



ANNUAL REPORT
2010





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Message from the President



Dear friends and partners,

The first decade of the 21st century came to a close with Brazil rising to prominence as a dynamic country, capable of assuming responsibilities between nations, and with an economic vigour which impressed not only Brazilians, but also our partners throughout the world. This economic dynamism was reflected in the growth of businesses in Brazil, among Brazilians and companies across five continents. This was a special moment, when we at Banco do Brasil, were able to demonstrate all our strength in supporting the sustainable development of the Country.

2010 was another year of many achievements for Banco do Brasil. It was the year in which we reported the highest net profit in our history of more than 200 years, we established our leadership as the largest financial institution in Latin America in terms of total assets, and, most importantly, we expanded the credit available to our clients so spectacularly that we managed to guarantee a share of almost 20% of this market.

The public share offering carried out by Banco do Brasil in June 2010 was one of the largest operations in the Brazilian market, increasing our capital by R\$8 billion, and bringing us 78,000 new investors.

It was also a year of great progress in terms of strategic partnerships. We increased our participation in the companies Cielo and CBSS; we continued with the process of restructuring our insurance companies; we initiated a new partnership with Banco Bradesco and Caixa Econômica Federal for the issue of a new national card brand name, ELO, as well as consolidating our partnership with Banco Votorantim, building very effective synergies.

We also concluded the integration process of Banco Nossa Caixa and expanded our operations in the state of São Paulo. BB is on the path to a new phase in its history. The word “bank” is no longer sufficient to describe all that we do, and what we can do, for our clients and partners. As a major conglomerate, we wish to be a benchmark reference as a supplier of high quality products and financial services. We wish to make the most of the scenario of economic growth in Brazil in order to continue with the diversification of our businesses.

This performance is also in the service of our historic vocation in the public sector. This is translated not only into our presence throughout the Country, including regions that are less favoured, but also offering credit in a responsible manner, in the support of communities, while investing in culture, education and the generation of jobs and incomes.

Banco do Brasil will continue to invest heavily as a partner in the sustainable development of Brazil, supporting the businesses expansion in the international scenario and consolidating its efficiency in the management of profitable businesses, in the quality of its operations, and in terms of satisfying the needs of its customers, both in Brazil and the rest of the world.

Our objective is to be the bank of Brazilians and Brazilian companies wherever they may be, and it was for this reason that we acquired control of Banco Patagonia, in Argentina. We also made some corporate moves in African countries, as well as the United States where we managed to achieve the status of Financial Holding Company, which permits us to act as a full commercial institution in that country.

We also attribute great importance to guaranteeing socio-environmental responsibility in our processes. This concern has led us to adhere to the Principles of Responsible Investment through BB-DTVM, with the object of incorporating social, environmental and corporate governance issues into our analysis practices, decision-making and investment management.

We also participate in a proposal of the United Nations Organization whereby companies that are signatories of the Global Compact start to approach questions with respect to water and the managing of water resources in their corporate strategies. In this context, we have signed a partnership for the development of the Brazil Water Program with the National Water Agency, WWF-Brasil and the Banco do Brasil Foundation.

The socio-environmental commitments of Banco do Brasil are expressed in our Agenda 21, which was updated at the end of 2010 with new sustainability targets for the period 2011 to 2013.

For 2011 we are facing new challenges and are striving to increase BB's market share in various business and service segments, always ensuring a continuing level of excellence in the Bank's administrative and financial management.

We must be profitable, hand-in-hand with sustainable development, investing in the training of our staff, holding the worth of our team in high esteem, while maintaining a commitment to a long-term view, and building long-lasting relationships. It is only in this way that Banco do Brasil will continue to be recognised as Brazil's main bank: the bank for companies and the public sector, and a benchmark reference in Brazil and abroad.

Aldemir Bendine
CEO





Corporate Profile

History of the Institution

 GRI 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6

Founded on October 12th, 1808, Banco do Brasil S.A. was the first banking institution to operate in the country, and in more than 200 years of existence it has accumulated many experiences and produced many innovations, participating in a lively manner in national history and culture.

The brand-name “Banco do Brasil” is one of the most recognised and valued by Brazilians, who

recognise in the institution such attributes as solidity, reliability, credibility, security and modernity. Due to its very competitive activities in the markets in which it operates, Banco do Brasil is a profitable company, aligned with social values.

BB’s vocation as an instrument of public policies has a focus on the sustainable development of the country and community interests, this being an



important differential of the Bank. A differential which can be summarized as Sustainable Regional Development. Through the adoption of economically viable, environmentally correct and socially just practices, the business strategy of Sustainable Regional Development seeks to perfect local economies, generating jobs and guaranteeing incomes in a sustainable, inclusive and participative manner.

In 2010, the year in which the Bank commemorated 202 years of existence, Banco do Brasil remained as the largest financial institution in Latin America, with R\$811.2 billion in assets. In addition to this, it has maintained its leadership in various segments of the market, and strengthened its support in the development of the country, as well as consolidating its high standards of Corporate Governance.

In order to ensure its leadership position in a country of continental proportions, Banco do Brasil operates in all the sectors of the financial market – from banking, cards, asset management, to insurance, pensions and saving bonds, as well as an extensive portfolio of products and services, seeking to align these increasingly with the precepts of socio-environmental responsibility.

With a nationwide coverage and a presence in 3,550 Brazilian municipalities through its service network, BB has the largest branch network in Brazil, and intends to set up a branch in every town in Brazil by 2015. In addition to this, once again BB ended the year with the largest park of automated cash machines in Latin America, with 45,000 terminals of its own.

Based in Brasília (DF), Banco do Brasil has a physical presence in 23 countries, and through a network of 1,039 representative banks, it covers 140 countries in all, being the Brazilian bank with the largest service network of its own outside Brazil. The activities of the Bank in other countries are supported by three key factors: (i) the existence of Brazilian communities in other countries; (ii) the internationalization of national companies, and (iii) the expansion of Brazil's commercial relationships with the rest of the world.

BB adopts technologies and processes which keep it at the forefront of the financial market. To this end it invests continuously in the training of its 109,000 employees, helping them to develop a professional career based on satisfaction and growth, preparing them to provide a flexible and quality service to BB's customers, who number more than 54.4 million.

Operational Segments

SEGMENT	MAIN CHARACTERISTICS
Banking	Includes deposits, credit operations, among others, focused at the retail and wholesale segments, as well as the government. This is responsible for the most significant tranche of BB's earnings
Investments	Includes intermediation and the distribution of debt in primary and secondary markets, as well as in shareholding participations
Asset Management	Operations for the purchase, sale and custody of securities, the administration of portfolios, constitution, organization and administration of funds and investment clubs
Insurance	Products and services related to life-insurance, property, health and automotive
Pensions and Capitalization	Supplementary pension and capitalization products and services
Payment means	Services for the transmission, capture, processing and financial settlement of transactions through electronic means
Others	Operational support processes, and consortia

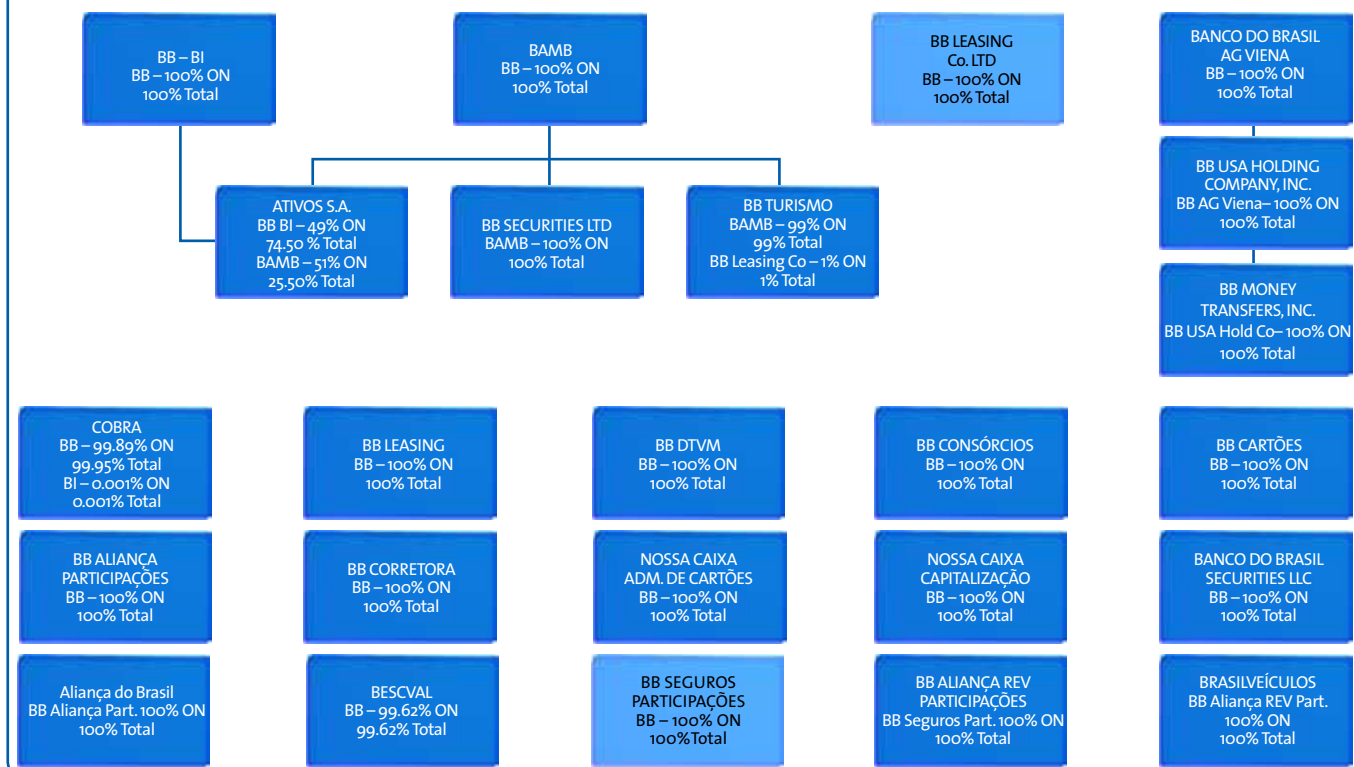
As a conglomerate, Banco do Brasil has 19 subsidiaries, 6 sponsored entities, as well as a stake in 10 companies in strategic businesses for the Company. BB also has stakes in 10 affiliated companies through its investment bank, BB-BI.



BB – Conglomerate – Corporate Structure

National Treasury	51.8656%	Fundo Fiscal de Inv. e Estabilização	2.1848%
Previ	10.3668%	Fundo Garantidor para Investimentos	0.2622%
BNDESPar	0.0082%	Foreign Investors	17.5301%
Fdo. Garantia à Exportação	4.8729%	Brazilian Investors	12.9095%

SUBSIDIARIES



AFFILIATES/SHAREHOLDINGS

BB SEGUROS PARTICIPAÇÕES

STRATEGIC HOLDINGS

INSURANCE GROUP

BRASILCAP
BB Seguros Part.
49.99% ON
49.99% Total

BRASILPREV
BB Seguros Part.
49.99% ON
74.99% Total

BB – BI

STRATEGIC HOLDINGS

SBCE
BB – BI 12.09% ON
12.09% Total

EBP
BB – BI 11.11% ON
11.11% Total

CIBRASEC
BB – BI 9.09% ON
9.09% Total
BB 3.03% ON
3.03% Total

CIELO
BB – BI 28.65% ON
28.65% Total

CBSS
BB – BI 44.31% ON
45.69% PN
45.00% Total

TECBAN
BB – BI 9.02% ON
9.02% Total
BB 4.51% ON
4.51% Total

NON-STRATEGIC HOLDINGS

ITAPEBI
BB – BI 19% ON
19% Total

KEPLER WEBER
BB – BI 17.55% ON
17.54% Total
BBDTVM 0.02% ON
0.02% Total

NEOENERGIA
BB – BI 8.81% ON
8.81% Total

PRONOR
BB – BI 5.51% PN
3.27% Total
BBDTVM 29.51% ON
12.02% Total
BB 1.77% PN
1.05% Total

BANCO DO BRASIL

STRATEGIC HOLDINGS

BANCO VOTORANTIM BV PARTICIPAÇÕES
BB 49.99% ON
50% Total

MAPFRE NOSSA CAIXA VIDA E PREVIDÊNCIA
BB 49% ON
49% Total

NON-STRATEGIC HOLDING

CADAM
BB 56.19% PN
21.64% Total

MANAGED

BB PREVIDÊNCIA
Closed Private Pension Entity

FOUNDATION

FBB

SPONSORED

CASSI

PREVI

FUSESC

SIM

PREVBEP

ECONOMUS



Time Line

1808-1828

Europe is undergoing rapid changes. Napoleon is sweeping the continent with his armies, overthrowing monarchies and installing republics. The winds of change reach Portugal, forcing the Royal family to flee across the ocean and seek refuge in Brazil. The Prince Regent Dom João, after Dom João VI, arrives in Brazil in May 1808. On October 12 he decrees the creation of the first bank in the country, Banco do Brasil.

In 1817, Banco do Brasil carries out its first public offering of shares in the Brazilian capital markets. In 1819, the first Brazilian stock exchange, in the city of Rio de Janeiro, is built with financing from Banco do Brasil. With the return of Dom João to Portugal and the withdrawal of funds deposited with the Bank, in 1833, thus ends the first phase of Banco do Brasil.



1829-1848

Brazil takes its first steps as an independent nation, having to fight against various economic problems. The strong drop in international sugar prices due to competition from Caribbean countries affects the economy. Politically, the new empire has to guarantee national unity, threatened by separatist regional movements. In this period of severe agitation and heavy challenges, the businessman Inácio Rattón founds Banco Comercial do Rio de Janeiro, in 1838.



1849-1868

Under the Second Empire Brazil begins to enjoy the prosperity of coffee. Irineu Evangelista de Souza, a businessman from Rio Grande do Sul, launches the foundations of various national industries, and receives the title of Baron of Mauá. Among his initiatives is the creation of a new financial institution, called Banco do Brasil, in 1851. Two years later, in the first banking merger in Brazil in history, the Banco do Brasil, of Mauá, merges with Banco Comercial do Rio de Janeiro.

This period is rich and prosperous for Banco do Brasil. In 1854, already showing concern with regard to the recruiting and creation of a better workforce, the bank holds the first public concourse to recruit bank clerks. In 1863 Banco do Brasil becomes the first issuer of national currency. And in September of the following year the bank faces its first crisis: the collapse of the banking house A. J. Alves Souto, Brazil's largest private financial institution. The collapse of Alves Souto is so serious that it affects the market in London, but this crisis is overcome by Banco do Brasil.



1869-1888

In 1866, Banco do Brasil ceases to be the issuer of currency, this task now being the responsibility of the Casa da Moeda (National Mint), and becomes the principal receiver of deposits and the supplier of loans in Brazil. The Bank begins to discount securities and provide loans guaranteed by mortgages. The changes in the Brazilian economy do not go unsupported. Besides the strong expansion in the coffee economy, Brazil begins to take its first hesitant steps on the way to industrialization.

The Abolition of Slavery provokes profound changes in the economy. Slaves must be substituted by salaried workers, substantially increasing the circulation of money and the need for currency. With Abolition, Banco do Brasil begins to finance the replacement of slave labour with European immigrants and animal farming production.



1889-1908

The Abolition of Slavery will mark the start of a movement which will culminate in the Proclamation of the Republic. The new democratic government creates a number of institutions, one of them being Banco da República dos Estados Unidos do Brasil. Four years after the Proclamation, in 1893, it is merged with Banco do Brasil, creating Banco da República do Brasil.

In 1905 the "Republic" disappears. Not the government, but the name of the bank which goes back to being called just Banco do Brasil. The Federal Union assumes shareholder and administrative control of the institution, which has continued up to the present day. The following year, in 1906, Banco do Brasil takes another decisive step in its history, floating its shares on the Stock Exchange. Over a century later, the shares of the Bank are still amongst the most traded on the stock exchange.



1909-1928

The first years of the 20th century are a challenging period for Brazil. In addition to rapid growth in its population as a result of immigration and industrial expansion, particularly during and after the First World War, between 1914 and 1918, the economy has to deal with infrastructure deficiencies, a low level of tax collected by the government, the absence of capital for investment and fluctuation in international coffee prices.

Banco do Brasil plays an active role in this period, capturing savings from the public and financing economic development. In 1926, the stock exchange building in Rio de Janeiro, financed by the bank, becomes its new headquarters. Today the building is the Banco do Brasil Cultural Centre in Rua Primeiro de Março, in the centre of Rio de Janeiro.





1929-1948

The crisis of 1929 provokes strong political changes throughout the world. In Europe, the rise of dictatorship regimes, and in Brazil, the government of Getulio Vargas. In 1937, Banco do Brasil begins to capture private pension funding. The Portfolio for Agricultural and Industrial Credit sells bonds and mortgage notes in the capital markets, together with the Institute for Retirement and Pensions. In 1941, a little after Brazil's entry into the War, the bank begins its international expansion, inaugurating its first branch outside Brazil, in Assunção, Paraguay.

The Second World War, which had the participation of Brazilian "GIs" in Italy, opens up new opportunities for the Brazilian economy. Banco do Brasil goes to war and accompanies the Brazilian troops, opening offices in Rome, Naples and Piemonte in 1944. In the following year, the end of the war and the re-democratization of Brazil brings with it some banking changes. Sumoc (the superintendency for currency and credit) is created, with the aim of exercising control over the currency and preparing the organization of a central bank.



1949-1968

The 50's and 60's are a time of great agitation. Brazil is growing extremely fast, with the introduction of the automobile industry and the reach of the economy in to the interior of the country. The government of Juscelino Kubitschek inaugurates the new capital, Brasília, on April 21st, 1960. On this date, the headquarters of the bank is transferred to the Planalto Central, in the new capital.



The revolution of 1964 profoundly changes the economy. The Banking Reform Law brings an end to Sumoc and creates the Brazilian Central Bank and the National Monetary Council. Banco do Brasil ceases to be responsible for the control of the currency, with this task being transferred to Central Bank. In 1967, Banco do Brasil starts to dedicate its energies to the international markets.



1969-1988

A period of economic growth and significant political moves, the 70's is a decade that sees significant evolution at Banco do Brasil. In 1968, the Bank creates Cheque Ouro (Gold Cheque), the oldest overdraft facility in the market, which enjoys enormous public success. This is also a time of geographical expansion for Banco do Brasil. In 1976, BB inaugurated its thousandth branch in the town of Barra dos Bugres, in Mato Grosso.

The 80's bring economic crisis and political liberalization. In 1985, Banco do Brasil creates the Banco do Brasil Foundation. The following year, BB becomes a complete financial institution, starting to operate in all the segments of the financial markets. The number of product launches accelerates. In 1987, BB diversifies in the retail segment, with the launch of the Ourocard, the first multi-use card in the Brazilian markets.



1989-1999

The 90's are a time of great challenges. In addition to re-democratization, with the advent of direct elections, Brazil begins to tame its persistent inflation which had hitherto disrupted the economy. The participation of Banco do Brasil in this process was very important. In 1994, with the introduction of the Real, BB carries out the largest physical exchange of currency that the world has ever seen, substituting all the currency circulating in Brazil.

The changes also include alterations in structure at the bank, which restructures its management to adapt to the drop in inflation. In 1995, BB introduces a voluntary redundancy program, and invested heavily in modernization. In 1996, the Bank carries out a cleanup of its finances and receives a capital injection of R\$8 billion.

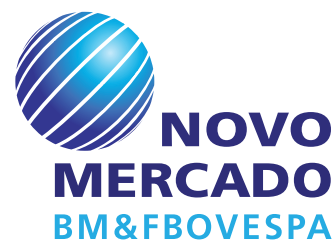
In addition to this balance sheet clean-up, the bank also invests in technology. In 1998, Banco do Brasil becomes the first bank to obtain ISO 9002 certification in credit analysis and inaugurates its Technology Centre, one of the most modern and best equipped in the world.



2000-2010

Banco do Brasil arrives in the third millennium faced with the challenges of technology and market globalization. In 2000, BB launches its Internet portal bb.com.br, and becomes the leader in the quantity of Internet banking users being the first bank to launch personalised self-service. The Bank also strengthens its position as an important participant in equity markets. In 2002 it converts its preferred shares into ordinary shares. In 2006, the shares of BB celebrate 100 years of listing on the stock exchange, and the bank becomes part of the São Paulo Stock Exchange (Bovespa) "Novo Mercado" assuming a commitment to raise its free-float to 25%. To this end, after a public share offering in 2006, the Bank carries out two public share distributions: one in 2007 and the other in 2010, when the Bank carried out the largest public share offering in its history. As a result of this last share offering, the free-float reaches 30.4%, and with a participation by foreign investors of 17.5%, the Bank strengthens its capital structure, with the aim of achieving its growth plans.

In 2008, the year of major global financial crisis, Banco do Brasil breaks its pattern and absorbs Banco do Estado de Santa Catarina (Besc), Banco do Estado do Piauí (Bep) and Banco Nossa Caixa. In 2009, Banco do Brasil incorporates Banco Nossa Caixa and, in a strategic partnership, BB acquires 50% of the shares of Banco Votorantim and ends 2010 with the acquisition of 51% of the shares of Banco Patagonia, in Argentina. In the year in which Brazil elects its first female President, the bank strengthens its position as the largest financial institution in Latin America against a background intense movement in the world's markets, of particular note being the strengthening of its presence abroad, the restructuring of its insurance division and the revision of its services in the retail segment, with the start of negotiations for the establishment of partnerships for the Bank's expansion into the card segment.





Mission and Values



MISSION

The alignment of business with the principles of sustainability and development of the country is present in Banco do Brasil's mission and values.

“To be a competitive and profitable bank, promoting the sustainable development of Brazil and fulfilling its public function in an efficient manner”.

VALUES

- Ethics and transparency
- Commitment to the development of communities and the country
- Socio-environmental responsibility
- Respect for the consumer
- Excellence and specialization in client relationships
- Participative management, collegiate decisions and working as a team
- Professional advancement based on merit
- Brand-name with a competitive differential
- A proactive approach in the area of risk management
- Commitment to solidarity, profitability, efficiency and innovation
- Respect for diversity
- Commitment to shareholders and society

VISION

Banco do Brasil's “Vision of the Future”, updated for the period 2011-2015, maintains its historic commitments:

“To be the number one bank for Brazilians, companies and the public sector, a benchmark reference abroad, the best bank to work for, recognised for its performance, long-lasting relationships and socio-environmental responsibility.”

The Bank believes that every new business opportunity, every challenge faced and every decision taken in harmony with this Vision, will guide the Organization in the direction of growth and the performance expected by shareholders, society, the client and all its employees and stakeholders.



Strengths

a) Market Leadership

The only bank to be a participant in the BM&FBovespa Novo Mercado, which establishes more demanding corporate governance principles, as well as being a leader in the main areas of operation of the banking sector.

- Clients: 54.4 million clients and 35.9 million current accounts, with 33.8 million accounts held by private individuals and 2.1 million by companies;
- Total deposits: R\$376.8 billion¹. Banco do Brasil is also the leader in judicial deposits – in December 2010 it held a total of R\$64.7 billion of this type of deposit;
- Total assets: R\$811.2 billion, being the largest financial institution in Latin America¹;
- Asset management²: R\$372.3 billion corresponding to 21.9% of the market through its wholly-owned subsidiary BB DTVM, according to ranking figures from Anbima;
- Loan portfolio³: R\$388.2 billion;
- Payroll credit: balance of R\$44.9 billion and market share of 32.7%;
- Agribusiness: the bank's agribusiness portfolio amounted to R\$75 billion, up 12.9% compared to 2009. BB has 60.6% of the market, operating in all areas of this segment, and right through the production chain, from the small producer to large agro-industrial companies;

- Leader in loans passed on from the BNDES with 19.4% of this market, and total accumulated funds paid out of R\$18.2 billion;
- Foreign trade: US\$ 12.6 billion in Advances on Exchange Contracts (ACC) and Advances on Export Contracts (ACE) and a market share of 33.6%. Volume of US\$57.1 billion in the export exchange market and US\$42.7 billion in the import market, which calculates out at a respective market share of 31% and 24%.

b) Potential Growth of the Loan Portfolio

Banco do Brasil believes that it is well positioned and has the right conditions to continue to expand its loan portfolio and maintain its leadership of the sector. These conditions are sustained by its extensive franchise, experience in the granting of loans, as well as the strength and tradition of the Banco do Brasil brand name. The table below shows the potential for expansion of Banco do Brasil's loan portfolio at the end of the periods indicated. It can be seen that as at December 31st, 2010, considering the sources of funding available for application, obtained from the difference between funds available and lending operations, there is a growth potential of 12.5% in credit terms, without the need for the raising of additional funding. It is worth pointing out that, in considering the possibility of loan growth as a function of the Basel index (14.1% as at December 31st, 2010), Banco do Brasil has, in the period, a margin of R\$110.7 billion in loan assets, considering a weighting of 100%.

R\$ million, except percentages	On December 31 st		
	2008	2009	2010
Total Funding ⁽¹⁾	298,745	381,944	401,205
Net loan portfolio ⁽²⁾	210,181	281,231	340,169
Cash and equivalents ⁽¹⁻²⁾	88,564	100,713	61,086
Potential for expansion ⁽³⁾	29.6%	26.4%	12.5%
Margin for leverage ⁽⁴⁾	108,100	104,600	110,700

(1) Total deposits + pass-ons in Brazil + financial and development funds + subordinated debt + funds raised abroad (-) compulsory deposits.

(2) Loan portfolio (-) PCLD.

(3) Cash and equivalents/total funding.

(4) Division of the excess Reference Equity: difference between the Reference Equity of the bank (Capital Level I and II) and the Net Equity required for the calculation of the Basel Index: by the minimum percentage of capital demanded (11.0%), for Basel Index purposes.

Source: Consolidated financial information of the bank.

¹ According to the ranking of the consultancy firm Economática as of December 31st, 2010

² Includes Banco Votorantim

³ Includes guarantees and pride it TVM



c) Sustainable Finance

With its Strategy of Regional Development (DRS), Banco do Brasil does not limit itself to the traditional role of lending agent, but also acts as a catalyst for initiatives and stimulation, encouraging and mobilising economic, political and social agents (Federal or State governments and agencies, prefectures, industries, commerce, universities, NGOs. etc), as well as seeking to strengthen the formation of associations and co-operatives, family farming, and micro and small entrepreneurs.

The innovative nature of sustainable finance and the reach of the socio-environmental initiative have been attested to by the United Nations University, which in a report affirmed: "To our knowledge, DRS strategy is the first initiative carried out by a financial institution which includes the principles of sustainable development as part of the basis of its methodology and implementation practice, which it follows systematically. (...) BB has proven that it combines legitimate economic profitability with a high level of social responsibility, representing a new, solid and definitely necessary way of doing business. (...) The Program deserves to be continued and strengthened, and in our opinion, contains elements, and has acquired experience, which could be applied with success in other countries".

The DRS strategy has shown itself to be a peaceful and silent revolution, which has contributed to reducing poverty and promoting development in a solid and sustainable manner.

At the end of 2010 this strategy involved 3,800 business plans in the process of implementation, benefiting 1.2 million people in 3,900 Brazilian municipalities, with programmed lending of approximately R\$5.1 billion, in investment, funding and working capital.

d) Solidity of Brand-Name

The Banco do Brasil brand name is one of the most well-known and valuable in the country. Among the brand names most remembered by Brazilian consumers in 2010, according to research carried out by Instituto Datafolha (Top of Mind Award 2010), Banco do Brasil was the financial institution most remembered by Brazilians for the 19th year running. In addition to this, in the fifth edition of the poll "The 100 most valuable brand names in Brazil", carried out by the consultancy firm Brand Finance, the brand-name Banco do Brasil remained as the third most valuable in the country.

e) Extensive Reach of Service Network

Banco do Brasil has the largest owned service network, with 18,359 service outlets in Brazil. It has 5,087 branches, 10,145 bank representatives, more than 8,000 service outlets and the largest ATM park in Latin America, with 44,954 of its own machines. Considering the combined network and the banking representatives, the total amount of outlets rises to 48,344.

f) Strategic Relationship with Federal, State and Municipal Governments

In its capacity as financial agent of the National Treasury, Banco do Brasil provides services with respect to financial administration and execution, in receiving funds for the Single Account of the Union, and passing on funds to other entities of the Federation. In its operations with the other federal bodies, the business principally involves the capturing of resources for funds and programs for application in specific areas, the collection of taxes, the payment of student grants, benefits and refunds, and the passing-on of funds.



In the other spheres of the Federation, Banco do Brasil is currently the official financial agent for 16 states and 14 capitals. In addition to this, it maintains business with all the municipalities in the country, offering specific solutions for tax administrations, for the capturing, management and optimization of financial resources, for the making of payments, for the management of human resources and social welfare, and for the generation of jobs and incomes.

g) Modern Platform with Leading-edge Technology

The investments made by Banco do Brasil over this last decade have helped it to reach a prominent position in terms of banking technology in a national and international context, being the first retail banking institution in the Americas and the southern hemisphere, and the 10th in the world, to obtain ISO 20,000 certification in technology, according to data from the IT Service Management Forum. As at December 31st, 2010, automated channels accounted for 93% of the total transactions realised. Of these, approximately 36.4% were through ATM machines, of which the bank owns a total of around 45,000, being the largest part of automated self-service terminals in Latin America. Banco do Brasil's prominent position in this area is the result of constant investment in technology, which exceeded R\$997 million in 2010 alone.

h) High Standards of Corporate Governance

Since 2002, in its company bylaws Banco do Brasil has incorporated the Corporate Governance practices stipulated in the regulations of the BM&FBovespa Novo Mercado, a listing segment which brings together companies with a high standard of corporate governance in Brazil. These standards of corporate governance have the aim of maximising management efficiency and protecting the interests of all shareholders. On May 31st, 2006, the Bank became part of the Novo Mercado, when it signed a Novo Mercado contract with BM&FBovespa, when it began the process of increasing the size of its free-float, which in 2010 amounted to 30.4%, compared to just 14.8% in 2006.

i) Highly Professionalised Management

Banco do Brasil believes that having highly qualified professional staff and an ability to maintain their commitment, with a constant drive for positive performance, favours a successful outcome for its strategies. To this end, it seeks to retain competent and experienced professional staff, who identify with the bank's objectives. In addition to this, it selects its staff directors based on technical criteria. The Executive Board is fully professionalised and has wide experience in a large number of executive positions within the Banco do Brasil Conglomerate, as well as having extensive knowledge in the financial and banking sectors.



About This Report

Transparency

In the relationship with its stakeholders, Banco do Brasil holds ethics and transparency in high esteem, providing quality information in a timely manner. Its businesses and practices follow principles which combine socio-environmental responsibility with profitability, ensuring an approach which is committed to the future of the planet.

To consolidate this relationship of transparency, for the fifth year running the Bank is continuing its strategy of reporting its financial statements to society following the directives of the Global Reporting Initiative (GRI – G3).

In maintaining a single standard for the presentation of information, GRI methodology, used internationally in the production of corporate reports, facilitates comparison of economic, social and environmental performances over time, and also between particular companies. Banco do Brasil applies the indicators of the Supplement to the Financial Sector, with a declaration of Level A+. In addition to this, it uses the criteria of the Brazilian Association of Listed Companies (Abrasca), indicators which are widely recognised in the Brazilian capital markets.

Believing that the concept of sustainability should permeate throughout all the processes of the company, BB chooses to publish one single report. In the Banco

do Brasil Annual Report the socio-environmental issue is combined with the usual accounting statements and economic results, statements of this type having previously published exclusively from a financial perspective.

Drawing up of the Report



This Annual Report shows the main activities and initiatives which Banco do Brasil developed in 2010, and is the result of a process which involves the engagement of various areas of the Bank.

To draw up the content, the principal observations take into account the results from Stakeholders Panel II, held by BB in November 2010. The Panel brought together employees, shareholders, clients, suppliers, specialists, representatives of civil society and governmental bodies, and had the object of divulging the policies and initiatives of the Bank, engaging its public audiences to the Company practices, as well as evaluating the report of the previous year and collating the various considerations for the drawing up of this year's report.

Besides these initiatives, BB carried out consultations with its vice-presidents through interviews, enabling it to identify the importance and relevance of the themes covered here.

In addition to this, workshops were held on the use of GRI indicators, as a way of raising awareness and training the various areas that supply the requisite information.

In its Annual Report 2010, BB again emphasises its positioning of making use of new technology to realise the potential of its sustainability initiatives, publishing an electronic version of the document for the third year running. In addition to this type of media, BB has also introduced an innovation by making the content

of its Annual Report also available on card drive, Ipad, Iphone and mobile-phones, channels which minimise the consumption of resources and provide tools for easy navigation.

Another initiative by the Bank was the decision to publish its magazine "Conexão BB" (BB Connection) meeting the wishes of its stakeholders for a compact and easily understandable publication. The content of this magazine will be updated quarterly and will be available on the website of the Investor Relations Unit in PDF format.

The Annual Report 2010 maintains all the tools and resources already seen in the 2009 version, introducing an innovation to provide more flexible navigation. Also the PDF version has been improved, which will show all the content available in an electronic version. Readers continue to have the option of personalising their Report, selecting only the information which they judge to be the most important.

The Report is divided into nine chapters. Links are maintained between them, permitting easier navigation. There are also adjustable audio and video options right at the beginning of the content summary, in addition to there being the possibility of adjusting letter font size in accordance with the preference and needs of each reader.

Influences behind the Content



The drawing up of this report was based on the Stakeholders Panel and interviews carried out with BB's vice-presidents. As a result of these initiatives, the Bank has structured and incorporated the demands resulting from the Stakeholders Panel and those of the senior executives of BB, as shown in the tables below:

Stakeholders Panel

Stakeholders' Demands	Implementation	Chapter
Need for revision of the communication media. Lack of reading fluidity in the pen drive content.	The language and the format adopted in the 2010 Annual Report have been totally revised to meet the demands of the various public audiences with which BB relates. In this version, BB publishes additional versions of its report using more simple/accessible language so that it is able to reach out to all its stakeholders (magazine version – Conexão BB, Ipad version, version for mobiles). The online version has also undergone a major revision, so that navigation is now more intuitive.	Throughout the report
Revision of the Report's structure in such a way that socio-responsibility is treated in a transverse manner throughout the text.	The structure of the 2010 Annual Report has been totally revised so that the theme of socio-environmental responsibility is no longer concentrated in one single chapter (in the 2009 Annual Report, with the name "Socio-environmental Performance") and is now given prominence in all chapters. In this way, BB has striven to ensure that its Annual Report is increasingly integrated and effective with corporate sustainability being demonstrated as a practice which is effectively part of the Company's management.	Throughout the report



Stakeholders' Demands	Implementation	Chapter
More detailed analysis of quantitative information.	Throughout the report explanations can be found of the deviations observed. The majority of the indicators have a history of at least three years, with a view to allowing comparison of the data presented.	Throughout the Report
More content on strategic continuity process.	The report contains BB's principal initiatives carried out in 2010, in alignment with its strategy and declaring its directives for the future cycle.	Strategic Management
Potential for dissemination of micro-credit in the Brazilian context.	DRS identifies opportunities for micro-credit operations, through BB Microcrédito DRS. BB also has specific lines outside the scope of DRS.	Our Businesses
Qualified data on the employees who work at the Bank.	Under "employees", in the Connection chapter, is shown a variety of information referring to BB's workforce, such as profile, training and qualification, and awards received.	Connection
Training of employees in socio-environmental initiatives for business proposals.	BB has various courses available for its employees, such as "DRS – Fundamental Concepts and Methodologies", "Pronaf Agricultural Farming" and "APL – Local Production Arrangements".	Connection
Information about share performance and the explanation of bonuses issued.	BB provides information with regard to its share performance, dividend distribution, bonuses, and ADR performance. More details can be found in Chapter 9.	Our Businesses
Details of the bonus paid to employees and executives of BB.	The remuneration of the employees of BB is represented in aggregate form for the year 2010. For information with respect to executive remuneration, please refer to Reference Form.	Connection
Analysis of environmental risks in the granting of credit.	The report represents the criteria for the granting of credit, particularly those with a socio-environmental angle. In addition to this, it shows the main principles to which the bank is a signatory, such as: Green Protocol, Ecuador Principles, among others.	Corporate Controls
Details of risk management and internal controls.	In the chapter on Corporate Controls, details are provided on the management of risk and internal controls of BB.	Corporate Controls
Internationalization strategy of the Bank.	An important strategic move for BB, internationalization is aligned with the Bank's strategy and is shown in greater detail in the chapter entitled Strategic Moves. In this chapter are shown the principal partnerships and operations of BB in other countries.	Strategic Management
Endo-marketing.	The area of internal communication and endo-marketing of BB is focused on the dissemination of information within the company, with credibility and in a timely manner, seeking to establish a frank and open dialogue with the workforce.	Connection
Initiatives for the engagement of stakeholders and results achieved.	From this year, BB is publishing the main recommendations of its stakeholder panel, so that the publishing of accounts takes place in a more transparent manner, attending to the wishes and desires of its public audiences.	Corporate Governance
More detailed presentation of Corporate Governance.	The report has a specific chapter on BB's Corporate Governance, with a description of the structure, process and instruments, in addition to a timeline. In the Governance chapter, BB emphasises that the continuity of its businesses is based on a series of standards and regulations which safeguard the management from conflicts of interest and political interference.	Corporate Governance
To improve the report so as to better meet the expectations of suppliers, portraying the relationship between these and Banco do Brasil.	Included in the chapter which shows the interaction between BB and its stakeholders.	Connection
Work on information with regard to socio-environmental initiatives and connecting them to their various products and services, including the results obtained.	This year, BB shows the participation of its products with a socio-environmental emphasis in the total result generated. In addition to this, the strategies and management tools are reported on that include sustainability as a directive.	Our Businesses
Expands the report to include the challenges of institution.	The report has been improved with regard to sustainability challenges and the targets have been published for fulfillment by actions set out in Agenda 21. These actions contemplate the desires of the Bank's stakeholders.	Strategic management
Presentation of sustainability targets.	The sustainability challenges which in last year's annual report were published in the chapter on socio-environmental performance, this year are published in the chapter on Strategic Management, together with the strategic objectives of the company. The sustainability targets presented must be fulfilled by the end of December 2011, and have been taken from the corporate sustainability action plan – Agenda 21 BB – for the period 2011-2013.	Strategic Management
Confirms the positioning and vision of the future of BB, showing that sustainability is part of management and had an influence on the definition of objectives. An explanation on long-term vision and objectives is lacking.	More details on this theme can be found in chapter 5, particularly with regard to Agenda 21 and the definition of actions for the period 2011-2013.	Corporate Governance



Interviews with Vice-presidents

Demands	Implementation	Chapter
Public share offering.	The report covers the theme and shows on the principal results of this event that took place in 2010, as well as the profile of the investors, the volume of trading, and the share free-float.	Connection
Funds raised abroad.	An item has been included specially dedicated to BB's raising of funds, with a detailed coverage of this theme.	Our Businesses
BB's internationalization strategy.	An important strategic move for BB, internationalization is shown in more detail in the chapter "Strategic Moves". The main partnerships are covered in this chapter, as well as BB's operations in other countries.	Strategic Management
BB's risk management.	A chapter has been created, entitled "Corporate Controls" which goes into detail about risk management, internal controls and security management.	Corporate Controls
Prospects for increasing demand for investment in the public sector.	Description of the prospects for the major events which will be taking place in Brazil and the strategic role of BB in this regard.	Connection
Restructuring of insurance segment.	The Report describes the context of this segment, the reasons which led to its restructuring, and the results of this segment in 2010.	Strategic Management
Strategic partnerships.	The year 2010 was characterised by various strategic partnerships entered into, which are described in this Report, together with the outlook for these partnerships.	Strategic Management
Sustainability treated in a transverse manner.	The Report has been drawn up in such a way as to be able to identify the theme of sustainability throughout the text, from governance to products and services.	Throughout the Report
New IT Governance model.	The report describes BB's IT Governance model, which has the aim of improving this aspect of the Bank on a permanent basis.	Corporate Controls
Information on the process of the incorporation of Banco Nossa Caixa and the strategic partnership with Banco Votorantim.	Figures resulting from the incorporation of BNC are shown, as well as the synergies extracted in the operations in São Paulo, integration of the organizational cultures and the advances made in the area of technology. The results are also covered arising from the partnership with Banco Votorantim.	Investments
New installations at the data center.	The Report provides information on the installations at the new data center to meet BB's technological demands.	Investments
Staff management.	Under the item "Employees" in the chapter entitled "Connection", is shown various information referring to BB's workforce, such as profile, training and qualification. In addition to awards received.	Connection

Coverage



GRI 2.9 | 3.1 | 3.6 | 3.7 | 3.8 | 3.9 | 3.10 | 3.11

The information contained in this report covers the period from January 1st to December 31st, 2010, and reports on the operations of the Banco do Brasil Conglomerate, considering the equity stakes that the Institution holds in its subsidiaries and affiliates.

The accounting information contained in this report meets the guidelines for listed companies contained in Law No. 6.404/76, as well as its amendments, in addition to the norms and instructions of the Brazilian

Securities and Exchange Commission (CVM) and Brazilian Central Bank, as well as being in compliance with the pronouncements of the Accounting Pronouncements Committee (CPC).

The financial information and accounting statements shown in this Annual Report covers the branches and subsidiaries in Brazil and abroad, as well as direct and indirect subsidiaries and affiliates, as shown below:



Banking Segment		Activity	% Equity Stake Held	
			12.31.2010	12.31.2009
BB Leasing S.A. – Arrendamento Mercantil	(1) (5)	Leasing	100%	100%
Banco do Brasil – AG. Viena	(1) (5)	Banking	100%	100%
BB Leasing Company Ltd.	(1) (5)	Leasing	100%	100%
BB Securities LLC.	(1) (5)	Asset Management	100%	100%
BB Securities Ltd.	(1) (5)	Asset Management	100%	100%
Brasilian American Merchant Bank	(1) (5)	Banking	100%	100%
BB USA Holding Company, Inc	(1) (5)	Holding Company	100%	100%
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	(1) (5)	Asset Management	99.62%	99.62%
Banco Votorantim S.A.	(3) (5)	Multiple Bank	50%	50%
BB Banco Popular do Brasil S.A.	(2)	Banking	--	100%
Besc Financeira S.A. – Crédito, Financiamento e Investimentos	(2)	Credit and Financing	--	99.58%
Besc Leasing S.A. – Arrendamento Mercantil	(2)	Leasing	--	99%
Investment Segment				
BB Banco de Investimento S.A.	(1) (5)	Investment Bank	100%	100%
Kepler Weber S.A.	(3) (6)	Industry	17.57%	17.67%
Companhia Brasileira de Securitização – Cibrasec	(4) (6)	Acquisition of Credits	12.12%	9.09%
Neenergia S.A.	(3) (5)	Energy	8.8%	11.99%
Asset Management Segment				
BB Gestão de Recursos – Distribuidora de Títulos e Valores Mobiliários S.A.	(1) (5)	Asset Management	100%	100%
Segment for Insurance, Pensions and Saving Bonds				
BB Seguros Participações S.A.	(1) (5)	Insurance Company	100%	100%
BB Aliança Participações S.A.	(1) (5)	Insurance Company	100%	100%
BB Aliança Rev Participações S.A.	(1) (5)		100%	--
BB Corretora de Seguros e Administradora de Bens S.A.	(1) (5)	Broker	100%	100%
Cia. de Seguros Aliança do Brasil	(4) (5)	Insurance Company	100%	100%
Nossa Caixa Capitalização S.A.	(1) (5)	Saving Bonds	100%	100%
Brasilveículos Companhia de Seguros	(4) (5)	Insurance Company	100%	70%
Brasilprev Seguros e Previdência S.A.	(4) (5)	Private Pensions	74.99%	49.99%
Brasilcap Capitalização S.A.	(4) (5)	Saving Bonds	49.99%	49.99%
Seguradora Brasileira de Crédito à Exportação – SBCE	(4) (5)	Insurance Company	12.09%	12.09%
Brasilsaúde Companhia de Seguros		Health	--	49.92%
Aliança do Brasil Seguros S.A.	(1) (5)	Insurance Company	100%	--
Payment Means Segment				
BB Administradora de Cartões de Crédito S.A.	(1) (5)	Service Provider	100%	100%
Nossa Caixa S.A. – Administradora de Cartões de Crédito	(1) (5)	Service Provider	100%	100%
Cia. Brasileira de Soluções e Serviços CBSS – Visa Vale	(4) (6)	Service Provider	45%	40.35%
Cielo S.A.	(3) (5)	Service Provider	28.74%	31.63%
Tecnologia Bancária S.A. – Tecban	(4) (6)	Service Provider	13.53%	8.96%
Other Segments				
Ativos S.A.	(1) (5)	Acquisition of Credits	100%	100%
BB Administradora de Consórcios S.A.	(1) (5)	Consortia	100%	100%
BB Tur Viagens e Turismo Ltda.	(1) (6)	Tourism	100%	100%
BB Money Transfers, Inc	(1) (5)	Service Provider	100%	100%
Cobra Tecnologia S.A.	(1) (6)	Information Technology	99.99%	99.39%
BV Participações S.A.	(3) (5)	Holding Company	50%	50%

(1) Subsidiaries.

(2) Subsidiaries, incorporated in the year 2010 (Explanatory note 2a to the 4Q10 financial statements).

(3) Combined control, included proportionally in the consolidated figures.

(4) Affiliates, included proportionally in the consolidated figures, in accordance with Central Bank directives.

(5) Financial statements for consolidation referring to December 2010.

(6) Financial statements for consolidation referring to November 2010.



Also included in the consolidated figures are the financial investment funds: BV Financeira FIDC I, BV Financeira FIDC II, BV Financeira FIDC III, Sedna Referenciado DI Investment Fund and Votorantim G&K Shareholdings Investment Fund and a special purpose company abroad, the Dollar Diversified Payment Rights Finance Company, which the Bank controls either directly or indirectly.

We point out that the socio-environmental information shown in this report does not cover the following companies:

- Aliança do Brasil Seguros S.A.
- Cobra Tecnologia S.A.
- BB Tur Viagens e Turismo Ltda.
- Seguradora Brasileira de Crédito à Exportação – SBCE
- Kepler Weber S.A.
- Neoenergia S.A.
- CIELO S.A. (Visanet)
- Companhia Brasileira de Securitização – Cibrasec
- Cia. Brasileira de Soluções e Serviços CBSS – Visavale
- Tecnologia Bancária – Tecban
- BB Aliança Participações
- BB Seguros Participações
- Brasilcap Capitalizações S.A.
- Brasilprev Seguros e Previdência S.A.
- Brasilveiculos Companhia de Seguros
- Banco do Brasil – AG. Viena
- Banco Votorantim

Reliability of Information and External Verification



As a result of a process of management and performance monitoring, the information contained in the 2010 Annual Report is measured and validated by the internal management areas of the Bank. The process uses systems for control, assessment and storage of management data.

The financial statements and information of a socio-environmental nature contained in this report were respectively audited and attested to by KPMG Auditores Independentes. External verification of the information of a socio-environmental nature has been carried out since 2008. More information with regard to external verification can be found in the Annexes to this report.

For more information, as well as queries and suggestions with regard to this Report, please contact:



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Main Numbers



GRI 2.8



GRI EC1

As a result of its strategy, Banco do Brasil's net income totalled R\$11.7 billion in 2010, which corresponds to a return on net equity of 27.0%, up 15.3% compared to the profit reported in the previous year. This performance by the Bank in 2010, in addition to guaranteeing a return for BB's shareholders, also generated value for the other strategic public audiences of the Company.

Distributed Added Value totalled R\$36.2 billion, which represents the wealth generated by BB in 2010, an increase of 16.3% from 2009 to 2010. The Degree of Contribution of the Assets in the Wealth Generation of BB did not show any significant variation, amounting

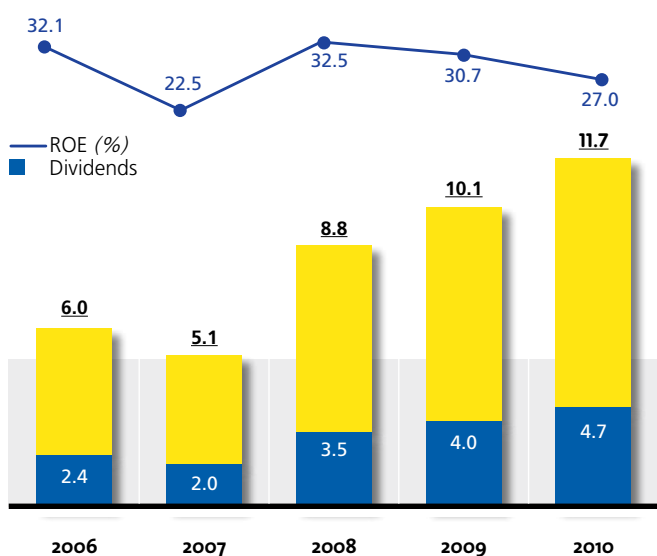
to 4.5% in 2010, compared to 4.4% the previous year. The Statement of Value Added (DVA) is an accounting statement which shows, in concise form, the amounts corresponding to the formation of the wealth generated by the Company and its respective distribution.

The distribution of wealth generated continued to see the highest tranche under the category of "Staff" (36.1%) followed by "Government" (29.9%), showing Banco do Brasil's strategy of investing in and retaining its greatest capital: its employees. As a result of the increase in net earnings at BB in 2010, employee profit-sharing increased by more than 26%, which contributed

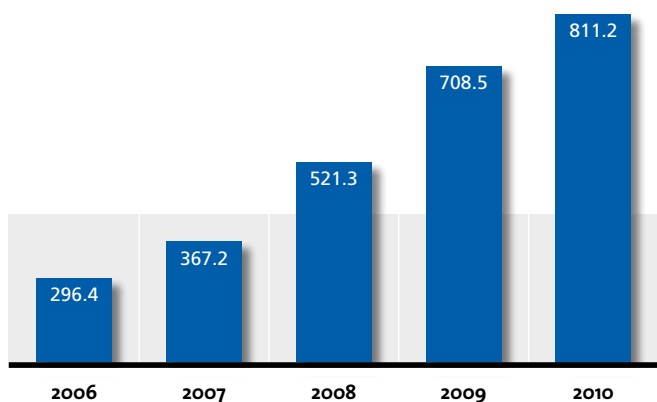
to increasing the global amount of participation by this public audience, in Distributed Added Value.

The main numbers of BB which demonstrate its performance, results and structure are shown below. More details of the figures and an explanation of their variations are shown in the Financial Statements, in the report Management Discussion and Analysis and Historical Data, are available on the website link www.bb.com.br/ri and contained in the Annexes of this Report.

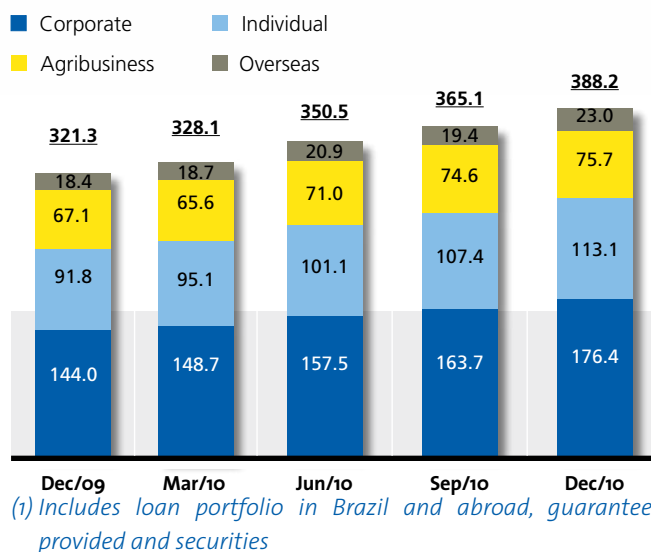
Net Income (R\$ billion)



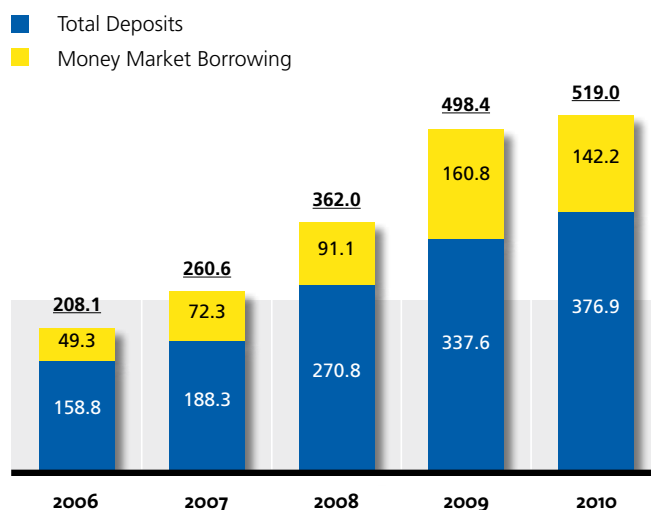
Assets (R\$ billion)



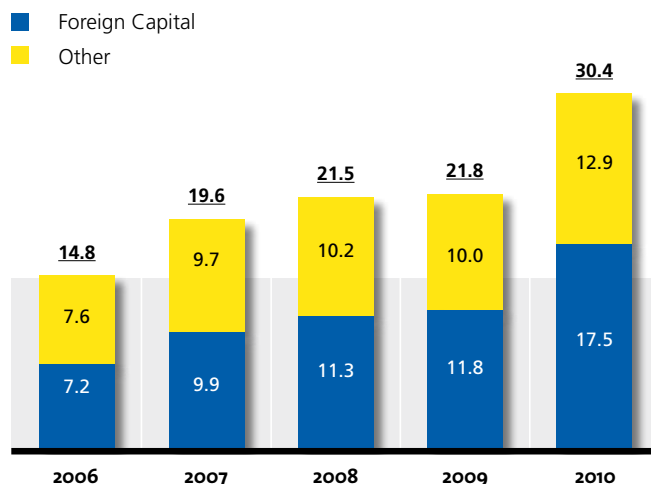
Loan Portfolio⁽¹⁾ (R\$ billion)



Deposits and Money Market Funding (R\$ billion)

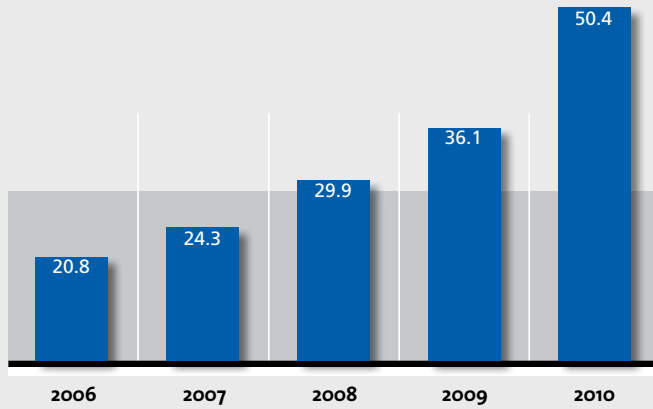


Free Float (%)

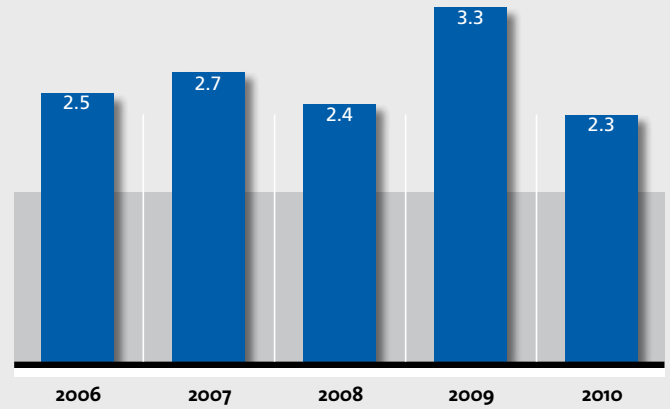




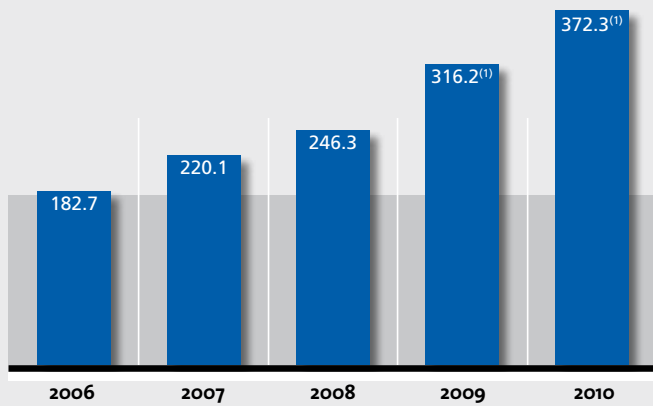
Shareholder's Equity (R\$ billion)



NPL 90 Days (%)

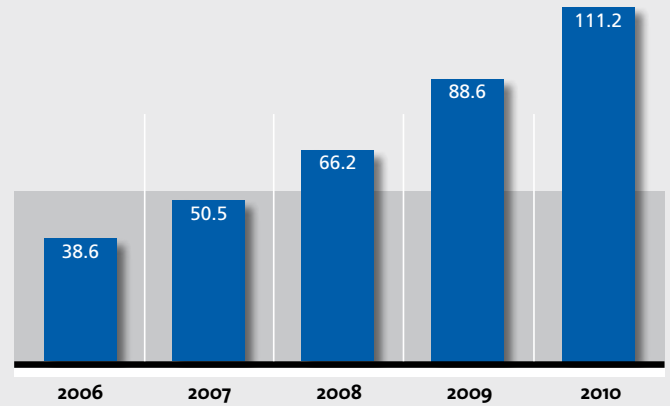


Assets Managed (R\$ billion)

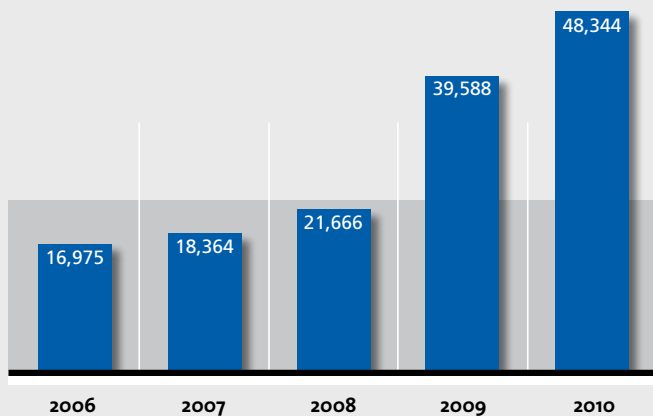


(1) Includes balance of funds managed by Banco Votorantim.

Cards Turn Over (R\$ billion)

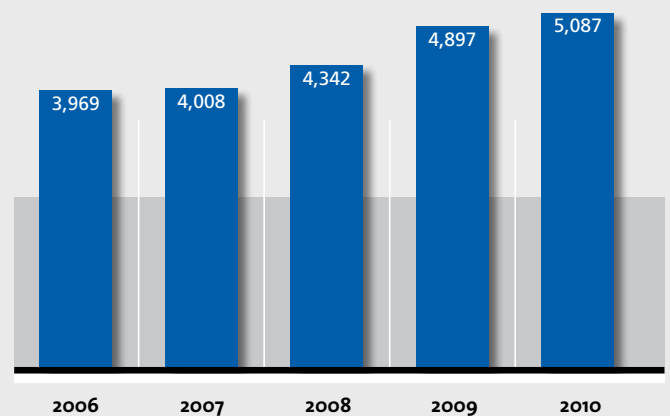


Points of Service⁽¹⁾



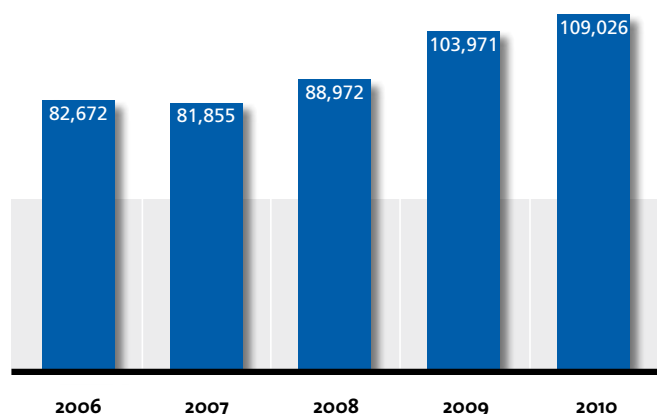
(1) Includes own branch network and banking representatives. From 2009 is added the shared service network.

Branches

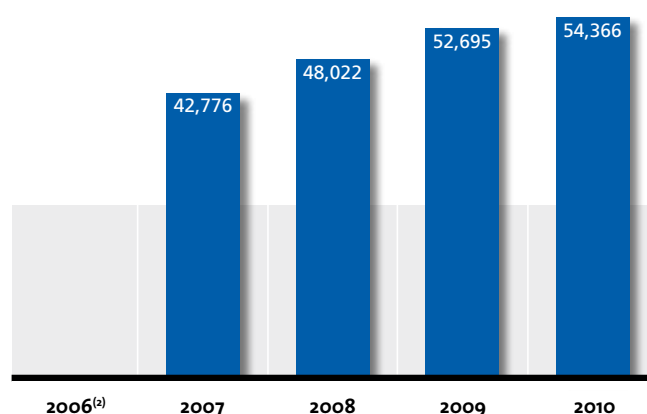




Employees



Clients ⁽¹⁾ (thousand)



(1) Comprising current account holders, savings account holders and beneficiaries of INSS.

(2) Methodology Change. Figures of 2006 are not comparable with later years.

Highlights of Asset Balance Sheet

Principal Equity Items– R\$ million	Dec/10	Dec/09	% Change
Total Assets	811,172	708,549	14.5
Loan Portfolio ⁽¹⁾	388,224	321,397	19.1
Securities	143,867	124,337	15.7
Short-term Interbank Operations	107,579	168,398	(36.1)
Deposits	376,851	337,564	11.6
Demand Deposits	63,503	56,459	12.5
Savings Deposits	89,288	75,742	17.9
Interbank Deposits	18,998	11,619	63.5
Time Deposits	204,652	193,516	5.8
Money Market Borrowing	142,175	160,821	(11.6)
Shareholder's Equity	50,441	36,119	39.6

(1) Includes guarantees provided and private TVM

Earnings Highlights

Result ⁽¹⁾ (R\$ million)	2010	2009	% Change
Net Income	11,703	10,148	15.3
Net Income (less one-off items)	10,664	8,506	25.4
Net Interest Income	26,335	18,233	44.4
Revenue From Lending Operations	51,733	40,515	27.7
Fee Income	16,125	13,511	19.3
Insurance Result ⁽²⁾	1,354	992	36.5
Administrative Expenses ⁽³⁾	26,066	23,050	13.1
Earnings per Share (in R\$)	4.32	3.95	9.4
Return on Assets	1.5%	1.7%	-
Return on Equity	27.0%	30.7%	(3.7 p.p.)

(1) Items Based on Consolidated Financial Statements.

(2) Revenue Net of Brokerage, Service Tariffs and Equity Income Result.

(3) Refers to the Sum of Personnel Expenses and Other Administrative Expenses.



Productivity Indicators

Productivity	2010	2009
Cost/Income Ratio (less one off items) – %	42.6	43.4
Fee Income ⁽⁶⁾ /Personnel Expenses (DRE Soc.) – %	123.1	128.2
Fee Income/Administrative Expenses (DRE Soc.) – %	67.1	68.6
Personnel Expenses per Employee (DRE Soc.) – R\$	114,964	106,562
Employees/(Branches + PAA + PAB)	17.2	16.8
Current Account per Employee	302.3	307.2
Assets per Employee– R\$ thousand	6,824	6,221
Credit Cards/Service Outlets – R\$ million	19.5	16.8

Comparative DVA Analysis GRI EC1

BB-Consolidated (R\$ million)	Year/2010 Balance	Year/2009 Balance	% Change
Revenues	93,153	76,463	21.83
Financial intermediation income	82,459	65,729	25.45
Fee income	15,868	13,511	17.44
Loan loss provisions	(10,244)	(12,396)	(17.36)
Other revenues/(expenses)	5,070	9,619	(47.29)
Financial Intermediation Expenses	(45,880)	(35,100)	30.71
Third Party Material and Services	(7,850)	(6,852)	14.57
Materials, energy and others	(459)	(422)	8.88
Services provided	(1,207)	(960)	25.69
Others	(6,183)	(5,470)	13.05
Communications	(1,270)	(1,107)	14.70
Data-processing	(1,078)	(969)	11.17
Transportation	(739)	(638)	15.85
Surveillance and security services	(673)	(642)	4.85
Financial System Services	(629)	(707)	(10.95)
Advertising and publicity	(376)	(336)	11.82
Others	(1,419)	(1,071)	32.52
Gross Value Added	39,423	34,511	14.23
Amortization/depreciation	(3,197)	(2,406)	32.86
Net Value Added Produced by the Entity	36,226	32,106	12.83
Value Added Received in Transfer	(46)	(989)	(95.32)
Equity in gain / loss of subsidiary and associated companies	(46)	(989)	(95.32)
Added Value Added to Distribute	36,180	31,116	16.27
Distributed of Added Value	36,180	31,116	16.27
Personnel	13,048	11,799	10.58
Salaries and fees	8,235	7,529	9.37
Profit-sharing	1,756	1,385	26.84
Benefits and training	1,846	1,559	18.38
FGTS (length of service guarantee fund)	552	527	4.59
Other charges	660	799	(17.38)
Taxes and Contributions	10,799	8,659	24.71
Federal	10,067	7,999	25.86
State	1	1	18.96
Municipal	730	660	10.72
Remuneration of Third-Party Capital	630	510	23.54
Rental	630	510	23.54
Remuneration of Equity	11,703	10,148	15.32
Interest on capital of the Union	1,488	1,216	22.39
Interest on the equity of other shareholders	916	642	42.55
Dividends – main shareholder	1,426	1,439	(0.92)
Dividends – other shareholders	877	762	15.01
Retained earnings	6,998	6,089	14.93
Minority interests in retained earnings	(20)	589	(103.40)

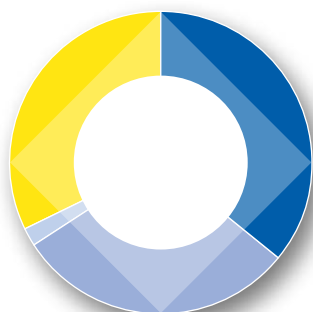
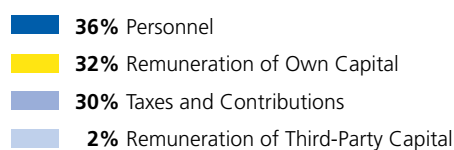


Distributed Added Value

(thousands of Reais)	2010	%	2009	%	% Change
Personnel	13,048,428	36.07	11,799,456	37.92	10.58
Taxes Contributions	10,798,506	29.85	8,658,974	27.83	24.71
Remuneration of Third-party Capital	629,734	1.74	509,728	1.64	23.54
Remuneration of Own Capital	11,703,165	32.35	10,148,111	32.61	15.32
Total	36,179,833	100.00	31,116,269	100.00	16.27

Distributed Added Value

BB – Consolidated 2010



Statement of Cash Flow

BB-Consolidated (R\$ million)	Fiscal Year/2010	Fiscal Year/2009	Change %
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH PROVIDED/(USED IN) OPERATIONS	(5,434,687)	(29,431,177)	(81.53)
CASH FLOWS INVESTING ACTIVITIES			
CASH PROVIDED/(USED IN) INVESTING ACTIVITIES	(12,847,688)	(1,749,751)	634.26
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH PROVIDED/(USED IN) FINANCING ACTIVITIES	6,521,381	5,411,872	20.50
Net Cash and Cash Equivalents Change	(11,760,994)	(25,769,056)	(54.36)
At the beginning of the period	37,874,982	68,012,137	(44.31)
Effect of exchange rate changes on cash and cash equivalents	(966,275)	(4,368,099)	(77.88)
At the end of the period	25,147,713	37,874,982	(33.60)
Increase (Decrease) in Cash and Cash Equivalents	(11,760,994)	(25,769,056)	(54.36)

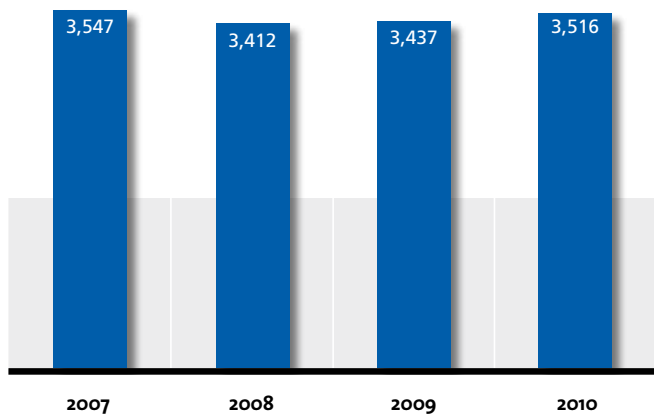


Eco-efficiency Indicators

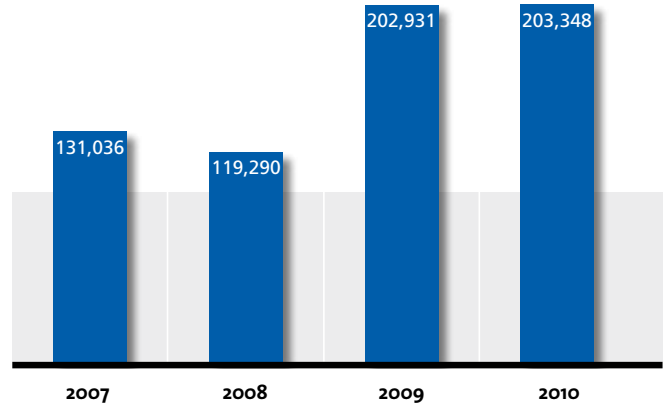
Banco do Brasil's Eco-efficiency Program has the aim of reducing the consumption of natural resources and energy in its production process and in the operation of its branches and services, as well as reducing waste and the cost of production and operations.

Below we show data on the consumption of paper, water and electric power by BB, as well as an inventory of greenhouse gas emissions. For more about this subject, please refer to Chapter 8.

Paper Consumption (ton)



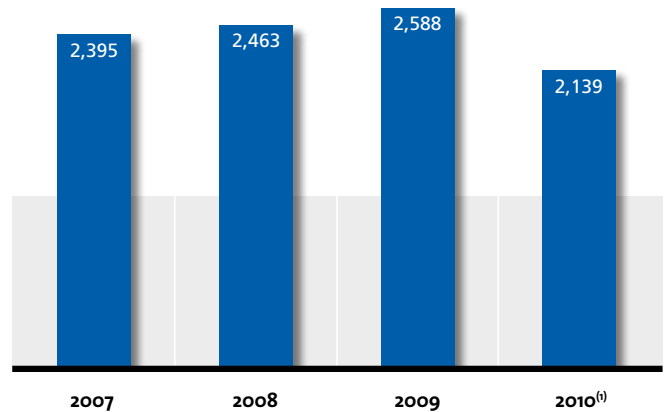
Water Consumption – Strategic Buildings (m³)⁽¹⁾



(1) Since 2009, Banco do Brasil has considered in the calculation of water consume, beyond the Headquarters buildings I, II and III, three more buildings: Headquarters IV, CCT and Tancredo Neves Building, all located in Brasilia (DF).



Energy Consumption (TJ)



(i) In 2010 there was a change in the methodology used for the calculation of energy consumed by the Banco do Brasil. In previous years, consumption was calculated based on the amounts shown in the electricity bills of its premises. In 2010 a new method was introduced, which allowed the data on real consumption to be typed in kilowatts from the electricity bills, through the use of a specific management system. The system for the management of electricity consumption of Banco do Brasil is still in the perfection stage, and the electricity consumption figures may be subject to changes over time.



CO₂ Emissions Inventory



Source	2009	2010	Δ(%)
SCOPE 1: Fleet of company-owned vehicles in use in the facilities	4,495 tCO ₂ e (Alcohol – 534,600 liters) (Gasoline – 2.6 million liters) (Diesel – N.A.)	4,850 tCO ₂ e (Alcohol – 501,000 liters) (Gasoline – 2.38 million liters) (Diesel – 244 thousand liters)	7.9
SCOPE 1: Energy Generators	982,3 tCO ₂ e (365,100 oil liters)	1,221 tCO ₂ e (478,000 oil liters)	24
SCOPE 1: Biomass	1,731 tCO ₂ e	1,636 tCO ₂ e	(8)
SCOPE 2: Acquired Energy ⁽¹⁾⁽²⁾	17,591 tCO ₂ e	29,538 tCO ₂ e	-
SCOPE 3: Air Travel ⁽¹⁾	8,234 tCO ₂ e	13,754 tCO ₂ e	67

1. The management systems for the consumption of electricity and air travel at Banco do Brasil are in the improvement stage, so the figures published may be subject to alterations over time resulting in a change in the values for the respective CO₂ emissions. In April 2011, Banco do Brasil hired a specialist consultancy firm with the aim of improving its greenhouse gas emission inventory.
2. The method of calculation for the consumption of electricity was altered in 2010. It is therefore not possible to compare CO₂ emissions from energy consumed between one year and the other.

Social Balance Sheet

In order to improve the level of transparency in the information provided, Banco do Brasil has introduced an innovation to its social balance sheet, which for the first time incorporates Brazilian Technical Accounting Standard 15 – information with social

and environmental nature. As a consequence, the scope of the information provided has been expanded, and in addition, the standards for the collection and disclosure of data have been improved, resulting in indicators that are more complete and adequate.



1 – Calculation Base	2010 (R\$ thousand)		2009 (R\$ thousand)	
Net Income (NI) ⁽¹⁾	26,334,600		18,232,858	
Operation Income (OI) ⁽²⁾	18,410,195		13,591,802	
Gross Payroll (GPR) ⁽³⁾	13,019,591		11,838,434	
Total Value Added (TVA)	11,703,165		10,147,522	

2 – Internal Social Indicators	R\$ thousand	% over GDP	% over NI	% over TVA	R\$ thousand	% over GDP	% over NI	% over TVA
Food	957,871	7.4	3.6	8.2	804,140	6.8	4.4	7.9
Compulsory Social Contributions	2,698,964	20.7	10.2	23.1	2,512,606	21.2	13.8	24.8
Private Pension Plan ⁽⁴⁾	1,004,182	7.7	3.8	8.6	1,089,673	9.2	6.0	10.7
Health ⁽⁴⁾	693,913	5.3	2.6	5.9	639,801	5.4	3.5	6.3
Occupational Health and Care ⁽⁵⁾⁽⁷⁾	33,609	0.3	0.1	0.3	26,360	0.2	0.1	0.3
Education ⁽²⁾	44,755	0.3	0.2	0.4	37,150	0.3	0.2	0.4
Professional Training and Development ⁽²⁾	73,353	0.6	0.3	0.6	59,705	0.5	0.3	0.6
Daycare or Daycare Assistance	62,706	0.5	0.2	0.5	51,988	0.4	0.3	0.5
Transport	23,042	0.2	0.1	0.2	18,416	0.2	0.1	0.2
Profit Sharing	1,756,190	13.5	6.7	15.0	1,384,532	11.7	7.6	13.6
Others	117,575	0.9	0.4	1.0	102,172	0.9	0.6	1.0
Total – Internal Social Indicators	7,466,159	57.3	28.4	63.8	6,726,543	56.8	36.9	66.3

3 – External Social Indicators	R\$ thousand	% over GDP	% over NI	% over TVA	R\$ thousand	% over GDP	% over NI	% over TVA
Education ⁽²⁾	27,881	0.2	0.1	0.2	20,587	0.2	0.1	0.2
Culture ⁽²⁾	43,074	0.3	0.2	0.4	44,783	0.4	0.2	0.4
Health and Sanitation	13,118	0.1	0.0	0.1	N/D	N/D	N/D	N/D
Sports	54,421	0.4	0.2	0.5	63,493	0.5	0.3	0.6
Combat of Hunger and Food Safety ⁽²⁾	947,08	0.0	0.0	0.0	415,06	0.0	0.0	0.0
Generation of Jobs and Income	61,394	0.5	0.2	0.5	33,352	0.3	0.2	0.3
Others ⁽²⁾	16,113	0.1	0.1	0.1	17,641	0.1	0.1	0.2
Total Contributions to Society	216,948	1.7	0.8	1.9	180,272	1.5	1.0	1.8
Taxes (Excluding Social Contributions) ⁽²⁾	6,894	0.1	0.0	0.1	8,030	0.1	0.0	0.1
Total – External Social Indicators	223,842	1.7	0.8	1.9	188,303	1.6	1.0	1.9

4 – Environmental Indicators	R\$ thousand	% over GDP	% over NI	% over TVA	R\$ thousand	% over GDP	% over NI	% over TVA
4.1 – Investments Related to Company Production/Operation⁽²⁾	70,458	0.5	0.3	0.6	42,862	0.4	0.2	0.4
4.2 – Investments in External Programs and/or Projects⁽²⁾	1,305	0.0	0.0	0.0	302	0.0	0.0	0.0
Total Investments in the Environment (4.1 + 4.2)	71,763	0.6	0.3	0.6	43,164	0.4	0.2	0.4



5 – Workforce Indicators	2010 – units	2009 – units
# of employees at the end of period	109,026	103,971
# of hirings during period	10,048	14,999
# of dismissals during period	4,505	2,786
# of outsourced employees ⁽²⁾	35,007	35,368
# of interns	9,853	9,917
# of apprentices	5,534	5,336
# of employees over 45 years of age	31,705	30,509
# of employees by age group:		
under 26	8,158	8,230
from 26 to 35	39,829	35,974
from 36 to 45	29,334	29,258
over 45	31,705	30,509
# of employees by education level:		
Primary education	579	696
Secondary/vocational education	30,835	31,207
Higher education	53,073	50,163
Postgraduate study	24,539	21,905
# of women working at the Company	44,921	42,330
% of management positions held by women	34.6	36.5
# of men working at the Company	64,105	61,641
% management positions held by mens	65.4	63.50
# of Afro and Indian descendants whose works at the Company	20,807	19,551
# of management positions held by Afro and Indian descendants⁽³⁾	6,016	5,332
# of handicapped employees or those with special needs	882	807
Gross compensation broken down by:	R\$ 6,909,940,075.31	R\$ 5,518,211,409.32
Employees	R\$ 6,892,104,257.81	R\$ 5,500,969,713.19
Management	R\$ 17,835,817.50	R\$ 17,241,696.13
Difference between the lowest salary paid in the Company and the Minimum Wage (national or regional)		
Difference between the lowest salary paid by the Company and the minimum wage	1,090.13	951.00

6 – Relevant Corporate Citizenship Information	2010	2009
Ratio between highest and lowest salary at the Company	17.0	17.8
Total number of work accidents	983	628
Social and environmental projects developed by the Company were defined by:	(X) Senior Management () Senior and middle management () All employees	(X) Senior Management () Senior and middle management () All employees
Safety and health standards in the workplace were defined by:	(X) Senior and middle management () All employees () All + CIPA	(X) Senior and middle management () All employees () All + CIPA
With regard to union freedom, the right to collective bargaining and the in-house representation of employees, the Company:	() Does not get involved () Follows ILO norms (X) Encourages and follows ILO	() Does not get involved () Follows ILO norms (X) Encourages and follows ILO
The private pension plan covers:	() Senior Management () Senior and middle management (X) All employees	() Senior Management () Senior and middle management (X) All employees
Profit/results sharing program covers:	() Senior Management () Senior and middle management (X) All employees	() Senior Management () Senior and middle management (X) All employees
In the selection of suppliers, the same ethical, social responsibility and environmental standards adopted by the Company:	() Are not considered () Are suggested (X) Are required	() Are not considered () Are suggested (X) Are required
About the volunteer work by employees, the Company:	() Does not get involved () Supports it (X) Organizes and encourages it	() Does not get involved () Supports it (X) Organizes and encourages it
Total number of consumer complaints and criticism: ⁽⁶⁾	at the company: 15,324 at procon: 9,853 in court: 94,629	at the company: 19,344 at procon: 4,788 in court: 121,773
% of complaints and criticisms attended to or solved:	at the company: 100% at procon: 100%	at the company: 100% at procon: 99.8%
Actions taken by the entity to remedy or minimize the causes of complaints:	Transformation and awareness of employees in customer service.	Transformation and awareness of employees in customer service.
Total added value to distribute (in thousand R\$)	36,179,833	31,116,269
Distribution of Value Added (DVA)	% of total	% of total
Government	29.9%	27.8%
Employees	36.1%	37.9%
Shareholders	13%	13.1%
Third parties	1.70%	1.6%
Retained	19.30%	19.6%

7 – Other Information

Banco do Brasil S.A. - Brasília/DF - CNPJ: 00.000.000/0001-91
 For explanations concerning declared information: Gilberto Lourenço da Aparecida – (+55 61) 3310.3990 – ir@bb.com.br
 This company does not use child or slave labor, is not involved with prostitution or sexual exploit and is not involved in corruption. Our company values and respect the internal and external diversity. The Social Report was held by KPMG Auditores Independentes and assurance report will be published in the Annual Report 2010.

Notes:

- (1) Gross Financial Intermediation Income. As Net Income, was considered the Gross Financial Intermediation Income. That changed the published value in 2009.
- (2) The methodology of data collection was changed. Because of this, the published values in 2009 were changed.
- (3) Personnel Expenses. Due to changes of methodology the published values in 2009 were changed.
- (4) All sponsored entities employer's contributions were considered, including the merged (BNC, BESC, BEP) and the own companies. Due to changes of methodology the published values in 2009 were changed.
- (5) The data consider the number of afro and indians descendants in management positions. In 2009 was considered the percentage for publication, thus, the figure informed in that year was changed.
- (6) BB's External Ombudsman Service numbers were considered. Due to changes of data collection methodology, the published values in 2009 were changed.
- (7) The amount informed includes Banco do Brasil contribution to employee health plans.



Strategic Management



In 2010, Banco do Brasil entered into various partnerships, consolidating and expanding its market share in many segments. The main events that took place during the year are listed below:

january

Memorandum of Understanding signed between BB Seguros and Grupo Icatu with the objective of forming a strategic alliance for the development and sale of "saving bonds" products in the Brazilian market. Icatu is the leading company not linked to retail banks in the saving bonds market.



february



BB signed a Memorandum of Understanding with the banks Bradesco and Santander draw up a business model aiming the consolidaton of the operations of their external ATM machine network, installed at airports, fuel service stations, supermarkets, shopping centres and other locations outside the branches. The model envisages the creation of a brand to identify the consolidated network of these three institutions.



march

In launching Programa Água Brasil (the Brazil Water Program) and proposing the adoption of the "water cause", Banco do Brasil launched a drive designed to bring together a combination of internal and external agents and engage them in the search for solutions for the problems in this area. Expectations are that, over time, this cause will attract more people and result in the establishment of a permanent dialogue, of national dimensions, and even global, on this theme. During the implementation of the program partnerships have been entered into between the Banco do Brasil Foundation, the National Water Agency—ANA and WWF- Brazil. With the Brazil Water Program, BB has strengthened its sustainable operation and positioning on four fronts: " Socio-environmental Projects", "Communication and Engagement", "Mitigation of Risks" and "New Businesses".



april

Banco do Brasil obtained the status of Financial Holding Company, awarded by the US Federal Reserve, which allows it to carry out banking activities in US territory under equal conditions to the local banks. Another milestone in the Bank's international division, announced in the same month, was the acquisition of shareholder control of Banco Patagonia, the sixth largest bank in Argentina in asset terms. In addition to this, the Bank announced the start of negotiations with Bradesco and Banco Espírito Santo (BES) of Portugal, for the establishment of a strategic partnership to operate on the African continent.



april

Memorandum of Understanding announcement with Bradesco to operate in the credit, debit and prepaid card segments, with the Elo brand, which is completely Brazilian. The initiative was strengthened in August with the inclusion of Caixa Econômica Federal in this business arrangement. In addition to this BB increased its share in the companies Cielo and Companhia Brasileira de Soluções e Serviços – CBSS, through the acquisition of shares in Santander, an operation which was concluded in July.



april may

The Bank began a series of operations with the aim of further expanding and consolidating its activities in the insurance segment. Of particular note was the renewal of the partnership between BB Seguros and the Principal Group, part of Brasilprev, the signing of a strategic alliance with Grupo Mapfre, and the acquisition of all the shares in Sul América Companhia Nacional de Seguros, part of Brasilveículos, by BB Seguros and the sale of all the shares held by BB Seguros in Brasíliaude to Sul América Seguro Saúde.



june

Complete Integration of Banco Nossa Caixa putting BB in a leadership position in terms of service outlets in the state of São Paulo, as well as strengthening its relationship with the government and judicial power in that state.



june

Banco do Brasil carries out the largest primary and secondary public share offering in its history, with the aim of strengthening its capital base and for filling its commitment to increase its free float to 25% as a consequence of its listing on the BM&FBovespa Novo Mercado.

august



The Bank begins preliminary discussions for the formation of a strategic alliance between BB Seguros, OdontoPrev, Bradesco Seguros and ZNT Empreendimentos, Comércio e Participações, for the sale of dental care plans. At the same time, it signed a contract with OdontoPrev to offer dental care to its employees and their dependents, totalling 260,000 beneficiaries in all.



november

BB-DTVM joined the Principles of Responsible Investment (PRI), which have the aim of incorporating socio-environmental and governance issues into investment analysis, decision-making and management.



december



The CEO Water Mandate

Banco do Brasil joins "The CEO Water Mandate", an initiative of the United Nations, committing itself to incorporating the issue of water resources into its corporate strategies. At the same time, in the same month, the bank joined the Soya Work Group Moratorium, with the aim of combating deforestation in the Amazon region.



Strategic Planning for the Period 2011-2015

With the object of strengthening its leadership in asset terms in Latin America, and in its role as a fundamental partner for the sustainable development of the country, in its corporate strategy Banco do Brasil prioritises raising profitability, increasing the satisfaction of its clients, its partnership in the promotion of the development of Brazil, and expanding its operations in international markets, so that its main strategic themes for the period 2011-2015 are always in tune with the concern for the generation of sustainable results. In general terms:

- Raising profitability will be achieved, among other ways, by increasing the volume of profitable business, always observing a satisfactory risk return ratio, the offering of solutions appropriate to the needs of its clients, by improving efficiency, as well as the perfecting of its processes and business models;
- Increasing client satisfaction will take place, among other ways, by improving its client relationships and providing them with a better service;
- The partnership for the promotion of the development of the country will be empowered by placing emphasis on support for activities that generate jobs and income;

- International expansion will be based on three key factors: the existence of Brazilian communities in other countries, the wave of internationalization by Brazilian companies, and the expansion of Brazil's trade relationship for the rest of the world.

The projects prioritised for making these choices possible will be responsible for increasing business and the rationalization of processes, as well as empowering the results of the Bank.

In order to achieve its strategic planning objectives, Banco do Brasil acts on various corporate management fronts. Good Corporate Governance practices, relationship with the market, internal processes, external ombudsman service, as well as the governance of technology information, staff, logistics and socio-environmental responsibility, are all fundamental in successful planning.

Performance in 2010 Confirmed Guidance

Founded on defined operational strategies BB's performance in 2010 confirmed the majority of estimates published in the 2009 Annual Report , as shown in the summary of indicators in the table below:

Indicators	2010 estimates	Achieved in 2010
Recurring ROE	21% – 24%	24.6%
Net Interest Income	6.5% – 7.0%	6.3%
Total Deposits	12% – 16%	11.6%
Domestic Loan Portfolio	18% – 23%	19.2%
Individuals	27% – 32%	23.2%
Corporates	16% – 21%	19.5%
Agribusiness	4% – 9%	12.9%
Allowance for Loan Losses	3.7% – 3.9%	3.3%
Fee Income ⁽¹⁾	7% – 10%	12.6%
Administrative Expenses ⁽¹⁾	10% – 12%	10.3%
Tax Rate	31% – 34%	32.9%

(1) The accounts in BB's consolidated results only include the effect of the acquisition of Banco Nossa Caixa only from 2Q09, and the acquisition of Banco Votorantim only from 4Q09. Therefore, for comparison purposes, a pro-forma basis has been drawn up, which simulates the consolidation of these banks throughout 2009.

Banco do Brasil's performance in 2010 was in line with most of the estimates published in the market in 2009. Below we present the reasons why certain cases produced actual results different from those originally projected:

- **Net Interest Margin** – the performance seen in 2010 is explained by the intensification of competition in the credit market. Even so, the Bank registered an increase of 18.5% in its financial margin compared to the previous year;

- **Loan Portfolio for Individuals** – despite the good performance seen in the vehicle financing segment, which reported an increase of 32.1% on the year, and exceeded the average growth rate of the individual portfolio segment, payroll lending operations, which account for the largest tranche of lending in this segment, fell short of that originally estimated;
- **Agribusiness Loan Portfolio** – increase in the participation of agro-industry in the portfolio;



- **Allowance for Loan Losses** – improvement in the quality of the loan portfolio due to a change in lending mix, with emphasis on operations with a better credit risk, together with a more favourable macro-economic environment; and
- **Fee Income** – diversification in revenue sources and an increase in services provided, with the aim of increasing customer base loyalty.

For 2011, Estimates Confirm BB's Confidence in Business Expansion

In light of the economic scenario and Banco do Brasil's main strategies, below we set out our guidance for 2011:

Indicators	Estimates for 2011
Recurring ROE	21% – 24%
Net Interest Income ⁽¹⁾	16% – 20%
Total Deposits	14% – 18%
Domestic Loan Portfolio	17% – 20%
Individuals	19% – 23%
Corporates	17% – 20%
Agribusiness	5% – 8%
Allowance for Loan Losses	3.3% – 3.7%
Fee Income	12% – 17%
Administrative Expenses	10% – 13%
Tax Rate	31% – 34%

(1) the Net Income Margin indicator has been replaced by expansion in Net Interest Income.

Accountability

The table below shows the targets and objectives contained in the 2009 Annual Report, and provides a statement on the status and degree of achievement of the targets established. You will also find a statement with respect to the socio-environmental challenges proposed in 2009:

To become a benchmark in Performance and sustainable businesses.	The Bank ended the year reporting Net Income of R\$11.7 billion, up 15.3% YoY, with a Return on Equity of 27%. In the constant drive to be a benchmark in sustainable performance, in 2010 BB carried out a workshop for its executives that updated BB's sustainability action plan, Agenda 21 Banco do Brasil 2011-2013. You can find the the main actions for Agenda 21 for 2011 in the end of this chapter.
Expanding share of the lending market.	BB's loan portfolio amounted to R\$358.4 billion, up 19.1% on the year, representing a market share of 19.8%. This market share showed a slight drop compared 2009's figure of 20.1%. Taking the broader concept, which includes pledges and guarantees provided, the loan portfolio totalled R\$388.2 billion.
Increasing participation in capital markets.	BB strengthened its capital market area and was well positioned in Anbima ranking terms in issues of fixed income securities, with a 19.3% market share, being the leader in the securities segment. In the equity market, considering distribution criteria, BB-BI reached 1 st position in the ranking of Anbima, with a 60.5% share of this market.
Expanding distribution capacity for products and services.	The customer service network of the bank amounted to a total of 48,344 points of service, including its own network, shared network and bank agents. In 2009 the number of points of service was 39,588. In 2010, BB inaugurated 190 new branches and invested in technology to expand and improve its various virtual channels, among them being the Internet, ATM and mobile phone access.
Improving the management of clients and distribution channels.	In 2010 the Bank initiated the implementation of a new customer relationship model. In addition to this, it introduced various innovations in its service channels, both physical and virtual, developing solutions for the Internet and mobile phone applications.
Strengthening operations in the value chain, for trade cooperatives and associations.	As of December 2010 BB provided support for 192 Local Production Arrangements – APL, with 19,900 businesses served. A total of R\$2 billion was paid out, with R\$1.6 billion in working capital. In 2009, BB supported 184 APLs, with 16,400 businesses served, and R\$1.4 billion paid out. The Sustainable Regional Development Strategy catered to more than 3,843 municipalities, with more than 1 million beneficiaries.
Expanding international operations.	Banco do Brasil has a physical presence in 23 countries and through a network of more than 1,000 representative banks, covers 140 countries, being the Brazilian bank to have the largest owned service network outside the country. In 2010 BB achieved the status of Financial Holding Company to operate in the US retail banking market, and acquired 51% of the total capital of Banco Patagonia in Argentina, and began negotiations with Banco Espírito Santo of Portugal and Bradesco to increase the level of business in Africa. These initiatives show the progress that BB has made in its internationalization strategy.



Developing and improving the management of employees' knowledge and skills.	A constant challenge at Banco do Brasil, is the development of its employees skills through classroom-training and self instruction. By the end of December 2010, there were a total of 3,967 student grants and a further 5,356 postgraduate grants in place.
Joining the Dow Jones sustainability index.	This continues to be a challenge. Despite not having yet joined the index, the Bank has considerably improved its ranking performance. Since 2009, BB has already been positioned among the top 15 of financial Organizations with the best score in the world, which has become an international reference of sustainability in "The Sustainability Yearbook 2010" published by SAM – Sustainable Asset Management.
Expanding and strengthening operations in insurance, pensions, saving bonds, consortia and cards.	In 2010, BB concluded the restructuring process in its insurance division, increasing the earnings from this segment by 36% compared to 2009 reporting a total of R\$ 1.4 billion. New partnerships have been signed and a new segment of operation, the dental plan segment, became part of the range of products offered. In the payment means segment, BB increased its participation in the capital of Cielo and in Companhia Brasileira de Soluções e Serviços (CBSS) by acquiring a stake from Banco Santander. In addition to this, it established a new partnership with the telecommunications company Oi for the creation of Paggo Soluções. Of particular note was the partnership formed with Banco Bradesco and Caixa Econômica Federal for the duration of the first national card brand in Brazil, Elo.
Expanding the use of strategic, business and operational partnerships within Brazil and abroad.	This year, the strategic partnership with Banco Votorantim produced some positive synergies, consolidating its position. Many partnerships were signed in the areas of insurance, cards and ATM sharing, as presented above.

Socio-environmental challenges published in the 2009 Annual Report



Socio-environmental challenges for 2010	Implementation
To develop new education and communication campaign programs, which cover socio-environmental aspects for internal and external public audiences.	In 2010, BB launched the Programa Água Brasil (Brazil Water Program) in a partnership involving the Banco do Brasil Foundation – FBB, The National Water Agency – ANA and WWF-Brazil. Among the various initiatives that form part of Brazil Water, the program has a particular aspect which focuses on working on community initiatives and the engagement of society in defence of the Water Cause. Through awareness initiatives, BB is proposing to bring about changes in the attitude of the public audiences with which it relates.
Improve and expand BB's Eco-Efficiency Program, so as to guarantee better management in the consumption of natural resources by the company .	In 2010 a schedule was defined for the expansion of the eco-efficiency program, with the commitment of the intervening areas, formalised in Agenda 21 2011-2013, for the conclusion of the process of the introduction of selective waste disposal in the premises of BB, located in the municipalities that practice segregated garbage collection, or garbage collection associations/cooperatives, by the end of December 2012.
Improve the process of corporate ethical management at BB.	In 2010, with the objective of improving and making progress in ethics management, BB approved the creation of 28 Ethics Committees, a Supervisory Committee and 27 state committees. It is their task to analyse and pass judgment on deviations from ethical conduct by employees. The State committees have employee representatives, chosen by election. (More information on this can be found in Chapter 8 –Connection–Employees–Ethics Management).
Improve the methodology for the evaluation of socio-environmental risk in the granting of credit, and in other internal processes.	With the creation of the Brazil Water Program a multi-disciplinary work fund was set up focus on the perfecting of the criteria used in Banco do Brasil's financing and investment processes, contributing to a reduction in socio-environmental risks and impacts.
Develop new products and services with a focus on socio-environmental questions, with particular emphasis on combating of climate change.	BB's sustainable development unit (SDU) intervenes in the process of creation and updating of all of the Bank's products and services. In 2010 alone, SDU issued 45 reports with respect to the adherence of BB's products and services to the Company's socio-environmental directives. The Brazil Water Program, created in 2010, is also committed to the development of new products and services with a focus on socio-environmental questions, defining a special focus for dealing with this theme: New Businesses.
To revitalise the Voluntary Work Program among the employees and outsourced workers at BB and consolidate support initiatives among the communities.	The revitalization of the Bank's Volunteer Program will continue in 2011, with the aim of expanding the proposed initiatives. In 2010 the following initiatives were implemented: <ul style="list-style-type: none"> - increasing resources available for the support of social projects developed by institutions in the third-age segment, which have the participation of volunteers from the Bank – Projeto Voluntários BB; - training of representatives on the citizenship committees consisting of BB's employees throughout the country, as users and multipliers of the Portal of Covenants and System of Covenants of the Federal Government; - inclusion of the volunteer category Prêmio Valores do Brasil, with awards given to the five best projects presented by volunteers from BB realised by the entities in which they carry out their activities.



Strategic Moves

The strong growth in the Brazilian economy seen in 2010, sustained by many factors, among them the heated domestic demand, with significant expansion in retail trade figures, demand for credit, the labour market and incomes among the population, with the creation of more than 2.5 million jobs, alongside the growing participation of national companies in foreign markets, all favoured Banco do Brasil' activities in the period.

Based on its objectives, BB implemented its strategy in moves which, developed in consideration of the trends in the national economy, favoured the consolidation of the basis for expansion of the businesses and leadership positions.

In this regard, the main strategic moves in 2010, which should continue to result in positive gains for BB, were the program for the transformation of the retail division, efforts on internationalization front, the completion of the restructuring process in the insurance division, and the various corporate moves involving acquisitions and strategic partnerships.

Transformation of the Retail Businesses

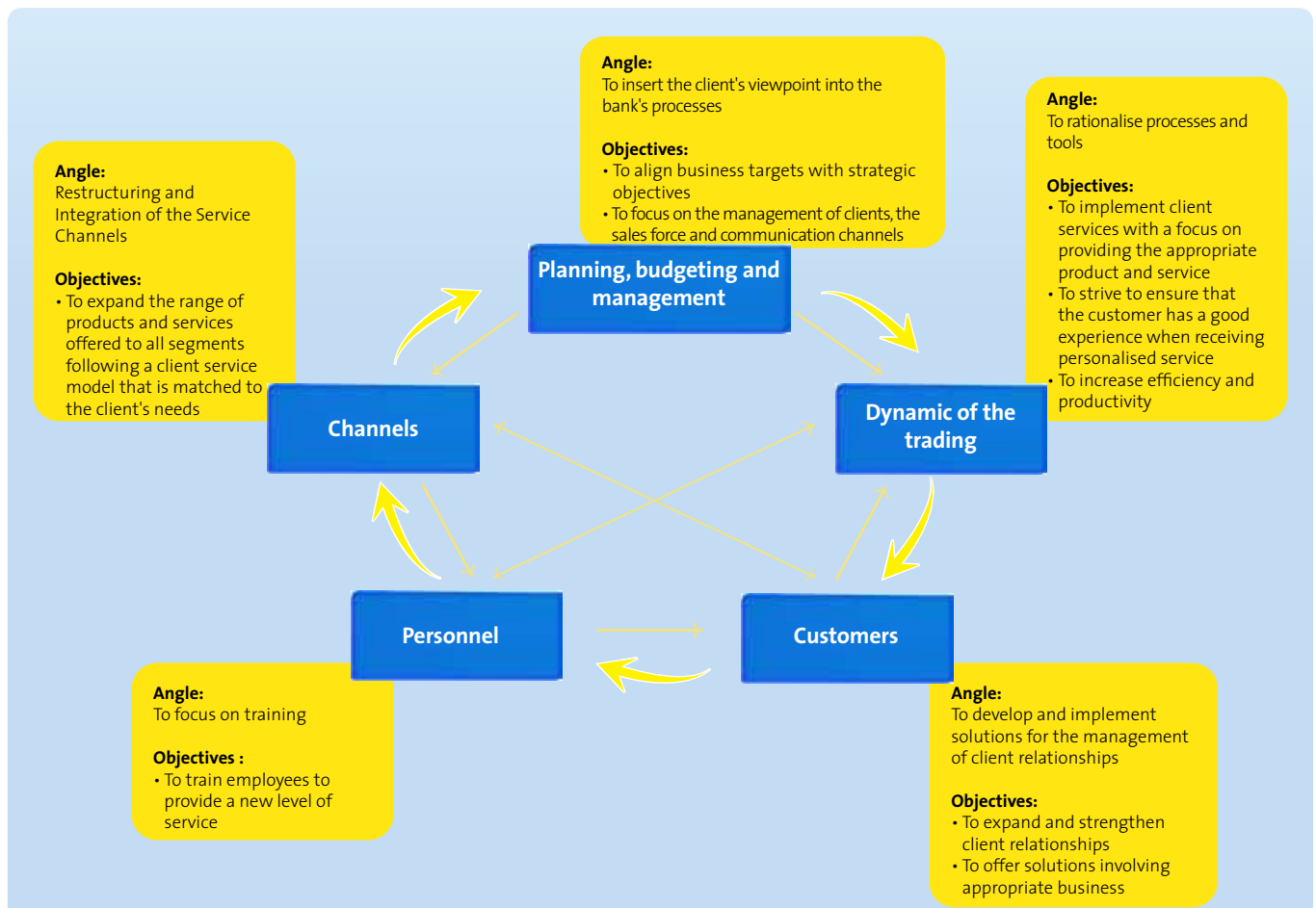
In 2010 Banco do Brasil continued with its program for the transformation of its retail businesses, begun in July 2009, reorganising and expanding its scope of operations in an integrated manner, carrying out actions in terms of planning, coordination, management and the monitoring of various initiatives with respect to the development of a new type of operation and management of the Bank in the retail market.

This move has the main objective of increasing BB's operational efficiency through modernization, with focus on client service.

To this end, initiatives were implemented to take advantage of the potential business opportunities from the Bank's customer base, while at the same time investment was made in the training and qualification of employees in the branch network.

In addition to this, restructuring was begun of the branch network environment as well as other service channels, with a view to providing more convenience and security for Banco do Brasil's customers.

The retail transformation program proposes strategic actions organised from five interrelated angles, as shown in the chart below:





Initiatives under the Retail Transformation Program implemented in 2010:

- Improvement in client service, with the allocation of more than 8,600 employees in the branches, a figure which will rise to 10,500 in 2011;
- Launching of a new information technology platform to service clients, and the introduction of new Customer Relationship Management tools to provide support for businesses, providing a more flexible and better quality service;
- Start of implementation of a business environment model in the branches (layout);
- Implementation of the new model for segmentation and portfolio division for clients, with the objective of standardising the service for each client segment; and
- Intensive program for the training of employees.

By carrying out these changes in the management of the businesses, there will be an effective strategic repositioning within Banco do Brasil's retail division, with the implementation of a new model with the client as the main focus, working to improve client relationships, profitability per client, and the integration of services in the various communication channels available.

Banco do Brazil Overseas

In the last few years, Brazilian companies have intensified the drive to internationalize their activities, building companies and forming partnerships in other countries and regions. This move has been requiring similar behaviour from the financial industry. The model focused on financing and the stimulation of foreign trade is tending to evolve into a more far reaching and complementary phase, which requires national banks to internationalise in order to meet the specific need for banking services in the region where the companies are located.

By the same token, services for individuals, increasingly present in other countries, whether through tourism travel for work, require global financial institutions. This new reality of the market has led Banco do Brasil to initiate a number of actions and projects with the objective of taking advantage of the opportunities identified and maintaining its role as the largest protagonist of international business, among Brazil's financial institutions.

In this way, Banco do Brasil's international strategy is focused on increasing the reach of its network abroad, to cater to the wave of internationalization by Brazilian companies, private individuals and the increase in import and export flows.





With a focus on these trends, and supported by analysis of opportunities carried out by specialist consultancy companies, the development of Banco do Brasil's internationalization strategy in 2010 adopted the following regional policies:

United States

Based on studies drawn up by a specialist consultancy, Banco do Brasil revised its operational strategy in the United States, based on prioritising inorganic growth (acquisition of local banks), with the possibility of organic expansion (establishment of branches) in areas with a concentration of target audience over the medium and long-term. For this reason, Banco do Brasil continues to be interested in the acquisition of financial institutions in the market, with a focus on small-sized banks established in regions with a high concentration of Brazilian residents.

BB's strategy for the North American market proposes to cater to all the needs, through its products and financial services, of the more than 1.5 million Brazilians resident in that country.

Based on this strategy, the Bank has redesigned its operational model, seeking to concentrate its activities in specific branches to improve productivity and reduce costs. Under the new model, BB's service in the US is organised as follows:

- BB Miami began to serve the banking and retail segment;
- BB New York started to concentrate on the wholesale segment, with the branch being restructured to better serve this type of client; and
- BB USA Servicing Center, in Orlando, will concentrate its activities on the back-office operations of the branches in the United States, including the wholly-owned subsidiaries of Banco do Brasil Securities LLC and BB Money Transfers.

This new model was possible, based on decisions by the North American government during the year:

- In April 2010 Banco do Brasil received Authorization from the US Federal Reserve to acquire financial institutions in the US, and expand its operations in the local capital markets. As a Financial Holding Company (FHC) Banco do Brasil is authorised to open or relocate branches, operate with residents in the United States, acquire banking institutions and request Authorization to expand its scope of operation in the United States;

- In July 2010 Banco do Brasil in Miami received Authorization to transform its branch licence, which was only authorised to operate with non-residents, into a full branch, which also authorises transactions with US residents. In addition to this, seeking to implement specialisation in its units, as a way of optimising its service, BB Miami absorbed the retail client base from BB New York, which is now dedicated to clients in the corporate segment;
- In October 26, 2010, Banco do Brasil Securities, LLC received Authorization to open a branch in Miami.

Europe

Banco do Brasil is continuing with its Organizational restructuring in Europe, with the aim of improving its operational, administrative and financial efficiency. With this remodelling of BB's operations in the old continent, and the redistribution and centralisation of its activities, the Bank intends to generate new business.

BB Europa Servicing Center, the second international unit for administrative services, entered into service in July 2010, in Lisbon Portugal, with the objective of centralising and rationalising the back-office services for the units located in Europe.

South America

In April 2010 BB acquired shareholder control of Banco Patagonia in Argentina, which constitutes a milestone in our internationalization process. This was the first step taken in a new model of operating in markets with potential.

The operation has the objective of expanding partnerships with Brazilian and Argentinian companies, and achieve the diversification of products and services, seeking to build on the potential of providing services to clients, the expansion of its loan portfolio, to operate along the value chain in the corporate segment, established in Argentina. Banco Patagonia has 732,000 clients, of which 12,000 are corporate, with 154 branches located principally in the provinces of Buenos Aires and Rio Negro.



Banco Patagonia is a solid institution, having a strong relationship with local companies, particularly in the management of company payrolls, as well as operating in the retail banking segment. BB contributes its experience in serving major Brazilian corporate groups. This acquisition allows the expertise of each institution to be brought together, with an

initial focus on Brazilian corporate groups that have activities on Argentinean soil and the potential to cover their entire value chain, including suppliers, clients and local employees.

In South America, other priority markets in the process of international expansion are: Chile, Peru, Colombia, Uruguay and Paraguay.



Africa – Partnership for Growth

In August 2010 BB began negotiations with Banco Espírito Santo (BES) of Portugal, with the aim of looking at a possible financial participation in the businesses of the Portuguese bank in the African market. A possible partnership would result in the establishment of a financial holding company to consolidate the existing operations of BES in Africa, today concentrated in the Cape Verde Islands, Angola,

Egypt, Morocco, Mozambique and Algeria. In addition to controlling future investment, the new company would also seek to establish its own operations in the African continent.

BB considers a partnership to be important to support the internationalization moves by Brazilian and Portuguese companies in Africa, and to provide support for the growing interchange with the continent, facilitating investment by Brazilian companies.

Restructuring of the Insurance Segment

The Brazilian market for insurance, supplementary pensions and saving bonds has been growing at a fast rate, and the forecast for the future is that this expansion will continue. The ratio between annual insurance premiums collected and GDP in developed countries is around **10%**, while this ratio in Brazil, with an insurance premium volume of **R\$122.4** billion collected, is a new **3.4%** of GDP, revealing the significant potential for growth in this sector.

According to forecasts by CNSeg (National Insurance Confederation), the Brazilian insurance markets should grow by **12%** in **2011**, rising to **R\$137.4** billion in premium revenue, this expansion being based on the expectation of access to the insurance sector by socio-economic classes **C** and **D** – segments in which Banco do Brasil is well-positioned – as well as expansion in the area of popular insurance, including micro-insurance.

Also part of the growth projects is the formation of a technical chamber for the production chain in the supplementary health segment, which will analyse the sustainability of the sector and the use of retirement plans for the payment of health expenses.



Other points worthy of note, that for CNSeg are essential for the strengthening of the sector in 2011, are:

- Regulation of the shielding of pension plans, and the creation of new Sustainability Platform products;
- Economic viability for the providing of insurance for old cars and permission for the use of used parts in the event of accidents;
- Expansion of guarantee insurance and reinsurance, especially for the carrying out of works under the PAC (accelerated growth program), the 2014 World Cup and the 2016 Olympic Games;
- The creation of a Regulatory Insurance Agency, which would encompass the three bodies which currently govern the insurance and pension sector in the Country (Susep, ANS and Previc) and also integrate the scenario for 2011.

As a result of this situation, Banco do Brasil has continued with the process of restructuring its insurance division, based on the following premises:

- (i) Companies in the insurance area will be under private-sector control, with BB Seguros holding the largest possible equity stake in these companies;
- (ii) Partners of BB Seguros cannot be competitors;
- (iii) Insurance products will be exclusive to BB's distribution network.

Another premise in the restructuring of the insurance area is the drive for operational efficiency, so as to provide better results for the companies in this segment, and as a consequence for BB.

The evolution in this process will provide the Bank with a better dynamic in the way that it operates, in addition to maximising the generation of earnings in the businesses of the Insurance Conglomerate and obtaining better synergy gains in operations with its partners.

Alterations in the Shareholder Composition of the Insurance Companies

Mapfre partnership

Considering the directives presented, BB, through its wholly-owned subsidiary BB Seguros, announced in May 2010 a partnership with Grupo Mapfre for the formation of a strategic alliance in the segments of individuals, P&C and auto insurance, for a period of 20 years.

The Mapfre Group is the largest insurance group in Spain, and has a presence in 43 countries, particularly Latin America, where it occupies first position in



property insurance. It has of its own branches, more than 10,000 active brokers, 18 territorial departments and 15 million clients throughout the world.

So as to equalise the intended shareholders partnership in the two holding companies which will be set up, BB Seguros plans to pay out an amount equivalent to R\$295 million.

Shareholding participation in IRB-Brasil Re

Banco do Brasil has made a proposal to the Federal Union, through the Finance Ministry, to begin non-binding discussions for the acquisition of a shareholding stake in IRB-Brasil, duly observing the regulations and norms covering such an operation. IRB-Brasil is the largest reinsurance group in Latin America, with assets of R\$10.4 billion and premiums of R\$2.9 billion. The Federal Union holds 100% of the ordinary shares, and 50% of the total capital of the company.



This operation aims to complement the activities of BB, because reinsurance is a way of passing on the insurance risk from an insurance company that has a contract higher than its financial capacity. It is a common practice for the mitigation of risk and preservation of the stability of insurance companies.

Strategic Alliance with Grupo Icatu

In January 2010 a non-binding Memorandum of Understanding was signed between BB and Grupo Icatu, with the objective of creating a strategic alliance for the development and sale of capitalization products in the Brazilian market, which proposes to integrate the businesses of these institutions, in such a way that there is no competition between the partners. In addition to this, it is envisaged that there will be a distribution channel of Banco do Brasil which will sell these capitalization products on an exclusive basis for a 20 years period.



Renewal of Partnership with the Principal Financial Group

In April BB Seguros and Principal Financial Group renewed their strategic partnership, to work on the development and sale of private pension products in Brazil. As a result of this agreement, Principal acquired an equity stake of





4% in the total paid-up capital of Brasilprev, held by Sebrae (Serviço Brasileiro de Apoio a Micro e Pequenas Empresas). In addition to this, the exclusivity of Brasilprev was maintained for the sale of private pension plans through BB's existing distribution channels up to October 2032. The counterparty to this is that BB Seguros increased its stake from 50% to 74.995% in the total paid-up capital of Brasilprev. With this partnership BB hopes to solidify an association between BB Seguros, a wholly-owned subsidiary of Banco do Brasil, which has the largest number of service outlets in the Country and Principal, which has vast experience in international market, serving 18.9 million clients through offices in Asia, Australia, Europe, Latin America as well as the United States.

Odontoprev

The strategy of forming alliances with other institutions has enabled Banco do Brasil to fulfill a long-standing demand of its employees. Announced in August 2010, the partnership between BB and OdontoPrev, the operator of dental care plans associated with Bradesco, will permit the sale of plans through the branches of Banco do Brasil. In addition to this, dental plans had been made available to approximately 260,000 beneficiaries, among BB's employees and their dependents since November 2010. OdontoPrev is the leader among companies in the dental care segment, having been in existence for 23 years, covering more than 4.4 million people through the various business lines in which it operates, with a vast network of approximately 25,000 authorised agents throughout Brazil.

Sale of Brasilsaúde

In July 2010 BB Seguros formalised the sale of all its shares held by BB Seguros (49.92% of the total capital) in Brasilsaúde to SulAmérica Seguro Saúde, for a total value of R\$29.2 million.

Strategic Acquisitions and Partnerships

In 2010, Banco do Brasil finalised the integration process with Banco Nossa Caixa which resulted in some positive advances in BB's businesses, particularly

in São Paulo. Also, in this year, the strategic partnership was consolidated with Banco Votorantim. Below we show the main results of these two processes.

Strategic partnership: Banco Votorantim



The acquisition of a 50% stake in Banco Votorantim (BV), consolidated in 2010, a strategic step forward for Banco do Brasil the credit market, with emphasis on the vehicle financing segment, which is passing through a period of accelerating growth in Brazil. The partnership resulted in a growth in the volume of personal loans last year of 23.2%, with particularly strong growth in the vehicle financing segment, which saw an increase of 32.1% compared to 2009.

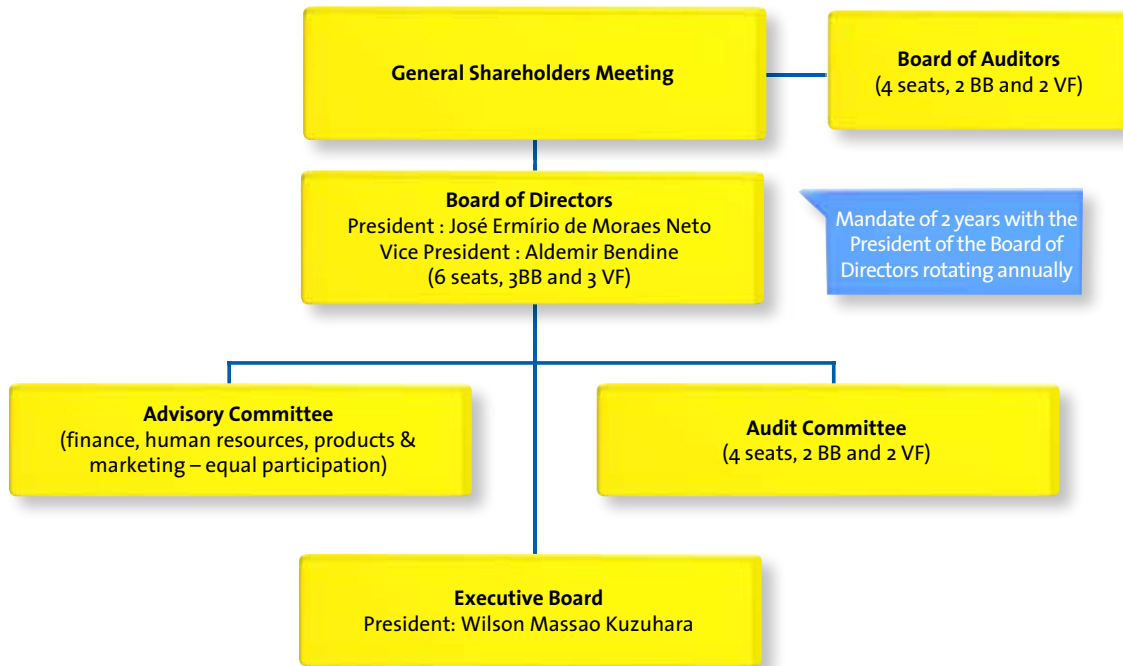
In addition to this, this partnership allowed Banco do Brasil, among other aspects and synergies:

- To access alternative distribution channels, such as concessionaires partners and stores of BV Financeira;
- To use the successful model in the promotion of sales on a nationwide basis in the vehicle financing market;
- To deal with the payroll of approximately 7,000 employees, among who included around 5,000 employees of BV Financeira; and
- To acquire payroll loan and vehicle financing portfolios as a consequence of the operational agreement.

The transaction resulted in Banco do Brasil ending up with 50% of the total capital, and approximately 50% of the voting capital of Banco Votorantim and required an improvement in the policies and norms of BV, as well as its risk management.

The new Corporate Governance structure of BV, as set out in the terms of the Shareholders Agreement at the beginning of the partnership in September 2009, was completely implemented in 2010 and has a regulatory function, with equal status of the governing bodies among the partners, such as the Board of Directors, Board of Auditors, Audit Committee and Advisory Committees of the Board of Directors.

Every year the President and Vice-President of the Board of Directors and the Board of Auditors of the company are rotated between members nominated by BB and members nominated by Votorantim Finanças, no casting vote being attributed to any member of the Board of Directors.



The strategies of the institutions are independent, acting in complementary fashion in particular segments, although risks and results are shared by the conglomerate's shareholders.

Banco Nossa Caixa



The incorporation of Banco Nossa Caixa produced some important results for the businesses of Banco do Brasil, expanding its share of the country's most important market. The acquisition intensified the relationship with the government of São Paulo and the

Judicial Power in that state. As part of this acquisition was the purchase of the payroll of civil servants of the municipal authority in the state capital, BB assumed a leadership position in business with the public sector in the state of São Paulo, adding a base of 12 million clients.



Among the business and synergies resulting from this incorporation move, of particular note were the following:

- The contracting of loans to private individuals from branches of the BNC already represented 56.2% of the volumes paid out in the state during the second half of 2010;
- 50% of the consortium quotas sold in São Paulo was carried out through the branches of BNC;
- The total contribution margin of individual clients increased by 208%, between the months of March and August 2010 while the contribution margin per individual client was up 92% over the same period;
- Reduction of 20% in total expenses in 2010, compared to 2009;
- Reduction of 98% in the amount spent on electronic fraud in 2010 through the network of BNC, compared to 2009. This gain was achieved principally by the introduction of a chip in the bank's credit cards; and
- of 127.9% in company credit limits and 9.1% in limits for individuals.

The negotiations for the acquisition of this São Paulo bank began in 2008. In March 2009 the transaction was approved by Central Bank and consolidated in the first half of 2010, ending with the total integration of the branch network in June. The operation included changes to the business environment of the branches, the replacement of ATM channels and the unification of systems, products and services. 952 premises, of which 566 were branches, were switched over to the BB brand, with the result that the Bank also assumed the leadership position in terms of number of service outlets in the state.

Considering the information technology standpoint – which is always one of the most critical aspects in a process such as this – the implementation of the project by the Bank was a benchmark case in the market, demonstrating notable capacity both from a technical perspective as well as the managing of an extremely complex project. The period for incorporation period (approximately 9 months) surprised observers, as did the quality of the process, which had a minimal impact for clients.

Another critical aspect present in similar operations is the integration of the employees from the company absorbed. In this case, 14,000 people were integrated into BB, coming from another corporate culture, representing a major challenge to be overcome in record time, ensuring an appropriate balance and respect for the difference in cultures.

Partnerships in Payment Means Segment

Partnership of BB, Bradesco and CEF – ELO Cards

In 2010 Banco do Brasil formalized a strategic partnership with Banco Bradesco and Caixa Econômica Federal in the card segment for the creation of a payment means chain, which comprise the issue

of credit, debit, prepaid and private label cards, the payment collection network and a brand name, all referred to as Project Elo.

The project involved the creation of the Elo Group, to consist of a financial institution, which would be the promoter of sales, processor and administrator of the Elo brand, a payment collection company (Cielo), CBSS and manager of the self-service terminals, with the aim of:

- (a) Creating a company of shareholdings (Elo Participações), in which would be consolidated the combined businesses related to electronic means;
- (b) the launching of a Brazilian brand for credit, debit and prepaid cards, to be called Elo, which would be managed by a specific company (Elo Serviços), controlled by Elo Participações; and
- (c) integration of Companhia Brasileira de Soluções e Serviços – CBSS, directly or indirectly, into Elo Participações.

Project Elo, implemented in the first few months of 2011, should bring benefits which include:

- (a) Gains in market share in the national card market, with the expectation of reaching 15% of sales within five years;
- (b) An increase in customer base size, with the prospecting of new consumers; and
- (c) Improvement in competitiveness with the entry of a new brand name into the national card market, providing gains in synergy and economy of scale for Banco do Brasil.

Being completely Brazilian, the ELO card, in contrast to other card brands, will not require the payment of royalties for the use of international brand names. With the launch of this brand name, BB expects to capture 15% of the card market within five years. With this, the



Bank's operation in this sector will be consolidated, already having a leadership position in the payment collection market through Cielo, in a partnership signed with Bradesco 14 years ago (under the name Visanet) which today has 49% of the national card market.

Currently, company clients of BB affiliated to Cielo can receive sales from credit and debit cards of the following brand names: Visa, Mastercard, Amex, Diners, Visa Vale and Aura – the Elo will complement this range. In addition to this the receivables from the sales can be collected ahead of time through Advanced Credit to Storeholders (ACL) and Card Receivables to be Realised (RCR) or they can be used as a guarantee for loan operations.



Partnership with Cielo and Oi

Cielo

Banco do Brasil through its subsidiary, BB Banco de Investimentos S.A. (BB-BI), acquired shares held by Santander Espanha in Cielo S.A. (5.11% of the paid-up capital) and Companhia Brasileira de Soluções e

Serviços – CBSS (4.65% of the paid-up capital). As a result of these transactions, BB has strengthened its participation in the capital of the companies which operate in the sector.

Oi

In 2010 Banco do Brasil signed a partnership agreement with the telephone operating company Oi for the expansion of a solution known as Oi Paggo. This involves two services: mobile payment for Ourocard clients and the sale of a co-branded credit card to Oi's client base.

Sharing of Terminals Between BB, Bradesco and Santander

Banco do Brasil, Bradesco and Santander on February 11th, signed a memorandum of understanding for the consolidation of their respective external ATM machine terminals (ATM machines installed outside the branches), such as those located at airports, fuel service stations, supermarkets, shopping centers, pharmacies and bus terminals. With this, the banks intend to provide greater convenience and comfort for their clients and increase operational efficiency with a reduction in expenses. The first phase of this project, with the application of a pilot plan, was authorised by the Brazilian anti-trust authority, Cade, in March 2011.

If this sharing arrangement comes to fruition, the clients of these three banks will be able to access around 11,000 ATM terminals spread across the country.

Objectives for 2011 GRI 1.2

Following its consistent strategies, already explained above, BB aims to achieve the following objectives:

- Improve the results;
- Expand profitable relationships;
- Raise client satisfaction;
- Increase convenience to customers;
- Expand international operations;
- Consolidate its operations in the capital markets;
- Reinforce its role as a fundamental partner for the development of the country;
- Increase its operational and business efficiency; and
- Develop and improve the skills of its employees.



Sustainability Action Plan Agenda 21 Banco do Brasil

Below we show the main initiatives that form part of Agenda 21 Banco do Brasil for the period 2011 – 2013, which must be achieved by the end of 2011. For more information about Banco do Brasil's Agenda 21, readers should consult the chapter on Corporate Governance (Corporate Governance – Socio-Environmental Responsibility – Agenda 21).

Processes and Management

Initiative	Time Period
To improve education and communication initiatives on the socio-environmental theme, with a focus on eco-efficiency, forming co-operatives and associations, consumer awareness and climactic changes, targeted at internal and external public audiences.	Dec/2011
To improve the Financial Education initiatives directed at various public audiences of BB.	Dec/2011
To implement a program for continual collection of employee suggestions to improve the processes at the Company.	Dec/2011
To propose an action plan for the improving of the effectiveness of the Endomarketing processes of BB.	Dec/2011
To draw up a risk map on questions of occupational health, to provide support for preventating action proposals.	Dec/2011
To improve the system for monitoring of data from the periodic health examinations of employees, including the definition of new indicators for occupational health and safety.	Dec/2011
To improve BB's gender equality program.	Dec/2011
To draw up and publicise "socio-environmental directives" both from a sector and thematic standpoint for application in the analysis of lending activities with potential adverse effects, in accordance with the best national and international practices .	Dec/2013 – with partial delivery on Dec/2011 and Dec/2012
To define and implement a system of classification for all the sectors/economic activities in accordance with the socio-environmental risk of the activity (high, medium and low).	Dec/2011
To improve the system for the evaluation of risk occurring as a result of extreme climactic incidents in the process of building/remodelling the units of BB and the definition of standard procedure.	Dec/2011
To implement a systemised evaluation for alignment between the interests of the shareholders and the management.	Dec/2011

Initiatives with Focus on Sustainable Development

Action	Time Period
To develop solutions in products and services with socio-environmental responsibility attributes, for the Retail, Wholesale and Government areas .	Continuous action
To revise the DRS methodology tools (diagnostic and business plan) with the aim of improving the definition and the achievement of environmental objectives.	Dec/2011

Private Social Investment

Action	Time period
Continue with the process of revitalising the Volunteer Program among employees, and other workers of BB, and consolidate the community support initiatives.	Dec/2011
Implement socio-environmental projects of the Brazil Water Program.	Dec/2013 – with partial delivery in Dec/2011 and Dec/2012



Directives of Socio-environmental Responsibility



Socio-environmental responsibility is part of Banco do Brasil's management policy and is present in its administrative and business practices, and in its private social investment initiatives. This stance of socio-environmental responsibility by the Bank is guided by the following directives defined in 2003:

- I. To incorporate the principles of socio-environmental responsibility in Banco do Brasil's administrative and business practices, as well as part of its institutional stance;

Banco do Brasil intends, as a first priority, to permeate its Organizational culture with the principles of socio-environmental responsibility, with this becoming affected in the day-to-day running of the Organization.

- II. To implement a well-expressed and integrated vision of socio-environmental responsibility within the Bank;

The drive for a socio-environmental responsibility stance is a continuous process, requiring the commitment from all areas of the Bank.

- III. To disseminate the principles and create a culture of socio-environmental responsibility within the BB community;

Banco do Brasil desires to radiate the focus of a socially and environmentally responsible company. To this end, it will be making efforts so that the public audiences within the BB community involved in its sphere of operations will also be encouraged to form part of the movement. The BB community includes the following:

- Active and retired employees;
- Outsourced staff;
- Representative entities of the employees;
- Employee associations; and
- Affiliated, subsidiaries and sponsored companies.

- IV. To listen to and take into account the diversity of the interests of the public audiences with which it relates;

To be considered a company that is socially and environmentally responsible, Banco do Brasil must have its actions and results legitimized by the public audiences with which it relates.

- V. To influence incorporation of the principles of socio-environmental responsibility in the country.

Banco do Brasil wishes to make use of its important position and nationwide coverage to become a benchmark reference for socio-environmental responsibility, demonstrating continual innovation in its initiatives so as to provide support for and strengthen the movement of socio-environmental responsibility within the country.



Corporate Governance

Introduction



GRI 4.6

Banco do Brasil adopts good corporate governance practices, based on transparency, the publishing of accounts, equity and socio-environmental. The Bank has been listed on the BM&FBovespa Novo Mercado since May 2006. This listing segment combines companies with the highest level of corporate governance in Brazil's capital markets, who adhere to this segment on a voluntary basis.

As a member of this select group, BB seeks to reinforce the generation of value for its shareholders by adopting practices that mitigate conflicts of interest, particularly between majority and minority shareholders.

BB's main governance document is its Corporate Bylaws, which determine various good governance procedures, such as the regulation of the functioning of the Board of Directors and the way in which it operates, among other. In addition to this, the Bank has a Corporate Governance Code adopted in 2007, which establishes the principles and practices needed to portray a panoramic and simplified vision of the transparent management of Institution. The Bank also has a code of ethics, which governs the relationship of BB's employees with its public target audiences, in addition to codes of conduct and internal rules.

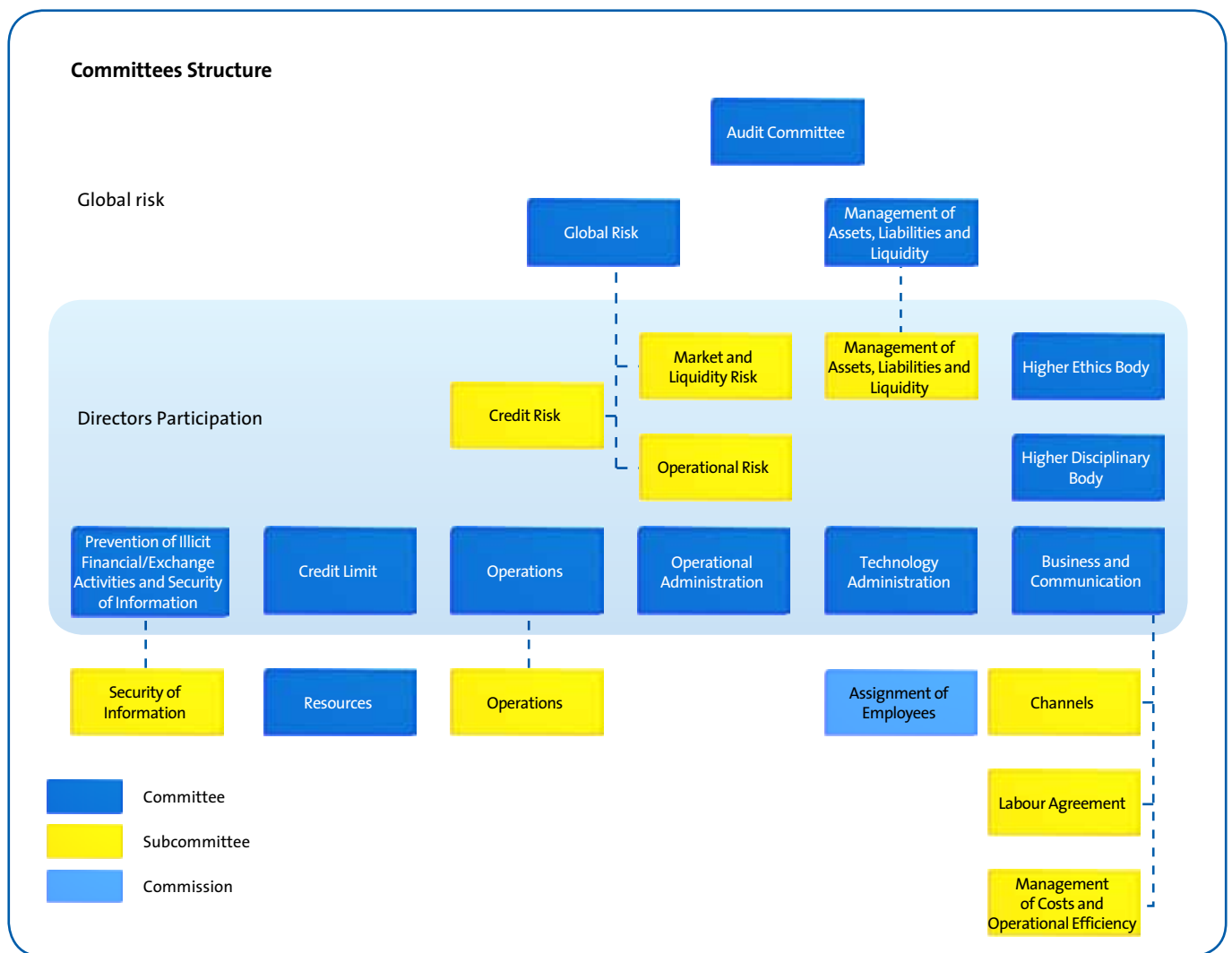


Banco do Brasil has also sought to improve the governance of the organizations which make up the conglomerate. In 2010, advances were implemented in the governance of Banco Votorantim, such as the connection between the Internal Audit and the Board of Directors and the implementation of a project that aims to attend the Sarbanes-Oxley (SOX) regulation.

Through its investment bank, BB-IB, Banco do Brasil is a signatory of the Anbima Code of Regulations and Best Practices, which reiterates ethical standards, maximum transparency and the qualification of professional staff, as well as the commitment to quality in the recommendation of products and services offered in the capital markets.

Structure of Decision-Making Process

At Banco do Brasil, decisions are taken on a collegiate basis at all levels, with the intention of reducing business risks by the involvement of all the executives in the defining of strategies and the approval of proposals, in their spheres of operation. In this context, the management uses committees, subcommittees and strategic commissions which guarantee it flexibility, quality and safety in its decision-making process.



Organizational Structure



Banco do Brasil's corporate governance structure consists of the General Shareholders Meeting, the Board of Directors – advised by the Audit Committee and the Internal Audit – and the Executive Board, which consists

of a Board of Officers (President and nine Senior Vice-Presidents) and a further 26 statutory directors. BB also has a permanent Board of Auditors.

In order to guarantee good governance, the Bank uses instruments such as the code of corporate governance and the code of ethics, while assessments of the Board of Directors, Audit Committee and Executive Board are carried out annually.



Board of Directors



Nelson Henrique Barbosa Filho

Chairman of the Board. He is the current Executive Secretary of the Finance Ministry. He has a bachelor's degree in economy from the Federal University of Rio de Janeiro, and a Masters in economy (also from UFRJ) and a PhD in economy from the New School for Social Research. He was Secretary of Economic Monitoring of the Finance Ministry, Assistant Secretary for Macroeconomic Policy and Combined Analysis, adviser of the presidency of the BNDES and Adjunct Chief for the Economic Advisory from Ministry of Planning, Budgeting and Management.



Aldemir Bendine

Vice-Chairman of the Board of Directors, CEO and President of the Executive Board of Banco do Brasil. He has a bachelor's degree in business administration, with an MBA in Finance and General Formation for Senior Executives MBA. He has acted as Vice President of Retail and Distribution, Executive Secretary of the Board of Officers and Executive Manager of the Executive Board of the Retail Directorship, in the Card Directorship, among other.



Adriana Queiroz de Carvalho

Board member nominated by the Ministry of Finance. She is graduated in law, with an MBA in Economic Law. Adriana Queiroz de Carvalho also exercises the post of General Adjunct Procurator of the Fiscal and Financial Consultancy of the National Treasury.



Bernardo Gouthier Macedo

Board member nominated by Minority Shareholders, he is a partner director of LCA Consultores and E3-Office for Economic Studies. Director responsible for the "Law Economy" area of work, which deals with support projects for companies and law firms. He has a degree in economy, as well as Masters and Doctorate. Among other positions, he has exercised the function of special adviser to the State Minister of Finance between February and October 2003.



Henrique Jäger

Board Member nominated by the Minority Shareholders, with a Masters in economic theory. As employee of the Inter-union Department for Statistics and Socioeconomic Studies (DIEESE) , he was co-ordinator of the subsection of the Single Federation of Oil Workers, with insertion in national projects, providing advice on collective wage negotiations and market research. A consultant in the environmental and strategic planning areas, he is a member of the Board of Directors of Telemig Celular.



Sérgio Eduardo Arbulu Mendonça

Board Member nominated by Minority Shareholders. Formerly Secretary of the Human Resources Secretariat of the Ministry of Planning, as well as acting as Technical Supervisor for the DIEESE. Graduate and postgraduate in economic sciences. He has occupied positions on the board of directors of BESC, CEAGESP and Petrobrás Gás.

Francisco Gaetani

Board member nominated by the Ministry of Finance he is a graduate in Economics. Executive Assistant Secretary to the Ministry of Planning, Budgeting and Management. He has held the positions of Secretary for the Management of the Ministry of Planning, Budgeting and Management and General Coordinator of PNUD in Brazil and planning analyst for Companhia Vale do Rio Doce.

Board of Auditors



Daniel Sigelmann

President of the Board of Auditors. Member indicated by the Ministry of Finance, economist and specialist in Governmental Public Policies and Management, formerly General coordinator of COAPI, part of the National Treasury Secretariat, Advisory Manager of COFIN, part of the Secretariat to the National Treasury and adviser of CESEF, part of the Secretariat of the National Treasury.



Clovis Ailton Madeira

Member nominated by minority shareholders. Graduated in accounting. Director of Directa Auditores since 1979, responsible for the coordination of many projects for various clients, mainly in the form of auditing services. He is a specialist in the carrying out of due diligences involving company acquisitions.



Ênio Alexandre Gomes Bezerra da Silva

Member indicated by the Ministry of Finance, graduate in law, he has *latu sensu* specialization in Tax Law. Procurator of the National Finance Department, Divisional Head and Substitute General Coordinator of the General Coordination of the Largest Debtors of the General Attorneys Department of the National Finance Ministry, he was formerly a member of the Board of Auditors of the Piauí state bank.



Marcos Machado Guimarães

Member indicated by the Ministry of Finance, he is General Coordinator of economic matters for the Ministry of Finance. He is part of the High Level Group charged with drawing up the regulations for the Mercosur Structural Convergency Fund (FOCEM). Marcos Machado Guimarães is graduated in International Relations and Political Sciences, with a Masters in Economy.



Pedro Carvalho de Mello

Member nominated by minority shareholders. Graduated in Law and Economic Sciences, he has a Masters and Doctorate in Economic Sciences. Professor and coordinator of FGV Management part of the Getúlio Vargas Foundation and professor at the Luiz de Queiroz Higher School of Agriculture (ESALQ), part of the University of São Paulo (USP).

Audit Committee



José Danúbio Rozo

Coordinator of the Audit Committee. Graduated in Economy, with a Controller MBA and General Formation for Senior Executives MBA. Doctorate in Controlling and Accounting. Formerly President of the Board of Auditors of the holding company Guaraniana S.A., now Neoenergia, and formerly member of the committee for administration of the Controller Department during the period 2001 to 2003.



Arno Meyer

Head of Economic Assessment at the Ministry for Planning, Budgeting and Management – Brasília, President of the Board of Directors of Banco da Amazônia, member of the Board of Directors of Banco do Brasil – Distributor of Securities and Notes (BB-DTVM). Formerly the Financial and Investor Relations Director of Banco Nossa Caixa. Economist, with a Masters in Economy, he is concluding the doctorate in the University of Brasília.



Celene Carvalho de Jesus

Member of the Audit Committee. Graduated in Accounting Sciences. Post graduation – MBA in the Management of Financial Institutions. Formerly a member of the Board of Auditors of Cemig, effective member of the Board of Auditors/Audit Committee of Embratel Participações and of the Board of Auditors/Audit Committee of Embraer. She has experience in the accounting management of the supplementary pension fund PREVI (2002/2007), where she acted as accountant and an executive manager.



José Gilberto Jaloretto

Member of the Audit Committee. Coordinator of the Audit Committee of Brasilcap Capitalização S.A. Masters and Doctorate in Controlling and Accounting, having exercised the post of Director of the Controller's Department, Assistant Manager of the BB branch in Paris, France, Executive Manager of the international Directorship of Banco do Brasil S.A. Formerly a member of the Board of Directors of BAMB-Brazilian American Merchant Bank, of the Board of Auditors of Aliança do Brasil S.A. and the Board of Auditors of Aracruz Celulose S.A.

Internal Audit



Egídio Otmar Ames

General Auditor. Graduated in Business Administration, with a General Formation for Senior Executives MBA and a MBA in Auditing both provided by the University of São Paulo and MBA in Controlling and Audit provided by ESAD.



Board of Officers



Presidency

Aldemir Bendine

Vice-Chairman of the Board of Directors, CEO and President of the Executive Board of Banco do Brasil. He has a bachelor's degree in business administration, with an MBA in Finance and General Formation for Senior Executives MBA. He has acted as Vice President of Retail and Distribution, Executive Secretary of the Board of Officers and Executive Manager of the Executive Board of the Retail Directorship, in the Card Directorship, among other.



Vice Presidency of Agribusiness and Small Ventures

Luís Carlos Guedes Pinto

Senior Vice President of Agribusiness and Small Ventures. An agronomy engineer, with a doctorate and postgraduate degree, formerly Minister of Agricultural, Livestock and Supply, President of the Board of Directors of Companhia Nacional de Abastecimento (National Supply Company) - CONAB, and Empresa Brasileira de Pesquisa Agropecuária – EMBRAPA (Brazilian Agricultural Research Corporation). Full-time Professor of Agricultural Economics at the State University of Campinas – Unicamp.



Vice Presidency of International Business, Wholesale and Private Banking

Allan Simões Toledo

Senior Vice President of International Business, Wholesale and Private Banking. Graduated in Business Administration, with a Postgraduate in Finance from Álvares Penteado, MBA in Agribusiness and an MBA in International Business and Finance, both (University of São Paulo) USP. Joined BB as a adolescent worker and worked in branches as Account, Businesses, General and Executive Manager. He has also occupied the posts of Managing Director of BB Leasing, member of the Board of Directors of BB Securities Ltd – London and New York, and at BB Previdência. He was formerly in the post of Commercial Director.



Vice Presidency of Credit, Controlling and Risk Management

Danilo Angst

Senior Vice President of Credit, Control and Risk Management. Graduated in Accounting Sciences with a Masters in Management Systems. He has a postgraduate in marketing administration, an MBA in businesses and strategy, and an Executive MBA in Finance and a General Formation for Senior Executives MBA of BB. Formerly held the post of Director of Distribution and Retail Channels, Executive Manager and State Superintendent in Goiás, Rio de Janeiro and Paraná. He is a member of the Deliberative Council of SEBRAE in the state of Paraná.



Vice Presidency of Finance, Capital Markets and Investor Relations

Ivan de Souza Monteiro

Chief Financial Officer. A graduate in Electronic and Telecommunications Engineering, with an MBA in Finance and Management. Formerly Executive Manager of the International Department, Commercial Superintendent and General Manager of BB's branches in Portugal and New York. He was formerly in the post of Commercial Director. He also represented BB as a member of the Board of Directors of Seguradora Brasileira de Crédito à Exportação (Brazilian insurance company for export credit).



Vice Presidency of Human Resources and Sustainable Development

Robson Rocha

Senior Vice President of Human Resources and Sustainable Development. He is graduated in Business Administration, with a General Formation for Senior Executives MBA, an MBA in Finance, with a Postgraduate in Human Resources and a Masters in Marketing. He was also formerly Director and President of Banco Popular do Brasil.



Vice Presidency of Government Affairs

Ricardo Antonio de Oliveira

Senior Vice-President of Government Affairs. Previously occupied the post of Special Adviser to the President of Banco do Brasil. He began his career at BB as a adolescent worker, having worked in the bank branches and at the Superintendency of São Paulo, where he occupied the posts of Cabinet Chief of the Superintendent. Since 2001, he has occupied the position of Director of Institutional Relations at Federação Brasileira de Bancos - Febraban (Brazilian Bank Federation), responsible for the relationship of the entity with the Presidency of the Republic, Ministries and the National Congress.



Vice Presidency of Retail Services

Paulo Rogério Caffarelli

Senior Vice President of Retail Services. Graduate in Law, with a Postgraduate in Foreign Trade, International Commercial Law, Finance and Corporate Law, and a Masters in economy from the University of Brasília. He Began his career at BB as a Adolescent Worker, formerly in the post of Executive Manager of the Distribution Department, Director of Logistics, and Director of Marketing and Communications. He is Vice President of ABECIP – the Brazilian Association of Real Estate Credit and Savings and he was a formerly Director of New Retail Businesses.



Vice Presidency of Technology

Geraldo Afonso Dezena da Silva

Senior Vice President of Technology. Graduated in Law, with Specialization in Financial Administration, an MBA in General Formation for Senior Executives and an MBA in Agribusiness. At BB, was formerly the director of Retail and Distribution and Retail Channels, superintendent in the states of Bahia and Paraíba, Regional Superintendent and Branch Manager in the countryside of São Paulo. He also formerly occupied the post of Finance and Administration Director at Aliança do Brasil.



Vice Presidency of Retail Services, Distribution and Operations

Alexandre Corrêa Abreu

Senior Vice-President of Retail Services, Distribution and Operations. Graduated in Business Administration with an MBA in marketing from PUC-RJ and general training at University of São Paulo. He was formerly in the posts of General Manager, Directorshipal Manager and Regional Manager of the Superintendency of São Paulo. In the Executive Board, he was the Executive Manager for the Internet Unit and in the Retail Directorship. He also occupied the posts of Card Director and Director of Insurance, Pensions and Saving Bonds.

Directorships



Agribusiness Directorship

José Carlos Vaz

Director of Agribusiness. Graduated in Law, with a General Formation for Senior Executives MBA. Formerly held the post of Executive Manager at the Agribusiness Directorship, and Adviser to the Presidency, among others. Member of the Thematic Chamber for Financing and Insurance, of the Ministry of Agriculture, Supply and Agrarian Reform. Member of the Technical Council of Coffee Intelligence – CIC. Member of the Consultative Chambers for Coffee and Soy of the BM&F. Member of the Sector Chambers for Rice and Cocoa, of the Ministry of Agriculture, Supply and Agrarian Reform. Member of the Board of Auditors of Brasilprev. Member of the Higher Agribusiness Council – Cosag/FIESP.



Support of Businesses and Operations Directorship

Sandro José Franco

Director for the Support of Businesses and Operations. Graduated in Administration, having a Masters in administration from UnB, specialization in the Management of Advanced Businesses come with a Postgraduate in Marketing and International Finance, in addition to MBA for the General Formation of Senior Executives. Formerly occupied the post of General Manager of USO.



Card Directorship

Denílson Gonçalves Molina

Director of Cards. Previously at the Marketing Directorship, the Commercial Superintendency in the Federal District, the Retail Directorship, and the Real Estate credit project. Currently he is in the post of Board Member of Cielo and Companhia Brasileira de Soluções e Serviços (CBSS – Visa Vale). Is graduate in Mathematics, with an MBA in Administration and Marketing from PUC-RJ.



Commercial Directorship

Sandro Kohler Marcondes

Commercial Director. Graduated in Business Administration, with specialization in International Business. He has occupied the posts of Managing Director of BB Leasing, Director of BB Securities – London and New York and General Manager of Banco do Brasil, Paris. Previously he occupied the post of International Director of Banco do Brasil.



Controlling Directorship

Renato Donatello Ribeiro

Controlling Director. Graduated in Economics Sciences, with a postgraduate in Finance and a General Formation for Senior Executives MBA. At BB, he has occupied the place of Assistant State Superintendent (SP), Executive Manager of the Center for Credit Analysis, Executive Superintendent of the Credit Unit, Director of Credit and Director of Finance and Investment at Brasilprev Seguros e Previdência S.A.



Internal Controls Directorship

Nilson Martiniano Moreira

Director of Internal Controls. Graduated in Economics Sciences, with an Executive MBA in Finance and a General Formation for Senior Executives MBA. He has filled the posts of Executive Manager of the Distribution Directorship, and Commercial Superintendent. Formerly Director of the Controlling Directorship.



Credit Directorship

Walter Malieni Júnior

Credit Director. Graduated in Economics Sciences and a Masters in Business Administration. He has an MBA in Capital Markets and Finance, and a postgraduate in General Formation for Senior Executives, as well as a university extension course in Mergers and Acquisitions. At BB he has occupied the posts of State Superintendent (RJ), Commercial Manager and Corporate Commercial Superintendent. He has also acted as Statutory Commercial Director Cia de Seguros Aliança do Brasil.



Distribution and Retail Channels Directorship

Ary Joel de Abreu Lazzarin

Director of Distribution and Retail Channels. A graduate in Executive Services Management, he has a General Formation for Senior Executives MBA. Formerly superintendent in several states, the most recent of which was the state of Rio Grande do Sul. He is Vice President of Federasul – Federação das Associações Comerciais e Serviços do RS (Federation of commercial associations and services of Rio Grande do Sul), Management 2006/2008 and 2008/2010.



Distribution São Paulo Directorship

Dan Antônio Marinho Conrado

Director of Distribution São Paulo. Bachelor's degree in Law, with an MBA in Business Management, and a General Formation for Senior Executives MBA. Formerly in the post of state superintendent in the states of Paraíba, Mato Grosso, Rondônia, Mato Grosso do Sul and Santa Catarina. He has also been Governance Superintendent for the North/Northeast and Midwest regions as well as Executive Manager of the Government Directorship. He formerly occupied the position of Director of Marketing and Communication.



Loans and Financing Directorship

Gueitiro Matsuo Genso

Director of Loans and Financing. Graduated in Administration, with a General Formation for Senior Executives MBA and Agribusiness, formerly responsible for the Unit for the Management of the Transition of BNC to BB in the post of General Manager.



Strategy and Organization Directorship

Marco Antônio Ascoli Mastroeni

Director of Strategy and Organization. Graduate in Economics Sciences, he has specialization in Accounting and Administration and Finance, and an MBA as controller. At BB he has filled the posts of Executive Manager of the Controlling Division and of Strategy and Organization.



Finance Directorship

Márcio Hamilton Ferreira

Finance Director. Graduated in Business Administration, with an MBA in General Formation for Senior Executives. He has acted as Executive Manager in several areas of BB. Formerly in the post of Commercial Superintendent in Rio de Janeiro.



Human Resources Directorship

Amauri Sebastião Niehues

Director of Human Resources. Graduated in Law and Administration. He has specialization in Corporate Governance, an MBA in Agribusiness and a postgraduate in Strategic Management. At Banco do Brasil, he has held the post of Retail Superintendent for the state of Minas Gerais, Executive Manager of the Distribution Directorship and Commercial Superintendent in Paraná and in Espírito Santo. Formerly General Manager of the High Income Unit.



Risk Management Directorship

Paulo Roberto Evangelista de Lima

Director of Risk Management. Graduated in Business Administration, with specialization in business Management and Technology, specialization in Corporate Governance, an MBA for Finance and General Formation for Senior Executives. He has been in the posts of Executive Manager of the Internal Control Department, Regional Superintendent and General Manager, among others. He is on the Board of Directors and Board of Auditors of several large companies.



Security Management Directorship

Edson de Araújo Lobo

Director of Security Management. Graduate in Pedagogy and Theology, with specialization in Strategic Intelligence Applied to Organizations and an International Executive MBA. He has filled the posts of Executive Manager of the Department for Security and Intelligence, and General Manager of the Security Management Unit. Member of the Higher Council of ASSBAN – Association of Banks in the Federal District and an invited participant of ENCCLA – National Strategy for the Prevention and Combating of Corruption and Money Laundering (2003-2008).



Government Affairs Directorship

Paulo Roberto Lopes Ricci

Government Affairs Director. Graduated in Business Administration from AIEC – National Association for Continued Education, with a General Formation for Senior Executives MBA, from FIA/USP (SP).



International and Foreign Trade Directorship

Admilson Monteiro Garcia

Director of the International Area. Graduated in Accounting Sciences and Law, with specialization in capital markets, and an MBA in Finance and Corporate Law. He previously occupied the posts of Regional Manager of the Asian Block, and Executive Manager of the International Directorship. President of the Board of Directors of BAMB – Brazilian American Merchant Bank and Banco do Brasil Securities LLC.



Legal Directorship

Orival Grahl

Legal Director. Graduated in Law, with a Master's degree in Legal Sciences and MBA in Economic Law and Business and Advanced Management of Business. He also has a Masters in International Law. At BB, held the position of Executive Manager the Legal Directorship.



Marketing and Communication Directorship

Armando Medeiros de Faria

Director of Marketing and Communication. A graduated in Social Communication, he has specializations in Corporate and Governmental Communication, and Political Sciences, in addition to a Masters in Communication Sciences. He formerly occupied the position of Coordinator of Public Communications Center of the Presidency of the Republic.



Capital Markets and Investment Directorship

José Maurício Pereira Coelho

Director of Capital Markets and Investment. Graduated in Accounting Sciences, with an MBA in Finance and Capital Markets and Specialization in Corporate Governance. Formerly exercised the posts Executive Manager at the Insurance, Pensions and Capitalization Directorship of BB.



Micro and Small-Business Directorship

Clênio Sevério Teribele

Director of Micro and Small Businesses. Graduated in Administration, with an MBA in Finance, Administration and Advanced Business Management, with a postgraduate in Administration. Formerly held the post of state Superintendent in Rio Grande do Sul.



Restructuring of Operational Assets Directorship

Adilson do Nascimento Anísio

Director of Restructuring of Operational Assets. Graduated in Law, with a postgraduate in Corporate Finance and Foreign Trade, MBA In Marketing and General Formation for Senior Executives. At BB, he has occupied the post of Superintendent of Retail Businesses and Government in São Paulo.



Relations with Employees and Sponsored Entities Directorship

Carlos Eduardo Leal Neri

Director of Relations with Employees and Sponsored Entities. Graduate in Law, he has a postgraduate in Production and Management, and an MBA in Administration. He formerly exercised the post of President of CASSI. He was previously Executive Manager at BB, as well as Manager at Previ.



Insurance, Pension and Capitalization Directorship

Marco Antônio da Silva Barros

Director of Insurance, Pensions and Capitalization. Graduated in Economics Sciences, having an MBA for Senior Executives from the Dom Cabral Foundation; with a Masters in Economy from the Brazilian Capital Market Institute – IBMEC/SP. He has exercised several executive positions within Banco do Brasil, among them being Executive Manager for Distribution. He currently exercises the post of Commercial Director of Brasilprev Seguros e Previdência S.A. responsible for the relationship with Executives of Banco do Brasil.



Technology Directorship

Luiz Henrique Guimarães de Freitas

Director of Technology. Graduated in Mathematics, with a Postgraduate in the Development of Systems and MBA in Accounting for Management. Formerly held the post of General Manager of the Technology Integration Unit.



Retail Directorship

Sérgio Ricardo Miranda Nazaré

Director of Retail. Graduate in Economics Sciences, with a Masters in Financial Administration, Controlling MBA and Finance Executive MBA. Formerly in the posts of Superintendent Director of BB Previdência, General Director of Brasilcap and Director of Brasilveículos, among others. President of the Deliberative Council of BB Previdência.

Strategic Units



Bank Acquisition Unit

Sidney Passeri

General Manager of the Bank Acquisition Unit. Graduate in Law, with Specialization in Labour Law and Company Administration. MBA in Business Management and a Masters in Business Administration and Human Resources. He formerly exercised the post of Executive Manager of the Commercial Directorship.



Accounting Unit

Eduardo César Pasa

General Accountant of Banco do Brasil, previously Executive Manager of the Accounting Unit of Banco do Brasil. He is a substitute member of the Board of Auditors of PREVI – Caixa de Previdência dos Funcionários of Banco do Brasil, “full-time” member of the Board of Auditors of Cobra Tecnologia S.A., as well as a member of the Board of Directors of CTX Participações S.A. Formerly member of the Board of Auditors of BB Turismo. He has a Masters in Accounting Sciences from USP – Faculty for Economics, Administration and Accounting (FEA) and a graduate in Accounting Science from Uniceub – Brasília, with specialization *lato sensu* in Accounting Sciences from FGV – Postgraduate School in Economy (EPGE), in 1997.



Construction of Solutions Unit

Anderson Freire Nobre

General Manager of the Construction of Solutions Unit. Graduated in Business Administration, with specialization in Management and Information Technology, an MBA in Strategic Administration of Information Systems and an MBA in Advanced Business Management. Formerly in the post of Executive Manager of the Technology Directorship.



Sustainable Development Unit

Rodrigo Santos Nogueira

General Manager of the Sustainable Development Unit. Graduated in Economics Sciences with a Postgraduate in Financial Administration from IBMEC-MG. He also has specialization in Financial Management for Banks and specialization in finance for “BB Senior Executives”.



Structuring of Solutions Unit

Gustavo de Souza Fosse

General Manager of the Structuring of Solutions Unit. Graduated in Management Information Systems, MBA in IT Governance and MBA in Financial Consulting and Capital Markets. He is in charge of seven managers, the ARH Project and IT Managers International (Tokyo, NY, London and Buenos Aires).



Channel Management Unit

Hideraldo Dwight Leitão

General Manager of the Channel Management Unit. Graduated in Mathematics, with an MBA in Administration and Marketing. Formerly in the posts of Project Manager for the BB 200 years Project and Executive Manager of the Strategy and Organization Directorship.



Pension Management Unit

Expedito Afonso Veloso

General Manager of the Pensions Management Unit. Postgraduated in Finance and a Masters in Economy. Previously in the post of Director of the Risk Management Directorship. He is Superintendent Director of BB Previdência and exercises the role of Consultant for SEBRAE/DF.



Operation of Solutions Unit

George de Figueiredo Leitão

General Manager of the Operation of Solutions Unit. Graduated in Business Administration, with a postgraduation Business Management, he formerly occupied the posts of Manager and Executive Manager of the Technology Directorship.



Private Bank Unit

Osvaldo de Salles Guerra Cervi

General Manager of Private Bank Unit. Graduated in Legal Sciences, he has an MBA in Finance from USP and Educational Technology from FAAP. He carries CFP (Certified Financial Planner) certification, as well as a Masters in Administration.



Investor Relations Unit

Gilberto Lourenço da Aparecida

Head of Investor Relations. Graduated in Accounting, with an MBA in General Accounting from USP, as well as a Postgraduation in Business Administration Auditing and Expert Accounting. Formerly in the post of Executive Manager of Investor Relations. He coordinated the project dedicated to the preparation of Banco do Brasil public offering of shares in 2010.



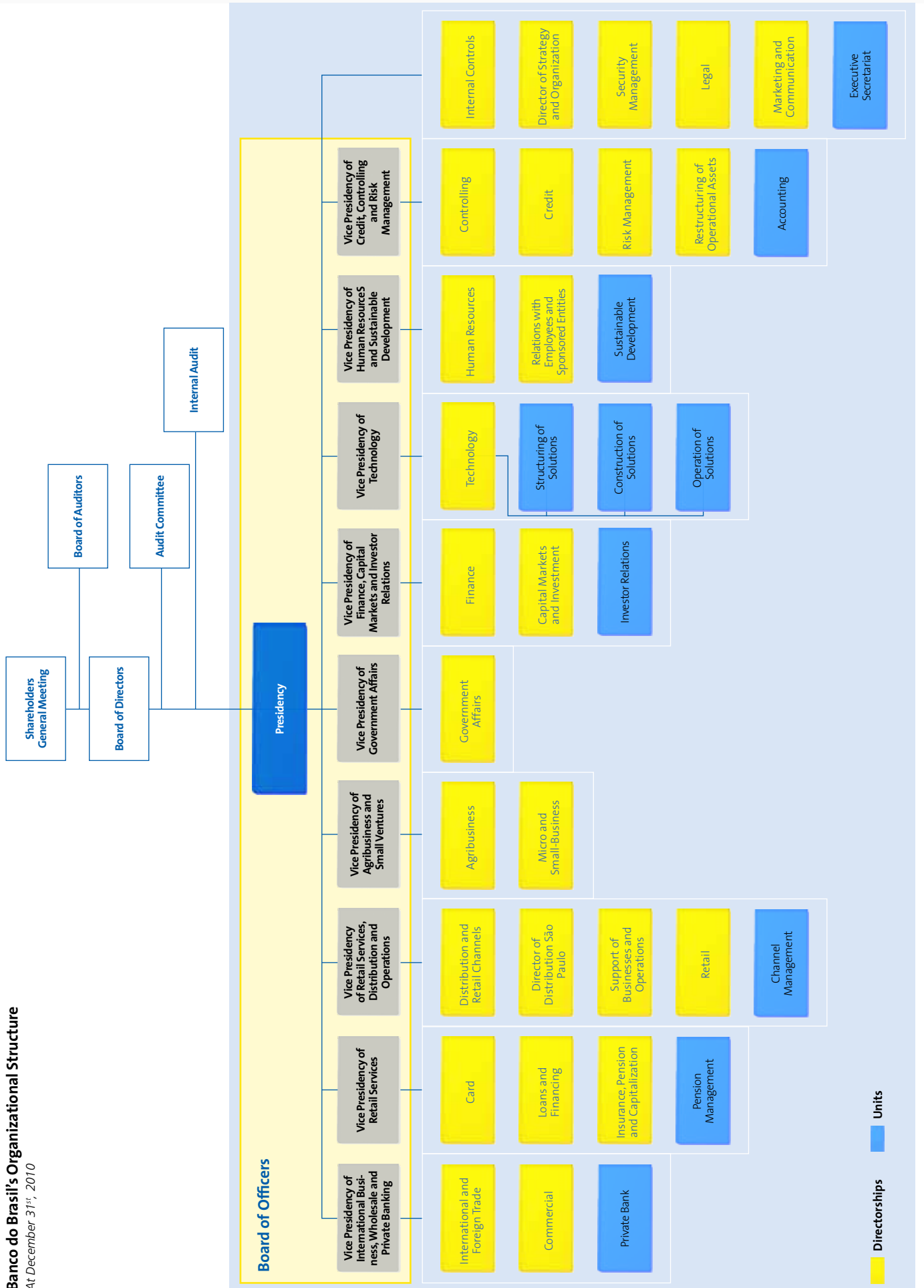
Executive Secretariat

Luiz Cláudio Ligabue

Executive Secretariat. Graduated in Accounting Sciences, with a General Formation for Senior Executives MBA from FGV and a MBA in Auditing. Formerly in the post of Executive Manager of the Executive Secretariat of BB.



Banco do Brasil's Organizational Structure
At December 31st, 2010





Administration



GRI 4.5 | 4.7 | 4.10

The main management bodies of the Bank are the Board of Directors, the Board of Officers and the Executive Board. Their members must be Brazilian, have a broad range of knowledge, including best corporate Governance and sustainability practices, experience, be morally upstanding, have a spotless reputation and a technical capacity compatible with the post they hold, as established in Article 11 of the bylaws of Banco do Brasil.

Since 2009, instruments and procedures have been instituted for the assessment of the performance of the Board of Directors, the Audit Committee and the Executive Board. The initiative strengthens the Governance policy of the Bank, seeing that supports the carrying out of internal diagnoses and the identification of actions for the improvement of the performance of the management of the Bank.

The global remuneration of the members of the Board of Directors, Board of Auditors and the Executive Board is fixed at the Annual General Meeting (AGM). The AGM adopts the practice of not setting salaries for the Board of Directors and Board of Auditors higher than 1/10 of the average weighted fixed remuneration of the Executive Board. The remuneration of the members of the Board of Directors is fixed, and must not exceed the terms of Law 9.292/96. In addition to this, it is not linked with economic, social or environmental performance. The remuneration of the Executive Board consists of a fixed tranche and a variable tranche linked to the Bank's results.

For details about the Remuneration of the Managers, please refer to Banco do Brasil's Reference Form, Section 13.



Board of Directors



The Board of Directors is the highest governing body of the Company, fulfilling a strategic, election and inspection role, including the approval of policies, strategies and corporate plans. The Board expresses its opinion on the financial statements, the half-yearly management report, and the annual sustainability report, and consists of seven members, who must be elected by the shareholders at the Annual General Meeting for a unified mandate of two years, with re-election permitted. The current members of the Board elected in 2009 will exercise their mandate to 2011.



Federal Government, as the majority shareholder, nominates five members of the Board of Directors, with the two remaining seats being held by Independent Board Members, as stipulated in the regulations of the Bovespa Novo Mercado. None of the members have a significant stake in the capital of the company and only the Vice-President of the Board of Directors has a joint executive function, as the President of the Board of Officers, and consequently, of the Executive Board.



One of the five seats nominated by the government is allocated to a representative chosen from those nominated by one or more employee investment clubs with a minimum stake of 3% of the Bank's capital, in accordance with the process defined by the Board of Directors. If the investment clubs do not reach the minimum stake requirements, or adopt a multiple voting process, the minority shareholders have the task of electing a representative to the seat that would have been held by the person nominated by the employee investment clubs.

In 2010, the Bank's Board of Directors met 12 times on a routine basis, and 4 times on an extraordinary basis.

Board of Officers/Executive Board

The Board of Officers is a collegiate body consisting of the CEO and the Senior Vice Presidents, whose decisions must be followed by the entire Executive Board.

The Executive Board, responsible for fulfilling the terms of the Corporate Bylaws, the decisions of the General Shareholders Meeting and the Board of Directors, as well as the collegiate decisions by the Board of Officers and the Executive Board itself, consists of the CEO, nine Senior Vice-Presidents and 26 Directors. The members of the Executive Board have a mandate of three years, with re-election permitted. The CEO of BB is appointed by the President of the Republic, and can be dismissed by him, while the Senior Vice Presidents and the Directors are elected by the Board of Directors. The post of director is exclusively for employees with an active career at Banco do Brasil.

Board of Auditors



The Board of Auditors, the Audit Committee and Internal Audit are all bodies covered by the bylaws, which ensure the inspection and control of the Organization's management. The Board of Auditors functions on a permanent basis, and consists of five full-time members and their respective substitutes elected at the General Shareholders Meeting for a mandate of one year. Minority shareholders have the right to elect two members. The current members of the Board of Auditors and their substitutes were elected at the Annual General Meeting of April 23, 2010.

Audit Committee



The Audit Committee has the responsibility, among others set out in the legislation, of advising the Board of Directors in the exercising of its inspection role. It consists of three full-time members and one substitute elected by the Board of Directors for a mandate of one year, which can be renewed for up to five years. One of the members must be chosen from among members of the Board of Directors elected by minority shareholders and another from the boards of directors nominated by the Minister of Finance.

Internal Audit



The Internal Audit reports to the Board of Directors, and has the main mission of advising the Board of Directors, The Board of Auditors, the Executive Board and the subsidiaries in the carrying out of audits, with a focus on risk. Its head, the Auditor General, is chosen among the active employees of BB and is appointed or dismissed by the Board of Directors.

Profile of the Senior Management



		Board of Directors	Executive Board– Statutory Members	Board of Auditors	Audit Committee
Age group	26 to 35 years	0	0	4	0
	36 to 45 years	3	16	2	0
	Over 45 years	4	20	3	4
Gender	Masculine	6	36	7	2
	Feminine	1	0	2	2
Race	White	1	31	0	0
	Yellow	0	1	0	0
	Mixed	0	2	1	1
	Not stated	6	2	8	3



Presentation: Corporate Governance of BB – History

1995-1997

In 1996, Banco do Brasil began to adapt itself to the new standards of corporate governance required by the environment of globalization and competitiveness which had begun to impose itself on the market. This change essentially involved the recomposition of the bank's capital structure, an improvement in asset structure, technological modernization and market strategy, which began to prioritise a market perspective, with a focus on results.



1999

Banco do Brasil received the Mauá Award granted by the Rio de Janeiro Stock Exchange for clarity and detail in its financial statements, among other criteria. The award was recognition of the Company's efforts to adjust itself to an increasingly demanding market environment.

Prêmio Mauá

2000

BB launched its Code of Ethics and a combination of Professional Conduct Standards, documents which form the basis of the Bank's relationship with its public audiences.



2001 2002

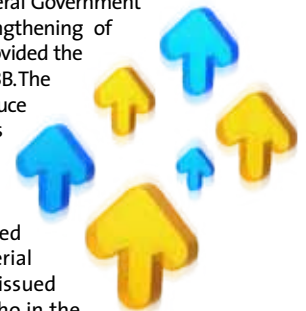
Banco do Brasil's bylaw was updated, to meet the requirements demanded for future adherence to the Novo Mercado, among them being additional rights for minority shareholders and the conversion of the preferred shares (PN) into ordinary shares (ON) in the proportion of 1PN = 1.1 ON.

In addition to this, a new administrative structure was introduced, which expanded the size of the Executive Board, avoiding excessive centralization of decision making processes. This new structure was helped by a system of management which included committees equipped to take collegiate decisions in the segments in which they operate.

In April 2001 BB became a multiple bank, based on the incorporation of its wholly-owned subsidiary (BB-Financeira S.A., Crédito, Financiamento e Investimento), the incorporation of credit and debit card operations, and the repatriate of capital invested in the Company's businesses abroad. In the asset management segment, BB DTVM – re-named BB Administração de Ativos, Distribuidora de Títulos e Valores Mobiliários S.A. - began to operate on an autonomous management basis, which ensured the creation of a so-called "Chinese wall" as well as greater flexibility in the management of assets, ensuring it in a leadership position in the sector.

The results reported by Banco do Brasil in 2001 also reflected the restructuring implemented by the Federal Government as part of its Program for the Strengthening of Federal Financial Institutions, which provided the conditions for the sustained growth of BB. The Investor Relations Area started to produce quarterly Performance Analysis reports and adopted the practice of publishing results and discussing through the medium of conference calls.

The Board of Directors approved the Policies for the Disclosure of Material Facts and the Trading of Securities issued by Banco do Brasil by any persons, who in the concept of the Company, are considered to be applicable for self regulation.



2003

In 2003, Banco do Brasil was again awarded the Mauá Prize as the best listed company in the Country and was chosen by Animec (National Capital Market Investors Association), as in 2002, as the best bank of the year. These awards were in recognition of all the initiatives taken to improve the transparency and governance practices of BB, reflected in the market in the form of expanding earnings and an appreciation of 221% in the bank share price, exceeding the Ibovespa's performance of 110% in the period.

It was also in 2003 that the management of socio-environmental responsibility at BB became more effective. The first action plan for socio-environmental responsibility was drawn up (2003 – 2007), developing in management model of guaranteeing the commitment of the entire Conglomerate to this issue, creating the concept of socio-environmental responsibility and the Letter of Socio-environmental Responsibility Principles, all approved by the Board of Officers.





2004



Banco do Brasil assumed a commitment with the Ministry of Environment (MMA) for the development of an agenda whose actions reflects the commitment of the Company to the sustainable development of its businesses. Also in 2004, BB was once again awarded the Mauá Prize as the best listed company in the Country.

2005

BB held the first Socio-Environmental Responsibility Workshop, bringing together 60 top executives. The result of the event was the updating of the Socio-environmental Responsibility Action Plan, which from that event onwards became known as BB Agenda 21, alluding to the Global Agenda 21. Based on the results in the second half of the year, an earnings payout practice was adopted of 40%.



2006

The year in which the bank completed 100 years of listing on the stock exchange and 198 years since its foundation, BB joined the Novo Mercado. With this, Banco do Brasil committed itself to resolving any disputes or controversies related to the listing regulations of the Novo Mercado through the BM&FBovespa Market Arbitration Chamber. To meet the new demands, the Bank achieved a more solid and diversified base in investors thanks to the success of a secondary offering of its shares, which was completed in August 2006, bringing BB's free-float up from 6.9% to 14.8%.



2007

In this year, BB published its Code of Corporate Governance, which presented a broad view in simplified form of the Bank's principles and practices, contributing to its longevity. In addition to this, the bank carried out a secondary public offering of shares held by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) and BNDES Participações S.A. These measures increased the Company's free-float from 14.8% to 21.7%. Furthermore, in April the shares of BB underwent a 3 for 1 share split.



2008

Despite the fact that the International crisis had affected various banks throughout the world, the Brazilian economy performed in an outstanding manner, sustained by the strong regulation of the national financial market, as well as the buoyancy of its domestic market. Fulfilling its role of providing support for socio-economic development and accompanying the government's monetary and fiscal policy for that particular moment in the economy, the Bank acted in the stimulation of consumer credit, helping to achieve the good results shown by the Brazilian economy from 2009 onwards.



2009

The result of the Bank's work through its Investor Relations Unit was recognised in 2009 in the form of an award for Best Investor Relations Executive, granted by IR Magazine Awards - Brazil to the Head of IR. In this year, the Bank was also recognised by Capital Aberto magazine as one of the Best Companies for Shareholders, being the bank with the best positioning in the category of companies with a market capital of more than R\$15 billion.



In December of that year, BB launched its Level 1 ADR program on the US Over-the-Counter Market. At the end of 2010, the program had 9.4 million receipts in circulation, with an average daily trading volume of US\$1.2 million.

2010

The Bank carried out a Primary Distribution of Ordinary Shares, with the issue of 289 million shares, and a secondary share offering, of 70.1 million shares, which enabled Central Bank to authorise a capital increase of R\$7 billion and raise Banco do Brasil's free-float to 30.4%, thus exceeding the 25% minimum required by the BM&Fbovespa Novo Mercado, and ahead of the stipulated time limit, which was up to the end of June 2011.





Socio-environmental Responsibility

Socio-environmental responsibility is part of Banco do Brasil's bi-centenary tradition and is expressed in its values, mission, policies and corporate strategies, as well as being present in its products and services. In its efforts to ensure the longevity of the organization, BB incorporates social and environmental considerations in the definition of its businesses and operations. In this way, it remains a permanent challenge for Banco do Brasil to ensure that socio-environmental responsibility permeates through out the processes of the Company.

In order to improve the alignment of the businesses with sustainability and better contribute to the development of the Country, the Bank's mission and vision of the future were updated in 2010, highlighting the commitment to sustainable development and socio-environmental responsibility.

In adopting the principles of sustainability in its strategy, Banco do Brasil is seeking to assess its organizational performance, not only from the basis of economic indicators, but also in terms of indicators of a social and environmental nature, such as the defence and promotion of human rights, the generation of jobs, incomes and the conservation of natural resources, among other aspects.

With the aim of implementing its corporate strategy and realizing its mission and vision of the future, Banco do Brasil's Sustainability Plan – Agenda 21 do Banco do

Brasil was revised in 2010, with a total of 77 initiatives to be implemented during the period 2011-2013. So as to monitor the effectiveness of the implementation of the challenges proposed by this agenda, BB's directive and market plans contain socio-environmental indicators. These challenges were also included in the Labour Agreement in the bank's premises, this agreement being the principal results management instrument used by the Bank. The main initiatives to be implemented in 2011 are set out in the chapter on Strategic Management.

Commitment to socio-environmental responsibility can also be perceived in the assessment of the performance of each employee. The model which is called internally "Management of Skills Performance", proposes a performance assessment from five different perspectives. From a society perspective, employees are assessed also in terms of their skills related to the socio-environmental theme.

In this way, Banco do Brasil's approach and management of sustainability permeates throughout the organization. Socio-environmental commitment is accompanied and managed in all the environments of the institution; in the corporate environment, through the inclusion of the theme in the company's strategy; in the Bank's branches and premises, social and environmental indicators are included in the labour agreement. And, lastly, at the personnel level, in the performance assessment of the employees, also taking into consideration skills regarding the theme.

Timeline of History of Pacts and Protocols

The realization of these principles is carried out through management initiatives, in the context of products and services, and through the adhesion to Pacts and Protocols for good socio-environmental practices:

1995



The Green Protocol is a document which formalises Banco do Brasil's socio-environmental responsibility intentions. Signed in 1995 between the Ministry of the Environment, Banco do Brasil, Banco do Nordeste, the Caixa Econômica Federal, Banco da Amazônia and the National Social and Economic Development Bank was ratified in 2008 with the purpose of employing policies and practices which are increasingly in harmony with the promotion of sustainable development in Brazil.

1997



In 1997, BB started to publish the Ibase Social Balance Sheet which sets out the initiatives carried out by the company for its public audiences, putting its corporate social responsibility in the public domain.

2003



Since 2003 Banco do Brasil has been a signatory of the United Nations Global Compact, which aims to mobilize the international business community in the promotion of fundamental values in the areas of human rights, labour, the environment, and the combating of corruption. The pact proposes the redefinition of strategies and actions, with a view to disseminating the benefits of globalization and its principles as applied to all organizational areas and levels of the company. In 2007, Banco do Brasil also became part of the Brazilian Global Compact Committee. Held at United Nations Headquarters, Banco do Brasil participated in the Meeting for Global Compact Leaders 2010, which was based on the theme of "Constructing a New Era of Sustainability". For more information access: www.pactglobal.org.br/



In 2003 BB's Letter of Socio-environmental Principles was defined, which envisages the incorporation of socio-environmental principles in the Bank's products, services and processes.



The engagement of Banco do Brasil with socioenvironmental responsibility was formalized in February 2003 in the form of a Letter of Principles and the creation of the Unit for Relationships with Employees and Socioenvironmental Responsibility. Transformed into a Directorship in 2004, this area was created to coordinate the process of disseminating socio-environmental policy to all areas of Banco do Brasil. This challenge has the support of the RSA Group, an interdisciplinary team formed from representatives of all areas of BB who meet on a monthly basis to debate initiative proposals and suggest definitions on the theme.

In November 2009, the Sustainable Development Unit was created, which combined in a single Strategic Unit, the management of RSA (socio-environmental responsibility) and DRS (sustainable regional development) at Banco do Brasil. This Unit has the basic function of managing the socio-environmental responsibility of Banco do Brasil and coordinating the implementation of the business strategy of Regional Sustainable Development – DRS – throughout Brazil.

Socio-environmental Commitments and Responsibility



Banco do Brasil's socio-environmental commitment is based on a Letter of Principles, with 14 items, approved in 2003 by the Board of Officers.

For Banco do Brasil, socio-environmental responsibility is defined as "Taking an ethical approach in adopting commitment and respect as an attitude in relationships with employees, outsourced workers, suppliers, partners, clients, creditors, shareholders, competitors, the community, government and the environment".



The principles of socio-environmental responsibility permeates the policies and corporate strategy of Banco do Brasil, being therefore an integral part of its overall approach and the decision-making process in all areas of the Bank. For this reason, from August 2004 it was decided to suspend new loans to clients included in a special report issued by the Ministry of Labour and Employment, as employers and agricultural proprietors who submit their workers to degrading forms of work and maintain them in conditions analogous to slavery. The decision also covered the refusal of financing clients involved in the sexual exploration of children and the use of child labour.



Since March 2005, Banco do Brasil started to adopt socio-environmental criteria in the evaluation of companies and investment projects: in the first

2004



Since 2004 Banco do Brasil has kept the seal "Corporate Friend of the Child" from the Abrinq Foundation, an institute dedicated internationally to the combating of child labour and indices in the support of Brazilian children.



In June 2004, together with the Ministry of the Environment, BB publicly assumed a commitment to initiatives focused on sustainable development in its businesses, through Agenda 21 which was launched officially in 2005.



In partnership with the Federal Government, Banco do Brasil and the Banco do Brasil Foundation developed a series of initiatives focused on the realisation of eight Millennium Goals, a commitment assumed by Member Countries of the United Nations in the year 2000.

As a form of additional support, Banco do Brasil supported and sponsored the Millennium Goals Awards in their first edition in 2005, in partnership with Petrobrás and Caixa Econômica Federal. The awards have the aim of selecting projects directed at achieving the Millennium Targets.

In September 2010, BB participated at the United Nations summit, alongside the leaders of other companies and other countries, with the aim of deciding what was to be done to fulfil the Millennium Goals. During the event, BB's DRS strategy was the practice that was shared, together with initiatives from other companies.



instance, these criteria were applied to companies with a current or forecast Net Operating Revenue of more than R\$ 100 million a year, and investment projects involving financing by BB of R\$ 5 million or more

The socio-environmental responsibility stance adopted by Banco do Brasil has a corporate profile, at the same time as being a worthy theme in all areas of BB, being implemented in the day-to-day employee management activities. It can involve the creation of new products/services, social initiatives in the communities, and is implemented, principally, in the premises that form the basis of decision-making and the carrying out of business, and other administrative activities of the Conglomerate. It is a process in permanent evolution: each day being incorporated increasingly into the instruments for assessment and control, and in the business and administrative processes so as to become part of the organization's routine.

Agenda 21

Context

Global Agenda 21 is one of the principal outcomes of the World Summit, the United Nations Organization conference also known as Eco-92 held in 1992 in Rio de Janeiro. This agenda is a document which establishes the importance of each country in committing themselves to reflect, globally and locally, in the way in which governments, companies, non-governmental organizations and all sectors of civil



society can cooperate in studying solutions to socio-environmental problems.

Agenda 21 aims to provide the guidelines for a new standard of development for the 21st century, based on the synergy between environmental, social and economic sustainability, and proposes the reinterpretation of the concepts of development, promoting quality of growth, rather than just quantity.

Each country develops its Agenda 21 and in Brazil discussions are coordinated by the Commission for Sustainable Development Policies and National Agenda 21 (CPDS).

Banco do Brasil's Agenda 21



Launched in 2005 as a pioneering initiative in the Brazilian business world, Agenda 21 Empresarial do Banco do Brasil acts as a conduit of the transformation process proposed by Global Agenda 21 at Banco do Brasil's and brings its socio-environmental commitment to reality as a result of the efforts involved in of Global Agenda 21.

Banco do Brasil's Agenda 21, as with Global Agenda 21, it is an action plan, a guide for the Banco do Brasil's commitment to Social Responsibility. BB's Agenda 21 is a sustainability management tool in which several areas of BB are involved in the fulfilment of initiatives, having also to provide reports to the Directive Council on the activities developed.

The updating of Agenda 21 is structured around a constant process, which takes place every three years,

2005



In May 2005, Banco do Brasil joined the Pact for the Combating of Slave Labour proposed by the Ethos Institute. Under the Pact, the signatories commit themselves to increasing efforts with a view to dignifying and modernising the labour relations in the production chains in the sectors mentioned in the "Employee Register" (Ordinance MTE 540/2004), which is a list of companies that have maintained workers in conditions analogous to slavery. Since August 2004, BB has practised the suspension of new loans to clients included on this register.



Since February 2005, Banco do Brasil has adopted a combination of policies and directives established by the International Finance Corporation (IFC), linked to the World Bank, in the analysis of investment projects, of a project finance nature, for amounts of US\$ 10 million or more. In 2010, Banco do Brasil expanded its use of the socio-environmental criteria established in the Ecuador Principles, for all projects of this type, independent of value.



In March 2005, Banco do Brasil formally declared its support for the request to provide a breakdown of information on greenhouse gas emissions – Carbon Disclosure Project – CDP. In 2006, with a view to supporting the international version of the CDP and its commitment to sustainability, BB was one of 33 companies which on a pioneering basis responded to the Brazilian questionnaire, which is available for consultation on the following website link www.cdproject.net.



and can be brought forward depending on the needs and demands of society. In this process, are considered contributions from employees, clients, investors and shareholders. Added to these suggestions, the agenda also aligns itself to the sustainability agenda of the company, in regard to issues such as the BM&FBovespa ISE (Business Sustainability Index) and the Dow Jones Sustainability Index (DJSI).

For the updating cycle for the period 2011-2013 for the action plans of Agenda 21, BB held a Sustainable Development workshop. The event, which took place in December 2010, included representatives from various areas of BB, the Directive Council and the Executive Board, thus reinforcing the Bank's commitment at the Summit to the principles of Social Responsibility. The workshop resulted in the development of 77 initiatives distributed across the various fronts: Processes & Management, businesses with a focus on Sustainable Development, and Private Social Investment. Some of these initiatives are published in the chapter entitled Strategic Management in this report.

This new cycle was included in the Labour Agreement (ATB) of the strategic units, thus incorporating the "strategy and operations" indicators. The ATB is used to monitor the performance of each unit of BB, so that the activities carried out are in keeping with the targets and objectives established in the strategic documents.



Sustainable Businesses Front

The Sustainable Businesses Front involves the implementation of initiatives for the support of sustainable development. In addition to this, there is a focus on the financing of activities which lead to the generation of incomes and jobs, as well as social inclusion. Another objective of this particular front is linked to the financing of activities and technologies which are environmentally friendly.

The most important item on this front is Sustainable Regional Development Strategy (DRS), whose aim is to stimulate the development of Brazil's regions through mobilising economic, social and political agents for the support of activities offering sustainable solutions that are inclusive and participative. DRS is based on three aspects: the support of viable economic activity, that is socially just and environmentally correct, always observing and respecting cultural diversity.

BB supports rural and urban production activities, identified as vocations and potentials of the region in which they are inserted. With DRS, BB aims to promote social inclusion with the strengthening of initiatives focused on the empowering of people, organizations and communities.

2006



In 2006, the Bank joined the BM&FBovespa Novo Mercado listing segment, which brings together companies that practise a higher standard of corporate governance.



Also in 2006, BB adhered to the international directives of the Global Reporting Initiative for the compilation of Banco do Brasil's Annual Report.

2007



In October 2007, Banco do Brasil adhered to the second edition of the Gender Equality Program, coordinated by the Secretariat for Policies for Women (SPM) part of the Presidency of the Republic. In March 2009, BB was one of 23 Brazilian companies to receive the Gender Equality Seal for its actions as part of this program. In 2010 for the second time BB was awarded the Gender Equality Seal for its participation in the 3rd edition of the Gender Equality Seal program. BB was one of 58 Brazilian companies to receive the Gender Equality Seal for the implementation of actions in the promotion of gender equality in its personnel management processes and cultural organization, as agreed in its action plan. One of the actions of BB was to introduce 6-month maternity leave in March 2009.



Banco do Brasil is one of the founding members of the Brazilian "GHG Protocol" Program, launched in May 2008, with the objective of increasing the technical and institutional capacity of companies in the management of their greenhouse gas emissions. The program is based on the use of "GHG Protocol" methodology in a Brazilian context, and its increased use for calculations and reporting. In 2009, Banco do Brasil published its first inventory of greenhouse gas emissions.



Front: Businesses with a focus on sustainable development

Principal Themes	Business opportunities – financial services and products with a socio-environmental characteristics – Wholesale, Retail and Government Areas
	Sustainable Regional Development – DRS

Processes and Management Front

To be consistent with the stance of socio-environmental responsibility adopted it is necessary that the business processes and the support for business be permeated with a vision of sustainability, in other words, in addition to the efficiency of an economic nature, it also seeks to generate social and

environmental values in BB’s operations. This is the aspect that the Processes and Management front of Agenda 21 covers.

The programs: Quality of Life in the Workplace, Program for the Recognition of Banco Do Brasil Employees, Responsible Credit, and the Eco-Efficiency Program, among others, are examples of initiatives which are tangible examples of the Bank’s policies.

Processes and Management Front

Principal Themes	Education for sustainability
	Occupational health and safety, quality of life in the workplace
	Valuing diversity
	Eco-efficiency – environmental performance/environmental management system
	Socio-environmental standards for suppliers
	Socio-environmental risk in financing and investment – general
	Socio-environmental management of own investments and those for third parties
	Engagement of stakeholders
	Management of crises and risks
	Socio-environmental report

2008



In 2008 Banco do Brasil Joined the Sustainable Amazon Forum, a group composed of various government, corporate and non-governmental entities that discuss ways for the sustainable development of the Amazon Bioma.



Caring for Climate

An additional platform of commitments under the Global Compact for Sustainable Development, launched in partnership with the United Nations Program for the Environment, and the World Business Council. Adopted by BB in September 2009, it has the objective of assisting participants in making progress on solutions related to climate change.

2009



Since 2009, since its creation, BB has participated in the EPC Platform in debates co-ordinated by the Getúlio Vargas Foundation. It has the purpose of building a new economic model for the country, based on the search for equilibrium and a process of adapting the Brazilian economy to climate change.

2010



In 2010, BB DTVM adhered to the Principles of Responsible Investment, which consist of the application of socio-environmental and corporate governance criteria in investment management, analysis and decision-making.



Private Social Investment Front



The Private Social Investment front carries out Corporate Citizenship initiatives. In 2010 this social investments of the Banco do Brasil Foundation – FBB totalled R\$118.6 million in initiatives, educational programs and initiatives, the generation of jobs, incomes and the replication of social technologies. The amount invested was primarily directed to family farming communities, agricultural extraction industries, settlers, former runaway slave communities, indigenous communities and collectors of recyclable material throughout Brazil, particularly in regions with low indices of human development, and communities at greater risk of social inclusion.

In 2010, among the ongoing initiatives at Banco do Brasil and the Banco do Brasil Foundation in the area of corporate citizenship, of particular note were:

- The BB Volunteer Project – R\$3.5 million allocated to the support of 46 socio-environmental projects nominated by more than 2000 volunteer employees of BB;
- The Banco do Brasil Apprentice and Student Trainee Program – 5,534 adolescents from the low-income segment of society trained in 2010 and 9,853 student trainees in 2010 developing curricular activities in the premises of BB;
- Fund for the Rights of Children and Adolescents – record volume of funding of R\$11.8 million allocated in 2010 to projects managed by the Councils for the Rights of Children and Adolescents;
- Rural Libraries Arca das Letras (arks of literature) – 203 “Arks” set up in 2010 in partnership with the Ministry of an Agrarian Development, benefiting 16,679 families;
- Program for digital inclusion – more than 1,200 digital inclusion outlets set up, with 2,239 computers donated in 2010;
- Banco do Brasil Cultural Centers – 295,373 students of public sector schools participated in 2010 in guided visits for the promotion and dissemination of culture through a varied range of artistic performances;
- Sports Sponsorship – social projects and participative promotional initiatives; collection of foodstuffs at sporting events; schools for volleyball and tennis for the local community, at the event centers;
- Bank of social technologies – 571 technologies socially certified in 2010;
- BB Educar Program – more than 2,200 teenagers and adults provided with basic reading and writing skills;



The CEO Water Mandate

In September 2010 Banco do Brasil adhered to the “The CEO Water Mandate”. This initiative has been part of BB’s initiatives in support of sustainability in this area since the launch of the ‘Programa Agua Brasil’ (Brazil Water Program). The initiative is a proposal by the United Nations Organization for signatories of the Global Compact to start to approach the question of water and the management of this resource in their corporate strategies, and thus contribute positively to the combating of the emerging water crisis.



In order to promote awareness, and a change of attitudes in the support of preservation and conservation of water resources, in March 2010 Banco do Brasil defined that the cause of “Water” as the principal focus of its sustainability initiatives. To this end, it signed a letter of intent with the National Water Agency (ANA), the Banco do Brasil Foundation and WWF-Brazil for the development of the Programa Agua Brasil. Projects will be implemented that involve hydrographic basins in each of Brazil’s biomas, and in the urban environment, the development of initiatives focused on the encouragement of appropriate consumer awareness and the treatment and disposal of solid residues. The program also aims to disseminate the best animal breeding practices among rural producers, as well as promoting the implementation of sustainable business models.



In 2010, Banco do Brasil adhered to the “Principles of Empowerment for Women”, launched by UNIFEM/United Nations Women and the United Nations Global Compact. The objective is to promote the development of a program for the monitoring of the implementation of these principles within companies, transforming them into an instrument effective in the promotion of gender equality practices and policies within companies. Banco do Brasil is part of a workgroup composed of representatives of eight Brazilian companies in the adherence to the principles in the Country.



- AABB – Community Program – encouraging sport and culture, with approximately 50,000 children and teenagers attending annually.

Private Social Investment Front

Principal themes	Revitalization of volunteer programs
	Student trainee and apprenticeship programs
	Sports and cultural marketing
	Financial education
	Programs of the Banco do Brasil Foundation

Corporate Governance Instruments



Several instruments provide guidelines Banco do Brasil’s stance in the area of Corporate Governance, as shown below:

Corporate Bylaws

Banco do Brasil’s Corporate Bylaws were approved at an Extraordinary General Meeting held on March 10th, 1942, and have since been updated to provide management and governance conditions in tune with the market and society. The most recent update was approved on August 5th, 2010, as a result of the capital increase.

Internal rules

Among Banco do Brasil’s corporate governance instruments are the Internal Rules of the Board of Directors, the Audit Committee, the Board of Auditors and Executive Board, which establish responsibilities and areas of competence, and rules for running the meetings of these bodies.

Governance Code

Banco do Brasil’s Corporate Governance Code, adopted in 2010, presents a panoramic view and a practical reference guide on the government’s principles and practices of the institution.

Code of Ethics



Banco do Brasil’s Code of Ethics establishes standards of relationships for employees with all the public audiences with which the bank relates, with regard to its products, services relationship practices, quality and secrecy of information, transparency and governance, working environment, freedom to join unions, economic, social and cultural diversity, and the repudiation of illicit practices, such as , extortion, corruption, and bribery in all their forms. The code is widely released by the Bank.

Standards of Conduct

The Standards of Conduct of Banco do Brasil, based on high ethical values, establish criteria which drive the duties and rights of employees in relation to their working environment, internal relationships, conflicts of interests, the assets of the organization, security and secrecy of information, gifts and favours, as well as corporate values and responsibility stance with regard to external public audiences, as well as management.

Letter of Principles



Banco do Brasil’s socio-environmental commitment is based on a Letter of Socio-environmental Responsibility Principles containing 14 items, approved in 2003 by the Board of Officers.



General Policies



To guarantee good governance, the Board of Directors is responsible for the approval of the Bank's policies. BB has policies referring to Disclosure of information and Trading of shares, besides the Combating of Money-Laundering Policy.

Disclosure and Trading Policies

BB's Disclosure Policy standardises the publication of Material Facts or Events, within the ambit of Banco do Brasil and its subsidiaries.

Banco do Brasil publishes information to the market, based on the needs of external users for the purposes of decision-making of an economic nature, in compliance with the requirements of the various

regulatory bodies and inspection authorities .

Banco do Brasil's trading policy standardises the system for self-regulation which governs the trading of securities issued by it, by any persons, who by virtue of their post, position or function at the Bank, have access to privileged information.

Policy for the Combating of Money-Laundering



Money laundering is a crime and Banco do Brasil believes that to avoid it is a way of cutting the flow of financial funds that support criminal activities. Banco do Brasil's policies to prevent and combat money laundering are published on the Bank's website pages, where information can be found about what the crime of money-laundering consists of, how it occurs, and the harm that it causes to society.

Evolution in Banco do Brasil's shareholding structure (2001 to 2010)

Date of General Shareholders Meeting Approving the Event	Event	Factor	Kind of Asset	Quantity
11/29/2001	Exercising of A Bonds (03.31.01 to 07.02.01)	1 A bond = 0.56067 ON shares + 0.43933 PN shares	ON shares PN shares B Bonds C Bonds	399,197,697,867 312,798,007,846 213,591,693,924 355,986,156,540
06/07/2002	Conversion of PN into ON	1PN = 1.1 ON	ON shares B Bonds C Bonds	743,275,506,498 213,591,693,924 355,986,156,540
01/23/2004	Reverse Share Split	1000/1	ON shares B Bonds C Bonds	743,275,506 213,591,542 355,986,440
12/22/2004	Public Share Offering – Acquisition of B & C bonds Private Subscription	Initial situation (07.08.2004): "B" Bonds 213,591,542 "C" Bonds 355,986,440 ON shares (*)743,275,506 (-) Acquisition of Bonds: "B" Bonds 197,187,709 "C" Bonds 328,957,694 ON shares (*) -x- (+) Private Subscription: "B" Bonds -x- "C" Bonds -x- ON shares (*) 66,913,789 (-/+ Exercising of Rights: "B" Bonds 410,691 "C" Bonds -x- ON shares (*)428,120 (=) Final Situation (09.08.2004): "B" Bonds 15,993,142 "C" Bonds 27,028,746 ON shares (*) 810,617,415	ON shares B Bonds C Bonds	810,617,415 15,993,142 27,028,746

(*) Free float – shares in treasury not included



Date of General Shareholders Meeting Approving the Event	Event	Factor	Kind of Asset	Quantity
08/24/2006	Exercising of B Bonds	"B" bonus subscription: 14,699,008	ON shares	825,316,423
	Alteration to capital	Capital increase of R\$ 304,382,324.80	B Bonds	0
		Paid-up capital: R\$ 11,912,895,138.17	C Bonds	27,028,746
04/25/2007	Share split	mar/01	ON shares	2,475,949,269
			C Bonds	27,028,746
01/24/2008	Exercising of C Bonds	1 Bonds = 3.131799 shares	ON shares	2,542,181,530
			C Bonds	5,880,431
09/30/2008	Incorporation of Banco do Estado de Santa Catarina S.A and Bescri S.A Crédito Imobiliário	- 1 (one) ON share issued by BB for 12.13308922 ON shares of BESC; - 1 (one) ON share issued by BB for 12.13308922 PNA shares of BESC; - 1 (one) ON shares issued by BB for 12.13308922 PNB shares of BESC; and - 1 (one) ON shares issued by BB for 1,592,261627 ON shares of BESCRI.	ON shares	2,565,255,836
			C Bonds	5,880,431
			ON shares	2,568,186,485
			C Bonds	5,880,431
11/28/2008	Incorporation of Banco do Estado do Piauí S.A.	- 1 (one) ON share issued by BB for 4.60241693 ON shares of BEP.	ON shares	2,568,186,485
11/30/2009	Incorporation of Banco Nossa Caixa S.A.	2.28873181 ON shares issued by BB for 1 ON share issued by Nossa Caixa. .	ON shares	2,569,860,512
			C Bonds	5,880,431
04/13/2010	Incorporations – Bescleasing and – Bescredi	1 ON share of BB for 25,5461 ON shares of Besc Leasing; 1 ON share of BB for 479.7168 ON shares of Bescredi.	ON shares	2,569,869,551
			C Bonds	5,880,431
05/19/2010	Public Offering for the Distribution of Shares	Issue of 286 million new shares .	ON shares	2,855,869,551
			C Bonds	5,880,431
08/05/2010	Exercising of C Bonds	Each bond guarantees the right to subscribe to 3.131799 ordinary nominative shares .	ON shares	2,860,729,247
			C Bonds	4,328,704



Corporate Controls



Risk Management

The management of risks within the Financial Conglomerate of Banco do Brasil covers, in a wide reaching manner, credit, market, liquidity and operational risk. Management activities are carried out using specific and specialised structures, in accordance with the objectives, policies, strategies, processes and systems described for each one of these risks. Not with standing the fact that the activities are focused on credit, market, liquidity and operational risks, the Bank adopts mechanisms to guarantee sufficient capital to cover other risks incurred. More information can be found on Banco do Brasil's Risk

Management in the Performance Analysis Report and the website of the Investor Relations Unit.

Structure and Processes of Risk Management

The risk governance model adopted by Banco do Brasil involves a structure of committees and subcommittees, with participation from various areas of the Institution, involving the segregation of business functions versus risk, structure and processes defined for risk management, decisions at various hierarchical levels, clear standards, a structure of jurisdiction and all based on the best management practices.

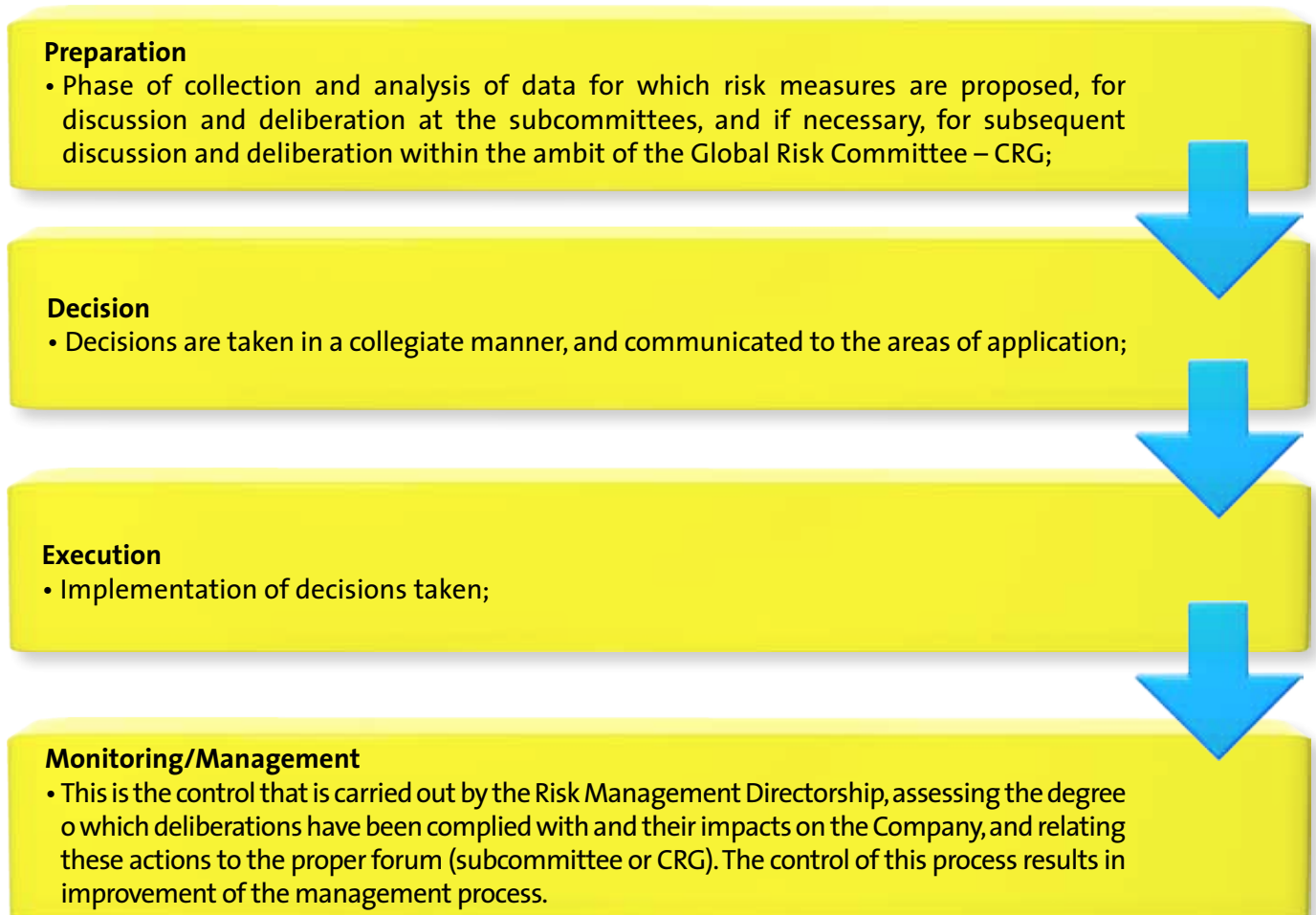


Credit and risk policies are determined by the Board of Directors. In turn, the governance of risk at Banco do Brasil, which covers the Multiple Bank and its Wholly-Owned Subsidiaries, is centralised at the Global Risk Committee (CRG), which consists of the Directive Council, which has the principal aim of establishing strategies for risk management, global limits of exposure to risk and levels of compliance and capital allocation as a function of risk. With a view to imbuing the management process with flexibility, Subcommittees for Credit Risk (SRC), Market and Liquidity Risk (SRML) and Operational Risk (SRO) have been created, which as well as being the instrument of the CRG, also have the delegated power to make certain decisions. These Risks Subcommittees are comprised of Statutory Directors,

whose decisions are taken in a collegiate manner, and in accordance with the directives and standards of BB.

The decisions are communicated to the areas in the form of resolutions which objectively express the position taken by the management, guaranteeing their application at all levels of the Bank. The Risk Management Directorship (DIRIS), linked to the Vice-Presidency of Credit, Controlling and Risk Management, deals with the management of market, liquidity, operational and credit risk. This integration provides synergy in the various processes, as well as specialisation, contributing to a better allocation of capital, while adhering to the directives published by the Basel Committee for Banking Supervision.

Banco do Brasil's risk management process is carried out in four steps:



With the objective of preventing, correcting or inhibiting weaknesses which could generate risks for BB, as well as reducing losses and strengthening risk culture, a tool is used as a management instrument, known as Technical Risk Recommendation (RTR), issued to the areas managing the processes or products when the need is identified for the adoption of loss mitigation action, as well as to ensure the fulfilment of the responsibilities defined in the risk management phases.

Market Risk

As set out in Resolution 3,464, of 06.26.2007, all finance institutions must implement a market risk structure compatible with the nature of their operations, the complexity of their products, and the size of market risk exposure of institution, segregating the trading units and the unit carrying out the internal auditing activities.



The Risk Management Directorship (Diris) is responsible for managing the market and liquidity risk of Banco do Brasil, with a structure compatible with the exposure to risk of its operations, and the trading units being segregated from the Internal Auditing Unit.

In the process of managing the Bank's market risks, its own positions are segregated into a Trading Portfolio and a Non-trading Portfolio, as defined by resolution issued by the Global Risk Committee (CRG), which also stipulates the policy for the classification of the operations in the Trading Portfolio.

The Trading and Non-trading Portfolios are divided into Groups and Books, always observing the internal norms (technical notes and resolutions), approved by the Subcommittee for Market and Liquidity Risk (SRML) and the Committee for Global Risk (CRG), which established the objectives, composition, financial limits and limits of market and liquidity risk for each group or book. The principal types of limits used for market risk management are:

- Value at Risk – VaR; and
- Stress Testing.

BB uses stress testing measurements resulting from simulations of the behaviour of its exposures subject to market risks under extreme conditions, such as: financial crises and economic shocks. Through the use of Stress Tests the aim is to determine the size of the impact of plausible events, but with a low probability of occurrence, on regulatory and economic capital requirements. Stress tests cover simulations of exposure, both of a retrospective nature, based on historic series of shocks on market risk factors, as well as a forward-looking perspective, based on economic-financial scenario forecasts.

With the objective of providing conditions to be able to assess the capacity to absorb losses and identify possible measures to reduce risks, global and specific limits are defined in percentage form for Reference Equity (PR). In the case of the VaR limits of the Trading Portfolio, and having the aim of clarifying the level of market risk generated by the exposures and the respective impact on capital requirements for their coverage, both VaR and stressed VaR metrics are considered.

The performance of the VaR metrics is assessed monthly through the application of a back-testing process. This assessment is segregated in the process of development and use of VaR metric. The models

used for the measurement of market risk are subject to an independent verification process, whose structure is segregated from the areas responsible for the development and use of the models.

In 2010, revision was carried out of the global and specific limits, and of the program for Stress Testing of Capital Requirements for Market Risk, both in compliance with Circular N° 3,478, Issued by Brazilian Central Bank.

Liquidity Risk

Banco do Brasil maintains levels of liquidity that are in keeping with the commitments of the Institution assumed in Brazil and abroad, the result of its broad and diversified base of depositors and the quality of its assets, the extensive reach of its network of offices outside Brazil, and its access to international capital markets. The rigorous control of liquidity risk is in keeping with the Policy for Market and Liquidity Risk established for the Conglomerate, meeting the requirements of national banking supervision, as well as the requirements of other countries in which the Bank operates.

The management of Banco do Brasil's liquidity risk involves the separation of liquidity in Reais from liquidity in foreign currency. To this end, the following instruments are used:

- Maps of maturity mismatches;
- Estimates of short, medium and long-term liquidity periods;
- Stress testing;
- Limits of liquidity risk;
- Liquidity Contingency Plan; and
- Testing of the potential of the liquidity contingency measures.

The instruments of liquidity risk management are periodically monitored and reported to the Strategic Committees of the Institution.

The Maps of Maturity Mismatches show the expected payments and receipts contracted for, distributed over previously defined time intervals, and presented both from a combined perspective, as well as being detailed by operational index. Analysis of the Maturity Mismatches Maps aims to verify the contractual cash flow of the Institution on a particular date.

Estimates of short, medium and long-term liquidity periods allow the forward assessment of the effect of



the mismatches between fundraising activities and financial applications, with the objective of identifying situations which could compromise the liquidity of the Institution, taking into consideration both the planning budget, as well as market conditions.

Periodically, estimates of Short-Term Liquidity are assessed under alternative scenarios and stress. If in one of these scenarios, liquidity forecasts fall below the liquidity level adopted as the limit, the Potential Contingency Measures are verified, previously identified, for the purpose of recovering the Institution's liquidity. Furthermore, Banco do Brasil uses the following metrics:

- Liquidity Reserve (RL); and
- Statement of Free Funds (DRL).

The Liquidity Reserve is the metric used in the management of short-term liquidity risk, setting a minimum level of highly liquid assets to be maintained by the Bank, compatible with the exposure to the risk resulting from the characteristics of its operations and accompanying market conditions. The Liquidity Reserve methodology is used as a parameter for the identification of a liquidity contingency and the triggering of the Liquidity Contingency Plan, this being monitored daily.

The indicator of Free Fund Availability (DRL), used in the planning and execution of the annual budget, aims to ensure equilibrium between fundraising activities and the application of funds, with an emphasis on the Commercial Areas, as well as guaranteeing the financing of the liquidity required.

The limit of the DRL, used in the guidelines for the execution and planning of the budget in accordance with the targets for fundraising and financial applications, is defined annually by the Global Risk Committee (CRG) and monitored on a monthly basis.

The Liquidity Contingency Plan, in turn, establishes a combination of procedures and responsibilities to be adopted in situations of liquidity contingency. In the event of liquidity contingency, one or more contingency measures may be adopted to safeguard the payment capacity of the Institution. The liquidity contingency measures are measured on a monthly basis.

The exposure of Banco do Brasil to this risk is minimal, bearing in mind its substantial active position in public federal securities, that have a high level of liquidity.

Credit Risk

The Management of the Bank's credit risk is carried out based on the strategic directives established by the Board of Directors, which in turn are translated in the form of directives from the Global Risk Committee and Credit Risk Subcommittee, and the areas for the Restructuring of Operational Assets, and Risk Management.

Exposures subject to credit risk are a large part of Banco do Brasil's assets, which is the reason why the risk management of these exposures is fundamental for the Bank in achieving its objectives. Their management is carried out through a credit risk management structure, approved by the Board of Directors, in compliance with CMN Resolution 3,721/09. The structure is composed of the Global Risk Committee (CRG), Credit Risk Subcommittee (SRC), Credit Directorship (DICRE), the Directorship for the Restructuring of Operational Assets (DIRAO) and the Risk Management Directorship (DIRIS), whose principal responsibilities and areas of competence are shown in the table below:

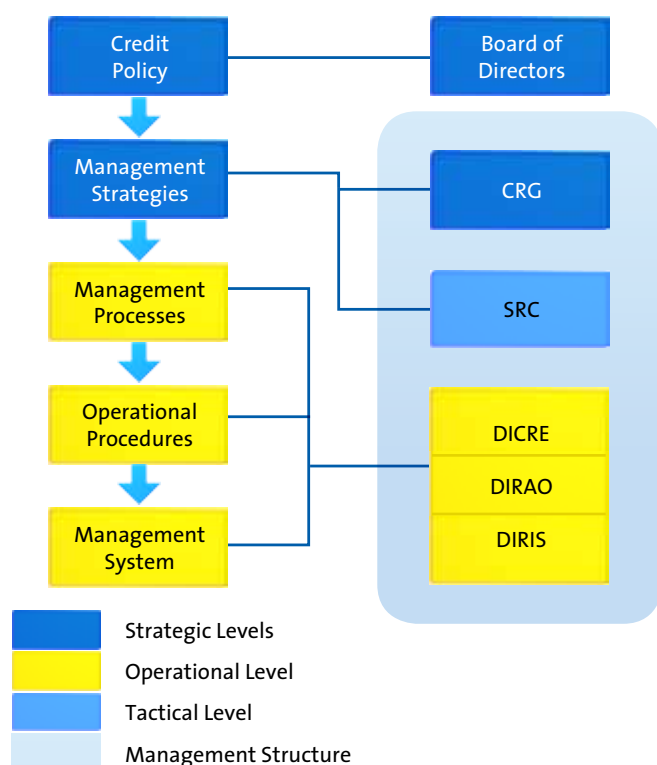
Credit Directorship	Directorship for the Restructuring of Operational Assets	Risk Management Directorship
To draw up studies and sector overviews.	To manage the portfolio of non-performing loans.	To control the limits of risk for aggregated exposure.
To analyse clients and establish limits.	To develop models and strategies for the dealing with problem loans and their collection and recovery.	To verify the regulatory capital levels for credit risk.
To analyse the credit risk of operations.	To manage collection and recovery channels.	To verify the economic capital levels for credit risk.
To create and monitor credit risk methodology.	To propose strategies for rulings on debts at higher echelons.	To manage the loan portfolio.



The verification and assessment of the processes and procedures of credit risk management are carried out by two internal areas, at different times, a fact which guarantees the adequate separation of functions and the independency of work carried out. The Internal Controls Directorship – DICOI, deals with the validation of the risk verification and measurement models of the Financial Conglomerate and the validation of the Bank's internal risk control system. The Internal Auditing Department – AUDIT, carries out periodic assessments of the credit risk management processes, with the aim of verifying that they are in agreement with strategic guidelines, credit policy and internal norms.

In addition to the areas above, the Independent Auditors analyze some of the processes and procedures used in the management of credit risk, contributing to the verification process to ensure that they are in compliance with external regulatory requirements, and in accordance with internal rulings.

The management of credit risk involves the areas of: Policy and Strategies for Credit Risk Management, Processes, Operational Procedures and Management Systems, and is carried out based on the best market practices, following the supervisory and regulatory norms of the banking industry. The objective is to identify, measure, control and mitigate exposure risk, contributing to maintaining the solidity and solvency of the Bank and guaranteeing alignment with the interests of the shareholders, as expressed in the schematised diagram shown below.



Banco do Brasil's credit policy contains guidelines of a strategic nature, which orientate credit risk management actions within the Financial Conglomerate. The credit policy is approved by the Board of Directors and revised annually, and is available to all employees.

Structured in four blocks (General Aspects, Assumption of Credit Risk, Loan Collection and Recovery and Credit Risk Management), the policy is applied to all businesses which involve credit risk and, among other topics, contains the following:

- Concept of credit risk;
- Segregation of functions;
- Collegiate decisions;
- Appetite for risk;
- Limits of risk;
- Classification of clients;
- Conditions for assuming risk;
- Guidelines for loan collection and recovery;
- Loss expected, economic and regulatory capital;
- Levels of provision and capital;
- Stress testing and sensitivity analysis, and
- Capital planning.

The disclosure of credit risk information is a permanent and continuous process. The assumptions taken into account in the selection and disclosure of information are: the best practices, banking legislation, users' needs, the interests of the Bank, confidentiality, and relevance of information.

The operational areas of the credit risk management structure constantly communicate the risk exposure situation to the higher echelons of the bank to enable the actions of the management to be monitored, and facilitate decision-making by Top Management.

The operational areas of the credit risk management structure produce the information destined for external public audiences, and send it to the Investor Relations (IR). The IR, in keeping with the practice of transparent governance, releases this information to the market, allowing investors and interested parties to accompany risk management actions and the evolution of credit risk, and confirm that the Bank has sufficient capital to cover all the risks it assumes.



The measurement of credit risk is carried out using various measures: non-performing loan rate, past-due period, portfolio quality, loan loss provisions, concentration, expected loss and regulatory and economic capital requirements, among others.

The use of instruments to mitigate credit risk is declared in the Bank's Credit Policy, present in strategic decisions made and the formalisation of credit norms, reaching all levels of the organization and covering all the stages of credit risk management.

In 2010, the Bank improved and consolidated its process for accompanying and monitoring its capital, with the creation of a specific forum in which the potential impacts of alterations in the market and regulatory environment are assessed with respect to existing forecasts, strategic decisions and consequent developments, with a focus on the optimization of the management and adjustment of risk exposure.

In addition to this, BB continued to consolidate the standardized simplified approach of Basel II, as well as the preparation process for the adopting of advanced models. With respect to "Pillar" III of the Basel II agreement, referring to transparency in the disclosure of information to the market, actions were implemented during 2010 so as to enable BB to adhere to the requirements of the New Agreement, as well as

Central Bank Circular N° 3,477/09, which deals with the same theme. To learn more about Banco do Brasil's risk policy management, the reader should access the website link bb.com.br/ir.

Operational Risk

To manage its operational risk, Banco do Brasil monitors operational losses using a systemised internal database, exposure limits and risk key indicators, as well as risk patterns for the evaluation of significant outsourced services.

In compliance with Article 4 of CMN Resolution 3,380/06, it has been defined that the structure of Banco do Brasil's operational risk management consists of the Risk Management Directorship (DIRIS), Internal Controls Directorship (DICOI) and the Security Management Directorship (DIGES), with the Board of Directorship being responsible for the information reported. The Director of Risk Management, through nomination by the Board of Directors, is responsible before Brazilian Central Bank (BACEN), for the management of Banco do Brasil's operational risk.

The table below shows the main responsibilities of the areas which make up the Bank's operational risk management structure.

Risk Management Directorship	Internal Controls Directorship	Security Management Directorship
Operational Risk norms and policies.	Compliance, processes and businesses failures.	
The establishment of Operational Risk control limits.	Support for areas that manage products and services.	Governance of corporate security.
Establishment and control of ICR.	Backtesting.	
Models and methodologies for capital allocation for operational risk.		Policies, methodologies, and standardisation plans related to security, fraud, money laundering and business continuity.
Measurement of operational risk.	Compliance policy.	



The Internal Audit Unit is responsible for the verification of operational risk management and the functioning of its structure. It should be noted that the operational risk analysis process is assessed by external auditors, with the results being submitted to the Directive Council, the Board of Auditors and the Board of Directors.

To guarantee the effectiveness of BB's operational risk management, as well as ensure that the various functions by the responsible areas are carried out, five phases of management have been defined. The main activities at each phase are summarised in the table below:

Management Phase	Summary of Activities
Identification	Determination of weaknesses in the Bank's processes and in significant services carried out by third parties, as well as the identification of loss events associated with them.
Assessment and measurement	Proposal of exposure limits and risk key indicators, the capture of loss events and the calculation of the capital to be allocated to operational risk.
Mitigation	Development of the mechanisms and action plans for the mitigation of the operational risks identified and the drawing up of business continuity plans.
Control	Monitoring of mitigation activities, proposal, implementation and monitoring of control actions; verification of level of compliance of processes; carrying out of back testing.
Monitoring	Monitoring of operational loss events, of the behaviour of risk key indicators, exposure limits, as well as the existence of internal controls and business continuity plans.

The activities linked to each phase have predefined responsibilities either individually or in combination, involving the managers of products and services and the Risk Management, Internal Control and Security Management Directorships.

The Operational Risk Policy approved and revised annually by the Board of Directors contains guidelines for the areas of the Bank, which aim to guarantee the effectiveness of the operational risk management model, in line with the terms of Basel II and the requirements of CMN Resolution 3,380/06.

Banco do Brasil has the objective of carrying out its operational risk management in a conservative manner, segregating the functions of risk management and business management. To this end, the Bank adopts the best risk management practices respecting the standards and supervision directives of the banking system's regulations.

The management areas of the processes, products and services, based on the causes indicated in the operational risk identification stage, and the decisions issued by the Operational Risk Subcommittee and/or Global Risk Committee, must draw up action plans and identify instruments for the mitigation of Operational Risk.

Information on operational losses, key risk indicators, qualitative and quantitative evaluations, as well as global and specific limits, are all reported monthly to the members of the Global Risk Committee and the Operational Risk Subcommittee.

The current Strategic Planning of the Bank, consisting of the Long-Term Plan 2010-2014 and the Directive Plan 2010-2011, approved by the Board of Directors, inserts

the operational risk issue into the internal processes, having the objective of reducing losses, measured by means of a Global Operational Loss Limit.

CMN Resolution 3,490/07 determines the inclusion of the Tranche of Operational Risk (POPR) in the calculation of Required Reference Equity (PRE). Through Circular 3,383/08 and Letter-Circulars 3,315/08 and 3,316/08, Brazilian Central Bank has defined the procedures for the calculation of the POPR tranche and the composition of the Operational Risk Exposure Index (IE).

With respect to measurement approaches, Brazilian Central Bank, through Circular 3,383/08, allows financial institutions to base the calculation of the POPR on one of the following approaches: Basic Indicator, Standardized Alternative or Simplified Standardized Alternative. BB has decided to allocate capital for operational risk under the Alternative Standardized Approach, the most sophisticated of these three approaches.

Currently, with the objective of qualifying its use of the advanced model for the measurement of operational risk, Banco do Brasil has concentrated its efforts in the management of its operational risks, supported by the use of four essential elements to achieve the standard of solidity required: internal database, external database, analysis of scenarios and factors which reflects the business environment and the internal controls of the Bank (BEICF – Business Environment and Internal Control Factors).

In 2010, BB implemented specific limits for operational losses related to "Labour Related Problems", "Business Failures", "Process Failures", "External Fraud



and Theft” and “Internal Fraud”, with the objective of achieving more flexibility in the proposal of mitigation actions. Of particular note was the work carried out to adjust to the guidelines published by Brazilian Central Bank in resolution 19,217, of 12.24.2009, which involves the use of four essential elements in the internal operational risk measurement model.

With regard to the External Database, in 2010 the Bank affiliated itself to the “Operational Riskdata Exchange Association – ORX”, a consortium for the interchange of external data on operational losses. This information is useful in measuring processes, acting as a complement to the internal database, or for the estimation of severe unexpected losses, thus comprising the calculation of capital allocation using the advanced approach, for the management to make comparisons with other institutions, and analyse the need to adopt mitigation actions.

Image Risk

Banco do Brasil has developed its own methodology for the management of a mixed risk, which is in the process of being implemented. The methodology translates into the identification and definition of risk indicators, in the evaluation of financial exposure to risk, and all the effects that potentially arise from this measure (Dow Jones, Advanced Basel, etc).

Socio-environmental Risk



GRI 4.11



GRI FS2 | FS9

For the monitoring of socio-environmental risk associated with its businesses and operations, Banco do Brasil has attributed responsibility to the Credit Directorship, with advice provided by the Sustainable Development Unit. This in turn, has an Executive Management responsible for the strategic management of matters related to BB's socio-environmental responsibility starts, reporting to the Vice-Presidency of Personnel Management and Sustainable Development. In its analyses, BB considers socio-environmental aspects related to legal, operational, image, credits and combined risks. This is essentially based on that established by the applicable legislation, in the commitments assumed by the Green Protocol, Ecuador Principles, and the Pact for the Eradication of Slave Labour.

In addition to the Ecuador Principles, from 2005 the adoption of socio-environmental criteria have been implemented in the evaluation of the study of the credit

limit for companies and investment projects. Currently, these procedures are applied to companies with a current or forecast Net Operating Revenue equal to or greater than R\$50 million, and investment projects with an amount financed by BB, equal to or more than R\$2.5 million.

In 2008, the Bank started to adopt the requirements contained in CMN Resolution 3,545, which establishes conditions, for the purposes of providing finance for animal breeding in the Amazon Bioma. Questionnaires are also applied, which contain socio-environmental aspects to those requesting credits. These questionnaires are filled in by the analysts of the investment projects.

Banco do Brasil also prohibits operations for the financing of activities that do not have the formal Authorization of the competent authority. Included in this situation are: deforestation, animal breeding destocking or defrayal, with the purpose of incorporating new areas into the production process; the sale of extracted products of vegetable origin, and fish *in natura*; investment operations in activities that require environmental resources or undertakings capable of causing environmental degradation; investment operations in activities that require a Prior Study of Environmental Impact (EIA) and a Report on the Impact on the Environment (RIMA); investment operations in activities which use water resources, including agricultural irrigation - water concessions.

Banco do Brasil adopts a procedure that requires auditing in socio-environmental compliance for undertakings categorized as Project Finance, and whose analysis of socio-environmental risk carried out by the area responsible at the Bank, indicates potential risk, depending on the project. The audit covers the requirements applicable to the management of operational health and safety, and medicine, based on the existing legislation from the Ministry of Labour and Employment, conditional on environmental licences and the implementation of the Basic Environmental Plan, for compensation for, and mitigation of, social and environmental impacts, as well as the criteria of the Ecuador Principles, if these are more demanding than the law. Based on the socio-environmental audit reports, BB either does or does not approve the liberation of funding to the entrepreneur.

Legal Risk

To reduce the occurrence of legal risk, Banco do Brasil has a Legal Directorship which provides consultative, preventative and contentious legal advice, in the context of corporate strategy, and with a specific focus on each area of the business. The regular supply of internal information



to the managers of products and services which enables the analysis of trends and alignment with strategies, is also important in the mitigation of legal risks.

Fines



GRI PR4 | PR9 | SO8

Banco do Brasil paid a total of R\$9,9 million in fines resulting from non-compliance to laws and regulations in 2010. Also in the year, 17 cases of non-compliance with regulations and related voluntary codes were cited, in addition to the amount of R\$58,800 referring to non-compliance to laws and regulations related to the provision and use of products and services.

Internal Controls



GRI FS15

The formulation of Internal Controls and the Compliance for the entire Financial Conglomerate is the responsibility of the Internal Controls Directorship, which researches and develops methodologies and instruments used in the identification, mitigation, control and monitoring of operational risk and advice on the identification of the risks and weaknesses in the processes of the Financial Conglomerate.

Through 16 Regional Internal Control Management Centres (GECOIS), the most important processes in operation in all the units of the distribution network, including the support units of the bank, such as registration, limits and credit operations, the opening of current accounts and the prevention and combating of money laundering, are all monitored and evaluated.

This verification is based on norms and regulations, and seeks to identify possible deviations for the adoption of corrective actions. The result of the verifications is used for the classification (ranking) of the branches, and the other units, with respect to the level of compliance observed in the operationalization of the processes evaluated, and as a management tool to implement the continuous improvement of these processes.

Internationally recognized practices, such as for example, those that derive from the requirements of the US Sarbanes-Oxley Act, serve as guidelines for the internal control activities developed by BB.

Activities with a focus on internal controls within the other companies in the conglomerate are carried out through the corporate governance structure of those companies, in compliance with the legislation in force.

With this dynamic, Banco do Brasil seeks to guarantee that its products and services are conducted in accordance with the applicable laws and regulations, and in compliance with the requirements of the banking system supervision, as well as internal policies and procedures, and the legitimate expectations of society.

In the process for the creation and launching of Banco do Brasil's new products and services, Control and Evaluation of Risks and Products, Services and Service Channels – CARPS is used. This is the tool developed to guarantee that the quality and compliance of products, services and service channels of the Bank are evaluated throughout the product launch process or product improvement process – and this has been shown to constitute an important market differential in considering criteria such as positioning, risk, compliance and operational efficiency.

Strengthening of the Process of Information Disclosure to the Market.v



GRI 4.9

In order for Banco do Brasil to comply with the new regulations of the Brazilian capital markets, introduced by CVM Instruction 480/09 and also to raise the disclosure level of its reports to the markets Banco do Brasil, in the second half of 2010, implemented a model for the assumption of responsibility by managers (certification in sequence) in the passing-on of information in the compilation of the Reference Form and the Consolidated Financial Statements. Using this model, executives sign declarations that the information passed on is true, complete, precise and does not contain data and/or citations which could induce the investor to make an error. It also ensures the existence of internal controls which permit the guarantee of efficiency, precision and reliability of such information.

Complementing this new model for allocating responsibility, the Bank has established new criteria for the standardization of procedures involving the creation, compilation and disclosure of reports to the market, which must be observed by the areas involved in this process, resulting in the information made available to the market being increasingly reliable and transparent.

Validation of Risk Models

Validation is a process which permits the use, in an independent manner, of internal models for the measurement of market, credit, and operational risks and the determining of the capital to be allocated to



deal with these risks, based on permission from Central Bank. This process must be carried out periodically, or whenever there are significant changes which could have an impact on the calculations made.

At Banco do Brasil, the validation process of the risk models is the responsibility of the Internal Control Directorship, which must attest to the Brazilian Central Bank, that the systems, data, technological infrastructure and models used for the management of risk, are adequate, and permit the calculation and correct allocation of regulatory capital. The validation methodology is based on the reputation of the calculations made by the models used in the risk of verification process, and their comparison with the amounts extracted from the samples obtained from the Bank's risk management systems.

Back testing of the risk measurement models are carried out to verify whether their results are sufficiently accurate to be part of the validation process. The results of the validation of the risk models are periodically discussed with the managers at technical forums, being subsequently presented to Banco do Brasil's risk subcommittees, with the aim of implementing possible adjustments to them with the aim of using them effectively in the management process.

This systematic implementation contributes to improving the Bank's risk management processes, permitting the appropriate allocation of regulatory capital.

Security Management



GRI PR3



GRI 4.13

To keep itself up to date on questions of security focused on the prevention and combat of electronic fraud, Banco do Brasil constantly reviews its internal processes, particularly with regard to identification and authentication for the use of the service channels (Internet Banking, Mobile Banking, ATM machines, telephone, etc.), and in the safeguarding of the secrecy of information and transactions realized, to avoid identity theft.

The security of the service channels is based on the use of access credentials (personal data, in addition to passwords or registered devices), associated with the use of rules of security, for example the application of specific limits for transaction values, in addition to the online monitoring of the system, which is carried out on an uninterrupted basis.

To maintain a high level of security, BB has a number of important ongoing projects, with the use of leading-edge technology such as the use of biometric

identification for the authentication of clients at ATM machines (TAA), the introduction of artificial intelligence in the financial transaction monitoring processes, as well as through the distribution of Token devices, for the digital signature of users and the carrying out of financial transactions via the Internet channel.

In 2010, Banco do Brasil began the introduction of a new IT Governance model, to cope with the current and future needs of the Organization. The concept adopted is the proposal by the ITGI – Information Technology Governance Institute.

With respect to the prevention and combat of attempted fraud, at its branches and through its website, BB makes information and security solutions available, and also offers the Frequent Questions option with regard to the use and security of the service channels. In addition to this, BB's portal on the Internet has a security module which acts as a firewall for the computer in the carrying out of financial transactions. Material informing clients about the secure use of ATM terminals, is available at the branches, and the client also has the backing of Technical Support which monitors activities that deviate from set patterns.

Also with the aim of strengthening the prevention and combat of fraud, Banco do Brasil participates in the Tentacles Project, signed recently in a partnership with the Federal Police Department, through Febraban, which involves the interchange of information with regard to fraud between banking institutions across the country and that body. This initiative, in addition to bringing financial benefits for financial institutions and their clients, is also likely to show favourable results for society in general, seeing that it will contribute to the intensification of initiatives to combat organised crime.

Management of Business Continuity (GCN)

The Management of Business Continuity (GCN) at BB aims at always keeping the services essential for the functioning of its businesses operational, even in scenarios when processes are interrupted during a corporate crisis. This contributes to the strengthening of the Company's image of solidity, in addition to fulfilling the requirements of Brazilian Central Bank and the other regulatory bodies of a national and international scope.

In 2010, Banco do Brasil consolidated its GCN process in the units in Brazil and abroad, through the development and introduction of continuity and contingency strategies which aim to protect staff, the business environments, information technology and the safekeeping of cash and



valuable, among others, in the event of crises or disasters and environmental catastrophes, favouring a return to normality and the resumption of business in the communities affected.



Security of Ambiences



Being responsible for the custody, integrity and supply of money in the name of Brazilian Central Bank, Banco do Brasil constantly invests in the security of its business ambiances (branches and ATM outlets) and the maintenance of the infrastructure of its treasury network.

Thus, in 2010, the bank invested R\$16.8 million in the modernization and replacement of security devices for the branches, and R\$6.4 million in regional treasuries. In addition to this, it began to introduce a system at the Banco do Brasil Security Centre, with the object of managing, in integrated form and in real time, all the security devices on the Bank's premises.

Information Security

Banco do Brasil's Information Security Policy, approved by the Board of Directors, has guiding directives for the management of information security in the form of policies, processes, procedures, organizational structures, automated programs and equipment, in keeping with the requirements of the business and the laws and regulations in force. Thus, the policy declares the commitment of top management to information security.

The controls selected are aligned to the objectives of the Company's business and meet the best market practices and international standards of information security. The management of information security at BB is guided by the following objectives:

- Implementation of information security solutions which reduced losses in businesses and processes;
- Expansion and strengthening of the strategic relationship with partners and regulatory bodies;
- Strengthening of the security information culture;
- Development of solutions which attend costs, benefits, availability and security requirements;
- To reach a level of excellence in the rationalization, integration and automation of information security processes.

In 2010 the Bank expanded and improved its technological infrastructure, as well as carrying out the training of its employees with regard to information security. It also began the use of intelligent cards carrying an ICP-Brasil digital certificate, for access by its employees to the corporate network and internal applications.

Banco do Brasil is part of the Management Committee of ICP-Brasil, representing Febraban.

Prevention and Combat of Money Laundering



More than just a legal obligation, the prevention and combating of the crime of money laundering for Banco do Brasil is a social responsibility and a commitment to the country. Thus, during 2010, norms and procedures introduced by the Bank for the prevention and combat of money laundering were improved, taking the legislation in force as a reference, as well as international principles, and the best market practices.

The Bank also maintains a program for the training of its employees on these themes, through classroom-based, as well as distance-learning courses; seminars, lectures and workshops; there is also a short explanatory text on the prevention and combat of money laundering available on the portal of the Banco do Brasil University (UniBB); it carries out internal certification of knowledge with respect to the prevention and combat of money laundering, with the application of the ENCCLA seal, conferred by the Ministry of Justice, as well as publishing material on the theme through its internal communication channels.

Externally, Banco do Brasil contributes to the National System for the Prevention and Combat of Money Laundering through actions such as:

- Co-operation with the Ministry of Justice for the maintenance and dissemination of the practices of the Technology Laboratory against Money Laundering – LAB-LD;
- Participation in meetings for drawing up an introduction of National Strategy for the Combat of Corruption and Money Laundering – Enccla;
- Cooperation with COAF – Council for the Control of Financial Activities; and
- The holding of seminars for external bodies that act in the combat of money laundering.



Investments

Introduction

In 2010, Banco do Brasil invested a total of R\$2,3 billion this consisting of:

- Strategic investments, including Human Capital (R\$118.1 million on programs for education, training and qualification) and Marketing (R\$468 million on publicity, advertising and sponsorship) – total: R\$586.1 million;
- Investment in maintenance, including the expansion and updating of the service network, physical infrastructure, remote and assets, information security, physical and patrimonial, and information technology: R\$1.7 billion.

Intangible Non-Current Assets

Human Capital

Technical competence, professional qualification and commitment to the values of the Bank are the characteristics which make the difference in Banco do Brasil's workforce. As one of the largest employers in the Country, the Bank seeks to keep its employees motivated, ensuring them opportunities for professional development and growth.



As a result of the quality of its internal environment, in 2010 was awarded recognition as one of the best companies to work for in Brazil, according to a poll carried out by Great Place to Work (GPTW) and for the 2nd time was granted the seal for the Promotion of Gender Equality, granted by the Federal Government. These awards are a way of recognizing the Company for introducing staff management practices which favour satisfaction in the workplace and encourage gender equality.

Since 2005, the Bank has also had a Professional Advancement Program in its branch network, which identifies employees according to their qualifications, to occupy management roles, providing clear criteria for professional advancement.

In 2010, the Vice Presidency of Human Resources and Sustainable Development was restructured, with the expansion of the network of Regional Unit for Staff Management (GEPES). With this initiative, each Brazilian state thus had a least one of these units. They are responsible for the implementation and operation of staff management policies and strategies, relationships with employees and sponsored entities, as well as socio-environmental responsibility and corporate citizenship.

This year, Banco do Brasil invested R\$118.1 millions in the training of its professional team, with a total of 8,592,756 hours of training, in other words an average of 78.81 hours per employee. If the hours referring to higher education are considered, total training hours amounted to 13,552,147 in other words an average of 124.30 hours per employee.

It is part of the labour agreement in the various areas of the Bank that they must fulfil a minimum training regime of 30 hours of training per employee, encouraging continuous learning and the constant renewal of knowledge.

It should be pointed out that, being a Company whose majority shareholding is owned by the State, Banco do Brasil carries out public selections involving exams covering general and specific knowledge, for the hiring of new employees. This methodology ensures the hiring of employees with a high degree of knowledge, as well as providing transparency in its hiring policy. The recruiting prospectuses are published on the websites of the organization and in the press, as are the results of the selection process. Two external selection processes were carried out in 2010, with a total of 215,361 subscribers and 33,440 approved for registration.

Brand-name

In a highly competitive environment such as the financial industry, one of the differentials in the market is the relationship between the Bank and its public audiences, and its brand-name.

Over the 202 years of existence and the Organization the brand-name Banco do Brasil has evolved and is today one of the most recognized and valuable in the country. According to research carried out by the Datafolha Institute, Banco do Brasil is the financial institution most remembered by Brazilians, for the 19th year running (Datafolha Awards 2010). The BB brand represents the attributes of the Company most valued by its clients, solidity, reliability, security, modernity and credibility – as well as representing all the values related to the country and Brazilians.

Brand Management

To strengthen and preserve the Banco do Brasil brand-name, which includes rigid standards of visual identity, is part of Banco do Brasil's strategy.

The management of the brand includes policies for the protection and use of the brand name in branches, sub-branches, offices, ATM terminals and other points of contact and service to the public; on the various internet sites, in printed and electronic material and in all the Bank's communications.



Publicity



GRI SO8 | PR6 | PR7



In 2010 Banco do Brasil's publicity campaigns aimed to strengthen its brand-name positioning, showing solutions for its various public audiences and portraying the differentiated role of the Bank in supporting the development of the country, based on the concept "This is Brazil" and the slogan "All for you".

The launching of this concept occurred at the beginning of the year, with the campaign "2010 is the year of Brazil", which encouraged Brazilians to move ahead with their plans from the drawing board, in view of the highly positive moment in the Brazilian economy and also aims to associate the image of the Bank with sport and Brazilian fans, who at that moment, were preparing for the World Cup.

With the motto "This result is Brazil. It's All for you", a campaign was carried out to publicise one of the best financial results in the Bank's history, emphasising that Banco do Brasil is the only bank that reinvest most of its profit in the Country.

With regard to publicity, BB, in compliance with Law 11,800/2008 sole paragraph, of Article 33 of the consumer defence code, since 2008 BB has not used marketing to sell its products and services. All institutional publicity undergoes the supervision of the Secretariat for Social Communication, of the President of the Republic, in accordance with Decree 4,799, of 08.04.2003.

The publicity campaigns carry the telephone numbers of BB's call centre, the consumer service centre (SAC) and the BB ombudsman service, within the publicity layouts, with the aim of complying with Decree Law 6,523, of 07.31.2008 and CMN Resolution 3.477, of 07.26.2007, which covers the publication of the SAC's telephone number and the institution of an Organizational component providing an ombudsman service for financial institutions, respectively.

In the same year, no cases were reported related to non-conformity to regulations of voluntary codes related to marketing and communication.



Promotion and Sponsorship

Every year, Banco do Brasil publishes a tender document for the public selection of projects to be sponsored in the following year, conducting the process in a transparent manner, with democratization of access and regionalization of the funds invested. In 2010, 7,297 inscriptions were received, and 968 projects pre-selected; projects destined for the Banco do Brasil Cultural Center (CCBB) program are the object of specific selection.

Participation at agricultural fairs, real state showrooms, forums, congresses and technical seminars, as well as the holding of shareholder relationship meetings and events, are all other tools that support the market activities of Banco do Brasil.

In 2010, Banco do Brasil sponsored/promoted more than 3,000 events in every Brazilian state, as well as outside the Country.

Banco do Brasil' sponsorships aims not only promoting its businesses, products and services, but also supporting the socio-environmental, cultural, sporting and economic development of the Country.

The return on investment from sponsorship is measured in accordance with the nature of the projects and the results are used to assist the analysis of future sponsorships, so as to ensure the best value for money for the Company and for society.

Sponsorship for Socio-environmental Responsibility

In alignment with its sponsorship policy, Banco do Brasil supports events which have the object of contributing to the strengthening of the movement for Corporate Social Responsibility (RSC). Among the various events sponsored, are the World Social Forum, the III International Forum for Communication and Sustainability, the Millennium Development Goals Award, Week for Valuing People with Disabilities, the African-Descendent Trophy, the National Conference on Education and the Ethos International Conference (since 2004).

Culture

Banco do Brasil is one of the most important sponsors and investors in culture in the Country. Through its sponsorship program, the activities of the Cultural Centers and the initiatives of the Banco do Brasil Foundation, the Institution focuses more on investment related to art and audiovisual displays because, in addition to the educational nature of these activities, they stimulate vocational callings and generate jobs and incomes. In culture, the Bank invested R\$41.2 million in 2010.

Cultural Centers

20 years ago Banco do Brasil created its first Banco do Brasil Cultural Center (CCBB) in Rio de Janeiro, and through its Cultural Centers, also located in the cities of





Brasília, São Paulo and shortly in Belo Horizonte, Banco do Brasil continues to sponsor its main cultural initiatives, in the areas of art (paintings and drawing), scenic art, music, cinema, seminars, debates and educational programs. Artists and national and international events make up the programming every year which excels in its diversity of theme displays, styles, mixing contemporary art with Brazil's rich history, and that of other cultures.

In 20 years of operation, CCBB has accumulated a public audience comparable with the largest museums in the world. In 2010 alone, the Cultural Centers received more than 4.3 million visitors, with 1,085 presentations of music, dance and theatre, among others. With activities that are either free to the public or with very low entry prices, events that focus on disabled people, with wide-ranging educational programs, accessibility and the democratization of culture, all form part of the directives of the operations of the Banco do Brasil Cultural Centers.

An example of a cultural project focused on social inclusion is the National Cinema with subtitles and audio-descriptions, which provide people with hearing or visual deficiencies and unequalled opportunity to participate in quality national film performances. Materials printed in Braille provide access to the arts and assist in the inclusion of people with visual deficiencies. The CCBB buildings are all adapted to serve the disabled, with free transport taking students from schools in the public network to exhibitions. In 2010, 342,250 students participated in CCBB's educational activities.

In addition to the regular cultural programming

provided to the public at its headquarters, the CCBB's Travelling Units takes culture to all regions of the Country. In 2010, 16 Brazilian cities were visited, with events in all cultural areas.

The projects carried at the CCBB and by the Travelling Units, contribute to the generation of jobs and incomes in Brazil. In 2010, they generated 6,833 direct jobs.

Sport

Banco do Brasil has been encouraging and sponsoring Brazilian sport since 1991. In 2010, BB invested R\$54 million in national sport, benefiting athletes that take part in court volleyball, beach volleyball, sailing, indoor football, tennis and cycling.

In 2010 the athletes and teams sponsored by the Company resulted in some important titles for Brazil, among them being the championship title of the Brazilian Masculine Volleyball Team during the holding of the World League in Argentina, in July, and the Three-time World Champion title in Italy in October. The Brazilian Base Volleyball Teams also won considerable acclaim, winning the gold medal in the South American Young Feminine and the Young Masculine and Feminine categories. In beach volleyball, the doubles Alison and Emanuel, Talita and Maria Elisa achieved second place in the World Circuit of Beach Volleyball in 2010.

The Banco do Brasil Beach Volleyball Circuit Sub-21 had the participation of 430 athletes under the age of 21. The circuit is part of the preparation for young





athletes for future Olympic Games, such as that to be held in Rio de Janeiro in 2016. In 2010, the Brazilian Base Beach Volleyball Team won the silver medal in the masculine category and the bronze medal in the feminine category in the Sub-21 World Championship.

In addition to sporting competitions, the athletes sponsored by the Bank participate in social initiatives such as campaigns for the collection of foodstuffs, sports workshops and visits to welfare entities.

During the 753 sporting events held in 2010, Banco do Brasil promoted the logistics for the collection of 9886 tons of foodstuffs. These events generated approximately 10,000 temporary jobs.

Socio-sporting workshops and projects, realized simultaneously with the sports sponsorship, catered to more than 30,000 children from schools in the public network and social projects, during the year, throughout the Country. The Bank also supports the Bernardino Volley School Project, in Rio de Janeiro, 'Núcleos Leões do Vôlei' of the athletes Giba and Emanuel in Curitiba/PR, the Guga Kuerten Institute in Florianópolis/SC, where lessons in volley and tennis are provided free. In these lessons, children receive orientation and monitoring, with a view to achieving their social inclusion through sport.

Due to the importance of measuring the return obtained from sporting sponsorship, a number of items are evaluated, among them being the reports on the spontaneous media return from the BB brand, drawn up by a specialist company in the market.

Technology

Banco do Brasil's investments in Information Technology in 2010 were substantial. The figures referring to this investment can be seen in the subsequent sub-chapters.

Some of Banco do Brasil's IT initiatives are of particular note, among them being the incorporation of Banco Nossa Caixa, the improvement in services and the development of innovative solutions proposed by the Program for Retail Transformation, the support for the management and creation of electronic relationship channels for clients, and investment in infrastructure.

The incorporation of Banco Nossa Caixa (BNC) was an outstanding case in the market from an Information Technology standpoint, both in terms of technical capacity, which generated a hybrid terminal solution for cash machines so that the clients of BNC did not feel any impact from the switchover, as well as the management capacity of the project, which was extremely complex. The incorporation period, which lasted only nine months,

for example, surprised observers, as did the quality of the process, which had a minimal impact for clients.

In technology infrastructure, Banco do Brasil also invested heavily in 2010. In addition to expanding the current DataCenter building at the Technology Complex Center in Brasília, BB completed the process of carrying out a tender for the choice of consortium which will build the new DataCenter in the federal capital. With the start of construction scheduled for February 2011, DataCenter is the first Public-Private Partnership (PPP) of the Federal Government, involving Banco do Brasil (80%) and Caixa Econômica Federal (20%), with the providing of long duration service (15 years) through the payment of monthly instalments.

To improve service, provide better service access for clients and contribute to providing access to those with special needs, in 2010 Banco do Brasil updated more than 9 thousand ATM terminals, based on the standards of ABNT Norm 15,250.

As a recognition of its innovative stance and in its development of technology with the aim of improving the Bank's processes and services, BB received awards in many technology categories, the following of which are of note:

- **Retail Transformation Program – “BB 2.0 – New Relationship Model for Individuals Customers and Companies”**. In this project, regarding tools development, the Bank is seeking to develop solutions to permit effective communication and interaction with clients and the generation of information.
- **“Mais BB” Banking Agents**. With this project, the technological platform of the representative banks was unified and standardized. Structure was based on three key elements: innovation, sharing and multi-services. This initiative resulted in gains in scale, quality and efficiency of services, as well as providing more convenience to clients through the expansion of the **network**.
- **Optimizing and reducing costs in the delivery of BB solutions to banks incorporated and affiliated through the use of cache/proxy free software service**. This project has the aim of optimizing access to the network, due to the expansion of BB through acquisitions and expansion of its own network. Of the solutions implemented, a particular note was the use of free softwares, allowing flexible operation and resulting in a reduction in costs.
- **BB Giro Recebíveis**. The project enabled the creation of new credit facilities with automated control, without the employees manual procedures. The credit has become available to the customer straight on the Internet. Thus, there was the integration of IT applications with the expansion of products and services to micro and small companies.



Fixed Investments

Fixed Investment Plan (Pfix)

In 2010, Banco do Brasil invested R\$1,7 billion in its fixed investment plan – Pfix, in the expansion of network of branches and bank service outlets, Modernization of its technology park, in solutions supported by information technology and the updating of its ATM terminals, representing an increase of 31% compared to 2009. These investments had the aim of creating the physical infrastructure conditions to support the business growth of Banco do Brasil.

The investment of R\$1,7 billion was distributed across various programs, in accordance with their nature and characteristics, and it is shown below:

a. Infrastructure: investments involved the amount of R\$1,2 billion and are classified in the following way:

- Physical and Remote – covers investments in installations necessary for innovation, as well as the Modernization and expansion of the physical and remote service network, so as to meet the expectations of clients and consumers with respect to its products and banking services;
- Physical Assets – covers investment in physical infrastructure, through the acquisition of mobile assets in general, and the carrying out of construction work, remodelling of real-estate, including modernization/substitution of building equipment, in such a way as to preserve the satisfactory functioning of Banco do Brasil;
- Contingencies – covers the investment allocated to dealing with unexpected situations and emergencies, which could impact or impede the functioning of the organizational infrastructure and for which there is no allegation of specific resources within the Investment Plan.

The principal results of this program were: installation of 556 new service outlets, the refurbishment of approximately 4,200 existing service outlets, the installation of approximately 15,500 ATM machines, and the inauguration of Central Computer Installation II.

b. Security: investments involved the amount of R\$45 million and are classified in the following manner:

- Information Security – covers investments in devices which guarantee the protection of information and information processing systems against unauthorised use, access, disclosure, modification or destruction, preserving primary aspects of integrity, confidentiality and availability, so as to permit protection and control

by the Bank against internal and external threats involving security incidents, which could provoke financial losses and damage image of the Bank.

- Physical Security and Security of Property – covers investment in security solutions for the preservation of the integrity of people and property, perfecting preventative management of the processes, as well as providing new solutions for risk mitigation and satisfaction monitoring of the growth in the Bank's new businesses.

The principal results of this program were: installation of the CMI – Integrated Monitoring Centre (for the remote control of the branches), the acquisition of approximately 70,000 software licenses, the acquisition of approximately 6,000 pieces of security equipment, benefiting almost 3,000 branches, and the improvement of security in 3,600 self-service terminals.

c. Information Technology: investment involved the amount of R\$538 million, and are classified as follows:

- Management of Information Technology Environment – covers investment in technology solutions dedicated to the support and automation of technology infrastructure management processes and the building of technological solutions, and the physical and logical management of Banco do Brasil's technological installations;
- Business Solutions – covers investment in technological solutions dedicated to the direct support of Banco do Brasil's businesses, with the aim of offering new products and services to clients of the Banco do Brasil Conglomerate;
- Network and Telecoms – covers investment in communications solutions based on networks and telecommunications;
- Processing and Storage – covers investment in processing and storage solutions for data dedicated to guarantee the functioning and conditions for business growth at Banco do Brasil;
- Corporate Management – technological solutions dedicated and support of the management of the businesses of Banco do Brasil, with the aim of promoting a high degree of efficiency, precision and flexibility in the management processes for the support of technology tools.

The principal results of this program were:

Acquisition of a CPU mainframe, various types of software for the management of the information technology environment (including the external network system), in addition to solutions for the management of documents, compliance with the Basle II Agreement, management of people and other aspects.



Connection

 GRI 4.14 | 4.16 | 4.17

Introduction

A bank for all Brazilians is also a bank for each and every Brazilian.

This was the idea that motivated Banco do Brasil to launch its publicity campaign that reflected its differential in the market: to be the connection between the public sphere, collectively for everybody and the development of individualized solutions for each one of its clients. A history of commitment to each Brazilian, on which BB bases its operational directives, focused on the social area, with a solid policy of socio-environmental responsibility, founded on four key elements: modernity/innovation,

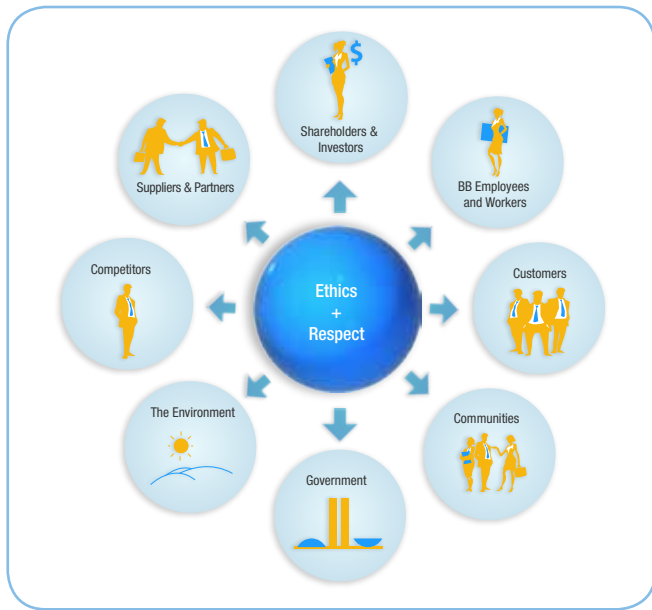
"Brazilianness", proximity and sustainability.

Through sports, cultural and social programs and projects, financing and lending initiatives, as well as investments and support for various types of company, the Bank reinforces its responsible operation, disseminating corporate sustainable practices internally and externally.

In valuing and recognizing the diversity of the public audiences, BB maintains long-lasting and satisfactory relationships, reflecting in an ethical and transparent connection.



With Whom We Relate



Customers

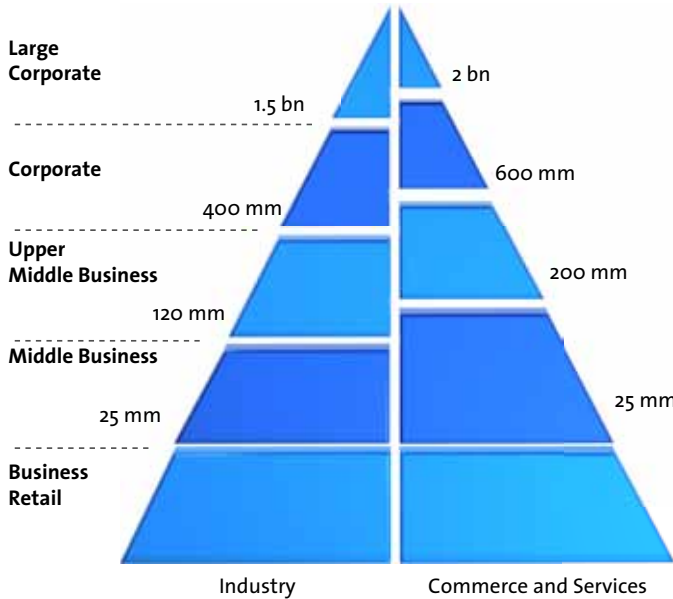


BB has a great diversity of products and services available to cater to its more than 54 million clients in Brazil, as well as its clients abroad. To this end, it uses service that is specialized by segment, considering the characteristics and desires of each profile.

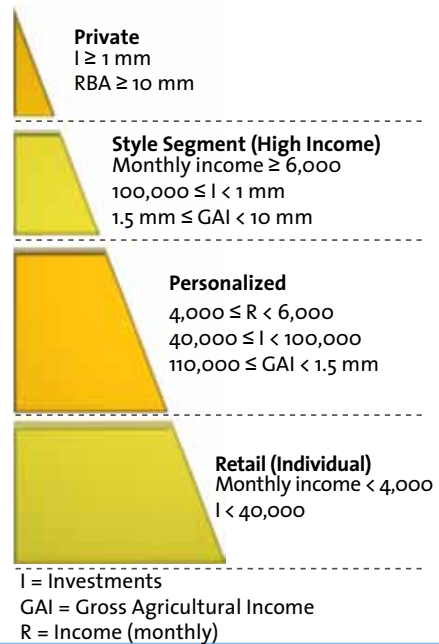
Annually, the Bank contracts a specialist company to carry out customer satisfaction research, with a view to improving its customer service and developing better products and services. The result of the research is submitted to the strategic units and used as an input in the definition of the Company's operational directives for the next few years.

Specialized Customer Service by Segment

Companies (R\$)



Individuals (R\$)



In 2010, with the aim of refining its operational model and increasing the profitability of its customer base, BB introduced a new portfolio segregation model as part of its Retail Transformation Project and the restructuring of its Wholesale business, as shown in the charts. Specialized services by segment at BB aims to ensure the quality of customer service, as well as providing clients with a flexible and convenient relationship, appropriate for their needs. In this regard, during 2010 a number of tools or made available which aimed to facilitate and assist in the monitoring of the performance of the network and provide a response

to clients in accordance with BB strategies, as well as facilitating the service to the client, resulting in more flexibility and speed in procedures and operations.

For private individuals, Banco do Brasil (BB) has a segmented and specialized service, developing products and services appropriate to each client. Banco do Brasil's "Private" is a relationship concept which combines the exclusivity, personalization and individualized service of private banking, with its solidity, security, tradition and experience that only Banco do Brasil can offer.

Banco do Brasil Style Segment is a relationship segment which offers a personalized service, financial



advice, as well as differentiated products and services. The service is carried out in environments developed to offer security and privacy, with a maximum of comfort and sophistication. BB "Personalized" offers its clients facilities and solutions, with products and services suitable to the profile of this public audience relationship. For more convenience, the client has an extensive network of physical and mobile services available. All using the highest standards of security and modernity. Banco do Brasil has also sought to improve its service to the public in the retail segment. The branches are being reformatted and a new architectural layout has been designed with the aim of offering more convenience and comfort to these clients. In addition to this, in order to ensure quality in the relationship, BB has made efforts to create suitable portfolios, products and services for this public, in addition to developing initiatives involving financial education and the inclusion of this public into the banking sector.

In the companies segment, the Bank establishes relationship models for each category of clients with the aim of attending to their specific demands. In the Wholesale segment, restructured in 2010, the Bank provides a satisfactory service to major corporations. In the case of micro and small companies, BB maintains its leadership position in serving this public audience, with various products and services.

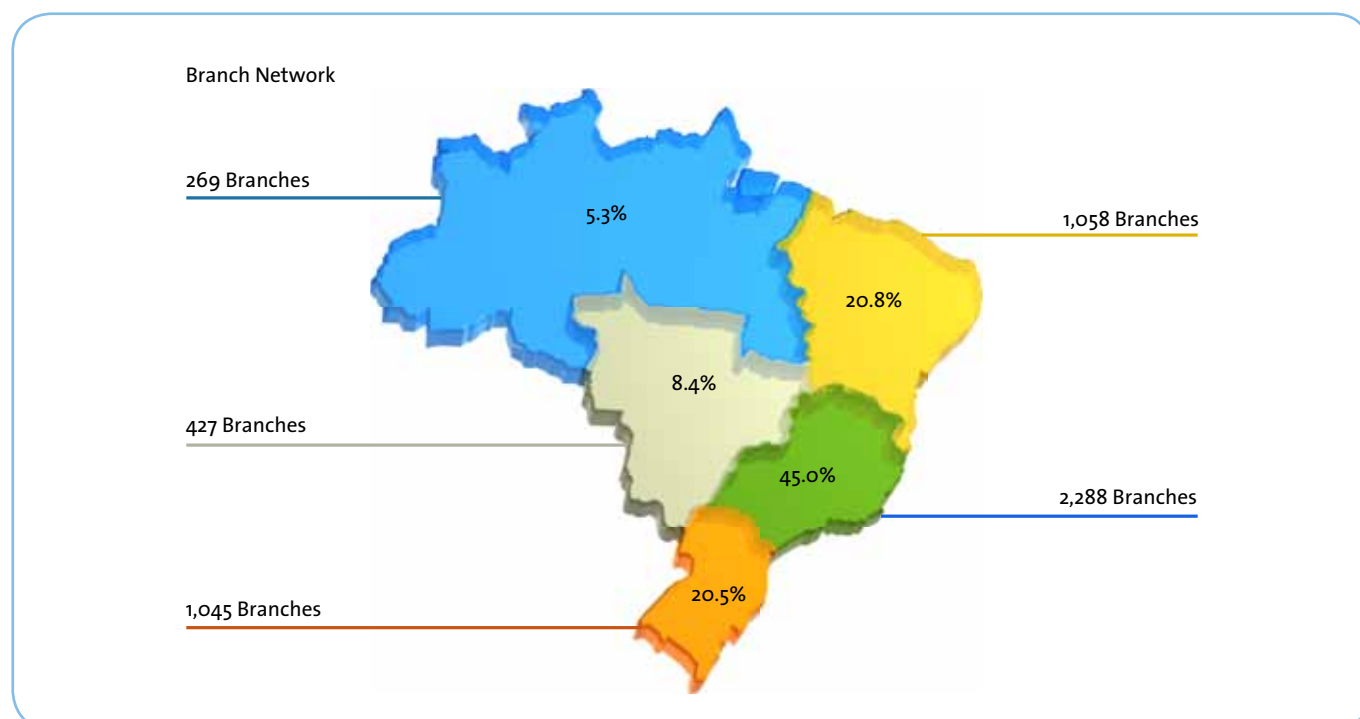
As a major partner to the agribusiness segment, BB offers specialized products and services with a view to

servicing customers ranging from the small farmer to the major corporations. BB has 61% of the agricultural lending market, and guarantees the best service to these clients.

In its support for the public administration, the Bank seeks to achieve continuous specialization, through the use of new technologies and processes, in strengthening its service network for the sector and the training of employees. In 2010, BB had an exclusive network for this segment, with 30 branches and 72 exclusive platforms to serve federal, state and municipal governments. Banco do Brasil is one of the largest partners of Federal, State and Municipal Governments in the implementation of projects with a focus on national development.

Distribution Network

BB ended 2010 with 5,807 branches in operation throughout the Country – the largest branch network in the national financial sector. In addition to the branches, the clients have more than 8,000 service outlets available, 4,800 ATM centers and 10,100 banking representatives. In total there are more than 48,000 service outlets in Brazil. In addition to this, BB has the largest part of ATM terminals in Latin America, with 44,954 of its own machines, of which 89% have already been adapted for use by the physically disabled.





In addition to the ATM machines and the branches, Banco do Brasil offers various options to access banking services, such as: Internet, Financial Manager (internet banking for companies), POS (credit and debit card machines at commercial establishments), telephone, fax and mobile banking (wap). On December 31st, 2010 automated channels accounted for 93.0% of total transactions, with the ATM terminals accounting for approximately 36.4% of Banco do Brasil's banking operations. To offer more comfort and convenience to its clients, in 2010 the Bank began to modernize this equipment.

To facilitate the use of ATM machines by customers, the access menu for products and services has been simplified. In addition to this, Banco do Brasil began its project to technologically integrate the BB Service Centre with the management system of the electronic cash machines, which will allow monitoring and resupply of the machines 24 hours a day. With the acquisition of light terminals, without safes attached, it has been possible to expand the number of machines and locations served.

The new visual standard for the branch environments has been introduced in 45 units, integrating the spaces for transactions, self-service and businesses. With a modern and innovative look, the initiative has created waiting environments that are more agreeable, providing comfort and convenience.

In 2010, to maintain its physical network, around 4,100 of the service outlets of BB and the banks incorporated (BESC, BEP and BNC) were remodelled, in addition to the modernization of more than 15,000 automated teller machines, with a total investment of approximately R\$440 million. Investment in the expansion of the physical network amounted to R\$230 million in 2010, with the installation of 181 new branches.

Among the new aspects introduced in 2010, of particular note were:



- Installation of service points in communities, such as an example of the branches in Jardim Ingá – Luziânia (GO) and Paraisópolis – São Paulo (SP). In the

Complexo do Alemão (RJ) and in Cidade de Deus (RJ), the Bank will begin activities in 2011";

- incorporation of Banco Popular do Brasil and the unification of the contracts of the Banking Agents (Coban), as well as partnership signed during the year with Poupatempo (SP), stores of Ponto Frio and the creation of the first real-estate banking representative in Águas Claras (DF);
- opening of 5 Electronic Banking Service Outlets – PAE in the middle of the Amazon Rainforest, for the so-called Special Frontier Front Platoons, a pioneering initiative, involving an agreement between Banco do Brasil and the Brazilian Army. The opening of more nine outlets of this type is planned;
- expansion of the “Style Segment” network, with the inauguration of 30 branches;
- strategic positioning of the Bank with the objective of offering banking services in Brazilian municipalities with a low demographic density (up to 30,000 inhabitants) that have no banking services at the moment, as a way of enabling Banco do Brasil to provide services in 100% of Brazil's municipalities by the end of 2015. To make this initiative possible, the creation of the first 50 Supplementary Branches has been improved, a new type of branch, similar to a banking representative, which aims to serve municipalities where BB has no presence. The first Supplementary Branch will be installed in Anhembi (SP), a village with slightly more than 5000 inhabitants in the countryside of the state of São Paulo;
- development of the Project Beachfront, which in keeping with the strategic directives of the Bank, involves the installation of 11 PAE and 2 kiosks on the beach front of Copacabana and Leme, considering that Rio de Janeiro will be the stage for events with a global reach over the next few years (Military Olympics in 2011, Confederation Cup in 2013, World Cup in 2014 and Olympic Games and Para Olympics in 2016). This project will contribute to increasing the availability of the brand name and broadening market share, as well as helping to project the Bank's image abroad, corroborating Banco do Brasil's internationalization strategy.



BB's Network in Brazil

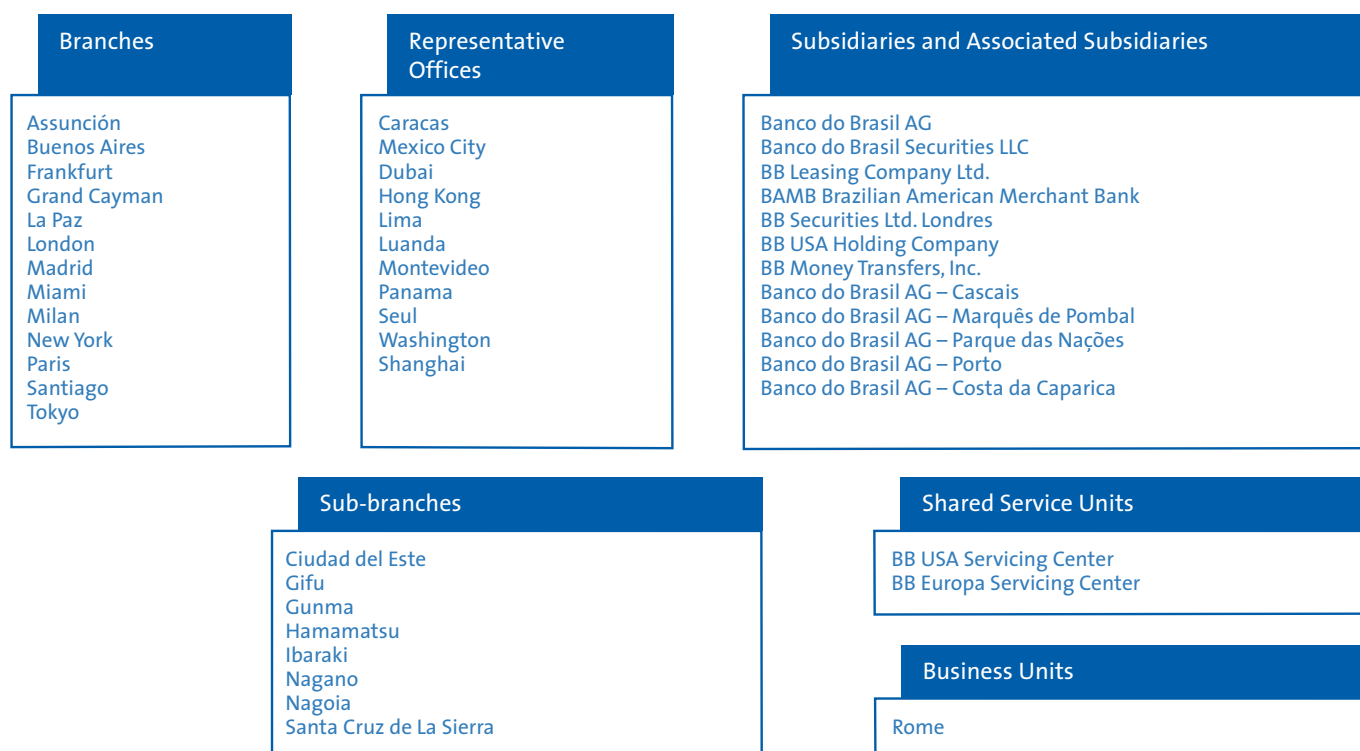


Own Network	2008	2009	2010
Branch	4,342	4,897	5,087
PAA	187	178	179
PAB	1,389	1,697	1,659
PAE	6,055	6,529	6,617
SAA	3,987	4,626	4,815
PAP	4	2	2
Subtotal	15,964	17,929	18,359
Coban	-	5,335	10,145
Shared Network			
CEF - lottery houses	10,182	9,838	10,748
Banco 24h	4,732	6,486	9,092
Subtotal	14,914	16,324	19,840
Total	30,878	39,588	48,344

The Bank's distribution network is divided into 5 types of service outlets, in addition to the branches: PAA – Advanced service Post: an outlet for municipalities without banking services. They have a smaller employee structure, as well as ATM machines; PAB – Banking Service Post: located in the internal premises of companies or public organizations. They have one employee, as well as ATM machines; PAE – Electronic Service Post: the service structure is exclusively electronic; SAA – Self-Service Room: exclusively electronic services installed in the principal area of the branches; and vPAP – Collection and payment Pos: outfits consisting of employees and ATM terminals, located, mainly in public organizations (municipal authorities).

Banco do Brasil is present in 23 countries, with a network of 1,037 representative banks, offering convenience to its clients in more than 140 countries. BB is the Brazilian bank with the largest network of its own abroad.

Distribution Network Abroad





BB across the Globe



Virtual Service Network

In addition to traditional physical service channels Banco do Brasil has also been working on initiatives which facilitate access by its clients to its services via telephone (fixed and mobile, Internet, and Digital TV).

BB's Service Center is a relationship channel through which clients can obtain answers to their queries and information on products and services, access their current account and consultant balances, statements, cards, make payments, transfers, redemptions and other banking transactions, with security and convenience. This service is available through the telephone numbers 4004 0001 or 0800 729 0001, 24 hours a day, 7 days a week (Brazil only).

Considering mobile telephone devices, BB has been working on initiatives which facilitate access by clients to its services through their mobile phones, with the objective of promoting financial inclusion. In addition to this, the Bank has developed applications for use on cellphones, offering users financial orientation and instruments to manage their finances.

In 2010, among the actions of BB carried out by Autoatendimento BB (BB automated service) for cellphones, is the development of applications for iPhone and iPad, and applications for access via OS Android and OS Blackberry, developing functions for the effecting of payments via cellphones, including

the reading of barcodes and the implementation of SMS marketing with the offering of products and services. In addition, the Increased Reality application is to be launched (the application Increased Reality has the purpose of locating BB's service outlets using the GPS resources and the camera present in iPhone, iPad and iPod touch handsets. The user is shown the nearest BB service locations) consolidating BB's image as a Bank at the forefront of technology.

The Internet channel continues to undergo modernization: in 2010 the internet portal of Banco do Brasil had its access simplified, with the creation of specific pages for customers in accordance with their type of relationship with the Bank.

In alignment with new trends in client relationships, Banco do Brasil began 2010 by inaugurating its social network services, primarily through Twitter with the profile @maisbb and shortly afterwards, the page "Mais Banco do Brasil" on Facebook.

Digital TV has opened up a new interactive channel with customers, allowing the use of the TV, which is the media with the highest penetration in the country, as a channel for banking services and transactions. BB is prepared for the use of this new channel and has developed a tool which allows its clients to access their accounts using just the remote control.



▶ BB has the largest ATM machine park in Latin America, numbering 45,000.

▶ Through mobile, the client can consult balances and statements, pay bills, transfer amounts, including DOC/TED.

▶ "Saque Sem" is a practical solution which permits the withdrawal of funds without a magnetic card .

▶ The apps offer financial orientation and instruments to manage their finances.

▶ BB's automated services via the Internet have had their access simplified, while security has been improved for the carrying out of transactions.

▶ In 2010 we began initiatives on Twitter and also Facebook.

Respect for Diversity in Client Service



Disabled People – in accordance with the Term of Conduct Adjustment signed by the Public Ministry and Banco do Brasil the various service channels of the Bank have received adjustments and now offer options which allow access by clients with disabilities.

For those with impaired vision, BB's automated service via the Internet is prepared for the use of screen reading software most used in the market, as well as its navigability, which is constantly being improved. The ATM terminals have a specific solution for those with impaired vision, with approximately 90% of the terminals having been adapted to receive earphones. Based on the identification of the client through the use of the magnetic card, the screen automatically switches off and the menu is made available to the client using the audio facility, which uses the physical keyboard on the machine that has Braille type markings for the navigation of the various options.

Recently, Banco do Brasil entered into contact with a number of companies that supply sign language solutions to

enable us to prepare the automated Internet service and the ATM terminals for access by those with impaired .

BB's Service Centre provides services to customers with hearing or speech difficulties. Banco do Brasil has a telephone number exclusively to provide services to those with hearing or speech problems. The system consists of Telephone for the Deaf equipment linked to computers at the service points, which in receiving calls from another piece of Telephone for the Deaf equipment, establishes communication via text messages. The equipment makes an alphanumeric keyboard available and clients must also have a similar apparatus in their residence, to be able to access the service.

The services provided to those with hearing or speech difficulties, specifically includes general information about products and services.

Since 2005, BB decided to adjust its ATM park to the accessibility standards for automated bank services, cited by ABNT NBR 15,250, of 30.03.2005. As soon as the replacement of the older machines has been completed, which should be by March this year, all BB's ATM park will be adapted to the accessibility standards set for disabled people.

Percentage of ATMs with Accessibility for Disabled Persons and Those with Special Needs

2008	2009	2010
35%	58 %	89 %

Combining of Incomes Between Partners in Homosexual Relationships – in accordance with the principles of Socio-environmental Responsibility, in August 2010, Banco do Brasil started to accept combined incomes between homosexual couples in the analysis of payment capacity for real-estate lending operations and consortia. In order for the combination of incomes to be possible, it is necessary that both parties are registered with the Bank, with their relationship also being registered.



Shareholders and Investors

Profile

Banco do Brasil's standards of Corporate Governance are among the highest in the world, meeting the increasingly demanding requirements of the market. The bank has joined the BM&FBovespa Novo Mercado, which combines institutions with the most rigorous Corporate Governance practices, such as equality of rights between

shareholders, the transparent presentation of accounts to investors and society, as well as the sustainability of their businesses, and an ethical approach in relation to their public audiences.

In 2010, Banco do Brasil once again delivered consistent and growing results reporting net earnings of R\$11.7 billion. With an earnings payout policy of 40%, BB distributed R\$4.7 billion in dividends and interest-on-equity, guaranteeing positive returns to its shareholders.

Public Offering of Shares

In June 2010, Banco do Brasil carried out its most successful public offering of shares ever, with 396 million shares being traded, 286 million consisting of the primary offer and the remaining 110 million being a secondary offer, totalling R\$9.8 billion in all.

The raising of funds to the distribution of shares through the Primary Offer had the following purpose: (i) 85% of the funds will be used to expand the Bank's capital base, and thus enabling it to increase the size of its loan portfolio, with it being estimated that most of this expansion is likely to be through lending operations for private individuals, and companies; and (ii) the remaining 15% of the funds will be used also to strengthen the Bank's capital base, with the aim of supporting inorganic growth through possible acquisitions of other institutions in the future.

The offering has strengthened the Bank's capital structure to make its expansion strategy possible and raise its free-float to 30.4%, fulfilling its commitment assumed with the

BM&FBovespa for listing on the Novo Mercado.

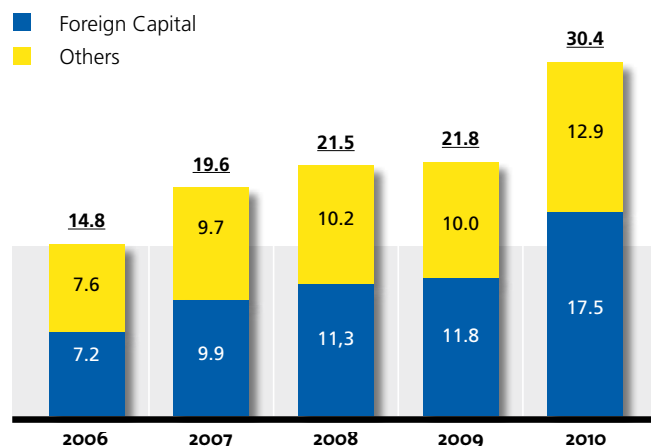
Institutional investors ended up with 48.3% of the total shares offered, while retail investors ended up with 21.4%. The remainder (30.3%) was taken up by existing shareholders exercising their preferential take-up rights.

With the offer, 78,000 new shareholders became part of Banco do Brasil's shareholder base and with this the Bank ended the year with 389,700 shareholders. The largest shareholder of BB is the Federal Union, which after the offer had reduced its shareholding from 65.3% to 59.2% of the total capital. The second largest shareholder is held by Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI), which maintained its shareholding of 10.4%.

The Bank's free-float is distributed between foreign investors, with 57.6%, companies, with 24.3%, and private individuals with 18.1%. The participation by foreign investors in the Bank's capital has increased from 0.9% in 2002, to 17.5% in the end of 2010.

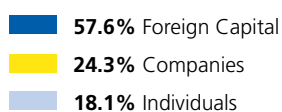
The public share offering led BB's shares (BBAS3) to an appreciation of 12.7% over 12 months, ending 2010 at R\$ 31.42 (adjusted for dividends), in other words double the average performance of the market. You can find additional information about the performance of BB' stocks in the chapter "Our Businesses".

Free Float
(%)

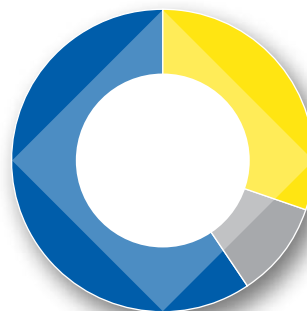
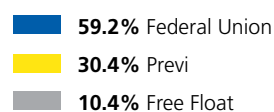




Total Distribution of Free-float



Shareholder Breakdown



Ownership Structure

(%)

Shareholders	Dec/09	Sep/10	Dec/10
Federal Union	65.3	59.2	59.2
Ministry of Finance	53.7	51.9	51.9
Fundo de Garantia a Exportação	8.9	4.9	4.9
Fundo Garantidor PPP	2.3	-	-
Fundo de Inv. Caixa FGHAB	0.1	-	-
Fundo de Garantia para Construção Naval	-	-	-
Fundo Garantidor para Investimentos	0.3	0.3	0.3
Fundo Fiscal de Inv e Estabilização	-	2.2	2.2
Fundo de Garantia de Operações	-	-	-
Caixa FI Garantia Construção Naval	-	-	-
Previ	10.4	10.4	10.4
BNDSPar	2.4	0.0	0.0
Shares in Treasury	0.1	0.0	0.0
Free Float	21.8	30.4	30.4
Individuals	5.4	5.9	5.5
Companies	4.7	7.5	7.4
Foreign investors	11.8	17.0	17.5
Incorporation of BNC	-	-	-
Total	100.0	100.0	100.0



Relationship

Banco do Brasil adopts a policy of total transparency with respect to its stakeholders. Communication with the market is characterised not only by compliance with the applicable legislation, but also the disclosure of information with the greatest detail possible, in a reliable and timely manner, without losing sight of its quality.

The Bank provides a wide range of reports and information about the Company through its various channels, particularly its Investor Relations site.

With the aim of maintaining communication with its shareholders, investors and market analysts, in 2010 BB participated in 76 meetings with investors and analysts in the country, 13 conferences, and held 8 results conference calls for analysts, as well as receiving more than 600 telephone calls. As a consequence of the public share offering, as well as the issue of debt in international markets, roadshows were carried out in Asia, Europe and South and North America. We held 164 meetings with 249 investors outside Brazil.

To learn more about Banco do Brasil's Investor Relations site, please access the website link www.bb.com.br/ir

It is worth pointing out that the use of conference calls also demonstrates BB's commitment to the environment, seeing that it contributes to the reduction in gas emissions in that it prioritizes its virtual meetings, thus avoiding the necessity for physical travel by the various participants.

This year Banco do Brasil held APIMEC meetings in 6 Brazilian capitals, presenting the highlights of the institution, and promoting debate with its stakeholders.

BB's Investor Relations unit is always available to shareholders and the market. To this end, the Bank makes

channels available such as "Speak to IR", space on the site where shareholders and analysts can pose their questions and have their queries answered, with a response guaranteed within 48 hours. The IR site is also a source of material for consultation, with information such as Material Facts, and Market Information to the Market and Reports covering business performance, historic series, among others. While the branches are responsible for catering to shareholders on operational issues.





Employees



BB's relationship with its employees is guided by a policy of personnel management which aims to transform the potential of everyone into a competitive differential, through corporate education, education in transparency and programs for advancement, quality of life, recompense and the management of performance.

Employees of Banco do Brasil are admitted via public exam. In all these external selections the principles are observed of legality, impartiality, morality, publicity and efficiency, in accordance with Article 37 of the Federal Constitution. These public selection exams, are regionalized and convenient obeying the classification of the region in which the candidate has registered.

The highlights in 2010 of the Personnel Management area were:

- investment of more than R\$ 118 million in corporate education within the Company, allowing the participation of more than 600,000 in training initiatives, and approximately 10,000 student grants;
- strengthening of "Gepes" Network – Network of Regional Personnel Management Units, which will permit every Brazilian state to have at least one Gepes unit responsible for the execution and operation of the policies and strategies of the Personnel Management Unit, relationships with employees and sponsored entities, as well as socio-environmental responsibility relationships;
- the integration of 14,000 employees from Banco Nossa Caixa.

The carrying out of this process was challenging, because it was necessary to integrate corporate cultures, train professional staff, keep them committed to their work and offer opportunities for professional advancement. To this end, there was participation by the employees of both institutions, open communication, respect and cordiality in interactions, as well as the maintaining of jobs. The way in which Banco do Brasil integrated these professional staff was recognized by the granting of the TOP Award for RH 2010, conducted by the Brazilian Association of Sales and Marketing Directors – ADVBI for the BB 2.0 Project, which created opportunities for advancement and the commissioning of more than 2,500 employees in the branches .

Best Company to Work for

The election of Banco do Brasil as one of the best companies to work for was due to the facts outlined above,

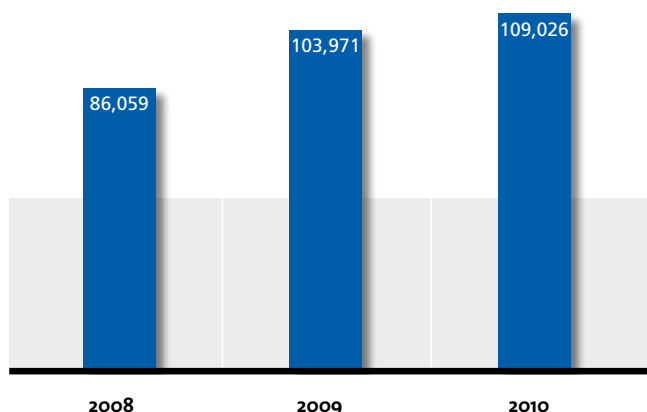
but also as a result of other initiatives, such as the granting of 6-month maternity leave; the Gender Equality Program; the Dental Plan; the Ethics Committees; the carrying out of two internal recognition certification contests; the Professional Advancement Program, and the results obtained from collective salary negotiations in 2010.

In 2010, employees were awarded the best salary increase over the last 20 years (7.5%), with continued profit-sharing, which is a benchmark reference in the market, and the best salary floor in the category, as well the implementation of "careers on merit".

BB's Employee Profile

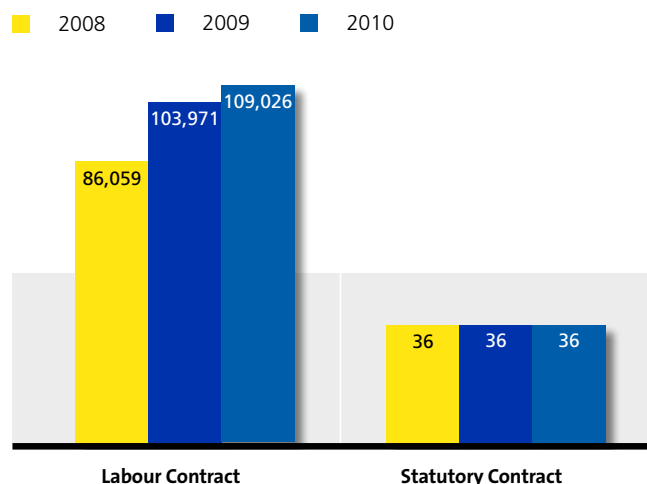
BB ended 2010 with 109,026 employees, compared to 103,971 in 2009. Banco do Brasil's staff turnover rate amounted to 5.35%, with 5,700 employees leaving.

Quantity of Employees by Type of Job (full-time)



The bank working day corresponds to full-time employment.

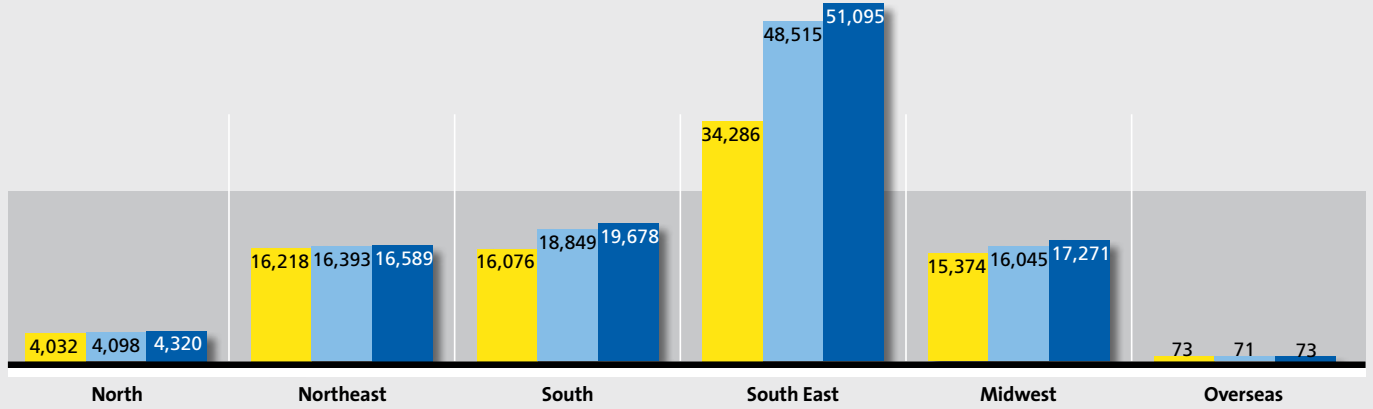
Quantity of Employees by Labour Contract





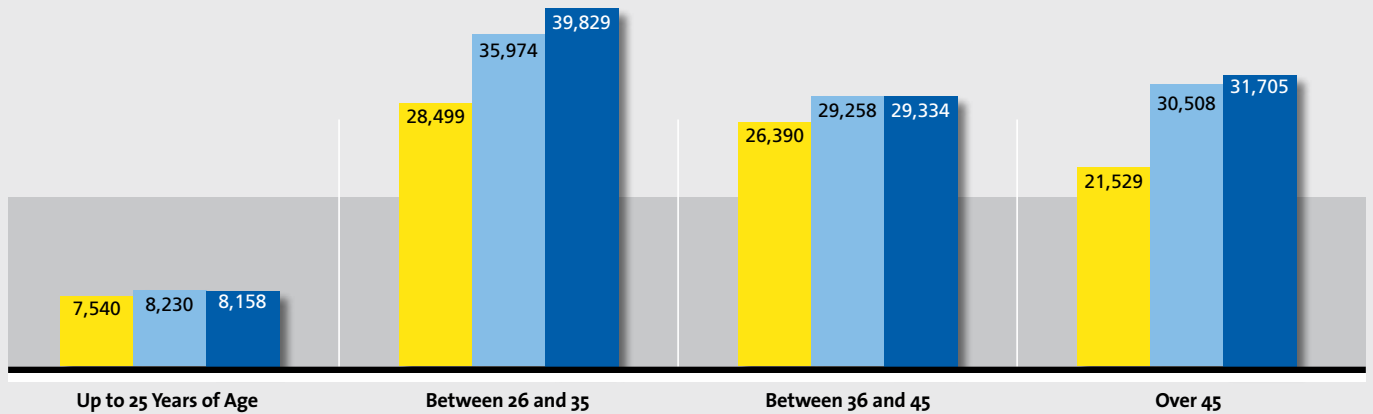
Quantity of Employees by Region

2008 2009 2010



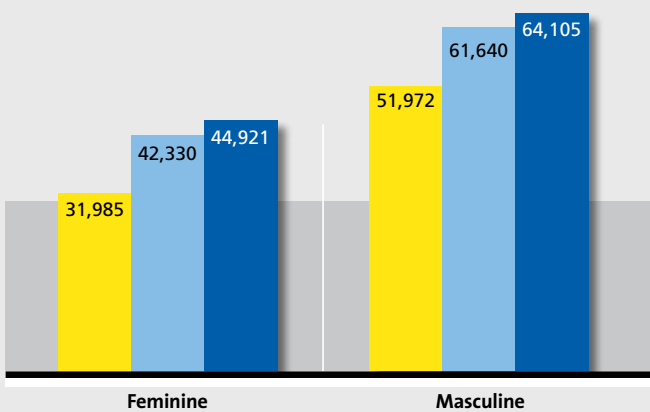
Quantity of Employees by Age Group

2008 2009 2010



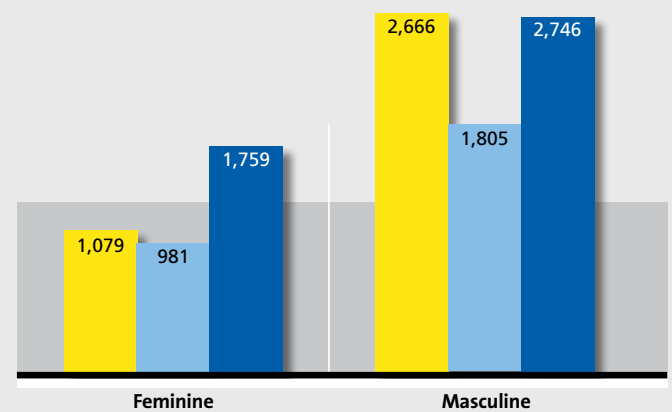
Quantity of Employees by Gender

2008 2009 2010



Staff Leaving During the Period, by Gender

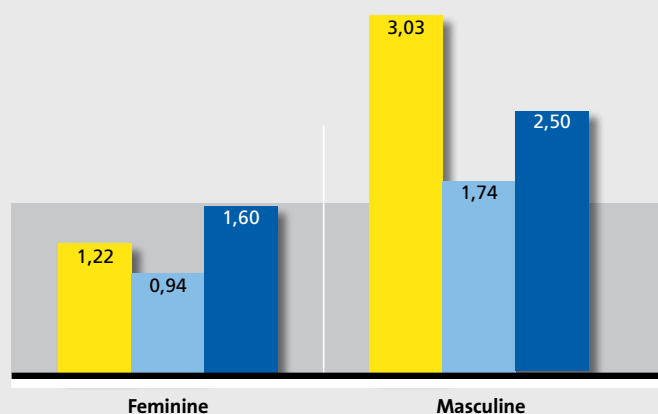
2008 2009 2010





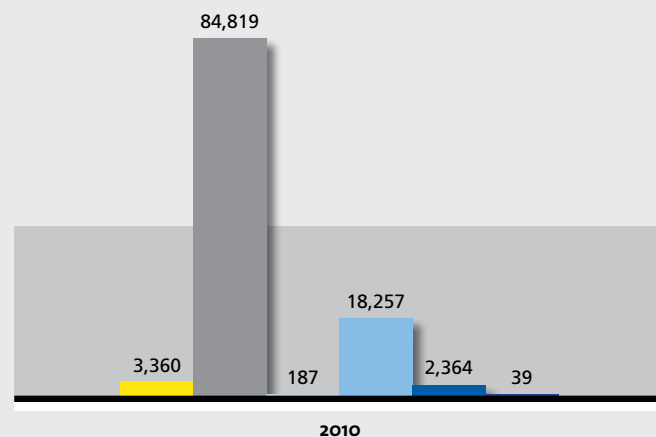
Rate of Staff Turnover by Gender;

2008 2009 2010



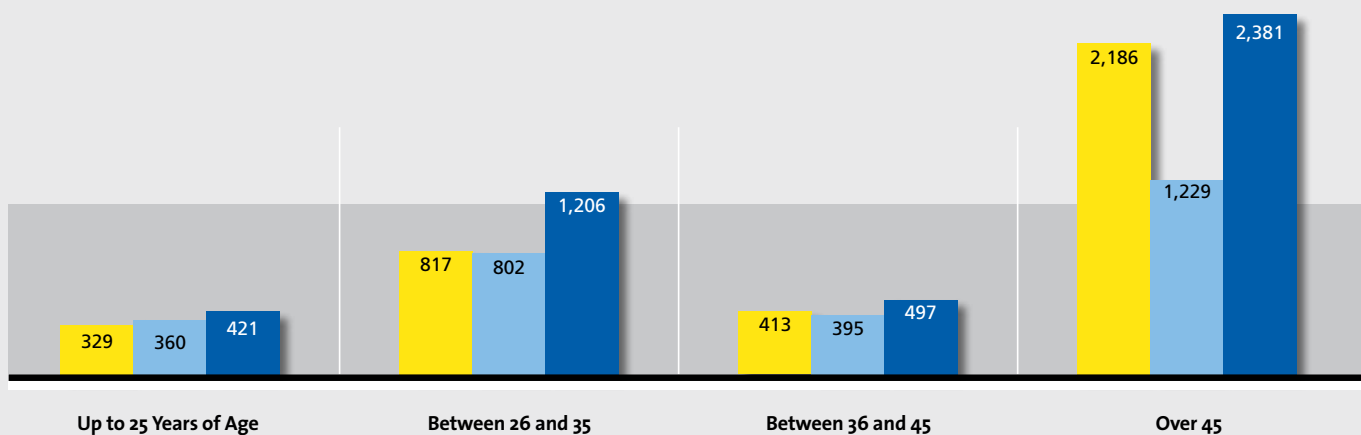
Quantity of Staff by Declared Race

Yellow Mixed
 White Afro-Brazilian
 Indigenous Not Stated



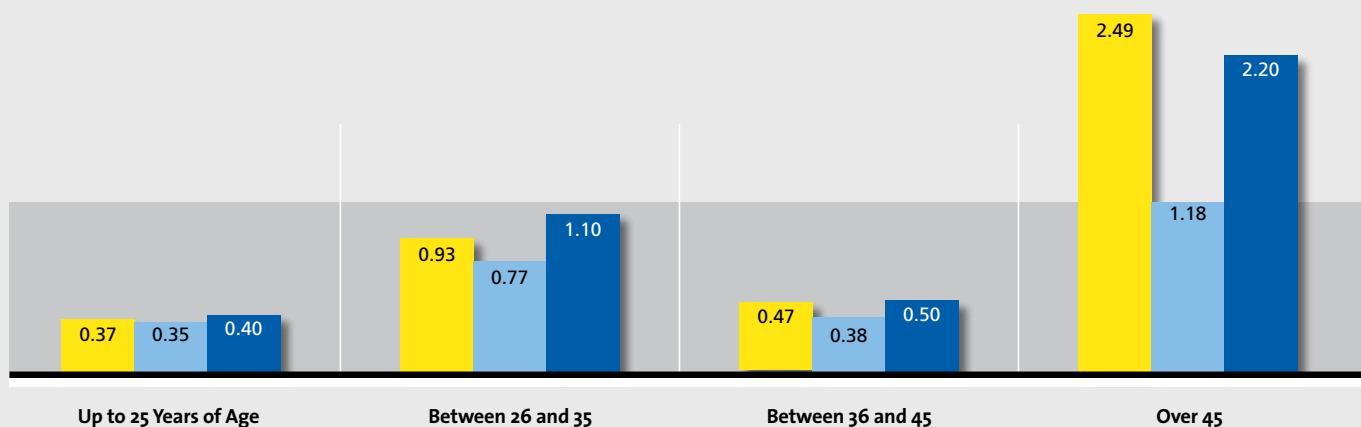
Staff Leaving During the Period by Age Group

2008 2009 2010



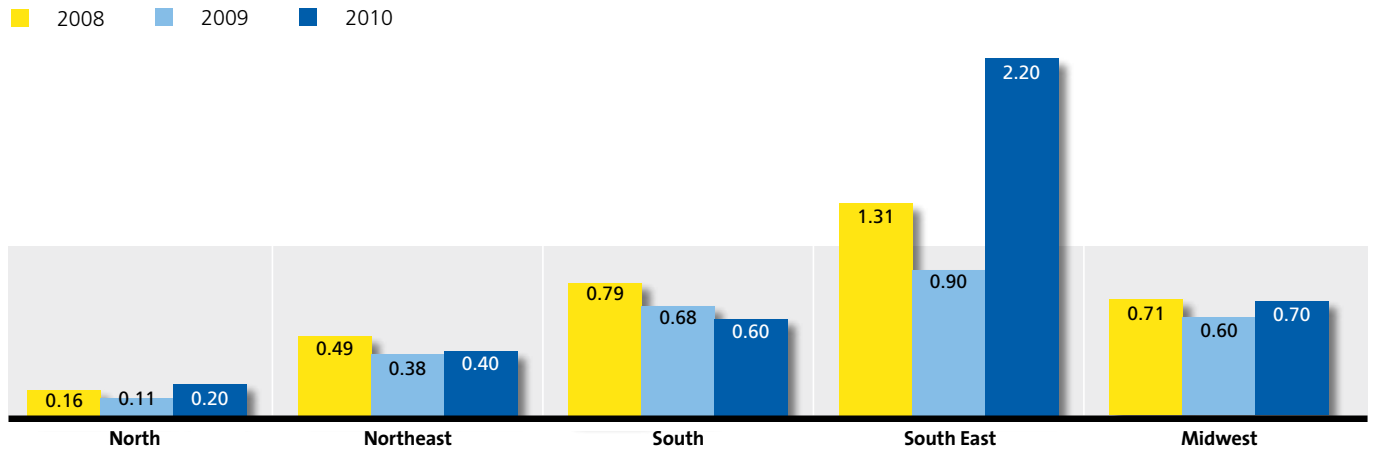
Staff Turnover Rate by Age Group

2008 2009 2010





Staff Turnover Rate by Region



Training



To meet the demand for better products and services, BB invests in the training and education of its employees. At the end of 2010 the Bank had 9,323 employees being educated on student grants for graduate and postgraduate courses. Considering training in general, and higher education courses (graduation and post-graduation), BB registered 13.55 million hours of training at the end of 2010. In addition to this, Banco do Brasil facilitates the participation of its employees in the Internal Knowledge Certification Program, as a strategy for the training and qualification of its professional staff. At the end of 2010, 36,800 employees had been certificated.

BB, encourages the obtaining of certificates such as CPA 10 and CPA 20. These certificates are for the certification of professionals who sell and distribute products at the branches. At the end of 2010, 61,400 employees held at these certifications, and Banco do Brasil is the financial institution with the highest number of employees certificated. It is also worth emphasizing that Banco do Brasil incentivates the obtaining of certificates in the prevention and combat of money laundering, with 3003 employees certificated in this area in 2010.

To help its employees improve their talents, grow professionally and contribute to the carrying out of business, Banco do Brasil invest in training, while also having the Banco do Brasil Corporate University (UniBB).

Mainly employee training numbers at the end of 2010:

- 238 employees on education grants undergoing language courses. Since the creation of the program for student grants for foreign languages in 1990, some 36,700 employees have already received incentives from BB, in the form of grants and certifications;
- 3,967 employees on student grants for graduate courses – since the creation of a program in 1997, some 23,000 employees have already received incentives from BB;
- 5,356 employees on grants for postgraduate courses, MBA, masters and doctorates;
- authorization for 55 to participate in training abroad – since the creation of a program in 1999, 389 employees

have already participated in events of this nature;

- more than 23,500 trains have already passed through the BB MBA Program for the Development of Excellence in Management Techniques. Of this total, 3,100 are professional staff from companies and client entities, suppliers and partners of the Bank, who attended classroom lessons together with the employees of Banco do Brasil;
- average number of hours of training per employee: 78.81, considering classroom-based training, self instruction and in service. If all the hours of training were to include higher education (graduate and postgraduate courses), the average number of training hours per employee rises to 124.30.



Average Number of Hours of Training (per Employee) by Functional Category	2008	2009	2010 ⁽¹⁾
Management	78.96	65.81	87.07
Technical	54.79	27.93	47
Operational	93.33	60.16	85.2
Others ⁽²⁾	89.71	84.78	78.24

(1) In the years prior to 2010, the calculation of the average number of training hours per functional category was based on mean average number of employees in the year, and in 2010 the number of employees in each functional category at the end of the period covered by this report, in accordance with indicator LA1.

(2) In "Other" category were considered non-commissioned positions, extinct positions and positions incorporated of Banco Nossa Caixa.

Corporate University – UniBB



UniBB aligned itself with the Corporate Strategy of Banco do Brasil and contributes to realizing the vision of the future, and developing its beliefs and values, consolidating the commitment to shareholders, clients, employees and society.

The actions of the University are focused on standing professional growth opportunities, the development of citizenship, and the quality of life and culture. The corporate education problems can be developed internally, or supplied by third parties, all based on educational principles contained in the Teaching Policy Proposal of UniBB and in keeping with the strategic directives of Banco do Brasil.



The main initiatives of UniBB are:

- Courses developed internally, distributed in the form of classroom-based courses, distance learning courses using various types of media, and a mixture between the two;
- Courses contracted with external entities, with the aim of supplying the training needs of the employees on technical themes, and not covered in the UniBB Courses Catalogue;
- Corporate Library: information unit with a collection of books, magazines, CDs, DVDs, videotapes, pamphlets and a bank of online theses, dissertations and monographs;
- Portal of UniBB: publication of the actions for personal and professional development and the carrying out of training through distance learning. This environment can be accessed via the Corporate Intranet, or by the Internet on the website address <http://uni.bb.com.br>. This has an area open to the external public, as well as an area that is restricted to access by employees;
- Wiki-BB environment: based on the presupposition of continuous education and collective building of knowledge, these virtual environments allowed the sharing of practices and knowledge;
- Integrated learning system for products and services – Sinapse and discussion groups: collaborative environment for the building of knowledge for the creation of a strategy for training in products, services and processes which is permitted employees to share their knowledge with the management areas;
- Programs for the support of learning for professionalization – Profi: educational materials and actions developed with the objective of stimulating discussion on Socio organizational subjects in the context of a world of constant change, and providing instruments for self-development, both personal and professional;
- Program for Professional Improvement: launched in 2003 with the objective of stimulating the improvement of employees at an operational level and furthering their career in auxiliary services, through the granting of funding to the used for education initiatives;
- TVBB: one of the channels through which UniBB offers courses. The signal is sent via satellite and captured on the television is screens of the bank throughout the Country;
- Welcome to BB Program: educational initiatives with the objective of providing employees who have recently joined the company with structured



experiences in professionalization and adaptation to environments, which contribute to their insertion into the bank's culture resulting in a good performance and sense of well-being in the workplace;

- Legal Certification in Investment Program: promotes the qualification of employees to improve customer service and the fulfilment of the legal regulatory terms of each certification;
- Certification in Knowledge Program: identifies and provides visibility to talent within the bank, providing guidelines for the development of the banking professional, as well as subsidising other programs such as remuneration and professional advancement;
- Professional Orientation Program: allows employees to identify their areas of competence, values and interests, to help them take decisions in relation to their professional life, and drawing up their life projects;
- Dialogue Program – practices for transformation: strengthening and developing management skills;
- Program for higher education: providing access for employees of the bank to higher education for graduate and postgraduate courses, with partial incentives;
- Masters and Doctorate Program: aims to train internal consultants, providing the Bank with technical-scientific knowledge which contributes to the obtaining of sustainable results, in alignment with corporate strategy. The employees that participate in the program are encouraged to study and research themes considered relevant by Banco do Brasil and after the conclusion of their Research, to make the results available for the whole organization;
- Student Grant Program for the Studying of Foreign Languages: trains employees in foreign languages,

with the aim of prospecting new markets, establishing and expanding businesses and so being able to better serve clients and partners, through financial incentives provided for the learning of English, Spanish, Italian, German, French and Japanese. The program has been in existence in 1990 and has already provided financial incentives, including grants and certifications, for more than 40,000 employees.

In 2010, UniBB played an important role in the consolidation of BB's position in its leadership position in the retail banking market in Brazil, through its training program focused on BB 2.0 – Program for Retail Transformation, notably from the People standpoint.

UniBB also encourages the organization of educational spaces in the units of the Bank and increases the availability of professional education to clients, suppliers, partners, families of employees, employees of subsidiaries, affiliates and associated entities linked to the Bank through partnerships, through the supply of quality educational providers and the sharing of costs.



In addition to the courses focused on businesses and career development, BB runs courses with a socio-environmental responsibility theme for its employees. Various themes are available, either through classroom-based or virtual courses that vary in time length from 6 to 40 hours. In this way, deserve all the dimensions and interrelations of sustainability, Banco do Brasil and UniBB offer a large quantity of educational programs and transformation initiatives for its people.

Quantity of Employees Trained and Functional Categories Trained in Socioenvironmental Policies and Practices ⁽¹⁾	2008	2009	2010
Management	1,476	3,340	1,103
Technical	461	1,011	422
Operational	1,416	2,180	1,119
Others ⁽²⁾	3,541	4,284	3,900
Total	6,894	10,815	6,544

(1) In 2010 there was a change in the calculation methodology for the total amount of employees trained in the prevention and combat of money laundering and socioenvironmental practices and policies. In previous years the total amount of training activities was registered, but in 2010 the amount of employees effectively trained was used.

(2) In the "others" category, are considered non-commissioned posts, posts that have become defunct, and posts incorporated from Banco Nossa Caixa.



Environmental and Social Responsibility (ESR) Trainings

Training Initiative	The Objective of Training Course	Target Public
Diversity at BB	Raise awareness about diversity within Banco do Brasil.	All employees.
Accessibility: A question of right	Encourage employees to recognize themselves as agents for transformation in the process of including disabled people in the internal environments of the bank.	All employees.
Participative Management	To strengthen the responsibility of acting as an agent for professional and socio-environmental change.	All employees.
Management of Ethics at BB	To apply the analyses of ethical evaluation to the implementation guidelines and principles based on the institution's ethical directives.	Participants in the ethics committees and GEPEs analyst responsible for the study and ethical evaluation report of BB.
Brazilian Sign Language	To present some elements of the culture and the behaviour of those with impaired hearing, and train the employee to provide banking services using Brazilian sign language.	All employees.
Socio-environmental Credit and Risk	To honour of the basic elements of risk management and disseminate the reaction to possible impact of the processes of the Bank on society.	All employees.
Introduction to Volunteer Initiatives	To identify concepts and characteristics with respect to the Third Age Sector, Corporate and Social Responsibility and Volunteer Initiatives relating them to the strategies of Banco do Brasil.	All employees and people in the community.
Volunteer Initiatives: Organizational Management and Planning	To identify themes for organizational planning, the management of human resources and communication and marketing related to the organizations of the third age sector.	All employees.
Volunteer initiative: Drawing up and Management of Social Projects	To identify concepts and characteristics which make up the Third Age Sector, Corporate Social Responsibility and Volunteer Initiatives, relating them to Banco do Brasil's strategies.	All employees.
Volunteer initiative: Financial Management	To identify the management tools and instruments used in organizations of the Third Age Sector.	All employees.
Local Production Arrangements - LPA	To gain a comprehension of the strategy of operation of Local Production Arrangements defined by the Bank and their relevance in the generation of business.	All employees.
Management of Businesses in LPA (Local Production Arrangements)	To take part in Local Production Arrangements, contributing to the structuring of sustainable businesses and relating to conceptual questions, with day-to-day administrative and business practices.	Employees at management level and partners.
Social Educators	To build political-educational practices for civic education, through living experiences focused on the promotion of social inclusion, with a focus on development of the Millennium Goals.	All employees and open to participation by the community (entities and partners).
Socio-environmental Responsibility and Business Sustainability	To recognize the socio-environmental responsibility principles and initiatives adopted by Banco do Brasil and their implications for the sustainability of businesses and the sustainable development of the Country.	All employees.
Security of Staff and Environments	To receive training in the management of preventative security processes for environment and people, raising awareness of the responsibilities of professional staff in the exercising of their functions.	All employees.
Co-operating	To disseminate a culture of co-operation in the workplace and in the community, contributing to local development initiatives.	All employees and social agents, partners, chance, suppliers, giving priority to those involved in Sustainable Regional Development.
DRS – a Business Strategy	To use the DRS business strategy methodology and intervention tools, as well as participative management.	All employees, partners of Sustainable Regional Development and Members of the Community, having the objective of using sustainable Regional Development Business Strategy and intervention tools, as well as participative management.
Personal Financial Planning	To understand the importance of managing financial resources, using the tools made available on the course.	All employees and people in the community.
Rights of the Consumer, destined to all employees and persons in the community	To evaluate own activity in relationships with internal and external clients, as well as users of the bank, from the perspective of the principles of the Consumer Defence Code.	All employees and people in the community.
Web navigation	To use the basic resources of the Internet.	All employees and people in the community.
Family Farming: Pronaf	To receive training as an agent for the effective realization of the businesses of Pronaf, with the aim of increasing the contracting of business supported by the program.	Employees at the operational and management level in the Business Units that operate financing supported by Pronaf.
Occupational Health and Safety	To develop knowledge about security in the workplace, and the promotion of health, with training to disseminate a culture of prevention and occupational risks.	Employees that exercise the function of Cipeiro or who are responsible for the prevention of accidents.



Training Initiative	The Objective of Training Course	Target public
Occupational Health Workshop	To carry out personal and professional development, based on the perspective of integrated health and work, using the organizational support offered by the company.	Employees who return from leave of absence for health reasons, giving priority for those who have been off work for 90 days
Seminar on Health and Work Orientation Management	To provide an instrument for orientating teams in the processes of change, assuming the role of guiding manager for the employee reinserted.	Managers of the employee target public of the Workshop for Health and Work .
Eco-efficiency Workshop	To disseminate principles, values and practices of Eco-efficiency promoting changes in the relationship between human beings and the environment.	Employees from the units prioritized by the eco-efficiency program in the states of Paraná and Rio de Janeiro, and in the Federal District.
Basic Education in Reading and Writing - BB Educar	To initiate a process of basic reading and writing education for adults, based on methodology founded on the principles of Liberation through Education, and in the Socio-Constructivist Proposals for the alphabetization of youngsters and adults.	All employees and volunteers in the community who have a commitment to teaching practice and civic awareness activity.
DRS – Conceptual and methodological foundations	To gain the knowledge of the methodology of the Regional Business Sustainable Development Strategy of Banco do Brasil.	All employees, partners, members of the DRS team and people in the community.

Programs for Professional Advancement

The Program for Professional Advancement in the Branch Network to identify employees and employees with the potential to occupy management positions in the Branch Network and Regional Superintendency of BB. The program is in alignment with BB's Corporate Strategy with regard to professional advancement based on merit, and allows the assessment of competent professionals (knowledge, skills and attitudes), through the use of specific points system which contributes reliability and clarity to nominations, demonstrating the potential of each employee to exercise the post to which they are appointed.

Since 2006, the program has created a reserve of 2,285 qualified employees, who are being nominated for positions in accordance with the Company's needs.

In 2010, the Program evaluated 1,081 employees (of which 561 came to form part of the reserve of qualified employees). Also in 2010, BB nominated approximately 366 participants for this course.

Quality of Life and Respect for Diversity



The Bank has initiatives which aim to guarantee the quality of life in the work of its employees, developing and managing various programs which aim to improve the quality of life of its employees, such as PCMSO (Program for the Medical Control of Occupational Health), Sesmt (Services Specialised in the Safety Engineering and Occupational Medicine of BB), Tabas (Program for the Control of Tobacco Use), Pavas (Program to Provide Assistance to Victims of Kidnapping and Mugging), The Program for the Recognition of Employees, and the Program for Quality of Life in the Workplace.

“To reject prejudices with regard to gender, sexual orientation, ethnics, race, belief of any kind” is one of the items contained in BB's Letter of Principles. Several initiatives are developed by the Company in its relationship with its employees and other interested public audiences, with a view to fulfilling this principle. Despite the efforts made, in 2010 BB received, through its internal ombudsman service, five denouncements of discrimination, of which one was considered valid. In this case the appropriate administrative measures were taken.

Occupational Health and Safety



The Services Specialized in the Safety Engineering and Occupational Medicine (SESMT) have developed a series of activities with a focus on the prevention of accidents and occupational diseases, contributing to the improvement in the working conditions at Banco do Brasil. The principal indicators for 2010 are as follows:

- 567 ergonomic analyses in the workplace drawn up by active employees, all employees in the process of taking up their position, including those who have disabilities, with a view to adapting the working conditions to their needs;
- 1,895 safety inspections of buildings in use by Banco do Brasil, with a view to eliminating or reducing risks involving accidents and damage, contributing to the safety of employees, clients and users;
- 2,307 environmental mapping of the premises of Banco do Brasil, as set out in the Program for the Prevention of Environmental Risks (PPRA), with the objective of eliminating or reducing physical, chemical and biological risks in the working environment;
- 631 evacuation groups (Grua) constituted or revised with the purpose of preparing employees to act in emergency situations which imply evacuation of the building;



- 2,141 employees trained in occupational health and safety within the context of the Internal Commissions for the Prevention of Accidents (Cipa) or with those responsible for the prevention of accidents (RPA) at Banco do Brasil.

The new structure of Sesmt is in the implementation phase throughout the Country, with representations of these services in all the federal units, including those that are not subject to labour legislation (Regulatory Norm NR 4, of the Ministry for Labour and Employment), with the qualification of a total of 142 professionals.

Since 2003, in its practical health exams, Banco do Brasil has included a series of exams, strategies and

initiatives which aim to prevent diseases, even though not occupational, and the promotion of health, such as preventative exams for gynaecological cancers (uterus, breasts, etc) and masculine (prostate); evaluations and guidelines with regard to stress and coronary risk; educational and preventative guidelines, treatment for the elimination of tobacco dependency; specific evaluation of osteomuscular system; adoption of pauses in the working day, and a reduction in the length of the working day on doctor's recommendations in cases of osteomuscular disturbances; and the laboratory exams for the assessment of cholesterol levels , HDL, triglyceridemia and glycemia.

Percentage of Employees Represented by Formal Occupational Health and Safety Committees

	2010
CIPA ⁽¹⁾	95%
Evacuation groups – GRUA ⁽²⁾	24%

(1) Quantity of Cipas (53) for all the buildings (56), in compliance with legal requirements (NR 5, of MTE): $53/56=0.95=95\%$.

(2) Quantity of buildings with Grua set up (1352) divided by the total of bank premises (5602): $1352/5602=0.24=24\%$.

Rate of Accidents in the Workplace

Rates ⁽¹⁾	2008	2009	2010
Lesions (TL)	4.47	3.41	4.56
Absenteeism ⁽²⁾	5.23%	5.21%	5.15%
Occupational diseases (TOD)	5.29	5.21	6.29
Days lost (TDP)	1.10	1.04	0.88

(1) calculation formula:

TL = number of lesions/hours worked x 1,000,000;

TDO = number of cases of occupational diseases/hours worked x 1,000,000;

TDP = number of days lost/scheduled days x 100

(2) Total days lost per day scheduled

In addition to these initiatives, Banco do Brasil maintains assessments for the control of stress. This assessment is carried out using a specific questionnaire (Lipp Test) which classifies the levels of stress of each employee by category. Those who are diagnosed with a significant level are duly orientated. Associated with this evaluation, BB also makes available its “Club of Agreements” which consists of gyms and clinics linked to health and well-being for which a special discount is available for employees, dependents, student trainees and apprentices.

In the question of Repetitive Strain Injury (RSI) and Work related Musculoskeletal Disorders (WMSD) , evaluations of employees are carried out, as well as in the workplace, by SESMT. The classification of severity of pathology is carried out in agreement with the INSS, and whenever pertinent, the employee in question is allowed time off work and centre for specialist medical care.

Also in the area of occupational health and safety, as part of its Collective Labour Agreement (CLA), BB has the Program for Professional Rehabilitation which is designed to reinsert the professional in the workplace, for whom pathological diagnosis indicates jeopardised functions, whether diseases is of an occupational origin or not.

Additionally, there are a number of clauses in the Collective Work Agreement that refer to “Health and Conditions in the Workplace” and “Occupational Health and Safety”. Particular note is the guarantee of payment, for up to 18 months after returning to work, with a cash bonus given to the employee that exercised the particular function, and who has had to take leave because of repetitive strain injury, as well as additions to salaries when Welfare Assistance for Disease or Assistance in the Event of Accidents, are granted.



Program for Life Quality in the Workplace

The Program for Quality of Life in the Workplace at Banco do Brasil is directed at employees, student trainees and apprentices, and promotes initiatives to encourage anti-stress practices, such as: gymnastics in the workplace, yoga, liang gong, tai chi chuan, eutony,

ballroom dancing and circular dancing. Each year, on a regional basis, Life Quality Weeks are promoted, with seminars, workshops, life experiences, concourses and quizzes being chosen on specific themes related to aspects which favour a more healthy lifestyle. The table below summarises the themes covered during Quality of Life Weeks since the creation of a program in 2007.

Year	Focus	Theme
2007	Stress	"Life needs pauses" (Drumond)
2008	Physical Activity	"Happiness is activity" (Aristotle)
2009	Art & Leisure	"The art of life consists of making life itself a masterpiece" (Gandhi)
2010	Healthy Eating	"What feeds you is your medicine". (Hippocrates)

Teams for Communication and Self-Development (Ecoa)

To complement its communication activities, Banco do Brasil maintains Teams for Communication and Self-Development, who helped managers in internal communication activities, environmental responsibility, organizational climate, volunteer programs, recognition, training and quality of life. Approximately 10,000 employees throughout the country participate, of volunteers of Ecoa.

Program for the Assistance to Victims of Robbery and Kidnapping



GRI LA8

Introduced by the Bank in 2000, this program has the aim of providing medical, psychological legal and security systems to those people who have been victims of robbery and kidnappings. The program aims to provide hospital treatment and emergency psychology care, and if necessary, temporary time off work, or reallocation to another premises. The emergency services cover, in addition to employees, their families, student trainees, apprentices and third-parties who do not have health plans.

Reinsertion program

Approved in 2003, the reinsertion program was created to provide better reception conditions for an employee who has returned after a long time of being absent on work on health leave (more than 90 days). Program guarantees the post of the employee for 120 days after leave as a result of accident, and for 1 year in the case of time off work due to repetitive strain injury).

Paths to Retirement Program



GRI LA11

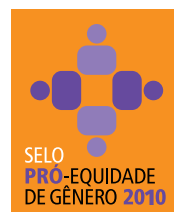
In August 2010 in the Paths to Retirement Program was launched by the Banco do Brasil Corporate University, with the aim of providing orientation to the employee with regard to the building of a life project for retirement, involving the following actions: pamphlets, Active Life Workshop, internal and external courses, Gepes events and mentoring.

In August, professional course orientators were trained for the holding of the Active Life Workshops throughout the Country, with the first Workshop taking place in September at Gepes Brasília DF.

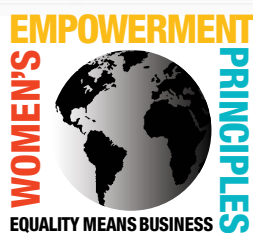
At the end of the year 2010, there were 114 participants, with 91 in the Active Life Workshop and 23 appearing in the in the POP pamphlet – Paths to Retirement.

Gender Equality

In alignment with its Socio-environmental Commitments and with the objective of leveraging processes and methods of valuing women with in the organization, Banco do Brasil has participated actively in gender equality programs.



In 2010, for the second time BB was awarded the seal for the Promotion of Gender Equality for its participation in the 3rd edition of the Program for the Promotion of Gender Equality, coordinated by the Secretariat for Policies for Women (SPM), as part of the Presidency of the Republic or fulfilment of initiatives in the promotion of gender equality in its



staff management processes and in its cultural organization, as set out in the action plan.

On August 30th, 2010, Banco do Brasil adhered to the Principles of Empowerment for Women – Equality Means Business, proposed by the United Nations Organization Women program and the United Nations Global Compact. This move makes the theme a priority for Banco do Brasil in its promotion of gender equality.

In summary, the principles of the theme are set out below:

1. To establish corporate leadership at a high level for equality of gender.
2. To treat all women and men in a fair manner in the workplace – respecting and supporting human rights and non-discrimination.
3. To ensure health, security and well-being for all workers, men and women.
4. To promote education, training and professional development for women.
5. To implement corporate development and practices in the supply chain and marketing which give power to women.
6. To promote equality through community and defense initiatives.
7. To measure and publicly report on the progress achieved in terms of gender equality.

In addition to the programs above, Banco do Brasil contributes to various groups and discussion forums focused on socio-environmental responsibility and

the promotion of the appreciation of diversity, such as for example:

- United Nations Work Group for Women – Brazil;
- Cycle of meetings for the strengthening of gender equality in Public and Private Companies with Mixed Capital;
- United Nations Global Compact and Millennium Goals;
- Subcommission for Diversity - FEBRABAN – Brazilian Bank Federation;
- Consultative Council for the Brazilian Monitoring of Gender Equity.

Attention for Disabled People

In fulfilment of the law which determines that 5% of job vacancies must be reserved for people with disabilities, Banco do Brasil employs 882 employees with some type of disability – the percentage stipulated does not correspond to the existing situation at BB due to the lack of candidates approved in public concursos. The vacancies reserved for them are filled by other candidates, observing order of classification. Employees with disabilities receive suitable operational conditions and in accordance with the ergonomic analysis carried out by Services Specialised in the Safety Engineering and Occupational Medicine (SESMT).

In addition to this, the Caixa de Assistência dos Funcionários do Banco do Brasil – Cassi coordinates the Good Living Program, which has the object of promoting access for employees with disabilities and their families to their health needs, through prevention, early detection, diagnosis, treatment and rehabilitation.



Internal Ombudsman Service



To promote dialogue, enhance the ethical and humane relations and contribute to the improvement of policies, procedures, practices and programs for People Management and Environmental Responsibility, Banco do Brasil has, since 2005, an Internal Ombudsman in the organizational structure of the Vice President of Human Resources and Sustainable Development.

The goals of the Internal Ombudsman include democratize labor relations, work in prevention, mediation and resolution of conflicts, contribute to

valorize internal stakeholders, stimulating a sense of participation in the employees considering the policies and practices of humans resources management and environmental responsibility, generate inputs and information for continuous improvement of policies, processes and practices of human resource management and environmental responsibility.

Where conflict mediation does not achieve effectiveness, the demand is forwarded to the Ethics Committees (Superior or from States) for consideration and judgement.

The Internal Ombudsman Service is subdivided into 4 areas – Internal Complaints (reception, registration, analysis and mediation), Strategic, Staff Management

Communication Channels of the Internal Ombudsman Service Are as Follows:



▶ e-mail:
ouvidoriainterna@bb.com.br



▶ Intranet.bb.com.br – quick access, Internal Ombudsman



▶ Telephone:
(61) 3102-5888



▶ Letters:
(Address – SBS Ed. Sede 1 – 2nd Floor – Zipcode 70073-900 – Brasília – DF)



▶ Fax:
(61) 3102-5522



▶ Personal Service:
in order to be able to provide a service throughout the Country, the Ombudsman Service also works in partnership with Regional Employess Management Centers.

and Resources – and the demands received maybe Denouncements, Complaints (2nd instance) and Praise.

The internal ombudsman service offers specific training on complaints, mediation of conflicts, moral and sexual harassment, and others, offered by the Bank, or by third parties; it carries out periodic meetings between teams; presentations of cases; participation in congresses on ombudsman services and the exchange of good practice procedures in the market, with the ombudsman departments of other banks and institutions in the public sector.

The internal ombudsman service has developed an instrument for achieving greater proximity to employees, the Travelling Ombudsman Service, consists of meetings at the workplace carried out in all this state of the Federation, with particular emphasis on the status of São Paulo and Santa Catarina to complement the incorporation processes of BNC and BESC.

Externally, the internal ombudsman service participates as one of the representatives of Banco do Brasil in the gender equality program, coordinated by the Secretariat for Policies for Women, part of the Federal government,



and was present at the following events: reconstitution of the Ombudsman Service for Racial Equality and the 12th anniversary of the Ombudsman Service of the Ministry for Social Welfare. In November 2010, it participated in the I International Forum of the Americas of Ombudsman Services and Defenders of the People, as the coordinator of the panel “Instruments of Citizenship for the Strengthening of Democracy” promoted by the General Ombudsman Service of the Union, in Salvador. And in December 2010, at the III National Meeting of Ombudsmen, promoted by the Banking Association of Rio de Janeiro – ABERJ.

Management of Performance



BB's performance management model includes half yearly assessments on two fronts: the achievement of targets established under the Labour Agreement - ATB, and the degree of skill shown in the work done.

Labour Agreement – ATB

The ATB is the instrument used to evaluate the performance of the management of each unit within the bank, with the objective of measuring the efficiency and efficacy of its activities with respect to the targets established in the strategic documents, and which consist of six performance aspects: economic result, strategy and operations, internal processes, clients, organizational behaviour and society.

The society aspect brings with it a combination of objectives and indicators with respect to the commitment to the social development of the communities in which BB is part, and the efforts made to raise awareness and involve the public audiences with which the Bank relates, on issues of sustainability.

Management of Performance by Skills and Areas of Competence

The individual assessment system adopted by BB has the objective of guiding the professional development process, contributing to career planning, facilitating the achievement of organizational objectives and providing support for staff management processes and programs, such as professional advancement and corporate education.

The system is based on the analysis of individual competence and skills, which represent behaviour that

can be observed in the working environment, and which serve as a standard of reference for guiding the operations or professional performance of the employees. The management of performance by skills and competencies is carried out using multiple assessment sources, in a 360° process, which involves self-evaluation, evaluation at a higher level, as well as by subordinates and peers.

Percentage of employees who have received analysis and performance monitoring:

	2008	2009	2010
	96.65%	82.15%	85.44%

Salaries and Benefits



The admission of the employee workforce into Banco do Brasil is carried out through a public exam process, and since 1985, the only posts that had been filled are those of bank clerk, which has 12 categories (E-1 two E-12), each one having a specific time limit for application. Banco do Brasil's salary policy includes standard remuneration (with salary related to the post held) and variable remuneration, to the employee profit-sharing scheme.

The remuneration and benefits granted in 2010 to employees were distributed in accordance with the table below:

Highlights of Personnel Expenses - R\$ million	2009	2010	Change on 2009 (%)
Salaries	5,239	6,177	22.1
Benefits	1,486	1,760	18.4
Pension Funds	232	235	1.5

Average Remuneration

Post	Women	Men
Management	5.975,53	7.098,91
Technical	6.776,25	7.333,51
Operational	3.552,96	3.654,27
Others ⁽¹⁾	2.523,03	2.821,35

(1) In the "Others" category were considered "non-commissioned" posts, defunct posts and posts incorporated from Banco Nossa Caixa.

At BB there is no salary difference between men and women who occupy the same post and who have had the same career span. The difference observed in the average salaries for the two genders is due to the fact that there are different levels within a particular category, as well as the career span, which is reflected in the average calculated.



Benefits

Banco do Brasil offers a combination of benefits compatible with its size, its commitment to social responsibility and its policy for retaining talent, which reflects the requirements of the legislation. Among these benefits are medical assistance, supplementary pension plans, and transport vouchers, assistants (food/meals, baby daycare centers/babysitter assistance), assistance for children with disabilities and dental plan from 2010. Other benefits offered to employees are described in the table below:

Benefits	Description
Food subsidies/meal vouchers	Tickets available in electronic card form for the reimbursement of meal expenses at restaurants and snack bars.
Assistance for night-time travel	Reimbursement of expenses involving transport for the return to the employees' place of residence whose working day ends between midnight and six o'clock in the morning, and for those who are authorised by the Compensation Chamber that participate in the compensation session during a period considered to be at night.
Baby daycare centers/Babysitter assistance	Funding for the expense of maintaining each child, including adopted children, at daycare centers and kindergartens of free choice, and including, under the same financial conditions, the expense of paying a nanny or domestic help. The amount is defined in the Collective Labour Agreement – CLA.
Assistance for those with special needs children	Reimbursement for expenses similar to creche assistance for employees who have children that have proven disabilities, which results in their need for permanent care, without a limit on age.
Executive Cash – Benefit of a Personal Nature – Repetitive Strain Injury	Payment, of a personal nature, of a executive cash bonus for a period of 18 months, from the moment that an employee, who has had to take time off work as a result of repetitive strain industry or osteomolecular disturbance related to work, returns to resume his or her activities at the Bank.
Food subsidies	Ticket available in electronic card form used for the reimbursement of buying food at groceries or supermarkets.
Justified absentee days	Five justified absentee days per year.
Compensation for robbery	Indemnification for the employee and his or her legal dependence in the case of permanent invalidity or death as a consequence of kidnapping and/or robbery aimed against the Bank.
Leave for the accompaniment of sick family members (LAPEF)	Granting of time off work for employees, of not more than 90 days, to accompany sick family members in transitory or momentary situations.
License-Prize	Annual leave of 18 days for each day worked at the bank. Only for employees joining the bank before 1998.
Program for the Assistance to Victims of Kidnapping and Robbery (PAVAS)	Providing of medical assistance, psychotherapy, legal assistance and security for employees following cases of robbery, as well as facilitating the reorganization of the working routine of the premises, as a way of minimizing the negative impact of the occurrence. With regard to the physical and emotional security and integrity of the employee and his or her dependents, the Bank bears the cost of travelling expenses (travel fares, board and lodging).
Social Assistance Program – Advances – purchase of glasses and contact lenses	Granting of advances on salary for covering the purchase of glasses or contact lenses, recommended by the doctor. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Advances – Natural Catastrophe or Residential Fire	Coverage of the expense of purchasing or remodelling essential goods damaged by natural catastrophes, such as flooding, gales, seismic movement or residential fire. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Advances – Financial disequilibrium	Advance on salary for the overcoming of financial crisis, as a result of unexpected, inevitable or fortuitous events. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Advances – Funeral of Economic Dependent	Coverage of funeral expenses of an economic dependent, which exceed the amount covered by Cassi. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Advances – exclusions from Cassi	Salary advances for the payment of items excluded by Cassi, with freedom of choice, in the event of insufficient or nonexistent hospital treatment or laboratories covered by health care plans in the localities where the treatment has been carried out. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Advances – Dental Treatment	Salary advances for the covering of expenses of dental treatment with reimbursement over 25 to 48 months, without interest.
Social Assistance Program – Advances – Psychotherapy Treatment	On being admitted to the Bank the employee and his or her economic dependents have the right to 200 individual psychotherapy sessions. Once the quantity of sessions has been used up, the bank commits the extension of psychotherapy treatment through the freeing up of advances on salary. Repayment of the salary advances is carried out over 25 to 48 months, without interest.
Social Assistance Program – Assistance – Purchase of Medicines Abroad	Compensation for part of the expenses of purchasing medicines abroad.
Social Assistance Program – Assistance – Disabled Persons	Coverage of expenses of boarding school, semi-boarding school, and day schools, as well as supplementary therapy for economic dependents or pensioners (registered with the Bank) that are physically or mentally disabled, or with neurosensory problems of a permanent nature, which results in their inability to enjoy a normal life, and/or obtain employment.
Social Assistance Program – Assistance – Hospital Treatment	Coverage of hospital medical expenses for severe diseases, when no resources are available under Employee Health Plans, which is for employees.



Benefits	Description
Social Assistance Program – Assistance - Medical-Social	Providing of social welfare, with psychosocial and socio-educational assistance, for problem situations.
Social Assistance Program – Assistance - Travel for Health Treatment Abroad	Reimbursement of expenses of travel for health treatment abroad (travel, board and lodging) for the patient and one accompanying person, when there are not adequate or sufficient resources available in Brazil.
Social Assistance Program – Assistance - Travel for Health Treatment within the Country	Reimbursement of expenses of travel for health treatment within the Country (travel, board and lodging) for the patient and one accompanying person, when there are not adequate or sufficient resources are available where the employee comes from (or the location where he or she lives).
Social Assistance Program – Assistance - Donation/Receipt of Organs and Transplants	Reimbursement of expenses of the employee for travel for donation/receipt of organs for transplant.
Social Assistance Program – Assistance - Special Nursing	Coverage of the amounts excluded by Cassi for hospital nursing services and home-based nursing services for patients which require permanent care and intensive nursing, outside of intensive care.
Social Assistance Program – Assistance - Death in Service	Coverage of expenses of funeral and removal of the body, in the event of the death of an employee occurring during service outside the Metropolitan Region of his or her branch location, including during transport.
Social Assistance Program – Assistance - removal by mobile intensive care unit or aero taxi	Coverage of expenses for removal by mobile intensive care unit or aero taxi for health treatment, in situations of grave health risk or emergency, characterized by a lack of medical care during the period of travel.
Social Assistance Program – Assistance - Growth Hormone Treatment	Coverage of reimbursement of amounts excluded by Cassi for expenses due to growth hormone treatment for those with achondroplasia (dwarfism).
Social Assistance Program - Tobacco Addiction Control	Employee described under the program will have the full coverage of travel expenses to the nearest location, went there is no authorized network in the localities to which the employee has been assigned. Also 50% of the medicines prescribed will be reimbursed, should this be the case.
Social Assistance Program - Dental Expertise	The bank assumes the expense of dental expertise, when necessary.
Transport vouchers	Partial defrayal of costs of the transport of employees, in the travel from their residences to places of work, and vice versa will stop this does not apply to travel on selective or special transport .
Benefits of a personal nature (VCP)	Continuing payment of a personal nature for a particular period in keeping with the post exercised by the employee, when there is a downsizing of the branch.
Benefits of a personal nature (VCP) - Accidents in the Workplace	Payment, of a personal nature, by position held, for a period of 120 days, from the moment that the employee, away from work as a result of an accident in the workplace, resumes activities at the Bank.
Adoption leave	Bonus for time off for the adoption of children with an age of up to 96 months. For those adopting male children, a time off work of five days is allowed. The employee who adopts or obtains the guardianship of children for adoption purposes is also entitled to maternity salary.
Maternity leave	On the occasion of birth, the adoption for attainment of traditional guardianship or adoption purposes, the employee is entitled to maternity salary and maternity leave.
Maternity salary	The salary paid to the employee during the period of maternity leave or adoption leave is that ought to the full-time remuneration owed for the month off work, or the arithmetic average of the last six months (whichever is the greater).
Medical assistance	Banco do Brasil contributes as a sponsor to employee health plans, including those from institutions incorporated by the Bank.
Supplementary pension	Banco do Brasil contributes as a sponsor to supplementary pension plans for employees, including those from institutions incorporated by the Bank.
BB dental care	Banco do Brasil, in partnership with the company Odontoprev, provides dental assistance for active employees and their dependents.

BB Dental Plan



The supplying of the dental plan benefit from November 2010, in the strategic partnership with OdontoPrev S.A. and the introduction of BB Dental fulfilled a long-standing demand from employees of Banco do Brasil.

With the dental plan, more than 270,000 beneficiaries of BB Dental, including subscribers and dependents, gain access to the BB Dental Essencial plan at no cost to employees. After the introduction of BB Dental more than 6,000 treatments were begun in approximately 150 municipalities, scheduled in a personalized manner through Disque BB Dental. Of the procedures initiated, 47.7% were for Profilaxia, in other words a combination of oral hygiene prevention measures, demonstrating the



concern of the beneficiaries to maintain and improve their oral health.

Shortly research will be carried out of client satisfaction to measure the quality of services provided and the launching of other plans, BB Dental Executivo and BB Dental Supreme, with differentiated coverage in accordance with beneficiaries' needs.

Recognition Program

Institutionalized in 2002, BB's recognition plan operates on two fronts: one focused at strengthening the relationship of the company with its employees, and the other for the recognizing and appreciation of the performance of the branches and teams, as

presented in the Labour Agreement.

Among the most recent actions carried out by BB under its Recognition Program of particular note are the Cultural Festival and the Ecoar Concourse of Best Practices. The festival was conceived to recognize and publicise the artistic talents of the bank's employees and retirees while the Ecoar program has the object of appreciating the work developed by all the Ecoas around the Country. In 2010, the second edition of the Festival was held, as well as the first 1st Ecoar Concourse for Best Practices.

In the relationship between the Company and employees, initiatives are developed focusing on the improvement of the organizational climate and interpersonal relationships. For 2010, we highlight the following objectives:

Initiatives	Objective	Target Public	Number of Participants
Cards and promotional gifts	To congratulate the employees on their corporate one year and five-year anniversaries.	Employees who complete their first year and those who have completed five years.	33,047
Ship's log	To disseminate themes of interest of the Organization	Employees and other workers (apprentices and trainees students)	132,440
End of year festivals	To motivate the workforce, promoting integration and improvement of corporate relations.	Employees and other workers (apprentices and trainee students)	255,028
BB Cultural Festival	To promote the integration of employees and retirees, publicising artistic values and appreciating talent at BB, through categories of ballroom dancing, photography and chronicles.	Employees and retirees	892
Ecoar Concourse for Best Practices	Appreciating the work developed by the Ecoas, reinforcing their importance in the support of the administration of units and publicising successful experiences.	Ecoas across the Country	492

Supplementary Pension Plans and Medical Assistance



Banco do Brasil is a sponsor of private pension entities and supplementary health plans, responsible for the providing of additional benefits for retirement and medical health to its employees, as shown in the table below:

Entities Sponsored	Plans	Benefits	Classification
Previ – Caixa de Previdência dos Funcionários do BB	Previ Futuro (employees of BB participate in this plan who have joined the company since 24/12/1997. Employees and the sponsor contributes on equal terms with an average participation of 7% of salary.	Retirement and pension	Defined contribution
	Benefit Plan 1 (employees of BB participate in this plan who joined the plan up to 23/12/1997. Plan closed for new entrants. In 2010 and there were no contributions by either employees or the sponsor due to the surplus situation of the plan).	Retirement and pension	Defined benefit
	Informal plan	Retirement and pension	Defined benefit
Cassi – Caixa de Assistência dos Funcionários do Banco do Brasil	Plan for associates	Medical assistance	Defined benefit



Entities Sponsored	Plans	Benefits	Classification
Economus – Social Welfare Institute	Prevmias (employees participate in this plan from BNC joining the plan from 01/08/2006 and participants who opted for the settling of the General Regulation. Employees and sponsors contribute an average participation of 8.53% of salary.	Retirement and pension	Defined contribution
	General Regulation (employees participate in this plan from BNC who joined it before 01/08/2006. Plan closed to new entrants. Employees and sponsor contribute equally with an average participation of 12.11% of salary.	Retirement and pension	Beneficio definido
	Supplementary regulation ⁽ⁱ⁾	Retirement and pension	Defined benefits
	Group B'	Retirement and pension	Defined benefits
	Unified Health Plan – PLUS	Medical assistance	Defined benefits
	Unified Health Plan – PLUS II	Medical assistance	Defined benefits
	Medical assistance plan	Medical assistance	Defined benefits
	Supplementary medical assistance plan -PAMC	Medical assistance	Defined benefits
Fusesc – Fundação Codesc de Seguridade Social	Multifuturo I (employees participate in this plan from BESC who joined it from 12/01/2003 and the participants are linked to the Benefits 1 Plan of Fusesc who opted for this benefit plan. Employees and sponsor contribute equal participation amounts of between 2.33% and 7% of salary according to the contribution decision by each participant).	Retirement and pension	Defined contribution
	Benefit Plan 1 (employees participate in this plan from BESC who joined the plan up to 31/12/2002. Plan closed to new entrants. Employees and sponsors contribute equally with an average participation of 9.8889% of salary).	Retirement and pension	Defined benefits
SIM – Caixa de Assistência dos Empregados dos Sistemas BESC e Codesc, do Badesc e da Fusesc	Health plan	Medical assistance	Defined contribution
Prevbep – Caixa de Previdência Social	BEP plan (employees participate in this plan from BEP. Employees and sponsor contributes equally with an average participation of 3,584% of salary).	Retirement and pensions	Defined benefit

(i) Refers to the contributions with respect to the participants supported by contract 97 which has the objective of disciplining the form of the frail necessary for the constitution of a part equivalent of 53.7% of the guaranteed value of the supplementary pensions payments, due to participants joining the Bank up to 14.04.1967, including those who had already tired, or have retired since that date, it except for those participants who are part of the Formal Plan. These contributions take place through the constitution of the Parity Fund Asset.

PREVI – Banco do Brasil’s Employees Pension Plan

Previ, founded on April 16, 1904, is a non-profitmaking closed entity supplementary pension fund, with its headquarters and jurisdiction based in the city of Rio de Janeiro (RJ). The institution works to guarantee its participants Official Retirement supplementary pension benefits, as a way of contributing to their quality of life and their dependents. It is the largest pension fund in Latin America, in asset terms.

Economus – Institute of Social Security

Banco Nossa Caixa, acquired by Banco do Brasil on 11/30/2009, was the sponsor of the private pension plan and medical assistance plan administrated by Economus – Social Welfare Institute, a closed supplementary pension entity, with its own equity, and autonomous administration. As a natural result of the incorporation move, Banco do Brasil assumed the existing obligations, including the pension plans.

CODESC Social Security Foundation – FUSESC

With the incorporation of Banco do Estado de Santa Catarina S.A. (Besc) and Besc S.A. – Crédito Imobiliário (Bescr) by Banco do Brasil, on 09/30/2008, the Bank took over the sponsorship obligations of the private pension plans administrated by the Codesc Social Security Foundation – Fusesc.

BEP Employees Pension Plan – PREVBEP

Due to the incorporation of Banco do Estado do Piauí (BEP) on 11/28/2008. The Bank assumed the sponsorship obligations for the defined benefit plan known as Plano BEP. Employees from that bank participate in this plan, with employees and sponsor contributing equal participations of 3.58% of salary.



CASSI – Assistance Fund for Employees of Banco do Brasil

The Assistance Fund for Employees of Banco do Brasil – Cassi, a private company, constituted at the Annual General Meeting of January 27th, 1944, whose headquarters and jurisdiction is based in the city of Brasília (DF), is a nonprofitmaking association, focused on the providing of social assistance on a self managed basis. It is one of the largest non profit-making health plans administrators in Brazil, with more than 698,000 participants. Through Cassi, the bank provides its active and retired employees, and their dependents, with the Associates Plan.

Economus – Social Security Institute

In addition to managing retirement plans, Economus also makes health plans available for employees from Banco Nossa Caixa, with a good service network in the state of São Paulo.

Assistance Fund for Employees of the Besc and Codesc Systems, and of Badesc and Fuscsc – SIM

With the incorporation of Besc and Bescr, on 09/30/2008, the Bank assumed its obligations as sponsor of the SIM Plan, administrated by the Assistance Fund for Employees of the Besc and Codesc Systems, and of Badesc and Fuscsc – SIM. For this plan, the bank does not have any obligation to make equity contributions to retirees, registering in its financial statements only the contributions made by active participants.

Inclusion of Homosexual Partners as Dependents

Banco do Brasil, through the Banco Do Brasil Employee Assistance Fund – Cassi, since 2005 has offered the inclusion of homosexual partners of employees of BB, as dependent beneficiaries under the health plans of that Institution.

By the same token, PREVI also includes, sexual partners as associates under its Benefit plans.

These initiatives are part of the commitments established under the socio-environmental responsibility policies of Banco do Brasil, which defines respect for diversity as one of its principles.

Ethics Management



GRI SO2 | SO3 | SO4

At Banco do Brasil, the Code of Ethics and Standards of Conduct are institutional documents, prepared in accordance with the Bank’s internal values. They are aligned with the most advanced ethical standards required by the financial market and listed as requirements for important certifications — such as the Corporate Sustainability Index (ISE), the BM&FBovespa, the Dow Jones Sustainability Index of the New York Stock Exchange, (DJSI) and the U.S. Sarbanes-Oxley Act (SOX).

The Code of Ethics codifies the values practiced by the Company in its interactions with its various stakeholders. The Standards of Conduct provide a practical guide that defines the attitudes and behaviors considered desirable for the Bank’s employees. The two documents were revised in 2009 after consultation with the Bank’s various stakeholders (employees, trainees, customers, suppliers, labor unions, shareholders and market analysts).

In 2010, to improve and enhance the management of ethics, the BB approved the creation of 28 ethics committees, a senior Oversight Committee and 27 State Committees. These committees are charged with analyzing and judging eventual misconduct on the part of employees. The State Committees are composed of elected employee representatives.

The Management Division of Corporate Ethics under the Department of Employee Relations and Sponsored Agencies was created in May 2010 to coordinate the functioning of these committees. In addition, two additional divisions were created in this department, focused on the principles of ethics and conduct at BB. These are the Internal Ombudsman and the Division of Professional Accountability.

Failure to comply with the principles contained in the Code of Ethics and the Standard of Conduct may lead to disciplinary action. One example is the practice of money laundering. Action in this regard is conducted by the Security Management Department, the Internal Audit Department and the Employee Relations and Sponsored Agencies Department. Applicable sanctions range from terms of acknowledgement through to dismissal for just cause, depending on the degree of seriousness of the offense, overall participation of each person involved, and the circumstances in which the irregularity occurred. Senior BB executives are also subject to the Code of Conduct for High Federal Officials.



In addition to being part of the Code of Ethics and the Standards of Conduct mentioned above, the subject of corruption is taught in several courses available to employees, as shown below:

Training
Practices for Preventing and Combating Money Laundering
Preventing and Combating Money Laundering - PLD
Control
Workshop Analysis of Indications of Money Laundering
Certification on Preventing and Combating Money Laundering
Certification of Compliance and Internal Control

Training Conducted by Functional Category

	Quantity	Number of Employees Trained	Quantity Training	Quantity Hours	% Of Employees Trained
Managerial	31,678	1,148	5,196	51,210	4%
Technical	11,149	326	1,443	11,620	3%
Operational	18,834	875	4,231	33,930	5%
Others ⁽¹⁾	47,365	3,205	21,176	95,610	7%
Total ⁽²⁾	109,026	5,554	32,046	192,352	5%

Note:

(1) In the "Other" category non-commissioned positions, including positions being phased out and positions incorporated from Banco Nossa Caixa are included.

(2) In 2010 there was a change in the methodology for calculating the total number of employees trained in the prevention and combating of money laundering and political and socio-environmental practices. In previous years the total training was considered and in 2010 the value of effectively trained employees was reported.

Endomarketing

The BB in-company communications and endomarketing area acts to promote the dissemination of information about the company in a credible and timely manner, seeking to establish frank and open dialogue with its employees.

A willingness to listen to the concerns and expectations of employees is characteristic of the in-company communications and internal marketing area and is consistent with the premises defined in the BB's mission and values statements. Last year, for example, new channels for interaction were provided, such as the feedback tool on the news and information site, which facilitates the process of upward communication, instant messaging and faster communication between employees. In addition to these channels, there are a number of other ways for BB employees to interact, including TVBB, "BB.com.você Magazine", announcements and specific newsletters.

Interaction with the staff is also carried out through several other internal marketing activities that facilitate engagement and integration, and strengthen the relationship between the BB and its employees, consistent with the Bank's overall policy of appreciation of its employees.

Collective Bargaining and Relations with Trade Union



GRI LA4 | LA5 | HR5

Banco do Brasil ended 2010 as a company recognized for actions to consolidate its paradigm with respect to the guidelines provided by the International Labor Organization and Brazilian Constitutional Law.

One of the actions taken by Banco do Brasil and recognized by the International Labour Organization (ILO), Social Dialogue, helps to promote opportunities for people to obtain decent and productive work in conditions of freedom, equality, security and human dignity. In this context, Banco do Brasil is guided by its respect for the autonomy and independence of labor unions and collective bargaining, accepting, for example, the requirements of Convention No. 98 (ILO), which deals with the right to union organization and collective bargaining. The coverage contracts negotiated between Banco do Brasil and union representatives extends geographically throughout the country and includes all employees.



Through the collective bargaining undertaken in 2010, Banco do Brasil expanded the area for workplace conflict resolution through its creation of the Ethics Management Committees, which include an elected employee from each Brazilian state with the prerogatives of stability and protection against dismissal. These Committees, as well as the new Corporate Ethics Management division included in the organizational structure of the company, combined with the Internal Ombudsman to provide the tools and infrastructure necessary to treat cases of transgressions of ethical behavior. Banco do Brasil also was one of the first companies in the country to legitimize its collective bargaining agreement with union representation in the workplace at a ratio of one representative for each 80 employees.

The Collective Bargaining Agreement does not provide for minimum advance notice of structural changes that occur in the company. However, the Bank has a policy of timely disclosure to union representatives and a joint to develop overall solutions for the people involved. This makes use of the prerogative of continuous negotiations, providing regular space as needed for the company and unions to discuss everyday issues.

In its relations with labor unions, the Bank follows a strategy that has been its standard practice, participating in and organizing forums that bring together the Bank and the labor organizations in various parts of Brazil. This includes meetings and visits with union organizations, whether for discussions on specific issues or as part of a series of ongoing negotiations. Finally, to foster greater transparency, the BB has created an Internet site called "Collective-Bargaining," along with a blog of the same name permitting the entire workforce to interact with constructive criticism and suggestions on the issues involved in the full process.

Designed to create an annual collective bargaining agreement, Banco do Brasil is negotiating on three fronts: with the employees union, the Brazilian Federation of Banks (Febraban) and the various bank employee federations included in the National Banking Employees Collective, CONTRAF - The National Confederation of Financial Service Workers, and CONTEC - National Confederation of Business Credit

Workers, separately to create specific clauses in the Collective Agreement for Banco do Brasil Employees.

Community

BB recognizes and respects the cultural values of every community where it operates, seeking to effectively contribute to the generation of wealth and income and sustainable economic development. To this end, it participates in projects to improve the social conditions of the population, specifically through the actions of Banco do Brasil Foundation.

Banco do Brasil Foundation



In December 2010, Banco do Brasil Foundation celebrated 25 years of activities in support of sustainable development, with special emphasis on the reduction of social inequality and the promotion of citizenship. Over this time, filled with learning experiences, the Foundation evolved from being a mere financing agent for projects organized by other institutions to an organization dedicated to the structuring and improvement of its own programs.

Many players and protagonists, from the North to the South of Brazil, contributed to this search for authentic social transformation. In this process, the synergy with the community, reflected in the replication of social Technologies, has been the hallmark of our accomplishments..

R\$118,6 million

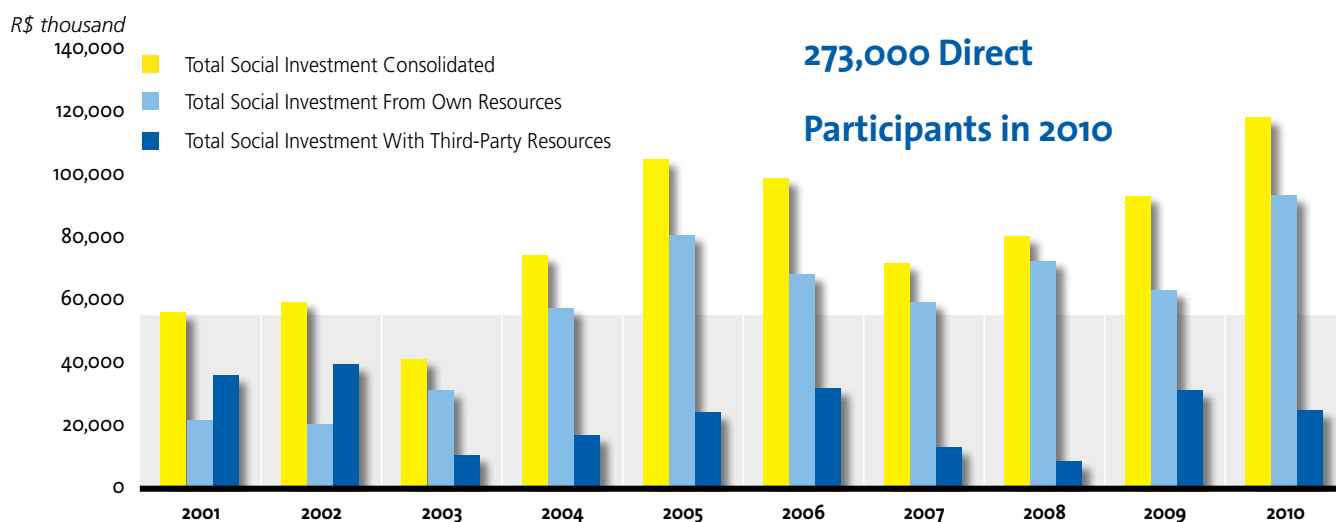
The Largest Social

**Investment in the History of
the Foundation**



To promote the social development of the country, the Foundation has invested increasing amounts in Education and Culture, and the Generation of Income and Employment. As can be seen in the following chart, this evolution reached its high point in 2010, with the execution of the largest budget in the history of the Foundation. This amount was used for activities to improve the living conditions of 273,000 people, direct participants in the projects throughout Brazil.

Social Investment



CATAFORTE – Solidarity Logistics



Recycled material for sale, Brasília (DF).

Since 2002, the Foundation has been active in efforts to collect and store recyclable materials, strengthening solidarity initiatives undertaken by waste forger organizations, both to add value to the products collected as well as to spread the culture of environmental responsibility.



In 2010, this strategy was reflected in the execution of the Cataforte Project, a partnership with the Ministry of Labor and Employment, through the National Bureau for Economic Solidarity – MTE /Senaes. The Project is focused on training approximately 10,000 foragers of recyclable materials, organized in more than 200 supportive organizations. It is remarkable not only for the amount involved – R\$ 16.800 thousand – but also for the high social impact of the actions put into practice.

Beginning in July 2010, the Foundation initiated talks with the BNDES, Petrobras and MTE/Senaes to develop new integrated and complementary actions to strengthen the infrastructure of the waste forager collectives and help to expand their operational capacity for collecting, transforming and selling their products. The partnership was called Cataforte – Solidarity Logistics.

On December 23, during the Expocatafores 2010 exposition in São Paulo, SP, the first truck purchased

with funding from the partnership was delivered. Then President Lula, President-elect Dilma Rousseff and the president of Banco do Brasil, Aldemir Bendine, attended the ceremony.



Delivery of the CATAFORTE Project truck, São Paulo (SP), Dec/2010.



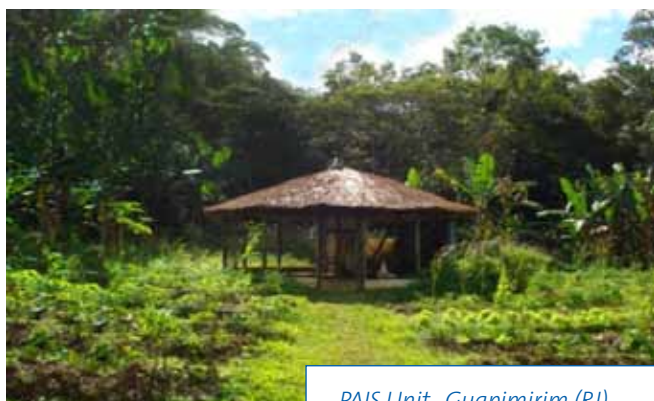
Delivery of the CATAFORTE Project truck, São Paulo (SP), Dec/2010.

The project focuses on training of approximately ten thousand recyclable materials pickers, organized in more than two hundred enterprises Ventures



R\$ 20 million

Invested in the Reapplication of PAIS Social Technology



PAIS Unit , Guapimirim (RJ) .



Sales of products at the I PAIS Conference, Brasília (DF), May/2010.

PAIS Social Technology involves simple techniques for promoting agro-ecological production and sustainable development. The goal is to assure adequate nutrition for farm families and to generate income through the sale of surplus production.

Between 2005 and 2010, the Foundation invested more than R\$45 million in the implementation of

7,546 PAIS projects in 22 States around Brazil. The largest amount of funding was invested in 2010 – R\$ 20 million that is the result of strategic partnerships established with various organizations, especially an agreement signed with the BNDES.



PAIS Unit, Caxias (MA).



During 2010, the I National PAIS Conference was held, an event that made it possible to exchange information and experience to improve activities in the communities and enhance the benefits of technology. Relevant issues were discussed with the producers, such as sustainability and various aspects of production, processing and sale.

Based on the I Conference, improvements were achieved in bringing surplus product to market and sale of product for use in school lunch programs as well as other markets. Moreover, efforts were made to improve the process of reapplication of the technology, based on a study of the principal difficulties in the execution of the project. The systematic organization and study made it possible to improve planning and monitoring of activities, contributing to the achievement of the intended social objectives.



*I National PAIS Conference, Brasília (DF)
May 2010.*



*I National PAIS Conference, Brasília (DF)
May 2010.*

Another highlight of 2010 was the I AABB Comunidade (AABB Community) National Meeting held in August in the city of Luziânia (GO). For five days, project coordinators and teachers came together to discuss important issues regarding the global technology and the acquisition of new knowledge.



*AABB National Community Conference
Luziânia (GO), August 2010.*



*AABB National Community Conference
Luziânia (GO), August 2010.*



Teachers and Children at the AABB Comunidade, Aparecida do Taboado (MS).

The AABB Comunidade is one of the Foundation's most traditional organized programs, the result of the partnership between Banco do Brasil, the National Federation of Athletic Associations (Fenabb) and municipal governments throughout Brazil. In 2010 this initiative was operating in 402 municipalities, providing sports, recreation and cultural activities to more than 51,000 students between the ages of 7 and 18 that are enrolled in the public-school systems.

Throughout its existence, the Program has developed many activities for the participants in the projects. In this category, in 2010, the highlights were Voices of Brazil, Cooperative Games and Education for the World of Work. The first is designed to promote music through the formation of choirs, the second is designed to promote cooperation as a value for young people, and the last is for guidance to young people to help them reflect about the job market and make conscious choices with regard to this topic.

The Foundation and the BNDES signed a mutual financial and technical cooperation agreement to promote reduction in inequality, social inclusion and regional development, with investments of R\$ 200 million over a five-year period.

In 2009, in view of the fact that the activities of the Agreement began at the end of the second half of the year, there was not enough time for the funds to be fully invested. In 2010, this challenge was overcome with the complete investment of the funds budgeted for the fiscal year as well as the amounts remaining from the previous year.



The funds from the partnership have been used for the reapplication of social technologies, structuring of community projects, both urban and rural and the development of production chains and territories.



Food fair for family farmers Governador Valadares (MG)

Investments In Foundation – BNDES Partnership – 2010 R\$43,9 million

- R\$23,4 million (BNDES)
- R\$20,5 million (Foundation)



International Solidarity Connection

Brazil's border areas have presented major challenges, especially in the social arena. The Brazilian government has been seeking to develop cooperative projects with neighboring countries to facilitate joint solutions to help the local populations.

In this context, the agreement signed between the Foundation and the Interamerican Development Bank (IDB) is an important contribution. The partnership will invest R\$4 million in the management of supply chains and the establishment of four Social Technology



Reference Centers in border areas, to disseminate knowledge and methodologies that can improve quality of life in the communities.

Frontier Regions Made a Priority for Establishing Social Technology Reference Centers.

Frontier Regions Made a Priority for Establishing Social Technology Reference Centers



Go to the Banco do Brasil Foundation 25 years Report and learn more details about the performance of the Institution.

Banco do Brasil Apprenticeship Program



The Banco do Brasil Apprenticeship Program, originally called the Teenager Worker Program, is based on Law 11.097/00 (the Apprenticeship Law) and enabled 25,818 young people from families earning up to one-half the regional minimum wage per capita to receive professional training, income and the prospect of acquiring work experience in more than 2,500 Banco do Brasil branches around the country from November 2000 to December 2010 .

The program offers benefits that are different from those of other companies, such as medical and hospital plans and a program of Professional and Vocational Counseling. Participating teens must be between 15 and 15 years and 10 months of age, demonstrate good academic performance and have be at least in the seventh grade in school (daytime hours) in the case where a compulsory eighth-grade education is required, when the nine-year system was instituted by Law 11.274/2006.

The total investment in this program is more than R\$ 62 million per year, which includes a regional minimum wage, nutritional assistance, meal tickets, transportation vouchers and health insurance. At the end of 2010, BB had 4,603 apprentice workers enrolled in the program.

The project represents the continuation of an initiative of more than 40 years of offering opportunities for thousands of teens all over Brazil.



Launching of the new Apprenticeship Program of Banco do Brasil.



The Banco do Brasil Apprenticeship Program has made improvements over previous programs designed for this public, principally with regard to apprenticeships, while maintaining the objectives of contributing to the training, personal and professional

education of young people — including improving their quality of life. This is part of the development of a productive and remunerated activity combined with theoretical training now being entirely carried out by the institution.

Key figures of the Apprenticeship Program of Banco do Brasil , including the Teenager Worker Program and Young Apprenticeship Program.

25,819 teenagers entered the Program between 2001 and 2010

4,603 teenagers in the BB apprenticeship process

2,029 male teens

2,574 female teens

Ethnic Groups

18 indigenous

1,903 white

469 Afro-Brazilian

20 Yellow

1,453 mixed race

740 not stated

Program Scope

805 municipalities assisted, throughout the country

2,503 Banco do Brasil units



Student Trainee Programs



The Student Trainee Program at Banco do Brasil contributes to the quality of education providing practical experience for the student and complementing the process of teaching/learning in the training of the student.

To participate in the Program, the student must be at least 18 years old, enrolled in school and participating regularly in high school or college, and be enrolled with at least one of the integration agents that are part of the Agreement. Banco do Brasil grants benefits to its interns, such as scholarships, transportation vouchers, meal tickets and vacation pay.

At the end of 2010, Banco do Brasil had 9,382 trainees and the investment in the program exceeded R\$50 million for the year.

Digital Inclusion

Banco do Brasil by itself or through its Foundation, has facilitated the installation of digital workstations and community telephone centers to help prepare children and young people for the challenges of today's society, based on information technologies and communication.

These are ideal areas for learning and cultural exchange, where now only beginning level courses in information technology and Internet access are offered, but also, in some cases, banking services and equipment for community radio stations.

Through its Digital Station Program, the Banco do Brasil Foundation helped install 243 "digital stations."

The Community Telecenter Program of Banco do Brasil provides access to technology and digital inclusion in the nearly 1,200 Telecenters throughout Brazil. The equipment used in the Community Telecenter Program comes from the constant upgrading of the technological installations at the Bank.

Children and Teenagers Fund

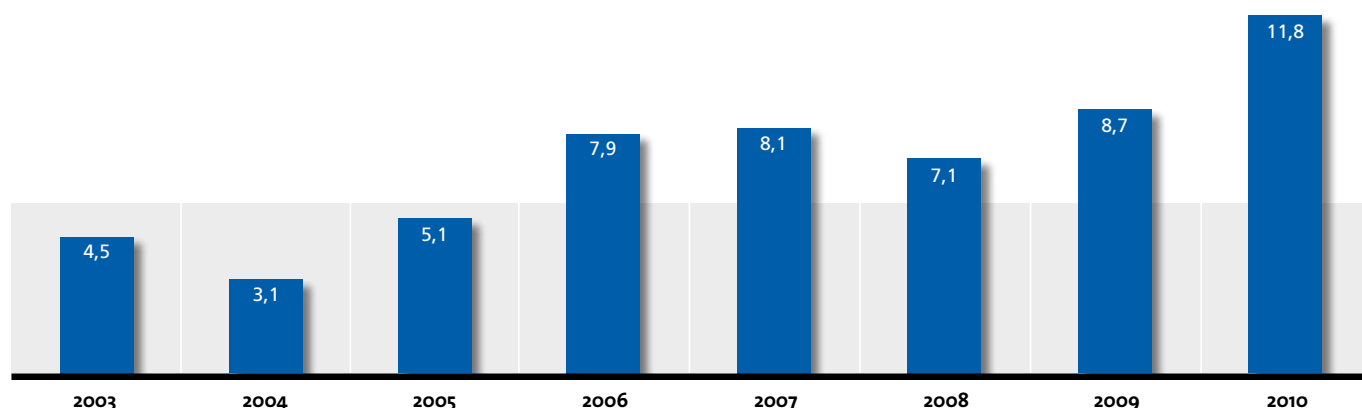
Banco do Brasil's Program to target Income Tax donations for the Children and Teenagers Fund (FIA) is designed to support the policies of the system to guarantee the rights of children and teenagers, and at the same time encourage citizen participation – through its clients and volunteers – as a transformational force in society.

The Children and Teenagers Fund consists of bank accounts created to receive funds from government sources and individuals as well as companies that can only be used for financing programs and activities to protect children and teens, and projects that are included in the following areas: protection against child abuse, exploitation and violence; the guarantee of the rights of children and teenagers in socially vulnerable situations; and open environment social-educational care as called for in the Children's and Teenager's Law. Contributions are encouraged through deductions from income taxes of individuals and corporations. The funds are managed by the councils for children and teenagers at the national, district, state and local levels and are monitored by the Public Prosecutor's Office.

In 2010, around R\$ 11.8 million was allocated by Banco do Brasil to the FIA. Other donations were recorded from both customers and employees of the BB that will allocate an additional R\$ 948,000 to the Children and Teenagers Fund through donations from individuals.

FIA Onlending

(R\$ million)





It is important to point out that because of the results obtained by the Bank, higher funding was earmarked to the Children and Teenagers Fund. Since 2009 the Bank has been supporting initiatives by employees and volunteers to participate in agencies

that work with a system that guarantees the rights of children and teens. In 2001, the 31 projects reported below received these funds, resulting in a total pass through of R\$2.5 million.

State	City/Municipality	Project Title	Proposing Entity	Project VR (R\$)
AM	Manaus	Pipocas – Projeto Integração Pedagógica e Oportunidades Criativas de Atendimento Social	Centro de Formação Vida Alegre	100,000.00
BA	Salvador	Cidadania, Tecnologia e Musicalidade Olodum	CDI – Centro de Democratização da Informática	99,711.60
CE	Crato	Ações Culturais para Povos Rurais	Projeto Verde Vida	100,000.00
GO	Aragoiânia	Um Raio de Sol no Meu Caminho	Centro de Referência Raio de Sol	96,000.00
	Aparecida de Goiânia	Projeto Futuro Legal	CMDCA Aparecida de Goiânia	100,000.00
MA	Olinda Nova	Núcleo de Democratização do Esporte e Lazer Comunitário	Instituto Formação	80,000.00
MG	Ibirité	Garantir Melhor Acolhida na Casa Abrigo	Centro de Libertação da Mulher Trabalhadora	34,400.00
	Itauna	Obras Sociais da Paróquia Nossa Senhora da Piedade	Recriando Caminhos	26,000.00
	Lagoa Santa	Caiu na Rede é Midia	Conviver Saber Social	86,159.69
	Nova Lima	Circo de Todo o Mundo	Centro de Recreação de Atendimento e Defesa da Criança e do Adolescente	100,000.00
	Antonio Carlos	Faça Uma Criança Feliz	Escola de Menores São Vicente de Paula	99,733.08
	Montes Claros	Profissionalização da Guarda Mirim de Montes Claros	Associação Mantenedora da Guarda Mirim de Montes Claros	99,000.00
	Montes Claros	Fundação Educacional de Montes Claros	Juventude Cidadã – sua ginga, seu toque e sua dança	59,240.01
	Montes Claros	Pastoral do Menor São João Batista	Oficinas da Pastoral	98,058.62
MG	Montes Claros	Diversa Idade – Cidadania e Sexualidade GLBT na Adolescência	Movimento Gay das Geras	86,710.20
	Montes Claros	Solidariedade	Congregação das Irmãs da Sagrada Família	97,097.79
MT	Cuiabá	Oficina Sócio Educativa Tecendo Cidadania	Creche Filantrópica Boa Vontade	36,000.00
MS	Campo Grande	Recanto da Criança 2011	Recanto da Criança	100,000.00
PR	Irati	Uma Chance para o Futuro	Associação dos Moradores do Bairro Rio Bonito	99,000.00
PE	Olinda	Musicanto, Ecos da Inclusão	ADEPE – Associação de Deficientes Peixinho	66,400.00
RS	Sapucaia do Sul	Cidadania - Cursos Profissionalizantes	Comitê de Cidadania Contra a Fome e a Miséria	100,000.00
SC	Garopaba	Música na Comunidade – Projeto Grupo de Música – Projetos Básicos para Violão	Ação Social São Joaquim	56,050.00
	São Miguel D'Oeste	Jovem, Educação e Profissionalização	Lions Clube São Miguel D'Oeste	24,636.00
SP	Campinas	Trampolim – Um Salto para o Futuro – Projeto Aprendiz	Casa de Menores de Campinas	70,580.00
	Peruíbe	Projeto Espaço Amigo	Centro Ecumênico Frei Tito de Alencar	100,000.00
	Ribeirão Preto	Comunidade no Transformar na Medida	Associação Transformar Ação Sócio Comunitária	100,000.00
	Ribeirão Preto	Prevenção Também se Ensina	FRASOL – Fraternidade Solidária São Francisco de Assis	37,870.00
	Ribeirão Preto	Cidadão Mirim	Organização Cidadania Ativa – OCA	100,000.00
	São Paulo	Construção do Hospital do GRAACC	Grupo de Apoio ao Adolescente e à Criança com Câncer	100,000.00
SP	São Paulo	Projeto de Volta para Casa	Associação Beneficente Santa Fé	100,000.00
SE	Lagarto	Cinema nos Bairros	Rotary Clube de Lagarto	72,350.00
TOTAL BRAZIL			31	2,524,996.99



BB Volunteers

Banco do Brasil has been working to encourage volunteer activities among its employees, both active and retirees. It carries out this effort through various initiatives, such as: training for volunteer work and recognition of this work through financial support for projects in which BB employees are volunteers. The Bank supports the creation of citizenship committees making available empty spaces in its facilities and granting exemptions from banking fees.

As a way of providing financial support for the projects that have the involvement of its volunteers,

the BB Volunteers Project was created in 2004. The BB Volunteers Project is the result of a cooperative effort between Banco do Brasil and the Banco do Brasil Foundation to support the implementation of voluntary social activities that promote the generation of income and employment, being implemented by civil nonprofit organizations.

Strengthening its position, in 2010 the project added two categories for enrollment of proposals: conservation and recovery of water resources and the adaptation of communities to climate change. Through this partnership the 46 projects listed below received support in excess of R\$3.5 million.

State	City/Municipality	Project Title	Proposing Entity	Project VR (R\$)
AC	Brasileia	Sociedade de Desenvolvimento Ambiental do Alto Acre – SDAC	Alpinistas da Floresta – Manejo Sustentável de Sementes Florestais Nativas	100,000.00
AM	Manaus	Instituto Tecnológico Alternativo de Petrópolis do Amazonas Vicente Ferreira da Silva	Rede de Empreendedores Digitais de Petrópolis – Amazonas	91,110.00
BA	Catu	Associação Beneficente e Comunitária São Judas do Bom Viver	Projeto Recicla Cidadania	99,331.00
BA	América Dourada	Associação Des. Rural e Agropecuário de Prevenido	Processamento de Polpa de Frutas	100,000.00
CE	Maracanaú	Associação Comunitária do Coqueiral	Projeto Costurar é Construir	45,200.00
CE	Quixelô	ICEQUI – Instituto Cultural e Econômico de Quixelô	Rendas do Quixelô	57,792.00
CE	Maracanaú	Associação Beneficente do Alto Alegre	Tecendo o Amanhã	35,200.00
DF	Brasília	Casa de Ismael – Lar da Criança	Programa Primeiro Passo para o Trabalho	99,953.60
DF	Sobradinho	Obras Sociais do CEF Jeronimo Candinho	Capacitando e gerando renda com produções audiovisuais	100,000.00
DF	Brasília	Viver Costurando	Viver – Associação dos Voluntários Pró-Vida Estruturada	33,958.00
DF	Recanto das Emas	Cooperativa Habitacional do Recanto das Emas	Comunidade Recanto Feliz	38,948.80
DF	Brasília	Instituto Comunidade Participativa	Projeto Moda Jovem	99,431.00
GO	Luziânia	Obras Sociais da Sociedade Espirita Wantuil de Freitas	Juventude em Marcha	100,000.00
GO	Goiânia	Associação de Materiais Recicláveis Beija Flor	Reciclando Vidas	78,178.00
GO	Goiânia	Cooperativa dos Coletores de Material Reciclável A Ambiental	Reciclando Cidadania	78,178.00
GO	Goiânia	Cooperativa dos Catadores de Material Reciclável "Reciclamos e Amamos o Meio Ambiente" – Cooper-rama	Reciclagem e Solidariedade	78,178.00
GO	Goiânia	Obras Sociais do Centro Espirita Irmão Áureo	Mercatudo do Irmão Áureo	100,000.00
MA	São Luís	Fórum de Desenvolvimento Local Sustentável da Vila Jaracaty	Construindo para Cidadania	81,000.00
MA	São Luís	Associação Beneficente de Mães de Vila Nova	Penteado Afro – Beleza Negra	60,949.16
MG	Janaúba	Associação Comunitária dos Apicultores de Janaúba	Associação de Beneficiamento de Mel	99,855.00
MG	São João da Ponte	Associação Quilombola Brejo dos Crioulos	Estruturação e consolidação das unidade de beneficiamento de mandioca, cana e arroz do Quilombo Brejo dos Crioulos	96,709.94
MG	Jaboticatubas	Educar e Capacitar para Crescer	Grupo Amor e Caridade	100,600.00
MG	Araçuaí	Centro Popular de Cultura e Desenvolvimento – CPCD	Projeto Quintais Maravilha - Hortas Sustentáveis	49,892.10
MG	Itueta	Conselho de Desenvolvimento Comunitário Córrego São Simeão	Construção de Barraginhas	99,997.20
MG	Bocaiúva	Associação Comunitária de Morro Alto	Unidade de Processamento de Mandioca – Morro Alto (MG)	98,967.15



State	City/Municipality	Project Title	Proposing Entity	Project VR (R\$)
MS	Cassilândia	Associação de Pais e Amigos dos Excepcionais APAE	Irrigação e Estufas para Horta Comunitária	20,000.00
MS	Campo Grande	Obras Sociais Francisco Thiesen	Projeto Brilhar Mais 2010	93,608.25
MS	Campo Grande	Obras Sociais Anália Franco	Ampliação da Oficina-Escola de Marchetaria em Madeira Reaproveitada de Palete	96,928.42
MS	Campo Grande	Associação de Reabilitação Parceiros da Vida – Esquadrão da Vida	Fábrica de Tijolo Ecológico	100,600.00
PB	João Pessoa	Associação de Cidadania e Inclusão Social – ACIS	Projeto Reviver com Cidadania	38,927.00
PE	Parnamirim	Instituto Parnamirim Cidadão – IPC	Parna-Service Refeições	96,862.72
PE	Parnamirim	Associação dos Agricultores e Piscicultores do Entremontes	Pesca Artesanal do Entremontes	45,000.00
PE	Parnamirim	Associação dos Agricultores da Fazenda Dourado	Pesca Artesanal – Fazenda Dourado	45,000.00
PR	Mandirituba	Cooperativa dos Produtores Rurais e Artesãos de Mandirituba	Construção de galpão com 450m² para a Cooperativa de Produtores Rurais e Artesãos de Mandirituba – Coopermandi	99,515.79
PR	Iretama	Organização Não-Governamental Mulher Jurema – ONG MUJUR	Usina de Separação de Materiais Recicláveis	84,095.20
PR	São João	Conselho Comunitário de São João	Melhorias na Oficina de Marcenaria	48,200.00
PR	Curitiba, São José dos Pinhais e Campina Grande do Sul	Capacitação Profissional para o Setor Hoteleiro e Modernização de Equipamentos	ASEC – Associação de Promoção Social, Educação e Cultura	95,465.78
RN	Natal	Instituto Fal de Educação, Cultura, Meio Ambiente e Artes	Transforme-se	96,000.00
RS	Alegrete	Cooperativa de Catadores de Resíduos Sólidos	Reciclagem – Fonte de Renda e Preservação Ambiental	97,000.00
RS	Bom Jesus	Associação Beneficente Betesda de Bom Jesus	Projeto Cozinha Popular	34,648.00
RS	Porto Alegre	Obra Social Imaculado Coração de Maria	Jovem Valor	78,999.71
SC	Xanxerê	Fraternidade Cristã de Pessoas com Deficiência de Xanxerê – FCDX	Escola da Cidadania e dos Saberes	30,673.50
SC	Caçado	AMAR – Associação Maria Rosa	Oficina de Artesanato – Bordando em Tela e Patchwork	25,518.90
SC	Itapoá	ONG Bridge International – Instituto para Promoção da Vida	Ichtus – Rede de Reciclagem Artesanal da Pele de Peixe	57,105.62
SP	Ribeirão Preto	Associação dos Deficientes Visuais de Ribeirão Preto e Região	Voz que Transforma – Radialismo e Locução como Foma de Humanização e Profissionalização de Deficientes de Ribeirão Preto	101,200.00
TO	Nazaré	Associação dos Apicultores de Nazaré	Implantação de Agroindústria (Entrepasto) para Beneficiamento dos Produtos Oriundos da Apicultura na Região de Nazaré (TO)	100,000.00
Total			46	3,508,777.84



Still in the same fiscal year, through a partnership between BB and the FBB, the II BB Conference of Citizenship Committees was held. This was a joint initiative with a training course in the access and uses of the Sinconv Convention/Agreement Portal, which uses a tool that modernizes access and controls public funding by means of agreements. Thus, new resources are provided to volunteers that offer the opportunity to increase access to funding for the execution of social projects. The participants may also acquire information allowing them to interact with knowledge multipliers in their home locations.

As a way to materialize the recognition for activities developed by volunteers, a new category, “Volunteers,” was created. This is another initiative of the Bank — the Prêmio Valores do Brasil (Values of Brazil Award) — that is described in greater detail in its own topic below. In addition to being honored in a public event in the presence of more than 1,000 invited guests, the award winners were also offered tour packages to the Costa do Sauípe (BA) resort.

Financial Education



Understanding basic concepts about why, how and when to invest allows clients to make more intelligent choices. This is why Banco do Brasil has been investing in financial education since 2009 when, in partnership with Visa, it established the Financial Interactive Project on the bb.com.br/ourocard website. This is a game with three levels of difficulty that teaches the principles of personal finance and that can be played against the computer or against a friend.

In another initiative, in May 2010, the BB Ourocard card provided support for a VISA theater initiative, production of the play, “Practical Finance,” presented at the CCBB-SP. The piece tells the story of two young people with different values and views, including different notions about how children and young people can manage their own financial life and their futures.

During the several stages of the Sub-21 Banco do Brasil Beach Volleyball Circuit in the cities of Campina Grande (PB), Santos (SP) and Cabo Frio (RJ), the Bank offered lectures about Financial Education to approximately 1,200 students enrolled in seven (college prep) high schools.

In Brasilia, seminars on this issue were taught at the INEI facilities (Asa Norte and Lago Sul) to target audiences from sixth grade (middle school) to first grade (high school).

These activities are part of the University Students Project 2010 and are designed to strengthen the relationship with youths and university students that attend sporting events, giving them the skills to make responsible and careful financial decisions.

Lectures were also given in the cities of Paraisópolis and Heliópolis (São Paulo). At each location four lectures were given with average attendance of some 300 persons. Topics such as banking and finance, health, nutrition and beauty were addressed.

In July 2010, the Financial Education page went on the air on Banco do Brasil’s website, providing guidance and helpful hints on financial and investment planning. The site recorded more than 140,000 visits from startup through December 2010. In this space, visitors can access information about banking and finance and the sites of partners. It also offers helpful hints, such as Keeping My Accounts Current (Meu Bolso em Dia), offered by Febraban; the CVM’s Investor Portal; How to Invest by Anbima; and Practical Finance offered by VISA.

Prêmio Valores do Brasil (Brazil Values Award)

As Part of Its Bicentennial Celebrations in 2008, Banco do Brasil established the Prêmio Valores do Brasil (Brazil Values Award) to recognize, reward, encourage and disseminate sustainable and scientific initiatives for the economic development of Brazil.

Run every two years, its first edition recognized 16 institutions for their work in Sustainable Economic Development and for the second edition, in 2010, 20 initiatives were selected from more than 5,000 successful experiments that took place in recent years at the BB, with the central theme of sustainable development.



Based on the nomination of successful experiments, this effort is designed to strengthen and reinforce the position of the BB with regard to sustainability, while recognizing and reinforcing the work of employees, staff and partners throughout Brazil.

Employees, organizations that support or develop projects in conjunction with cooperatives, associations or NGOs and entrepreneurs throughout Brazil that developed projects related to sustainable development competed in the selection process.

The selection of products was carried out in three stages: the first stage contained nominations by branches, regional managers and the conglomerate's overall organizations; the second stage was the pre-selection carried out by the Sustainable Development Unit of Banco do Brasil; and the third and final stage was carried out by a Technical Group composed of executives from the Departments of the Banco do Brasil, including the Banco do Brasil Foundation, under the supervision of KPMG.

Prêmio Valores do Brasil (Brazil Values Award) Winners – 2010 Edition

• Environmental Education Category

- **Projeto Assuma seu Papel** – Gececx Curitiba (PR)
Partner organization: Associação de Apoio à Criança e ao Adolescente
- **Projeto Educação Ambiental** – CSO Brasília (DF)
Partner organization: Instituto Brasília Ambiental
- **Projeto Fitolhagem** – Gepes Rio de Janeiro (RJ)
Partner organization: Cooperativa Recuperar de Catadores de Materiais Recicláveis
- **Projeto Não Plante Pilhas** – Gececx Porto Alegre (RS)
- **Projeto Óleo que Alimenta e Limpa** – Agência Empresarial Oeste Paulista do Banco do Brasil em Bauru (SP)
Partner organization: Supermercados Confiança

• Affiliates Category

- **Projeto ADD Training** – São Paulo (SP) Aliança do Brasil – São Paulo (SP)
Partner organization: Associação Desportiva para Deficientes
- **Projeto Água Coletiva** – Caetés, Itabaí, Manari, Pesqueira e Serra Talhada (PE)
Brasilcap, Brasilprev, Brasilveículos e Aliança do Brasil
Partner organization: Comitê de Cidadania dos Funcionários do Banco do Brasil
- **Projeto Escola Estadual Carlos Maximiliano** – Brasilprev – São Paulo (SP)
Partner organization: Escola Estadual Carlos Maximiliano
- **Projeto Morro do Juramento** – Brasilveículos – Rio de Janeiro (RJ)
Partner organization: ONG Gera Renda
- **Projeto Nós de Bolsa** – Guapimirim (RJ) Brasilcap – Rio de Janeiro (RJ)
Partner organization: Associação Guapiense de Integração Renovadora

• Volunteer Category

- **Projeto Cisternas de Placas** – Chapada Gaúcha (MG) e Coger (DF)
Partner organization: Associação Comunitária Mãe Ana
- **Projeto Construção Barracão Agroindustrial** – Agência Primeiro de Maio (PR)
Partner organization: Associação dos Plantadores de Tomates e Produtos Hortifrutigranjeiros do Município de Primeiro de Maio
- **Projeto Fortalecimento da Estrutura Produtiva dos Grupos Vida e Preservação e Sabor do Cerrado do Assentamento Colônia I** – Padre Bernardo (GO) – Dirag (DF)
Partner organization: Associação dos Produtores Rurais do Projeto Colônia
- **Projeto Oficina de Panificação Vovó Meca** – Goiânia (GO) – Aposentado do Banco do Brasil
Partner organization: Obras Sociais do Centro Espírita Irmão Áureo
- **Projeto Pão da Vida** – Agência Viçosa do Ceará (CE)
Partner organization: Centro Espírita O Pobre de Deus

• Regional Sustainable Development Category

- **Plano de Negócios de Comércio de Materiais Recicláveis** – Agência Pirituba (SP)
Partner organization: Cooperativa de Trabalhadores de Reciclagem e Beneficiamento Crescer
- **Plano de Negócios de Cultivo de Caju** – Agência Assu (RN)
Partner organization: Associação Projeto de Assentamento da Reforma Agrária de Novo Pingos
- **Plano de Negócios de Cultura do Açafrão da Índia** – Agência Mara Rosa (GO)
Partner organization: Cooperativa dos Produtores de Açafrão de Mara Rosa
- **Plano de Negócios de Hortifrutigranjeiros** – Agência Bairro São Cristóvão – Chapecó (SC)
Partner organization: Cooperativa da Produção Artesanal de Guatambu
- **Plano de Negócios de Pesca de Captura ou Extração** – Agência Tefé (AM)
Partner organization: Colônia dos Pescadores Z4 de Tefé

Relationship with NGOs, PIRGs, Associations and Cooperatives

As an organization strongly in support of local/regional sustainable development and a public policy agent, Banco do Brasil understands that its goals cannot be achieved without ongoing dialogue

and proactive interaction with civil society and other stakeholders.

A healthy and respectful relationship with NGOs, PIRGs, neighborhood associations and community production cooperatives is at the center of the Banco do Brasil Foundation's action programs in the areas of health, culture and sports; in the Banco do Brasil's



Agenda 21 initiatives; and in development projects of mutual interest, such as the Regional Sustainable Development (RSD) and Local Production Strategy.

Banco do Brasil also participates in sustainable development programs in partnership with governments, civil society and other organizations, both Brazilian and international, such as the Green Protocol, UN Millennium Development Goals, UN Global Compact, the Brazilian Pact Against Slave Labor, the Equator Principles, UN Women's Empowerment Principles, Sustainable Amazon Forum, Soy Moratorium, Pro Gender Equity, Carbon Disclosure Project, Businesses for the Climate Change, Carbon Efficiency Index (ICO₂), and others.



BB promotes funds transfers through federal tax exemptions (Law 8,069/90) to Conanda (National Council for the Rights of Children and Teenagers/ National Fund for the Rights of Children and Teenagers). This transfer is intended to promote professional certifications, materials preparation and the development of appropriate tools for children and teenagers being cared for by Conanda. BB resources dedicated to Conanda were used:

1. to certify professionals in the Rights Guarantee System (SGD), in particular the network of rights boards and community councils, through continuing education strategies - Schools for Boards. These schools are a national activity geared toward academic training and development conducted in partnership with universities, training centers and others;
2. to prepare and publish institutional and educational materials, such as the Children and Teenager Statute directive; and
3. to develop, deploy and implement the Childhood and Teenager Information System (SIPIA) in a web-based version. The system is a computerized management tool, allowing for the systematic collection and processing of information concerning the rights violations against children and teenagers.

The use of funds reserved by BB for the National Fund has helped to gradually overcome the lack of preparation for the exercise of the functions of Community Councils and Rights Boards, with a view toward ensuring professional performance by those working to defend the rights of children and teenagers, with direct management of public resources.

According to the evaluation of the National Secretariat for the Promotion of the Rights of Children and Teenagers, this is a strategic and fruitful partnership in the structuring and strengthening of a sustainable public policy related to the Rights Guarantee System (SGD). Furthermore, the Secretariat emphasizes that the partnership with the BB and the products derived from it have also contributed to growth in the implementation rate of Community Councils (CTs) and Municipal Councils for the Rights of Children and Teenagers (CMDCA) in Brazilian municipalities 2009 data shows that, for the total coefficient of municipalities, 91.4% for the CMDCA and 98.3% for the CT.

More than being a part of the activities and initiatives of Banco do Brasil, recognition of the importance of civil society participation in its results can be found in its documents, such as the Code of Ethics, Governance Code and the Standards of Conduct.

Initiatives for People Affected by Natural Disasters

For natural disasters that occurred in 2010, Banco do Brasil promoted emergency initiatives that embraced customers, employees and impacted communities. All measures relate to an emergency plan developed by the bank.

Establishing accounts to receive donations and BB volunteer involvement in affected areas are some of the actions taken by the Bank. In addition, to enable continuity of service to customers, in the event of calamities or natural disasters, Banco do Brasil has standardized emergency procedures triggered by the declaration of a state of emergency or calamity by governmental authorities – measures that may be applicable to other, specific situations.

Public Sector



BB is one of the principal partners of federal, state and local governments in the implementation of public policies, projects and programs to promote development. As outlined in its Code of Ethics, the Bank does not make financial contributions to political parties. BB also supports the municipal administrations through the distribution of Public Administrator's Kits, whose materials include an events calendar, as well as books and CDs regarding public management.



As a supplier of products and services to the sector, Banco do Brasil offers the best solutions for the needs of each of this segment's niches and their network of suppliers. Public administration is modernizing every day, which requires a specialized bank that is always seeking new technologies and processes and can offer ongoing service to this strategic partner.

It is noteworthy that the bank will play a key role for Brazil in the years ahead, when the country will be hosting large international events, such as the World Cup and the Olympic Games. These events will require a series of investments by the public sector, mainly in infrastructure, and BB will be an important partner to make these possible.

Acting as the National Treasury's financial agent, Banco do Brasil provides services related to financial performance and management; the receipt of funds for the Sole Account of the Nation; and the transfer of resources to other federal entities. Its activities with other federal agencies mainly involve securing financial and programmatic resources for specific applications; tax collection; payment of scholarships, benefits and refunds; and funds transfers. Banco do Brasil is currently the official financial agent of 16 states and 15 state capitals.



Banco do Brasil is also involved in the conduct of public policies. Included among several initiatives are:

- **Environmental Responsibility Protocol for Brazilian Banks:** A document of strategic themes for sustainable management in financial institutions, the protocol was originally proposed by the Ministry of the Environment with the participation of banks such as BB, Caixa Econômica Federal and the BNDES. With these guidelines established, private banks were invited to sign a similar document;
- **National Plan for Climate Change and National Action Plan for Sustainable Production and Consumption:** BB, through its Environmental Management Directorship, was invited to participate in the public consultation processes for these two plans. The proposals will directly impact the Brazilian economy in coming years and could generate business for financial institutions;
- **Febraab (Brazilian Federation of Banks) Working Group for Children and Teenagers:** BB participates in the WG to enhance already established activities, undertaken individually, by networking and strengthening public policy related to the rights of children and teenagers in society, maintaining the performance characteristics of each member;

- **Partnership with the Special Secretariat for Human Rights (SEDH):** BB partners with SEDH on a combination of efforts to eradicate unregistered birth in Brazil and expand access to basic civil documentation. Banco do Brasil participates in the National Management Committee of the Social Plan for Birth Registration and Basic Documentation and the Subcommittee on Civil Registry, the names of the representatives appointed by the Bank having been published in Brazil's Official Gazette.

The signing of the Agreement on Technical Cooperation, on June 12, 2007, between **Banco do Brasil (BB)**, the Special Secretariat for Human Rights (SEDH), Ministry of Agrarian Development (MDA), Caixa Econômica Federal (CEF) and the National Institute of Colonization and Agrarian Reform (Incra), formalized the commitment between these institutions with a view to joint efforts to eradicate unregistered births in the country and expand access to basic civil documentation.

This agreement allowed the drafting of a Work Plan under the coordination of the Special Secretariat for Human Rights (SEDH).

Suppliers



GRI EC6 | HR1 | HR2 | HR6 | HR7

The Bank has a specific policy, based on ethics and transparency, related to the treatment of its suppliers. In addition to criteria related to the economic matters, legal compliance, quality specifications of products and services and supply deadline reliability, it takes into account compliance with socio-environmental responsibility guidelines.

Being subject to the Procurements and Contracts Law and other legislation, Banco do Brasil is under strict supervision from external entities, such as the Brazilian National Auditors Court (TCU) and the Brazilian Comptroller General (CGU), which ensures transparency, monitoring and compliance with various public stakeholders.

In this regard, the following is a list of measures already implemented:



- a) implementation of a goods purchasing and service contracting system that prioritizes an electronic procedure to broaden competition in procurement processes;
- b) inclusion of a socio-environmental clause in contract drafts, in which suppliers represent and undertake to perform activities in consideration of sustainable practices to protect and preserve the environment; not engage in discriminatory practices or use illegal and/or slave labor; and not employ minors, except as apprentices in accordance with current legislation;
- c) inclusion of contractual obligations in which suppliers commit to abide by the Bank's Code of Ethics;
- d) the establishment of conditions, in the Bank's regulations, about the possibility of including sustainability criteria in specifications for purchasing goods and contracting services and construction, in consideration of the guidelines in IN SLTI/MPOG No. 1, of 1/19/2010 (DOU of January 20, 2010);
- e) the establishment of conditions, in tender protocols, as regards the granting of preferential treatment, differentiated and simplified for small firms - micro and small businesses - with the objective of promoting economic and social development, the expansion of the efficiency of public policies and encouraging technological innovation, in accordance with Complementary Law 123/2006.

Suppliers standards are established such that, in the conduct of procurement processes and execution of contracts, their implementation will be verified.

Labor, benefits, and socio-environmental compliance verifications, as well as analysis of complaints regarding alleged breaches and discontinuities in this area, are conducted in harmony with the spirit of the law, the procurement documents and contracts signed. If there is any evidence of inconsistency, the Bank takes measures to investigate the situation and recommends corrective actions that may be necessary. Banco do Brasil has contractual conditions that tie suppliers payments to proof of labor and social benefits compliance (payslips, "13th salary," transportation vouchers, meal vouchers, FGTS (unemployment) and INSS (social security)).

Sustainable Bidding

To promote democratic and transparent procurement practices, BB prioritizes, within legal limits, an electronic process for the purchase of goods

and services, the e-Procurement Portal.

Suppliers who use the portal to sell their products and services enjoy many advantages: elimination of travel and accommodation costs to send proposals and bids; participation in bids conducted anywhere in the country without the need for travel; monitoring of all prices submitted after the opening of bids, as well as all stages of the process.

In addition, the Internet portal discloses policies and regulations of winning bids and the prerequisites for becoming a BB vendor. It also offers a list of addresses and telephone numbers for contacting the teams responsible for suppliers relations.

Supplier Channel

To improve its relationship with suppliers and partners, the Bank adopted the Service Level Agreement (SLA) for suppliers contracting. The agreement is a formal document, concluded between the contractor and suppliers, which ensures commitment in relation to mutual obligations set forth in contracts. The main benefits of the SLA are:

- maintaining the quality of services provided;
- encouraging the pursuit of excellence;
- reduction of discussions and obstacles relating to services rendered, and;
- ensuring a level of profitability that does not compromise the economic and financial situation of the Bank's suppliers.

To make this and other information regarding procurements, bids, sponsorships and partnerships, BB provides a communications vehicle for this audience, the Suppliers Channel. Created in 2005, the channel creates transparency in the company's relationship with its partners. There one can find, for example, prerequisites to become a suppliers and the procurement rules set forth by the bank.

To access the channel provider, visit:

bb.com.br – outros sites – compras, contratações e venda

Contracts

In contracts with its suppliers, Banco do Brasil forbids deviations that are inconsistent with its socio-environmental accountability principles. All of these features are explained in corporate documents, such as the Charter of Principles, the Code of Ethics and the Standards of Conduct, which extends suppliers commitments beyond those criteria related to economic activities, to legal compliance, quality specifications for products and services, and confidence in supply deadlines.



Purchasing

The relationship of Banco do Brasil with its suppliers is also guided by the principles of socio-environmental responsibility. In addition to the legal demands, which govern public procurements, the economy, regulatory compliance and quality specifications, among others, BB requires that its suppliers commitments and acceptances make clear these principles, covenants and ethical practices, such as the National Pact for the eradication of slave labor, prohibiting child labor, compliance with prevailing legislation, combating discrimination on the basis of sex, national origin, race, color, physical condition and religion, among others.

From an environmental standpoint, BB advocates preservation, repudiates practices harmful to the

environment and requires compliance with prevailing laws. As a result of prevailing legislation, the Bank does not currently have any policies that address local suppliers.

Purchases of A4 paper, a large-consumption item in the daily activities of Banco do Brasil, are made in accordance with the Procurements and Contracts Law, whose public tender notices detail sustainability criteria, such as the requirement for Cerflor (Brazilian National Forest Certification Program) or FSC (Forest Stewardship Council) certification).

The requirement for such certification aims to ensure that the origin of wood used in the production of pulp and paper comes from forests that have been 100% certified, i.e., obtained from producers who adopt forest management practices that are ecologically appropriate, economically sustainable and socially just.

Environment

“Programa Água Brasil” (Brazil Water Program)



GRI EN11 | EN12



As an initiative aimed at the protection of water resources, on March 22, 2010, World Water Day, Banco do Brasil signed a partnership to develop the Programa Água Brasil together with the National Water Agency (ANA), World Wildlife Federation-Brazil (WWF-Brazil) and the Banco do Brasil Foundation (FBB).

Through the Programa Água Brasil, the BB makes a commitment to promote awareness, invest in water resource preservation and conservation resources and seek solutions, in partnership with society, to problems related to this issue. For these efforts, investments of approximately R\$57 million will be made available over a five-year period.

The objectives of the Programa Água Brasil are:

- to promote awareness and change the attitudes of society as a whole (internal and external audiences) with respect to environmentally-sound management and conservation, engaging them in the quest for shared solutions on this issue;
- to adopt sustainable practices in agriculture, reducing its impact on natural resources and biodiversity, improving water quality and expanding coverage of natural vegetation, through the implementation of field projects in 14 representative watersheds, located in the Cerrado/Pantanal, Atlantic Forest, Amazonia, Caatinga and Pampa biomes;

- to foster a change in behavior and values that will stimulate consumer awareness and the proper treatment of municipal solid waste in five cities, one per each region of Brazil - South, Southeast, Midwest, Northeast and North;
- to disseminate and reapply models and best practices for the management and conservation of the country's water resources;
- to review and update Banco do Brasil's social and environmental criteria used in its financing and investment processes;
- to review and refine business models aimed at sustainable regional development, and strengthen/expand Banco do Brasil's portfolio of financial products and services that offer incentives for and stimulate projects with socio-environmental characteristics;

- to broaden the base of social support for environmental conservation and management, consumer awareness and recycling of solid waste through specific communication campaigns, aimed at BB's internal and external audiences, for this purpose.

The program, which has a transverse relationship to Agenda 21, has initiatives related to all of its four major themes:

- Socio-environmental projects in urban and rural areas;
- Risk Mitigation;
- Business Sustainability;
- Communication & Engagement.



Collaborative activities are designed to develop and disseminate new social technologies, which encourage more sustainable forms of production in the field, and also to change attitudes and values in relation to consumer awareness and solid waste treatment in cities.

The major focus of risk mitigation will be a benefit to both Banco do Brasil and WWF-Brazil in the assessment of potential risks and opportunities associated, principally, with agricultural and livestock activities by fostering a better understanding of the interaction and interdependence relationship of the chain links an orientation towards the pursuit of excellence in these sectors. Thus, the axis of this program aims to reduce some of the negative impacts of traditional production and marketing practices on communities and the

environment and, consequently, mitigate potential risks to Banco do Brasil's operations. As a result of this work, BB will have an opportunity to promote the revision and improvement of criteria and tools for socio-environmental financing and financial investment risk assessment.

The New Business Development Axis aims at increasing the portfolio of financial products and services of the Banco do Brasil, always based on best practices of environmental responsibility that have direct impact on environmental conservation.

The Communications & Engagement Axis aims to foster public awareness among BB's stakeholders and partner organizations to the problems related to the environmental cause, as reflected in the quality of our waters.



The Socio-Environmental Projects seek to improve the quality and supply of water and expand the coverage of natural vegetation in pilot water catchment basins, encouraging changes in behavior and values regarding the production, disposal and treatment of solid urban waste. For rural socio-environmental projects, 14 water basins representative of Brazilian catchment areas will be developed in a number of biomes:

- Catchment basins of Ribeirão do Guariroba (MS), Rio Sepotuba (MT), Rio Pípiripau and Rio São Bartolomeu (GO), Rio Pereaçu (MG), in the Cerrado/Pantanal biomes;
- Catchment basins of Rio Lençóis, Rio Cancã and Rio Moinho (SP), Rio Beneventes (ES) and Rio das Pedras (RJ), in the Atlantic Forest biome;
- Catchment basins of Rio Acre (AC) and Rio Alto Teles Pires (MT), in the Amazon biome;
- Catchment basins of Rio Longá (PI), in the Caatinga biome;
- Catchment basins of Rio Camaquã (RS), in the Pampa biome.

- Natal, Rio Grande do Norte, in the Northeast; and
- Belo Horizonte, Minas Gerais, a large metropolis, representing the Southeast.

Água Brasil Program

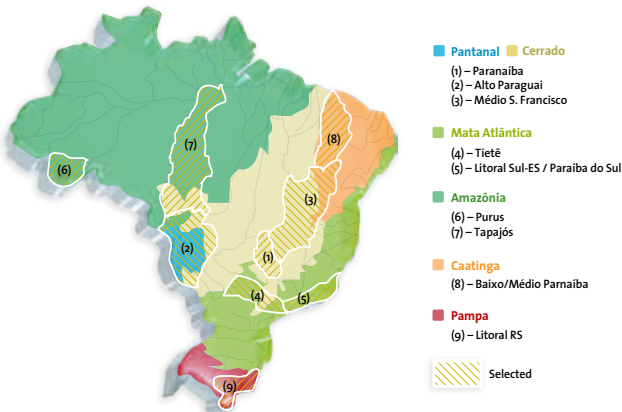
Socio-Environmental Projects – Urban



Água Brasil Program

Socio-Environmental Projects – Rural

Caring for Waters, with an emphasis on Sustainable Agriculture



Note: The program will operate in 14 locations, in the Water Resources Management Units identified in map.

In urban areas, initiatives geared toward conscientious consumption and recycling will be developed in five cities of differing sizes, representing each one of Brazil's regions, as follows :

- Pirenópolis, Goiás, a small town, representing the Midwest;
- Caxias do Sul, Rio Grande do Sul, an average-sized city in the South;
- Rio Branco, Acre, an average-sized city representing the North;

Eco-Efficiency and Environmental Indicators

Since the 1990s, Banco do Brasil has incorporated eco-efficiency principles into its processes. In 2006, it formally launched its Eco-Efficiency Program, incorporating existing initiatives and expanding the focus of these activities. BB's eco-efficiency management is based on resource use optimization (water, electricity, printer cartridges, paper, etc.), proper disposal of solid wastes, development of monitoring and control tools, among other initiatives.

Materials Consumption



In BB's materials management, the program promotes eco-efficiency monitoring of inflow and outflow of wastes, properly identified and documented. The management of solid wastes can be separated into two phases:

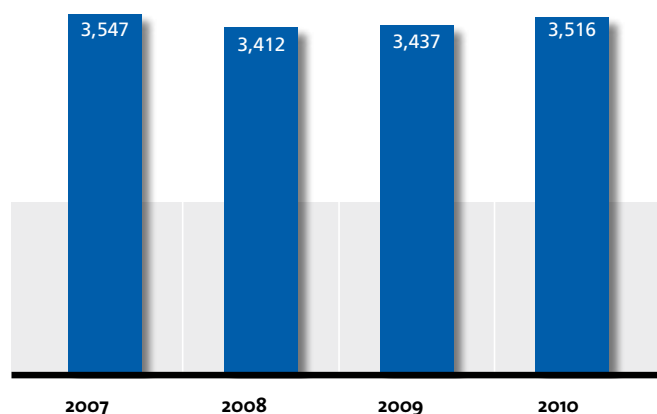
- Selective collection, with proper waste separation and shipment to recycling facilities;
- Shipment of waste to recycling associations or cooperatives, which helps to promote work and income; or to BB employee citizenship committees, which can benefit social projects through the proceeds from the sale of these materials.



The first phase of the Eco-efficiency Program's selective collection subprogram was implemented in 2008, in seven BB buildings: Headquarters Buildings I, II, III, and IV, as well as Tancredo Neves (Brasília), the Sedan Building and Andaraí Complex (Rio de Janeiro). The second phase will be implemented in 2011 with the program's expansion to other municipalities, as envisaged in Agenda 21's updated target goals for the 2011-2013 period.

In 2010, BB consumed 3,516 tons of A4 paper, which represents an increase in consumption. This increase is not significant, considering expansion in its number of branches and employees. All paper used by the bank is certified by the FSC or Cerflor, and 9.39% (330 tons) comes from recycling.

Paper Consumption (ton)



As regards toner cartridges, the use of reconditioned cartridges recycles plastic housings and economizes on non-renewable resources, such as petroleum. The purchasing process for this item is strict, subject to sample analysis procedures and technical visits. In 2010, the amount of reconditioned cartridges was 106,081 units, representing 98.7% of BB's total consumption.

Toner Consumption

	Consumed Cartridge Qty.	Reconditioned Cartridge Qty.	% Cartridges Reconditioned
2008	90,739	90,739	100%
2009	97,693	97,151	99.45%
2010	107,475	106,081	98.70%

Water and Energy



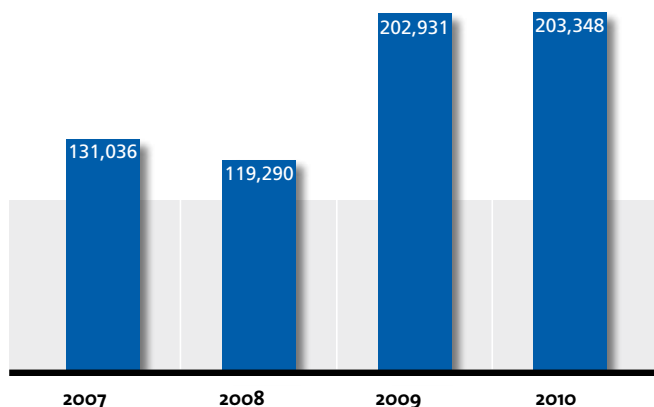
Water consumed in Banco do Brasil's administrative facilities, and the effluent disposal systems for them, is provided through public utility concessionaires. Thus, there is no water reuse or recycling by BB.

Water Consumption

Strategic buildings (m ³)	2007	2008	2009	2010
HQ I	75,833.79	68,698.00	76,741.00	70,465.00
HQ II	10,286.67	10,560.00	9,746.00	10,393.00
HQ III	44,865.93	40,032.00	37,830.00	39,151.00
HQ IV ⁽¹⁾	-	-	44,262.00	37,673.00
CCT ⁽¹⁾	-	-	594.00	14,141.00
Tancredo Neves ⁽¹⁾	-	-	33,758.00	31,525.00
Total	131,036.39	119,290	202,931.00	203,348.00

(1) As of 2009, in addition to headquarters buildings I, II and III, BB added three more buildings into its water calculations: Headquarters IV, CCT and Tancredo Neves, all located in Brasília.

Water Consumption - Strategic Buildings (m³)⁽¹⁾



(1) As of 2009, in addition to headquarters buildings I, II and III, BB added three more buildings into its water calculations: Headquarters IV, CCT and Tancredo Neves, all located in Brasília.

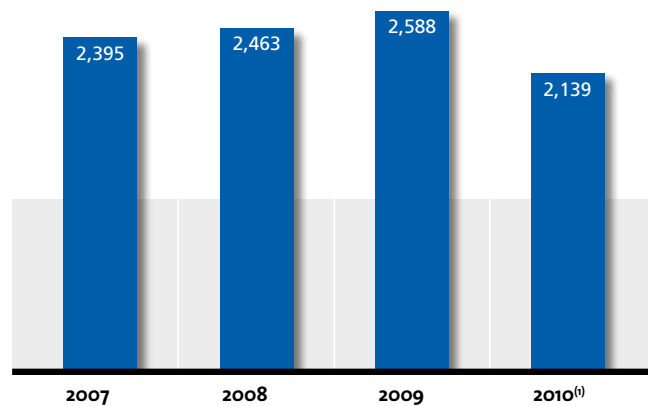


Power Consumption (Tj)



As regards energy, since 1990, BB has taken part in the Electricity Conservation Program (Proceno), which aims to control electricity consumption on the Bank's premises and promote its rational use. Among others, initiatives adopted over the years have included energy efficient upgrades to lighting systems and replacements of air conditioning systems. As with its water supplies, most of BB's electricity consumption is provided by energy distributors, whose source is predominantly clean and renewable.

Power Consumption
(Tj)



(1) In 2010, there was a change in the methodology used to calculate energy consumed by Banco do Brasil. In previous years, consumption was calculated based on energy costs listed in billing statements. In 2010, through a new management system, a new method was implemented that allows for the logging of actual kWh of electricity consumed (as listed in billing statements). Banco do Brasil's electricity consumption management system is in development and consumption data for electricity may change over time.

Investments in the Environment



Investments Related to the Company's Production/Operations (R\$ thousand)	2010	2009
Land Expropriation	n/a	n/a
Contingencies and Environmental Liabilities	-	-
Program for Technological and Industrial development	46,389	22,204
Energy conservation		-
Environmental education	n/a	-
Sector Indicator	n/a	n/a
Other	24,069	20,659
- Building of sustainable Agencies	4,670	2,150
- Investment in the Program for Reconditioning Cartridges	19,386	17,578
- Puragua - Rationalization of Consumption and Water Saving (5)	-	931
- Internal Environmental Auditing	13	-
Total Investments Related to the Company's Production/Operations	70,458	42,862



Greenhouse Gases Emissions (GHG) Offsets



To offset some of its GHG emissions, since 2007, the Banco do Brasil conglomerate has developed some initiatives. Key figures for 2010 are:

- Banco do Brasil Beach Volleyball Tour and Brazil Tennis Open, sponsored by BB in Costa do Sauípe, Bahia: 1,392 trees planted.
- Brasilprev Seguros e Previdência S.A. (Brasilprev Insurance and Pensions): In 2010, Brasilprev conducted an inventory of its 2007, 2008 and 2009 greenhouse gases emissions, arrived at a total emissions figure of 1,325.26 tCO₂e. To offset those emissions, Brasilprev opted for forest conservation and became responsible for a native forest, covering an area of approximately six hectares, located in the municipality of Barra do Turvo in the state of São Paulo.



GHG Emissions Inventory – GHG Protocol, Carbon Disclosure Project, Climate Change & Business



As a signatory to the Brazilian GHG Protocol Program, Businesses for the Climate, and the Carbon Disclosure Project – pacts and commitments for the management, reporting about and reduction of greenhouse gas emissions – Banco do Brasil, in 2009, published its first emissions inventory (the Company's emissions in 2008), based on Phase I of the Brazilian GHG Protocol Program. Upon completion of its GHG inventory, BB has taken steps to reduce emissions, including incentives to decrease travel and the use of videoconference equipment.

In the 2010 inventory, which was also based on the Brazilian GHG Protocol Program, vehicle emissions, electricity (from its own generators and purchased power), and air travel by officials was assessed.



CARBON DISCLOSURE PROJECT



CO₂ Emissions Inventory – Banco do Brasil

Source	2009	2010	Variation
SCOPE 1: Fleet of company-owned or rented vehicles in use in the facilities	4.495 tCO ₂ e (Alcohol - 534,600 liters) (Gasoline - 2,6 million liters) (Diesel - Prejudicado)	4.850 tCO ₂ e (Alcohol - 501,000 liters) (Gasoline - 2,38 million liters) (Diesel - 244,000 liters)	7.9
Scope 1: Power Generators	982,3 tCO ₂ e (365,100 liters of oil)	1.221 tCO ₂ e (478,000 liters of oil)	24
SCOPE 1: Biomass	1.731 tCO ₂ e	1.636 tCO ₂ e	(8)
Scope 2: Purchased Power ⁽¹⁾⁽²⁾	17.591 tCO ₂ e	29.538 tCO ₂ e	-
SCOPE 3: Air Travel ⁽²⁾	8.234 tCO ₂ e	13.754 tCO ₂ e	67

(1) Banco do Brasil's electricity consumption and air travel management systems are currently under development, and published data may change over time, reflecting changing values of its respective CO₂ emissions. In April 2011, Banco do Brasil contracted a specialized consulting firm to improve its greenhouse gases emissions inventory.

(2) In 2010, the energy consumption calculation methodology was amended. Thus, it is not possible to compare the CO₂ emissions from energy.

Carbon Efficiency Index – ICO₂



Banco do Brasil's participation in the 2010 Carbon Efficiency Index is a further demonstration of Banco do Brasil's transparency in relation to its practices and Socio-Environmental Responsibility (SER) practices. It also demonstrates its readiness to adopt best eco-efficiency business practices and contribute to a low carbon economy, consistent with the provisions of its Corporate Strategy.

The ICO₂ comprises the share of companies participating in the IBrX-50 and takes into consideration in its composition not only the free float of shares of these companies but also GHG emissions efficiency levels, identified through an analysis of emissions inventories.

Carbon Credit Market



Since 2005, when it created the Carbon Credit Market Internal Forum, Banco do Brasil has been active in the trade of carbon credits, whose market was estimated at US\$10 billion in 2010, alone. In 2006, BB issued a letter of credit, worth €1.2 million to secure an advance on an anticipated sales contract for carbon credits. The contract, which will feature these and other advances, is valid until 2012 and has a total value of €13.25 million.

That same year, Banco do Brasil, Sumitomo Mitsui Banking Corporation and its subsidiary, Banco Sumitomo Mitsui Brasileiro, signed a memorandum of understanding to support likely developments in

the generation of carbon credits. Sumitomo Mitsui is a leading player in the international carbon credit market.

In November 2007, Banco do Brasil participated in the efforts that made possible the first public auction for sale of carbon credits, which was held by the Brazilian Mercantile and Futures Exchange (BM&F). The auction was held for the sale of Certified Emission Reduction (CER) credits held by the City of São Paulo, in an action that raised €13.096 million. In subsequent years, BB was chosen by the City of São Paulo to secure new carbon credit sales operations.

In 2008, Banco do Brasil issued a standby letter of credit worth US\$4.5 million to secure early payment of certified emissions reduction for Essencis Environmental Solutions S.A., which oversees a landfill in Caieiras, São Paulo, whose processing capacity is 1.5 million tons of waste per year.

Biodiversity



In its vision of sustainability, Banco do Brasil is biodiversity-conscious. Although not located in protected areas or those where biodiversity is significantly threatened, BB adheres to commitments related to the topic. One example is compliance with the "Carbon Disclosure Project Working Group," in which, from July 2006 forward, the Bank promises not to finance projects in deforested areas of the Amazonian biome.

Another BB initiative is participation in the Sustainable Amazon Forum, a group composed of several organizations that discuss options for the sustainable development of the Brazilian Amazon.



Competition



Banco do Brasil's relationship with competitors is guided by ethics and civility, the lawful and transparent exchange of information, and experience. In the business arena, the Bank shares logistical resources and technology with other financial institutions, besides forging partnerships for the launch of new products and services.

In the field of social responsibility, Banco do Brasil participates in initiatives of the Brazilian Federation of Banks (Febraban). The Commission on Social Responsibility is involved with Project Cisterns – that enables the construction of cisterns in Brazil's semi-arid region – and is engaged with other banks in the fight against slavery and degradation, adopting measures to eliminate its relationships and business chain.

BB also participates, along with major Brazilian banks and companies, on technical bodies, such as the Sustainable Finance Council (CTFin) and the Climate Change Council (CTClima) of the Brazilian Business Council for Sustainable Development (CEBDS), which aims to integrate sustainable development principles and practices into the business context, balancing economic, social and environmental considerations.



Banco do Brasil believes that its participation in the Brazilian Federation of Banks (Febraban) is an important way to strengthen and continuously improve the financial system and sustainable development. BB is a member of its Executive Board and Business Committee, and participates in several Febraban discussion groups, whose objective is to propose and debate changes to ensure the efficiency of the financial sector in addition to defending the interests of the conglomerate, its shareholders and customers.

In 2010, Banco do Brasil was not a party in any legal actions regarding unfair competition.

Ombudsman



Beyond a legal requirement, the BB Ombudsman represents Banco do Brasil's commitment to good market practices that respect consumers' rights, the search for their constant improvement, as well as enhancing its relationship with the various publics it serves.

Banco do Brasil's Ombudsman's office was established in April 2005 to receive complaints, recommendations, suggestions and praise from all segments of the public with which BB has a relationship. It is a gateway for criticism and suggestions, and is evidence that the bank values the opinions of its customers and society, a reason for existence of the company.

The Ombudsman is not a substitute for other, conventional means of customer service. Instead, it is there to field questions from customers and others who have already made use of BB branches and service centers and, not feeling satisfied with the results of those encounters, want a further review of their complaints or cases.

Customers and others have at their disposal various options to get in touch with the Ombudsman — a toll-free phone number, a TTY line for the deaf and speech impaired, the Banco do Brasil website and a postal address.

Accordingly, should problems arise, to expedite the resolution of a case it is essential to proceed as follows:

1. First, visit the branch responsible for customer service and seek a solution with the account officer or another branch employee.
2. If the situation is not resolved, contact the BB Customer Support Line at 0800-729-0722. If attempts to resolve problems by means of the options above do not work, it is then the moment to contact BB's Ombudsman. Access is through the toll-free telephone number, in Brazil 0800-729-5678, or via the Bank's website.

The Ombudsman not only seeks to immediately solve problems but also, as appropriate, will propose to the Oversight Board and, as applicable, the Board of Directors, suggestions for corrective measures to improve procedures and practices. In 2010 alone, BB's Ombudsman proposed 36 actions to improve processes, products and services, as well as offering suggestions regarding socio-environmental concerns.

The Ombudsman has a dedicated page on the BB website, where interested parties can access an institutional report with key data from the Ombudsman.

The Ombudsman's scope of action encompasses all of Banco do Brasil offices as well as those of its subsidiaries, affiliates and managed companies, which have signed an agreement for a single, centralized ombudsman's office.



Our Businesses

Introduction

In order to maintain its leadership position in the Brazilian Banking Industry, Banco do Brasil plans and carries out businesses based on products and services which meet the real and potential needs of the market. These needs have led BB to develop modern products which, in addition to profitability, offer security and convenience to its clients.

This vision of the market, a constant theme in this report, is dealt with in a special way in this chapter. The following is a brief description of how the Brazilian economy and the world economy have behaved in

2010, also providing an outline of the expectations for the future in the financial and banking markets. Thereafter, we go into details of the main products and services offered by Banco do Brasil and their performance in 2010. Access the main Bank's website (www.bb.com.br), to learn more about our products and services. Additionally, you can find detailed information on our performance and results in the Investor Relations website (www.bb.com.br/ir).

Economic and Sector Scenario

National and International Economic Scenario

The year 2010 brought a recovery in global economic activity, after the crisis of 2008, considered by many to be the most severe since the Great Depression, that took place in the first decades of the 20th-century. Emerging markets displayed more dynamism in their recovery, while developed countries recovered more slowly; United States, Japan and the central economies of the Euro Zone experienced high levels of unemployment, low interest rates and the potential risk of deflation.

Doubts with regard to the fiscal sustainability of some European countries, particularly Greece, Ireland, Portugal and Spain, in 2010 also affected global financial stability. Despite the creation of the European Financial Stabilization Fund, with the objective of coming to the rescue of heavily indebted countries in the region, and the results which were in principle satisfactory, uncertainty continued to persist about fiscal vulnerability in Europe.

To bring new life into the American economy, the US monetary authorities adopted a new package for the expansion of liquidity focused on the purchase of sovereign debt securities. The excess supply of money caused the dollar to devalue in the international markets, giving rise to a number of reactions, basically of a protectionist nature, by various countries in response to the loss of competitiveness for their exports.

GDP Growth

	2005	2006	2007	2008	2009	2010
GDP (% change over 12 months)	3.20	4.00	6.10	5.20	-0.60	7.50

This quick expansion in demand, even though partially accompanied by an increase in imports, contributed in conjunction with pressure coming from food prices, to inflation exceeding the central target for

The depreciation of the US dollar, in turn, had a positive impact on the main commodity prices, which combined with supply shocks, produced adverse inflationary effects in emerging markets. In this group of countries could be seen a strong economic recovery trend led by China, India and Brazil. It is not by chance that in many of these nations, there was a reversal in the anti-cyclic policies adopted during 2008/2009, in order to combat the adverse effects of the crisis.

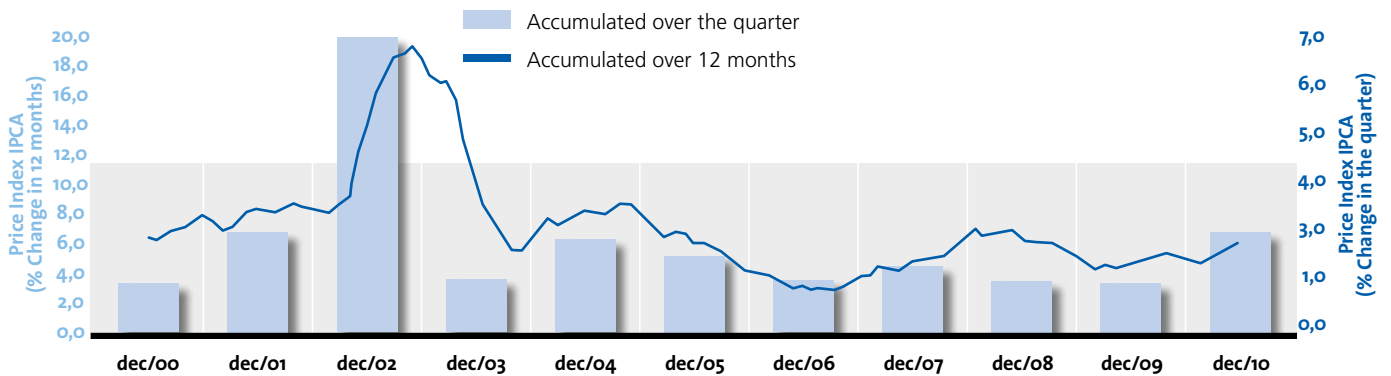
The Brazilian economy reacted more quickly, principally based on the good performance of the labour and credit markets, the main drivers for domestic demand. During the year, unemployment rates fell to an historic low since the beginning of the new series which began in 2002, while the net creation of positions in the formal job market reached a new historic high. In this scenario, there was a significant expansion in credit, the offering of which was led by banks in the public sector, reaching a level of close to 47% of Gross Domestic Product (GPD).

Reflecting this favourable scenario, the growth in the Brazilian economy in 2010 reached 7.5% (see table), its highest level since 1986 (also 7.5%). In this way, the Country ended the decade 2001-2010 with an annual average growth rate of 3.6%, above the average for the previous decade (1991-2000), when GDP, taking market prices, grew by an average of 2.6%. On the supply side, the strongest growth was seen in industry and commerce, while from the demand side, the leading growth areas were family consumption and investments.

2010, defined by the Government at 4.5%. The variation in the IPCA, however, remained within the tolerance range in the inflation target system, whose upper limit was stipulated at 6.5% for the calendar year.



Variation in Extended National Consumer Price Index (IPCA)

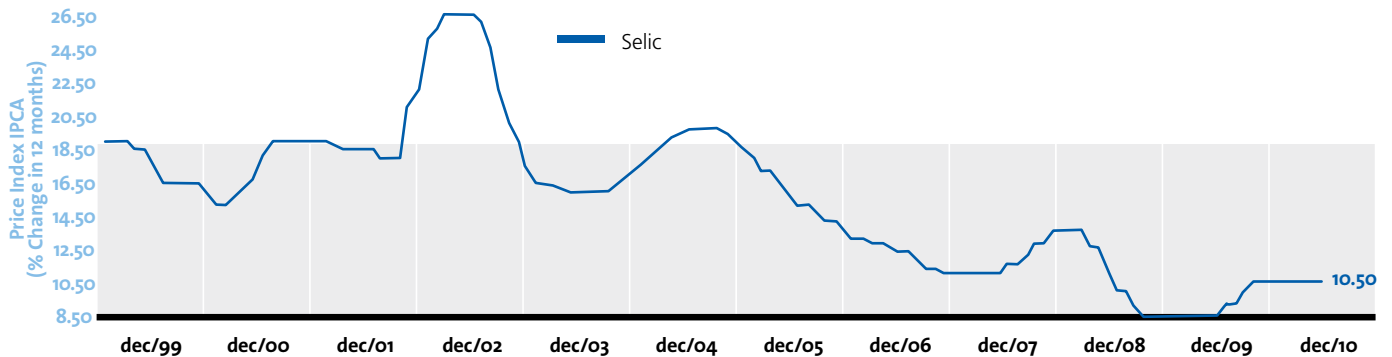


In response to the acceleration in prices and the consequent deterioration in future inflation expectations, from April to July the Brazilian Central Bank carried out a brief adjustment in the basic interest rate, taking the Selic rate up from 8.75% p.a. to 10.75% p.a.

In addition to this, in the last quarter of the year, Central Bank announced a package of preventative measures including, among other aspects, an increase

in the compulsory deposit requirement on demand and term deposits, and an increase in the risk weighting factor for lending operations to private individuals. According to Brazilian Central Bank, this combination of measures is aimed at perfecting existing regulation instruments, maintaining the stability of the Brazilian Banking Industry, and allowing the continuing sustainable development of the credit market.

Basic Interest Rates



Source: Central Bank of Brazil

Banking Industry in Brazil

With the resumption in investment following the crisis, and the intensification of competition between banks, 2010 had various moves in the financial market.

One of the main areas was the card business. In this area, three moves came in the wake of the government actions to increase competition in the sector: the creation of a new card brand (Elo), by BB and Bradesco, with a focus on the low-income section of the public, the partnership by Santander with the company GetNet, which also entered into the dispute

with Cielo and Redecard and the efforts made to make Hipercard a national brand name (still very linked to the Northeast). Despite the significant growth in the last few years in the number of cards and card sales, the Country still has an enormous potential (by 2014, the market is likely to double in size).

In the credit segment, the banks have been focusing their strategies on payroll loans, real-estate loans, vehicle financing and loans to micro and small businesses.

In the payroll loan segment, expectations are that ratio with respect to GDP will double by 2020 (today it



is 4.3%), based on growth estimates for the economy and the improvement in employment levels.

Real-estate lending continues to grow at a rapid rate, likely to reach around R\$500 billion by 2014, according to the Brazilian Association of Real Estate Credit and Savings (ABECIP). However, a challenge to be overcome is the creation of new financing instruments, seeing that savings funds are likely to meet demand only to 2012.

The segment of micro and small business has been served by an increasing amount of branch specialization, the hiring of managers and investment in training. According to Serasa Experian, demand for lending by these companies increased by 21.4% between Dec/09 and Sep/10, with the rate of payment punctuality being 95.5%, while the number of business failures registered dropped by 41.9%.

In terms of spreading the use of banking services and the drive to capture clients from the low-income sector, there have been a number of significant moves. Part of the sector believes that the best way of creating a banking relationship is through credit cards, particularly in partnerships with major stores and supermarkets. While other organizations believe that the opening of branches

in regions with high population density (such as in needy communities), appointing banking representatives and, particularly the use of cellular phones, represent the quickest ways of reaching this public audience.

Another area in which Brazilian financial institutions see great potential is that of micro-insurance, with low premiums which could make insurance more popular, reaching a larger number of people. The opening of the new client service outlets continues to be one of the strategies of the main banks, in terms of sales channels.

The year also saw the end of the banking branch merger process of Itaú/Unibanco, Santander/Real and BB/Nossa Caixa.

The movements is carried out by the banks were reflected in their figures for 2010. The assets of the main players increased by an average of 14.0%, compared to 2009. The total funds in the Brazilian Banking Industry (consolidated figures I and II from Central Bank) amounted to R\$3,140 billion, with the 10 top banks in the Country representing 86.5% of this total, compared to 85.4% in December 2009.

Total lending came to R\$1.6 trillion as at the end of December 2010, up 20% of the year, representing 46.7% of GDP.

Prospects for the Next Few Years

In the macro environment:

1. Strengthening of Brazilian companies, generation of jobs, incomes and consumption, and an improvement in the main national social indicators;
2. Changes in the behaviour of consumers due to increasing longevity and new social and family arrangements.

In the financial industry:

1. Increasing competition in the banking market; customization and differentiation of products;
2. The implementation from 2012, of "free option" banking in Brazil;

3. Consolidation of the large banks;
4. Expansion in the transnational operations of national banks;
5. Increase in the amount of funding raised in the capital markets by companies in the Corporate and Middle Market segments;
6. Increase in the regulation of the financial system, to international agreements and norms issued by the national banking authorities;
7. Increased training of banking employees;
8. Growth in the practice and extent of variable remuneration in the financial industry;
9. Increase in new labor relationship arrangements due to the complexity of the people's management of labour.



Sustainable Regional Development

GRI 4.15 | 4.16 | 4.17 GRI EC | EC9 GRI FS10

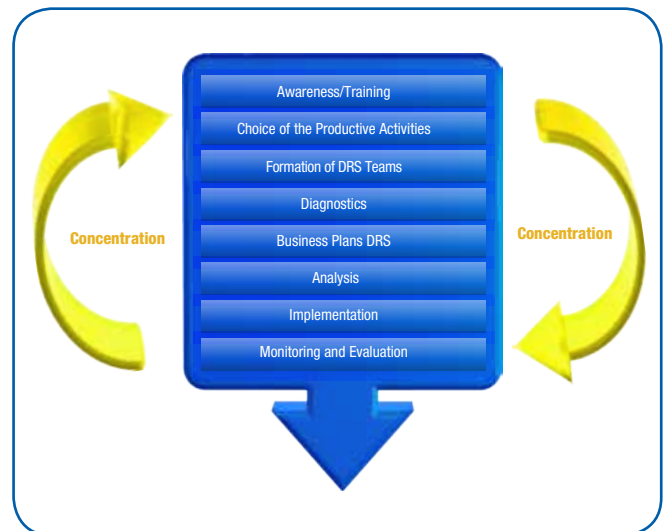


The Business Strategy of Sustainable Regional Development (DRS) of Banco do Brasil aims to provide support for production activities, based on the identification of the vocation and potential of communities throughout the country, with respect for cultural diversity and traditions. With this strategy, the Bank's major differential comes to the fore, becoming an organization which seeks to develop the regions where it operates, generating work and incomes in a sustainable manner, with an inclusive and participative approach.

With DRS, BB seeks to act as a catalyst for various economic, social and political agents in the adopting of viable economic practices, that are environmentally correct and socially just, contributing to making local economies more dynamic. Its operation is based on the view of the value chain to improve the entire production process, from the supply of inputs, moving on to production, processing, transport, storage, until the delivery of the product to the end consumer.

DRS methodology involves raising the awareness of Banco do Brasil's employees, partners and beneficiaries, mobilizing and training them, as well as drawing up an extensive diagnosis of the value chain in question. Based on this diagnosis, a DRS business plan is drawn up, in which objectives, targets and actions are necessary for the development of the production activity chosen, are all defined. The methodology – see adjacent figure – closes this cycle with the monitoring

of the actions defined in the DRS Business Plan and the assessment of the whole process.



The actions include the training of the beneficiaries, stimulating the use of cooperatives and associations, the introduction of new technology, dissemination of an entrepreneurial culture, and the promotion of access to credit.

In the year 2010, DRS Strategy registered 3,800 plans in the process of implementation, involving 1.2 million beneficiaries in 3,900 Brazilian municipalities, with a loan portfolio of approximately R\$8.9 billion, of which around R\$5.0 billion (56.2%) was part of the National Program for the Strengthening of Family Farming (PRONAF).



Sustainable Regional Development⁽¹⁾

Period	Branches Qualified ⁽²⁾	Training in DRS ⁽³⁾	Families/ Beneficiaries Served ⁽⁴⁾	Production Activities ⁽⁵⁾
2006	2,502	6,052	230,939	70
2007	3,998	13,507	725,450	100
2008	4,028	14,974	1,211,368	100
2009	4,073	16,886	1,094,086	155
2010	4,176	18,507	1,167,997	143

(1) position accumulated in the fourth quarter of each year;

(2) Branches qualified: all the branches/service outlets are qualified to operate DRS strategy (Retail Network). In order to be qualified, the manager of the branch must be trained in DRS as well as one other employee;

(3) Training in DRS: is the quantity of training sessions carried out by employees in BB's corporate courses on sustainable regional development ;

(4) Families served: quantity of families benefited (PF) by some action contained in the DRS Business Plans in the process of implementation (Retail Network). In 2010, there was a methodology change of families served (number of beneficiary households) to beneficiaries (individuals and companies directly involved in productive activities supported and benefited from the Bank's or partners activities in the Business Plans);

(5) Productive activities are all productive activities defined by the work teams and recorded in the applicative DRS in Business Plans being implemented.

Non-performing DRS loan rate on an annual basis – (%)⁽¹⁾⁽²⁾

2006	2007	2008	2009	2010
1.45	1.14	1.92	1.97	1.43

(1) DRS Strategy non-performing loan rate by beneficiaries, with loans past due for more than 60 days – Central Bank Resolution 2.682.

(2) Accumulated position for the fourth quarter of each year.

Sustainability Store

In July 2010 Banco do Brasil launched a virtual store for the sale of products from cooperatives served by DRS strategy. This initiative supports economic activities in communities throughout the country.

The purchase of products from the Sustainability Store is carried out with the use of points accumulated under the "Ponto pra Você" program in transactions made using the Ourocard card.



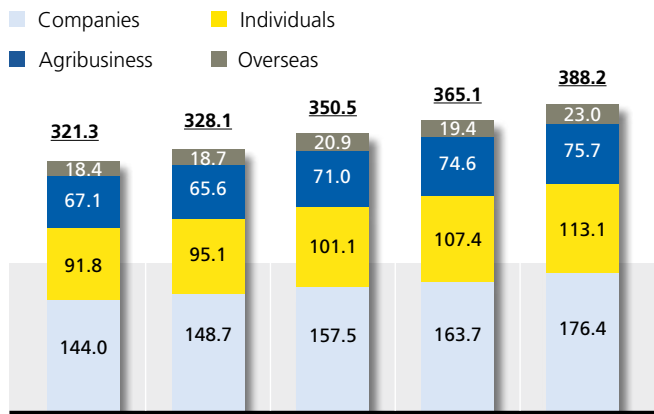


Credit



Banco do Brasil ended 2010 as the leader in Brazil's credit market, with a 19.8% market share. The loan portfolio, taking the broad concept which includes guarantees provided and private securities, amounted to R\$ 388.2 billion, an increase of 20.8% over 12 months.

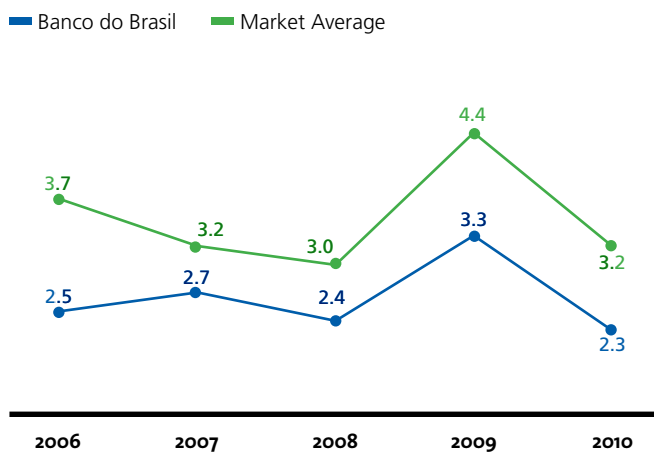
Loan Portfolio⁽¹⁾ (R\$ billion)



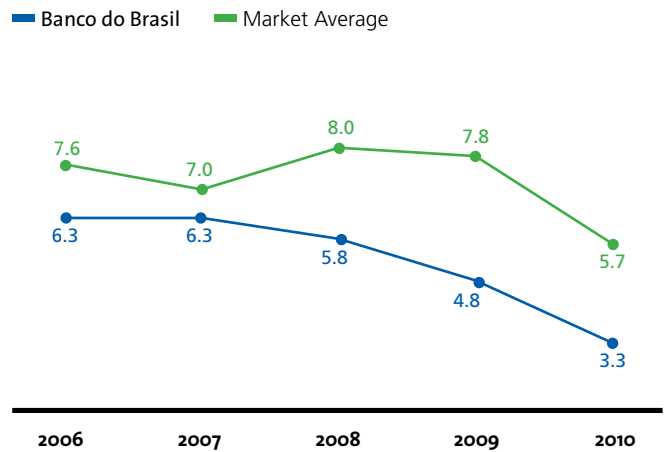
(1) Includes loan portfolio within and outside Brazil, guarantees provided, and private securities.

Expansion in the loan portfolio was accompanied by an improvement in portfolio quality, and a consequent drop in the non-performing loan rate. As can be seen in the charts below, the percentage of past due loans for more than 90 days continued to be substantially better than that seen for the Brazilian Banking Industry as a whole.

Total Non-Performing Loans Rate (%)



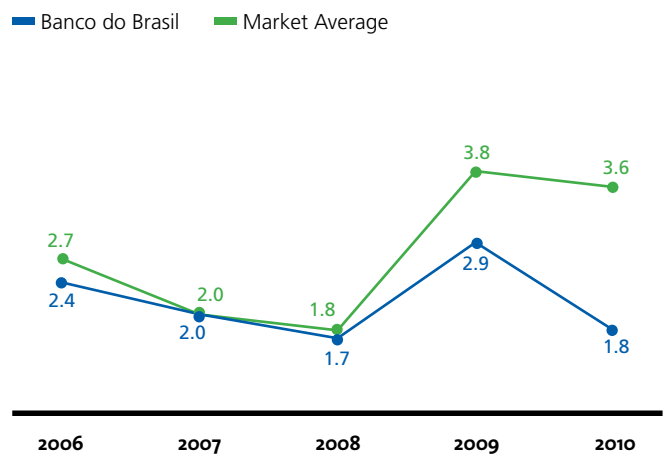
Non-performing Loans for Individuals⁽¹⁾ (%)



(1) Reference credit for interest rates.

Source: Brazilian Central Bank – economic-financial notes for the press.

Non-performing Loan rates for Companies⁽¹⁾ (%)

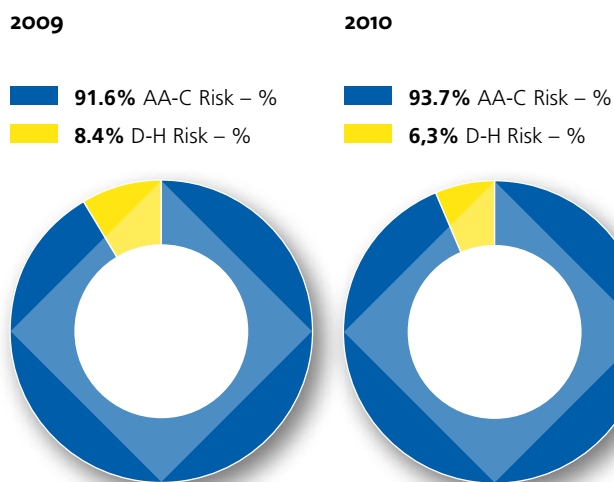


(1) Reference credit for interest rates.

Source: Brazilian Central Bank – economic-financial notes for the press.



Considering the evolution in the quality of risk at BB, highlights to the increase in the number of operations with better risk (AA-C).



Notwithstanding the improvement in the quality indicators of the portfolio and the perceptible

improvement in the economic and business environment, Banco do Brasil maintained a prudent stance with regard to the balance of its provisions for credit risk and portfolio coverage percentage. The provision balances ended the quarter at a total of R\$17,315 million, which provides 212.1% of coverage for past due loans over 90 days.

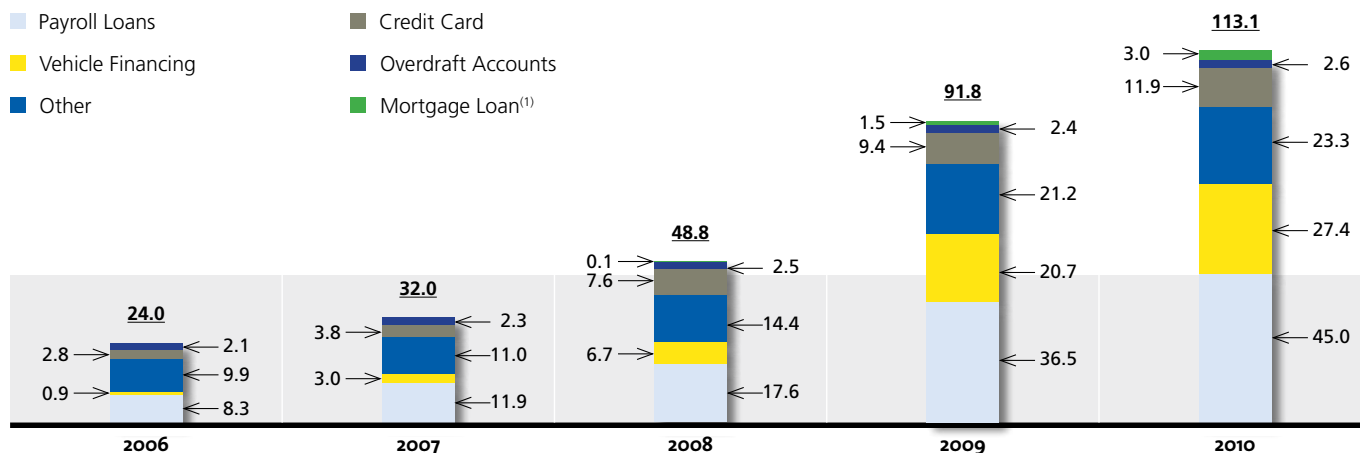
Loans to Individuals



Lending to individuals rose strongly in 2010, totalling R\$113.1 billion. This number means a relative market share of 31.6% of the total portfolio, and an increase of 23.2% compared to 2009. Lending to private individuals is of great social and economic importance, because it facilitates access to consumer goods, products and services, generates incomes and jobs, and stimulates growth in the economy, in a positive virtuous circle, as desired by BB as a social development agent.

Individuals Loan Portfolio

(R\$ billion)



(1) Change since 2008.

Payroll Loans

Payroll loans increased by 23.2% during the year, ending the period at R\$ 45.0 billion. These loans constitute BB's main consumer financing line. BB is the leader in this segment of operation, with a market share of 32.7%.



Vehicle Financing

Among the most significant consumer credit lines is vehicle financing, which showed an increase of 32.1% compared to December 2009, with a total balance of R\$27.4 billion. As a result of the partnership established with Banco Votorantim, Banco do Brasil consolidated its position in this market, ending the year with a market share of 14.5%.

BB Vehicle Credit: New loans for eco-efficient vehicles, and loans for taxi drivers under the Worker Support Fund



As a way of contributing to the preservation of the environment and the sustainability of the planet, special conditions are offered to all clients for the financing of vehicles classified as score 5 in the "Green score" of the Ministry of Environment. As a consequence, BB makes a specific credit line available for the financing of vehicles for taxis at differentiated rates.

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Loans Granted	Total Portfolio at the end of 2010 (R\$ thousands)	Characteristics of Products	
				Environmental	Social
Loans for taxi drivers under the Worker Support Fund	Financing of vehicles for taxi drivers with funds from the Worker Support Fund – FAT, with the purpose of renewing the vehicle fleet, favouring the generation, maintenance of jobs and incomes, and contributing to the environment, because this financing line is only available to vehicles that use renewable fuels.	1,582	33,657	X	X
Loans for eco-efficient vehicles	Financing for vehicles classified by the Ministry of Environment as "Score 5" for eco-efficiency, at reduced interest rates for current account holders with BB.	112	2,696	X	

Mortgage Loan

Banco do Brasil operates in the mortgage market with savings funds (Housing Finance System – SFH and Mortgage Portfolio – CH), with its own funds, and those from the FGTS. In the market for loans to private individuals, the Bank offers credit lines for the purchase of new and used residential or commercial property. For companies, credit lines are available for the financing of the building of residential and commercial units. In addition to this, based on the establishment of partnerships with construction firms and real-estate companies, BB offers credit lines at competitive interest rates, and under better conditions, with flexibility and efficiency.

With a portfolio of R\$3 billion, Banco do Brasil ended the second half of 2010, according to information published by Central Bank, in 5th position of the ranking of institutions that provide real-estate financing.

Minha Casa Minha Vida



Since 2009, Banco do Brasil has been part of the Minha Casa, Minha Vida Program, with the objective of helping to reach the target of financing 1 million units with the support from the Federal Government Program. Of the total proposed for the program, of 1 million residences, Banco do Brasil intends to contribute with the providing of loans for 10% of these homes, financing families with a gross family income of between 3 and 10 minimum salaries for the purchase of property already built, or at the plan stage.

The lines of credit for the Financing of Company Production guarantee the necessary funding for the completion of real-estate projects offered in the market, providing security to property purchases



and also, if opted for by the purchasers, the possibility of financing the property from the moment of purchase, guaranteeing the price at the time of the transaction and protecting the buyer from possible price variations.

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Loans Granted	Total Portfolio at 2010 (R\$ thousands)	Characteristics of Products	
				Environmental	Social
Mortgage loan – Minha Casa, Minha Vida Program ⁽ⁱ⁾	Property developments financed by the Program must: <ol style="list-style-type: none"> 1) Include retirees and those with special needs. 2) Respect norms and adopt environmental prevention attitudes, such as the use of equipment and solutions, solar energy, presents sensors for the intelligent use of electricity, collective waste disposal, individual water and gas meters, capture and use of rainwater, Venetian windows, compact fluorescent lamps, etc. 3) Meet recommendations in the carrying out of works, such as: <ol style="list-style-type: none"> a) Minimizing the impact of the work on environment; b) Use, passively, natural resources from the local environment; c) Carry out the management and economic use of water and electricity during construction; d) Promote the rational use of building materials ; e) Plant trees and encourage the planting of trees on the land; f) Encourage the use of selective garbage disposals and the reuse of dry garbage; g) Promote discussions and disseminate among its members, knowledge about the re-use of materials, the rational use of natural resources, alternative methods for low-cost water heating, the use of degradable materials for construction/others, risks arising from non-preservation of the environment, and other pertinent issues. 	9	90,045	x	x

(i) Transactions performed to foment production.

Microcredit



Microcredit is characterized by lending operations with a low value, normally directed to the low-income public, which does not have access to conventional credit lines. Law 10,735/03 regulates the granting of credits to the low-income population and makes funds available that correspond to 2% of demand deposits captured by financial institutions for microcredit operations, at an interest rate of up to 2% a month.

Banco do Brasil is one of the main agents in the micro-financing market in the country, directing its operations towards the consumer sector. The main distribution channels for these credit lines are: the branch network and the ATM machines, which together account for more than 95% of the loans taken out.

Within the scope of DRS Strategy, BB DRS Microcredit was launched on February 2009, which is a financing

line for amounts between R\$200 and R\$3,000, at interest rates of 0.95% a month, over a period of 60 months, for urban micro-entrepreneurs, such as artisans, embroiderers, shoemakers, small clothing manufacturers, food producers, market stall operators, and environmental agents, among others. BB DRS Microcredit is targeted exclusively at private individuals with a credit limit approved by BB, for the finance of investment and working capital. The amount of loans taken out in 2010 in this category amounted to R\$46 million.

The microcredit loan portfolio ended 2010 at R\$1.1 billion, an increase of 66.7% compared to previous year, with 1,197 thousand loans in the portfolio, as summarized in the table below:

Total Microcredit	2010
Amount contracted (R\$)	1,111,515,756.97
Operations contracted	957,054
Average value per contract (R\$)	1,342.27
Quantity of contracts in the portfolio	1,196,824



Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Loans Granted	Total Portfolio at the end of 2010 (R\$ thousand)	Characteristics of Products	
				Environmental	Social
Microcredit	Line of microcredit available for current account holders with a monthly salary up to R\$1000, in addition to retirees and pensioners under the INSS with a monthly benefit up to two minimum salaries	939,126	1,056,419		X
BB DRS Microcredit	Line of credit which aims to meet the financing necessities of urban micro-entrepreneurs. For amounts between R\$200 and R\$3000, an interest rate of 1.0% a month, and a term up to 48 months, this line represents an important tool in providing support for urban entrepreneurs, and beneficiaries under the DRS Business Plan, allowing the loan taker to improve the management of his cash flow.	17,928	61.363		X

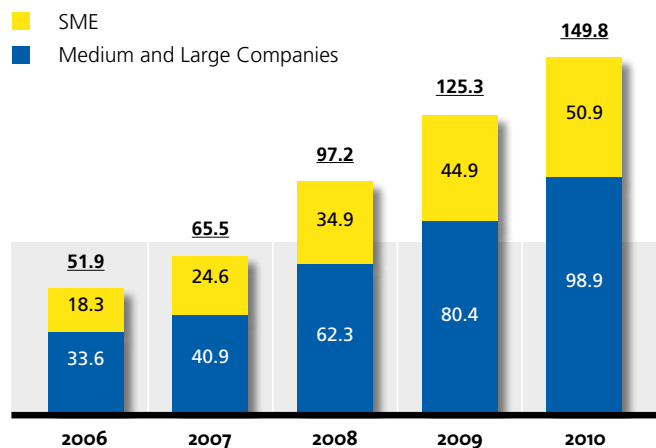
Business Loans

Having a wide range of products and services, Banco do Brasil has considerable expertise in providing services to Brazilian companies both in Brazil and abroad. There are a variety of credit and financing options available for micro, small, medium and large-size companies.

The business loan portfolio ended the year with a balance of R\$ 149.8 billion, an increase of 19.5% in one year. The business loan portfolio represented 41.8% of BB total loan portfolio at the end of 2010.

Business Loan Portfolio

(R\$ billion)⁽¹⁾



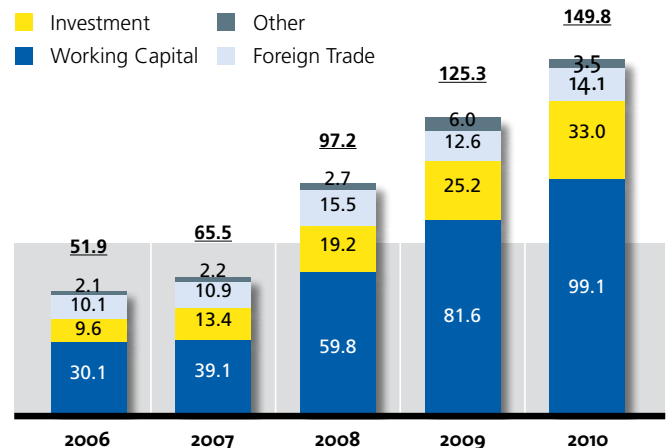
(1) From 2009 includes portfolios from BV and BNC.

Business Loan Portfolio, by Loan Purpose (R\$ billion)

In observing a breakdown of the loan portfolio to business, it can be seen that loans for investment represent 22.1% of the portfolio, having increased by 31.3% during the year.

Business Loan Portfolio by Loan Purpose

(R\$ billion)



Loans to Medium and Large Size Companies and Corporations

Banco do Brasil has innumerable financing solutions, of the right size for the medium and large company segments and corporations. In 2010, these segments experience substantial growth in Banco do Brasil's loan portfolio, with highlights to the increase in loans for Working Capital, investments and credit for agroindustry.

With the objective of strengthening its relationship with medium and large size companies and supporting their growth in Brazil and abroad, Banco do Brasil's Wholesale Directorship is being reorganized, undergoing the perfecting of its client services segmentation model and making investment in training its staff, expanding



the branch network and increasing the delivery capacity of structured financial operations, including the financing of clients' needs in foreign markets.

Credit for Investments



In 2010 BB accumulated a total of R\$23.4 billion in credit to investments.

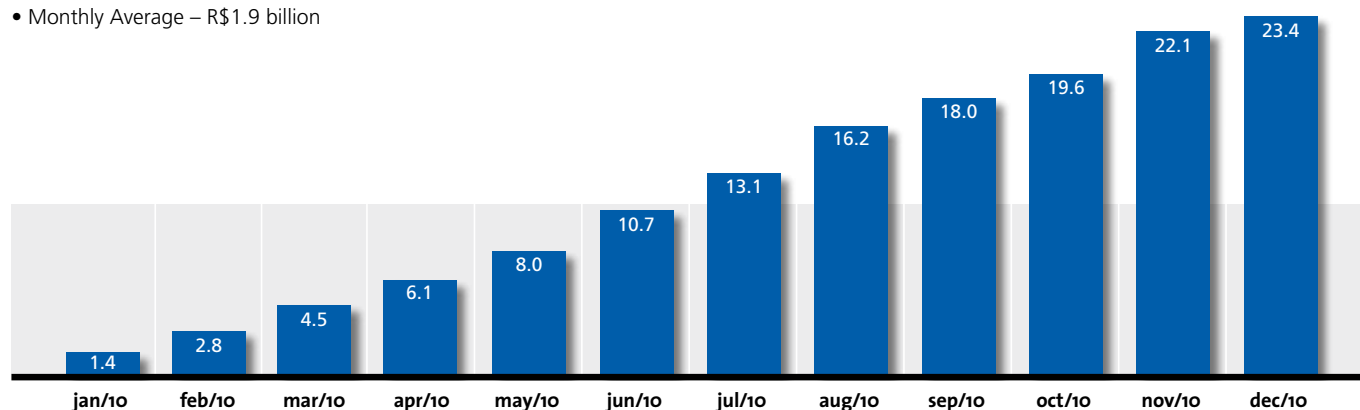
In addition to this, the Bank maintained its leadership in global disbursements from of the BNDES/Finame system, with a total paid out of R\$18.2 billion in 2010. With this performance, BB recorded a market share of 19.4% of the total and ranked 1st of the banks regarding BNDES disbursements.

Credit for Investments

(R\$ billion)

Accumulated disbursements ⁽¹⁾

- Monthly Average – R\$1.9 billion



(1) Includes BNDES Exim

Businesses in the Value Chain

Maintaining its business focus to increase the level of business in the value chain, during the year Banco do Brasil formalised agreements with anchor companies in various segments. Of highlights to the revitalization of the agreement for the financing of suppliers of Vale, of R\$150 million, of Nestlé microdistributors, of R\$15 million, which aims to increase the participation of the Company in the C and D segments, with a strong sustainability appeal.

Along similar lines, the Bank went ahead with the implementation of an agreement with Petrobras Biocombustível – PBIO, signed in 2009. Also with a focus on

sustainability, an agreement was signed for the support of commercial forest planting, with Suzano Papel e Celulose, in projects with small farmers in the states of Piauí and Maranhão, with the global value of R\$25 million.

Agreements also entered into with the Commercial and Industrial Federation of the state of São Paulo, as a way of improving access to credit for its associates, based on the release of existing credit lines and advisory services, particularly with regard to foreign trade.

In addition to this, a pilot project was begun which will permit the bank to participate in financing the "Pre-Salt" value chain, in the program "Progredir", which aims to democratise the access of credit at compatible costs, for suppliers of Petrobras S.A.



Responsible Credit



GRI FS2 | FS3 | FS4 | FS9 | FS10

In the granting of credit, in addition to the criteria and norms defined by the Bank and the financial authorities, the Bank also fulfils social and environmental requirements such as those contained in the Ecuador Principles, in the Green Protocol and the Global Compact, rules to which the Bank has adhered to on a voluntary basis. BB also checks the list from the Ministry of Labour and Employment which identifies companies that submit their employees to forms of degrading work or work

that is analogous to slave labour, not granting loans in these cases. The Bank also does not grant loans to companies involved in child labour or the sexual exploitation of minors.

Banco do Brasil adopts socio-environmental criteria in the assessment of the credit limit for companies with current of projected net operating revenue of more than R\$ 50 million, investment projects with an amount financed by BB of R\$ 2.5 million or over, and all lending under the heading of Project Finance.

In 2010, BB analysed 3 projects in the light of the Ecuador Principles, of a total of R\$ 955 million, which represents 0.63% of the company loan portfolio.

Ecuador Principles

	Number of Projects Financed	Value of Projects (R\$ thousand)	Amount Financed by BB (R\$ thousand)	Sectors of Financed Companies
2009	4	27,371,517	2,134,000	Electricity (UHEs) and Ethanol Production
2010	3	5,351,000	955,000	Highway Concessionaires

The projects financed are assessed and monitored in accordance with the dynamics of the undertaking, by an external specialist consultancy, contracted so as to guarantee compliance with the socio-environmental legislation in force, as well as meeting all the directives contained in the Ecuador Principles.

The projects are categorized in accordance with the risk of socio-environmental impacts to which they are subject, and can vary on the scale of high, medium or low. For each undertaking is drawn up an action plan which assists in the management of the project, with a view to meeting the performance standards established by the IFC (Internacional Finance Corporation). The granting of credit, independent of the risks indicated, is only effective when all the recommendations have been complied with.

The contractual obligations are monitored during the implementation of the investment projects. Presentation of environmental licences is required (preliminary, installation and implementation) as well as socio-environmental reports, in accordance with the stage which the undertaking has reached. The frequency of monitoring is carried out in accordance with the validity of the licence, defined by the

environmental body and if a case of non-compliance is found, a formal communication is made to the business areas.

The assessment of sustainability follows the international criteria of the triple bottom line, which evaluates the economic-financial, social and environmental dimensions of the companies. The initiative is part of the BB Agenda 21 action plan and the internal processes of the socio-environmental analysis adopted by the Bank become even more transparent, with the Bank having the target in its Corporate strategy of adopting corporate governance standards which are a benchmark reference in the market.



GRI FS5

In 2010, for the first time the Bank set up a stakeholders panel to discuss and evaluate socio-environmental practices adopted in credit analysis. Non-governmental organizations, client companies, employees, and representatives of the public sector were invited to participate in studies to perfect the methodology of sustainable analysis today in use at Banco do Brasil.



Micro and Small Business (SME)



Banco do Brasil has a base of more than 2 million SME clients and has developed solutions to better

serve this segment.

The balance of loans in the SME's segment ended December at R\$ 50.9 billion. Highlights to the loans for working capital, which at the end of December 2010 amounted to R\$ 37.0 billion, up 18.5% compared to 2009.

Credit to SME – (R\$ billion)

	Dec/06	Dec/07	Dec/08	Dec/09	Dec/10
Working capital	12.9	16.9	23.6	31.3	37.0
Investment	5.0	6.4	9.3	11.5	13.1
Foreign trade	0.5	1.3	2.0	0.6	0.7
BNC	-	-	-	1.6	-
Total	18.3	24.6	34.9	44.9	50.9

The following lines of investment and operations in micro and small business are also worth highlighting:

- BNDES card, a product in which BB enjoys a total leadership position (in terms of values paid out, quantity of cards and quantity of transactions),

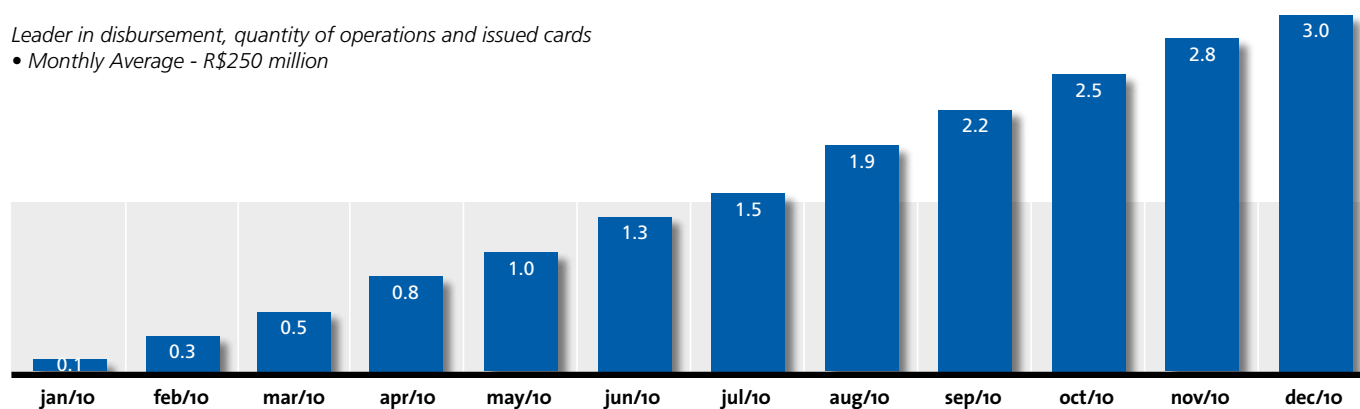
amounting to a total at the end of December of R\$5.3 billion in accumulated payout since the beginning of its sale, representing an increase of R\$2.9 billion over the last 12 months, with 66.0% of the cards issued in the markets.

Accumulated disbursements

(R\$ billion)

Leader in disbursement, quantity of operations and issued cards

- Monthly Average - R\$250 million



- Proger Urbano Empresarial (Proger Urban Business), principal credit facility for investment in companies in the SME's segment, with a loan balance of R\$4.6 billion;
- Finame operations made with micro and small business amounted to a total balance of R\$2.6 billion as at the end of December 2010;
- BB Giro APL (BB working capital for local production arrangements) a credit line exclusively offered under differentiated conditions to companies that participate in Local Production Arrangements (APL), with R\$2.0 billion available.

APL, Local Production Arrangements complement BB's DRS Strategy in strengthening operations along the value chain, and encouraging the operation of co-operatives and associations as a means to generate jobs and incomes, and

being of great importance in serving the SME's segment. In 2010 BB supported 192 APLs, catering to 19.9 thousand businesses and benefiting around 6,000 companies.

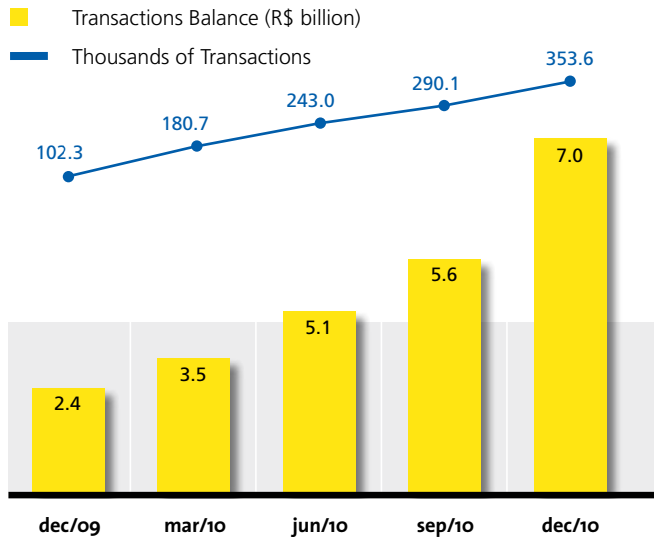
For the working capital loan operations for micro and small business, Banco do Brasil extensively used the Operations Guarantee Fund (FGO) as a way of mitigating the credit risks of the operations and expanding the volume of its loan portfolio. The Operations Guarantee Fund (FGO) is a mechanism which complements up to 80.0% of the guarantees demanded from companies for loans and banking finance, and increases the availability of credit companies, particularly those of a micro and small size, at even more competitive interest rates.

At the end of 2010, 353.6 thousand transaction had been contracted with coverage by the FGO, with a total applied



balance of R\$ 7.0 billion, which represents approximately 14% of the SME'S portfolio. Operations guaranteed by this Fund represent approximately 24.7% of the funds paid out in credit lines that are linked to this guarantee.

Transactions Carried out Under the FGO



During 2010 Banco do Brasil also supported micro and small business based in municipalities affected by flooding, notably in the states of Pernambuco and Alagoas, through emergency actions which permitted a lengthening in the deadline for loan instalments

contracted with BB, without any additional charge for the companies. In this context, BB also remodelled a line of credit destined for the renegotiation of the debt of micro and small business, the lengthening of debt terms and a reduction in interest rates, with the aim of assisting those affected by the international financial crisis.

Banco do Brasil is the bank which most supports micro and small business in the country, and to maintain this leadership position, it seeks to introduce innovations and automation for the development and offering of its products and services. An example of this stance is the 'Gerenciador Financeiro' (Financial Manager), an automated service channel which offers interactivity to SME'S on the internet (internet banking) and through cellular phones (mobile banking), offering services and online access for banking transactions, making day-to-day operations more simple, convenient and secure. In 2010, the number of micro and small business which regularly use Gerenciador Financeiro to carry out banking and financial transactions exceeded 600 thousands.

Products with Socio-environmental Characteristics

The micro and small business segment has a large capacity to generate incomes and jobs. With a focus on this segment, BB makes low cost working capital financing available, among other products and services.

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Granted Transactions	Total Portfolio (R\$ thousand)	Characteristics of Products	
				Environmental	Social
BB Giro Rápido (working capital)	Preapproved loan to meet the working capital requirements of micro and small business, consisting of two types of credit overdraft and reusable fixed credit. The product has a social aspects because it offers market differentials to micro and small companies. Among these we can cite the financing of purchases by corporate credit card, in other words, the adoption of the interest rates of the products BB Giro Rápido instead of credit card interest rates. In 2010 the product became part of the range of products offered to individual micro entrepreneurs, expanding the social coverage of this type of credit.	139,342	6,058		X
BB Giro APL (working capital for local production arrangements)	Loan to meet the working capital needs of micro and small companies that are part of Local Production Arrangements – APL. BB's involvement in APL has the objective of improving its relationship with the micro and small companies segment, through the active participation in the Arrangements, in partnership with other institutions, to map the necessities of these companies and offer appropriate financial solutions, bearing in mind the sustainability of the undertakings and the specific characteristics of each Arrangement.	2,091	94		X



Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Granted Transactions	Total Portfolio (R\$ thousand)	Characteristics of Products	
				Environmental	Social
BB Capital de Giro Mix Pasep (Mix Pasep working capital)	Loans to meet the working capital needs of micro and small business. In 2009 the products BB Capital de Giro Mix Pasep was made available links to the Operations Guarantee Fund – FGO, which facilitated access to credit by micro and small companies, seeing that the providing of guarantees constitutes one of the main barriers in the taking out of loans, while enabling there to be a reduction in financial charges.	147,741	3,617	X	
FAT Giro Setorial (FAT sector working capital)	in 2010, the FAT Giro Setorial credit line had the objective of stimulating the generation of jobs and incomes through financial support to companies that operate in the bar and restaurant segment, duly registered with the Ministry of Tourism, a labour-intensive sector with a geographical dispersion covering all areas of the Country.	950	91		X
Proger Urbano Investimento (investment)	Introduced by the Ministry of Labour and Employment and by the Deliberative Council of the Worker Support Fund (CODEFAT) at the beginning of 1994, Proger has the aim of promoting initiatives focused on the generation of jobs and incomes, to the granting of special lines of credit to sectors which usually have little access to the financial system, such as micro and small business, cooperatives and production associations and own production initiatives in the informal economy.	23,317	4,586		X

Credit for Agribusiness



Agribusiness is one of the main sectors of the Brazilian economy, being of fundamental importance to the country's growth. Banco do Brasil, in its role as an agent for public policies, represents a link between the Government and the rural producer, acting as the largest provider of finance in the Brazilian agribusiness sector in all segments and at all stages of the production chain, from the small producer to large agroindustrial companies.

It is worth pointing out that in the financing animal breeding activities, BB observes the Federal and State environmental regulations in force, requiring the presentation of documents that proves that the producer's situation is legal and regular, in terms of environmental licensing, grants for the use of water and registration of legal reserve. These documents of proof must be maintained in the dossiers of the proponents, for verification and monitoring by the internal control area of the Bank, and the banking supervisory bodies.

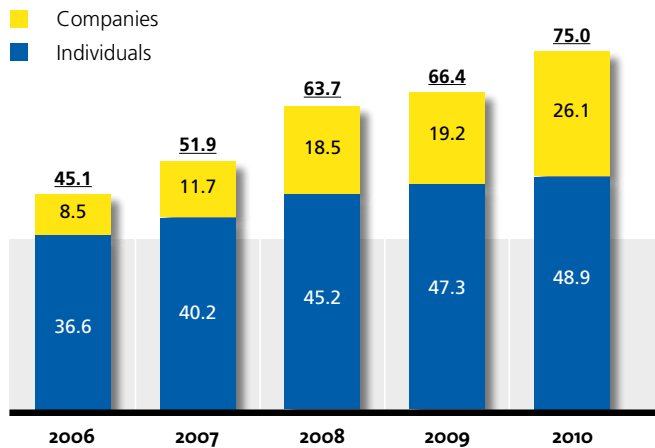
Prior to the contracting of rural credit operations, environmental and social requirements of the client and the enterprise being financed are observed, to make sure that they are in order. The target public of rural credit carries out investment, funding and sales operations. Financing for funding and sales involve short-term operations, which in general, take place at least once during the harvest year. This characteristic provides an opportunity for periodic monitoring of the client and its activity. Rural credit operations are subject to inspection *in loco*, on which occasion are verified aspects related to: correct application of credit, guarantee situation of the undertaking and of the management of the client. The result of the inspection is written down in standardised form, and sent to the branch carrying out the operation. The procedure, in cases of nonconformity being observed, begins with notification of the client and a request to put matters in order, and can result in a demand for the loan to be paid back early, as set out in the relevant clause contained in the credit instrument.

In 2010, Banco do Brasil maintained its position



as the principal partner of Brazilian agribusiness. The agribusiness portfolio ended the year with a balance of R\$75.0 billion in rural and agro-industrial credit operations, which represents an increase of 12.9% compared to the same period a year earlier, and a market share of 61%.

Agribusiness Loan Portfolio ⁽¹⁾ (R\$ billion)

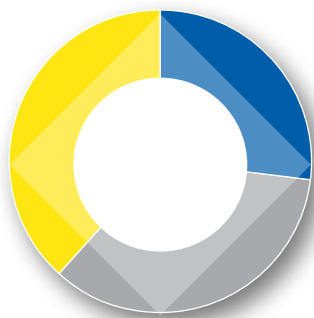


(1) Since 2009, contains the portfolios of BV and BNC.

Agribusiness Loan Portfolio: by Purpose, Region and Client Size

Agribusiness Loan Portfolio by purpose

- 38.1% Working Capital for Input Purchase
- 35.0% Investment
- 26.9% Crop Trading
- 0.1% Other

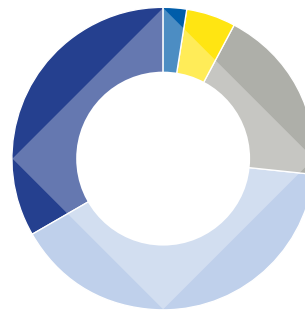


Agribusiness Loan Portfolio by region



Regional Participation

- 40.0% Southeast
- 33.3% South
- 18.8% Midwest
- 5.3% Northeast
- 2.6% North



Credit Portfolio by Size of Client (R\$ billion)

Segment	Dec/09	Dec/10
Mini	11.3	5.3
Small	10.7	16.2
Medium and large	41.0	50.3
Cooperatives	2.8	3.2
BNC	0.8	-
Total	66.4	75.0

Risk Management



In the contracting of rural credit operations of particular note is the use of mechanisms for risk mitigation – bad weather and prices. At the end of 2010, 55.1% of agricultural costs operations were covered by production insurance (proagro or agricultural insurance) and 6.1% covered by price insurance (option contracts).

Rural Credit with a Socio environmental Focus

To encourage good practices by rural producers, BB offers a series of credit lines with a socio-environmental focus for animal breeding, forestry and reforestry, agro-ecology, organic

production, revitalization of degraded areas, production and absorption of greenhouse gases and low carbon projects, supported by the Program for Low Carbon Agriculture (ABC), undergoing implementation, such as BNDES Produsa, FCO Pronatureza, BNDES Propflora, Pronaf Florestal, Pronaf Agroecologia and Pronaf ECO. In 2010, the volume contracted under these credit lines amounted to R\$ 195.6 million.



Products with Socio-environmental Characteristics

 GRI EC4 | FS7 | FS8

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Granted Transactions	Total Portfolio (R\$ thousands)	Characteristics of Products	
				Environmental	Social
BB Florestal – FCO Pronatureza	<p>FCO Pronatureza (for nature):</p> <ul style="list-style-type: none"> a) incentivates projects which are aimed at the conservation and protection of environment, the revitalization of degraded or altered areas, and the development of sustainable activities; b) to support the adaptation of production processes to technologies appropriate to the environmental conditions of the region; c) to incentivate the revitalization of areas of legal reserve, vegetation on the edge of water courses and preservation of the environment ; d) to provide conditions for expansion of organic activity; e) to incentivate the introduction of forestry undertakings, with a focus on the generation of jobs and incomes; f) to also support the implementation of projects which involve carbon sequestration and the reduction of greenhouse gases. 	163	293,220	X	
BB Florestal – BNDES Propflora	<ul style="list-style-type: none"> I. to contribute to the reduction in the existing deficit of tree plantations used as raw material for industries, mainly the furniture industry; II. To increase the diversification of production activities in the rural context; III. To generate jobs and incomes in a decentralized manner; IV. To leverage the technological and commercial development of the sector, as well as the collection of taxes; a) Social: to encourage people to stay in the rural environment, and reduce migration to the cities, by making small and medium sized properties economically viable; b) Environmental: to contribute to the preservation of native forest and remaining ecosystems. 	195	97,449	X	
BB Florestal – Pronaf Florestal	<p>Investment in projects which fill the requirements defined by the Secretariat for Family Farming/MDA, for:</p> <ul style="list-style-type: none"> a) Agroforestry systems; b) Extraction activities that are ecological sustainable, forestry management and planning, including costs related to the introduction and maintenance of the undertaking; c) Reconstitution and maintenance of permanent preservation areas and legal reserves, and the revitalization of degraded areas, for the fulfilment of the environmental legislation; d) enrichment of areas that already have diversified forestry coverage, with the planting of one or more forestry species that are native of the bioma. 	489	62,522	X	



Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Granted Transactions	Total Portfolio (R\$ thousands)	Characteristics of Products	
				Environmental	Social
BNDES Produsa	<p>Program for the stimulation of sustainable animal breeding – Produsa, is a credit line, with funding from the BNDES, which incorporated the former Program for the Integration of Farming – Animal Breeding – Prolapec and items of the Program for the Modernization of Agriculture and the Conservation of Natural Resources – Moderagro related to the correction and conservation of soil, the revitalization of pastures and actions related to environmental preservation:</p> <p>a) to disseminate the concept of responsible and sustainable agribusiness, adding the characteristics of efficiency, good production practices, social responsibility and environmental preservation;</p> <p>b) to stimulate environmental sustainability actions in the agribusiness context;</p> <p>c) to stimulate the revitalization of degraded production areas, including pasture, in order to increase animal breeding productivity on a sustainable basis;</p> <p>d) to support actions for the regularization of rural properties with respect to the environmental legislation (legal reserve, permanent preservation areas, treatment of defecations and residues, among others);</p> <p>e) to reduce the pressure for deforestation of new areas, with a view to increasing animal breeding activities in degraded areas which are undergoing the revitalization process;</p> <p>f) to guarantee conditions for the rational and sustainable use of agricultural areas and pasture, and reducing environmental problems;</p> <p>g) to intensify the support for the implementation of sustainable production systems, such as the organic system for animal breeding production.</p>	706	173,175	X	
Pronaf	<p>National Program for the Strengthening of Family Farming, created in 1995 by the Federal Government, is for the financial support of animal breeding and farming activities carried out with the direct employment of the labour force of farming families.</p> <p>It has the object of strengthening the activities of the family farmer, integrating him into the agribusiness chain, increasing incomes and adding value to the product and the property, through:</p> <p>a) Professionalization of the producers and families;</p> <p>b) Modernization of the production system;</p> <p>c) Appreciation of the rural family producer.</p>	723,499	17,680,585	X	
BNDES/Moderagro	<p>Program for the Modernization of Agriculture and Conservation of Natural Resources – Moderagro is a fixed credit line, aimed at animal breeding investments with funds from the BNDES through:</p> <p>a) to support the development of the production of types of fruit with market potential vote in Brazil and abroad particularly in the context of the Program for Integrated Fruit Production (PIF Brasil), as well as the processing, industrialization, standardization and other investments needed to improve standards of quality and conditions of sale of fruit products (Moderagro Fruta);</p> <p>b) to stimulate the sectors a lot of areas of agribusiness and animal defence, particularly under the National Program for the Control and Eradication of Brucellosis and Tuberculosis (PNCEBT) and the implementation of cattle and buffalo (Moderagro development and animal defence), as well as projects for sanitation or environmental improvement, related to the activities covered by this Program.</p>	373	727,407		
Agribusiness Ourocard	<p>Allow holders of this card to access its previously contracted rural credit lines (funding and investment). Payment is made directly to the supply included in the agreement, so as to guarantee the correct application of these funds.</p>	110,000 cartões emitidos			



National Program for the Strengthening of Family Farming (Pronaf)

 GRI FS7 | EC4

To change the social and economic reality of the small rural producer, inserting him into a context with greater use of technology and better financial and commercial management is a great challenge for any country, and Brazil deals with this through its National Program for the Strengthening of Family Farming – Pronaf. This program provides financing at terms and rates that are appropriate to the producer, in an environment of protection against climactic risks and sales based on encouragement to form associations and the use of technical assistance.

As the executor of public policies with a sustainable

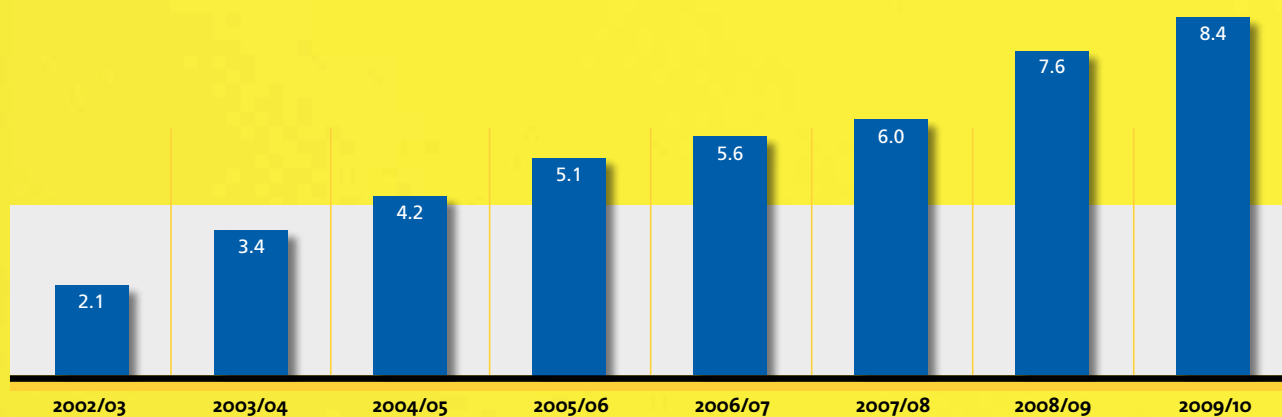
development profile, Banco do Brasil is the main financial agent of the National Program for the Strengthening of Family Farming (Pronaf), a Federal Government initiative that has the objective of developing family farmers and allowing the granting of credits at appropriate rates and under appropriate terms.

The great contribution by BB to Pronaf is the use of all its tradition, operational capacity and banking knowledge in rural credit for the building of automated and mass credit solutions, allowing the contracting of more than 1 million transaction a year, with R\$5 billion in loans granted.

The charts below show the substantial progress in BB's participation in Pronaf:

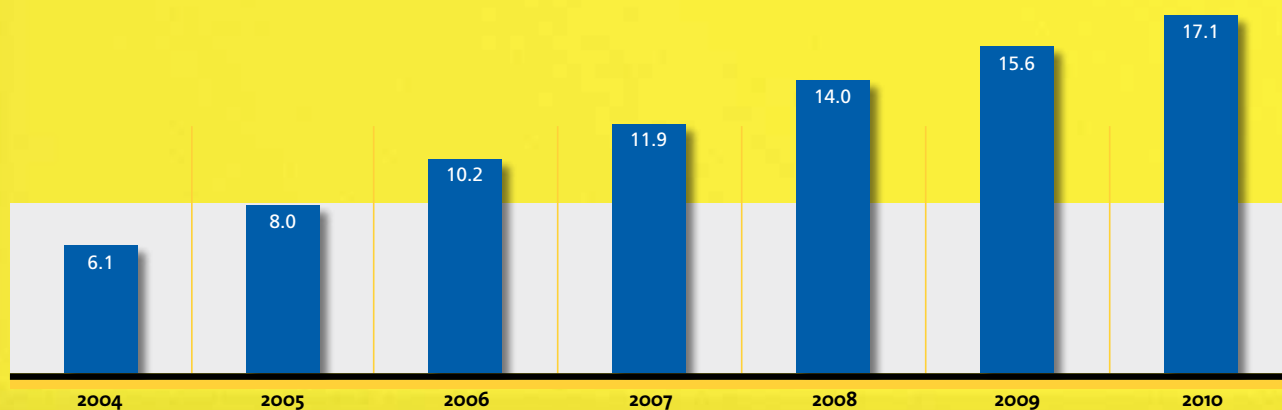
Loans Contracted – Harvest Year

(R\$ billion)



Portfolio Balance – Year

(R\$ billion)





The Bank for Foreign Trade

In 2010 Banco do Brasil reaffirmed the tradition of being the main partner for Brazilian foreign trade. The Bank's share of the export exchange market amounted to 31%, with trading volume of US\$57.1 billion. In the import exchange segment, BB's participation amounted to 24%, with a volume traded of US\$42.7 billion.

The Bank also consolidated its leadership position in the financing of foreign trade. Advances on Foreign Exchange Contracts (ACC) and Advances on Foreign Exchange Delivery (ACE) ended the year with a total paid out of US\$12.6 billion, which represents a market share of 33.6%. In the case of the Program for Export Finance (Proex), amounts paid out in the form of financing totalled US\$432.5 million, which is the highest demand in the last five years. Credit facilities focused on imports totalled US\$4.3 billion, maintaining BB as the market leader.

The assistance that the Bank provides to its clients goes beyond just financial operations. BB also offers Brasil Web Trade (BWT), an electronic business environment which permits companies to carry out all the stages of exports. It functions as an interactive channel for buying and selling, which simplifies and stimulates negotiations between Brazilian exporters and importers, around the world, rapidly and securely.

The online services for exchange and foreign trade also continue to show record results. The percentage of export exchange contracts carried out through the Internet amounted to 66.5%. In the case of imports, 44.2% of the exchange contracts were effected through the web. Of the total contracts, 47.9% were carried out using digital signatures. These initiatives are in line with the Bank's sustainability directives, which have already resulted in a reduction in attendance time, as well as implying lower consumption of material and energy, in addition to providing security and flexibility for the client.

The Bank also assists companies of any size in its first steps in the international market, providing services for consultancy and training in international business. In 2010, BB trained more than 19 thousand people throughout the country, in the area of foreign trade.

Banco do Brasil's main credit products for this segment are: Advances on Foreign Exchange Contracts (ACC) and Advances on Foreign Exchange Deliveries (ACE); ACC Indireto (indirect); BB Export Working Capital; Export Financing Program (Proex); BNDES-Exim; Capital de Giro Externo (working capital in foreign markets); direct financing loans; Overdraft; pre-payment; Proger Exportação; International Leasing; financing for imports (Finimp); and Desconto à Forfait.

Providing of Services for the Ministry of Development, Industry and Foreign Trade

Banco do Brasil also carries out a combination of activities focused on the operation of Brazilian exports and imports, delegated by the Secretariat for Foreign Trade (Secex), part of the Ministry for Development, Industry and Foreign Trade (MDIC). Among the services available, of particular note is the emission or authorization of the Certificate of Origin Form A, Import Licence and Drawback.

Dissemination of Export Culture

In addition to participating in all the editions in 2010 of the Foreign Trade Meetings (Encomex) promoted by the Ministry of Development, Industry and Foreign Trade (MDIC), Banco do Brasil continued with its Foreign Trade Days. The project, which has the objective of encouraging the insertion of Brazilian companies in international market – particularly those of a smaller size – this year covered 13 states, with a total of 19 events, at which more than 2,000 participants were present.



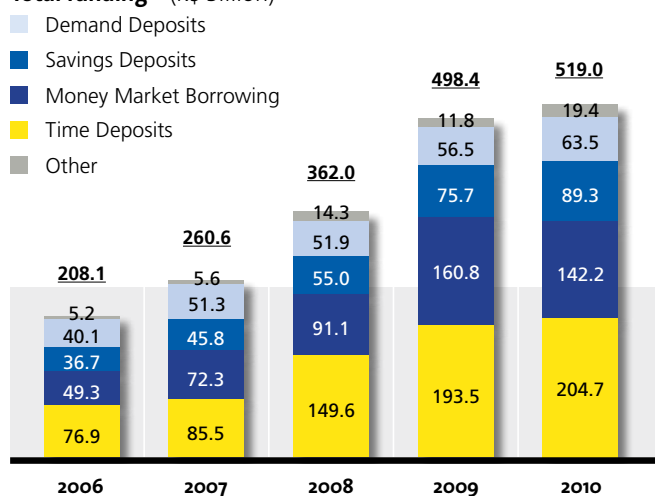
Deposits and Money Market Funding

Banco do Brasil, leader in the market of deposits, recorded R\$519.0 billion in funding in the year, growth of 4.1% over the previous year, which reflects the clients' confidence in BB. Special emphasis is placed on savings deposits, which grew 17.9% in the year.

In foreign funding, special emphasis is placed on issues of securities maturing over 5 and 10 years through the Global Medium Term Notes (GMTN) program, performed realized in the months of January and April, which raised a total of US\$1.45 billion. In October, Banco do Brasil completed the raising of US\$660 million in 10-year notes, of which US\$650 million were considered eligible for Capital Level II by Brazilian Central Bank, in the category of subordinated debt, which corresponds to an increase of 21 basis points in Banco do Brasil's Bis Ratio, compared to the end of September 2010.

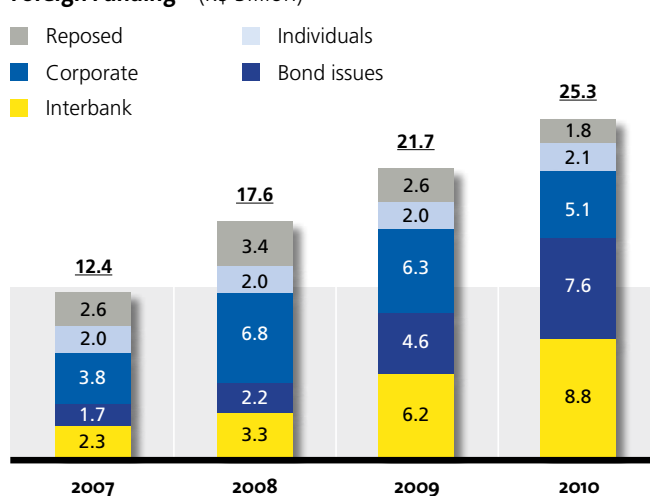
At the end of 2010, the total balance of foreign borrowings amounted to US\$25.3 billion, an increase of US\$3.7 billion, or 16.9% compared to 2009.

Total funding – (R\$ billion)⁽¹⁾



(1) Since 2009 includes the portfolios of BV and BNC.

Foreign Funding – (R\$ billion)⁽¹⁾



(1) Since 2009 includes the portfolios of BV and BNC.

Interbank Funding Lenders:
78 (2009) and 91 (2010)





Managements, Fund Raising and Government Programs



Constitutional Fund for the Financing of the Midwest (FCO)

The Constitutional Fund for the Financing of the Midwest (FCO) is an initiative by the Ministry for National Integration, that has the object of contributing

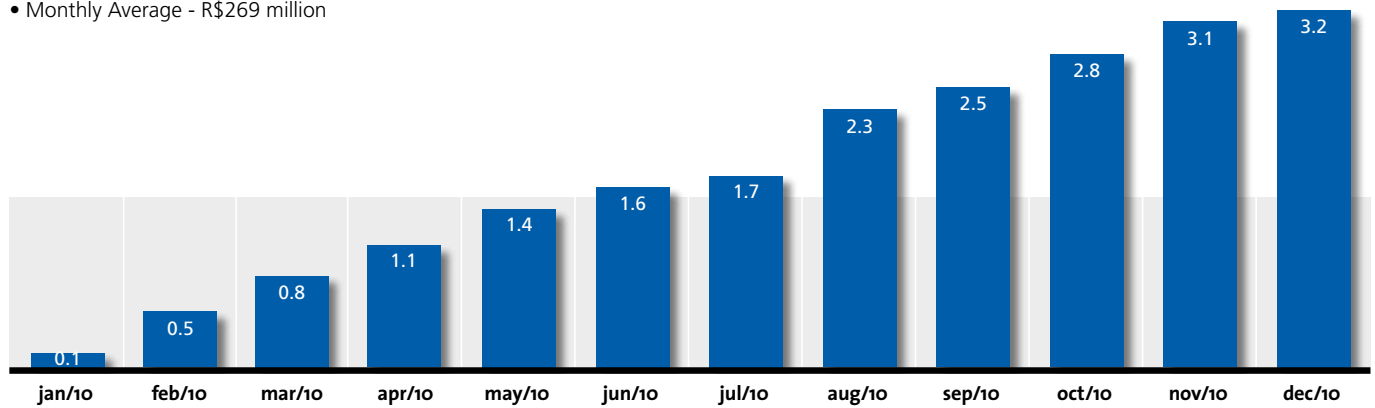
to the social and economic development of the Midwest Region of the country, through financing directed to production activities, focused on the economic-industrial, agro-industrial, animal breeding, mineral, tourism, commercial and service sectors.

In 2010, BB financed R\$4.3 billion in over 75,000 loan operations with funds from the FCO, serving 466 municipalities in the region. This number represents an increase of 33.6% compared to the previous year, and the highest volume contracted in one year since the creation of the Fund. Highlights tois the fact that 51.4% of the total benefited micro-mini and small size companies.

FCO - Accumulated Disbursement – (R\$ billion)

Highest annual contracted volume since creation

• Monthly Average - R\$269 million



Workers Support Fund (FAT)

The Workers Support Fund (FAT) is a special fund, of an accounting-financial nature, linked to the Ministry of Labour and Employment (MTE), destined for the funding of the program for unemployment benefits, salary bonuses and the financing of economic development programs.

Operations Guarantee Fund (FGO)

In 2010, the Operations Guarantee Fund established itself as an instrument of significant importance for the guaranteeing of credit for companies, particularly micro and small business.

Guarantee Fund for Public-Private Partnerships (FGP)

The Guarantee Fund for Public-Private Partnerships (FGP) has the purpose of guaranteeing the payment of pecuniary obligations by federal public partners as a virtue of the formalization of Public-Private Partnerships responding for their obligations with assets and rights that are part of their property.

Banco do Brasil manages the Guarantee Fund for Public-Private Partnerships (FGP), which has the objective of providing guarantees for the structuring of PPPs at the federal level. At the end of 2010, the net worth of this fund amounted to R\$349.9 million.

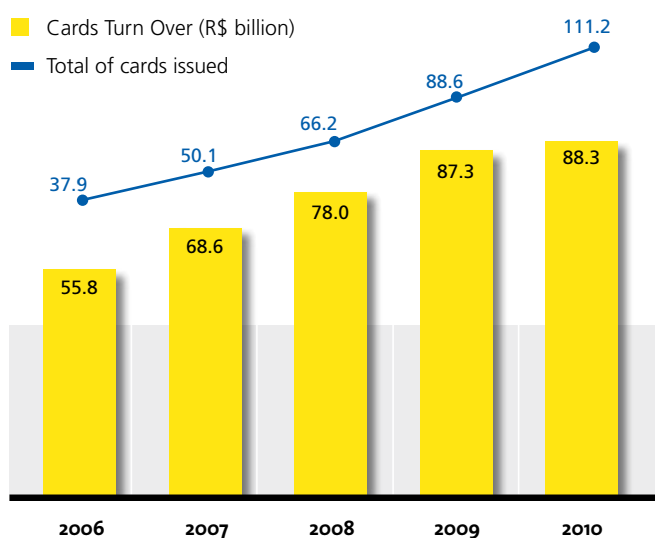
At the end of 2010, the portfolio of loan operations with states and municipalities amounted to a total of R\$3.132 billion, up 47% compared to the previous year. The operations contracted originate from specific credit lines for states and municipalities, focused, among other aspects, on investment in areas of significant social relevance, such as infrastructure works and the purchase of school buses for the public education network.



Cards

In 2010, Banco do Brasil gained an additional share of the card market, with an increase in card sales. With 88.3 million plastic cards issued, an increase of 1.2% compared to 2009, with an extensive portfolio of types of card and brand name, Banco do Brasil offers its clients a modern and personalized platform for multi-functional cards, which, through incorporating chip technology, offer a wide range of functions and security.

Cards



Safe Use of Cards



Banco do Brasil uses its communication channels with the client for orientation and emphasis about secure card use: messages in invoices, constant guidelines in letters that accompanying the cards, on the adhesive labels stuck to the reverse of cards, as well as in routines in the call centers, and messages generated at the ATM centers.

In 2010, the Internet card site (bb.com.br) started to contain a number of links on tips for the use of cards from Abecs the Brazilian Association of Credit Card and Service Companies ("Card – the trick is to know how to use it"), and from the financial education area of the Bank.

Financial Education



Consistent with its policy of social responsibility, Banco do Brasil, in partnership with Visa, presented the "Theatre of Financial Practices" play students in the public education network in São Paulo. 10 presentations were held at the Banco do Brasil Cultural Center, with exclusive sessions for 1,500 pupils in the public education network, aged between 11 and 16. The objective was to demonstrate basic personal financial concepts to this target public audience.

"Arredonde a sua Conta"

Banco do Brasil, in partnership with the Terra Institute, launched a program for promoting the revitalization of Atlantic Rainforest through the Program "Arredonde a Sua Conta" ("Rounding up Your Account"). With this, Ourocard customers of Banco do Brasil can round up the cents on their monthly credit card invoice, to a maximum of 99 cents, to be donated to the NGO.

The amounts donated by BB clients to the Terra Institute are directed to projects for restoration of the ecosystem, encouraging sustainable rural development, scientific research and environmental education.

Products with Socio-environmental Characteristics

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Cards Issued	Share in the Total Issued	Characteristics of Products	
				Environmental	Social
Ourocard Empreendedor	Specific credit card for individual micro-entrepreneurs (MEI), exempt from annual charges and with card remittances to the address declared by the cardholder. It has the objective of leveraging credit in this segment, facilitating banking inclusion and the movement of funds.	891	0.001%		X
BB Crédito Pronto	Created to facilitate client access to microcredit funds made available by BB, based on Resolution 3.109, of the National Monetary Council, with a monthly interest rate of 2%.	82,971	0.094%		X
BB Cartão Previdência Social	Tired for INSS retirees and pensioners with an interest rate of 2.99% a month, well below that practice in the card market, without the charging of an annual fee or a charge for issuing the card.	76,463	0.087%		X



Insurance, Pension Plans and Savings Bond

Insurance, pensions and saving bonds are segments of the market that indicate good prospects in the Country and for Banco do Brasil over the next few years. In order to improve efficiency and strengthen the competitiveness of BB in this market, the Bank has developed strategic partnerships and has restructured its insurance companies, giving priority to increasing the share of earnings from these products in BB's profits, as shown in the table below:

Insurance Ratio (R\$ thousands)	2009	2010
Insurance Result (A)	992,199	1,354,179
BB Recurring Income (B)	8,506,013	10,664,218
Total Insurance Index % (A/B)	11.7	12.7

Below we show the main results of Banco do Brasil's insurance companies.

Aliança do Brasil

 Companhia de Seguros Aliança do Brasil was created in June 1997, with Banco do Brasil as a shareholder through its wholly-owned subsidiary BB Aliança Participações S.A. Based in the city of São Paulo (SP), the company operates throughout Brazil and has a workforce of approximately a thousand people, including employees, student trainees, minor apprentices and outsourced employees.


With a diversified product portfolio, consisting of more than 40 types of insurance covering personal and property risk, Aliança do Brasil offers solutions which meet the needs of private individuals and companies, in all segments, including agribusiness. Its portfolio of personal risk insurance and other areas currently covers more than 10 million customers.

Since September 1st, 2010, the damage insurance portfolio of Companhia de Seguros Aliança do Brasil has been managed by Aliança do Brasil Seguros S.A., a company that is part of the Banco do Brasil conglomerate.

Over the last year, the client base has grown by more than 14%. In the first three months of 2010 alone, the company won more than half a million customers. The event which most contributed to the expansion of its client base was the launch of the product BB Proteção (BB protection), personal accident insurance offered in modules of R\$ 4.99 per month, in accordance with the client's profile.

In the area of life insurance, Aliança do Brasil ended the year with 3.9 million lives insured, up 34.5% over the last 12 months. This improvement resulted in a 0.7 percentage point gain in market share, maintaining Aliança as the 3rd largest insurer in the market, in terms of insurance premium, with a market share of 11.5% (source: Susep-Dec/10). The company reported net earnings of R\$ 451.5 million and maintained its leadership position in the rural insurance segment, with a market share of 45.7%, almost four times the company ranked in second place..


Brasilveículos

 An insurance company of Banco do Brasil, Brasilveículos in 2010 adopted a policy of strong growth and to make this possible, maintained an aggressive pricing strategy. The impact of this policy was a 19.9% growth in premiums issued, and an increase of 18.6% in premium retained. The fleet retained increased by 5.9%, amounting to 1.028 million vehicles.

However, this expansion ended up having a negative impact on the cancellation rate, which rose from 12.2% to 12.9%, with the claims rate increasing from 63.8% to 69.3%. With this, claims retained amounted to R\$1.0 billion, up 37.2%, but even with the increase in the level of claims, the operational result rose by 64.5%, totalling R\$150.7 million.

The growth in the investment portfolio of the insurer and the increase in interest rates led its financial result to rise by 14.1%, to R\$94.1 million. The expansion strategy, combined with good financial performance, allowed the company to report net earnings of R\$87.6 million, up 66.3% compared to the previous year. Based on the ranking figures from Susep, Brasilveículos maintained its position as the 5th largest vehicle insurer in the market.

Brasilcap

 A savings bond company, founded on July 31, 1995, Brasilcap has been the market leader for 14 years. According to ranking figures from Susep (private insurance superintendency), it is number one in terms of amount collected, as well as technical reserves, and in 2010 was the company that produced the best return for its clients.



In terms of collection ranking, it has a market share of 23.3%, with revenue of R\$ 2.73 billion. It celebrated three new sequential records, with the setting of a new monthly record, in March, of R\$ 237.4 million; in May, with R\$ 239.0 million, and in August with R\$ 259.1 million. These factors led the company to register a growth of 21.0% compared to 2009, while in the technical reserve ranking, the company had a market share of 24.3%, with provisions of approximately R\$ 4.19 billion, which when compared to last year, represents an increase of 15.8%.

Brasilcap periodically carries out research on customer satisfaction among existing and former clients. It introduces innovative new products and provides solutions for partial redemption, postponement and advance payment of instalments, securities with variable remuneration, with a guarantee of return that offers discounts to clients on medicines. This strategy of product diversification and innovation allows the company to achieve penetration at all income levels..

Brasilprev



Brasilprev is one of the largest private open pension companies in Brazil, with more than 1.29 million clients and assets under management of more than R\$ 37.2 billion, up 38% compared to the previous year. The result of an association between Banco do Brasil and the Principal Financial Group, it has the mission of providing clients with financial security solutions and services of a high-quality in order to enable them to achieve their life projects.

The excellent results accumulated by the company are the result of the expertise, solidity and tradition of its shareholders, the excellency of its products and services offered, as well as the extensive and competence sales

force of Banco do Brasil. With its operations based on an ethical and transparent approach, Brasilprev has guaranteed the generation of value for its businesses, and for all the public audiences with which it relates.

In 2010, the company maintained its leadership position in terms of net private retirement funds captured in the Brazilian market, first achieved in November 2008. Net funds captured is the indicator which best reflects the rate in quality and gain in scale, because it represents all the funds raised by the company, less the redemption is made in the period, in other words the funds that effectively remain with the company.

Driven by the sale of VGBL products, the funds captured by Brasilprev totalled R\$ 9.7 billion for its net contribution income, an increase of 57.6% compared to 2009, enabling the company to maintain its 2nd ranking position, according to figures from Fenaprevi.

Brasilsaúde



In July 2010, BB Seguros formalized the sale of all the shares of BB Seguros (49.92% of the total paid-up capital) in Brasilsaúde to Sul América Seguro Saúde, for the total value of R\$ 29.2 million..

Products with Socio-environmental Characteristics

Banco do Brasil offers various alternatives for insurance and savings bond, with socio-environmental attributes, with the majority of these insurance products transferring part of their revenue to the Banco do Brasil Foundation. In 2010, more than R\$ 1 million was passed on to projects of the Banco do Brasil Foundation, an increase of 47.8% compared to 2009.

Product or Service	Socio-environmental Responsibility Characteristic	Amount Traded in 2010 (R\$ thousand) ⁽¹⁾	Share of the Product Considering the Total Traded % (R\$ thousands)	Characteristics of Products	
				Environmental	Social
Seguridade					
Ouro Vida	Transfers 50% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of that entity.	310,491	17.53		x
Ouro Vida Empresa	Transfers 100% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of that entity	4,175	0.24		x
Ouro Vida Estilo	Transfers 50% of its revenue to the Banco do Brasil foundation to be applied to the social programs of that entity..-preferably to programs involving water resources.	1,115	0.06	x	x

(1) Amount traded in 2010. It do not consider the balance of transactions



Product or Service	Socio-environmental Responsibility Characteristic	Amount Traded in 2010 (R\$ thousand) ⁽¹⁾	Share of the Product Considering the Total Traded % (R\$ thousand)	Characteristics of Products	
				Environmental	Social
Insurance					
BB Seguro Vida Mulher	Transfers 50% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of this entity.	143,589	8.11		X
BB Seguro Agricultura Familiar	This product makes it possible and attractive to purchase moneylending insurance for clients with rural credit operations destined to family farming (Pronaf).	47,634	2.69		
Ouro Residencial and Residencial Estilo	Transfers 100% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of that entity	52,530	25.68	X	
Ouro Máquinas and Máquinas Novo – ALS	Transfers 100% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of that entity	7,241	3.54		
Ouro Máquinas and Empresarial Novo – ALS	Transfers 100% of its revenue to the Banco do Brasil Foundation with the stipulation that it be applied to the social programs of that entity	64,007	31.29		
BB Seguro Auto Estilo	Directs part of revenue to the Banco do Brasil Foundation, to benefit projects with a socio-environmental angle – water resources project. The value of the pass on is R\$ 0.30 per policy. The value for 2009 refers to the months of October, November and December.	22,663	1.49	X	
Savings Bond					
Ourocap Estilo Prêmio (PU 36S)	Water products – transfers to Banco do Brasil the proportion of 0.5% of the total funds collected in payment by subscribers to savings bond products PU36 S (“Ourocap Estilo Prêmio”), sold through the Banco do Brasil branch network.	174,980	6.41	X	
Ourocap Estilo Flex (PP 93E)	Water products – transfers to Banco do Brasil the proportion of 0.5% of the total funds collected in payment by subscribers to 48 monthly instalments of the savings bond PP 93 E (“Ourocap Estilo Flex”), sold through Banco do Brasil branch networks.	20,683	0.76	X	
Ourocap Multichance (PM 48 M)	BB Educar – transfers to the Banco do Brasil Foundation 0.5% of the total amount paid by subscribers, and 0.5% of the second and third monthly instalments of the saving bond product PM 48 M (Ourocap Multichance), sold through the Banco do Brasil branch network.	201,004	7.36		X
Ourocap 200 years (PM PP 60 M)	BB Educar – transfers to the Banco do Brasil Foundation 0.5% of the total amount paid by subscribers, and 0.5% of the second and third monthly instalments of the savings bond product PP 60 M (“Ourocap 200 Anos PM”), sold through the Banco do Brasil branch network.	156,876	5.74		X

(1) Amount traded in 2010. It do not consider the balance of transactions



Product or Service	Socio-environmental Responsibility Characteristic	Amount Traded in 2010 (R\$ thousand) ⁽¹⁾	Share of the Product Considering the Total Traded % (R\$ thousand)	Characteristics of Products	
				Environmental	Social
Ourocap 200 years PM (PP 60 C)	BB Educar – transfers to the Banco do Brasil Foundation 0.5% of the total amount paid by subscribers, and 0.5% of the second and third monthly instalments of the savings bond product PP 60 C (“Ourocap 200 Anos PM”), sold through the Banco do Brasil branch network.	22,395	0.82		X
Ourocap Estilo Prêmio Cartão de Crédito (PU 36G)	Water products – transfers to Banco do Brasil the proportion of 0.5% of the total funds collected in payment by subscribers, of the sole instalment of PU36 G (“Ourocap Estilo Prêmio Cartão de Crédito”), sold through the Banco do Brasil branch network.	1,538	0.06	X	
Ourocap 200 anos Cartão (PP60A)	BB Educar – transfers to the Banco do Brasil Foundation 0.5% of the total amount paid by subscribers, and 0.5% of the second and third monthly instalments of the savings bond product PP 60 A (“Ourocap 200 Years Card”), sold through the Brasilcap Call Center.	247	0.01		X

(1) Amount traded in 2010. It do not consider the balance of transactions

Asset Management

In the year 2010, BB Gestão de Recursos – BB DTVM, the largest manager of third-party assets in the Country, reached the figure of R\$360.2 billion in assets under management, divided into investment funds and managed portfolios. This volume represented an increase of 17.4% over 12 months, according to Anbima, the Brazilian Association of Financial and Capital Market Entities.

It should be pointed out that these figures do not include the balance of funds managed by Banco Votorantim, which amounted to R\$24.1 billion at the end of December 2010. If we were to consolidate 50% of the balance managed by BV, the percentage equal to BB's stake in the company's capital, then Banco do Brasil's market share in this segment would be 21.9%.

In addition to not acquiring stakes in companies that disrespect principles related to environmental preservation, human rights and labour rights, BB DTVM, a wholly owned subsidiary of Banco do Brasil, has become a signatory of the Principles for Responsible Investment – PRI, a United Nations initiative, committing itself to adopt socio-environmental variables in its investment decisions. BB DTVM adhered to the responsible investment principles in 2010. In this way, analysis and decision-making on investments incorporates socio-environmental and corporate governance criteria. In addition to this initiative BB invests in funds that prioritise sustainability, such as FIP Brasil Governança, BB Referenciado DI Social 50, which in 2010 passed on about R\$827,000 to products of the Banco do Brasil Foundation, and BB Ações ISE.



Investment Funds with Socio-environmental Characteristics



GRI EC2



GRI FS11

Banco do Brasil offers its clients two alternative investment funds that adopt Socio-Environmental criteria,

and four investment funds that invest in equity stakes. According to the International Finance Corporation (IFC), the business arm of the World Bank, investment which takes into consideration social and environmental criteria – Socially Responsible Investment (ISR) – have accumulated a global capital of more than US\$2.0 trillion, principally in developed countries.

Product or Service	Socio-environmental Responsibility Characteristic	Shareholder Equity in 2010 (R\$ thousand)	Share in the Total Portfolio	Profitability in 2010 (%) ¹	Characteristics of Products	
					Environmental	Social
BB Referenciado DI Social 50	50% of the management fee is passed on to the Banco do Brasil Foundation.	38,400	0.010	6.10%		X
BB Ações ISE	<p>Theoretical portfolio of ISE – index consisting of shares in companies that display a wide ranging corporate responsibility, considering aspects of corporate governance, economic efficiency and environmental equilibrium and social justice.</p> <p>As a socio-environmental characteristic, the regulation of the fund makes provision that companies invested in must obligatorily adopt socio-environmental responsibility standards (seeking to minimise possible adverse effects on the environment from their activities) and adopt good corporate governance practices.</p>	23,200	0.006	7.97%	X	

(1) In the case of funds that invest in equity stakes, the return during the first few years is normally negative, which is explained by the payment of administration fees and other appropriate expenses, in addition to the fact that the assets are acquired gradually, and need to mature in order to generate earnings, either through the payment of dividends or interest on equity, or through capital gain as a result of divestment.

Investment funds in Equity Stakes (FIP) with Socio-environmental Characteristics

Product or Service	Socio-environmental Responsibility Characteristic	Shareholder Equity in 2010 (R\$ thousand)	Profitability in 2010 (%) ¹	Characteristics of Products	
				Environmental	Social
FIP Brasil Governança Corporativa	<p>Structuring of fund focused on the acquisition of stakes in companies that can be taken to the global corporate governance stage (pre-IPO), with solid management fundamentals, willing to strengthen corporate governance practices and apply the concepts of self sustainability, with maturity in the managing of conflicts of interest and treatment of socio-environmental issues.</p> <p>The rules of the fund cite that companies invested in must obligatorily adopt standards of socio-environmental responsibility (seeking to minimize the possible adverse effects on the environment from its activities and adopt good corporate governance practices.</p>	340,592	7.40%		X



Product or Service	Socio-environmental Responsibility Characteristic	Shareholder Equity in 2010 (R\$ thousand)	Profitability in 2010 (%)	Characteristics of Products	
				Environmental	Social
Brazil Sustentabilidade FIP ⁽¹⁾	<p>Structuring of the fund focused on the acquisition of stakes in companies whose activities are associated with projects with the potential to generate carbon credits, with the incorporation of the principles of sustainability in investment decision-making.</p> <p>With socio-environmental characteristics, the regulation of the fund cites that companies invested in must obligatory adopt standards of socio-environmental responsibility (seeking to minimize the possible adverse effects on the environment from its activities) and adopt good corporate governance practices.</p>	6,394	(48.14%)	X	X
Brazil Agronegócios FIP ⁽¹⁾	<p>Structuring of the fund focused on the acquisition of stakes in Brazilian companies in which had been identified solid fundamentals of value, which can benefit from capital injections, with the objective of taking them to the capital markets. The focus of investment of the fund covers the entire agribusiness production chain, from the supplier inputs, to processing and distribution.</p> <p>As a socio-environmental characteristic, the regulations of the fund cite that companies invested in must obligatory adopt standards of socio-environmental responsibility (seeking to minimize the possible adverse effects on the environment from its activities) and adopt good corporate governance practices.</p>	34,401	(18.09%)	X	X
Fundo Brasil de Internacionalização Empresas FIP ⁽¹⁾	<p>Structuring of the fund (FIP) focused on the acquisition of stakes in medium-size Brazilian companies already carrying out foreign trade, or that have the potential to be internationalised. Eg.: sectors with a high aggregate value, leading companies in national sectors and sectors in which Brazil is competitive.</p> <p>With a socio-environmental characteristic, the regulations of the fund cite that companies invested in must obligatory adopt standards of socio-environmental responsibility (seeking to minimize the possible adverse effects on the environment from its activities) and adopt good corporate governance practices.</p>	42,859	(8.84%)		X

(1) In the case of funds that invest in equity stakes (FIP), the return during the first few years is normally negative, which is explained by the payment of administration fees and other appropriate expenses, in addition to the fact that the assets are acquired gradually, and need to mature in order to generate earnings, either through the payment of dividends or interest on equity, or through capital gain as a result of divestment.

BB Ações ISE

Launched in December 2005, BB Ações Índice de Sustentabilidade Empresarial (equity corporate sustainability index) is Banco do Brasil's first ethical fund, and the first fund in Brazil to be referenced to the São Paulo Stock Exchange Corporate Sustainability Index (ISE). The ISE index is composed of companies

that include social and environmental issues in their business and management practices. Ethical funds stimulate companies to invest in socio-environmental sustainability in their businesses, and encourage investors to value companies that seek to reduce impacts.



BB DI Social 50

BB Referenciado DI Social 50 is an investment fund of BB with socio-environmental attributes which passes 50% of its management fee onto the Fome Zero (zero hunger) Program – since 2003 this fund has passed on more than R\$8.2 million to various projects that are part of the Federal Government Fome Zero Program, run by the Banco do Brasil Foundation.

Capital Markets and Treasury

Domestic Market

Banco do Brasil operates in the domestic capital markets through BB Banco de Investimento S.A. – BB-BI. In 2010 it carried out 44 issues of fixed-income securities, amounting to a total of R\$13.8 billion, ranking in 3rd place according to Consolidated figures from Anbima, with a market share of 19.3%. In the securitisation segment, there were 4 issues of Funds for Investment in Credit Rights – FIDC, 1 in Real Estate Receivable Certificates – CRI and 2 in real estate funds, amounting to a total of R\$957 million.

In equity markets, BB-BI coordinated 2 public share offerings, amounting to a total of R\$ 327.8 million. In distribution terms, BB was ranked number one by Anbima, with a market share of 60.5%. In the custody of assets in the domestic market, the Bank occupies 3rd place in the ranking by Anbima, with R\$461.9 billion in custody, which represents a market share of 22.1%, while also acting as a depositing institution for real-estate assets.

BB Gestão de Recursos, Distribuidora de Títulos e Valores Mobiliários S.A. (BB DTVM), is a company that specializes in the management of funds from third parties and the management of investment funds of clients of Banco do Brasil, distributed through the largest banking branch network in the country.

The company began its activities in 1986 and over the years has undergone changes to perfect its structure. Combining solidity, transparency, security, experience and advanced technology, BB DTVM is synonymous with excellence in management solutions for a large variety of market segments: retail, high-income, private, corporate, foreign, government and institutional investors.

With a selected team of professionals, with a high level of qualification, training and commitment, mainly to the clients, BB DTVM provides an excellent and exclusive service, adapting solutions to the specific needs of each investor profile.

International Markets

In the international capital markets, BB, through its external brokers BB Securities Ltd (London) and Banco do Brasil Securities LLC (New York), took part in 30 of the 69 operations for the raising of external funds carried out by companies, banks and the Brazilian government, being the lead-manager in 17 of these, and co-manager in 13. Of the total of approximately US\$ 40 billion issued during the year, BB participated in approximately US\$ 21.6 billion.

In the market for mergers and acquisitions, BB-BI participated in 5 operations, amounting to a total of R\$ 8.5 billion, being in 7th place according to the ranking from Anbima, with a market share of 12%.

Other Services

Banco do Brasil offers a number of differentiated and specialized products and services products to its clients. Below we show some of these. With a focus on perfecting its service to clients, BB has developed technology which provides more convenience. In addition to the physical service outlets, the client also has access to services on the Internet, as well as through ATM machines and other channels, such as mobile devices for cell-phones and tablets.

For details and information about other products and services, readers should access the website link www.bb.com.br or apply for information from our branches.

Consortia

BB Administradora de Consórcios ended 2010 with 208,900 active accounts, up 48.3% over 12 months. Of particular note was the vehicle segment which saw an increase of 80%, having risen to 168,400 quotas in 2010. In November 2010 BB, which already operated in the real estate and durable goods segments, became the first financial institution to offer a complete consortium portfolio, with its entry into the service segment.

Products and Services for the Public Sector

Banco do Brasil is the leader in terms of volume collected through Social Welfare Forms – GPS and the Guarantee Fund for Length of Service – FGTS. In addition to this, it has 25.2% of the market in the collection of taxes for the Brazilian Federal Tax Authorities and 35.4% of the market in the collection of state taxes, totalling R\$194.6 billion and R\$118.5 billion, respectively. At the municipal level, R\$14.2 billion was collected in taxes.



At the beginning of the year, BB and the Office of the Attorney General of the National Treasury – PGFN renewed the partnership which guaranteed the continuity of the Bank's participation in the collection of debts arising from rural credit operations not paid by contributors, and inscribed under the Active Debt of the Union – DAU. This initiative allowed the Bank in 2010 to renegotiate R\$683.2 million in debt, with the formalization of over 6,500 agreements.

Credits were processed deriving from payroll agreements, of a total of 177.5 million, among these being company clients and clients from the public sector during the year. In total, BB served to 12 million public servants and employees of private-sector companies, with this service, with a total of R\$276.9 billion. Banco do Brasil offers its clients various options and services.

Authorised Direct Debit

The new electronic collection solution, Authorised Direct Debit, accounted for 1.2 million electronic withdrawals, a market share of 24%, with more than 70.5 million payment dockets processed electronically.

This new service dispenses with the printing of payment dockets thus reducing the consumption of paper, consequently benefiting the environment. This initiative implied the preservation of 13,000 eucalyptus trees, the saving of 23 million litres of water, and saved the Bank more than R\$49 million, with reductions in the expenses of printing, post and interbank tariffs.

Saque Sem

Saque Sem is another innovation by Banco do Brasil for its clients. The client can withdraw up to R\$100 without the use of a magnetic card, through joining the service for cell-phones.

Charging and Collection for Agreements



The BB charging service is focused on the receiving of amounts through payment dockets, which can be paid using various means, including cellphones, iPad and tablets.



Banco do Brasil's bank collection, docket payment and automatic debit services are provided to more than 565,700 companies, accounting for a total volume of R\$ 709.3 billion in 2010 through 917,987,046 notes issued. These services amounted to a total of R\$ 1.9 billion in revenue, up 15.8% compared to 2009.

In July 2010 a new aspect of this service was launched: the printing of payment dockets in a smaller size, half an "A4" sheet of paper. This is a system that is used in approximately 30% of the docket issued. With

this procedure, BB contributed to the annual saving of 84,000 kg of paper, 8 million litres of water, and the preservation of 3,000 trees.

Collection of Agreements is carried out through a non-compensatable payment form (with a barcode), in the format defined by the client, provided that it obeys the standards of Febraban. The payment of the form can be made by clients on non-clients of BB at any branch of Banco do Brasil, through the ATM machines, Internet, financial manager or banking agents.



Other Products with Socio-environmental Characteristics

Other products with socio-environmental characteristics that BB offers are linked to the financing of efficient energy, the acquisition of assets which contribute to the preservation of the environment, and the public government policies for education, infrastructure among others.

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Transactions Contracted	Total Portfolio at in 2010 (R\$ thousands)	Characteristics of Products	
				Environmental	Social
BB CREDIÁRIO	<ul style="list-style-type: none"> • Purchase of construction materials from registered stores ; • Purchase of protheses and ortheses under special conditions for disabled people ; • Purchase of solar heating equipment ; • Financing of expenses for the payment of monthly school fees and matriculation ; • Purchase of electrical domestic appliances with special conditions ; • financing of leisure travel, such as air fares, train or bus fares, or sea voyages, stays in bed and breakfast establishments and hotels, renting of vehicles, tourist packages, among others. 	124,728	400,598	X	X
BB LEASING OUTROS BENS	Mercantile leasing which can be used for the purchase of goods which contribute to environmental preservation.	12	501	X	
Proesco	Financing line for up to 90% of energy-efficient projects which contributes is energy-saving , increase the efficiency of the global energy system or promote the substitution of fossil fuels.	3	1,252	X	

Government

Product or Service	Socio-environmental Responsibility Characteristic	Quantity of Transactions Contracted	Total Portfolio at in 2010 (R\$ thousands)	Characteristics of Products	
				Environmental	Social
BNDES Governos	Financing, for states, of public works, equipment and installations. Provoke social impact for the improvement in the quality of life of the population covered by the actions provided by projects and assets financed.	15	1,667,378		X
Caminho da Escola	Financing of school buses for the daily transport of pupils to schools in the public elementary education network , in Brazilian municipalities and states	332	134,707		X
Finame PSI	Financing, for states, of public works, equipment and installations. Provoke social impact for the improvement in the quality of life of the population covered by the actions provided by projects and assets financed.	9	381,866		X
Provias	Financing for the acquisition, by municipal authorities, of machinery and equipment for intervention in public rights of way, highways and roads. Provokes social impact for the improvement in the quality of life of the population covered by the actions provided by projects and assets financed.	354	208,908		X



Summary Table of Banco do Brasil's Products with a Socio-environmental Emphasis (R\$ million)

			Volume
Savings Bond ⁽³⁾	Ourocap Estilo Prêmio/Ourocap Estilo Flex/Ourocap Multichance/Ourocap 200 anos/Ourocap Estilo Prêmio Cartão de Crédito/Ourocap 200 anos Cartão	% of Administration Fee for socio-environmental projects	395.8
Insurance ⁽¹⁾	Ouro Vida/Ouro Vida Empresa/Ouro Vida Estilo/BB Seguro Vida Mulher/BB Seguro Vida Agricultura Familiar/Ouro Residencial e Residencial Estilo/Ouro Máquinas e Máquinas Novo – ALS/BB Seguros Auto Estilo		
Funds ⁽²⁾	BB Diferenciado DI Social 200 BB Ações ISE FIP Brasil Gov. Corporativa Brasil Sustentabilidade FIP Brasil Agronegócios FIP Brasil de Intermac. FIP	Portfolio/investment in socio-environmentally responsible companies	485.8
Credit Lines ⁽¹⁾	BB Microcrédito DRS/Cred. Imob. Minha casa Minha Vida/Microcrédito/FCO Pronatureza/BNDES (Propflora, Produza, Moderagro, Proesco)/Pronaf (Florestal, Agroecologia, Eco)/CDC Veículos Ecoeficiente/BB	Credit limits with socio-environmental characteristics	20,680.6

(1) amount traded; (2) Shareholder Equity; (3) Portfolio Balance

BB's shares

In June 2010 Banco do Brasil performed its most successful public offering of shares, in which 396 million shares were traded, 286 million being through a primary offering with the remaining 110 million being in the form of a secondary offering, totalling R\$9.8 billion in all.

The offer strengthened the Bank's capital structure in order to enable it to carry out its expansion strategy and raise the size of its free float to 30.4%, fulfilling the commitment implied by joining the BM&FBovespa Novo Mercado.

Institutional investors ended up with 48.3% of the total offered, with retail investors accounting for

21.4%. The remaining shares (30.3%) were described for by existing shareholders exercising their preferential take-up rights.

As a result of the offer, 78,000 new shareholders joined BB shareholding base. Banco do Brasil's largest shareholder is the Federal Union, which after the offering saw its stake reduced from 65.3% to 59.2% of the total capital. The second largest shareholder is Caixa de Previdência dos Funcionários do Banco do Brasil.

At the end of 2010, Banco do Brasil's paid-up capital amounted to R\$33,077,996,200.75 consisting of 2,860,729,247 ordinary shares, without nominal value. The largest shareholder is the Federal Union, with 59.2% of the total capital, followed by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) with 10.4%.

Ownership Structure

	2006	2007	2008	2009	2010
Federal Union	68.7	67.1	65.6	65.3	59.2
Previ	11.4	10.7	10.4	10.4	10.4
BNDESPar	5	2.6	2.5	2.4	0.01
Free Float	14.8	19.6	21.5	78.1	30.4
Shares in Treasury	0	0	0	0.1	0



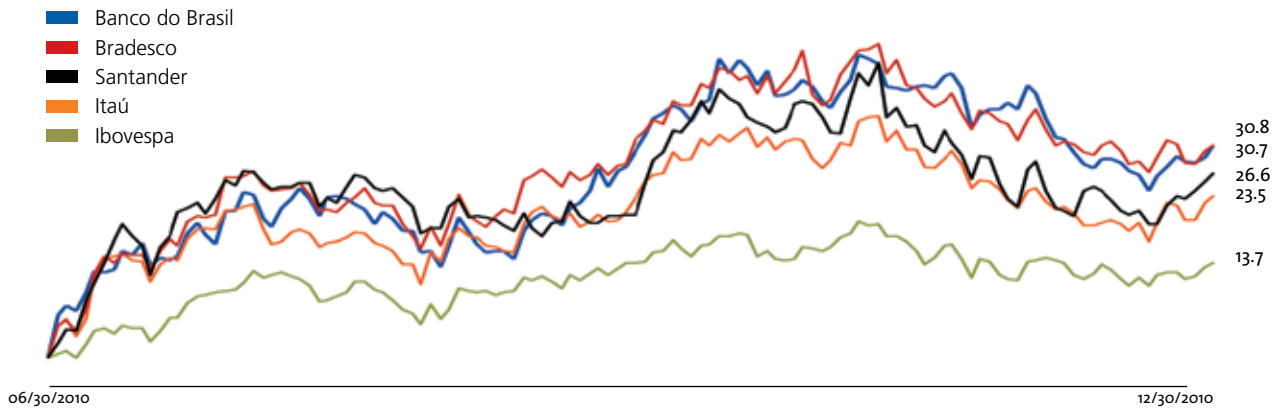
Share Performance

The equity market reflected the institutional and economic movements in 2010. In the domestic market, the dynamism of the Brazilian economy favoured the appreciation in the shares of Banco do Brasil which ended

2010 at R\$31.42, an appreciation of 12.71% (adjusted for dividends) over 12 months, compared to the appreciation of 1.00% in the Ibovespa over the same period.

Counting from the date of the share offering, on June 30, 2010, the shares of BB have appreciated by 30.8%, outperforming its peers.

Share Performance (Δ%)



The table below shows the main market indicators for the shares of Banco do Brasil:

Shares	2006	2007	2008	2009	2010
Earnings per Share R\$ (4)	2.44	2.04	3.43	3.95	4.32
Price/Earnings 12 Months (x)	8.6	14.9	4.3	7.5	7.3
Price/Book Value (x)(4)	2.5	3.1	1.3	2.1	1.8
Book Value (R\$)(4)	8.4	9.8	11.7	14.1	17.7
Payout (%)	40.0	40.0	40.0	40.0	40.0
Dividend Yield (%)	4.6	2.7	9.3	5.3	5.2
Market Cap (R\$ billion)	52.8	75.3	37.7	76.3	89.9
Price Share Annual Change (%)	+65.8	+47.0	-49.1	+117.0	+12.7

In keeping with its dividend distribution policy, BB pays out 40% of earnings in the form of dividends and interest on equity to its shareholders. Below is shown the evolution in these figures since 2006:

Distribution of Dividends and Interest on Equity to Shareholders– R\$ million	2006	2007	2008	2009	2010
TN	1,706	1,382	2,299	2,657	2,910
PREVI	299	228	364	418	488
BNDES	115	90	88	100	50
Individuals	87	88	200	221	253
Companies	61	78	163	196	277
Foreign Investors	135	157	400	466	726
Incorporation of BNC	0	0	0	1	0
TOTAL	2,405	2,023	3,521	4,059	4,706



Warrants

In 1996, on occasion of BB's capital increase, three series of warrants were issued: A, B and C, with due-dates in 2001, 2006 and 2011, respectively. The exercise

C Bond Series

Series	Ticker Code	Date of Exercising	Quantity	Exercise Price R\$	Quotation in R\$
Warrants C	BBA S 13	03.31 to 06.30.2011	4,328,704	28.77	67.33

In a simulation, taking the total of 2,860.7 million shares, the dilution potential for the Bank's capital is 0.5%, based on the premise that up to the end of 2011 there will be no additional capital increases, and that the remaining quantity of C Bonds will be exercised on their due-date (31.03 to 30.06.2011).

Conversion:

1 warrants = 3,131,799 shares

Total shares = 2,860,729,247

Expected capital dilution

Warrant	Quantity of Warrant	Quantity of Shares	Capital Dilution- %
C Warrant	4,328,704	13,556,631	0.5

ADR Performance

In order to reach international standards of shareholding structure and composition, in December 2009 Banco do Brasil took its first steps in launching an American Depositary Receipt Program – ADR, which placed in the market up to the end of 2010, more than 10 million active ADRs, a record volume for this category. The ADR listing provided more visibility for the Bank abroad, facilitating the conquest of new shareholders in the American market.

price of these warrants was established at R\$8.50, with adjustment by the IGP-DI index, pro rata temporis.

At the public offering of shares, there were 1,551,727 C Warrants exercised (BBAS13), with 4,328,704 remaining active. The distribution and some characteristics of the “C” warrants are shown in the tables below:

Banco do Brasil's ADRs obtained the highest organic growth in the last decade of all the Brazilian over-the-counter ADR programs, being the third most traded on the over-the-counter market, behind only OGX and Usiminas. In 2010, the average daily volume on the over-the-counter market in Banco do Brasil's ADRs was US\$1.2 million, compared to the average volume for Brazilian listed companies, of US\$230,000.

Recognitions received in 2010 Ratings

Ratings

Ratings Globais

Fitch Ratings

Individual	C/D
Short-term in local currency	F3
Long-term in local currency	BBB-
Short-term in foreign currency	F3
Long-term in foreign currency	BBB-
Short-term national	F1+(bra)
Long-term national	AA+(bra)

Moody's

Financial strength	C+
Short-term local currency	P-1
Short-term foreign currency	P-3
Long-term debt in foreign currency	Baa2
Long-term deposits in local currency	A2
Long-term deposits in foreign currency	Baa3
National short-term	BR-1
National long-term	Aaa.Br

Standard & Poor's

Long-term in local currency	BBB-
Long-term in foreign currency	BBB-



Awards and Recognitions



GRI 2.10

Prizes, awards and titles received by Banco do Brasil in 2010:

- GRI Reader's Choice Award – categories of Engagement, Investor Prize and General Winner;
- Part of the Corporate Sustainability Index (ISE BM&FBovespa) for the fifth year running;
- Deutsche Bank's Straight Through Processing (STB) Excellence Award;
- Winner of e-finance 2010 awards, with 35 cases awarded in 12 categories;
- Abrasca Award for the Creation of Value, for the performance and liquidity of the shares traded on the stock exchange in 2009;
- SM Awards 2010, as a Company with Outstanding Growth – Banks and Financial Services;
- Elected as best Latin American bank in 2010, in the Awards granted by Latin Finance Magazine;
- Best companies to work for in 2010" Award by the Great Place to Work Institute;
- Elected as Bank of the Year in Brazil by the Magazine The Banker;
- National campaign for accessibility – CONADE;
- Alide Award for recognition of good development practices at financial institutions;
- Corporate Friend of the Child corporate seal;
- Gender Equality Seal;
- Top 10 – Most Prestigious Companies in Brazil 2010/2011 – Época Negócios;
- Silver Award XVI ABMR&A (Brazilian Association of Rural Marketing and Agribusiness) for communication in rural marketing and agribusiness – Agribusiness Bank in the category of Advertising Campaign;
- 9th Rainbow Award for Human Rights;
- Equity Fund for Governance and Sustainability of F&C.



INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

To
The Board of Directors, Shareholders and Other Stakeholders of
Banco do Brasil S.A.
Brasília – DF

Introduction

We have been engaged for the purpose of applying Limited Assurance Procedures on the sustainability information contained in the Annual Report of Banco do Brasil S.A. and subsidiaries (Banco do Brasil), related to the year ended on December 31st, 2010, which was prepared under the responsibility of Banco do Brasil. Our responsibility is to issue a Limited Assurance report on this sustainability information.

Procedures of Limited Assurance

The Limited Assurance Procedures were performed in accordance with regulation NBC TO 3000 – Assurance Engagement Other than Audit and Review, issued by CFC – Accounting Federal Board and with ISAE 3000 – International Standard on Assurance Engagements, issued by International Auditing and Assurance Standards Board, both related to “Assurance Engagements other than Audits or Reviews of Historical Financial Information”.

The procedures comprised:

- (a) the planning of the work, considering the importance, coherence, volume of quantitative and qualitative information and operational and internal control systems that served as a basis for the preparation of the sustainability information contained in Banco do Brasil's Annual Report;
- (b) the understanding of the calculation methodology and the consolidation of the performance indicators through interviews with the personnel responsible for the preparation of information;
- (c) the comparison, on a sample basis, of the quantitative and qualitative information with the sustainability information disclosed at the Annual Report; and
- (d) the comparison of the financial indicators with the financial statements and/or accounting records.

Reporting Criteria

The contained sustainability information in Banco do Brasil's 2010 Annual Report was prepared according to the Global Reporting Initiative guidelines (GRI-G3) for sustainability reporting.

Scope and Limitations

The objective of our work was to apply limited assurance procedures on the contained sustainability information in Banco do Brasil's Annual Report, on profile items (disclosures that set the overall context for understanding organizational performance such as its strategy, profile, and governance), on management approach and on the sustainability performance indicators and it does not include any evaluation of their policies, practices and sustainability performance.

The applied procedures do not represent an examination in accordance with the Brazilian and international audit rules for financial statements. In addition, we do not provide any assurance on the achievability of future information (such as targets, expectations and ambitions) nor on qualitative information that is under subjective evaluation.



GRI – G3 Application Level

According to the GRI-G3 guidelines, Banco do Brasil declares an Application Level of A+ for its Annual Report, related to the sustainability information for the year ended on December 31th, 2010.

Banco do Brasil has reported the profile items, the essential performance indicators and the indicators from the financial services sector supplement – “Financial Services Sector Supplement – Version 3.0 FSSS Final Version”, as well as some additional indicators that were considered material for their stakeholders. We considered the applied procedures sufficient to agree that the application level declared by Banco do Brasil complies with the GRI-G3 guidelines.

Conclusion

Based on the procedures performed, we have not identified any relevant modification that should be done on the sustainability information contained in Banco do Brasil’s Annual Report, related to the year ended on December 31th, 2010, to agree with the GRI-G3 guidelines and with the records and files that served as a basis for its preparation.

Brasília, April 27th, 2011.

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF

Francesco Luigi Celso
Contador CRC SP-175348/O-5 S-DF



Global Reporting Index

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	<p>Profile Disclosures Output</p> <p>Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15</p>	Report Externally Assured	<p>Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17</p>	Report Externally Assured	<p>Same as requirement for Level B.</p>	Report Externally Assured
	<p>Disclosures on Management Approach Output</p> <p>Not Required</p>		<p>Management Approach Disclosures for each Indicator Category</p>		<p>Management Approach disclosed for each Indicator Category.</p>	
	<p>Performance Indicators & Sector Supplement Performance Indicators Output</p> <p>Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.</p>		<p>Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.</p>		<p>Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.</p>	

* Sector supplement in final version.

Indicators of Profile					
1. Strategy and Analysis			Observation	Pages	Principles of Global Compact
1.1		Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy.		2	
1.2		Description of key impacts, risks, and opportunities.		2, 30, 40, 68	
2. Organizational Profile			Observation	Pages	Principles of Global Compact
2.1		Name of the organization.		3	
2.2		Primary brands, products, and/or services.		4	
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		5	
2.4		Location of organization's headquarters.		4	
2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		4, 33	
2.6		Nature of ownership and legal form.		3, 5	
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		33-34, 94	
2.8		Scale of the reporting organization		19-26	
2.9		Significant changes during the reporting period regarding size, structure, or ownership		15, 27	
2.10		Awards received in the reporting period		184	
3. Report Parameters			Observation	Pages	Principles of Global Compact
3.1		Reporting period (e.g., fiscal/calendar year) for information provided.		15	
3.2		Date of most recent previous report (if any).		13	
3.3		Reporting cycle (annual, biennial, etc.)		13	
3.4		Contact point for questions regarding the report or its contents.		17	
3.5		Process for defining report content, including: a) Determining materiality; b) Prioritizing topics within the report; and c) Identifying stakeholders the organization expects to use the report.		13-15	
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).		15	
3.7		State any specific limitations on the scope or boundary of the report.		15	
3.8		Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		15-16	



3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		15	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	In 2010, there was a change in the methodology used for the calculation of the energy consumed by Banco do Brasil. In previous years, the consumption was calculated based on the amounts shown on the electricity bills of the branches. In 2010, a new method was introduced, which allowed the typing in off the relevant data referring to the real consumption in kilowatt hours, contained in the electricity bills, using a specific management system.	15, 107-108, 121	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		15	
3.12	Table identifying the location of the Standard Disclosures in the report.		187	
3.13	Policy and current practice with regard to seeking external assurance for the report.		17	
4. Governance, Commitments, and Engagement		Observation	Pages	Principles of Global Compact
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		44	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).		62	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		62	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		62-63	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		61-63	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		72	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		61	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		8, 42, 72	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		62, 68	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		61	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		75, 82	7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		67-68	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: a) Has positions in governance bodies; b) Participates in projects or committees; c) Provides substantive funding beyond routine membership dues; or d) Views membership as strategic.		84, 147	
4.14	List of stakeholder groups engaged by the organization.		68, 93	
4.15	Basis for identification and selection of stakeholders with whom to engage.		68, 152	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		68, 93, 152	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		68, 93, 152	



Economic Performance Indicators					
ASPECT: ECONOMIC PERFORMANCE			Observation	Pages	Principles of Global Compact
CORE	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		18, 22	
CORE	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		145, 146, 156	
CORE	EC3	Coverage of the organization's defined benefit plan obligations.		118	
CORE	EC4	Significant financial assistance received from government.		137, 159-170	
ASPECT: MARKET PRESENCE			Observation	Pages	Principles of Global Compact
ADD	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	See Ibase Social Balance Sheet.	26	
CORE	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	BB has relationships with service providers and qualified suppliers, following the process of transparent and impartial hiring, governed by Law 8.666/93.	138	
CORE	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	The hiring of Banco do Brasil's employees is carried out through public concourse.	103	7, 8, 9
ASPECT: INDIRECT ECONOMIC IMPACTS			Observation	Pages	Principles of Global Compact
CORE	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.		122, 152	
ADD	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		152	

Environmental Performance Indicators					
ASPECT: MATERIALS			Observation	Pages	Principles of Global Compact
CORE	EN1	Materials used by weight or volume.		24, 142	
CORE	EN2	Percentage of materials used that are recycled input materials.		142	8, 9
ASPECT: ENERGY			Observation	Pages	Principles of Global Compact
CORE	EN3	Direct energy consumption by primary energy source.		25, 145	
CORE	EN4	Indirect energy consumption by primary source.		25, 143-144	
ADD	EN5	Energy saved due to conservation and efficiency improvements.	The calculation methodology for the consumption of energy was altered in 2010. As a consequence, it is not possible to compare the total amount of energy saved from one year to the other.	143	8, 9
ADD	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		142	8, 9
ADD	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		143	8, 9
ASPECT: WATER			Observation	Pages	Principles of Global Compact
CORE	EN8	Total water withdrawal by source.		24, 143	
ADD	EN9	Water sources significantly affected by withdrawal of water.		143	
ADD	EN10	Percentage and total volume of water recycled and reused.		143	8, 9
ASPECT: BIODIVERSITY			Observation	Pages	Principles of Global Compact
CORE	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		140-142	
CORE	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		140-142	
ADD	EN13	Habitats protected or restored.	Not applicable to banking activities.		8
ADD	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		102, 140	8
ADD	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable to banking activities.		



ASPECT: EMISSIONS, EFFLUENTS, AND WASTE			Observation	Pages	Principles of Global Compact
CORE	EN16	Total direct and indirect greenhouse gas emissions by weight.		25, 145	
CORE	EN17	Other relevant indirect greenhouse gas emissions by weight.		25, 145	
ADD	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		145	8
CORE	EN19	Emissions of ozone-depleting substances by weight.	The activities of Banco do Brasil do not have any impact on the ozone layer, as in the specific case of CFC 11. The two possibilities were existing refrigerators and air-conditioners, which have been substituted by others that use non-harmful technology.		
CORE	EN20	NO _x , SO _x , and other significant air emissions by type and weight.	The Bank also does not have mechanisms for the measuring of NO _x and SO _x emissions.		
CORE	EN21	Total water discharge by quality and destination.	This does not apply, due to the immateriality of the indicator in the Bank's processes.		8
CORE	EN22	Total weight of waste by type and disposal method.	Banco do Brasil sends its solid waste (paper, plastic, glass and metal), collected from the headquarter buildings, to cooperatives and garbage collection associations. However, the company does not yet measure the total amount of residues it generates.	142	8
CORE	EN23	Total number and volume of significant spills.	Not applicable, due to the immateriality of the indicator in the Bank's processes.		
ADD	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basilea B Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable to banking activities.		
ADD	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable to banking activities.		
ASPECT: PRODUCTS AND SERVICES			Observation	Pages	Principles of Global Compact
CORE	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		144, 179	8
CORE	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable to banking activities.		8
ASPECT : COMPLIANCE			Observation	Pages	Principles of Global Compact
CORE	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	In the period, there were no records related to this theme.		
ASPECT : TRANSPORT			Observation	Pages	Principles of Global Compact
ADD	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	With respect to the transport of employees, the impacts of aeroplane travel and the bank's own vehicle fleet has been mapped out. These indicators are disclosed in the greenhouse gas emission inventory in the Connection chapter –The Environment.	145	
ASPECT : OVERALL			Observation	Pages	Principles of Global Compact
ADD	EN30	Total environmental protection expenditures and investments by type.		25, 144	8

Labor Practices and Decent Work Performance Indicators					
ASPECT: EMPLOYMENT			Observation	Pages	Principles of Global Compact
CORE	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		103	
CORE	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		104	6
ADD	LA3	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.		115, 129, 131	
ASPECT: LABOR/MANAGEMENT RELATIONS			Observation	Pages	Principles of Global Compact
CORE	LA4	Percentage of employees covered by collective bargaining agreements.		121	3
CORE	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.		121	3



ASPECT: OCCUPATIONAL HEALTH AND SAFETY			Observation	Pages	Principles of Global Compact
ADD	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		110	
CORE	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	In the period, there were no deaths.	111	
CORE	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		110, 112	
ADD	LA9	Health and safety topics covered in formal agreements with trade unions.		110	
ASPECT: TRAINING AND EDUCATION			Observation	Pages	Principles of Global Compact
CORE	LA10	Average hours of training per year per employee by gender, and by employee category.		106	
ADD	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		107, 112	
ADD	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		115	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			Observation	Pages	Principles of Global Compact
CORE	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		26, 63, 103	6
CORE	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		115	6
Human Rights Performance Indicators					
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			Observation	Pages	Principles of Global Compact
CORE	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	All contracts for significant investment, located in the Investment chapter – Non-Accounting in Tangible Assets – Technology, have clauses referring to human rights, adhering to the Bank's policy for its supplier relationships – Connection chapter – Suppliers.	138	1
ADD	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	100% of the contracts with suppliers have clauses referring to human rights, following the supplier relationship policy – Connection chapter – Suppliers.	138	1
ADD	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partial – there is no specific training related to aspects of human rights. The Bank provides training which deals with subjects related to the theme, and which are accounted for in the indicator LA10.		
ASPECT: NON-DISCRIMINATION			Observation	Pages	Principles of Global Compact
CORE	HR4	Total number of incidents of discrimination and corrective actions taken.		110, 114	6
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING CORE			Observation	Pages	Principles of Global Compact
CORE	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	In the operations there is no inherent risk.	121	3
ASPECT: CHILD LABOR			Observation	Pages	Principles of Global Compact
CORE	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	In the operations there is no inherent risk.	138	5



ASPECT: FORCED AND COMPULSORY LABOR CORE			Observation	Pages	Principles of Global Compact
CORE	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	In the operations there is no inherent risk.	68, 138	2, 4
ASPECT: SECURITY PRACTICES			Observation	Pages	Principles of Global Compact
ADD	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	The security contracts contain clauses in which the contracting party declares and is obliged to exercise its activities in compliance with the legislation in force. Ordinance No. 387/2006 – DG/DPF BRASÍLIA/DF. Determines that to exercise the profession of security guard, a number of requirements must be fulfilled, including approval by a qualification course for security guards. According to the respective ordinance, the qualification courses must cover topics related to human rights, such as for example, legislation applied to human rights and human relations in the workplace.		1
ASPECT: INDIGENOUS RIGHTS			Observation	Pages	Principles of Global Compact
ADD	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable to banking activities.		1

Society Performance Indicators					
ASPECT: LOCAL COMMUNITIES			Observation	Pages	Principles of Global Compact
CORE	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		71, 122	
ASPECT: CORRUPTION			Observation	Pages	Principles of Global Compact
CORE	SO2	Percentage and total number of business units analyzed for risks related to corruption.		85, 120	10
CORE	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		120	10
CORE	SO4	Actions taken in response to incidents of corruption.	Not reported in full, due to the confidentiality of information.	120, 121	10
ASPECT : PUBLIC POLICY			Observation	Pages	Principles of Global Compact
CORE	SO5	Public policy positions and participation in public policy development and lobbying.		71, 138	
ADD	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	The Bank does not make contributions to political parties, as set out in its Code of Ethics.	137	
ASPECT: ANTI-COMPETITIVE BEHAVIOR ADD			Observation	Pages	Principles of Global Compact
ADD	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		147	
ASPECT: COMPLIANCE			Observation	Pages	Principles of Global Compact
CORE	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		83, 88	

Product Responsibility Performance Indicators					
ASPECT: CUSTOMER HEALTH AND SAFETY			Observation	Pages	Principles of Global Compact
CORE	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		85	
ADD	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable to banking activities.		



ASPECT : PRODUCT AND SERVICE LABELING			Observation	Pages	Principles of Global Compact
CORE	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		84, 171	
ADD	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		83	
ADD	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	The indicator was not reported in full, due to the confidentiality of the information.	94	
ASPECT : MARKETING COMMUNICATIONS			Observation	Pages	Principles of Global Compact
CORE	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	BB does not sell products which are not a target for public debate or which have been prohibited .	88	
ADD	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		88	
ASPECT : CUSTOMER PRIVACY			Observation	Pages	Principles of Global Compact
ADD	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not reported in full, due to the confidentiality of information.		
ASPECT: COMPLIANCE			Observation	Pages	Principles of Global Compact
CORE	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		83	

Sector indicators			Observation	Pages	Principles of Global Compact
Sectorial	FS1	Policies with specific environmental and social components applied to business lines.		67, 72	
Sectorial	FS2	Procedures for assessing and screening environmental and social risks in business lines.		82, 160	
Sectorial	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.		160	
Sectorial	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.		108, 160	
Sectorial	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.		13, 160	
Sectorial	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.		154, 164	
Sectorial	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.		During the Our Businesses chapter	
Sectorial	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		During the Our Businesses chapter	
Sectorial	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.		82, 160	
Sectorial	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.		152, 160	
Sectorial	FS11	Percentage of assets subject to positive and negative environmental or social screening.		176	
Sectorial	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Although it does not have a policy that provides voting guidelines, BB follows the principles of the Global Compact and contributes to environmental policies in exercising its right to vote with various ministries, with respect to environmental and social questions, such as the Ministry for the Environment – MMA, Ministry of Agriculture, Animal Breeding and Supply – MAPA and others.		
Sectorial	FS13	Access points in low-populated or economically disadvantaged areas by type.		96, 97	
Sectorial	FS14	Initiatives to improve access to financial services for disadvantaged people.		99	
Sectorial	FS15	Policies for the fair design and sale of financial products and services.		72, 83	
Sectorial	FS16	Initiatives to enhance financial literacy by type of beneficiary.		135	



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