048 |
| 2020 to 2022 | 6 | 4 | 10 |
| 2027 to 2029 | 386 | 232 | 618 |
| **TOTAL** | **48,241** | **28,945** | **77,186** |

**c) Tax expenses**

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Cofins and PIS/PASEP | (130,614) | (126,542) |
| ISS and IPTU/Improvement tax | (10,445) | (10,499) |
| Other | (1,475) | (1,127) |
| **Total** | **(142,534)** | **(138,168)** |

**NOTE 22 – Provisions, contingent assets and contingent liabilities and legal obligations - Tax and social security**

**a)** Banco do Nordeste is party to several administrative and legal proceedings involving civil, tax, labor and other matters. To recognize provision and contingent liabilities, contingencies are classified in accordance with CMN Resolution No. 3823, of 12/16/2009 and BACEN Circular Letter No. 3429, of 02/11/2010.

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

**c)** Contingencies classified into 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, severance pay, retirement supplementation, including infringement notices issued by Regional Labor Offices and others), Tax and Social Security Lawsuits (represented by legal and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as infringement notices issued by Regional Councils that govern the exercise of professions). Taking into consideration that the procedures adopted by Banco do Nordeste are in compliance with legal and regulatory provisions, management understands that the provisions recorded are sufficient to cover losses arising from the respective legal 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 Obligations, pursuant to the terms of BACEN Circular No. 3429, of 02/11/2010, regardless of the legal advisor´s assessment of probable loss, and provisions are not applicable to lawsuits classified as possible and remote losses, as provided for in the table below, at 09/30/2012 and 12/31/2011:

| Specification | 09/30/2012 | | 12/31/2011 | |
|---|---|---|---|---|
| | Base value | Provision | Base value | Provision |
| **a)PROVISION FOR TAX CONTINGENCIES (Note 16.d)** | | | | |
| **a.1)Taxes – legal obligation** | **81,289** | **81,289** | **82,269** | **82,269** |
| **a.2) Tax lawsuits** | **939,896** | **32,808** | **850,647** | **30,309** |
| i) Legal obligation | 615 | 615 | 1,063 | 1,063 |
| ii) Other obligations - other | 939,281 | 32,193 | 849,584 | 29,246 |
| Probable | 32,193 | 32,193 | 29,246 | 29,246 |
| Possible | 688,803 | - | 617,180 | - |
| Remote | 218,285 | - | 203,158 | - |
| **b) PROVISION FOR CONTINGENT LIABILITIES (Note 16.i)** | | | | |
| **b.1) Labor lawsuits** | **285,201** | **180,334** | **263,035** | **182,824** |
| Probable | 180,334 | 180,334 | 182,824 | 182,824 |
| Possible | 33,725 | - | 31,463 | - |
| Remote | 71,142 | - | 48,748 | - |
| **b.2) Civil lawsuits** | **2,842,337** | **108,191** | **2,519,657** | **106,653** |
| Probable | 108,191 | 108,191 | 106,653 | 106,653 |
| Possible | 508,608 | - | 467,538 | - |
| Remote (1) | 2,225,538 | - | 1,945,466 | - |
| **b.3) Other lawsuits** | **1,264** | **233** | **697** | **140** |
| Probable | 233 | 233 | 140 | 140 |
| Possible | 1,029 | - | 556 | - |
| Remote | 2 | - | 1 | - |

(*) Contingent liabilities relating to civil suits rated as remote loss and the respective estimated financial loss are concentrated on the following cases: a) payment of additional contribution referring to supplementary pension plan (CAPEF) - R$ 664,030; b) refund of unduly paid amount - R$ 251,979; c) compensation for pain and suffering and property damage - R$ 177,358; and d) payment of fine and compensation for pain and suffering - R$ 143,416. In the aggregate, contingent liabilities arising from these suits amount to R$ 1,236,784.

## e) Changes in provisions

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **i) Taxes (legal obligation)** | | |
| Opening balance | 82,269 | 74,847 |
| Set up | 4,176 | 8,933 |
| Reversal/use/write-off | (5,156) | (1,511) |
| Closing balance | 81,289 | 82,269 |
| **ii) Tax lawsuits (legal obligation)** | | |
| Opening balance | 1,063 | 551 |
| Set up | 117 | 512 |
| Reversal/use/write-off | (565) | - |
| Closing balance | 615 | 1,063 |
| **iii) Tax lawsuits (other obligations - other)** | | |
| Opening balance | 29,246 | 26,127 |
| Set up | 3,030 | 4,916 |
| Reversal/use/write-off | (83) | (1,797) |
| Closing balance | 32,193 | 29,246 |
| **iv) Labor lawsuits (other obligations - other)** | | |
| Opening balance | 182,824 | 161,863 |
| Set up | 27,841 | 34,203 |
| Reversal/use/write-off | (30,331) | (13,242) |
| Closing balance (Note 16.i) | 180,334 | 182,824 |
| **v) Civil lawsuits (other obligations - other)** | | |
| Opening balance | 106,653 | 92,970 |
| Set up | 40,965 | 23,836 |
| Reversal/use/write-off | (39,427) | (10,153) |
| Closing balance (Note 16.i) | 108,191 | 106,653 |
| **vi) Other suits (other obligations - other)** | | |
| Opening balance | 140 | 65 |
| Set up | 166 | 159 |
| Reversal/use/write-off | (73) | (84) |
| Closing balance (Note 16.i) | 233 | 140 |
| **vii) FNE** | | |
| Opening balance | 1,386,807 | 1,177,757 |
| Set up | 488,222 | 429,774 |
| Reversal/use/write-off | (191,353) | (220,724) |
| Closing balance (Note 16.i) | 1,683,676 | 1,386,807 |
| **viii) FDNE** | | |
| Opening balance | 1,593 | 277 |
| Set up | 340 | 1,316 |
| Reversal/use/write-off | (1,351) | - |
| Closing balance (Note 16.i) | 582 | 1,593 |
| **ix) Proagro** | | |
| Opening balance | 3,299 | 3,299 |
| Set up | 165 | - |
| Reversal/use/write-off | (62) | - |
| Closing balance (Note 16.i) | 3,402 | 3,299 |
| **x) Other contingent liabilities** | | |
| Opening balance | 86,551 | - |
| Set up | 56,823 | 86,551 |
| Reversal/use/write-off | (105,517) | - |
| Closing balance (Note 16.i) | 37,857 | 86,551 |

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

**g)** Tax lawsuits classified into Legal Obligation pursuant to the terms of BACEN Circular Letter No. 3429 of 02/11/2010, whose amounts were presented in item “d”, subitems 1.1 and 1.2.1 discuss, respectively, IRPJ 1999 and ISSQN.

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

Tax lawsuit filed to annul the tax assessment notice relating to ISSQN levied on income from services provided. Estimates of possible financial losses total R$ 308,749 at 09/30/2012. At 12/31/2011, estimated financial loss was of R$ 276,218, assessed as possible.

Two tax lawsuits aiming at cancelling tax assessment notices referring to ISSQN levied on service provision income. Estimates of possible financial losses total R$ 179,455 and R$ 121,702, respectively, at 09.30.2012. At 12/31/2011, estimated loss was of R$ 160,547 and R$ 108,879, respectively, both of which assessed as possible.

Civil lawsuit filed to claim loss of profits and payment of administration fees under the allegation of losses incurred due to the interruption of financial onlending contracted for the construction of commercial facilities. Estimates of possible financial losses total R$ 94,725 at 09/30/2012. At 12/31/2011, estimated financial loss was of R$ 83,321, assessed as possible.

Civil lawsuit filed to claim refund of overpayment under the allegation of undue collection and withholding. Estimates of possible financial losses total R$ 36,902 at 09/30/2012. At 12/31/2011, estimated financial loss was of R$ 32,459, assessed as possible.

Civil lawsuit claiming compensation for property damage and pain and suffering, under the allegation of amounts unduly transferred from the savings deposits. Estimates of possible financial losses total R$ 26,586 at 09/30/2012. At 12/31/2011, estimated financial loss was of R$ 22,624, assessed as possible.

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

| **Specification** | **09/30/2012** | **12/31/2011** |
|---|---|---|
| Labor lawsuits | 433,354 | 414,916 |
| Tax lawsuits | 205,745 | 197,267 |
| Civil lawsuits | 39,402 | 23,825 |
| **Total** | **678,501** | **636,008** |

**j)** The amount of R$ 37,857 (R$ 86,551 at 12/31/2011) is recorded as “Other contingent liabilities”, R$ 21,985 of which refers to provision to cover the risk of the Bank conducting lending operations with indication of irregularities, which are subject matter of inquiry proceedings carried out by the internal audit area. This account also includes the amount of R$ 15,872 regarding lending risk on securitized transactions, grounded on Law No. 9138, of 11/29/1995, currently recorded in memorandum accounts.

**NOTE 23 – Employee and officer compensation (in R$ 1.00)**

**a) Monthly employee compensation**

| Gross compensation [(1)] | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| Maximum | 26,481.45 | 24,275.20 |
| Minimum | 948.65 | 870.29 |
| Average | 7,185.90 | 6,363.48 |

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

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

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|---|---|---|---|
| **Gross compensation [(1)]** | **Executive Board** | | **Board of Directors** | | **Supervisory Board** | |
| Highest individual compensation | 315,144.94 | 331,806.21 | 23,750.22 | 23,631.20 | 23,750.22 | 23,631.20 |
| Lowest individual compensation | 268,564.90 | 300,012.23 | 23,750.22 | 23,631.20 | 23,750.22 | 23,631.20 |
| Average individual compensation | 278,857.57 | 320,109.03 | 22,809.32 | 23,688.30 | 23,824.63 | 23,570.99 |
| Number of members [(1)] | 7 | 7 | 6 | 6 | 6 | 5 |

(1) Amounts approved at the 59th Annual Ordinary Shareholders' Meeting and the 91st Extraordinary Shareholders' Meeting of Banco do Nordeste, both held on 03/30/2012.

At 09/30/2012, the Bank had 6,018 employees (6,077 at 12/31/2011), a decrease of 0.97% in headcount.

**NOTE 24 - Post-employment benefits**

Pursuant to CVM Resolution No. 600, of 10/07/2009, which approved Technical Pronouncement CPC 33 – Employee Benefits, the employee benefit policy and the accounting procedures adopted by Banco do Nordeste for recognizing its obligations are as follows:

**a) Accounting policy for recognition of gains and losses**

The policy adopted for the recognition of actuarial gains and losses, as of December 2010, is consistent with the provisions of item 93 of the Appendix to CVM Resolution No. 600, that is, actuarial gains and losses are immediately recognized as revenue or expense.

**b)General description of the benefit plan characteristics**

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

The Bank sponsors two benefit plans managed by *Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil* (CAPEF), a closed private pension entity that provides the payment of supplementary pension plan benefits to participants and beneficiaries.

The Defined Benefit (BD) plan has not been opened to new participants since 11/26/1999. 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 savings plans to their dependents.

**b.1.1) Actuarial method within CAPEF**

Classified as defined benefit, the BD plan adopts the fully funded financial system in the actuarial calculation of reserves 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 fully funded financial system in the actuarial calculation of reserves related to planned benefits and the shared risk coverage regime for the other benefits offered to its participants and dependents.

**b.1.2) Past due obligations and contributions due**

As at 09.30.2012, 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.

**b.1.3) Contribution Ratio (Participants/Sponsor)**

The ratio of participant and Bank contributions meets the parity set by Constitutional Amendment 20, of 12/15/1998, with a contribution ratio of 1:1 as at 09/30/2012 (1:1 at 12/31/2011).

b**.2) Health care plan**

The Bank 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.

**b.2.1) Past due obligations and contributions due**

As at 09/30/2012, 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 plans' defined benefit obligation.

**b.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.

**NOTE 25 - Northeast Constitutional Financing Fund (FNE)**

**a)** The total assets of FNE, amounting to R$ 41,570,608 (R$ 37,747,461 at 12/31/2011) are recorded in the Bank's memorandum accounts (Net assets of managed public funds).

**b**) The Fund's cash and cash equivalents, totaling R$ 5,972,268 (R$ 4,576,207 at 12/31/2011), recorded in 'Other obligations/Financial and development funds' bear interest at extra-market rate. The expense of interest on cash and cash equivalents totaled R$ 333,805 (R$ 329,775 at 09/30/2011).

**c)** The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:

**c.1)** Transactions contracted until 11/30/1998 are risk-free;

**c.2)** For operations contracted beginning 12/01/1998, excluding Land Program financing lines and transactions under PRONAF (groups A, B, A/C, Forest, Semiarid, Emergency, Flood Drought and Drought-2012), the Bank's risk is 50 percent of the amount calculated pursuant to CMN Resolution No. 2682, of 12/21/1999; and

**c.3)** The Bank assumes all the risks on renegotiated and reclassified FNE loan transactions, as set forth by Law No. 11775, of 09/17/2008, and transactions recognized in the Fund's 'Interbank accounts', as prescribed by Ministry of Integration Administrative Rule No. 616, of 05/26/2003. The balances of financing and allowances accounted for in the Bank's Contingent liabilities are as follows:

| Risk level | Balances | Allowance at 09/30/2012 | Allowance at 12/31/2011 |
|---|---|---|---|
| AA | 2,754,014 | - | - |
| A | 12,041,268 | 30,080 | 28,549 |
| B | 9,118,114 | 46,150 | 44,875 |
| C | 1,257,493 | 18,720 | 13,453 |
| D | 892,827 | 44,494 | 30,004 |
| E | 399,499 | 59,680 | 42,434 |
| F | 280,356 | 73,316 | 66,089 |
| G | 189,549 | 74,460 | 86,689 |
| H | 2,636,294 | 1,336,776 | 1,074,714 |
| **Total** | **29,569,414** | **1,683,676** | **1,386,807** |

**d)** The Bank's financial commission on transactions entered as agreement by 11/30/1998 is zero. The Bank's financial commission on transactions entered as agreement after this date is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9-A of Law No. 7827, of 09/27/1989. In operations reclassified for FNE based on No. Law 11775, of 09/17/2008, financial commission is 3% p.a. or 6% p.a., as governed by Interministerial Rule No. 245, of 10/14/2008, of the Ministry of Finance and Ministry of National Integration. Income from financial commission totaled R$ 686,666 (R$ 606,676 at 09/30/2011).

**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 Drought and Drought-2012), and is limited to 20% of the transfers made by the National Treasury each fiscal year. The management fee totaled R$ 770,654 (R$ 743,093 at 09/30/2011).

**Note 26 - 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:

| Specification | Tade | 09/30/2012 | 12/31/2011 |
|---|---|---|---|
| Special Program to Fight Drought Effects | 016/2006 | 1,222 | 2,036 |
| Proger-Urbano - Investment | 017/2006 | 22,819 | 19,097 |
| FAT - Infrastructure | 018/2006 | 270,254 | 274,523 |
| Pronaf - Investment | 019/2006 | 216 | 812 |
| Proger-Rural - Cost | 020/2006 | 1,258 | 1,661 |
| Pronaf - Cost | 001/2007 | 280 | 1,410 |
| Proger-Rural - Investment | 002/2007 | 18,495 | 22,182 |
| Protrabalho - Investment | 004/2007 | 147,666 | 139,932 |
| PNMPO-National Program for Guided Productive Microcredit | 001/2010 | 151,902 | 97,106 |
| **Total** | | **614,112** | **558,759** |

Funds derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-bearing special deposits', totaling R$ 633,169 (R$ 622,390 at 12/31/2011), are subject to SELIC (Central Bank overnight rate) while they are not used in lending operations, and to TJLP after they are released to final borrowers. Available funds bearing interest at SELIC totaled R$ 51,545 (R$ 50,795 at 12/31/2011).

Pursuant to CODEFAT (Board of the Worker's Assistance Fund) Resolution No. 439, of 06/02/2005, these funds began to be reimbursed to FAT on a monthly basis, with a minimum amount equivalent to 2% calculated on the total balance of each 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.
- After 3 months, with respect to the new deposits made by FAT and not released to final borrowers.

| Specification | Tade Resolution | Return of FAT funds | | | 09/30/2012 | | |
|---|---|---|---|---|---|---|---|
| | | Form (1) | R.A. | Selic remuneration | Available TMS (2) | TJLP used (3) | Total |
| Special Program to Fight Drought Effects | 16/2006 | RA | 2,637 | 38 | 444 | 7,200 | 7,644 |
| Proger – Urbano- Investment | 17/2006 | RA | 15,015 | 577 | 7,010 | 63,774 | 70,784 |
| FAT - Infrastructure | 18/2006 | RA | 23,754 | 1,333 | 26,607 | 229,765 | 256,372 |
| Pronaf - Investment | 19/2006 | RA | 684 | 15 | - | - | - |
| Pronaf - Cost | 01/2007 | RA | 147 | 3 | - | - | - |
| Protrabalho-Investment | 04/2007 | RA | 27,593 | 206 | 972 | 140,668 | 141,640 |
| PNMPO – National Program for Guided Productive Microcredit | 01/2010 | RA | 20,124 | 963 | 16,512 | 140,215 | 156,727 |
| **Total (Note 13.a)** | | | **89,954** | **3,135** | **51,545** | **581,622** | **633,167** |

| Specification | Tade Resolution | Return of FAT funds | | | 12/31/2011 | | |
|---|---|---|---|---|---|---|---|
| | | Form (1) | R.A. | Selic remuneration | Available TMS (2) | TJLP used (3) | Total |
| Special Program to Fight Drought Effects | 16/2006 | RA | 2,635 | 10 | 85 | 9,838 | 9,923 |
| Proger – Urbano- Investment | 17/2006 | RA | 26,066 | 996 | 13,293 | 62,810 | 76,103 |
| FAT – Infrastructure (4) | 18/2006 | RA | 120,350 | 11,266 | 20,404 | 249,455 | 269,859 |
| Pronaf - Investment | 19/2006 | RA | 344 | 11 | 192 | 484 | 676 |
| Pronaf - Cost | 01/2007 | RA | 118 | 4 | 69 | 77 | 146 |
| Protrabalho-Investment | 04/2007 | RA | 43,277 | 264 | 3,320 | 159,625 | 162,945 |
| PNMPO – National Program for Guided Productive Microcredit | 01/2010 | RA | 8,332 | 1,102 | 13,432 | 89,305 | 102,737 |
| **Total (Note 13.a)** | | | **201,122** | **13,653** | **50,795** | **571,594** | **622,389** |

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

**NOTE 27- Risk management and Basel ratio**

**a) Risk and capital management**

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

**Risk management structure**

The corporate risk management policy sets forth guidelines and standards that integrate the Bank's activities, for management of credit, liquidity, market and operational risks. The Corporate Risk Management Committee analyzes and approves the risk management policies. The Executive Board is responsible for approving risk policies and subsequent reporting to the Board of Directors. The Control and Risk Executive Board coordinates the implementation of risk policies and the Bank's performance. A specific area coordinates the credit, liquidity, market and operational risks at the corporate level, with definition of management methodologies and models and promotion and dissemination of the risk management culture throughout the Bank.

**b) Credit risk**

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

The Bank uses the constant information flow to identify, measure, control and mitigate risks, thus ensuring acceptable credit risk exposure. For such, the Bank uses instruments, such as: Credit policies, management reports, risk rating system and performance indicators by macro sectors.

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

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

**Collaterals for lending operations above R$ 5,000 with full risk for the Bank**

The collaterals for lending operations are determined based on their quality, capacity to be removed and sufficiency in light of the customer's risk assessment. Balances exposed to credit risk above R$ 5,000 amount to R$ 5,315,378 (R$ 6,394,184 at 12/31/2011). They are backed by collaterals totaling R$ 2,527,728 (R$ 2,603,051 at 12/31/2011), which are assessed at least once every two years, or within a shorter period, as long as there are material events involving the client or the transaction. In addition to collaterals (leased chattels, mortgage and guarantees), these transactions are also backed by unsecured collateral, guarantee of notes, guarantee funds, risk fund (FGPC), collateralization of shares and bank guarantees, among others.

**c) Liquidity risk**

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

The Bank adopts projection models for variables that impact cash, for liquidity management purposes, and information referring to this risk is communicated to management through daily reports, consolidated annually.

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

Breakdown of liquidity ratio at 09/30/2012 and 09/30/2011 is as follows:

| Specification | 09/30/2012 (%) | 09/30/2011 (%) |
|---|---|---|
| At the base date | 343.05 | 199.63 |
| Average for the last 12 months | 243.98 | 229.81 |
| Maximum for the last 12 months | 343.05 | 321.96 |
| Minimum for the last 12 months | 195.93 | 175.15 |

The maturities of funding, considering the projected future payment flows, including the related contractual rates, at 09/30/2012 and 12/31/2011, are as follows:

| Specification | 09/30/2012 | | | | |
|---|---|---|---|---|---|
| | **Up to 1 month** | **1 to 3 months** | **3 months to 1 year** | **1 to 5 years** | **Over 5 years** |
| Interbank deposits | 207,037 | 282,669 | 212,777 | 34,595 | - |
| Time deposits | 19,946 | 177,646 | 763,304 | 3,615,357 | 998,594 |
| Repurchase agreements | 742,531 | 38,237 | - | 68,817 | - |
| Agribusiness Notes (LCA) | 13,757 | 57,211 | 65,724 | 412 | - |
| **Total** | **983,271** | **555,763** | **1,041,805** | **3,719,181** | **998,594** |
| **Available funds** | **6,248,536** | | | | |

| Specification | 12/31/2011 | | | | |
|---|---|---|---|---|---|
| | **Up to 1 month** | **1 to 3 months** | **3 months to 1 year** | **1 to 5 years** | **Over 5 years** |
| Interbank deposits | 10,968 | 202,145 | 379,955 | - | - |
| Time deposits | 67,803 | 225,712 | 1,524,753 | 2,884,486 | 3,574,573 |
| Repurchase agreements | 638,093 | - | - | 72,531 | 30,165 |
| Agribusiness Notes (LCA) | 47,951 | 70,784 | 81,907 | - | - |
| **Total** | **764,815** | **498,641** | **1,986,615** | **2,957,017** | **3,604,738** |
| **Available funds** | **3,185,693** | | | | |

**d) Market risk**

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

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

a) VaR (value at risk) of asset and liability transactions in trading and non-trading portfolios, by risk factor;

b) capital requirement map, for coverage of market and liquidity risks;

c) exchange exposure report;

d) sensitivity analysis;

e) stress testing;

f) backtesting; and

g) reports on monitoring of limits established for portions exposed to market risk.

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

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

| Risk exposure limits | Control procedure |
|---|---|
| • Trading portfolio: 1% of the portfolio's value<br>• Non-trading portfolio: 5% of the portfolio's value | If the exposure level exceeds 80% of the limit, the risk management area issues a warning to the area responsible for the financial operations. |

**Sensitivity analysis**

As set forth in CVM Instruction No. 475, of 12/17/2008, the sensitivity analysis was conducted in order to identify the main types of risks capable of generating losses to the Bank, considering alternative scenarios for the behavior of several risk factors of the operations comprising trading and non-trading portfolios, whose results are as follows:

| Portfolio/risk factor | Risk type | Scenario 1 (Probable) | Scenario 2 (Change of 25%) | | Scenario 3 (Change of 50%) | |
|---|---|---|---|---|---|---|
| | | Balance | Balance | Loss | Balance | Loss |
| Trading portfolio | | | | | | |
| Fixed interest | Increase in interest rate | 5,499,764 | 5,496,684 | (3,080) | 5,493,656 | (6,108) |
| Non-trading portfolio | | | | | | |
| Dollar coupon | Increase in the dollar coupon | (56,698) | (60,112) | (3,414) | (63,188) | (6,489) |
| IGP coupon | Increase in the IGP coupon | 1,061,277 | 1,010,717 | (50,560) | 963,838 | (97,439) |
| IPCA coupon | Decrease in the IPCA coupon | (363,400) | (397,746) | (34,346) | (436,390) | (72,990) |
| TJLP coupon | Increase in the TJLP coupon | 559,353 | 519,061 | (40,292) | 482,501 | (76,851) |
| TR coupon | Increase in the TR coupon | (1,733,632) | (1,734,036) | (404) | (1,734,025) | (393) |
| Fixed interest | Increase in interest rate | 3,321,951 | 3,276,375 | (45,576) | 3,232,868 | (89,083) |

For purposes of abovementioned calculations, Scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values using the Term Structure of Interest Rates (ETTJ) - considering the reference rates used at BM&FBOVESPA. The following reference rates were collected for 09/30/2012: DI x Pre, DI x Dollar, DI x Euro, DI x IPCA, DI x IGPM, and DI x TR. As regards TJLP coupon rates, the DI x Pre rate combined the TJLP rate structure in force at the date of the position was used. As regards Scenarios 2 and 3, changes of 25% and 50% were applied, respectively, on risk factors, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances of Scenario 1 and balances of Scenarios 2 and 3.

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

| Nature of transaction | Risk type | Financial instrument | Scenario 1 (Probable) | Scenario 2 (Change of 25%) | Scenario 3 (change of 50%) |
|---|---|---|---|---|---|
| Other derivatives | Increase in the reference rate BM&F Bovespa DI x PRE | Swap DI x Pre | (272,084) | (263,020) | (254,566) |
| | | Fixed rate assets | 283,394 | 261,044 | 240,902 |
| | | Net exposure | 11,310 | (1,976) | (13,663) |
| Derivatives for Hedge | Increase in the reference rate BM&F Bovespa DI x Dollar | Swap Dollar x DI | 1,297,379 | 1,249,481 | 1,204,097 |
| | | Liabilities in FM | (1,287,346) | (1,259,213) | (1,232,412) |
| | | Net exposure | 10,033 | (9,732) | (28,315) |

As at 09/30/2012, market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from increase in opportunity costs, in the fixed operations, and those arising from exchange coupon increase, in the operations in foreign currency.

**Swap DI x Pre**

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

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

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

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

**Swap Dollar x DI**

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

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

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

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

### e) Operational risk

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

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

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

The corporate operational risk management is strengthened through a specific organizational structure designed to support assessment and compliance related to the adoption of controls for all processes and operations carried out, mainly based on the provisions set forth in the institutional regulatory system. The qualitative approach comprises methodologies, control tools, mitigating measures and managerial reports that describe the control over processes carried out in all institutional areas. This analysis describes management by process and architecture design - macroprocesses, processes and subprocesses - identification of risk, control, mitigation and corrective plan. The quantitative approach adopts measurement models, showing considerable improvements in the operational risk measurement stochastic model applied to the Bank, for purposes of allocation of capital to support expected and unexpected losses.

### f) Foreign exchange exposure

Transactions under agreements that provide for exchange adjustment clause presented, at 09/30/2012, net balance of foreign currency exposure purchased, in the amount of R$ 13,829 (R$ 562 at 12/31/2011 – long position), as follows, in thousands of reais:

| Specification | 09/30/2012 | 12/31/2011 | Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|---|---|---|
| Cash and cash equivalents | 4,035 | 2,309 | Deposits | 22,963 | 28,344 |
| Interbank investments | 15,290 | 14,988 | Interdepartmental accounts | 10,247 | 7,142 |
| Lending operations | 821,058 | 817,214 | Borrowings and onlending - Domestic | 58,690 | 35,721 |
| Other receivables | 954,978 | 928,816 | Borrowings and onlending - Foreign | 2,160,578 | 1,407,635 |
| | | | Other obligations | 834,023 | 846,224 |
| **Total assets in foreign currency, exclusive derivatives** | 1,795,361 | 1,763,327 | **Total liabilities in foreign currency** | 3,086,501 | 2,325,066 |
| Swap transactions | 1,304,969 | 562,301 | Swap transactions | - | - |
| **Total long position in foreign currency** | **3,100,330** | **2,325,628** | **Total short position in foreign currency** | **3,086,501** | **2,325,066** |

Foreign exchange exposure is maintained below the limits established in the Corporate Risk Management, Internal Control and Safety Policy (5% of the Regulatory Capital).

## g) Operational limits - Basel Accord

As set forth in CMN Resolutions No. 3444 and 3490, of 02/28/2007 and 08/29/2007, respectively, and supplementary regulations, CMN set additional requirements for capital allocation, including new risk-exposed components: Credit Commitment Unconditionally or Unilaterally Non-Cancelable by the Bank; exposure to stock risk (PACS); exposure to risk of assets indexed to commodities prices (PCOM); exposure to risk of assets in foreign currency (PCAM); exposure to operational risk (POPR) and market risk of operations not classified in the trading portfolio (RBAN). The prevailing guidelines maintained the minimum capital allocation ratio by 11%, which is the ratio between a financial institution's regulatory capital (PR) and the total risks assumed in lending operations, including collaterals offered and co-obligations, and market and operational risks as at 09/30/2012.

At 09/30/2012, the capital adequacy ratio (Extended Basel Index) of Banco do Nordeste was 15.77% (16.32% at 12/31/2011), while PR was R$ 4,802,706 (R$ 4,604,614 at 12/31/2011). The Required Regulatory Capital (PRE), which represents the consolidation of all risk exposures, with a capital allocation ratio of 11%, was R$ 3,242,667 as at 09/30/2012 (R$ 3,054,085 at 12/31/2011).

### i. Matching of PR with PRE

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| a) Regulatory Capital (PR) | 4,802,706 | 4,604,614 |
| . Tier I | 2,401,353 | 2,302,307 |
| . Tier II | 2,401,353 | 2,302,307 |
| b) Required Regulatory Capital (PRE) | 3,242,667 | 3,054,085 |
| . PEPR (1) | 2,749,613 | 2,619,648 |
| . PJUR | 3,029 | 642 |
| . PCOM | 352 | 345 |
| . POPR | 489,673 | 433,450 |
| c) RBAN amount | 107,826 | 48,603 |
| Margin (a-b-c) | 1,452,213 | 1,501,926 |
| Basel ratio (BACEN Circular No. 3477, of 12/28/2009) | 16.29% | 16.58% |
| Basel ratio (including RBAN amount) | 15.77% | 16.32% |

(1) 11% of Weighted Risk Factor Exposures, pursuant to articles 11 to 16 of BACEN Circular No. 3360, of 09/12/2007.

### ii. Breakdown of PR

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Regulatory Capital (PR) | 4,802,706 | 4,604,614 |
| . Tier I | 2,401,353 | 2,302,307 |
| (+) Equity | 2,498,332 | 2,329,499 |
| (+)Profit or loss accounts - Creditors | 1,632,748 | - |
| (-)Profit or loss accounts - Debtors | 1,648,129 | - |
| (-) Revaluation reserves | 23,478 | 25,198 |
| (-) Tax credits excluded | 6,633 | 291 |
| (-) Deferred permanent assets | 260 | 1,703 |
| (-) Mark-to-market - Marketable securities and derivatives | 51,227 | - |
| . Tier II | 2,401,353 | 2,302,307 |
| (+) Revaluation reserves | 23,478 | 25,198 |
| (+)Hybrid debt/debt and equity instruments classified as Tier II of PR (1) | 1,161,438 | 1,137,872 |
| (+) Subordinated debt instruments (2) | 1,303,638 | 1,216,319 |
| (+) Mark-to-market - Marketable securities and derivatives | 51,227 | - |
| (-) Excess subordinated debt instruments | 102,961 | 65,165 |
| (-) Exceeding Tier II capital in comparison with Tier I capital | 35,467 | 11,917 |

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

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

## NOTE 28 – Related-party transactions

### a) Related-party transactions

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

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Assets** | | |
| Lending operations - Refinancing with Federal Government (Note 9.a.1) | 455,673 | 473,643 |
| **Total** | **455,673** | **473,643** |

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Liabilities** | | |
| **Time deposits - FAT (Note 13.a. and Note 26)** | **633,167** | **622,389** |
| **Domestic onlending – Official institutions (Note 14.c)** | **1,562,092** | **1,286,685** |
| National Treasury | 847 | 992 |
| BNDES | 1,407,776 | 1,152,894 |
| Finame | 153,469 | 132,799 |
| **Other obligations** | **8,439,420** | **6,932,417** |
| Northeast Constitutional Financing Fund (FNE) - (Note 16.f) | 5,974,344 | 4,578,226 |
| Hybrid debt and equity instruments (Note 16.g) | 1,161,438 | 1,137,872 |
| Subordinated debts eligible for capital (Note 16.h) | 1,303,638 | 1,216,319 |
| **Total** | **10,634,679** | **8,841,491** |

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

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| **Liabilities** | | |
| **Other obligations (Note 16.i)** | **1,458,489** | **985,408** |
| Capef | 654,690 | 457,916 |
| Camed | 803,799 | 527,492 |
| **Total** | **1,458,489** | **985,408** |

### b) Management compensation

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

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **Short-term benefits** | **2,062** | **2,363** |
| **Fees** | **1,923** | **1,838** |
| Executive Board | 1,638 | 1,570 |
| Board of Directors | 142 | 142 |
| Supervisory Board | 143 | 126 |
| **Other** | **129** | **307** |
| **Profit sharing** | **10** | **218** |
| **Total short-term benefits** | **2,062** | **2,363** |
| **Post-employment benefits** | **175** | **146** |
| **Total** | **2,237** | **2,509** |

The Bank does not have variable stock-based compensation and other long-term benefits and does not offer post-employment benefits to management, except for those comprising the headcount, members of the Bank's Pension Plan. 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.

## NOTE 29 – Statement of Comprehensive Income

| Specification | 01/01 to 09/30/2012 | 01/01 to 09/30/2011 |
|---|---|---|
| **Net income** | **230,625** | **419,796** |
| **Other comprehensive income** | **54,669** | **(28,029)** |
| Equity valuation adjustment of available-for-sale securities | 88,249 | (49,738) |
| Taxes on equity valuation adjustment of available-for-sale securities | (35,300) | 19,895 |
| Revaluation reserve released to retained earnings | 2,868 | 3,023 |
| Taxes on revaluation reserve released to retained earnings | (1,148) | (1,209) |
| **Comprehensive income** | **285,294** | **391,767** |

## NOTE 30 – Other information

### Guarantees given

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

| Specification | 09/30/2012 | 12/31/2011 |
|---|---|---|
| Import financing | 6,469 | 131,958 |
| Guarantee beneficiaries | | |
| - Individuals or non-financial legal entities | 92,669 | 92,219 |
| - FNE | 14,986,709 | 13,926,213 |
| - Other entities | 64,215 | 54,180 |
| Credit assignment co-obligations | 27,103 | 26,815 |

Fortaleza, October 29, 2012

**Executive Board**

**Note: See accompanying notes.**

# Quarterly Information

## Banco do Nordeste do Brasil S.A.

September 30, 2012
with Independent Auditor's Review Report on Quarterly Information

**A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil**

## Independent Auditor's Review Report on Quarterly Information

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

### Introduction

We have reviewed the interim financial information of Banco do Nordeste do Brasil S.A. ("Bank") included in the Quarterly Information Form (ITR) for the three-month period ended September 30, 2012, which comprises the balance sheet at September 30, 2012 and the related statements of income and comprehensive income for the three and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and a summary of the main accounting practices and other explanatory information.

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

### Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

## Other matters

Interim statements of value added

In addition, we have reviewed the interim statements of value added (SVA) for the nine-month period ended September 30, 2012, prepared under the responsibility of management, presentation in the interim financial information of which is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

Review of prior quarter corresponding figures

The financial information contained in the Quarterly Information (ITR) for the three and nine-month periods ended September 30, 2011 and as at December 31, 2011, presented for comparison purposes, was reviewed and audited by other independent auditors who issued unmodified review reports and audit opinions, dated November 14, 2011 and February 7, 2012, respectively.

São Paulo, November 13, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6-F-CE

Eduardo Braga Perdigão
Accountant CRC-1CE013803/O-8