



ACCOUNTING STATEMENTS

Banco do Nordeste and FNE

POSITION: 06.30.2009

**Banco do
Nordeste**



Accounting Statements

Banco do Nordeste

POSITION: 06.30.2009

(Convenience Translation into English from the Original Previously Issued in Portuguese)
BANCO DO NORDESTE DO BRASIL S.A.

BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

<u>ASSETS</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
CURRENT ASSETS	10,563,488	7,947,082
CASH AND CASH EQUIVALENTS	75,929	66,217
INTERBANK INVESTMENTS (note 4)	2,188,358	3,805,397
Money market investments	1,690,294	2,622,838
Interbank deposits	498,064	1,182,559
SECURITIES AND DERIVATIVES (note 5)	4,281,119	1,654,194
Own portfolio	3,817,437	1,351,955
Held under repurchase commitments	353,034	137,441
Derivatives	3,789	-
Linked to guarantees	106,859	164,798
INTERBANK ACCOUNTS	192,894	315,901
Payments and receipts pending settlement	47,944	61,527
Restricted deposits:		
Deposits - Central Bank of Brazil	139,117	245,214
National Treasury - Rural loan	3,221	7,346
Interbank onlendings	944	776
Correspondents	1,668	1,038
LENDING OPERATIONS (note 6)	2,915,832	1,395,393
Lending operations	3,055,189	1,548,293
Public sector	124,033	42,740
Private sector	2,931,156	1,505,553
(Allowance for loan losses)	(139,357)	(152,900)
OTHER RECEIVABLES (note 7)	901,429	691,708
Receivables for guarantees honored	5	11
Foreign exchange portfolio	328,665	223,795
Income receivable	19,735	24,845
Trading account	11	1
Specific receivables	-	291
Other receivables	555,949	455,682
(Allowance for losses on other receivables)	(2,936)	(12,917)
OTHER ASSETS	7,927	18,272
Other	6,671	7,882
(Allowance for devaluation)	(1,665)	(2,231)
Prepaid expenses	2,921	12,621
LONG-TERM ASSETS	5,238,373	6,917,229
SECURITIES AND DERIVATIVES (note 5)	778,018	3,567,354
Own portfolio	699,609	3,567,274
Derivatives	10	80
Linked to guarantees	78,399	-
INTERBANK ACCOUNTS	38,674	38,559
Restricted deposits:		
National Treasury - Rural loan	141	716
Financial Housing System (SFH)	31,923	31,634
Interbank onlendings	6,610	6,209
LENDING OPERATIONS (note 6)	4,355,560	3,286,968
Lending operations	4,646,173	3,447,820
Public sector	1,169,369	1,039,378
Private sector	3,476,804	2,408,442
(Allowance for loan losses)	(290,613)	(160,852)
OTHER RECEIVABLES (note 7)	66,121	24,348
Receivables for guarantees honored	11	11
Other receivables	134,582	66,507
(Allowance for losses on other receivables)	(68,472)	(42,170)
PERMANENT ASSETS (note 8)	201,268	189,313
INVESTMENTS	1,342	1,033
Other investments	6,245	5,872
(Allowance for losses)	(4,903)	(4,839)
PROPERTY AND EQUIPMENT IN USE	195,679	183,339
Real estate	121,887	117,444
Real estate revaluation	111,628	111,628
Other	145,381	118,919
(Accumulated depreciation)	(183,217)	(164,652)
DEFERRED CHARGES	4,247	4,941
Organization and expansion costs	10,537	10,533
(Accumulated amortization)	(6,290)	(5,592)
TOTAL ASSETS	16,003,129	15,053,624

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
BANCO DO NORDESTE DO BRASIL S.A.

BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008

(In thousands of Brazilian reais - R\$)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
CURRENT LIABILITIES	7,145,258	5,912,215
DEPOSITS (note 9)	2,287,955	2,021,644
Demand deposits	98,022	137,677
Savings deposits	870,709	730,258
Interbank deposits	177,503	172,088
Time deposits	1,132,160	974,159
Other deposits	9,561	7,462
OPEN MARKET FUNDING	470,868	186,020
Own portfolio	352,925	137,314
Third parties portfolio	117,943	48,706
INTERBANK ACCOUNTS	32,551	44,302
Receipts and payments pending settlement	32,551	44,302
INTERBRANCH ACCOUNTS	12,389	25,803
Third-parties funds in transit	11,010	25,300
Internal transfers of funds	1,379	503
BORROWINGS (note 11)	306,232	238,033
Domestic borrowings - official institutions	13,465	12,410
Foreign borrowings	292,767	225,623
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (note 12)	310,553	317,090
National Treasury	182	180
BNDES (National Bank for Economic and Social Development)	185,795	206,661
CEF (Federal Savings and Loan Bank)	26	175
FINAME (National Equipment Financing Authority)	15,208	17,797
Other institutions	109,342	92,277
DERIVATIVES	22,116	13,025
Derivatives	22,116	13,025
FOREIGN ONLENDINGS (note 13)	67,073	51,539
Foreign onlendings	67,073	51,539
OTHER PAYABLES (note 14)	3,635,521	3,014,759
Collected taxes and other	25,803	20,293
Foreign exchange portfolio	820	4,830
Social and statutory	43,068	125,935
Tax and social security	325,321	252,410
Financial and development funds	1,710,924	1,349,588
Other	1,529,585	1,261,703
LONG-TERM LIABILITIES	6,948,659	7,415,540
DEPOSITS (note 9)	1,837,488	1,351,700
Demand deposits	40,394	38,940
Time deposits	1,797,094	1,312,760
BORROWINGS (note 11)	67,323	74,462
Domestic borrowings - official institutions	67,323	74,462
DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS (note 12)	1,018,815	845,411
National Treasury	1,053	1,176
BNDES (National Bank for Economic and Social Development)	449,172	358,396
CEF (Federal Savings and Loan Bank)	-	26
FINAME (National Equipment Financing Authority)	20,713	36,225
Other institutions	547,877	449,588
DERIVATIVES	15,945	1,310
Derivatives	15,945	1,310
FOREIGN ONLENDINGS (note 13)	730,061	569,976
Foreign onlendings	730,061	569,976
OTHER PAYABLES (note 14)	3,279,027	4,572,681
Financial and development funds	2,381,195	3,789,807
Other	897,832	782,874
DEFERRED INCOME	18	65
Deferred income	18	65
SHAREHOLDERS' EQUITY (note 15)	1,909,194	1,725,804
CAPITAL	1,652,000	1,299,000
Brazilian residents	1,652,000	1,299,000
CAPITAL RESERVE	502	380
REVALUATION RESERVE	31,719	34,156
PROFIT RESERVES	151,648	299,901
VALUATION ADJUSTMENTS TO SHAREHOLDERS' EQUITY	73,709	92,367
TREASURY SHARES	(384)	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>16,003,129</u>	<u>15,053,624</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF INCOME
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
 (In thousands of Brazilian reais - R\$)

	<u>1st half 2009</u>	<u>1st half 2008</u>
INCOME FROM FINANCIAL INTERMEDIATION (note 16)	992,154	845,166
Lending operations	540,769	376,420
Securities transactions	426,545	468,440
Derivatives	(31,745)	(21,014)
Foreign exchange transactions	55,732	9,203
Compulsory investments	853	12,117
EXPENSES FROM FINANCIAL INTERMEDIATION (note 17)	(642,432)	(553,718)
Funding operations	(189,882)	(138,804)
Borrowings and onlendings	(266,353)	(304,703)
Allowance for loan losses (note 6.e)	(186,197)	(110,211)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	349,722	291,448
OTHER OPERATING INCOME (EXPENSES) (note 18)	(112,058)	(22,242)
Income from services provided	543,318	458,097
Income from bank fees	5,312	3,690
Personnel expenses	(421,507)	(351,947)
Other administrative expenses	(253,132)	(204,619)
Tax expenses	(68,434)	(54,541)
Other operating income	595,237	404,307
Other operating expenses	(512,852)	(277,229)
INCOME FROM OPERATIONS	237,664	269,206
NONOPERATING INCOME	1,947	2,506
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	239,611	271,712
INCOME AND SOCIAL CONTRIBUTION TAXES (note 19)	(97,206)	(48,157)
Provision for income tax	(79,794)	(31,387)
Provision for social contribution tax	(48,388)	(13,037)
Deferred income taxes	30,976	(3,733)
PROFIT SHARING	(8,590)	(18,464)
NET INCOME FOR THE PERIOD	133,815	205,091
INTEREST ON OWN CAPITAL (note 15. e)	(34,359)	(48,900)
Number of shares (in thousands)	87,002	87,002
Net income per share - R\$	1,54	2,36

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(In thousands of Brazilian reais - R\$)

	PAID-UP CAPITAL		CAPITAL RESERVE	REVALUATION RESERVE	PROFIT RESERVES		VALUATION ADJUSTMENT TO SHAREHOLDERS' EQUITY	RETAINED EARNINGS (ACCUMULATED LOSS)	TREASURY SHARES	TOTAL
	CAPITAL	CAPITAL INCREASE	OTHER CAPITAL RESERVES	OWN ASSETS	LEGAL	STATUTORY				
BALANCES AS OF DECEMBER 31, 2007	1,299,000	-	291	37,819	29,214	171,720	64,455	-	-	1,602,499
VALUATION ADJUSTMENTS TO SHAREHOLDERS' EQUITY	-	-	-	-	-	-	27,912	-	-	27,912
OTHER EVENTS:										
- Updating of stock exchange memberships	-	-	89	-	-	-	-	-	-	89
- Revaluation of assets:										
- Realization of reserves:										
Gross amount	-	-	-	(2,031)	-	-	-	2,031	-	-
Tax charges	-	-	-	(1,632)	-	-	-	(732)	-	(2,364)
NET INCOME FOR THE PERIOD	-	-	-	-	-	-	-	205,091	-	205,091
- Allocations:										
- Reserves	-	-	-	-	10,255	88,712	-	(98,967)	-	-
- Dividends	-	-	-	-	-	-	-	(58,523)	-	(58,523)
- Interest on own Capital	-	-	-	-	-	-	-	(48,900)	-	(48,900)
BALANCES AS OF JUNE 30, 2008	<u>1,299,000</u>	<u>-</u>	<u>380</u>	<u>34,156</u>	<u>39,469</u>	<u>260,432</u>	<u>92,367</u>	<u>-</u>	<u>-</u>	<u>1,725,804</u>
CHANGES OF THE PERIOD	<u>-</u>	<u>-</u>	<u>89</u>	<u>(3,663)</u>	<u>10,255</u>	<u>88,712</u>	<u>27,912</u>	<u>-</u>	<u>-</u>	<u>123,305</u>
BALANCES AS OF DECEMBER 31, 2008	1,299,000	-	380	32,938	50,266	353,707	61,228	-	-	1,797,519
VALUATION ADJUSTMENTS TO SHAREHOLDERS' EQUITY	-	-	-	-	-	-	12,481	-	-	12,481
CAPITAL INCREASE										
From Reserve:										
Transfer for capital increase	-	353,000	-	-	-	(353,000)	-	-	-	-
- Capital contribution	353,000	(353,000)	-	-	-	-	-	-	-	-
OTHER EVENTS:										
- Updating of stock exchange memberships	-	-	122	-	-	-	-	-	-	122
- Acquisition of treasury shares	-	-	-	-	-	-	-	-	(384)	(384)
- Revaluation of assets:										
- Realization of reserves:										
Gross amount	-	-	-	(2,031)	-	-	-	2,031	-	-
Tax charges	-	-	-	812	-	-	-	(812)	-	-
NET INCOME FOR THE PERIOD	-	-	-	-	-	-	-	133,815	-	133,815
- Allocations:										
- Reserves	-	-	-	-	6,691	93,984	-	(100,675)	-	-
- Interest on own Capital	-	-	-	-	-	-	-	(34,359)	-	(34,359)
BALANCES AS OF JUNE 30, 2009	<u>1,652,000</u>	<u>-</u>	<u>502</u>	<u>31,719</u>	<u>56,957</u>	<u>94,691</u>	<u>73,709</u>	<u>-</u>	<u>(384)</u>	<u>1,909,194</u>
CHANGES OF THE PERIOD	<u>353,000</u>	<u>-</u>	<u>122</u>	<u>(1,219)</u>	<u>6,691</u>	<u>(259,016)</u>	<u>12,481</u>	<u>-</u>	<u>(384)</u>	<u>111,675</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
 (In thousands of Brazilian reais - R\$)

	<u>06/30/2009</u>	<u>06/30/2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	133,815	205,091
Items not affecting cash and cash equivalents:		
- Depreciation and amortization	12,600	11,529
- Allowance for losses on other assets	15	83
- Allowance for loan losses	186,197	110,211
Adjusted net income	<u>332,627</u>	<u>326,914</u>
Securities	87,509	(104,550)
Other assets	3,190	(1,882)
Interbank investments	1,047,407	(508,694)
Interbank and interbranch accounts	7,552	(26,251)
Lending operations	(1,368,081)	(855,746)
Other receivables	78,317	203,759
Change in deferred income	(28)	(13)
Valuation adjustments to shareholders' equity	12,481	27,912
Revaluation reserve	-	(2,364)
Updating of stock exchange memberships	122	89
NET CASH GENERATE BY (USED IN) OPERATING ACTIVITIES	<u>201,096</u>	<u>(940,826)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits	(11,217)	256,206
Borrowings and onlendings	(20,987)	(66,747)
Open market funding (repurchase agreements)	170,302	(14,946)
Derivatives	20,082	(8,710)
Other payables	(482,611)	557,050
Proposed dividends and bonuses	-	(58,523)
Proposed interest on own capital	(34,359)	(48,900)
Treasury shares	(384)	-
TOTAL INFLOW OF FUNDS	<u>(359,174)</u>	<u>615,430</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to assets not in use	134	454
Additions to property and equipment in use	(28,001)	(6,344)
Additions to investments	(596)	(90)
Disposal of assets not in use	703	1,322
Disposal of property and equipment in use	(50)	28
Disposal of investments	374	0
Deferred charges	(706)	(674)
TOTAL FUNDS	<u>(28,142)</u>	<u>(5,304)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(186,220)</u>	<u>(330,700)</u>
REPRESENTED BY CASH AND CASH EQUIVALENTS:		
At beginning of period	2,074,986	3,141,262
At end of period	<u>1,888,766</u>	<u>2,810,562</u>
Decrease in cash and cash equivalents	<u>(186,220)</u>	<u>(330,700)</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
BANCO DO NORDESTE DO BRASIL S.A.

STATEMENTS OF VALUE ADDED
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
 (In thousands of Brazilian reais - R\$)

	<u>06/30/2009</u>	<u>%</u>	<u>06/30/2008</u>	<u>%</u>
REVENUES	1,982,623		1,601,451	
Financial intermediation	1,618,243		1,247,369	
Services provided	548,630		461,787	
Allowance for doubtful accounts	(186,197)		(110,211)	
Other revenues	1,947		2,506	
EXPENSES ON FINANCIAL INTERMEDIATION	<u>(456,235)</u>		<u>(447,240)</u>	
INPUTS PURCHASED FROM THIRD PARTIES	<u>(739,354)</u>		<u>(461,604)</u>	
Materials, electric power and other	(617,740)		(366,573)	
Outside services	(121,614)		(95,031)	
GROSS VALUE ADDED	<u>787,034</u>		<u>692,607</u>	
RETENTIONS	<u>(12,600)</u>		<u>(11,530)</u>	
Depreciation, amortization and depletion	(12,600)		(11,530)	
WEALTH GENERATED BY THE BANK	<u>774,434</u>		<u>681,077</u>	
TRANSFERRED VALUE ADDED	<u>124</u>		<u>2,103</u>	
Dividends received	124		2,103	
WEALTH FOR DISTRIBUTION	<u>774,558</u>		<u>683,180</u>	
WEALTH DISTRIBUTED	<u>774,558</u>		<u>683,180</u>	
PERSONNEL	386,269	49,9	334,442	49,0
COMPENSATION	223,927	28,9	194,979	28,5
Employees	214,122	27,6	175,193	25,6
Officers	1,215	0,2	1,322	0,2
Employee profit sharing	8,590	1,1	18,464	2,7
BENEFITS	146,774	18,9	126,662	18,5
Pension plan (Capef and PGBL)	883	0,1	2,794	0,4
Accruals (post-employment benefits - CVM Resolution 371)	97,003	12,5	77,325	11,3
Benefits other	48,888	6,3	46,543	6,8
Severance Pay Fund (FGTS)	15,568	2,0	12,801	1,9
TAXES	240,444	31,0	134,933	19,8
Federal	234,623	30,3	130,480	19,1
State	20	0,0	41	0,0
Municipal	5,801	0,7	4,412	0,6
PAYMENTS TO THIRD PARTIES	14,030	1,8	8,714	1,3
Rent	14,030	1,8	8,714	1,3
PAYMENTS TO SHAREHOLDERS	34,359	4,4	107,423	15,7
INTEREST ON OWN CAPITAL	34,359	4,4	48,900	7,2
Federal Government	32,340	4,2	46,022	6,7
Other	2,019	0,3	2,878	0,4
DIVIDENDS	-	0,0	58,523	8,6
Federal Government	-	0,0	55,078	8,1
Other	-	0,0	3,445	0,5
RETAINED EARNINGS	<u>99,456</u>	12,8	<u>97,668</u>	14,3

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

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BANCO DO NORDESTE DO BRASIL S.A.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(Amounts in thousands of Brazilian reais - R\$)

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1. THE BANK AND ITS CHARACTERISTICS

Banco do Nordeste do Brasil S.A. (the "Bank") is a private legal entity operating regionally as a public financial institution established by Federal Law 1649 of July 19, 1952. The Bank was structured as a mixed economy, publicly-traded corporation and its mission is to operate, in the capacity of a public financial institution, as a catalytic agent in promoting the sustainable development of the Northeast, integrating it to the domestic economic dynamics. Banco do Nordeste is authorized to operate all the portfolios permitted for multiple service banks, except the mortgage loan portfolio. As an institution devoted to regional development, the Bank acts as the executive agent of public policies and is responsible for managing the Northeast Constitutional Financing Fund (FNE), - the main source of funds utilized by the Bank for long-term financing - and the operation of the National Family Farming Strengthening Program (PRONAF) in its jurisdiction. It is also the operator of the Northeast Investment Fund (FINOR) and the Northeast Development Fund (FDNE), the latter created in 2001 and altered in 2007 by Supplementary Law 125, which recreated the Northeast Development Authority (SUDENE). In 1998, the Bank created Crediamigo, a Production Microcredit Program that facilitates access to credit by thousands of 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 Interamerican Development Bank (BID).

BANCO DO NORDESTE DO BRASIL S.A.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Brazilian Corporate Law and standards of the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM), and are presented in the format required by the Standard Chart of Accounts for National Financial Institutions (COSIF).

On December 28, 2007, Law 11638/07 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law (Law 6404, of December 15, 1976), especially with respect to chapter XV, Fiscal Year and Financial Statements. On December 3, 2008, Provisional Act 449/08 was enacted, and later, on May 27, 2009, made into Law 11941, which in its articles 37 and 38 introduces changes in Law 6404/76. Such changes were designed to adjust and enable the convergence of Brazilian accounting practices to the International Accounting Standards (IFRS) coordinated by the International Accounting Standards Board (IASB).

In Brazil, the issuance of Technical Pronouncements on accounting procedures in conformity with the International Accounting Standards belongs to the Accounting Pronouncements Committee (CPC) through its Pronouncements. The application of such pronouncements is mandatory after they are approved by the Brazilian Securities and Exchange Commission (CVM) or the Central Bank of Brazil (BACEN).

The Central Bank of Brazil did not express an opinion on all changes introduced by such Laws, but only introduced changes which have been complied with by the Bank since its Financial Statements for the year ended December 31, 2008.

- * CPC-01 - Impairment of Assets (CMN Resolution 3566/08);
- * Replacement of the statement of changes in financial position by the statement of cash flows - CVM Instruction 547/2008;
- * Inclusion of the Statement of Value Added in basic financial statements - CVM Instruction 557/2008;
- * Maintenance of the revaluation reserve until the date of its effective realization through depreciation, write-off or disposal, under National Monetary Council (CMN) Resolution 3565, of May 29, 2008.

BANCO DO NORDESTE DO BRASIL S.A.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a) Results of Operations

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

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

b) Current and long-term assets

Assets and receivables are stated at realizable values, plus income earned and monetary and exchange variations, less unearned income or allowance, if applicable, considering the following:

- b.1) Lending operations are subject to usual market rates;
- b.2) The allowance for loan losses is recorded in accordance with National Monetary Council Resolution 2682, of December 21, 1999;
- b.3) Securities are recorded at cost, plus brokerage and other fees, and are classified and accounted for as described below:
 - Trading securities - securities bought and held principally for the purpose of selling them in the short term and reported at fair value, with unrealized gains and losses included in income for the year;
 - Available-for-sale securities - securities not classified as either trading securities or held-to-maturity securities and reported at fair value, net of taxes, with unrealized gains and losses reported in a separate component of shareholders' equity;
 - Held-to-maturity securities - securities that the enterprise has the positive intent and ability to hold to maturity and stated at cost, plus income earned, included in income for the year;
 - The classification of Available-for-sale securities and Held-to-maturity securities in current and long-term assets was determined according to their maturities, which does not mean the unavailability of the securities, which are of the highest quality and highly liquid. Trading securities are recorded in current assets, regardless of their maturities.

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c) Permanent assets

Stated at acquisition cost, considering the following:

- c.1) Investments are net of allowance for losses;
- c.2) Real estate includes revaluation value;
- c.3) Property and equipment includes depreciation calculated under the straight-line method at the following annual rates: buildings - 4%; data processing systems and vehicles - 20%; tractors and motorcycles - 25%; and other items - 10%;
- c.4) Deferred charges include amortization calculated under the straight-line method at the annual rate of 20%.

d) Current and long-term liabilities

- d.1) Liabilities are stated at original amounts plus, if applicable, accrued interest and monetary and exchange variations, less deferred expenses. Available funds from FNE (Northeast Constitutional Financing Fund) are classified in current and long-term liabilities according to the expected outflow of funds.
- d.2) Provisions for post-employment benefits are recorded in accordance with CVM Resolution 371 of December 13, 2000.

e) Income and Social Contribution Taxes, PASEP and COFINS (taxes on revenue)

Provisions are calculated at the tax rates below in accordance with prevailing legislation:

Income tax	15.00%
Surtax (income tax)	10.00%
Social contribution tax	15.00%
PASEP	0.65%
COFINS	4.00%

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4. INTERBANK INVESTMENTS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Open market investments	<u>1,690,294</u>	<u>2,622,838</u>
Resale agreements pending settlement - own portfolio	1,572,351	2,574,132
Resale agreements pending settlement - third-party portfolio	117,943	48,706
b) Interbank deposits	<u>498,064</u>	<u>1,182,559</u>
TOTAL	<u>2,188,358</u>	<u>3,805,397</u>
CURRENT	2,188,358	3,805,397
LONG-TERM	-	-

5. SECURITIES AND DERIVATIVES

a) Securities

The monetarily adjusted cost (plus income earned) and the fair value of securities as of June 30, 2009 is as follows:

a.1) AVAILABLE-FOR-SALE SECURITIES

<u>TYPE</u>	<u>06/30/2009</u>			<u>MATURITY YEAR</u>
	<u>COST</u>	<u>FAIR VALUE</u>	<u>ADJUSTMENT TO FAIR VALUE</u>	
FIXED-INCOME SECURITIES	<u>4,493,560</u>	<u>4,470,815</u>	<u>(22,745)</u>	
Treasury bills	3,647,080	3,647,234	154	2009 to 2014
Debentures	106,344	104,720	(1,624)	2012 to 2018
CCBs (Bank Credit Notes)	60,829	60,829	-	2011 to 2013
Promissory notes	656,802	656,802	-	2009 to 2010
Government securities - FCVS	1,720	1,190	(530)	2027
Government securities - Other (*)	20,729	-	(20,729)	1993
Agricultural debt securities	56	40	(16)	2009 to 2015
INVESTMENT FUND SHARES	<u>80,768</u>	<u>79,581</u>	<u>(1,187)</u>	
Social development fund (FDS)	1,187	-	(1,187)	Without maturity
Receivables Investment Fund (FIDC) shares	79,581	79,581	-	2012 to 2020
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>291,450</u>	<u>147,291</u>	
Shares of publicly-traded companies	139,948	290,843	150,895	Without maturity
Other tax incentives - (FINOR)	4,211	607	(3,604)	Without maturity
LINKED TO GUARANTEES	<u>185,769</u>	<u>185,258</u>	<u>(511)</u>	
Treasury bills	185,244	185,258	14	2010 to 2011
Government securities - Other (*)	525	-	(525)	1993
TOTAL	<u>4,904,256</u>	<u>5,027,104</u>	<u>122,848</u>	
Tax credit			11,286	
Provision for deferred income and social contribution taxes			(60,426)	
TOTAL ADJUSTMENT TO FAIR VALUE			<u>73,709</u>	

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TYPE	06/30/2008			MATURITY YEAR
	COST	FAIR VALUE	ADJUSTMENT TO FAIR VALUE	
FIXED-INCOME SECURITIES	<u>4,750,209</u>	<u>4,733,855</u>	<u>(16,354)</u>	
Treasury bills	4,535,633	4,539,975	4,342	2008 to 2011
Debentures	106,646	106,646	-	2012 to 2018
CCBs (Bank Credit Notes)	35,361	35,361	-	2013
Promissory notes	50,623	50,623	-	2008
Government securities - FCVS	1,739	1,187	(552)	2027
Government securities - Other (*)	20,127	-	(20,127)	1993
Agricultural debt securities	80	63	(17)	2008 to 2015
INVESTMENT FUND SHARES	<u>1,118</u>	<u>-</u>	<u>(1,118)</u>	
Social development fund (FDS)	1,118	-	(1,118)	Without maturity
VARIABLE-INCOME SECURITIES	<u>144,159</u>	<u>315,934</u>	<u>171,775</u>	
Shares of publicly-traded companies	139,948	315,397	175,449	Without maturity
Other tax incentives - (FINOR)	4,211	537	(3,674)	Without maturity
LINKED TO GUARANTEES	<u>165,156</u>	<u>164,798</u>	<u>(358)</u>	
Treasury bills	164,646	164,798	152	2009
Government securities - Other (*)	<u>510</u>	<u>-</u>	<u>(510)</u>	1993
TOTAL	<u>5,060,642</u>	<u>5,214,587</u>	<u>153,945</u>	
Tax credit			10,399	
Provision for deferred income and social contribution taxes			<u>(71,977)</u>	
TOTAL ADJUSTMENT TO FAIR VALUE			<u>92,367</u>	

In view of the classification of assets in the category above, the amount of R\$ 122,848 (R\$ 153,945, as of June 30, 2008) was recorded in the Bank's shareholders' equity, under "Valuation adjustments to shareholders' equity". This adjustment, net of taxes, corresponds to R\$ 73,709 (R\$ 92,367, as of June 30, 2008).

* The caption "Government Securities - Other" records cash investments in government securities called by the National Treasury as NUCL910801 with a maturity on August 31, 1993, not yet redeemed.

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a.2) HELD-TO-MATURITY SECURITIES

TYPE	06/30/2009			06/30/2008		
	COST	FAIR VALUE	MATURITY YEAR	COST	FAIR VALUE	MATURITY YEAR
FIXED-INCOME SECURITIES	<u>28,234</u>	<u>28,234</u>		<u>6,881</u>	<u>6,881</u>	
Treasury Bills	-	-		-	-	
Investment Fund Shares - Nordeste Empreendedor	2,036	2,036	2011	5,527	5,527	2011
National Treasury Notes (NTN-P)	382	382	2012 to 2014	354	354	2012 to 2014
Investment Fund Shares - CRIATEC	2,063	2,063	2017	1,000	1,000	2017
Investment Fund Shares - Nordeste Energia	<u>23,753</u>	<u>23,753</u>	2023	-	-	
TOTAL	<u>28,234</u>	<u>28,234</u>		<u>6,881</u>	<u>6,881</u>	

a.3) In the first half of 2009, securities of the above categories were not reclassified and securities classified in the Held-to-maturity category were not sold.

a.4) The following criteria were adopted to determine the fair value of securities:

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

b) Derivatives

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

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

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

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As of June 30, 2009, 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 (aggregate value) and the related book value is recorded under the captions “Differential Payable” and “Differential Receivable”, as shown below:

<u>SWAP CONTRACTS</u>	<u>NOTIONAL VALUE</u>	<u>FAIR VALUE</u>		<u>CURVE</u>		<u>MARK TO MARKET</u>	
		<u>RECEIVABLE</u>	<u>PAYABLE</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>	<u>POSITIVE</u>	<u>NEGATIVE</u>
<u>Asset position</u>							
Foreign currency (dollar)	20,000	3,789	-	2,617	-	1,172	-
<u>Liability position</u>							
Interbank market (CDI - Interbank Certificate of Deposit)	35,880	-	558	-	68	-	489
Fixed rate	<u>741,593</u>	<u>10</u>	<u>37,503</u>	<u>3</u>	<u>6,814</u>	<u>12</u>	<u>30,695</u>
TOTAL	<u>797,473</u>	<u>3,799</u>	<u>38,061</u>	<u>2,620</u>	<u>6,882</u>	<u>1,184</u>	<u>31,184</u>

Swap transaction risks

Amount

MARKET RISK HEDGE - ASSETS
 HEDGED ITEMS - LIABILITIES
 MARKET RISK HEDGE - LIABILITIES
 HEDGED ITEMS - ASSETS

26,357
83,952
874,987
791,041

Swap agreements mature as follows:	<u>Differential receivable</u>	<u>Differential payable</u>
Up to 3 months	-	10,559
3 to 12 months	3,789	11,557
1 to 3 years	4	14,112
3 to 5 years	6	1,673
5 to 15 years	-	<u>160</u>
TOTAL	<u>3,799</u>	<u>38,061</u>

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

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c) Sensitivity Analysis

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

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

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

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

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

In order to monitor and control Trading Portfolio risks, the parametric VaR, which measures the maximum possible loss of a portfolio within a period of time, is used, taking into consideration a certain confidence level. Banco do Nordeste considers information from 60 business days and confidence level of 99%. Value at Risk (VaR) of fixed rate transactions of the BNB Trading Portfolio, as of June 30, 2009, was R\$ 245, compared to the portfolio's net balance (assets less liabilities) of R\$ 1.21 billion.

As of June 30, 2009, proportion between VaR and Trading Portfolio net value was 0.0202%, indicating that the portfolio is exposed to a low level of market risk, since most related fixed rate transactions have one day maturity and are backed by federal government securities; this is the reason why this portfolio balances were not considered in the sensitivity analysis.

Non-trading Portfolio is comprised of credit, financing, and foreign exchange transactions, hedge derivatives, deposits, short-term investments, transfers, and product and service transactions for the Bank.

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For sensitivity analysis purposes, Non-trading Portfolio balances, except for hedge derivatives, were not considered because the transactions which comprise them - credit transactions, fund raising and securities, mainly - remain in the portfolio until their corresponding maturity, at contractual interest rates. Therefore, changes in interest rates due to market volatility do not have a material financial and accounting impact on Non-trading Portfolio.

In compliance with Art 4 of CVM Instruction 475 of 12/17/2008, we present the Sensitivity Analysis Chart with Swap transactions and their corresponding hedged items.

Nature of transaction	Risk type	Financial instrument	Scenario 1	Scenario 2	Scenario 3
Hedge	Increase in currency basket quotations	Foreign exchange SWAP	1,172	7,761	14,350
		Foreign exchange Debt	21,041	5,314	(10,412)
		Net exposure	19,869	(2,447)	(24,762)
	Interest rate variation (increase)	Fixed rate SWAP	(71,754)	(34,866)	50,583
		Fixed rate assets	43,544	(37,277)	(107,692)
		Net exposure	(28,210)	(72,142)	(57,108)

As of June 30, 2009, risks which may cause losses are: (a) increase in US dollar quotation and (b) increase in rates of future interest contracts. The method used to prepare the sensitivity analysis was to survey the balances (marked to market) of asset and liability transactions exposed to these two types of risk, and the determination of net exposure. On this result, scenario 1, 2 and 3 were applied, as follows:

Scenario 1 - current situation (marked to market values) of risk exposure factors based on market information (BM&F Bovespa and Andima), following the example of future interest rate curve and US dollar exchange rates. For example, on the base date of June 30, 2009, the annual rate for transactions maturing in 30 days CDI (Interbank Deposit Rate) x fixed rate indicated 8.91% p.a. and US dollar sales quotation was R\$ 1.95;

Scenario 2 - 25% variation of futures interest rate and US dollar exchange rate over positions as of June 30, 2009, applied to Scenario 1. Annual rate for transactions CDI x fixed rate maturing in 30 days was increased to 11.14% p.a. and US dollar sales quotation increased to R\$ 2.44;

Scenario 3 - 50% variation of futures interest rate and US dollar exchange rate over positions as of June 30, 2009, applied to Scenario 1. Annual rate for transactions CDI x fixed rate maturing in 30 days was increased to 13.37% p.a. and US dollar sales quotation increased to R\$ 2.93;

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6. LOAN PORTFOLIO AND ALLOWANCE FOR LOAN LOSSES

a) Loan Portfolio

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Advances to depositors	2,140	1,771
Loans	3,391,560	1,282,055
Discounted notes	122,831	68,110
Financing	1,061,448	690,208
Export financing	-	92
Financing in foreign currency	11,156	20,973
Refinancing with federal government	534,549	549,935
Rural financing and agribusiness loans	1,832,663	1,790,789
Real estate financing (1)	229	205
Infrastructure and development financing	<u>744,786</u>	<u>591,975</u>
Subtotal of lending operations	<u>7,701,362</u>	<u>4,996,113</u>
Guarantees honored	16	22
Income receivable from advances	10,989	5,429
Debtors for purchase of assets	5,731	4,585
Notes and credits receivable	3,583	-
Advances on foreign exchange contracts (2)	<u>336,260</u>	<u>236,024</u>
Subtotal of other captions with loan characteristics	<u>356,579</u>	<u>246,060</u>
TOTAL LOAN PORTFOLIO	<u>8,057,941</u>	<u>5,242,173</u>

(1) Refer to operations contracted before the discontinuance of real estate financing activities.

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

b) Breakdown by maturity

b.1) Normal (1)

<u>Business sector</u>	<u>From 0 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total 06/30/2009</u>	<u>Total 06/30/2008</u>
Rural	64,613	89,395	104,656	1,539,123	1,797,787	1,698,350
Industrial	259,243	174,286	252,885	405,250	1,091,664	506,074
Government	17,197	11,409	28,605	1,163,295	1,220,506	1,082,113
Other services	205,131	402,936	466,888	809,513	1,884,468	562,308
Commercial	379,960	211,037	273,565	179,568	1,044,130	607,250
Financial	60,048	63,818	130,448	463,373	717,687	514,535
Housing	98	98	33	-	229	205
Individuals	<u>12,252</u>	<u>11,053</u>	<u>7,844</u>	<u>13,082</u>	<u>44,231</u>	<u>41,693</u>
T O T A L	<u>998,542</u>	<u>964,032</u>	<u>1,264,924</u>	<u>4,573,204</u>	<u>7,800,702</u>	<u>5,012,528</u>

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b.2) Past-due

Current						
<u>Business sector</u>	<u>From 0 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total 06/30/2009</u>	<u>Total 06/30/2008</u>
Rural	728	843	109	40,268	41,948	39,699
Industrial	7,608	31,670	9,789	18,557	67,624	29,470
Other services	3,885	3,371	5,417	8,289	20,962	11,150
Commercial	12,906	8,344	9,674	8,399	39,323	24,675
Financial	1	1	1	-	3	57
Individuals	<u>964</u>	<u>569</u>	<u>675</u>	<u>1,037</u>	<u>3,245</u>	<u>3,362</u>
T O T A L	<u>26,092</u>	<u>44,798</u>	<u>25,665</u>	<u>76,550</u>	<u>173,105</u>	<u>108,413</u>

Past-due						
<u>Business sector</u>	<u>From 0 to 90 days</u>	<u>From 91 to 180 days</u>	<u>From 181 to 360 days</u>	<u>Over 360 days</u>	<u>Total 06/30/2009</u>	<u>Total 06/30/2008</u>
Rural	3,903	2,286	2,159	1,953	10,301	64,102
Industrial	7,693	6,105	4,743	1,072	19,613	9,990
Other services	4,178	1,940	5,421	324	11,863	20,596
Commercial	14,306	10,076	9,860	3,011	37,253	22,701
Financial	-	1	1	-	2	10
Individuals	<u>1,758</u>	<u>1,415</u>	<u>1,699</u>	<u>230</u>	<u>5,102</u>	<u>3,833</u>
T O T A L	<u>31,838</u>	<u>21,823</u>	<u>23,883</u>	<u>6,590</u>	<u>84,134</u>	<u>121,232</u>

c) Breakdown by risk level

Risk level	06/30/2009				06/30/2008			
	<u>Normal (1)</u>	<u>Past-due</u>	<u>Total portfolio</u>	<u>Allowance</u>	<u>Normal (1)</u>	<u>Past-due</u>	<u>Total portfolio</u>	<u>Allowance</u>
AA	3,023,950	-	3,023,950	-	2,624,228	-	2,624,228	-
A	2,455,111	-	2,455,111	12,276	1,302,288	-	1,302,288	6,511
B	1,809,905	47,791	1,857,696	18,577	718,722	11,478	730,200	7,302
C	60,004	21,736	81,740	2,452	92,838	19,431	112,269	3,368
D	104,724	18,699	123,423	12,342	103,442	18,452	121,894	12,189
E	35,921	16,200	52,121	15,637	20,511	8,339	28,850	8,655
F	55,114	13,825	68,939	34,470	12,054	11,643	23,697	11,849
G	26,426	38,227	64,653	45,257	5,024	18,338	23,362	16,354
H	<u>229,547</u>	<u>100,761</u>	<u>330,308</u>	<u>330,308</u>	<u>133,421</u>	<u>141,964</u>	<u>275,385</u>	<u>275,385</u>
TOTAL	<u>7,800,702</u>	<u>257,239</u>	<u>8,057,941</u>	<u>471,319</u>	<u>5,012,528</u>	<u>229,645</u>	<u>5,242,173</u>	<u>341,613</u>

(1) Past-due up to 14 days.

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d) Change in allowance for the period

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Beginning balance	345,790	295,799
(+) Net allowance recognized in the period	181,746	111,948
(-) Write-off as loss in the period	<u>(56,217)</u>	<u>(66,134)</u>
(=) Allowance for loan losses	471,319	341,613
(+) Allowance for losses on other receivables without loan characteristics	<u>30,059</u>	<u>27,226</u>
(=) Allowance for loan losses balance	<u>501,378</u>	<u>368,839</u>

e) Allowance expense balance

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
(+) Expenses on allowance for loan losses	161,998	89,625
(+) Expenses on allowance for losses on other receivables	19,747	22,323
(-) Reversals of operating allowances	-	-
(=) Expense balance on allowance with loan characteristics	181,745	111,948
(+) Expense on allowance for losses on other receivables without loan characteristics	4,547	19
(-) Reversals of allowance for losses on other receivables without loan characteristics	<u>(95)</u>	<u>(1,756)</u>
(=) Expense balance on allowance for loan losses	<u>186,197</u>	<u>110,211</u>

f) In the six-month period, recoveries of receivables written off as loss were R\$ 88,191 (R\$ 86,599, as of June 30, 2008) and renegotiations of operations amounted to R\$ 208,893 (R\$ 130,454, as of June 30, 2008).

g) Credits recovery with legal base

In conformity with Law 11322, of July 13, 2006 and Law 11775, of September 17, 2008, concerning rescheduling of debts arising from rural credit operations, that provides for rebates in the debit balance, discounts for prompt payment of installments, reduction of interest rate, and extension of payment terms of said operations, a positive effect on the Bank's income, referring to June 30, 2009, was recognized in the amount of R\$ 48,347 (R\$ 75,014, as of June 30, 2008).

The chart below shows that Law 11775/08 had effects only on data related to June 30, 2009. Pursuant to the mentioned laws, part of these transactions was acquired by the Northeast Constitutional Financing Fund (FNE):

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Income earned	33,044	21,571
Recovery of operations written off from assets	18,340	58,537
Expenses on negative goodwill	(3,353)	(22,315)
Net effect of allowances	<u>316</u>	<u>17,221</u>
Total	<u>48,347</u>	<u>75,014</u>

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7. OTHER RECEIVABLES

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Receivables for Guarantees Honored	<u>16</u>	<u>22</u>
b) Foreign Exchange Portfolio	<u>328,665</u>	<u>223,795</u>
Foreign exchange purchased pending settlement	317,147	213,929
Rights to foreign exchange sold	533	4,733
Advances received in local currency	(4)	(296)
Income receivable from advances	10,989	5,429
c) Income Receivable	<u>19,735</u>	<u>24,845</u>
d) Trading Account	<u>11</u>	<u>1</u>
e) Specific Receivables/National Treasury - Extension of Payment of Rural Loans /Resolution 2238	<u>-</u>	<u>291</u>
f) Other	<u>690,531</u>	<u>522,189</u>
Tax credits - temporary differences	178,618	114,945
Tax credits - securities and derivatives (note 5.a.1)	11,286	10,399
Escrow deposits	247,564	214,472
Recoverable taxes and contributions	69,951	46,110
Tax incentive options	26,748	26,748
Salary advances	13,088	10,270
Reimbursable payments	7,411	7,388
Recalculation, discounts, exemption and bonus in transactions of the National Bank for Economic and Social Development (BNDES)	3,083	3,405
Recalculation, discounts, exemption and bonus in transactions of the FAT	68,515	56,926
Other	64,267	31,526
g) Allowance for Losses on Other Receivables	<u>(71,408)</u>	<u>(55,087)</u>
II With loan characteristics	(41,349)	(27,861)
Without loan characteristics	<u>(30,059)</u>	<u>(27,226)</u>
TOTAL	<u>967,550</u>	<u>716,056</u>
CURRENT	901,429	691,708
LONG-TERM	66,121	24,348

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8. PERMANENT ASSETS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Investments	<u>1,342</u>	<u>1,033</u>
a.1) Other investments	<u>6,245</u>	<u>5,872</u>
Tax incentive investments	4,611	4,546
Shares	944	443
Works of art	690	883
a.2) Allowance for losses	<u>(4,903)</u>	<u>(4,839)</u>
Tax incentive investments	(4,610)	(4,546)
Shares	(293)	(293)
b) Property and equipment	<u>195,679</u>	<u>183,339</u>
b.1) Real estate	<u>121,887</u>	<u>117,444</u>
Land	6,267	6,051
Buildings	115,620	111,393
b.2) Real estate revaluations	<u>111,628</u>	<u>111,628</u>
Land - Revaluations	10,930	10,930
Buildings - Revaluations	100,698	100,698
b.3) Other	<u>145,381</u>	<u>118,919</u>
Installations, furniture and equipment in use	59,676	54,494
Data processing system	53,746	47,288
Security system	10,040	9,946
Other	21,919	7,191
b.4) Accumulated depreciation	<u>(183,217)</u>	<u>(164,652)</u>
Real estate	(138,350)	(126,117)
Other property and equipment in use	(44,867)	(38,535)
c) Deferred charges	<u>4,247</u>	<u>4,941</u>
c.1) Organization and expansion costs	<u>10,537</u>	<u>10,533</u>
Leasehold improvements	10,285	10,005
Software acquisition and development	252	528
c.2) Accumulated amortization	<u>(6,290)</u>	<u>(5,592)</u>
Leasehold improvements	(6,176)	(5,166)
Software acquisition and development	<u>(114)</u>	<u>(426)</u>
TOTAL	<u>201,268</u>	<u>189,313</u>

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9. DEPOSITS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Demand deposits	<u>138,416</u>	<u>176,617</u>
Deposits in foreign currency	48,285	45,566
Government deposits	21,877	75,508
Restricted deposits	19,519	30,852
Legal entities	40,596	17,238
Individuals	7,260	6,107
Other	879	1,346
b) Savings deposits	<u>870,709</u>	<u>730,258</u>
Free savings deposits - individuals	557,147	464,045
Free savings deposits - legal entities	313,398	266,157
From affiliates and institutions of the Financial System	164	56
c) Interbank deposits	<u>177,503</u>	<u>172,088</u>
d) Time deposits	<u>2,929,254</u>	<u>2,286,919</u>
Time deposits	1,947,166	1,313,737
Escrow deposits subject to monetary adjustment	53,155	42,755
Special deposits subject to monetary adjustment/FAT - Available funds (note 10.c)	<u>12,354</u>	<u>16,200</u>
Proger Urbano (credit facilities for urban investment purposes)	135	461
Proger Rural (credit facilities for rural investment purposes)	1,847	1,989
Pronaf (National Family Farming Strengthening Program)	101	1,759
Protrabalho (Employment and Life Quality Improvement Program for Workers in the Northeast Region)	3,353	6,217
Infrastructure	6,374	5,332
Estiagem (federal government program to provide benefits to farmers affected by drought in Northeastern Brazil)	544	442
Special deposits subject to monetary adjustment/FAT - Invested funds (note 10.c)	<u>393,527</u>	<u>486,701</u>
Proger Urbano	58,034	67,135
Proger Rural	4,156	11,816
Pronaf	1,706	24,791
Protrabalho	255,775	304,805
Infrastructure	58,656	59,702
Drought	15,200	18,452
FINOR/Cash and Reinvestments Law 8167	522,798	427,403
Other	254	123
e) Other deposits - Investment deposits	<u>9,561</u>	<u>7,462</u>
TOTAL	<u>4,125,443</u>	<u>3,373,344</u>
CURRENT	2,287,955	2,021,644
LONG-TERM	1,837,488	1,351,700

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10. LONG-TERM LIABILITIES

- a) With respect to domestic borrowings and onlendings, interest rates vary from 0 to 10.0% per year and maturities vary from 4 to 20 years with an average of 6 years. In accordance with legal and contractual requirements, monetary adjustment, when applicable, is calculated using the official indices disclosed by the Central Bank of Brazil.
- b) Financing from the BNDES (National Bank for Economic and Social Development) is on the order of R\$ 670,888 (R\$ 619,080, as of June 30, 2008), subject to TJLP (long-term interest rate) plus average spread of 1.0% per year and average maturity of 5 years.
- c) Funds derived from the Fund for Workers' Assistance (FAT), recorded under "Special deposits subject to monetary adjustment", on the order of R\$ 405,880 (R\$ 502,901, as of June 30, 2008) are subject to SELIC (Central Bank overnight rate) while they are not used in lending operations, and to TJLP after they are released to the borrowers. Available funds bearing interest at SELIC are R\$ 12,354 (R\$ 16,200, as of June 30, 2008).

Pursuant to CODEFAT (Board of the Worker's Assistance Fund) Resolution 439, of June 2, 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, relating to the new deposits made by FAT, when funds are not released to the final borrowers.
- d) Regarding foreign financing, interest rates range from 1.24% to 6.00% per year, average maturity is 10 years and final maturity to the IDB is 2027. Pursuant to contractual requirements, exchange variation, if applicable, is calculated using the official rates disclosed by the Central Bank of Brazil.
- e) Onlending loans are made at least under the same conditions as for borrowings, in respect of interest charges and maturities, and are secured by collaterals, guarantees and sureties.
- f) Borrowings and Onlendings by Maturity:

<u>Specification</u>	<u>0 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>5 to 15 Years</u>	<u>Over 15 years</u>	<u>Total 06/30/2009</u>	<u>Total 06/30/2008</u>
Domestic borrowings	13,465	-	26,929	26,343	14,051	-	80,788	86,872
Foreign borrowings	116,706	176,061	-	-	-	-	292,767	225,623
Domestic onlendings	156,880	153,673	192,037	216,667	279,668	330,443	1,329,368	1,162,501
Foreign onlendings	<u>7,051</u>	<u>60,022</u>	<u>139,961</u>	<u>149,868</u>	<u>338,623</u>	<u>101,609</u>	<u>797,134</u>	<u>621,515</u>
TOTAL	<u>294,102</u>	<u>389,756</u>	<u>358,927</u>	<u>392,878</u>	<u>632,342</u>	<u>432,052</u>	<u>2,500,057</u>	<u>2,096,511</u>

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11. BORROWINGS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Domestic borrowings - official institutions/Refinancing	80,788	86,872
b) Foreign borrowings/ Borrowings in foreign currency	<u>292,767</u>	<u>225,623</u>
TOTAL	<u>373,555</u>	<u>312,495</u>
CURRENT	306,232	238,033
LONG-TERM	67,323	74,462

12. DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) National Treasury	<u>1,235</u>	<u>1,356</u>
b) BNDES (note 10.b)	<u>634,967</u>	<u>565,057</u>
POC (credit facility granted by the BNDES agents to shareholders of medium-sized and small companies to buy shares in capital increases)	306,505	228,719
Credit Facility for investment in agriculture	328,462	336,338
c) CEF (Federal Savings and Loan Bank)	<u>26</u>	<u>201</u>
d) FINAME (National Equipment Financing Authority) (note 10.b)	<u>35,921</u>	<u>54,022</u>
"Programa Automático" (program intended to fund the purchase of new machinery and equipment by companies based in Brazil)	22,437	40,001
Farm Program	13,476	13,978
Import	8	43
e) Other institutions	<u>657,219</u>	<u>541,865</u>
Pilot Support Project of Agrarian Reform	80,166	76,378
"MEPF-Banco da Terra" - Land Fund and Agrarian Reform - Land Bank	139,219	140,545
"Banco da Terra"- Land Bank - Fight against rural poverty	437,834	324,942
Other programs	-	-
TOTAL	<u>1,329,368</u>	<u>1,162,501</u>
CURRENT	310,553	317,090
LONG-TERM	1,018,815	845,411

13. FOREIGN ONLENDINGS

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) IDB-Prodetur (Tourism Development Program with funds provided by the IDB) (note 10.d)	787,809	608,853
b) Other programs	<u>9,325</u>	<u>12,662</u>
TOTAL	<u>797,134</u>	<u>621,515</u>
CURRENT	67,073	51,539
LONG-TERM	730,061	569,976

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14. OTHER PAYABLES

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Collected taxes and other	25,803	20,293
Funds from Proagro (program established to guarantee supplemental funds for farmers to pay their costs of farming and cattle raising)	4,000	3,986
IOF (tax on financial transactions) payable	18,170	12,854
Other taxes	2,255	2,877
	1,378	576
b) Foreign exchange portfolio	820	4,830
Foreign exchange purchased	336,496	236,121
Foreign exchange sold pending settlement	531	4,689
(Advances on foreign exchange contracts)	(336,260)	(236,024)
Other	53	44
c) Social and statutory	43,068	125,935
Dividends and bonuses payable	34,479	107,471
Profit sharing	8,589	18,464
d) Tax and social security	325,321	252,410
Reserve for tax contingencies (note 20)	89,824	92,245
Taxes payable	68,919	86,013
Tax lawsuits	20,905	6,232
Provision for deferred income and social contribution taxes	74,285	87,462
Securities and derivatives (note 5.a.1)	60,426	71,977
Revaluation of buildings and land	13,859	15,485
Provision for income and social contribution taxes	128,995	45,155
Income tax	80,302	31,895
Social contribution	48,693	13,260
Taxes payable	32,217	27,548
e) Financial and development funds	4,092,119	5,139,395
FNE (Northeast Constitutional Financing Fund)	4,018,297	5,073,852
Other	73,822	65,543
f) Other	2,427,417	2,044,577
Reserve for contingencies	1,184,390	944,019
Labor (note 20)	185,677	115,647
Civil (note 20)	93,443	71,548
Other (note 20)	522	498
FNE (note 25.c.2)	904,730	756,326
FDNE (Note 25.c.2)	18	-
Accrued liabilities allowance	1,141,317	1,011,482
Employee benefits - CVM Resolution 371 (note 23.e)	958,955	852,858
Pension plan - CVM Resolution 371	728,849	670,337
Health care plan - CVM Resolution 371	230,106	182,521
Personnel expenses	67,920	55,519
Other	114,442	103,105
Other	101,710	89,076
TOTAL	<u>6,914,548</u>	<u>7,587,440</u>
CURRENT	3,635,521	3,014,759
LONG-TERM	3,279,027	4,572,681

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15. SHAREHOLDERS' EQUITY

a) Capital

The amount of Capital is R\$ 1,652,000 (R\$ 1,299,000, as of June 30, 2008), represented by 87,001,901 paid-up shares without par value, and distributed as follows:

06/30/2009					
<u>Shareholders</u>	<u>Common shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% Voting capital</u>	<u>% Total capital</u>
Federal government	46,595,279	35,373,190	81,968,469	96.10	94.21
FND (National Development Fund)	1,473,704	2,373,264	3,846,968	3.04	4.42
BNDESPAR	22,785	403,495	426,280	0.05	0.49
Other (9,312 shareholders)	<u>393,007</u>	<u>367,177</u>	<u>760,184</u>	<u>0.81</u>	<u>0.87</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

06/30/2008					
<u>Shareholders</u>	<u>Common Shares</u>	<u>Preferred shares</u>	<u>Total shares</u>	<u>% Voting capital</u>	<u>% Total capital</u>
Federal government	46,595,279	35,373,190	81,968,469	96.10	94.21
FND (National Development Fund)	1,473,704	2,373,264	3,846,968	3.04	4.42
BNDESPAR	24,585	408,595	433,180	0.05	0.50
Other (9,296 shareholders)	<u>391,207</u>	<u>362,077</u>	<u>753,284</u>	<u>0.81</u>	<u>0.87</u>
TOTAL	<u>48,484,775</u>	<u>38,517,126</u>	<u>87,001,901</u>	<u>100.00</u>	<u>100.00</u>

b) Revaluation Reserve

The amount of R\$ 31,719 (R\$ 34,156, as of June 30, 2008) refers to the revaluation of property and equipment in use, recognized on February 26, 1993. This reserve will be maintained until its effective realization through depreciation, write-off or sale. The amount of R\$ 1,219 (R\$ 1,299, as of June 30, 2008), realized in the year, was included in the income allocation basis.

c) Treasury shares

On August 8, 2008, the Board of Directors approved the acquisition, by the Bank, of common and preferred shares resulting from fractions generated by the reverse stock split approved by the shareholders' meeting of March 17, 2008. The acquisition of these shares was carried out on February 17, 2009, in a special trading session of the BM&F BOVESPA, and refers to 8,088 common nominative shares (ON) and 2,144 preferred nominative shares (PN). These shares, whose market values on June 30, 2009 represent, respectively, R\$ 31.98 and R\$ 34.50 per share, are held in treasury to be later disposed of or cancelled.

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d) Net Income - Allocations

1. Net income	<u>133,815</u>
2. Revaluation reserves transferred to retained earnings	<u>1,219</u>
3. Adjusted net income	<u>135,034</u>
Legal reserve (item 1 X 5%)	6,691
Interest on own capital (note 15.e)	34,359
Statutory reserve (item 3 - Legal reserve - interest on own capital)	93,984

e) Dividends/Interest on own Capital

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

The Executive Board proposed and the Board of Directors approved, subject to the approval of the Shareholders' Meeting, the early payment of interest on own capital attributed to dividends equivalent to 25.0391% of adjusted net income.

Interest on own capital for the first half of 2009 was calculated as follows:

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
1. Net income for the period	<u>133,815</u>	<u>205,091</u>
2. Recorded legal reserve	(6,691)	(10,255)
3. Revaluation reserves transferred to Retained earnings	1,219	1,299
4. Profit sharing	8,590	18,464
5. Calculation basis of dividends/interest on own capital	<u>136,933</u>	<u>214,599</u>
6. Interest on own capital	34,359	48,900
7. Withholding income tax (IRRF) on interest on own capital	(72)	(102)
8. Interest on own capital attributed to dividends (items 6 and 7)	34,287	48,798
9. Proposed dividends	-	58,523
10. Dividends and interest on own capital (items 6 and 9)	34,359	107,423
- Interest on own capital of R\$ 0.378217919471 per common share (as of 06.30,2008, interest on own capital of R\$ 0.53822845419 per common share)	18,335	26,096
- Interest on own capital of R\$ 0.416039711508 per preferred share (as of 06.30,2008, interest on own capital of R\$ 0.59205129946 per preferred share)	16,024	22,804
- Dividends of R\$ 0.00 per common share (as of 06.30,2008, dividends of R\$ 0.644145654796 per common share)	-	31,231
- Dividends of R\$ 0.00 per preferred share (as of 06.30,2008, dividends of R\$ 0.708560220199 per preferred share)	-	27,292

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

16. INCOME FROM FINANCIAL INTERMEDIATION

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Lending operations	<u>540,769</u>	<u>376,420</u>
Interest and commissions	435,174	231,294
Monetary restatement	14,989	58,401
Exchange variation	2,416	126
Recovery of receivables written off as loss	88,190	86,599
b) Securities transactions	<u>426,545</u>	<u>468,440</u>
Fixed-income securities	275,588	266,018
Other	154,959	204,664
Income, loss and adjustment	(4,002)	(2,242)
c) Derivatives	<u>(31,745)</u>	<u>(21,014)</u>
d) Foreign exchange transactions	<u>55,732</u>	<u>9,203</u>
Foreign exchange transactions	16,753	8,674
Foreign currency	34,653	105
Rate variations and differences	4,326	424
e) Compulsory investments	<u>853</u>	<u>12,117</u>
Interest and commissions	687	11,937
Monetary restatement	<u>166</u>	<u>180</u>
TOTAL	<u>992,154</u>	<u>845,166</u>

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17. EXPENSES ON FINANCIAL INTERMEDIATION

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Funding operations	<u>(189,882)</u>	<u>(138,804)</u>
Interest and commissions	(87,683)	(73,424)
Monetary restatement	(102,199)	(65,380)
b) Borrowings and onlendings	<u>(266,353)</u>	<u>(304,703)</u>
Interest and commissions	(40,761)	(41,649)
Monetary restatement	(2,821)	(15,775)
Monetary restatement of funds from the FNE	(222,055)	(247,279)
Exchange variation	(716)	-
c) Allowance for loan losses (note 6.e)	<u>(186,197)</u>	<u>(110,211)</u>
Lending operations	(181,745)	(111,948)
Operations without loan characteristics	<u>(4,452)</u>	<u>1,737</u>
TOTAL	<u>(642,432)</u>	<u>(553,718)</u>

18. OTHER OPERATING INCOME (EXPENSES)

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
a) Income from services provided	<u>543,318</u>	<u>458,097</u>
Investment funds management	4,158	3,686
Funds and programs management	418,195	368,173
Services provided	120,965	86,238
b) Income from bank fees	<u>5,312</u>	<u>3,690</u>
c) Personnel expenses	<u>(421,507)</u>	<u>(351,947)</u>
Salaries	(212,584)	(173,523)
Payroll charges	(69,727)	(58,580)
Contribution expenses - CAPEF (note 23. g)	(1,181)	(2,607)
Contribution expenses - CAMED (note 23. g)	(4,488)	(5,763)
Pension plan - CVM Resolution 371 (note 23.g)	(63,664)	(52,908)
Health care plan - CVM Resolution 371 (note 23.g)	(33,339)	(24,417)
Benefits, training, fees and compensation of intern	(36,524)	(34,149)
d) Other administrative expenses	<u>(253,132)</u>	<u>(204,619)</u>
Data processing	(53,226)	(39,994)
Advertising and publicity	(18,364)	(10,988)
Outside services	(56,905)	(40,769)
Rentals, material and public utilities	(21,768)	(18,324)
Travels	(7,570)	(8,606)
Communications	(16,553)	(13,033)
Depreciation and amortization	(12,600)	(11,530)
Asset maintenance	(11,309)	(9,855)
Surveillance, security and transportation	(11,457)	(10,132)
Promotions, public relations and publications	(6,964)	(7,581)
Financial System services	(6,814)	(5,838)
Specialized technical services	(9,052)	(8,104)
Other	(20,550)	(19,865)

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e) Tax expenses	<u>(68,434)</u>	<u>(54,541)</u>
Cofins and PIS/PASEP (taxes on revenue)	(62,376)	(49,901)
ISS (service tax) and IPTU (municipal real estate tax)/Improvement	(5,597)	(4,199)
Other	(461)	(441)
f) Other operating income	<u>595,237</u>	<u>404,307</u>
Financial commission on investment funds management	261,938	185,808
Negative exchange variation on loans obtained	240,587	89,586
Recovery of charges and expenses	6,291	3,048
Reversal of provisions for social contribution and income tax	14,717	-
Reversal of operating provisions	16,917	105,618
Interest and commissions	3,780	3,737
FNE-Recovery of amounts settled by the Bank	22,652	13,074
Other	28,355	3,436
g) Other operating expenses	<u>(512,852)</u>	<u>(277,229)</u>
Exchange area exchange variation	(166)	-
Negative exchange variation on granted loans	(255,874)	(66,835)
Tax contingencies	(9,047)	(27,769)
Risks of FNE operations	(163,510)	(168,027)
Labor lawsuits	(12,781)	(2,013)
Civil lawsuits	(20,335)	(1,329)
Other lawsuits	(11)	(51)
Other operating provisions	(3,134)	-
Other	<u>(47,994)</u>	<u>(11,205)</u>
TOTAL	<u>(112,058)</u>	<u>(22,242)</u>

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19. TAXES PAYABLE

a) Income and social contribution taxes

The Bank is subject to taxation on deemed income and pays income and social contribution taxes monthly on an estimated basis. Income tax expense in the period was R\$ 60,430 and social contribution tax expense was R\$ 36,776, and they are reconciled as shown below:

a.1) Breakdown of the provision for income tax and social contribution expense	<u>Income tax</u>		<u>Social contribution</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Income before taxes (*)	196,662	204,347	196,662	204,347
Permanent additions/deductions	24,452	8,175	24,465	8,200
Temporary additions/deductions	242,612	(28,269)	242,612	(28,269)
Taxable income before utilization of tax loss carryforwards	<u>463,726</u>	<u>184,253</u>	<u>463,739</u>	<u>184,278</u>
Offset of tax loss carryforwards	(139,118)	(55,276)	(139,122)	(55,284)
Taxable income after utilization of tax loss carryforwards	<u>324,608</u>	<u>128,977</u>	<u>324,617</u>	<u>128,994</u>
Provision for income tax and social contribution	(80,632)	(31,724)	(48,388)	(13,037)
Deductions (tax incentives)	838	337	-	-
Deferred tax assets	19,364	(2,665)	11,612	(1,068)
Total IRPJ (corporate income tax) and CSLL (social contribution on net profit) expenses	(60,430)	(34,052)	(36,776)	(14,105)
% of expenses in relation to Income/expenses before taxation	30.73%	16.66%	18.70%	6.90%

a.2) Breakdown of the provision for income tax and social contribution expense	<u>Income tax</u>		<u>Social contribution</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Provision for income tax and social contribution expense	79,794	31,387	48,388	13,037
Provision for taxes on the realization of revaluation reserve	508	508	305	223
Provision for income tax and social contribution	80,302	31,895	48,693	13,260
Taxes for offset due to tax prepayments, including withholding taxes	45,058	32,608	19,557	9,167
Period adjustment value	35,244	(713)	29,136	4,093

(*) Less profit sharing and interest on own capital.

b) Tax credits on temporary differences

Article 9 of Law 9430 specifies the rules of deductibility of allowance for loan losses expenses from the income and social contribution tax calculation, which differ from the rules of National Monetary Council 2682 of December 21, 1999. The portion of the provision recorded under the rules of the National Monetary Council that exceeds the limit determined in accordance with tax legislation is temporarily added to the income and social contribution tax basis. The temporarily nondeductible provisions will decrease or confirm taxable income for the next years, when it falls into the concept of loss for tax purposes or when reversed, respectively.

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In view of the temporary addition of the allowance for loan losses and according to Central Bank of Brazil Circular 3171, of December 30, 2002, CVM Resolution 273, of August 20, 1998, and article 8 of Executive Act 2158-35, of August 24, 2001, since 1996 the Bank has recorded an income and social contribution tax credit arising from said temporary differences, with reviews based on technical studies carried out at every semiannual balance sheet.

As of June 30, 2009, tax credits amount to R\$ 178,618, of which R\$ 111,632 refers to income tax and R\$ 66,986 to social contribution.

In accordance with Central Bank of Brazil Circular 3023, of June 11, 2002, the Bank recorded tax credits on adjustments to fair value of securities classified into the category “available-for-sale securities”. Changes in tax credits are shown below:

	<u>INCOME TAX</u>		<u>SOCIAL CONTRIBUTION TAX</u>	
	<u>Temporary differences</u>	<u>Securities</u>	<u>Temporary differences</u>	<u>Securities</u>
Beginning balance as of December 31, 2008	92,267	6,783	55,375	4,069
(+) Credit recognition	40,763	41,461	18,494	24,662
(-) Credit realization	<u>(21,398)</u>	<u>(41,190)</u>	<u>(6,883)</u>	<u>(24,499)</u>
Ending balance as of June 30, 2009	<u>111,632</u>	<u>7,054</u>	<u>66,986</u>	<u>4,232</u>

The balance of the provision for income and social contribution taxes, recorded under “Other Receivables - other”, is composed of the following:

	<u>Income tax</u>		<u>Social contribution tax</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
1. Total temporary differences	2,679,220	2,232,156	2,679,220	2,232,156
2. Tax loss carryforwards	297,788	594,050	299,461	595,728
3. Calculation basis - “1” + “2”	2,977,008	2,826,206	2,978,681	2,827,884
4. Tax credits on tax loss carryforwards and temporary differences	744,252	706,551	446,802	247,948
5. Tax credit from adjustment to fair value of Securities	7,054	6,499	4,232	3,900
6. Total tax credits	751,306	713,050	451,034	251,848
7. Recorded tax credit assets (note 7.f)	118,686	91,091	71,219	34,253
8. Unrecorded tax credits - “6” - “7”	632,620	621,959	379,815	217,595

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Deferred income and social contribution taxes will be realized as temporary differences from which they arise are reversed or become tax deductible. The estimate of realization shown below is duly supported by a technical study indicating expected future taxable income with consequent taxes payable, in accordance with article 6, sole paragraph, of Law 9249/95.

The estimated realization of tax credits as of June 30, 2009 is as follows:

Period	Realization income tax credit		Realization of social contribution tax credit		Total	
	Book value	Present value	Book Value	Present Value	Book value	Present Value
2009	15,752	15,031	9,451	9,019	25,203	24,050
2010	22,766	19,892	13,659	11,935	36,425	31,827
2011	13,977	11,152	8,386	6,691	22,363	17,843
2012	17,975	13,090	10,785	7,854	28,760	20,944
2013	13,611	9,067	8,167	5,440	21,778	14,507
2014	<u>27,551</u>	<u>16,787</u>	<u>16,538</u>	<u>10,077</u>	<u>44,089</u>	<u>26,864</u>
TOTAL	<u>111,632</u>	<u>85,019</u>	<u>66,986</u>	<u>51,016</u>	<u>178,618</u>	<u>136,035</u>

The tax credits from adjustments to fair value of securities determined at the present realizable value, pursuant to Central Bank of Brazil Circular 3068/01, will be realized according to the maturities of the securities, as shown below:

Period	Realization income tax credit		Realization of social contribution tax credit		Total	
	Book value	Present value	Book Value	Present Value	Book value	Present value
2009	(6,512)	(6,512)	(3,907)	(3,907)	(10,419)	(10,419)
2010	-	-	-	-	-	-
2011	(2)	(2)	(1)	(1)	(3)	(3)
2012	(235)	(235)	(141)	(141)	(376)	(376)
2013	-	-	-	-	-	-
2014 to 2016	(172)	(172)	(103)	(103)	(275)	(275)
2026 to 2028	<u>(133)</u>	<u>(133)</u>	<u>(80)</u>	<u>(80)</u>	<u>(213)</u>	<u>(213)</u>
TOTAL	<u>(7,054)</u>	<u>(7,054)</u>	<u>(4,232)</u>	<u>(4,232)</u>	<u>(11,286)</u>	<u>(11,286)</u>

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20. RESERVE FOR CONTINGENCIES

- a) Banco do Nordeste is a part to several administrative and judicial proceedings involving civil, tax, labor and other matters.
- b) The assessment of the contingency, degree of risk of new lawsuits and reassessment of already existing lawsuits are made by the Legal Department, case by case, and are classified according to the risk of loss as probable, possible or remote. Such classification is based on the analysis of the following factors: i) argumentation and statement of facts and cause of action by the adverse part; ii) argumentation and statement of facts and cause of action developed by the Bank; iii) final outcome of similar cases; iv) higher courts' previous decisions on cases under discussion; iv) Higher Courts' and regulatory agencies' opinions on the matter in dispute; v) decisions on the proceeding (decision, sentence, injunction, interim relief, writ of payment, writ of attachment, etc); e vi) existence of procedural errors in the administrative and judicial proceedings.
- c) Contingencies classified as probable are accounted for and represented by Civil Lawsuits (claiming compensation for pain and suffering and property damage, such as protest of notes, return of checks, and provision of information to credit reporting agencies, among others), Labor Lawsuits (claiming labor rights, in light of specific professional category legislation, such as overtime, salary equalization, job reinstatement, premium for transfer, termination pay, retirement supplementation and others), Tax and Social Security Lawsuits (represented by judicial and administrative proceedings involving federal and municipal taxes) and Other Lawsuits (such as infringement notices issued by Regional Councils that regulate the exercise of professions and Regional Labor Offices).
- d) As of June 30, 2009, the Bank recorded a reserve for the total estimated loss on lawsuits classified as probable losses, and reserves are not applicable to those assessed as possible and remote loss, as shown below:

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<u>Specification</u>	<u>Base</u>	<u>Reserve</u>
RESERVE FOR TAX CONTINGENCIES (Note 14.d)		
Taxes	<u>68,919</u>	<u>68,919</u>
Probable	68,919	68,919
Tax lawsuits	<u>408,992</u>	<u>20,905</u>
Probable	20,905	20,905
Possible	231,238	-
Remote	156,849	-
RESERVE FOR CONTINGENCIES (Note 14.f)		
Labor lawsuits	<u>226,537</u>	<u>185,677</u>
Probable	185,677	185,677
Possible	16,235	-
Remote	24,625	-
Civil lawsuits	<u>882,205</u>	<u>93,443</u>
Probable	93,443	93,443
Possible	239,655	-
Remote	549,107	-
Other lawsuits	<u>14,890</u>	<u>522</u>
Probable	522	522
Possible	7,723	-
Remote	6,645	-

e) The following reserves are composed of:

<u>Specification</u>	<u>06/30/2009</u>
a) Taxes (Other payables - other)	
Beginning balance -12/31/2008	65,217
Recognition	3,702
Reversal/Utilization/Write-off	<u>-</u>
Ending balance - 06/30/2009	<u>68,919</u>
b) Tax lawsuits (Other payables - other)	
Beginning balance -12/31/2008	15,560
Recognition	5,345
Reversal/Utilization/Write-off	<u>-</u>
Ending balance - 06/30/2009	<u>20,905</u>
c) Labor lawsuits (Other payables - other)	
Beginning balance -12/31/2008	176,657
Recognition	10,125
Reversal/Utilization/Write-off	<u>(1,105)</u>
Ending balance - 06/30/2009	<u>185,677</u>
d) Civil lawsuits (Other payables - other)	
Beginning balance -12/31/2008	77,859
Recognition	19,792
Reversal/Utilization/Write-off	<u>(4,208)</u>
Ending balance - 06/30/2009	<u>93,443</u>
e) Other lawsuits (Other payables - other)	
Beginning balance -12/31/2008	530
Recognition	11
Reversal/Utilization/Write-off	<u>(19)</u>
Ending balance - 06/30/2009	<u>522</u>
f) Vacation	
Beginning balance -12/31/2008	33,592
Recognition	21,471
Reversal/Utilization/Write-off	<u>(17,963)</u>
Ending balance - 06/30/2009	<u>37,100</u>
g) FNE	
Beginning balance -12/31/2008	817,003
Recognition	163,510
Reversal/Utilization/Write-off	<u>(75,765)</u>
Ending balance - 06/30/2009	<u>904,748</u>

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- f) The Bank has lawsuits handled by outside attorneys, most of which relates to loan collection actions, whose allowance is recorded in accordance with Resolution 2682/99. When these lawsuits generate contingencies for the Bank, they are assessed by the Legal Department as mentioned in item b above.
- g) Escrow deposits are recorded in assets and are not offset against reserves for contingencies, in accordance with standards established by the Central Bank of Brazil.
- h) The risk assumed by the Bank on FNE operations made beginning December 1, 1998 is calculated in the same manner as set forth in Resolution 2682/99 (note 25.c).

21. EMPLOYEES' AND DIRECTORS' COMPENSATION

The monthly compensation paid by the Bank to its employees and directors are as follows (in R\$1.00):

<u>Gross compensation</u>	<u>Employees (1)</u>	<u>Directors (2)</u>
Maximum	18,026.60	22,818.28
Minimum	704.65	20,536.45
Average	4,542.83	-

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

(2) Amounts approved by the 56th Annual Shareholders' Meeting of the Bank, held on March 30, 2009.

As of June 30, 2009, the Bank had 5,937 employees (5,801, as of June 30 2008), an increase of 2.34% in the Bank's headcount in the period.

22. PROFIT SHARING

In the first half of 2009, R\$ 8,590 related to profit sharing for employees and directors was accrued, equivalent to 25% of interest on own capital and 6,42% of net income for the year, according to CCE Resolution 10/1995.

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23. EMPLOYEE BENEFITS

Pursuant to CVM Resolution 371, of December 13, 2000, following is information on the employee benefit policy and the accounting procedures adopted by the Bank for recording its obligations:

a) The Bank does not have:

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

b) Accounting Policy Adopted by the Bank for Recognition of Actuarial Gains and Losses

The policy adopted for recognition of actuarial gains and losses is based on items 52 to 55 of the attachment to CVM Resolution 371, i.e., the Bank recognizes a portion of actuarial gains and losses in excess of the higher of: 10% of the present value of the actuarial defined benefit obligation and 10% of the fair value of the plan's assets.

c) Characteristics of the Pension Plan of Banco do Nordeste's Employees

The Bank sponsors Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (CAPEF), a pension entity that provides, through its only pension plan, its associate employees and dependents with benefits that supplement government benefits. Relevant information related to the mentioned pension plan is as follows:

c.1) Benefits Plan

The plan, which is closed to new participants since November 26, 1999, offers retirement benefits for length of contribution, age and disability to the plan participants and pension benefits to their dependents.

c.2) Actuarial Method

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

c.3) Past-due Obligations

None.

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c.4) Contributions Due

None.

c.5) Actuarial Position

In June 2009, CAPEF reported an actuarial surplus of R\$ 10,324 (surplus of R\$ 378,593, as of June 30, 2008). According to the Technical Note and Actuarial Report, the surplus decrease arises mainly from the R\$ 336,696 increase in the actuarial liabilities, in view of the review of benefit plans costing fee that resulted in a decrease in participants' maximum contribution rate from 30% to 25% starting January 1, 2009. This reduction was also due to the establishment of the Fund for Actuarial Losses which reached R\$ 11,697 thousand as of June 30, 2009.

c.6) Contribution Ratio (Participants/Sponsor)

The ratio of participants' contributions to the Bank's contributions meets the parity set by Constitutional Amendment 20/98, with a contribution ratio of 1:1 as of June 30, 2009 (1:1, as of June 30, 2008).

d) Characteristics of the Health Care Plan

The Bank contributes to 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.

d.1) Past-due Obligations

None.

d.2) Contributions

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

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e) Reconciliation of Assets and Liabilities Recognized in the Balance Sheet

The reconciliation of assets and liabilities is shown below, according to actuarial valuations conducted by PROBUS Suporte Empresarial S/C Ltda., based on information provided by CAPEF, CAMED and the Bank, pursuant to item 49 of the attachment to CVM Resolution 371:

<u>Specification</u>	<u>CAPEF</u>		<u>CAMED</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
1. Present value of totally or partially funded actuarial obligations	2,764,527	2,591,963	456,835	382,141
2. Fair value of plan assets	1,933,655	1,967,155	12,200	1,364
3. Present value of unfunded actuarial obligations (item 1 less item 2)	830,872	624,808	444,635	380,777
a. Present value of recognized unfunded actuarial obligations	728,849	670,337	230,106	182,521
b. Present value of unfunded actuarial obligations not recognized	102,023	(45,529)	214,529	198,256
i. Net actuarial losses/gains	62,280	(111,768)	214,529	198,256
ii. Cost of past service	39,743	66,239	-	-

f) The change in net actuarial liability in the period is as follows:

<u>Specification</u>	<u>CAPEF</u>		<u>CAMED</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
1. Net actuarial liability, at end of prior year	783,081	616,820	427,408	334,544
2. Change in unfunded actuarial liability in current year	47,792	7,988	17,227	46,233
a. Current expenses	50,417	39,660	28,062	19,567
b. Net actuarial losses (gains)	23,204	(2,959)	(2,659)	31,985
c. Cost of past service	(25,829)	(28,713)	(8,176)	(5,319)
3. Net actuarial liability, at end of period	830,873	624,808	444,635	380,777

g) The expense recognized in the Statement of Income is composed as follows:

<u>Specification</u>	<u>CAPEF</u>		<u>CAMED</u>	
	<u>06/30/2009</u>	<u>06/30/2008</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
1. Current expenses	51,598	42,267	32,550	25,330
a. Cost of current service, less employees' contributions	8,529	8,342	9,043	6,930
b. Cost of interest	146,935	137,257	24,222	19,317
c. Expected return on plan assets	(103,866)	(103,332)	(715)	(917)
2. Actuarial losses and gains recognized in the period	-	-	5,276	4,850
3. Cost of past service	13,247	13,248	-	-
4. Expense recognized in the Statement of Income	-	-	-	-
a. Provision expenses for contingencies liabilities	63,664	52,908	33,339	24,417
b. Contribution expenses	1,181	2,607	4,488	5,763

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h) Additional comments

- h.1) Current expenses - obligations for the year, derived from the increase in the length of service provided by employees;
- h.2) Net actuarial (gains)/losses - obligations for the year, derived from changes in actuarial assumptions adopted or divergences between assumptions used and actual results. These obligations are recognized according to the rules for recognition of actuarial gains and losses - item b of this note;
- h.3) Cost of past service - obligations derived from the increase in post-employment benefits related to services provided by employees in past periods. The recognition of expenses related to cost of past service is based on items 38, 56 and 57 of the attachment to CVM Resolution 371.
- h.4) Actuarial liability recorded as of December 31, 2001 - present value of unfunded actuarial obligations, recorded as of December 31, 2001, based on item 49 of the attachment to CVM Resolution 371.

i) Assumptions used

- i.1) Biometric Assumptions: General Mortality Table for Active Employees - AT 2000 Man; Disability Mortality Table - IAPC Weak (Social Security Institute); Disability Table - CAPEF Experience and Turnover Table - None.
- i.2) Economic Assumptions: Expected return on plan assets - 6% p.a.; Future inflation rate - 5% p.a.; Estimated salary increase rate - 1% p.a.; Benefit growth rate - 0% p.a.; Actuarial obligation discount rate - 6% p.a.; INSS (social security) benefits growth rate - 0% p.a., and Benefit costs growth rate - 3.3% p.a.;
- i.3) Future inflation rate is used in the calculation of the Present Value of Actuarial Obligation to measure fluctuations in inflation rates due to the freezing, by annual cycles, of future contributions and benefits, this calculation also assumes the occurrence of the same inflation level for all salary, benefit, pension and economic variables of the plan.

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24. ASSETS AND LIABILITIES LINKED TO FOREIGN CURRENCIES

As of June 30, 2009, operations subject to foreign exchange variation had a net balance of sold foreign currency exposure of R\$ 86,114 (R\$ 33,377, on 06/30/2008), as shown below:

	<u>06/30/2009</u>	<u>06/30/2008</u>		<u>06/30/2009</u>	<u>06/30/2008</u>
Cash and cash equivalents	7,414	2,686	Deposits	48,285	45,566
Interbank investments	9,598	36,650	Interbranch accounts	11,010	25,300
Lending operations	704,666	549,351	Domestic borrowing and onlendings	343	1,621
Other receivables	<u>317,147</u>	<u>223,795</u>	Foreign borrowings and onlendings	1,089,901	847,138
Total assets in foreign currencies	1,038,825	812,482	Other payables	584	4,830
Swap transactions	<u>25,184</u>	<u>78,596</u>			
Total assets foreign currency exposure	<u>1,064,009</u>	<u>891,078</u>	Total liabilities in foreign currencies	<u>1,150,123</u>	<u>924,455</u>

The Bank manages the exchange risk by limiting its exposure to residual values, strictly observing the percentage set by the Central Bank of Brazil. The above mismatching in the six-month period ended June 30, 2009 represents 8.09% of the amount of the operations indexed to foreign currencies, which confirms the Bank's conservative policy regarding this kind of risk.

The net foreign exchange exposure is determined daily. To reduce mismatching, the Bank opts to conduct transactions in the financial market involving the sale and purchase of federal securities subject to foreign exchange variation and foreign exchange swap transactions.

25. NORTHEAST CONSTITUTIONAL FINANCING FUND (FNE)

- a) The net assets of FNE, in the amount of R\$ 27,648,036 (R\$ 24,029,364, as of June 30, 2008) are recorded in the Bank's memorandum accounts (net assets of managed public funds).
- b) The Fund's cash in the amount of R\$ 4,015,839 (R\$ 5,072,332, as of June 30, 2008) is recorded under the caption "Other payables/financial and development funds" and is subject to the Central Bank of Brazil rate. The expense on monetary adjustment of cash was R\$ 222,055 (R\$ 247,279, as of June 30, 2008).
- c) The allowance to cover the credit risk on FNE operations is recorded under the following criteria:
 - c.1) For operations contracted until November 30, 1998, the Bank is free from operational risk;

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- c.2) For operations contracted beginning December 1, 1998, excluding financing of Programa da Terra and PRONAF operations (groups A, B, A/C, Forest and Semiarid), the Bank's credit risk is 50% of the amount calculated pursuant to Resolution 2682/99. The financing and allowances recorded in contingencies are as follows:

<u>Risk level</u>	<u>Balances (A)</u>	<u>% of risk (B)</u>	<u>Risk value C = (A x B)</u>	<u>Allowance as of 06/30/2009 D = (C x 50%)</u>	<u>Allowance as of 06/30/2008</u>
AA	3,147,549	-	-	-	-
A	6,750,666	0.50	33,753	16,877	9,095
B	5,473,352	1.00	54,734	27,367	21,621
C	465,873	3.00	13,976	6,988	7,676
D	847,674	10.00	84,767	42,384	43,550
E	249,724	30.00	74,917	37,458	22,011
F	195,216	50.00	97,608	48,804	29,250
G	153,691	70.00	107,584	53,792	50,366
H	<u>1,342,120</u>	100.00	<u>1,342,120</u>	<u>671,060</u>	<u>572,757</u>
TOTAL (*)	<u>18,625,865</u>		<u>1,809,459</u>	<u>904,730</u>	<u>756,326</u>

- (*) The balance of "PROVISION FOR CONTINGENT LIABILITIES - Risk with FNE transactions" as of June 30, 2009 is R\$ 904,748. The difference refers to the recognition of a provision in the amount of R\$ 18 referring FDNE, which was recorded under a FNE caption, since there is no specific caption in the Chart of Accounts.

The Bank is the operator of the FDNE, in accordance with Supplementary Law 125 of January 3, 2007. Pursuant to Decree 4253 of May 31, 2002, the risk of the operator corresponds to 2.5% over the transactions carried out with resources from the mentioned Fund. The provision is as follows:

<u>Risk level</u>	<u>Balances (A)</u>	<u>% of risk (B)</u>	<u>Risk amount C = (A x B)</u>	<u>Allowance as of June 30, 2009 D = (C x 1.00%)</u>	<u>Allowance as of June 30, 2009</u>
B	<u>73,043</u>	<u>2,50</u>	<u>1,826</u>	<u>18</u>	<u>-</u>

- d) For operations contracted with resources of FNE until November 30, 1998, the financial commission was reduced to zero. For operations conducted after that date, the financial commission is 3% per year, when the credit risk is 50% and 6% when contracted in the name of the Bank. The revenue from financial commission was R\$ 261,883 (R\$ 185,808, as of June 30, 2008).

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- e) The management fee of 3% per year is calculated on the Fund's net equity, less amounts of onlending agreements with the Bank and investments under PRONAF (groups B, A/C, Forest and Semiarid), limited in each year to 20% of the transfers made by the National Treasury. The management fee amounted to R\$ 388,813 (R\$ 337,968, as of June 30, 2008).

26. OPERATING LIMITS - BASEL ACCORD

On July 1, 2008, the National Monetary Council established, through Resolution 3490 and supplementary regulations, additional requirements for the allocation of capital and including new components exposed to risks, as follows: Credit Commitment not Unconditionally or Unilaterally Cancelable, by the Bank; exposure to share risk (PACS); exposure to assets indexed to commodities prices risk (PCOM); exposure to foreign currency-denominated assets risk (PCAM); exposure to operational risk (POPR); and market risk of transactions not classified in the trading portfolio (RBAN). The guidelines in effect maintained for June 30, 2009 the minimum capital allocation indicator at 11%, which is the ratio of the financial institution's regulatory capital to total risks assumed in its asset operations, including guarantees provided, and market and operational risks. As of June 30, 2009 the Bank's asset-to-equity ratio (Basel ratio) was 11.32% (15.08%, as of June 30, 2008), whereas the regulatory capital was R\$ 1,906,270 (R\$ 1,725,512, as of June 30, 2008). Required Regulatory Capital, which refers to the consolidation of all exposures to risk, with a capital allocation ratio of 11%, was R\$ 1,851,649 as of June 30, 2009 (R\$ 1,258,418, as of June 30, 2008).

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
(A) Carrying amount of assets	28,253,960	20,299,081
(B) Risk-weighted assets	13,951,561	11,299,353
(C) Value of commitments	2,619,749	-
(D) Risk-weighted value of commitments	983,039	-
(E) PEPR - Risk-weighted exposure = $([B + D] * 11\%)$	1,642,806	1,242,929
(F) Required SWAP	-	7,688
(G) PJUR1 to PJUR4 ⁽¹⁾ (exposure in interest rates)	637	7,801
(H) PACS (exposure in shares)	-	-
(I) PCOM (exposure through commodities)	20,210	-
(J) PCAM (exposure in foreign exchange)	-	-
(K) POPR (operational risk)	135,009	-
(L) RBAN (market risk of banking book transactions)	52,987	-
Required Regulatory Capital (PRE) = $(E+F+G+H+I+J+K+L)$	1,851,649	1,258,418
Regulatory Capital (PR)	1,906,270	1,725,512
Capital margin or deficiency = $(PR - PRE)$	54,621	467,094
Margin for new risk-weighted assets 100% = $([PR - PRE] / 0.11)$	496,555	4,246,309
Capital allocation ratio = $([PR/PRE] * 11\%)$	11.32%	15.08%

- (1) PJUR = portion corresponding to risk of transactions subject to interest rate changes classified in the trading portfolio, pursuant to Resolution 3464, of June 26, 2007.

BANCO DO NORDESTE DO BRASIL S.A.

27. OTHER INFORMATION

a) Risk Management

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

The credit risk is managed through the monitoring of customer master file, review and development of risk assessment models, and credit granting limits based on the risk rating of customers and their operations, in accordance with the parameters set forth in National Monetary Council Resolution 2682/99. The monitoring of market and liquidity risks is conducted by the Bank's risks management department, which measures and manages the impacts of fluctuations in interest rates, currencies and share indices and prices for the Bank's loan and investment portfolios. The Bank uses its own treasury risk management system, which contemplates mechanisms such as: VaR (Value at Risk), Duration Global (assets and liabilities) by portfolio, security and index; estimated cash flows, with identification of any mismatching between assets and liabilities in terms of maturities; and global balances of assets and liabilities, by portfolio and by security, indicating any mismatching by currency.

b) Related-part transactions

b.1) The Bank did not enter into transactions with affiliates and subsidiaries.

b.2) The main operations with companies, programs and funds under control and management of the federal government - Bank's majority shareholder - are detailed in notes 9.d (FAT), 12 (Payables to National Treasury, Banco do Brasil, BNDES, CEF, other official institutions) and 25 (FNE).

b.3) The Bank sponsors CAPEF and CAMED and the related transactions are described in notes 14.f and 23.

BANCO DO NORDESTE DO BRASIL S.A.

c) Guarantees

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

<u>Specification</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Import financing	35,092	3,908
Guarantee beneficiaries:		
- Individuals or non-financial legal entities	101,632	33,298
- FNE	9,357,481	6,777,187
- Other entities	2,197	-
Receivables assignment co-obligations	118,848	473,733

d) Insurance

The Bank's chattels and properties and third parties' properties are covered by an adequate insurance in the amount of R\$ 390,540 (R\$ 360,806, as of June 30, 2008), as follows:

	<u>06/30/2009</u>	<u>06/30/2008</u>
Chattels	133,369	115,043
Properties	251,386	242,349
Third parties' properties	2,628	2,224
Civil liability (aircraft)	<u>3,157</u>	<u>1,190</u>
TOTAL	<u>390,540</u>	<u>360,806</u>

e) Law 11945/2009

The Bill of Conversion Law 4 of 2009 (resulting from Provisional Law 451 of 2008) was converted into Law 11945 of June 4, 2009, published in the Federal Official Gazette of June 5, 2009. Its Article 28 amends Article 15 of Law 7827/89, supporting debt settlements carried out by federal financial institutions managing Constitutional Funds which were performed in compliance with the banking practices and regulations of the respective institutions and which were subject to legal challenges and collected at the financial equivalent of assets liable to attachment of direct debtors and their respective guarantors, in relation to transactions granted with funds from Financing Constitutional Funds, also permitting the reopening of renegotiations for the settlement of debts by the financial equivalent of the current value of assets liable to attachment. Regarding the latter rule, the Executive Office of Banco do Nordeste, during its 3486th Meeting held on June 23, 2009, ordered the Credit Product Management Area to comply with the newly included paragraph 3 of Article 15-B of Law 7827/89 by submitting the report specified in such Article to the Ministry of National Integration and including a proviso that, for the preparation of such report, the debt settlements whose compliance is being challenged by the Internal Auditors of Banco do Nordeste and/or by the Control Agencies should not be regarded as accepted. As regards the operating procedures for new settlements based on Law 11945/09, such procedures depend on regulation by the respective Decision-Making Councils.

BANCO DO NORDESTE DO BRASIL S.A.

f) Subsequent Event

On July 20, 2009, the Central Bank of Brazil issued Official Letter DEORF/Cofil - 2009/07394, which approved the qualification of the onlending transaction by FNE, in the amount of R\$ 600 million, as Level II Capital in the Reference Shareholders' Equity (PR) of Banco do Nordeste do Brasil S/A, in the subordinated debt class, in accordance with CMN Resolution 3444/07. Consequently, Banco do Nordeste's Capital adequacy ratio (Basel Ratio) for July 2009 will already reflect the positive impact of this capital raising.

Fortaleza, July 27, 2009.

The Board of Director

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
INDEPENDENT AUDITORS' REPORT

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

1. We have audited the accompanying balance sheet of Banco do Nordeste do Brasil S.A. (the "Bank") as of June 30, 2009 and 2008, and the related statements of income, changes in shareholders' equity, cash flows and value added for the six-month periods then ended, all expressed in Brazilian reais and prepared under the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements.
2. Our audit were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Bank; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Banco do Nordeste do Brasil S.A. as of June 30, 2009 and 2008, and the results of its operations, the changes in its shareholders' equity, its cash flows, and the values added in operations for the six-month periods then ended, in conformity with Brazilian accounting practices.
4. Law 11775 of September 17, 2008 and later amendments, established measures to encourage the settlement, regularization or renegotiation of debts arising from rural credit and land mortgage loans which were renegotiated based on article 5 of Law 9138, of November 29, 1995, whether or not renegotiated pursuant to Law 10437, of April 25, 2002 or article 4 of Law 11322, of July 13, 2006. These measures are extended to the operations of the Program for Recovery of Cocoa Plantations in the State of Bahia, National Family Farming Strengthening Program (PRONAF), the individualization of rural, group and collective credit transactions of groups A and B of PRONAF, transactions classified in CMN Resolution 2471 of February 26, 1998 and transactions using funds from the Fund for Lands and Agrarian Reform. This Act also establishes, for the Northeast Constitutional Financing Fund (FNE), the reclassification of transactions backed by FAT (Fund for Workers' Assistance) funds; and permits the reclassification, exclusively in the context of FNE, of rural credits contracted with a mix of funds from the FNE and other sources. The Bank is complying with this Law and later amendments, however, the effects on its financial statements will only be fully known when debt settlement, regularization or renegotiation processes are completed.

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

Fortaleza, August 6, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner

SUPERVISORY BOARD'S REPORT

In accordance with legal and corporate statutory duties and after review of the management report, the balance sheet, statement of income, statement of changes in shareholders' equity, statement of cash flows, and statement of valued added of Banco do Nordeste do Brasil S.A. for the six-month period ended June 30, 2009 as well as based on the opinion of the independent auditors-Deloitte Touche Tohmatsu-dated August 6, 2009, the Supervisory Board of Banco do Nordeste do Brasil S.A. is of the opinion that the management report and financial statements fairly reflect the activities developed, the financial and equity positions, and results of operations of Banco do Nordeste do Brasil S.A. in the first half of 2009. It is also of the opinion that, as stated in paragraph four of the independent auditors' opinion, the possible effects of Law 11775, dated September 17, 2008 and later amendments, will only be completely known when the liquidation, regularization, or renegotiation processes for debts that come under this law have been finalized.

Fortaleza, (CE), August 7, 2009.

SUPERVISORY BOARD

SUMMARY OF THE AUDIT COMMITTEE'S REPORT

First half of 2009

The Audit Committee of Banco do Nordeste do Brasil S.A. is an advisory board to its board of directors established as required by National Monetary Council Resolution 3198/2004 and for which functional responsibilities and requirements have been included in the Bank's corporate bylaws.

Committee's Activities

During the first half of 2009 it acted within its institutional mission focused on monitoring and evaluating activities developed by internal auditing, independent auditors, internal controls, and risk management, review and evaluation of the quality of accounting statements, and the performance of the Bank's ombudsman.

As part of the principle of providing advisory services to the Board of Directors, the Audit Committee also monitors requirements/solicitations from regulatory agencies and external control, including those originating from the Board of Directors itself.

The audit committee held twelve ordinary and seven extraordinary meetings, whose agendas were related to the mentioned areas. In addition to the mentioned events, the Audit Committee made contacts and held meetings with Bank management and also took part in Board of Directors' meetings.

During this period, the Audit Committee conducted analyses of the reports and information made available, monthly, by the financial area. At the end of the six-month period, it also reviewed, together with representatives of the accounting area and Independent Auditors, the financial statements as of June 30, 2009, taken as a whole. Together with the members of the Supervisory Board, it participated in the Board of Directors' meeting which approved said statements.

Internal Controls

The Bank has been structuring its system of internal controls seeking to integrate guidelines focused on strengthening internal controls, security, and risk management. This structure is reviewed and updated periodically for the purpose of keeping it capable of minimizing risks that affect the Bank's activities.

In this respect, it has been developing actions to conclude implementation of structures to manage operating, credit, and market risks. The same are intended to comply with recommendations made in the Basel II Agreement for Capital and the schedule set forth in BACEN Communication 16137, dated September 27, 2007.

Conclusion of the actions cited will allow the Bank to minimize its exposure to risks inherent to the same and will have a positive impact on the achievement of its business objectives.

Internal Audit

The Internal Auditing has been developing its activities at a satisfactory level of quality which is compatible with the size and complexity of the Bank's operations.

Its activities are guided by its Annual Plan for Internal Audit Activities, which is prepared following instructions from federal regulatory agencies for control and which is sent to the Union's General Controllershship after it has been approved by the Board of Directors.

Independent Audit

No material facts that could compromise the independence, results, or quality of work carried out by DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES were identified during the review of opinions and reports issued by the same.

Financial Statements

The Audit Committee has analyzed as a whole the financial statements, notes to the same, financial reports, and the management report dated June 30, 2009. It also analyzed opinions issued by the independent auditors on Banco do Nordeste do Brasil S.A. and Northeast Constitutional Financing Fund - FNE.

After examining the documents and discussing practices used to prepare the financial statements, it was established that the same conform to applicable corporate laws and regulations of the National Monetary Council, the Brazilian Central Bank, and the Brazilian Securities Commission.

With respect to accounting issues introduced by Law 11638/2007, the Bank has inserted financial-statement notes covering these matters as permitted for banks by the Brazilian Central Bank.

Fortaleza, (CE), August 7, 2009.

Audit Committee

**Banco do
Nordeste**



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

Accounting Statements

F N E

POSITION: 06.30.2009

(Convenience Translation into English from the Original Previously Issued in Portuguese)
FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

ASSETS	06/30/2009	06/30/2008	LIABILITIES AND NET EQUITY	06/30/2009	06/30/2008
CURRENT ASSETS	8,812,612	8,398,389	NET EQUITY (note 7c)	27,648,036	24,029,364
CASH AND CASH EQUIVALENTS (note 7b.1)	1,299,332	1,856,827	TRANSFERS FROM FEDERAL GOVERNMENT		
RESTRICTED CASH - LENDING OPERATIONS	2,716,507	3,215,495	Six-month period	1,945,034	1,948,663
INTERBANK ACCOUNTS	57,952	45,765	Prior years	25,065,660	21,134,324
Rural loan - Proagro	3,390	5,548	INCOME FROM PRIOR YEARS	753,444	1,157,058
Interbank onlendings	54,562	40,217	LOSS FOR THE PERIOD	(116,102)	(210,681)
LENDING OPERATIONS (notes 7b.2 and 8)	4,736,105	3,278,609			
Financing	1,494,864	1,037,231			
Export financing	429,083	716			
Infrastructure and development financing	241,729	195,389			
Agribusiness financing	165,852	121,909			
Rural financing	3,668,346	3,042,832			
Allowance for loan losses	(1,263,769)	(1,119,468)			
OTHER RECEIVABLES (note 7b.3)	2,457	1,531			
Assets received as payment	2,457	1,531			
OTHER ASSETS (note 7b. 4)	259	162			
Agricultural debt securities	346	255			
(Allowance for devaluation)	(87)	(93)			
LONG-TERM ASSETS	18,835,424	15,630,975			
INTERBANK ACCOUNTS	166,134	160,420			
Rural loan - Proagro	1,527	5,686			
Interbank onlendings	164,607	154,734			
LENDING OPERATIONS (notes 7b.2 and 8)	18,667,914	15,469,339			
Financing	5,633,936	4,240,673			
Export financing	129,648	-			
Infrastructure and development financing	2,691,047	1,645,254			
Agribusiness loans	645,518	517,622			
Rural financing	9,567,765	9,065,790			
OTHER ASSETS (note 7b.4)	1,376	1,216			
Agricultural debt securities	2,154	1,925			
(Allowance for devaluation)	(778)	(709)			
TOTAL ASSETS	27,648,036	24,029,364	TOTAL LIABILITIES AND NET EQUITY	27,648,036	24,029,364

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

	<u>06/30/2009</u>	<u>06/30/2008</u>
INCOME		
From lending operations (note 7a.7)	476,661	406,518
From cash and cash equivalents (note 7b.1)	222,055	247,279
EXPENSES (note 7a.8)		
Management fee		
PRONAF- Payment of Banco do Nordeste/Performance bonus	(388,813)	(337,968)
Operating provisions	(27,110)	(28,468)
Audit expenses	(398,850)	(498,019)
	(45)	(23)
LOSS FOR THE PERIOD	<u>(116,102)</u>	<u>(210,681)</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

STATEMENTS OF CHANGES IN NET EQUITY
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
 (In thousands of Brazilian reais - R\$)

<u>EVENTS</u>	<u>TRANSFERS FROM FEDERAL GOVERNMENT</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
BALANCES AS OF DECEMBER 31, 2007	21,134,324	1,158,394	22,292,718
Transfers from the Federal Government in the six-month period	1,948,663	-	1,948,663
Prior years adjustments (Note 10)	-	(1,336)	(1,336)
Loss for the period	-	(210,681)	(210,681)
BALANCES AS OF JUNE 30, 2008	<u>23,082,987</u>	<u>946,377</u>	<u>24,029,364</u>
CHANGES FOR THE PERIOD	<u>1,948,663</u>	<u>(212,017)</u>	<u>1,736,646</u>
BALANCES AS OF DECEMBER 31, 2008	25,065,660	755,310	25,820,970
Transfers from the Federal Government in the six-month period	1,945,034	-	1,945,034
Prior years adjustments (Note 10)	-	(1,866)	(1,866)
Loss for the period	-	(116,102)	(116,102)
BALANCES AS OF JUNE 30, 2009	<u>27,010,694</u>	<u>637,342</u>	<u>27,648,036</u>
CHANGES FOR THE PERIOD	<u>1,945,034</u>	<u>(117,968)</u>	<u>1,827,066</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE - FNE

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

	<u>06/30/2009</u>	<u>06/30/2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	<u>(116,102)</u>	<u>(210,681)</u>
Expenses (Income) not affecting cash and cash equivalents:		
- Allowance for loan losses	398,850	498,019
Adjusted net income	<u>282,748</u>	<u>287,338</u>
Interbank accounts	(7,709)	(10,691)
Lending operations	(2,789,403)	(1,603,950)
Other receivables	(186)	(465)
Other assets	(164)	(211)
Prior year adjustments	(1,866)	(1,336)
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,799,328)</u>	<u>(1,616,231)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers from Federal Government	<u>1,945,034</u>	<u>1,948,663</u>
TOTAL INFLOW OF FUNDS	<u>1,945,034</u>	<u>1,948,663</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(571,546)</u>	<u>619,770</u>
REPRESENTED BY CASH AND CASH EQUIVALENTS		
At beginning of period	4,587,385	4,452,552
At end of period	<u>4,015,839</u>	<u>5,072,322</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(571,546)</u>	<u>619,770</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE-FNE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND 2008
(Amounts in thousands of Brazilian reais - R\$)

Contents

Note 1- History	Note 8- Credit Risk and Allowance for Loan Losses
Note 2- Basis of Preparation and Presentation of Financial Statements	Note 9- Recognition of Losses and Return of BNB's Share of Risk
Note 3- Management	Note 10- Prior Year Adjustments
Note 4- Oversight	Note 11- Registration in the Federal Government Integrated Financial Management System (SIAFI)
Note 5- Independent Audit	Note 12- Renegotiation of Lending Operations
Note 6- Tax Exemption	Note 13- Other Information
Note 7- Accounting Practices	Note 14- Subsequent event

1. HISTORY

Fundo Constitucional de Financiamento do Nordeste ("FNE" or the "Fund") was established by the Federal Constitution of 1988 (Article 159, item I, subitem "c"), and is regulated by Law 7827, of September 27, 1989, amended by Supplementary Law 125, of January 3, 2007; Laws 9126, of November 10, 1995; 9808, of July 20, 1999, and 10177, of January 12, 2001, Executive Act 2196-1, of June 28, 2001 and its amendments, as well as Article 13 of Executive Act 2199-14, of August 24, 2001. The purpose of FNE is to foster the economic and social development of the Northeast region, through Banco do Nordeste do Brasil S.A. ("BNB"), by offering financing to production sectors, in conformity with regional development plans, giving priority to activities developed by small farmers, small companies and staple food producers, and to irrigation projects. Non-refundable aid is prohibited.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Brazilian Corporate Law and supplemental provisions, and accounting practices described in note 7.

On December 28, 2007, Law 11638 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law (Law 6404, of December 15, 1976), especially with respect to chapter XV, Fiscal Year and Financial Statements. On December 3, 2008, Provisional Act 449/08 was enacted, and later, on May 27, 2009, made into Law 11941, which in its articles 37 and 38 introduces changes in Law 6404/76. Such changes were designed to adjust and enable the convergence of Brazilian accounting practices to the International Accounting Standards (IFRS) coordinated by the International Accounting Standards Board (IASB).

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE-FNE

In Brazil, the issuance of Technical Pronouncements on Accounting procedures in conformity with the International Accounting Standards belongs to the Accounting Pronouncements Committee (CPC) through its Pronouncements. The application of such pronouncements is mandatory after they are approved by the Brazilian Securities and Exchange Commission (CVM) or the Central Bank of Brazil (BACEN).

The Central Bank of Brazil did not express an opinion on all changes introduced by such Laws, but only introduced a change which has been complied with by FNE since its Financial Statements for the year ended December 31, 2008: the replacement of the Statement of Changes in Financial Position by the Statement of Cash Flows as set forth in CVM Resolution 547/2008.

FNE has no other material adjustments arising from the application of Law 11638/07 and subsequent amendments.

3. MANAGEMENT

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

4. OVERSIGHT

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

5. INDEPENDENT AUDIT

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

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE-FNE

6. TAX EXEMPTION

FNE is tax-exempt and its earnings, income and financing operations are not subject to any tax or other charges.

7. ACCOUNTING PRACTICES

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

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

Significant accounting practices are as follows:

a) Results of operations

- a.1) Income and expenses are recorded on the accrual basis. FNE's income consists of financial charges on lending operations and the interest paid by Banco do Nordeste on FNE's cash.
- a.2) Beginning January 1, 2008, financial charges on financing granted with funds from FNE range between 5% and 10% per year, according to the activity and size of the borrowers, including BNB's financial commission. Pursuant to legislation, the agreements signed with borrowers establish that the financial charges will be reviewed annually and whenever the accumulated variation of the TJLP (long-term interest rate), up or down, exceeds 30%.

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

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

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

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE-FNE

- a.3) With respect to BNB's financial commission on financing with funds from FNE, Executive Act 2196-1, of June 28, 2001, and its amendments, which established the Strengthening Program for Federal Financial Institutions, determines the following:
- For operations contracted until November 30, 1998, BNB's financial commission was reduced to zero, and the charges agreed to with borrowers remained unchanged;
 - For operations contracted with a credit risk of 50% for Banco do Nordeste, BNB's financial commission will be 3% per year;
 - For operations resulting from onlendings to BNB for it, in its name and at its own risk, to conduct lending operations, the financial commission will be 6% per year.
- a.4) Decree 5818, of June 26, 2006, combined with National Monetary Council (CMN) Resolution 3293, of June 28, 2005, established that, for PROFROTA transactions with large companies, BNB's financial commission is 2.5% per year.
- a.5) Administrative Rule 616, of May 16, 2003, of the Ministry of National Integration establishes that, for onlendings to institutions authorized to operate by the Central Bank of Brazil, BNB is entitled to the financial commission agreed to with the institutions, observing the limit established by legislation.
- a.6) For financing under PRONAF (Groups A, B, A/C, Semiarid and Forest and Emergency PRONAF), BNB is not entitled to any commission, according to the legislation and regulation of the Program.
- a.7) For lending operations reclassified under Article 31 of Law 11775, of September 17, 2008, Interministerial Rule 245, of October 14, 2008, establishes BNB's commission at 3% p.a. for the transactions falling under the provisions of Article 1, items I to IV and at 6% p.a. for the transactions falling under the provisions of Article 1, sole paragraph.

FUNDO CONSTITUCIONAL DE FINANCIAMENTO DO NORDESTE-FNE

- a.8) In the Statement of Income, “Income from Lending Operations” is recorded at the net amount as follows:

Description	06/30/2009	06/30/2008
Income from lending operations	960,578	796,739
Expenses on BNB’s financial commission	(261,883)	(185,808)
Expenses on financial commission of other institutions	(1,928)	(1,766)
Expenses on negative monetary adjustment	(12,226)	(3,086)
Expenses on discounts granted on renegotiations - Laws 10696/11322	(6,192)	(6,902)
Expenses on rebates/discounts - Operations contracted by BNB	(200,243)	(179,542)
Expenses on rebates/discounts - Onlendings to other institutions	(50)	(424)
Expenses on rebates - Receivables from FAT - BNDES (National Bank for Economic and Social Development) - Law 10193/2001	(281)	(292)
Expenses on Operations - Other sources - Acquisitions Law 11322/06	<u>(1,114)</u>	<u>(12,401)</u>
T O T A L	<u>476,661</u>	<u>406,518</u>

- a.9) FNE’s expenses refer to management fee payable to BNB as the Fund manager, financial charges payable to BNB on financing under PRONAF, Groups A, B, A/C, Forest and Semiarid and Emergency PRONAF, performance bonus over repayments of PRONAF A/C, Semiarid and Forest, allowance for loan losses recognized pursuant to Interministerial Rule 11, of December 28, 2005, of the Ministry of Finance and Ministry of National Integration, and independent audit services, in addition to the bonuses and discounts established by legislation.

The management fee of 3% per year, paid to BNB by FNE, is recorded on a monthly basis and is calculated on the Fund’s net equity, less onlendings to BNB and financing under PRONAF, Groups B, A/C, Forest and Semiarid, limited each year to 20% of the transfers made by the National Treasury.

Pursuant to Decree 5641, of December 26, 2005, the management fee, beginning 2005, shall be calculated at 0.25% of the Fund’s net equity for each month, observing deductions established by legislation and the limit of 20% of the transfers made by the National Treasury in the year.

The financial charges paid to BNB on operations under PRONAF, Groups A, B, A/C, Forest, Semiarid and Emergency PRONAF and performance bonus over repayment of PRONAF A/C, Semiarid and Forest, established by the National Monetary Council, follow the percentages and criteria established by the legislation and regulation of the Program.

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b) Current and long-term assets

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

- b.1) Cash and cash equivalents consist of cash assets, which represent funds available for use in lending operations, and Funds Committed for Loans, which represent restricted cash in connection with yet-unpaid installments of contracted operations corresponding to the amounts outstanding by the balance sheet date, plus the payments expected during the 90 subsequent days and any mismatches between the amounts to be released after such 90 days and the estimated inflow to the Fund during such period. The Fund's cash held by Banco do Nordeste is subject to the Central Bank of Brazil rate.
- b.2) Total Lending Operations are stated at the amount of principal plus financial charges, less unearned income and allowance for loan losses (note 8). Law 11322, of July 13, 2006, provides for the renegotiation of debts arising from rural credit transactions contracted in the area under the jurisdiction of the Superintendency for the Development of the Northeast (SUDENE), and grants decrease on debit balance, bonuses for timely payment, decreased interest rates and extension of payment periods. Law 11775/08, of September 17, 2008, provides for the settlement, regularization, renegotiation or reclassification of debts arising from lending operations classified, among others, under Laws 9138/95, 10437/02 and 11322/06, Provisional Act 2196-3/01, CMN Resolution 2471/98 and National Family Farming Strengthening Program (PRONAF), under the Japanese and Brazilian Cooperation Program for the Development of the *Cerrado* Region - PROCEDER - Stage III and contracted by the financial agents with funds from FAT and grants discounts on debt balances and bonuses for timely payment, waivers, and maintenance or rescheduling of payment periods. Renegotiations formalized in first half of 2009 based on these laws reduced the Fund's income by R\$ 75,207 (R\$ 58,839 in the first half of 2008), as shown below. This effect includes costs on renegotiation of transactions contracted between the Fund and other funding sources, mixed funding sources or reclassified to the Fund, as authorized by said Laws:

<u>Description</u>	<u>06/30/2009</u>	<u>06/30/2008</u>
Recovery of operations written off from assets	109,439	94,238
Expenses on discount and waiver of debt	(63,302)	(43,697)
Net effect of allowances	<u>(121,344)</u>	<u>(109,380)</u>
Total	<u>(75,207)</u>	<u>(58,839)</u>

- b.3) The caption "Other receivables" include chattels and properties received by BNB as payment of debts. After assets are sold, the sale proceeds are apportioned between the Fund and BNB, proportionally to the risk assumed, pursuant to Article 7 of Interministerial Rule 11.

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b.4) Securities recorded under the caption “Other Assets” are stated at their face value, plus expected yield on each security, including, when applicable, the effects of adjustments of assets to market or realizable values.

c) Net equity

The net equity of FNE is composed of:

- Transfers from the Federal Government in the proportion of 1.8% of the collection of taxes on income of any nature and IPI (federal VAT);
- Returns and results of operations;
- Interest paid by BNB on FNE’s cash.

8. CREDIT RISK AND ALLOWANCE FOR LOAN LOSSES

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

a.1) Operations contracted through November 30, 1998:

- In operations related to *Programa da Terra*, the risk lies totally with PROCERA;
- In other operations, the risk is the responsibility of FNE.

a.2) Operations contracted beginning December 1, 1998:

- In financing under *Programa da Terra*, the risk lies with PROCERA;
- In operations under PRONAF, Groups A, B, A/C, Forest, Semiarid and Emergency PRONAF, the credit risk lies totally with FNE.
- In onlendings to BNB for it to conduct, in its name, lending operations, the risk is totally assumed by BNB;
- In onlendings to other institutions authorized to operate by the Central Bank of Brazil, contracted through November 30, 1998, the credit risk lies totally with the other institution;
- In onlendings to other institutions authorized to operate by the Central Bank of Brazil, contracted after Administrative Rule 616, of May 26, 2003, becomes effective, the risk lies totally with BNB;
- In the transactions mentioned in Article 31 of Law 11775/2008, the risk lies 100% with Banco do Nordeste, if the risk of the original transaction is fully attributed to the Bank, or shared, when the renegotiated transaction involves this type of risk;
- In other operations, the risk is 50% for FNE and 50% for Banco do Nordeste.

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

Description	06/30/2009	06/30/2008
Allowance for Loan Losses at the Beginning of the Period	<u>1,182,289</u>	<u>913,230</u>
. Full FNE Risk	965,749	773,182
. Shared Risk	216,540	140,048
(+) Net Allowance Recognized in the Period	<u>402,246</u>	<u>526,224</u>
Net negative goodwill - Law 11322	<u>740</u>	<u>25,310</u>
. Full FNE Risk	740	25,310
Allowance for Loan Losses Expense	<u>401,506</u>	<u>500,914</u>
. Full FNE Risk	294,585	408,890
. Shared Risk	106,921	92,024
(-) Receivables Written Off as a Loss in the Period	<u>320,766</u>	<u>319,986</u>
. Full FNE Risk	245,822	260,328
. Shared Risk	<u>74,944</u>	<u>59,658</u>
(=) Allowance for Loan Losses at the End of the Period	<u>1,263,769</u>	<u>1,119,468</u>
. Full FNE Risk	1,015,252	947,054
. Shared Risk	248,517	172,414

- c) Considering that PROCERA is responsible for the risk of financing operations under *Programa da Terra* with FNE’s funds, no allowance for loan losses is recognized.
- d) According to Interministerial Rule 46, of March 7, 2007, an allowance for loan losses is recorded for operations renegotiated pursuant to Law 11322, of July 13, 2006, as described below:
- d.1) for transactions with other sources of funds acquired by FNE: in an amount equal to the negative goodwill determined on acquisition by the Fund, recorded as a contra entry to loan transactions. The amounts for the period are described in sub-item “Interministerial Rule 46 - Law 11322 Negative Goodwill” in the table of item b above;

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- d.2) for renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts written off from assets as a loss, recorded as a contra entry to Allowance for Loan Losses Expenses. In the first half of 2009, an allowance was recorded in the amount of R\$ 8,398, of which R\$ 2,436 referred to full FNE risk transactions and R\$ 5,962 referred to shared risk transactions. In the same period in 2008, the allowance recognized was R\$ 109,380, of which R\$ 90,010 referred to full risk transactions and R\$ 19,370 referred to shared risk transactions; such amounts are included in sub-item “Allowance for Loan Losses Expenses” in the table of item b above.
- e) Interministerial Rule 244, of October 14, 2008, establishes that an allowance for loan losses is recorded for transactions renegotiated under Law 11775, of September 17, 2008, as described below:
 - e.1) for renegotiated FNE transactions: the amount of the allowance already existing in the month immediately prior to the renegotiation plus amounts written off from assets as loss, recorded as a contra entry to Operating Provisions Expenses;
 - e.2) for renegotiated FNE transaction, an allowance of R\$ 112,946 was recorded, of which R\$ 80,295 refers to transactions whose full risk lies with the Fund and R\$ 32,651 refers to shared-risk transactions. These amounts are included in “Allowance for Loan Losses Expense” as shown in item “b” above.

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

- a) As permitted by the sole paragraph of Article 3, Interministerial Rule 11, losses are recognized by FNE in accordance with the criteria set forth in item II of Article 3 of said rule, that is, at the amounts of principal and charges past-due for more than 360 days, according to the risk percentage assumed by the Fund.
- b) Funds related to BNB’s share of risk are returned to FNE on the second business day after losses are recognized by the Fund, according to the criteria set forth in item II, subitem “a”, Article 5 of Interministerial Rule 11.
- c) In the period, BNB returned to FNE the amount of R\$ 75,765 related to BNB’s share of risk in operations that were written off as loss.

10. PRIOR YEAR ADJUSTMENTS

The net negative adjustment of R\$ 1,866 (R\$ 1,336 as of June 30, 2008) refers to recalculations of charges on lending operations.

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

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

12. RENEGOTIATION OF LENDING OPERATIONS

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

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

The same Act authorized the replacement of financial charges on outstanding rural and non-rural transactions, contracted until January 14, 2001, subject to floating rates, by fixed rates set by legislation applicable to transactions with FNE's funds.

In the period, credits were reclassified to FNE or new transactions were contracted to settle financings with funds from other sources, whose full risk lies with the Fund, in the amount of R\$ 5,240, under said Law, as follows:

<u>Description</u>	<u>Amount</u>
Article 7 (Operations with the Cocoa Farming in Bahia)	1,987
Article 19 (Operations whose Risk lies with the Federal Government - FAT Funds)	<u>3,253</u>
TOTAL	<u>5,240</u>

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Also under Law 11775, credits were reclassified to FNE or new transactions were contracted to settle financings with funds from other sources, whose full risk lies with Banco do Nordeste, in the amount of R\$ 20,197, as follows:

<u>Description</u>	<u>Amount</u>
Article 31 (Mixed Funds from Other Sources/FNE operations)	12,606
Article 31 (PRODECER operations - Stage III)	<u>7,591</u>
TOTAL	<u>20,197</u>

Preliminary estimates indicate that amounts eligible for transfer to FNE, based on articles 7 and 31 of Law 11775/08, are as follows:

<u>Description</u>	<u>Amount</u>
Article 7 (Cocoa Farming Operations in Bahia)	330,000
Article 31 (Operations with mix FNE funds)	454,945
Article 31 (Operations with funds from FAT)	<u>150,000</u>
TOTAL	<u>934,945</u>

13. OTHER INFORMATION

The Bill of Conversion Law 4 of 2009 (resulting from Provisional Law 451 of 2008) was converted into Law 11945 of June 4, 2009, published in the Federal Official Gazette of June 5, 2009. Its Article 28 amends Article 15 of Law 7827/89, supporting debt settlements carried out by federal financial institutions managing Constitutional Funds which were performed in compliance with the banking practices and regulations of the respective institutions and which were subject to legal challenges and collected at the financial equivalent of assets liable to attachment of direct debtors and their respective guarantors, in relation to transactions granted with funds from Financing Constitutional Funds, also permitting the reopening of renegotiations for the settlement of debts by the financial equivalent of the current value of assets liable to attachment. Regarding the latter rule, the Executive Office of Banco do Nordeste, during its 3486th Meeting held on June 23, 2009, ordered the Credit Product Management Area to comply with the newly included paragraph 3 of Article 15-B of Law 7827/89 by submitting the report specified in such Article to the Ministry of National Integration and including a proviso that, for the preparation of such report, the debt settlements whose compliance is being challenged by the Internal Auditors of Banco do Nordeste and/or by the Control Agencies should not be regarded as accepted. As regards the operating procedures for new settlements based on Law 11945/09, such procedures depend on regulation by the respective Decision-Making Councils.

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14. SUBSEQUENT EVENT

On July 20, 2009, the Central Bank of Brazil issued Official Letter DEORF/Cofil - 2009/07394, which approved the qualification of the onlending transaction by Fundo Constitucional de Financiamento do Nordeste (FNE), in the amount of R\$ 600 million, as Level II Capital in the Reference Shareholders' Equity (PR) of Banco do Nordeste do Brasil S/A, in the subordinated debt class, in accordance with CMN Resolution 344/07. Consequently, Banco do Nordeste's Capital adequacy ratio (Basel Ratio) for July 2009 will already reflect the positive impact of this capital raising.

(Convenience Translation into English from the Original Previously Issued in Portuguese)
INDEPENDENT AUDITORS' REPORT

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

1. We have audited the accompanying balance sheets of Fundo Constitucional de Financiamento do Nordeste - FNE (Northeast Constitutional Financing Fund) managed by Banco do Nordeste do Brasil S.A., as of June 30, 2009 and 2008, and the related statements of income, changes in net equity, and cash flows for the six-month periods then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Fund; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Fundo Constitucional de Financiamento do Nordeste - FNE as of June 30, 2009 and 2008 and the results of its operations, the changes in its net equity, and its cash flows for the six-month periods then ended, in conformity with Brazilian accounting practices.
4. The Law 11775 of September 17, 2008, and subsequent amendments established measures to encourage the settlement, rescheduling or renegotiation of debts arising from rural credit operations and land mortgage loans, which were renegotiated based on article 5 of Law 9138, of November 29, 1995, whether or not rescheduled pursuant to Law 10437, of April 25, 2002, or article 4 of Law 11322, of July 13, 2006. These measures are extended to the operations of the Program for Recovery of Cocoa Plantations in the State of Bahia, of rural investment financing within the National Family Farming Strengthening Program (PRONAF), individualization of rural credit operations, group and collective operations of groups A and B of PRONAF, operations classified under the National Monetary Council Resolution 2471 of February 26, 1998 and operations with resources from the Fund for Lands and Agrarian Reform referred law also required, for the Northeast Constitutional Financing Fund (FNE), the reclassification of operations backed by funds from the Fund for Workers' Assistance (FAT), and permits the reclassification, exclusively in the context of FNE, of rural credits contracted with a mix of funds from the FNE and other sources. As described in note 12, the Fund is complying with the established in Law 11775/08 and subsequent amendments, however,

the effects on its financial statements will only be fully known when debt settlement, rescheduling or renegotiation processes are completed.

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

Fortaleza, August 6, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Claudio Lino Lippi
Engagement Partner

MANAGEMENT COUNCIL: Antônio Henrique Pinheiro Silveira (President) – Roberto Smith (Vice-President) – Augusto Akira Chiba - Álvaro Larrabure Costa Corrêa – Ana Teresa Holanda de Albuquerque – Zilana Melo Ribeiro

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SUPERVISORY BOARD: Rodrigo Silveira Veiga Cabral (President) – Cláudio Xavier Seefelder Filho – Gideval Marques de Santana – Manuel dos Anjos Marques Teixeira – Marco Antônio Fiori

AUDIT'S COMMITTEE: João Alves de Melo (President) – José Wilkie Almeida Vieira – Luciano Silva Reis

SUPERINTENDENT: João Francisco Freitas Peixoto (Financial Control)

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