



Annual
Report **2011**

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Message from the CEO

GRI 1.1 | 1.2

In a challenging year, we maintained our growth pace while continuing to reiterate our social responsibility principles and the commitment of leading sustainable business

In 2011, the Brazilian economy reacted well – once again – to the effects of the crises in Europe and in the United States. Against a background of only modest growth in the developed economies, Brazil stood out, among other aspects, for the maintaining of its investment-grade rating, the increase in its trade balance, the gradual rise in expansion potential, and progress made in the regulatory framework/micro-economic agenda, with stimulus being applied to both public and private-sector investment.

Banco do Brasil continued on an upward path, ending 2011 with a net income of R\$12.1 billion, 3.6% higher than 2010. Total assets were up 21% compared to 2010, with R\$981.2 billion, consolidating our leadership position in the Brazilian Banking Industry and our place as the largest bank in Latin America, in terms of total assets. We have a 19.2% share of the total credit market, and we are one of the main financial agents for federal, state and municipal governments, as well as being the largest financier of Brazilian agribusiness.

In the domestic market, always focusing on improving our service, we highlight the partnership with Correios, the Brazilian Post Office Service, which will enable us to operate Banco Postal. This deal means that we can achieve our target of establishing a presence in 100% of Brazil's municipalities by 2012, which was previously planned for 2015. Another notewor-

thy event during the period was the launching of Elo, the first Brazilian card brand name, with the sale of the Ourocard Elo, with multiple functions. We also continued with BB 2.0, program for the transformation of the retail division, which aims to raise us to a new level of strategic positioning and business sustainability.

Banco do Brasil increased its operations in economically profitable initiatives, that seek to achieve solutions for problems in society, and which represent a powerful lever for the development of Brazil. We are talking about social businesses and here we highlight the MPO – Guided Production-Based Microcredit, the program *Minha Casa Minha Vida* – a mortgage loan program, the FIES – the Student Financing Fund, PRONAF – the National Program for the Strengthening of Family Farming and also Banco Postal.

We have made great advances on the internationalization front, with the acquisition of EuroBank and shareholder control of Banco Patagonia, as well with the initiation of an organizational centralization project for our units on the European continent in Vienna (Austria) and the launching of a business support centre in Portugal. We have obtained authorization from the Central Bank of Brazil to transform our representative office in Shanghai (China) to branch status, as well as authorization to set up a representative office in Bogota (Colom-

bia). These initiatives are in line with our corporate purpose of being where Brazilians are, expressed in a policy which is based on three key elements: the existence of Brazilian communities abroad, the international expansion of Brazilian companies, and the increasing trade relations between Brazil and the world.

For our shareholders, we have maintained the practice of distributing 40% of net income in the form of dividends. R\$4.9 billion was distributed in 2011, up 4.1% compared to 2010. In the Ibovespa Theoretical Portfolio, we occupied the seventh position, with a 3.17% share, and our shares continue to be part of the BM&FBOVESPA Corporate Sustainability Index (ISE).

We also have done a great deal with respect to sustainability, embodied in our *Agenda 21 Empresarial*, a document that is based on Agenda 21, a global commitment to promote social justice, environmental balance and economic efficiency, established at the Eco-92 conference, in Rio de Janeiro. In this Agenda we define our principles and strategies for socio-environmental responsibility. This document is applied laterally throughout the Organization, based on the commitment and action of all those involved. It covers businesses with a focus on sustainable development, improving processes, and the management of private-sector social investment.

Some initiatives on our Agenda follow the trend in the Brazilian financial sector of aligning loan portfolios and the man-

agement of socio-environmental performance to the best international practices. This presupposes the holding of panels and workshops that engage society to discuss this theme and spread knowledge. It is in this way, in a collaborative spirit, that our initiatives are implemented.

We have also improved the management of crises and risks related to climatic events, and have broadened our actions for the conservation of water resources, through the *Programa Água Brasil* (Brazil Water Program). Our Sustainable Regional Development Strategy has benefited almost 2 million people, in 4,100 Brazilian municipalities.

Backed by these achievements, we regard the future with optimism. To face new challenges and obtain sustainable results, our objectives for the period

2012/2016 are: to maintain our level of profitability; to increase the profitability of our client base; to exert cost control; to strengthen our role as a fundamental partner for the sustainable development of Brazil; to further expand our internationalization; to improve our customer service; to increase our operational efficiency; and to consolidate our operations in capital markets.

We believe in our capacity to achieve these objectives, counting on the commitment of our employees, the confidence of our shareholders, the loyalty of our clients, and the support from governments and the communities with whom we have relationships. I thank these various agents for helping to motivating us in our role as a partner for national development.

Aldemir Bendine
CEO



Corporate Profile

GRI 2.1 | 2.2 | 2.3 | 2.5 | 2.6 | 2.7 | 2.8 | 2.9 | 4.8

One of the main agents for national development, Banco do Brasil has a presence in 5,400 municipalities, with products and services available to more than 56 million customers

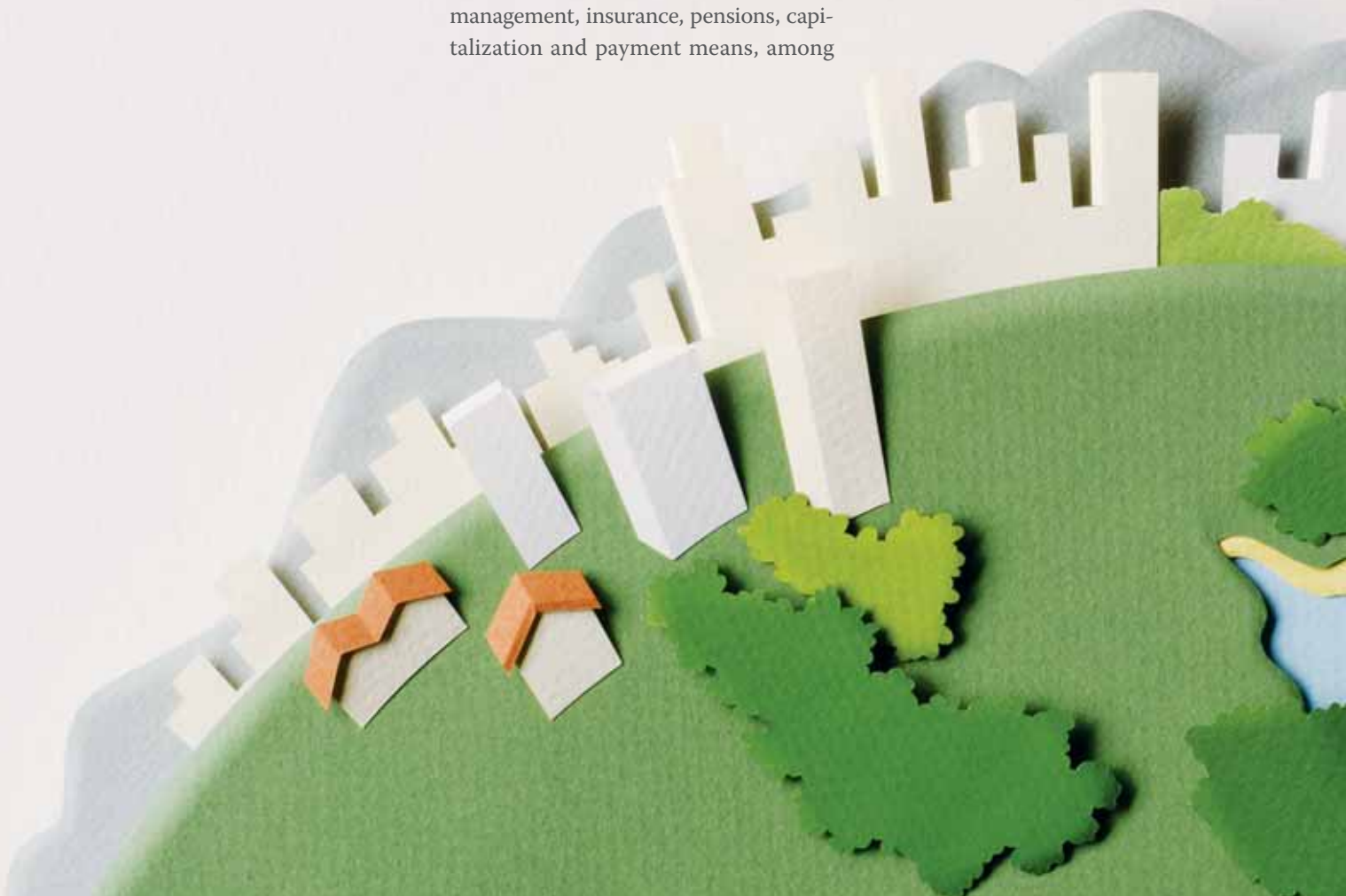
Banco do Brasil

Banco do Brasil S.A. (BB) is Latin America's largest financial institution, with more than R\$980 billion in assets, being the controlling shareholder of 23 companies, as well as sharing control with seven other entities. In Brazil, it is one of the main agents for social and economic development, and is present in 5,378 municipalities, with 5,263 branches and 43,602 automated teller machines.

At the end of the period, the Bank had over 56 million clients in its portfolio, consisting of companies and private individuals, to whom it provides products, services and solutions in the banking and investment segments, as well as asset management, insurance, pensions, capitalization and payment means, among

other services. In order to ensure that they are provided with a flexible and rapid service, the Organization invests in modern technology and in the constant improvement of its processes, as well as having a workforce of over 113,000 professional staff, to whom the Bank offers a solid career plan and opportunities for training.

This structure gained further strength in 2011, as a result of BB winning the bid for a partnership arrangement with the Empresa Brasileira de Correios e Telegrafos (Brazilian post office service) for the operation of Banco Postal. The contract, which is scheduled to run for five years



Mission

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

Vision

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

Values

- *Ethics and transparency*
- *Commitment to sustainable development in communities and Brazil as a whole*
- *Socio-environmental responsibility*
- *Respect for the consumer*
- *Excellence and specialization in client relationships*
- *Participative management, collegiate decision-making and teamwork*
- *Professional advancement based on merit*
- *Brand name with a competitive differential*
- *Proactivity in risk management*
- *Commitment to solidity, profitability, efficiency and innovation*
- *Respect for diversity*
- *Commitment to shareholders and society*

from January 2012, includes the offering of basic banking services, such as the opening of current accounts, cash withdrawals and benefit payments.

BB also has operations in 133 countries, with a physical presence in 24 of these, while in the others it operates through 1,048 representative banks. Thus, it has the position of being the Brazilian bank with the largest service network abroad, where it bases its operations on three factors: the existence of Brazilian communities, the internationalization of nationally-based companies, and the expansion of Brazil's trade relations with the rest of the world.



Strengths

GRI 2.8 | SO5

Banco do Brasil stands out on innumerable fronts, of particular note being the following:

Market leadership:

- The Institution is the market leader in terms of total assets¹, with R\$981.2 billion in assets, as at December 31, 2011;
- It has 36.1 million current accounts; its own service network of 18,765 service outlets and a further 43,602 of its own automated teller machines, in addition to the prospect of adding a further 6,000 service outlets in 2012 through Banco Postal;
- The loan portfolio in the broad concept (including guarantees provided and private securities), with a balance of R\$465.1 billion and a 19.2% share of the Brazilian Banking Industry; individual loans portfolio, with the balance of R\$130.6 billion, business loan portfolio with a balance of R\$171.3 billion and agribusiness, whose loan portfolio has reached R\$88.7 billion, leaving the Bank with a 63.1% market share in this segment.
- Asset management (BB DTVM), which in 2011 amounted R\$415.8 billion, corresponding to 21.6% share of this market;
- Foreign trade, a segment in which products such as ACC (Advance on Foreign Exchange Contracts) and ACE (Advance on Foreign-Exchange Delivery), came to a total contracted volume of US\$17.4 billion by the end of 2011.

In addition to this, the fact of having the largest banking franchise in the Country provides BB with an extensive deposit base, with a low cost of funding. In 2011, this advantage resulted in a leadership position in terms of total deposits received¹ with a balance of R\$442.4 billion in 2011. Of the volume of deposits at the end of the period, more than R\$234 billion were low cost funding in the form of demand deposits, savings, judicial deposits, as well as funds and government programs.

¹ Ranking from the consultancy Economática.

Information by Segment



Banking

Includes deposits and lending operations, among others, directed at the retail, wholesale and government segments. This area is responsible for the largest tranche of BB's earnings.

Investments

Includes intermediation and distribution of debt in the primary and secondary markets, as well as shareholdings and the rendering of financial services.

Growth potential of the loan portfolio: the extensive franchise, experience in the granting of financing and the strength and tradition of its brand name, all lead Banco do Brasil to believe that it will continue to expand the size of its loan portfolio, and consequently maintain its leadership position in the sector. The table below indicates this expansion potential.

Growth potential of the loan portfolio

(R\$ million)

	2009	2010	2011
Sources	428,587	498,334	595,892
Total Deposits	337,564	376,851	442,386
Domestic Onlending	31,390	50,764	50,991
Financial and Development Funds	4,135	3,568	4,002
FCO (Subordinated Debt)	18,553	23,412	30,885
Commercial Papers ¹	2,765	4,314	16,138
Foreign Borrowing ²	14,582	21,228	31,390
Allowance for Loan Losses	19,598	18,197	20,100
Uses	428,587	498,334	595,892
Available Funds	103,478	52,933	79,243
Loan Portfolio	300,829	358,366	422,988
Compulsory Deposits	24,280	87,035	93,660
Indicators – %			
Loan Portfolio/Total Deposits	89.1	95.1	95.6
Potential Loan Portfolio Growth³	99,591	133,002	155,961

(1) Includes Agribusiness and Mortgage Letters of Credit; (2) Includes Foreign Borrowings, Foreign Securities, Foreign Onlendings and Perpetual Securities; (3) Considers a BIS Ratio of a minimum of 11% and growth in credit assets with 100% weighting.

Fund Management

Purchase, sale and custody of securities, and the management of portfolios, funds and investment clubs.

Insurance, Pensions and Capitalization

Products and services related to life, property and automobile insurance, as well as complementary private, pension plans and capitalization products.

Payment Means

Services for the transmission, funding, processing and financial settlement of transactions by electronic means.

Others

Operational support processes and consortium segments.

Market leadership, sustainability, loan portfolio growth, solid brand name, relationship with governments, leading-edge technology, high governance and administration standards, are all strengths of BB

Solid brand name: this characteristic is expressed in the form of various achievements, among them being the Top of Mind awards in 2011, promoted by the Datafolha Institute, which positioned BB as the institution most remembered by Brazilians for the 20th year running. The brand name also featured as the third most valuable in Brazil, in the sixth edition of the research poll “The 100 most valuable brand names in Brazil”, carried out by the consultancy Brand Finance.

Strategic relationship with Federal, State and Municipal Governments: as financial agent of the Tesouro Nacional (National Treasury), Banco do Brasil implements and manages government finance, receiving funds from the Single Union Account and passing them on to other entities of the Federation. With the other federal bodies, the business principally involves the receiving money from funds and programs for application in specific areas, the collection of taxes, payment of student grants, benefits and tax rebates, as well as passing on of funds.

BB is also the official financial agent in 16 states and 16 state capitals. In addition, it has business with every Brazilian municipality, to whom it offers specific solutions to the tax administrations, the receipt, management and optimization of financial resources, payment execution, management of human resources, social welfare, and the generation of jobs and incomes.

Modern platform with leading-edge technology: the investments made in the last decade have put BB in an outstanding position in terms of banking technology, both domestically and internationally. The institution was the first in the retail segment in the Americas and the Southern Hemisphere, and the 10th in the world, to obtain the ISO 20000 certification in technology, according to IT Service Management Forum. At the end of 2011, the Bank’s automated channels accounted for 93.8% of total transactions carried out. Of these, approximately 33.6% were carried out through automated teller machines, which number 43,602, placing BB as the bank with



“Top of Mind 2011” publicity campaign.



ISE Meeting–BM&FBOVESPA Auditorium.

the largest automated teller machine park in Latin America. This position is the result of constant investment in technology, which amounted to R\$630 million in 2011.

High Corporate Governance standards:

since 2002, in its bylaws Banco do Brasil has incorporated the main Corporate Governance practices stipulated in the regulations of the BM&FBOVESPA *Novo Mercado*, a listing segment which covers those companies with the highest levels of Corporate Governance in Brazil. These Corporate Governance standards have the objective of maximizing efficiency in the management and protection of shareholders interests. In 2006, BB joined the *Novo Mercado*, when it signed a contract with BM&FBOVESPA, to increase the size of its free float (number of shares that a company has available for trading in organized markets), which took place in 2010. BB ended 2011 with a free float of 30.4%.

Highly professionalized management:

a belief that its success depends on the high qualification of its professional staff and their ability to commit themselves to results, has motivated BB to maintain competent professional staff that identifies with its corporate objectives. Its management body is selected based on technical criteria, while its Executive Board is professionalized, with its members having experience in various areas of the Organization, with a broad knowledge of financial and banking segments.

World leader in sustainability:

BB has been cited, for the third year running, as one of the most sustainable financial institutions in the world, in The Sustainability Yearbook 2012, published by SAM – Sustainable Asset Management – the organization responsible for the selection process of the Dow Jones Sustainability Index on the New York Stock Exchange. This book pub-

lishes the best sustainability practices of the world's leading companies. Of the 2,500 major companies that participated in the selection process for the Dow Jones Sustainability Index – DJSI 2011, only the top 15% highest performers are entered in the book. BB is also recognized by its sustainable performance as being listed on the BM&FBOVESPA Corporate Sustainability Index (ISE), since the publication of the first ISE theoretical portfolio in December 2005.



*The Sustainability
Yearbook 2012: BB rates
among the world's most
sustainable businesses*

BB CONGLOMERATE – SHAREHOLDING CONFIGURATION GRI EC4 | FS6

Multiple Bank

National Treasury	51.78%
Export Guarantee Fund	4.87%
Investments and Stabilization Found	2.18%
Investment Guarantee Fund	0.26%
BNDESPAR	0.13%
Previ	10.36%
<i>Free Float</i>	30.42%

Managed: BB Previdência
Foundation: Fundação Banco do Brasil
Sponsored: Cassi, Previ, Fusesc, Sim, Prevbep, Economus

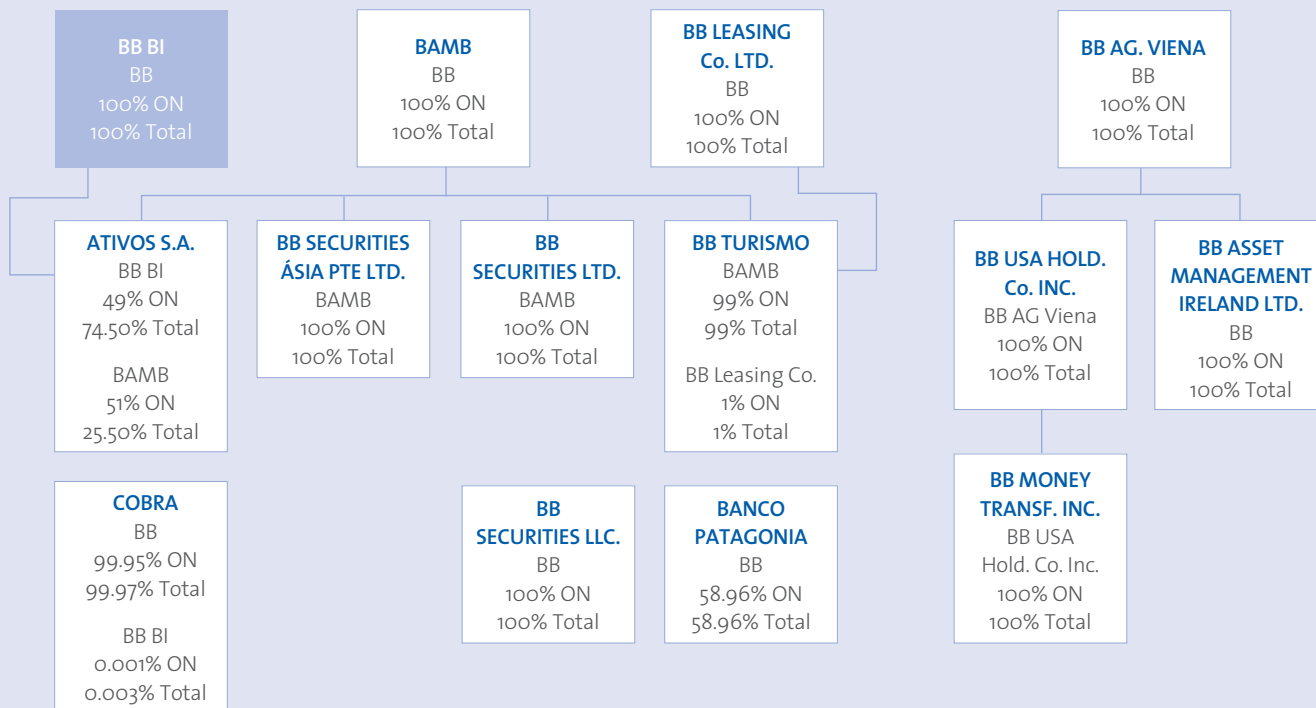
Controlled



AFFILIATES/ SHAREHOLDINGS

Insurance and Cards





BB BI



BB



About this Report

In this document BB has adopted a multi-platform and the directives of the Global Reporting Initiatives (GRI), as well as taking into account the views of the III Stakeholders Panel

Transparency

GRI 3.2 | 3.3

To strengthen its commitment to ethical conduct and transparency, and believing that sustainability should permeate throughout the Company's processes, Banco do Brasil is providing its various public audiences with a single report that covers socio-environmental issues in combination with the traditional Financial Statements and economic results for 2011.

For the sixth year running, BB's Annual Report follows the directives contained in the third version of the Global Reporting Initiative (GRI) model. This establishes a standard pattern for re-

lating information, which is adopted internationally and makes it possible to compare the performance of a company over a period of time, with respect to others, independently of operational segment. Banco do Brasil complies with the GRI indicators for a Supplement in the Financial Sector, with a self-declared applicability level of A+. The report also takes into account the criteria published by ABRASCA (Brazilian Association of Listed Companies), indicators that are recognized in Brazilian capital markets.



Drawing Up of the Report

GRI 3.5 | 3.7

As a result of an engagement process with the various areas of the Bank, and the public audiences with which it relates, the Annual Report sets out the activities and initiatives of Banco do Brasil in 2011.

To assist it in its aim of faithfully reporting events during the period, particularly those of significance, at the beginning of December 2011 Banco do Brasil formed its III Stakeholders Panel in São Paulo.

This panel brings together shareholders and investors, employees, suppliers, clients and community representatives, specialists, government and representatives of the third sector, with the objective of compiling the themes of most significance that should appear in the

2011 Annual Report, as well as evaluating the annual report of the previous year. The event also included the participation of the Bank's managers, who presented the main items implemented as a result of the demands and observations made by the previous panel, in November 2010. These were also aligned with the concepts of sustainability.

The result of the III Stakeholders Panel was the drawing up of a "Map of Significance", which contains the themes considered to be of greatest interest to stakeholders of the Organization. In creating this map, the GRI's principles for the definition of report content were taken into account, in the following contexts:

Sustainability: 67 themes were assessed for evaluation by the Stakeholders Panel, resulting from the analysis of items such as the Code of Conduct, Agenda 21, Letter of Socio-Environmental Responsibility Principles, among others.

Materiality: the most significant themes were defined by the interested public through the Stakeholders Panel.

Coverage: the conclusions and recommendations that arose as a result of the Map of Significance were respected.

Inclusion of stakeholders: representatives from stakeholders were invited, based on Banco do Brasil's Code of Ethics.



Content Directives

GRI 3.5

The content of this report was compiled based on the Map of Significance, resulting from the III Stakeholders Panel, as well as the more important themes provided by the Bank's Vice-Presidents, through the holding of interviews.

Additionally, at the III Stakeholders Panel, the BB's stakeholders also evaluated the 2010 Annual Report. The suggestions presented were structured and incorporated into this report and the results can be seen below:

Stakeholders' Demands	Implementation
More abbreviated language	This report uses more concise text without any reduction in information quality. For this reason, links in the text are provided for those who wish to cover themes in greater depth.
Strategic analysis with weaknesses and opportunities	The chapter Strategic Management sets out BB's principal challenges and strategic planning for the period 2012-2016. Points that require attention are mentioned, as well as accountability of the targets presented in the 2010 Annual Report, and how they have been met.
More openness of the negative aspects	Points for improvement cited in 2011 are mentioned in the chapters, together with the actions implemented.
Sustainability indicators and targets	In Banco do Brasil's Annual Report, sustainability is a theme that permeates throughout every chapter. In addition to this, in the chapter on Strategic Management, accountability of Social and Environmental Challenges related in the 2010 Annual Report.
Sustainability data in the supply chain	Under "Suppliers", in the Connection chapter, there is information on how Banco do Brasil incorporates the theme of sustainability into its chain of suppliers.
Information on initiatives and programs already in place, for employees, and associated challenges.	Under "Employees", in the Connection chapter, programs are presented together with their main indicators in 2011. The chapter sets out some of the challenges, as well as covering the Professional Advancement Program, in keeping with the strategy of promoting staff based on merit.
More attractive look	The layout of the report has been remodelled to be more in keeping with that of <i>Conexão BB</i> magazine. In addition, it introduces the innovation of presenting the Bank's stakeholders with real personalities, seeking to achieve a closer relationship with Annual Report readers.
Softer colours (particularly background)	The report uses colours in a softer and lighter way. There is greater balance in the use of background colours, respecting the institutional colours of the Bank. The tables have a white background with linear divisions, making the layout more agreeable.
More charts and figures	In addition to using charts and tables, the report also presents information in the form of infographics and icons with the objective of making it easier and clearer to read.

Report in Multi-Platforms



BB's preoccupation with transmitting information to the public in a clear and concise manner, addressing specific interests, is not limited to content, but also form. Thus, for the third year running, this Report is being published in an electronic version, as well as in PDF format. Its content is also available for pen drive, iPad, iPhone and mobile phones, which is in keeping with the Institution's efforts to reduce the consumption of resources, such as the paper used in printing the report.

By way of support for this document, BB also publishes its *Conexão BB* magazine, a compact publication written in accessible language, available in PDF format on Banco do Brasil's

internet portal, on the Investor Relations page, in the iPad version, as well as the printed version.

From an access standpoint, this Annual Report excels in terms of navigational flexibility, maintaining all the tools and resources of the previous version (2010), including allowing the reader to select subjects of most interest.

In structural terms, the document is organized into nine chapters, which have links running between them, presenting adjustable audio and video options when the required content is first displayed. Readers can also adjust letter font size to suit their needs.

Coverage

GRI 3.1 | 3.6 | 3.7 | 3.8

The information contained in this report refers to the Banco do Brasil Conglomerate, in other words it includes the Institution's shareholdings in controlled and affiliates, and covers the period from January 1st to December 31, 2011.

The accounting information meets the guidelines applicable to listed companies contained in Law 6,404/76 and subsequent amendments, as well as the norms and instructions of the Brazil-

ian Securities Exchange Commission (CVM) and Central Bank of Brazil, and the pronouncements by Accounting Pronouncements Committee (CPC), adopted by the regulatory bodies.

The financial statements and accounting information cover the branches and subsidiaries of the Institution both in Brazil and abroad, its subsidiaries, as well as its direct and indirect affiliates, as set out below:

			Activity	% of Total Share	
				12.31.2011	12.31.2010
Banking Segment					
Banco do Brasil – AG. Viena	1	4	Banking	100%	100%
BB Leasing Company Ltd.	1	4	Leasing	100%	100%
BB Leasing S.A. – Leasing Mercantil	1	4	Leasing	100%	100%
BB Securities Asia Pte. Ltd.	1	4	Brokerage	100%	--
BB Securities LLC.	1	4	Brokerage	100%	100%
BB Securities Ltd.	1	4	Brokerage	100%	100%
BB USA Holding Company, Inc.	1	4	Holding Company	100%	100%
Brasilian American Merchant Bank	1	4	Banking	100%	100%
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	1	4	Asset Management	99.62%	99.62%
Banco Patagonia S.A.	1	4	Multiple Bank	58.96%	--
Banco Votorantim S.A.	2	4	Multiple Bank	50%	50%
Investment Segment					
BB Banco de Investimento S.A.	1	4	Investment Bank	100%	100%
Kepler Weber S.A.	2	4	Industry	17.56%	17.56%
Companhia Brasileira de Securitização – Cibrasec	3	5	Acquisition of Credits	12.12%	12.12%
Neoenergia S.A.	2	4	Energy	11.99%	11.99%
Segment of Fund Management					
BB Gestão de Recursos – Distribuidora de Títulos e Valores Mobiliários S.A.	1	4	Asset Management	100%	100%
Segment of Insurance, Private Pension Fund and Capitalization					
BB Seguros Participações S.A.	1	4	Holding Company	100%	100%
BB Corretora de Seguros e Administradora de Bens S.A.	1	4	Brokerage	100%	100%
Nossa Caixa Capitalização S.A.	1	4	Capitalization	100%	100%
BB Aliança Participações S.A.	3	4	Holding Company	74.99%	100%
Companhia de Seguros Aliança do Brasil	3	4	Insurance	74.99%	100%
BB Mapfre SH1 Participações S.A.	3	4	Holding Company	74.99%	--
Mapfre Vera Cruz Vida e Previdência S.A.	3	4	Pensions	74.99%	--
Mapfre Participações Ltda.	3	4	Holding Company	74.99%	--
Vida Seguradora S.A.	3	4	Insurance	74.99%	--
Brasilprev Seguros e Previdência S.A.	3	4	Insurance/Pensions	74.99%	74.99%
Brasilcap Capitalização S.A.	3	4	Capitalization	66.66%	49.99%
Aliança do Brasil Seguros S.A.	3	4	Insurance	50%	100%
BB Aliança Rev Participações S.A.	3	4	Holding Company	50%	100%
Brasilveiculos Companhia de Seguros	3	4	Insurance	50%	100%
Mapfre BB SH2 Participações S.A.	3	4	<i>Holding Company</i>	50%	--
Mapfre Vera Cruz Seguradora S.A.	3	4	Insurance	50%	--
Mares Mapfre Riscos Especiais S.A.	3	4	Insurance	50%	--
Mapfre Assistência S.A.	3	4	Service Provider	50%	--
Seguradora Brasileira de Crédito à Exportação – SBCE	3	4	Insurance	12.09%	12.09%

			Activity	% of Participation	
				12.31.2011	12.31.2010
Segment of Payment Methods					
BB Administradora de Cartões de Crédito S.A.	1	4	Service provider	100%	100%
BB Elo Cartões Participações S.A.	1	4	Holding Company	100%	--
Elo Participações S.A.	2	4	Holding Company	49.99%	--
Companhia Brasileira de Soluções e Serviços CBSS	3	4	Service Provider	49.99%	45%
Elo Serviços S.A.	2	4	Service Provider	33.33%	--
Cielo S.A.	2	4	Service Provider	28.72%	28.74%
Tecnologia Bancária S.A. – Tecban	3	4	Service Provider	13.53%	13.53%
Other Segments					
Ativos S.A. Securitizadora de Créditos Financeiros	1	4	Acquisition of Credits	100%	100%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	1	4	Acquisition of Credits	100%	100%
BB Administradora de Consórcios S.A.	1	4	Consortium	100%	100%
BB Tur Viagens e Turismo Ltda.	1	4	Tourism	100%	100%
BB Money Transfers Inc.	1	4	Service Provider	100%	100%
Cobra Tecnologia S.A.	1	4	Information Technology	99.97%	99.99%
BV Participações S.A.	2	4	Holding Company	50%	50%

(1) Subsidiaries; (2) Joint venture, proportionately included in consolidation; (3) Affiliates, included proportionally in the consolidated figures, in accordance with Central Bank rules; (4) Consolidated financial statements referring to December/2011; (5) Consolidated financial statements referring to November/2011.

Also consolidated into the Report are the following investment funds: BV Financeira FIDC II, BV, BV Financeira FIDC IV, BV Financeira FIDC V, BV Financeira FIDC VI, Fundo de Investimento Sedna Referenciado DI, Votorantim G&K Fundo de Investimento em Participações, BVIA Fundo de Investimento em Participações, Fundo de Investimento Nióbio I and the overseas “special purpose company” – The Dollar Diversified Payment Rights Finance Company –, all of which the Bank controls either directly or indirectly.

The socio-environmental information presented in this document 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
- Brasilveículos Companhia de Seguros
- Banco do Brasil – Ag. Viena
- Banco Votorantim
- Banco Patagonia S.A.

Reliability of Information and External Validation

GRI 3.4 | 3.9 | 3.10 | 3.11 | 3.13

The information contained in this report has been measured and validated by the management areas of the Bank, in a process which includes systems for control, assessment and storage of management data. Any alterations in the calculation or presentation of information are duly indicated in the report.

The financial statements and information of a socio-environmental nature have been audited and validated, respectively, by KPMG Auditores Independentes. The external verification of the socio-environmental information has been carried out since 2008.

For more information, the making of suggestions or the answering of queries related to this document, BB has the following communication channels available:

Investor

Relations Unit

 www.bb.com.br/ir

 ir@bb.com.br

Sustainable

Development Unit

 www.bb.com.br/sustentabilidade

 sustentabilidade@bb.com.br

Main Numbers Economic-Financial Information

GRI 2.8

BB is the leader in Latin America in terms of total assets, and in 2011 reported net income of R\$12.1 billion



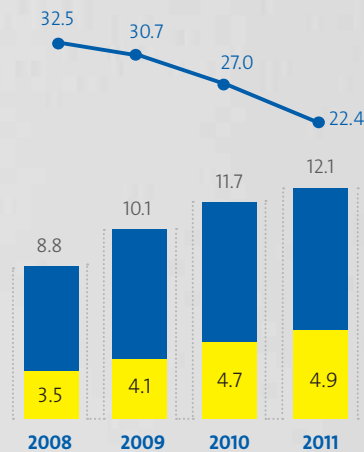
Main Indicators

In 2011, Banco do Brasil reported a record net income of R\$12.1 billion, an increase of 3.6% compared to 2010. It also maintained its leadership position in Latin America in terms of total assets, which amounted to R\$981.2 billion.

Another important development was the improvement seen in operational efficiency, with an increase in revenue, control over administrative expenses and synergy gains as result of integrating acquisitions. The Bank's cost to income ratio (the lower the better) showed a reduction of 50 basis points over 12 months, being 42.1% at the end of the year.

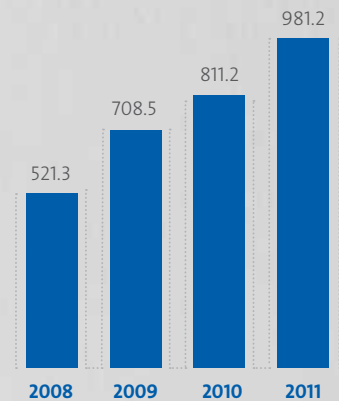
The complete financial statements, including the report issued by KPMG Auditores Independentes, without qualifications, is available on the BB Portal www.bb.com.br/ri.

Net Income
R\$ billion



— ROAE (%)
■ Dividends Distributed

Assets
R\$ billion



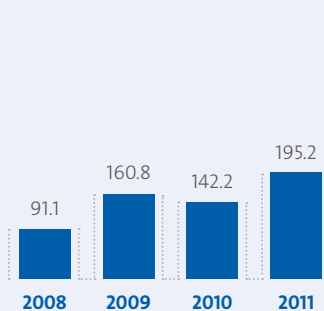
Main Indicators

Funding

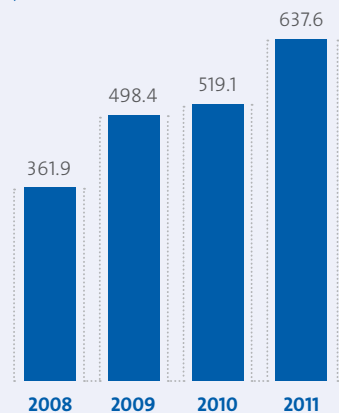
Total Deposits
R\$ billion



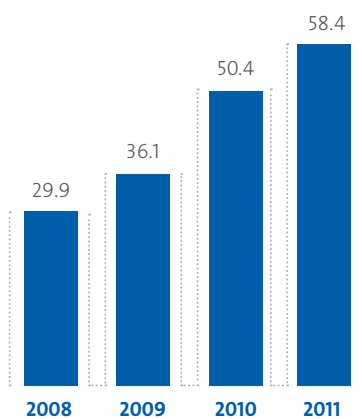
Money Market Borrowing
R\$ billion



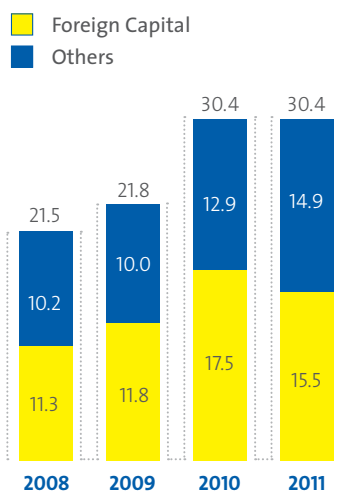
Deposits and Market Funding
R\$ billion



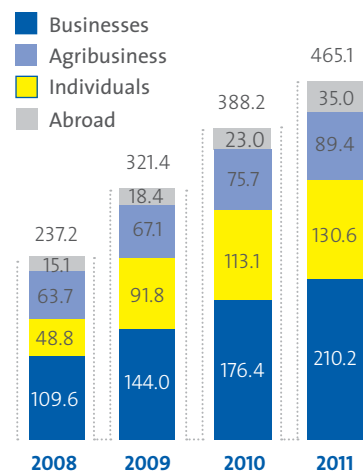
Shareholders' Equity
R\$ billion



Free Float
%

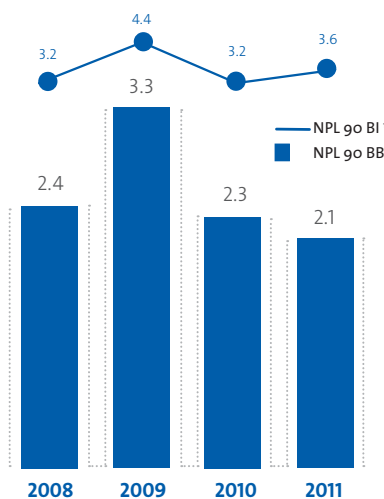


Loan Portfolio¹
R\$ billion



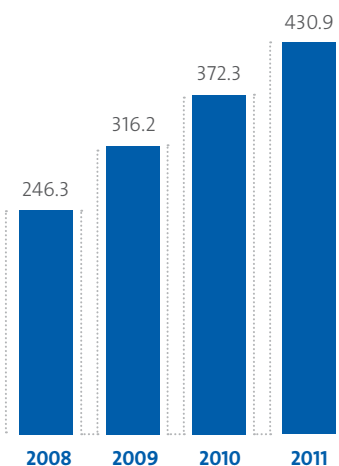
(1) Includes guarantees provided and private securities.

Non-Performing Loans 90 Days
%



(1) Brazilian Banking Industry.

Asset Management¹
R\$ billion



(1) With 50% of Banco Votorantim, as of 2009.

Productivity Indicators



Efficiency¹
without one-off
items%

2011 – **42.1**
2010 – **42.6**



**Fee Income
per Personnel
Expenses**²
R\$ million

2011 – **124.4**
2010 – **125.4**



**Fee Income
per Administrative
Expenses**³
R\$ million

2011 – **71.2**
2010 – **68.4**



**Assets per
Employee**
R\$ thousand

2011 – **8,018.1**
2010 – **6,823.5**



**Checking
Accounts
per Employee**

2011 – **295.2**
2010 – **302.3**



**Employees per
(Branches + PAA + PAB)**⁴

2011 – **17.5**
2010 – **17.2**



**Employees in
Branches**
(Branches + PAA + PAB)

2011 – **12.4**
2010 – **11.9**

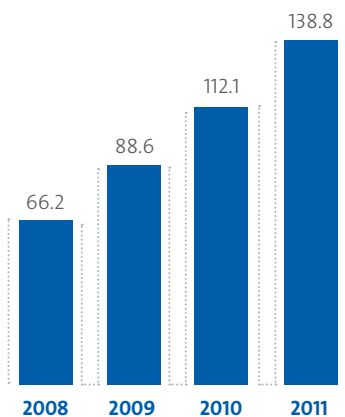


**Checking
Accounts**
(Branches + PAA + PAB)

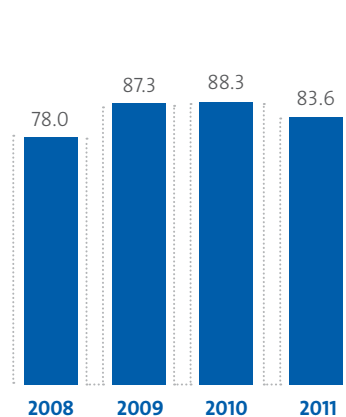
2011 – **5,169.1**
2010 – **5,189.0**

(1) Ratio between administrative expenses and operating revenues; (2) In the calculation of this indicator is included labor law suits; (3) In the calculation of this indicator is included legal risk (legal claims and labor law suits); (4) Bank service outlets.

Revenues from Cards R\$ billion



Quantity of Cards Issued million



Revenues from Cards

BB reported R\$138.8 billion in revenues from cards – 23.8% more than in 2010 – with a market share of 20.8%.

Highlights

Structural Data	2008	2009	2010	2011
Branches	4,342	4,897	5,087	5,263
Automated Teller Machines (owned by the Bank)	39,714	45,442	44,954	43,602
Employees	88,972	103,971	109,026	113,810
Customers (thousand) ¹	48,022	52,695	54,366	56,001
Checking Accounts (thousand)	30,378	34,988	35,934	36,121

(1) Composed of checking account holders, savings account holders and INSS beneficiaries.

Global Ratings

Fitch Ratings	
Individual	C / D
Short-Term in Local Currency	F2
Long-Term in Local Currency	BBB
Short-Term in Foreign Currency	F2
Long-Term in Foreign Currency	BBB
Moody's	
Financial Strength	C+
Short-Term in Local Currency	P-1
Short-Term in Foreign Currency	P-2
Long-Term Debt in Foreign Currency	BAA1
Long-Term Deposits in Local Currency	A2
Long-Term Deposits in Foreign Currency	BAA2
Standard & Poor's	
Long-Term in Local Currency	BBB
Long-Term in Foreign Currency	BBB

National Ratings

Fitch Atlantic Ratings	
Short-Term	F1+(BRA)
Long-Term	AAA (BRA)
Moody's	
Short-Term	BR-1
Long-Term	AAA.BR

Summary of the Results

This summary is based on the performance analysis for the fourth Quarter 2011, published on 02.14.2012, available on Banco do Brasil's Investor Relations website (www.bb.com.br/ir).

RESULT

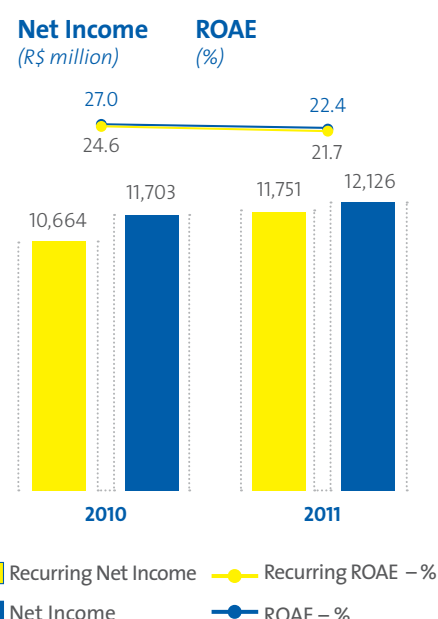
Banco do Brasil recorded a recurring income of R\$11,751 million in 2011, up 10.2% compared to 2010, a performance which corresponds to an annualized return on average equity (RSPLM) of 21.7%. The net income reached

R\$12,126 million in 2011, an increase of 3.6% compared to 2010.

The one-off effects amounted to R\$375 million in 2011 due to the following reasons:

BB's recurring income up by 10.2% in 2011

+	Positive	-	Negative
	<ul style="list-style-type: none"> • Disposal of BB's interest in Visa Internacional and Mastercard (R\$169 million) • tax efficiency (R\$386 million) 		<ul style="list-style-type: none"> • Economic plans (- R\$103 million) • Fiscal impacts and statutory participation in profits on these items (- R\$78 million)



Revenue from financial intermediation (RIF) exceeded R\$100 billion, which represents an increase of 27.9% on 2010. The result from lending and leasing operations accompanied the performance of the loan portfolio (+19.4%) increasing by 20.7% in 2011. The result from security dealing in 2011 was boosted by an increase in the average Selic rate (TMS), depreciation of the Real against the US dollar and an increase in average balances.

Regarding market funding expenses, the growth of 43.1% in 2011 over 2010 was mainly due to change in the depos-

it mix, with a greater proportion of term deposits in detriment to other items. This occurred as a consequence of BB's efforts to strengthen its liquidity in the second half of 2011. Even in view of this change, BB's net interest income closed the year with growth of 11.1% over 2010, within the proposed guidance.

Administrative expenses remained under control in 2011, rising by 9.7% compared to 2010. The average salary adjustment of 9.0% (September base date) and the increase in the number of employees led in growth of personnel expenses. Re-

garding other administrative expenses, the advances observed are in line with the contractual adjustments made and with the organic growth of transactions.

In addition to the administrative costs control, the expenses with allowance for loan losses increased at a slower pace than the loan portfolio due to improvement in the portfolio risk and low levels of delinquency, contributing for the results presented in the period.

The following table, extracted from the statement of income with reallocations, shows the main highlights in the period:

Income Statement with Reallocations – Main Lines

R\$ million	Annual Flow		Var. %
	2010	2011	s/2010
Financial Intermediation Income	80,436	102,849	27.9
Loan Operations ¹ + Leasing	54,219	65,101	20.1
Securities	23,238	30,849	32.7
Financial Intermediation Expenses	(42,038)	(60,173)	43.1
Net Interest Income	38,398	42,675	11.1
Allowance for Loan Losses	(10,675)	(11,827)	10.8
Net Financial Margin	27,724	30,848	11.3
Fee income	16,173	18,242	12.8
Income F. / Insur., Pension Plans and Sav. Bonds	1,888	2,265	20.0
Contribution Margin	42,157	47,274	12.1
Administrative Expenses	(22,565)	(24,752)	9.7
Personnel Expenses	(12,244)	(13,943)	13.9
Other Administrative Expenses	(10,322)	(10,809)	4.7
Commercial Income	19,484	22,306	14.5
Legal Claims	(427)	(135)	(68.3)
Labor Law Suits	(649)	(724)	11.5
Other Operating Income	(908)	(2,533)	179.0
Income Before Taxes	17,543	18,970	8.1
Income and Social Contribution Taxes	(5,242)	(5,388)	2.8
Corporate Profit Sharing	(1,637)	(1,737)	6.1
Recurring Net Income	10,664	11,751	10.2

(1) Historical series reviewed since 1Q10 accounting for two items in loan operations income that previously included in Other Operating Expenses/Revenue: amortization of premiums paid on portfolio acquisitions and expenses for settlement / prepayment contracts.

ONE-OFF ITEMS

The following table shows the description of the one-off items which added R\$375 million to BB's net income in 2011, net amount of taxes and statutory profit sharing.

One-Off Items

R\$ million	2010	2011
Recurring Net Income	10,664	11,751
(+) One-Off Items of the Period	1,039	375
Sale of Investments	214	169
Economic Plans	(371)	(103)
Tax Efficiency	460	386
Contingent Liabilities (BESC)	250	-
Additional Allowance for Loan Losses	332	-
Reversal of Labor Liabilities	568	-
Capital Gain – BB Seguros Participações	114	-
Tax Eff. and Stat. Profit Sharing on One-Off Items	(527)	(78)
Net Income	11,703	12,126

Main Indicators of Income/Expenses

indicators – %	2010	2011
Net Interest Margin (NIM) ¹	6.1	5.7
Expenses with Allowance for Loan Losses over Portfolio ²	3.3	3.1
Cost-Income Ratio ³	42.6	42.1
Cost-Income Ratio – 12 Months	-	-
Recurring Return on Equity ¹	24.6	21.7
Effective Tax Rate	33.0	31.3

(1) Annualized indicators.

(2) Accumulated Allowance for Loan Losses expenses for the 12-month period divided by the average loan portfolio in the same period.

(3) The One-Off Items of the period were segregated in the calculation.

SHAREHOLDER'S RETURN

Earnings per Share

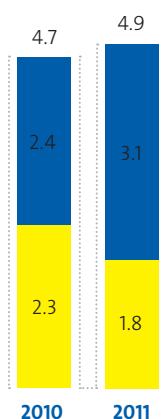


The earnings per share attained R\$4.28 in 2011, against R\$4.34 recorded in 2010. The following table shows this indicator.

The earnings per share attained R\$4.28

Dividends and Interest on Own Capital

■ Dividends (R\$ billion)
■ Interest on Own Capital (R\$ billion)



Banco do Brasil maintained the policy of paying out 40% of its net income to its shareholders. R\$4.9 billion was set aside as shareholders' compensation in 2011, representing a growth of 4.1% in relation to 2010.

Remuneration to shareholders reached R\$4.9 billion for the year

MANAGERIAL MARGIN AND SPREAD

The table below presents BB managerial margin segmented into loan operations and deposits. Each line is calculated by the difference between financial revenues/expense and the respective opportunity financial cost/revenue of each line, for example, average SELIC rate (TMS), long-term interest rate (TJLP), reference rate (TR).

Managerial Margin

R\$ million	2010	2011	Variation s/2010
Loan Operations	27,676	30,321	9.6
Individuals	15,812	17,230	9.0
Businesses	7,827	8,667	10.7
Agribusiness	4,037	4,424	9.6
Deposits	4,708	5,853	24.3
Time Deposits	2,676	3,426	28.0
Demand Deposits	1,298	1,496	15.2
Saving Deposits	603	743	23.2

BB's loan portfolio to individual customers is concentrated in consumer credit, payroll loans, vehicles financing and mortgage loans that together accounted for 80% of the individual customers portfolio. Traditionally, these facilities have lower spreads than others in the individual loan portfolio.

"Risk-Adjusted Net Interest Margin" is calculated based on ratio between net financial margin and profitable assets, that is, it considers expenses with allowance for loan losses. The table below presents the performance of the spread indices by portfolio:

Annualized NIM

%	2010	2011
Loan Operations	9.0	8.5
Individuals	15.8	14.4
Businesses	6.0	5.8
Agribusiness	5.6	5.3
Deposits	1.5	1.6
Time Deposits	1.7	1.7
Demand Deposits	2.7	3.2
Saving Deposits	0.7	0.8
Net Interest Margin (NIM)	6.1	5.7
Risk Adjusted NIM	4.4	4.1

ASSETS

Total assets of Banco do Brasil attained R\$981,230 million at the end of December 2011, an increase of 21% compared to the same period in 2010. The main lines of assets are loan operations, securities and short-term interbank investments that accounted for 73.0% of BB's total assets as at the end of December 2011, compared to 70.6% at the end of December 2010.

*Total assets
grew 21.0%
in 12 months*

The following table presents the main items of the assets:

Main Equity Items

R\$ million	Dec/10	Dec/11	Var. % s/Dec 10
Total Assets	811,172	981,230	21.0
Loan Portfolio ¹	388,224	465,093	19.8
Securities	143,867	168,230	16.9
Short-Term Interbank Operations	107,579	166,288	54.6
Deposits	376,851	442,386	17.4
Demand	63,503	62,016	(2.3)
Savings	89,288	100,110	12.1
Interbank	18,998	14,450	(23.9)
Time	204,652	265,809	29.9
Money Market Borrowing	142,175	195,175	37.3
Shareholders' Equity	50,441	58,416	15.8

(1) It is included guarantees provided and private securities.



LOAN PORTFOLIO

Loan Portfolio – Broad concept which includes guarantees provided and private securities in the portfolio, attained R\$465,093 million, growth of 5.3% in the quarter and 19.8% in 12 months. Banco do Brasil's market share in the domestic loan portfolio was 19.2%

*Credit grows 19.8%
in 12 months*

Loan Portfolio – Broad Concept

R\$ million	Balances				Var. % On Dec 10
	Dec/10	Part. %	Dec/11	Part. %	
Classified Loan Portfolio (a)	358,366	100.0	422,989	100.0	18.0
Country	337,921	94.3	390,508	92.3	15.6
Individuals	113,096	31.6	130,561	30.9	15.4
Payroll Loan	44,976	12.6	51,246	12.1	13.9
Consumer Loan Backed by Direct Deposits	12,878	3.6	15,327	3.6	19.0
Vehicle Loans	27,395	7.6	31,329	7.4	14.4
Mortgage Loans	2,951	0.8	6,035	1.4	104.5
Credit Cards	11,867	3.3	13,193	3.1	11.2
Overdraft Accounts	2,598	0.7	2,554	0.6	(1.7)
Others	10,432	2.9	10,877	2.6	4.3
Businesses	149,810	41.8	171,290	40.5	14.3
SME	56,960	15.9	68,062	16.1	19.5
Middle and Large	92,850	25.9	103,228	24.4	11.2
Agribusiness	75,015	20.9	88,658	21.0	18.2
Individuals	48,907	13.6	57,194	13.5	16.9
Businesses	26,107	7.3	31,465	7.4	20.5
Abroad	20,445	5.7	32,480	7.7	58.9
Private Securities and Guarantees (b)	29,858		42,104		41.0
Loan Portfolio – Broad concept (a + b)	388,224	100.0	465,093	100.0	19.8
Individuals	113,097	29.1	130,589	28.1	15.5
Businesses	176,382	45.4	210,167	45.2	19.2
Agribusiness	75,707	19.5	89,361	19.2	18.0
Abroad	23,038	5.9	34,976	7.5	51.8



*Mortgage surpasses
R\$7.6 billion in
December 2011*

Since it began its housing loans to individual clients in the second quarter of 2008, BB has henceforth exhibited continuous growth in these lines, ending December 2011 with total mortgage lending of R\$6,035 million, up 104.5% on December 2010. The volume of real-estate loans paid out in the final quarter of 2011 amounted to R\$1,098 million, an increase of 96.5% compared to the same quarter in 2010. While for companies, real-estate loans paid out amounted to a total of R\$391 million in the final quarter

of 2011, while the portfolio balance totalled R\$1,571 million.

The total amount of the loan portfolio for individual customers (R\$130,589 million) exhibited an expansion of 15.5% in December 2011 compared to December 2010.

The portfolio of loans to corporate customers ended December 2011 at R\$210,167 million, an increase of 19.2% compared to December 2010. This result was driven by the portfolio of large and medium-sized companies, which in addition to demanding credit through tra-

ditional lines (investment and working capital), also raised funds through the issue of private-sector securities. The portfolio of these securities, including guarantees provided, came to balance of R\$42,104 million at the end of December.

In the micro and small companies segment, the loan portfolio showed an increase of 19.5% compared to that in December 2010, with a balance of R\$68,062 million. Banco do Brasil used the *Fundo de Garantia de Operações* – FGO (Operations Guarantee Fund) to allow a greater access credit for SME, to

reduce the costs for the final borrower and to expand the portfolio volume. Another mechanism that supports the operations contracting of investment financing is the *Fundo de Aval às Micro e Pequenas Empresas* – FAMPE (Endorsement Fund for SMEs). This fund is comprised by resources from Serviço Nacional de Apoio às Micro e Pequenas Empresas – SEBRAE (National Service for SMEs Support) and complements up to 80% of the needed guarantees value to contract operations with SMEs that have gross annual turnover up to R\$2.4 million.

The agribusiness portfolio ended the year with a balance of R\$89,361 million, an increase of 18.0% over 12 months. The low rate of default on the agribusiness loan portfolio merits special emphasis. The indicator that measures the ratio between the loan portfolio and transactions over 90 days past due ended the year at 0.7%, compared to 2.5% in the same period in 2010.

Delinquency Ratio lower than that in the Brazilian Banking Industry

The delinquency indicators of BB was below that of the Brazilian Banking Industry at the end of December 2011. The indicator that measures Non-Performing Loans (NPL) for more than 90 days (ratio between loans for more 90 days and the loan portfolio) which for the Brazilian Banking Industry ended the year at 3.6%,

compared to 2.1% for BB. Practically all of BB's credit quality indicators improved when compared to December 2010 and remained in line with the indices observed in the previous quarter.

In comparing operations classified by level of risk, BB also showed a better loan structure than the Brazilian Bank-

ing Industry. Operations rated at a risk level of AA-C ended December 2011 at 93.9% of the total portfolio, compared to 92.3% observed in the Brazilian Banking Industry. The following table presents indexes of quality loan portfolio:

Loan Portfolio Quality Indicators

%	Dec/10	Dec/11
NPL + 15 days/Total Portfolio (%)	3.7	3.6
NPL 15-59 days/Total Portfolio (%)	1.1	1.1
NPL + 60 days/Total Portfolio (%)	2.7	2.5
NPL 15-89 days/Total Portfolio (%)	1.5	1.5
NPL + 90 days/Total Portfolio (%)	2.3	2.1
AA - C Loans/Total Portfolio (%)	93.7	93.9
Allowance/Loan Portfolio	4.8	4.5
Individuals Allowance/Loan Portfolio	6.8	6.8
Business Allowance/Loan Portfolio	3.2	3.1
Allowance/NPL + 60 days	182.2	180.4
Allowance/NPL + 90 days	212.1	215.6
Average Risk BB	4.3	4.1
Average Risk – Banking Industry	5.6	5.7
NPL + 90 days/Total Portfolio – Brazilian Banking Industry	3.2	3.6

Expenses with allowance for loan losses in the outlook of twelve months showed an increase of 10.8% in 2011 over previous year; while the loan portfolio increase 18.0% in this period. Consequently, the indicator that measures portfolio expenses recorded an improvement of 20 bps in comparison to 2010.

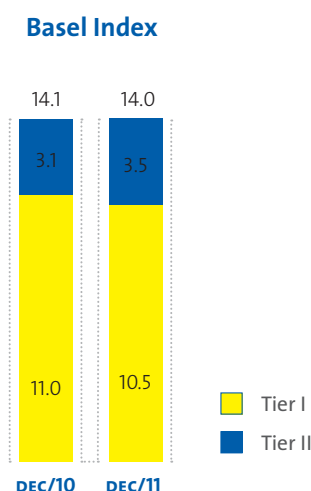
Expenses with Allowance for Loan Losses over Loan Portfolio

R\$ million	2010	2011
(A) Allowance for Loan Losses - 12 Months	(10,675)	(11,827)
(B) Loan Portfolio	358,366	422,989
(C) Average Portfolio – 12 Months	325,051	383,408
Expenses over Portfolio (A/C) – %	3.3	3.1

The balance of allowance for loan losses ended the financial year at R\$19,015 million, which provides coverage of 215.6% of non-performing loans more than 90 days, a percentage higher than that for the Brazilian Banking Industry, which had a coverage ratio of 158.9% at the end of December 2011.

BASEL INDEX

The capital ratio (K) of Banco do Brasil ended December at 14.0%, higher than the minimum required by the Central Bank of Brazil (11%). The BIS ratio presented indicates an excess of Referential Shareholders' Equity of R\$17.2 billion, which enables an expansion of up to R\$156.0 billion in credit assets, considering a weighting of 100%.



Basel index higher than the minimum requirement

FEE INCOME

It is worth highlighting the greater diversification of BB revenues, due to projects such as the restructuring of activities in the retail segment, focused on customer base service and profitability, and corporate restructuring of the insurance area.

Fee income, a line that includes both services income (RPS), and banking fee income (RTB) reached R\$18,242 million, a result 12.8% higher than the ob-

served in the previous year and inside the estimated range for 2011 Guidance. It is worth to highlight the fee income from credit/debit cards and management of investment fund.

Results from insurance, pension plans and saving bonds operations reached R\$2,265 million in 2011, rose by 20.0% over 2010.

Fee Income reflects business diversification

Fee Income and Results from Insurance Operations

R\$ million	2010	2011	Var. % s/2010
Fee Income	16,173	18,242	12.8
Account Fees	3,714	4,077	9.8
Credit/Debit Cards	3,306	3,926	18.7
Investment Fund Management Fees	2,672	3,197	19.7
Loan Fees	1,710	1,822	6.6
Collection	1,197	1,241	3.7
Insurance, P. Plans and Savings Bonds	432	499	15.7
Billings	614	725	18.0
Interbank	549	640	16.5
Capital Market Fees	436	350	(19.9)
Others	1,543	1,764	14.4
Insurance P. Plans and Sav. Bonds Income	1,888	2,265	20.0

ADMINISTRATIVE EXPENSES

Administrative expenses remained under control, as estimated in the guidance figures published. In 2011 these expenses amounted to a total of R\$24,752 million, up 9.7% on the previous year. These expenses include personnel and other administrative expenses, which grew, respectively, in the year-over-year comparison, 13.9% and 4.7%.

The increase in the Personnel Expenses line was largely due to three factors: (i)

the salary increase implemented in September 2010; (ii) the increase in administrative provisions for inflation; and (iii) the increase of 4.7% in the size of the workforce, compared to the end of 2010, continuing to reflect the effect of the Retail Revitalization Program. With respect to other administrative expenses, the performance was in line with the contractual adjustments made and the organic growth seen in the Bank's operations.

Administrative expenses in conformity with Guidance

Administrative Expenses

R\$ million	2010	2011	Var. % s/2010
Administrative Expenses	(22,565)	(24,752)	9.7
Personnel Expenses	(12,244)	(13,943)	13.9
Other Administrative Expenses	(10,322)	(10,809)	4.7

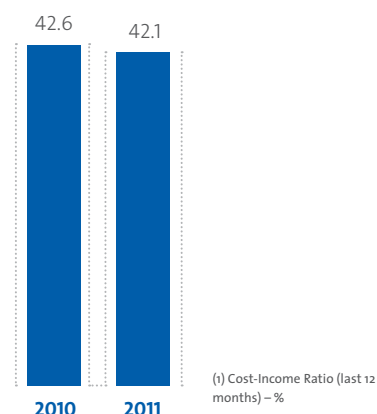
COST INCOME RATIO

The cost income ratio – being the ratio between administrative expenses and operating revenue, and the lower the better – showed a reduction of 50 basis points over 12 months, to 42.1%. This improvement is a reflection of the increase in revenues, and the control over expenses which the Bank has been striving for year after year.

COST INCOME RATIO

The insurance ratio that measures the share of this segment in the recurring net income of BB has been growing and went from 12.7% in 2010 to 13.7% in 2011. This evolution is in line with the strategy adopted by BB of raising participation of the insurance segment in the conglomerate. The table below presents the breakdown of insurance income, as well as the insurance ratio.

Cost Income Ratio ¹ without One-Off Items – %



Insurance ratio reaches 13.7%

Consolidated Insurance Ratio

R\$ million	2010	2011	Var. % s/2010
Insurance Income	1,354	1,604	18.5
Brokerage Net Income	289	362	25.3
Service Fee Net Income	215	249	15.7
Equity in the Earnings	849	993	16.9
BB Recurring Income	10,664	11,751	10.2
Insurance Ratio	12.7	13.7	

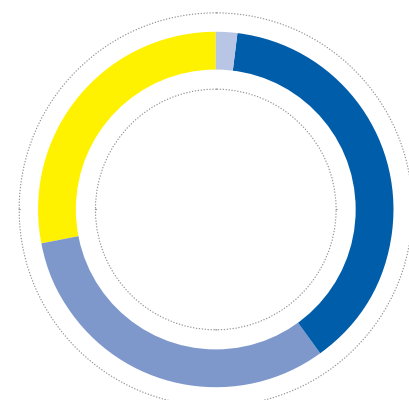
Comparative Analysis DVA GRI ECI

The Statement of Value Added (DVA) is an accounting term which shows the value which represents the wealth generated by an organization. In 2011, BB reported an increase of 6.8% in Distributed Added Value, which increase from R\$36.2 to R\$38.6 billion. The “Personnel” category remained with the highest percentage (38.1%), followed by “Interest on Capital” (31.6%). In terms of variation between 2010 and 2011, the highest increase was in “Interest on Third Parties’ Capital” (16.6%).

Distributed Added Value – BB Consolidated

In Thousands of Reais	2010	2011	Var. % s/2010
Personnel	13,048,428	14,721,248	12.8
Interest on Capital	11,703,165	12,219,121	4.4
Taxes, Rates and Contributions	10,798,506	10,963,798	1.5
Interest on Third Parties’ Capital	629,734	734,522	16.6
Total	36,179,833	38,638,689	6.8

Distributed Added Value BB Consolidated



- 38% PERSONNEL
- 32% INTEREST ON CAPITAL
- 28% TAXES, RATES AND CONTRIBUTIONS
- 2% INTEREST ON THIRD PARTIES’ CAPITAL

Distributed Added Value – BB Consolidated

R\$ thousands	BB-Consolidated			
	Fy/2010 Balance	%	Fy/2011 Balance	%
Income	93,152,636		113,513,027	
Income from Financial Intermediation	81,685,766		103,329,631	
Income from Service and Bank Fee	16,172,540		18,241,576	
Allowance for Loan Losses	(10,244,040)		(11,975,091)	
Other Income/Expenses	5,538,370		3,916,911	
Income from Financial Intermediation	(45,880,191)		(63,841,476)	
Inputs Purchased from Third Parties	(7,849,772)		(8,144,138)	
Materials, Electric Power and Other	(459,434)		(495,336)	
Expenses with Outsourced Services	(1,206,847)		(1,294,143)	
Communications	(1,269,841)		(1,354,235)	
Data Processing	(1,077,662)		(667,731)	
Transport	(738,927)		(857,868)	
Security Services	(673,038)		(763,813)	
Financial System Services	(629,219)		(661,529)	
Advertising and Publicity	(375,994)		(420,337)	
Others	(1,418,810)		(1,629,146)	
Gross Added Value	39,422,673		41,527,413	
Depreciation and Amortization	(3,196,517)		(3,343,603)	
Wealth Created by the Entity	36,226,156		38,183,810	
Wealth Received in Transfer	(46,323)		454,879	
Equity in the Earnings (Loss) of Subsidiary and Associated Companies	(46,323)		454,879	
Added Value to be Distributed	36,179,833	100.00	38,638,689	100.00
Wealth Distributed	36,179,833	100.00	38,638,689	100.00
Personnel	13,048,428	36.07	14,721,248	38.10
Salaries and Fees	8,234,776		9,444,814	
Employee Profit Sharing	1,756,190		1,790,543	
Benefits and Training Programs	1,845,990		2,013,294	
FGTS (Government Severance Indemnity Fund for Employees)	551,520		606,662	
Other Charges	659,952		865,935	
Taxes, Rates and Contributions	10,798,506	29.85	10,963,798	28.38
Federal	10,067,315		10,033,785	
State	872		2,739	
Municipal	730,319		927,274	
Interest on Third Parties' Capital	629,734	1.74	734,522	1.90
Rent	629,734		734,522	
Interest on Capital	11,703,165	32.34	12,219,121	31.62
Federal Government Interest on Own Capital	1,487,739		1,804,385	
Interest on the Own Capital of Other Shareholders	915,511		1,246,923	
Federal Government Dividends	1,425,815		1,092,745	
Dividends from Other Shareholders	876,511		754,880	
Retained Earnings	6,997,609		7,227,057	
Minority Interest in Retained Earnings	(20)		93,131	

Strategic Management

In addition to improving client relationships and Corporate Governance, establishing partnerships and expanding its international operation, BB has also maintained its Agenda 21, for sustainability management

Highlights of 2011 GRI 2.9 | 4.13

During 2011, various events punctuated the performance of Banco do Brasil. The main events that took place during the year are listed below:

JANUARY

Issue of Global Medium Term Notes (GMTN) in euros, which resulted in the raising of EUR750 million, one of the largest ever euro-denominated issues carried out by a Brazilian company.

Also in January, the Bank acquired the entire equity interest (16.67% ordinary shares) held by Sul América Capitalização S.A. in Brasilcap, for the value of R\$137 million, and signed a contract with Visa International Service Association for the acquisition of part of the shares held by that company in Companhia Brasileira de Soluções e Serviços (CBSS), corresponding to 4.99% of the capital of CBSS, for a total of R\$85.5 million.

APRIL

Banco do Brasil launched the Elo brand-name, administered by the company Elo Serviços, starting sales of Ourocard Elo on 04.04.2011. Also in the same month, Banco do Brasil also took part in the formation of the joint-venture Elo Participações – responsible for the consolidation of electronic payment means transactions (credit and debit cards, prepaid cards and co-branded cards).

On the international front, BB completed the acquisition of control of Banco Patagonia (Argentina) and signed a contract for the purchase of 100% of the shares of EuroBank, for US\$6 million.

Fitch Ratings increased its credit ratings for Banco do Brasil.



MAY

Issue of US\$1.5 billion of subordinated debt in foreign markets. In July, the Central Bank of Brazil approved the eligibility of this issue for Tier II Referential Equity.

BB inaugurated its first concept store in Brasília, an unprecedented initiative in the retail banking sector. In this space clients can familiarize themselves with the main attributes that comprise the Bank's brand positioning.

On 01.02.2012, the Bank acquired the rights to offer banking products and services through the branches of Banco Postal through Brazil's post office network. This move will enable Banco do Brasil to extend its reach through the entire Country.

JUNE

Banco do Brasil completed five years of listing on the BM&FBOVESPA *Novo Mercado*, which is the segment of the market that includes those companies with the highest level of Corporate Governance.

BB's partnership with Mapfre had its operation merged, thus creating the second largest insurance group in the Brazilian market in terms of premiums received, according to ranking by Susep, the Superintendency of Private Insurance.

Moody's rating agency also increased its credit rating for the Bank.

OCTOBER

Central Bank of Brazil approved the authorization of an increase in BB's capital of R\$44.6 million, resulting from the exercising of Series C Subscription Bonuses. The operation resulted in the issue of 4.7 million new common shares. After the operation, Banco do Brasil liquidated all its C Bonuses in the series.

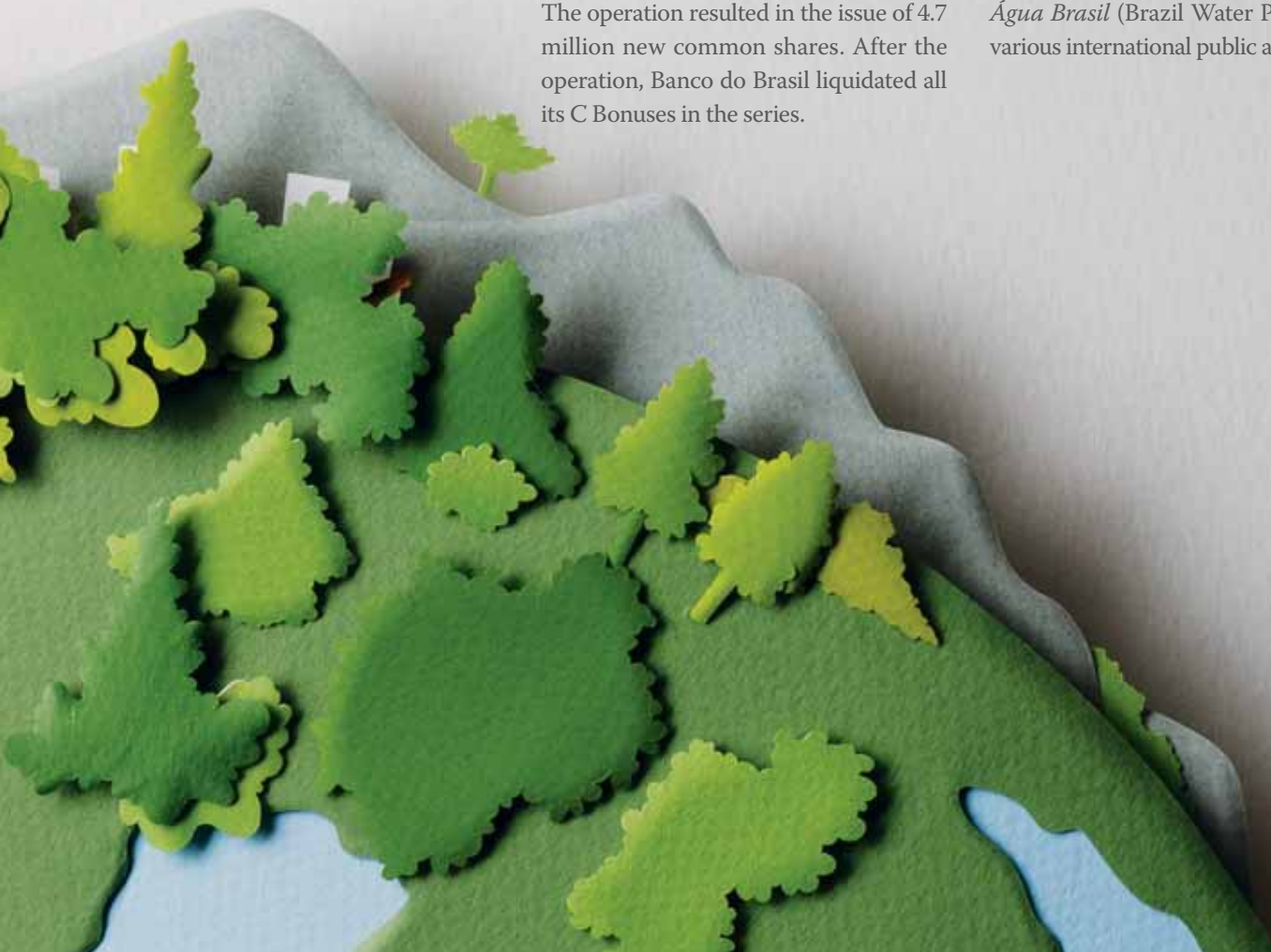
NOVEMBER

Issue of Senior Notes in the US market, with the funding of US\$500 million, a clear demonstration of international investor confidence in the Bank.

Standard & Poor's rating agency increased its global scale rating for Banco do Brasil from "BBB-" to "BBB".

DECEMBER

World Water Council membership acceptance – BB has joined the World Water Council – an international platform which offers the opportunity to exchange knowledge and experiences with other companies and institutions, with a view to creating possible alliances and partnerships. Joining this body enables Banco do Brasil to be at the forefront of discussions on this theme, and promote *Água Brasil* (Brazil Water Program) to various international public audiences.



Strategic Planning for the Period 2012-2016

With the objective of maintaining its leadership position in the Brazilian Banking Industry and reinforcing its role as a fundamental partner in the development of Brazil, as part of its main strategic themes for the period 2012-2016, Banco do Brasil prioritizes the generation of sustainable results; expansion through internationalization; improving customer service, and increasing operational efficiency.

Sustainable results will be achieved through maintaining good Corporate Governance practices, allied with invest-

ment in infrastructure and technology, as well as continuous training of employees for new BB's challenges. Also contributing to the sustainability of the businesses is the fulfilment of the Bank's institutional role, by which strives to ensure that operational profitability goes hand-in-hand with the commitment to the development of the Country. The partnership with the Government will have an emphasis on social inclusion and production – urban and rural – through technical and professional qualification in activities that generate jobs and

incomes and through the modernization of public pension.

International expansion is focused on three main fronts: the existence of Brazilian communities abroad, transnational spread of Brazilian companies and the increase in commercial interchange between Brazil and the rest of the world.

The improvement in customer service will take place as a result of improving relationships with the client and the increase in operating efficiency will be through the improvement of management processes.

The following are the Bank's strategic themes for for the period 2012-2016: sustainable results, internationalization, operational efficiency and customer service

2011 Guidance

Items	Performance 2011	2011 Guidance
Recurring Return on Equity	21.7%	21% - 24%
Net Interest Income	11.1%	11% - 13%
Total Deposits	17.4%	14% - 18%
Domestic Loan Portfolio	15.6%	15% - 18%
Individuals	15.4%	17% - 21%
Businesses	14.3%	16% - 19%
Agribusiness	18.2%	8% - 12%
Allowance for Loan Losses	3.1%	3.3% - 3.7%
Fee Income	12.8%	12% - 17%
Administrative Expenses	9.7%	9% - 12%
Tax Rate	31.3%	31% - 34%

BB's result was in line with expectations for 2012, as can be seen in the table above. However, due to the influence of preventative macroprudential measures, the performance of the loan portfolio for individuals fell short of expectations. Meanwhile, demand for

credit by companies was met, in part using other instruments, such as debenture issues, promissory notes and bank credit notes (private securities), also contributing to the fact that growth expectations in the loan portfolio were not entirely met.

On the other hand, Expenses with Allowance for Loan Losses ended 2011 lower than estimated, seeing that BB's loan portfolio has a better risk profile than that of the market as a whole.

2012 Guidance

Items	2012 Guidance
Recurring Return on Equity	19% - 22%
Net Interest Income	11% - 15%
Total Deposits	14% - 18%
Domestic Loan Portfolio	17% - 21%
Individuals	19% - 23%
Businesses	18% - 22%
Agribusiness	9% - 12%
Allowance for Loan Losses	3.1% - 3.5%
Fee Income	13% - 18%
Administrative Expenses	8% - 12%
Tax Rate	31% - 34%

The 2012 forecasts were prepared regarding the following assumptions:

Assumptions influenced by management

1. Increase in customer portfolio profitability as a way to boost revenues;
2. Expansion of the service network, based on new clients, and profitability of the current customer portfolio, considering the partnership with Banco Postal;
3. Maintenance of the current business model, without considering new acquisitions and/or partnerships that might be entered into to exploit specific segments;
4. Alignment of the cost structure to business volume growth;
5. Adjustments in contracts to suppliers and collective bargaining agreement in line with market practices;
6. Recognition of actuarial gains and losses in the Previ Benefit Plan I, as established by the CVM Resolution 600/2009.

Assumptions that are not under management control:

1. Low growth of developed economies in 2012;
2. Greater resistance, but not immunity, of the Brazilian economy to foreign shocks;
3. A political environment without institutional rupture;
4. Maintenance of Brazilian sovereign rating as investment grade;
5. Maintenance of the current domestic macroeconomic policy structure: floating exchange rate, inflation targets (nominal anchor) and fiscal discipline, entailing a gradual and consistent reduction of the relationship between Public Sector Net Debt (PSND) and the Gross Domestic Product (GDP);
6. Increase of the Brazilian trade balance and its effects in the foreign trade;
7. A gradual increase in the Brazilian economy's potential for growth (potential GDP);
8. Evolution of interest rates, foreign exchange, inflation rate and GDP according to the market's consensus;
9. An advancement of the regulatory mark/microeconomic agenda with stimulus to public and private investment;
10. Regulatory stability, also in what concerns the rates of taxes levied on the Bank's activities, labor legislation, and social security legislation;
11. Change in capital consumption rules and rates of the compulsory payment – macroprudential measures;
12. Implementation of Basel III recommendations;
13. Guidelines of the 2012/2013 crop plan.

In 2011, BB's result was in line with expectations. The Allowance for Loan Losses result was positive, ending up below expectations

Objectives for the Period 2012-2016

Banco do Brasil has defined the following objectives which will form the basis of its efforts and resources over the medium and long term:

- Maintenance of profitability levels;
- Improving the profitability of the client base;
- Continuing cost control;
- Strengthening of the role of fundamental partner for the sustainable development of Brazil;
- Continuing expansion through internationalization;
- Improvement in client service;
- Increasing operational efficiency;
- Consolidation of capital market operations.

In its quest for profitable relationships in 2011 Banco do Brasil signed a contract with the Brazilian Post and Telegraph Service (Correios) for the operation of Banco Postal

Accountability

The table below provides the accountability for the objectives set out in the Annual Report 2010, indicating the status and fulfilment of what was established. Immediately below, we also set out the accountability with respect to the socio-environmental challenges established for 2011:

INCREASING EARNINGS POTENTIAL

With the goal in mind of increasing its earnings potential, Banco do Brasil reported a record net income of R\$12.1 billion in 2011, up 3.6% compared to 2010. This performance corresponds to an annualized return on average shareholders' equity (ROE) of 22.4%. The Bank has maintained its leadership position in the Brazilian Banking Industry: with assets of R\$981.2 billion, being the largest banking asset terms in Latin America; payroll loan of R\$51.2 billion with a market share of 32.3%; the largest financier of agribusiness, with a portfolio of R\$89.4 billion, which corresponds to 63.1% of all banking loans in the Brazilian agribusiness segment.

EXPANDING PROFITABLE RELATIONSHIPS

Banco do Brasil is always on the lookout for profitable relationships, and to this end in 2011, BB signed a contract with the Brazilian Post Office Service for the providing of representative banking services through Banco Postal. In the insurance area, BB entered into a partnership with Mapfre, creating one of the largest insurance groups in the Country. It also played a part in forming the joint-venture Elo Participações – which is responsible for the consolidation of business related to electronic payment means (credit and debit cards, prepaid cards and co-branded cards). BB also invests in profitable relationships abroad, such as the acquisition of Banco Patagonia and EuroBank.

INCREASING CUSTOMER SATISFACTION

The "BB 2.0 Program for Retail Transformation" brings together the principal strategic initiatives which have the objective of consolidating and expanding Banco do Brasil's leadership in the Brazilian retail market, with a focus on in-

creasing the profitability of its customer base, through providing excellent service, acquiring client knowledge (CRM), expanding relationships and businesses, efficiency in processes, and increasing the convenience of products offered, by improving service channels and making better use of existing business opportunities. Among the initiatives planned for 2011, of particular note are: conclusion of a new relationship model for private individual clients in all the BB's branches, which aims to adjust the number of customers under the responsibility of each relationship manager, with intensification of contacts and business and an improvement in the service provided; the rationalization of sales processes, with the objective of mitigating operational risks and improving customer satisfaction and operational efficiency; and the configuration of 187 branches according to the new service layout, which provides a more modern and convenient environment for clients, and prioritizes special areas reserved for doing business.

INCREASING THE LEVEL OF CONVENIENCE FOR CLIENTS

In order to increase the level of convenience to its clients, Banco do Brasil provides a distribution network of over 55,000 service outlets. It has also added a further 6,000 new outlets through its arrangement with Banco Postal, which will enable BB to reach 96.4% of Brazil's municipalities. Projects will also be implemented, such as Mobile Banking Representatives: *BB Móvel Terrestre*, which in 2011 delivered six mobile units, with the expectation of delivering a further 100 mobile units in 2012 to travel throughout the Country; and *BB Fluvial*, with special boats adapted for the providing of banking services, promoting the banking inclusion and integration of populations living along the river bank.

EXPANDING INTERNATIONAL OPERATION

BB as the Brazilian bank with the largest presence in the global market, with 49 premises in 24 countries, has fortified its expansion strategy with the acquisition of a controlling stake in Banco Patagonia (Argentina); the signing of a contract for the purchase of 100% of EuroBank, an American bank based in Florida, which will have the priority aim of providing a quality service to Brazilians living in the United States; the installation of Banco do Brasil representative offices in Bogotá (Colombia) to increase its knowledge of the local market, and build on business opportunities. And also, with a view to strengthening its presence in Asia, the Bank has announced the transformation of the office in Shanghai to full branch status, to meet the demands of Brazilian companies that operate in China, and Chinese companies that have businesses in Brazil.

CONSOLIDATION OF CAPITAL MARKET OPERATIONS

Operating in the domestic capital markets, for retail investors BB offers a share broking service through its branch network, internet (Home Broker) and via mobile phone. In 2011, there were 64 issues of fixed-interest securities coming to a total of R\$16.9 billion, with the Bank ranking in 2nd place according to Anbima's consolidated origination figures, with a 19.7% market share. Of particular note was the launching of a new share dealing platform, which expands the means of access for Home Broker, which is now available via iPad or smartphone.

Overseas, through its foreign brokerage operations BB Securities Ltd. (London) and Banco do Brasil Securities LLC (New York), the Bank took part in 16 of the 60 fundraising operations carried out in international markets by Brazilian companies, banks and the Brazilian government. Of the total of approximately US\$37.0 billion issued in 2011, BB participated in approximately US\$12.6 billion worth of issues. Also fortifying its strategy, BB announced in 2011 that it will be inaugurating a new BB

Securities in Singapore in 2012, with the objective of attracting more investors in the Asian market. Currently this region represents 5% of the buyers of securities placed by the Bank in international markets.

REINFORCING ITS ROLE AS A FUNDAMENTAL PARTNER FOR THE SUSTAINABLE DEVELOPMENT OF BRAZIL

In its quest to strengthen its role of partner for responsible growth in Brazil, in 2011 BB revised various products and services to be more in alignment with the strategy of promoting sustainable development.

Of particular note were: the start of Guided Production-Based Microcredit operations as part of the Government's *Crescer* program; the financing of rural activity as part of the Program for Low Carbon Agriculture (ABC); the business strategy for sustainable regional development; the credit line to finance students via the Fund for Financing Undergraduate Students – FIES; and the financing of housing units under the *Minha Casa Minha Vida* (real estate lending) program, and action as part of the *Programa Água Brasil* (Brazil Water Program).

INCREASING OPERATIONAL AND BUSINESS EFFICIENCY

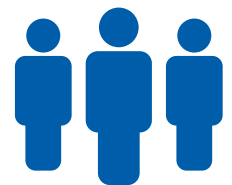
In line with the improvement in operational efficiency, administrative expenses at the end of the financial year amounted to R\$24.7 billion, up 9.7% compared to the previous year. This increase is in keeping with the contractual adjustments agreed, and the organic growth in the Bank's operations. The improvement in operating revenues, control over administrative expenses and the synergy gains achieved through the integration of acquisitions, resulted in an improvement in the Bank's efficiency index (the lower the better) which saw a reduction of 51 basis points over 12 months, to 42.1% at the end of 2011.

In its quest for business efficiency, BB has trained more than 69,000 employees in its branch network in business and client service practices.

DEVELOPING AND IMPROVING EMPLOYEE SKILLS

A constant goal of BB is to enable its employees to develop and improve. In this regard, in 2011 UniBB carried out 1,030,964 classroom-based training sessions, as well as self-instruction and service courses, with a total of 11,804,434 training hours. The average amount of training per employee was 103.72 hours in 2011. These training initiatives are based on different methods for teaching and support, such as: corporate TV, web, printed media, pamphlets etc.

BB also offers its employees student grants for graduate and postgraduate courses (specialization, masters and doctorates) and foreign language courses. At the end of 2011, the Bank had a total of 9,833 employees receiving student grants for graduate and postgraduate courses, as well as 306 on language courses.



UniBB: 1,030,964
training sessions over
11.8 million hours

Front – Processes and Management

Socio-environmental Challenge	Time limit	Implementation
To improve education and communication initiatives on the socio-environmental theme, with a focus on eco-efficiency, co-operativism, associativism, conscientious consumption and climate change, among internal and external public audiences.	dec/2011	INITIATIVE CONCLUDED. An Action Plan for Socio-environmental Responsibility was drawn up for the Organization; Courses were launched with a focus on the theme: “Business with Rural Cooperatives”, “Business with Urban Cooperatives”, “BB’s Selective Waste Collection Program” and “Guided Production Microcredit” which are some of the examples of courses launched in 2011. We have adopted various internal communication initiatives: 50 pieces of material and 8 videos on the theme available on the intranet, 4 subjects in the magazine for internal circulation “bb.com.você” and various marketing e-mails on dates related to socio-environmental practices, are all examples of the action taken.
To improve the financial education initiatives for the various public audiences of BB.	dec/2011	INITIATIVE CONCLUDED. The division for financial education was set up as part of the Client Direction; Financial education project developed for private individual clients in specific segments; 220,000 pamphlets were produced entitled “Financial Health” for private individuals; Financial education initiatives were carried out at ExpoMoney (Brasília, São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre); a financial education hot site was created; The financial educators project was developed for BB’s private individual customers; Self-instructional training was introduced – Financial Education Sinapse – for private individual customers.
To implement a permanent program for connecting suggestions from employees, to improve the processes of the Company.	dec/2011	INITIATIVE CONCLUDED. (E-deia) program implemented in May 2011.
To propose an action plan to improve the effectiveness of BB’s Endomarketing processes.	dec/2011	INITIATIVE CONCLUDED. Processes revised, Endo-market concept defined and initiatives standardized
To improve the system for monitoring of the data of the periodic health exams undergone by employees, including the definition of new indicators for occupational health and occupational safety.	dec/2011	INITIATIVE PARTIALLY CONCLUDED. Periodic medical exam studied, with indicators validated. The system for the accompanying of data is still being improved, with the expectation of the GSM system being implemented – management of safety engineering and medicine in the workplace – in 2012.
To draw up a risk map on the question of employee health, to provide support for preventive action proposals.	dec/2011	INITIATIVE CONCLUDED. Risk map drawn up with a definition of the following indicators: age bracket, weight (IMC), stress, LER/DORT, tobacco addiction, physical activity, total cholesterol, coronary risk and diet-induced glycemia. After the definition of the map, preventative actions are being proposed for the better management of absenteeism and obesity at BB.
To improve BB’s Gender Equality program.	dec/2011	INITIATIVE CONCLUDED. BB’s formalized adhesion to the 4th edition of the Federal Government Equality Program for Gender and Race. the focus of the programme was enlarged to go beyond the question of gender, to include race and ethnic group. Action plan drawn up for the two-year period 2011/2012. Proposed initiatives will be implemented by the end of December 2012.
To draw up sectorial and thematic socio-environmental directives and publicize them for application in credit analysis activities with a potentially adverse impact, in accordance with the best national and international practices.	dec/2013 – with partial deliveries in dec/2011 and dec/2012.	INITIATIVE ONGOING. Deliveries concluded in 2011 – internal proposal drawn up, with concerts validated and discussed with the intervening internal areas; Holding of BB and WWF workshop in 11.28.2011, with the participation of the intervening areas in the bank, and specialists in environmental conservation from WWF for the alignment of sustainability directive; Stakeholders Panel held on 12.19.2011 for the presentation and validation of the directives to various public audiences with whom the Bank relates (employees, government, specialist, clients, representatives of civil society, etc).

Socio-environmental Challenge	Time limit	Implementation
To define and implement a system for classification of all the economic sectors activities, in accordance with the socioenvironmental risk of the activity (high, medium and low).	dec/2011	INITIATIVE ONGOING. System under development with the intervening areas. Conclusion expected for 2012.
To implement a system for the evaluation of the risk of extreme climactic incidents occurring, in the process of installation/renovation of BB's units and the definition of standard procedure.	dec/2011	INITIATIVE CONCLUDED. System revised and standardized, with concepts included in the document "Model for the Analysis of Equity Investments".
To implement systematic evaluation for aligning the interests of shareholders, with those of top management.	dec/2011	INITIATIVE CONCLUDED. Study of "Post-conference" Perceptions; IR Information Pack; Apimec Events; Stakeholders Panel; Speak to IR: permanent communication channel with the market and BB Disclosure Committee.

Front – Businesses with a Focus on Sustainable Development

Socio-environmental Challenge	Time limit	Implementation
To develop solutions in the form of products and services with attributes of socio-environmental responsibility for the key elements Retail, Wholesale and Government.	continuous action	INITIATIVE CONCLUDED. Various solutions developed for the key areas: Retail, Wholesale and Government. These are as follows: Portal for Credit Cooperative Businesses; new criteria for individual cards, for the inhibition of printing sales invoices; investment funds which allocate 20% of the management fee to the <i>Água Brasil</i> program; <i>Ouro Vida Estilo</i> product, with the transfer of 50% of its stipulated revenue to the application in social programs of FBB; Environmental Bonus Services Package, with 4.52% of its value allocated to the <i>Água Brasil</i> program; BB Entrepreneur Microcredit for Private Individuals, <i>Minha Casa Minha Vida 2</i> program; BB Entrepreneur Microcredit for Private Individuals; <i>Ourocard Origens</i> , BB card produced with recycled plastic; and ABC Program (Low Carbon Agriculture).
Revise DRS methodology tools (Diagnostic and Business Plan) with a view to improving the definition and reach of the environmental objectives.	dec/2011	INITIATIVE CONCLUDED. initiative concluded. DRS diagnosis revised to include questions contemplating environmental risks and impact. Standards altered.

Front – Private Social Investment

Socio-environmental Challenge	Time limit	Implementation
Continue the process of revitalizing the volunteer program among employees and other workers at BB and consolidating support initiatives for the community.	dec/2011	ACTION CONCLUDED. Launching of new volunteer site; Campaign held for the expansion of the base of volunteers; Voluntary initiative course modules revised; mobilization and participation of volunteers in the Limpa Brasil movement; Courses held for volunteers for those preselected for the BB volunteer project, with the aim of optimising the formalization of the projects agreed with FBB. Various communication initiatives carried out among employees and retirees.
Implement the socio-environmental projects under the <i>Água Brasil</i> program.	dec/2013 – with partial deliveries in dec/2011 and dec/2012	INITIATIVE CONCLUDED. Initiatives realised in accordance with a schedule of implementation approved under the Work Plan on theme I of the <i>Água Brasil</i> program. Rendering of accounts approved at <i>Água Brasil</i> program, 11.17.2011, and by the BB Board of Officers.

Strategic Moves

The strategic moves carried out by Banco do Brasil are organized in the form of programs or projects, with a view to improving the relationship with retail clients, both private individuals and companies, wholesale clients, clients of the private bank direction, and Government; in establishing partners and other corporate operations and associations of a medium to long-term nature; through expanding the Bank's international operations; the carrying out of social initiatives (with a focus on implementing public policies which characterize the social function of the Bank, and which contribute to the social development of the Country); and through Corporate Governance.

Strategic initiatives are also carried out with the aim of perfecting Risk Management and Compliance, Information Management, sustainability (particularly through regional sustainable development projects and socio-environmental initiatives), Brand-Name Management, Staff Management, support processes for businesses and management, Banking Channels Management, Security Management and the development and implementation of infrastructure solutions or technological systems.

The realization of strategy involves coordinated efforts between the various units of the Bank. This effort gains its strength by being organized and oper-

ated through portfolios, with its programs and projects, as well as improved internal processes.

To provide support for its strategic directives and international expansion goals, Banco do Brasil has revised its system of business management abroad, with an emphasis on redefining the responsibilities of the Strategic Units, governance networks and participations abroad, the management of risks and results, the development of client relationship strategies, as well as products, services and support processes.



Sustainability Action Plan – Agenda 21 Banco do Brasil GRI 1.2

Inspired by Agenda 21 – the result of the United Nations Conference on Environment and Development, that encourages the commitment of governments, companies, NGOs and civil society to seeking solutions to socio-environmental problems –, Banco do Brasil's Agenda 21 Empresarial has been in operation since 2005 and is a pioneering initiative in the Brazilian business world. The document supports the transformation process of the institution to do justice to the Global Agenda 21. Thus, it is applied as an action plan, a guide to socio-environmental responsibility commitments, as well as fulfilling the role of a tool for sustainable management, to the extent that it involves various areas of the proposed initiatives, and must directly report to the Board of Officers.

The updating of Agenda 21 Empresarial is scheduled to take place every two years, but can also take place more frequently as a result of social demands. The process involves employees, clients, investors and shareholders, whose suggestions are added to the society sustainability agenda, through the consideration of questions related to the BM&FBOVESPA Corporate Sustainability Index (ISE), and the Dow Jones Sustainability Index (DJSI).

The updating cycle for action plans for the period 2011/2013 is based on a Sustainable Development workshop, carried out in 2010, which resulted in 77 initiatives distributed in the following spheres: Processes and Management, Businesses with a Focus on Sustainable Development and Private Social Investment.

RSA (SOCIO-ENVIRONMENTAL RESPONSIBILITY) PROCESSES AND MANAGEMENT:

The promotion of sustainability, through the dissemination of the principles and strengthening of the RSA culture in the BB community, through the maintaining of business and administrative processes that are consistent with RSA principles and the strengthening of interaction with public audiences with whom the Bank relates, are all contemplated in the theme of RSA Processes and Management

Main Themes:

- Education for sustainability, Including Professional Financial Education – performance, recognition and variable remuneration;
- The attracting and retaining of talent/occupational health and safety/labour practice indicators;
- Diversity – internal public audience;
- Eco-efficiency – environmental performance/environmental management system;
- Standards for suppliers;
- Socio-environmental risk in financing and investment – general;
- Management of the Bank's own investments and those of third parties;
- Engagement of stakeholders;
- Management of crisis and risks;
- Strategy, Corporate Governance and corporate performance;
- Brand-name management;
- Socio-environmental report.

SUSTAINABLE BUSINESSES

The sustainable business theme focuses on the implementation of initiatives that support sustainable development, in the financing of activities for the generation of jobs and incomes, and social inclusion, as well as activities and technologies that are environmentally appropriate.

On this theme, BB has obtained excellent results with its Business Strategy for Regional Sustainable Development, which seeks to provide a driving force for the economy in regions where it is present, supporting activities that promote social inclusion, and the generation of jobs and incomes, in a sustainable manner.

Main Themes:

- Business opportunities – financial services;
- Management of customer relationships;
- Regional Sustainable Development.

SOCIAL INVESTMENT IN THE PRIVATE SECTOR

Social Investment in the Private Sector promotes Corporate Citizenship initiatives with a focus on improving the quality of life among the Brazilian population and providing support for incentive programs focused on raising awareness about the environment, and environmental preservation, as well as initiatives aimed at defending human rights.

Main Themes:

- Revitalization of volunteer program;
- Trainee programs for students and apprentices;
- Sport and culture-based marketing;
- Programs of the Banco do Brasil Foundation.



BB's pioneering project Agenda 21 Empresarial, has been in force since 2005, and serves as a guideline for socio-environmental responsibility and acts as a sustainable management tool

ACTION PLAN – 2011/2013

Front – Processes and Management

Socio-Environmental Challenge	Time Limit
To define sustainability-related courses and analyse the pertinence of inserting them as part of recruitment and commissioning processes.	dec/2012
To improve the recognition program for employees of the Bank.	dec/2012
To improve/expand variable remuneration mechanisms.	dec/2012
To implement a program for the reinsertion of employees, who have taken time off work for health reasons, throughout the Country.	dec/2012
To propose a combination of initiatives to combat stress, and assistance with respect to employee health and nutrition.	dec/2012
To define a system for the public disclosure of the rate of fatal accidents of the Bank's own employees.	dec/2012
To implement a GSM – management of safety engineering and medicine in the workplace.	dec/2012
To implement the targets of the risk map, and forecast targets, monitoring, implementation of initiatives for "absenteeism", and "work-related stress".	dec/2012
To control and publishing number of meetings and negotiations that BB carries out with all the unions related to its operations and which cover its geographical area of operation.	dec/2012
Improve the Equality Gender Program.	dec/2013 with partial delivery in dec/2012
To implement the selective waste collection sub-program for garbage in Brazil's municipalities, where there are defined selective waste collection programs and a public policy implemented and/or initiatives by associations/garbage collectors' cooperatives.	dec/2012
To carry out and publicize a complete inventory of greenhouse gas emissions for BB, following the directives and phases of the Brazilian GHG Protocol program, with a view to obtaining its certification (ISO 14064).	dec/2013 with partial delivery in dec/2012 (following the annual stages of Brazilian GHG Protocol program)
To implement, through corporate systems, a compliment and monitoring of BB ecological footprint, through the management of the consumption of water, paper (common/recycled/certified), and energy (renewable/non-renewable), as well as the generation of residues, and establish targets to encourage the more rational use of these resources.	dec/2012
To maximize the utilization of video conferencing, conference calls, and other methods collaboration at a distance, and establish alternatives for monitoring the effectiveness of their use.	dec/2012
To maintain ISO 14001 certification (Edifício Altino Arantes) and obtain ISO 14001 certification for one of the headquarters buildings in Brasília.	dec/2012
To establish mechanisms for monitoring/verification of the socio-environmental requirements demanded in supplier contracts.	dec/2012
To draw up and publicize sector "socio-environmental directives" and themes for their application in credit analysis of activities with a potential adverse affect, in accordance with the best national and international practices.	dec/2013 – with partial delivery in dec/2012
To structure a methodology with the objective of identifying the existence of polemic and controversial themes present in the investment operations of BB DTVM.	dec/2012
To hold at least one stakeholder engagement event every year, with respect to BB's credit policies and practices.	continuous action
To structure and carry out at least one stakeholder engagement event every year, with respect to BB's products and services – The Client Forum involving clients in the following areas: wholesale, government, retail, and asset management.	continuous action
To develop a methodology for the evaluation of socio-environmental risk to be applied in the evaluation of risk categories in general (operational risk, image risk, etc.)	dec/2012
To finalize the implementation of methodology for increasing the value of the BB brand-name.	dec/2012
To implement the integrated and continuous plan for communication and mobilization of the Água Brasil program, involving BB's main public audiences.	dec/2013 – with partial delivery in dec/2012
To develop or acquire a corporate panel of socio-environmental indicators and make it available on the intranet and internet.	dec/2012
To define and implement a system for the classification of all the sectors/economic activities, in accordance with the socio-environmental risk of the activity (high, medium and low).	dec/2012



Front – Business with a Focus on Sustainable Development

Socio-Environmental Challenge	Time Limit
To develop solutions in products and services, with attributes of socio-environmental responsibility, for the retail, wholesale and government areas.	continuous action
To implement financial education, and the concept of usability, through COBAN BB in Telecenters/ digital station supported by FBB.	dec/2012
To evaluate the analysis flow of diagnoses and business plans in the Strategy for Sustainable Regional Development.	dec/2012
To define and implement methodology for the evaluation of the quality and effectiveness of the business plans of the Sustainable Regional Development Strategy.	dec/2012

Front – Private Social Investment

Socio-Environmental Challenge	Time Limit
To define and implement methodology for the evaluation of the quality of BB's social investment (socio-environmental reach of the projects).	dec/2012
To carry out studies and implement the centralization of Banco do Brasil's digital inclusion initiatives within the Banco do Brasil Foundation.	dec/2012
To implement socio-environmental projects under the Água Brasil program.	dec/2013 – with partial delivery in dec/2012

Corporate Governance

Banco do Brasil has adopted the best practices to guarantee equality of rights between shareholders, the rendering of accounts to the market, ethical relationships and sustainable business

Introduction GRI 4.6

In identifying with the various benefits of good Corporate Governance, both for itself and its investors and shareholders, as part of its strategy Banco do Brasil maintains the adoption of standards which are a benchmark in the market. These standards guide the practices which ensure the balance of rights between shareholders, the rendering of accounts to investors and society and ethical behaviour in dealing with various public audiences, and as well as the sustainability of the business.

Since 2006, the Organization has been part of the BM&FBOVESPA *Novo Mercado* – a listing segment which brings together companies that are subject to the strictest Corporate Governance practices –, having in 2010 fulfilled the last of the commitments assumed for joining this segment: a mini-

mum free float size of 25%. The respect for the directives of the *Novo Mercado* has also led to the presence of the Bank's shares in the ITAG index (Index of Shares with Differentiated Tag-Along Rights) and the IGC index (Index of Shares with Differentiated Corporate Governance Levels).



Structure of the Decision-Making Process GRI EC2

At Banco do Brasil, the definition of strategies and the approval of proposals for different businesses of the Bank are taken as a result of decisions taken in a collegiate manner, with the object of reducing business risks, involving all the executives. To ensure flexibility and rapidity, as well as quality and safety in decision-making, the management uses committees, subcommittees and strategic commissions.

The Remuneration Committee is in the process of being structured and implemented, and will report directly to the Board of Directors. Its task is to monitor remuneration policy, and ensure that it complies with the requirements of CMN Resolution N° 3,921/10, issued by the

Central Bank of Brazil. Among the attributions of this committee is to evaluate and propose to the Board of Directors the fixed and variable remuneration levels for the Bank's managers, and those of its subsidiaries that adopt a single committee regime, as well as the global annual remuneration amount to be set for members of the management bodies, duly submitted for approval by the Shareholders General Meeting of the Bank, and of the companies that adopt the regime of a single remuneration committee.

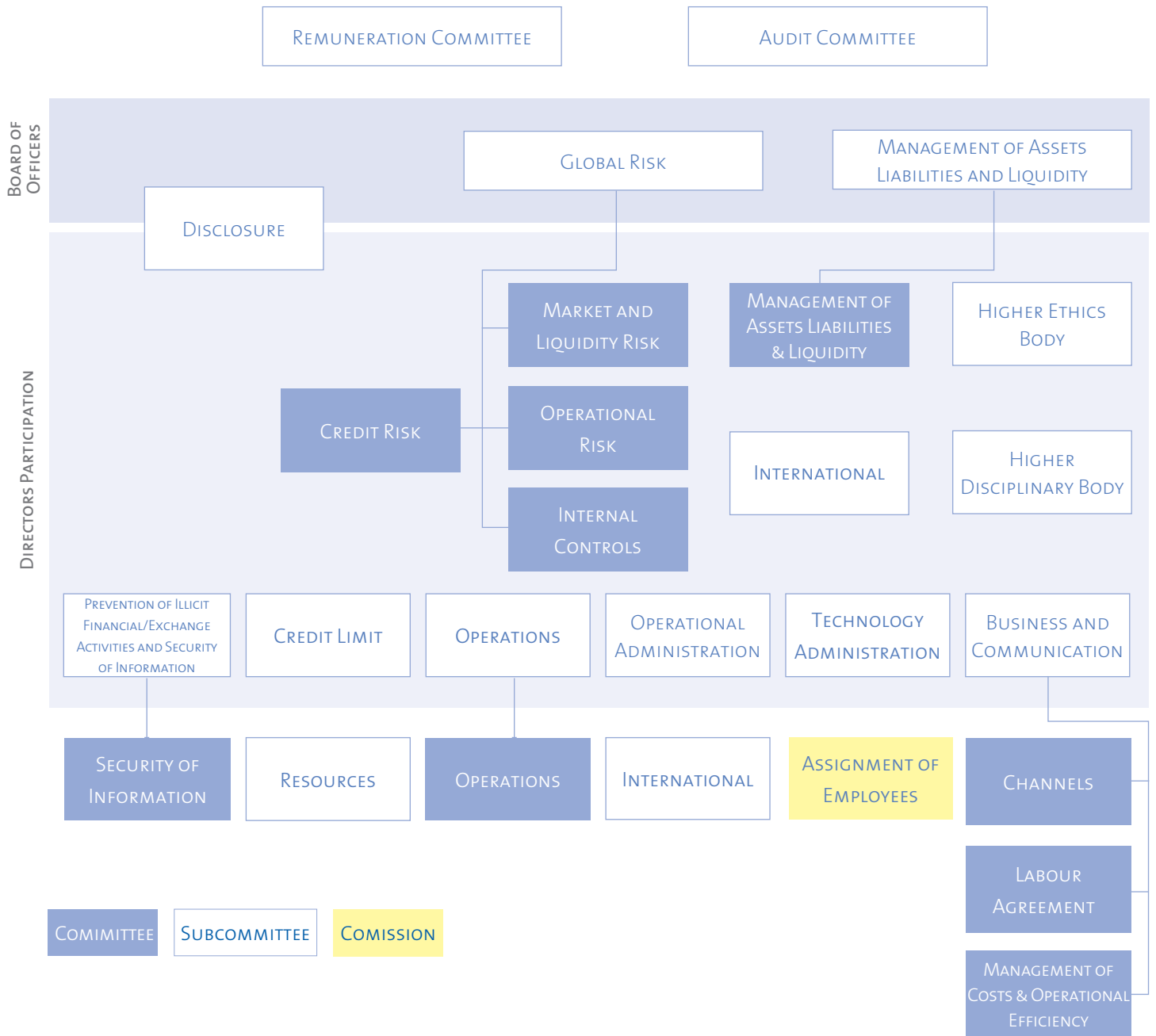
Also, to assist the various areas of the Organization in the annual drawing up of its strategies, products and services, strategic studies are carried out by the Department for Strategy and Organization, of trends and macro-economic, political, legal, technological, cultural, demographic and ecological scenarios.



The decisions are taken in a collegiate manner, involving the executives.

Committees, subcommittees and strategic commissions are also used to support the administration

STRUCTURE OF THE DECISION-MAKING PROCESS



Organizational Structure GRI 4.1

BB's organizational structure consists of the Shareholders General Meeting, the Board of Directors – advised by the Audit Committee, Internal Audit Department, the Executive Board, consisting of the Board of Officers (President and nine Senior Vice Presidents) and 27 Statutory Directors. There is also a permanent Board of Auditors. The management bodies of the Bank are composed of Brazilian members, equipped with extensive knowledge – including knowledge of best Corporate Governance practices –, experience, being of suitable moral standing, clean reputation and a technical capability compatible with their position. [GRI 4.7](#)

The performance of the Board of Directors has been subject to self-evaluation since 2009, when instruments and procedures were adopted for this purpose. This practice provides support for diagnoses and initiatives to improve the management of the Bank, strengthening BB's governance policy. These instruments are also used for the performance evaluation of the Executive Board and the Audit Committee. [GRI 4.10](#)

In a quest for transparency, every year the global remuneration of the management bodies is set at the Annual General Meeting (AGM), with the remuneration of the members of the Board of Directors not being allowed to exceed the terms of Law 9,292/96, and not linked to economic, social or environmental performance. The remuneration of the Executive Board consists of a fixed portion, and a variable tranche linked to the Bank's results. More information is published in the Banco do Brasil Reference Form, which can be accessed on the Banco do Brasil Investor Relations website. [GRI 4.5](#)

Whenever necessary, the Bank also makes adjustments to its corporate strategy and business architecture, so as to ensure competitiveness, sustainability and the conditions to maintain a relationship policy and results that are appropriate to its public audiences. In this regard,

the Board of Directors approved a series of measures with the following focus: the institution of a model and solutions for the support of Corporate Governance in entities connected to the Bank, which have grown in volume and complexity as a result of the adoption of new business and shareholding standards; the improvement of organizational design with respect to financial management and risk management and internal controls; and revision of the linking of the Strategic Units to members of the Board of Officers, with the aim of improving synergy between specific areas. The main initiatives were as follows:

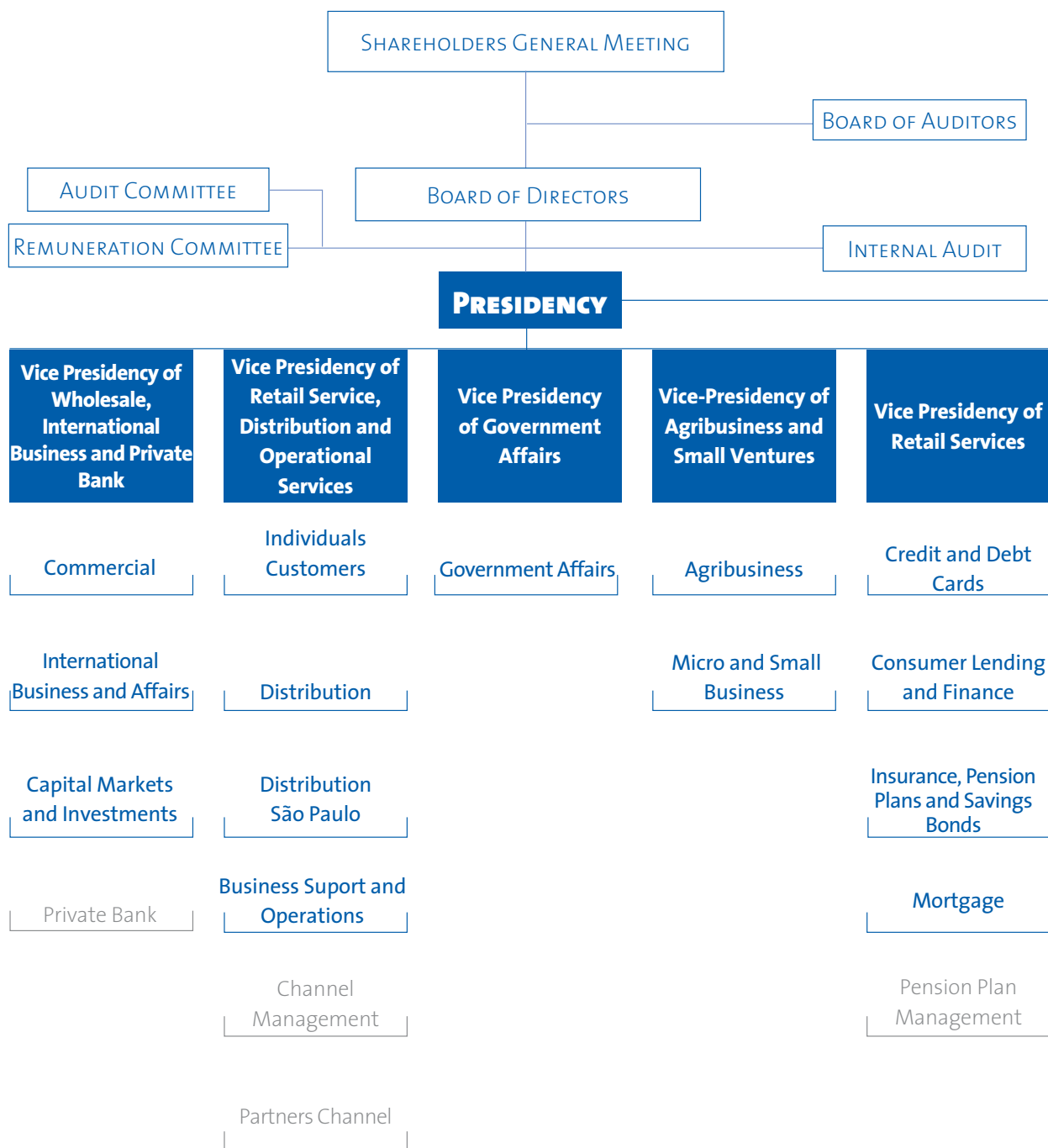
- Migration of the Department for Controlling – DIRCO and the General Accounting department – COGER of the Vice Presidency of Credit, Controlling and Risk Management, to the Vice Presidency of Finance, Capital Markets and IR – VIFIN, which in turn saw the withdrawal of the Capital Markets and Investment Department – DIMEC to the Vice Presidency of International Business, Wholesale and Private Banking – VIPIN. With these changes, VIFIN had its name changed to the Vice Presidency of Finance and Investor Relations – VIFIN. With this measure, the Bank aims to ensure greater integration of its financial management area, in addition to meeting the requirements of the Sarbanes Oxley Act – SOX and CVM Resolution N° 480;
- Migration of the Department of Internal Controls – DICOI, of the Department for Security Management – DIGES and the Legal Department – DIJUR from the Presidency to the Vice Presidency of Credit, Controlling and Risk Management – VICRI, which had its name changed to the Vice Presidency for Internal Controls and Risk Management – VICRI. The object of this move was to increase the integration of the Bank's risk management and internal controls, to improve the efficiency of its process-

es, and its identification instruments, mitigate risks and ensure compliance with internal and external laws and regulations;

- Creation of the Department for Mortgage, reporting to the Vice Presidency of Retail Business – VINEG;
- The creation of a Governance Unit for Linked Entities – UGE, linked to VIFIN, to meet the requirements of the Bank in perfecting the governance mechanisms of its linked entities, with particular emphasis on the management of shareholding aspects, its relationship with the Bank's Organizational Units, the operations and results, and the management of risks and internal controls;
- Creation of a Unit for Acquisitions and Strategic Partnerships – UAP, linked to VIFIN, with the consequent dissolving of the Strategic Partnerships Unit – UPE and the Unit for Bank Acquisitions and Incorporations – UAB. The results will produce greater synergy between the processes of respecting, negotiation and formalization of new acquisitions and strategic partnerships, as well as the integration of its operations with BB, when necessary.

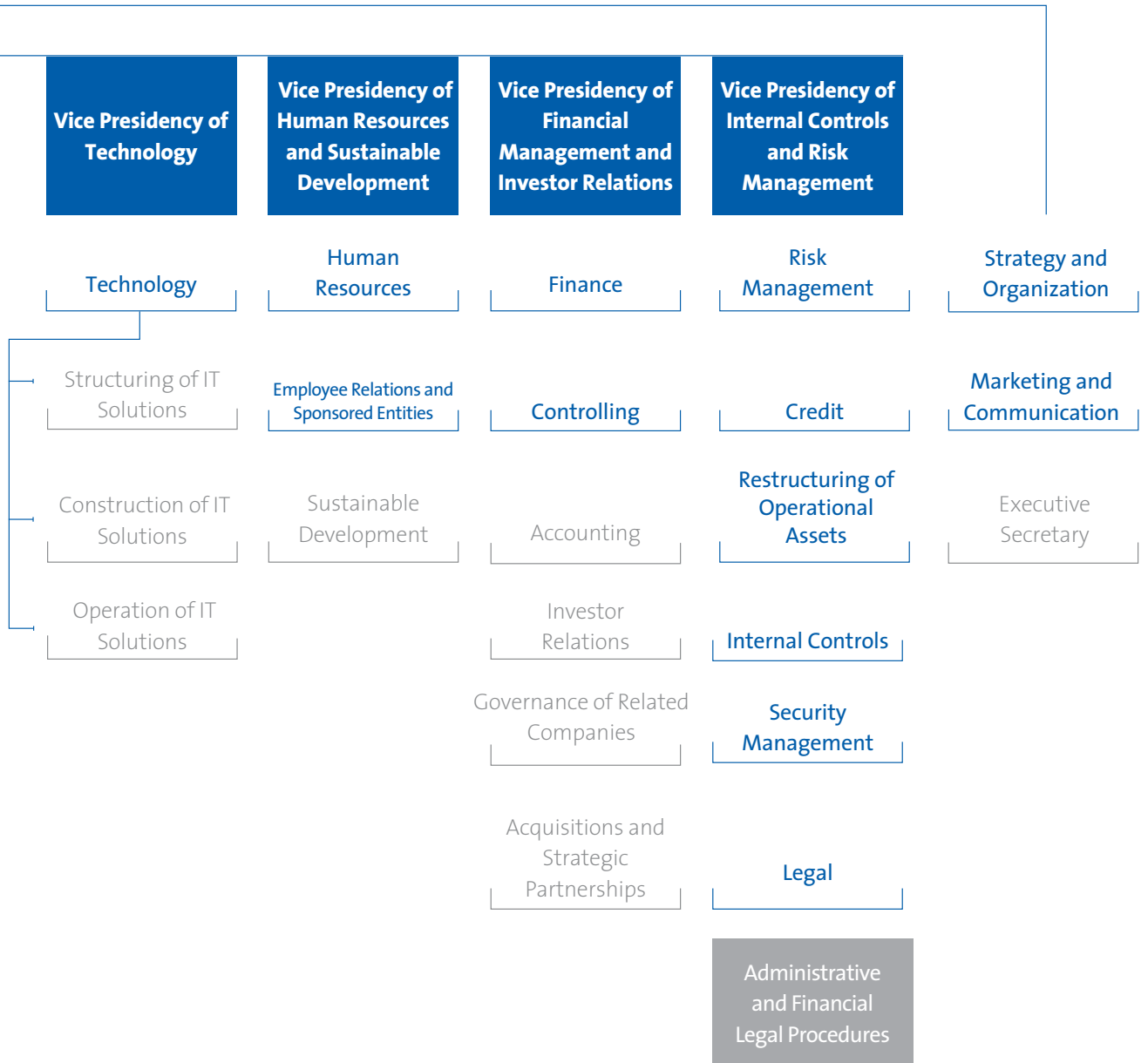
In addition to these changes, the Board of Directors also approved the creation of the Partnership Channels Unit – UCP, linked to the Vice Presidency of Retail, Distribution and Operations – VIVAR, to be responsible for the management of the distribution channels of partners in Brazil, including the institutional and commercial relationship with the Brazilian Post and Telegraph Service/Banco Postal and the management of the Bank representative network, *Mais BB*. More than just optimizing the relationship with these partners, the creation of the Unit will permit there to be greater commercial emphasis on operations with Partner Channels, so as to make them more effective in the exploitation of business opportunities identified, and in attending to client demands, principally in terms of banking inclusion and financial education.

ORGANIZATIONAL STRUCTURE OF COMMERCIAL BANK



01 **PRESIDENT** 27 Directorship 13 Units 01 Autonomous Managements

With all these changes, Banco do Brasil's organizational diagram is now as follows:



The Board of Directors (CA), as the highest governance body of the Company, has responsibilities which include strategic, guidance, election and inspection functions that also include the approval of policies, strategies and corporate plans. In addition, with a view to improving the performance and alignment of Banco do Brasil's policies, the board approves Banco do Brasil's Corporate Strategy (ECBB), which summarizes the decisions taken over a period of five years, with directives that provide guidance for actions and targets related to BB's economic, social and environmental performance. Additionally, this body monitors the performance of the Bank on a quarterly basis, in terms of meeting the targets established in the strategic documents, suggesting pertinent corrective actions, as well as approving the Management Report, which covers the performance of the businesses,

the main initiatives during the period, and sustainability initiatives. Meetings take place on a routine basis once a month, and extraordinarily whenever necessary. In 2011 the Board met 13 times.

The Board of Directors is composed of private individuals, elected at the General Meeting, and has seven members, with a unified mandate of two years, among them including its Chairman and one Vice President, with re-election permitted. The management term extends until the investiture of the new members.

Minority shareholders are entitled to nominate at least two members to the Board, if they are not entitled to a higher number as a consequence of the multiple voting process.

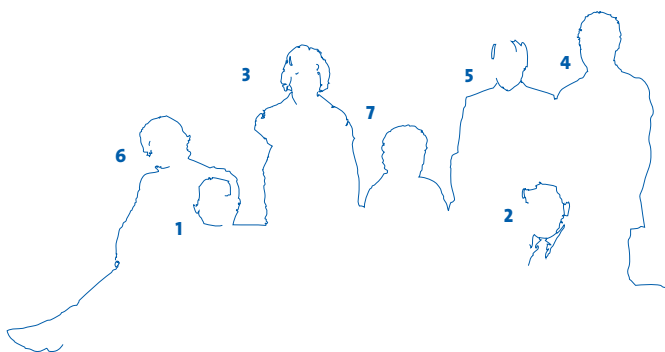
The Federal Government, in turn, has the power to nominate, duly approved at the General Meeting, members for five

seats on the Board of Directors: the Bank's Chief Executive Officer, who is the Vice President of the Board of Directors; two members nominated by the Ministry of Finance; one member nominated by the employees of Banco do Brasil S.A.; and a representative nominated by the Ministry for Planning, Budgeting and Management.

The Chairman of the Board is chosen from among members nominated by the Ministry of Finance, and the employee representative is chosen by the direct vote of his or her peers, among current employees, in an election organized and regulated by the Bank, together with the unions that represent them.

None of the board members has a significant stake in the Bank's paid up capital, and only the Vice President has a dual function, being also the CEO of the Board of Officers. This body consists of the following members:

BOARD OF DIRECTORS



1 NELSON HENRIQUE BARBOSA FILHO
Chairman and representative of the Federal Government (Executive Secretary of the Ministry of Finance)

2 ALDEMIR BENDINE
Vice Chairman of the Board of Directors and CEO of Banco do Brasil

3 ADRIANA QUEIROZ DE CARVALHO
Representative of the Federal Government (Procurator of the Attorney of National Treasury)

4 BERNARDO GOUTHIER MACEDO
Independent Board Member (nominated by minority shareholders)

5 FRANCISCO DE ASSIS LEME FRANCO
Representative of the Federal Government (Director of the Executive Secretariat of the Ministry of Planning, Budgeting and Management)

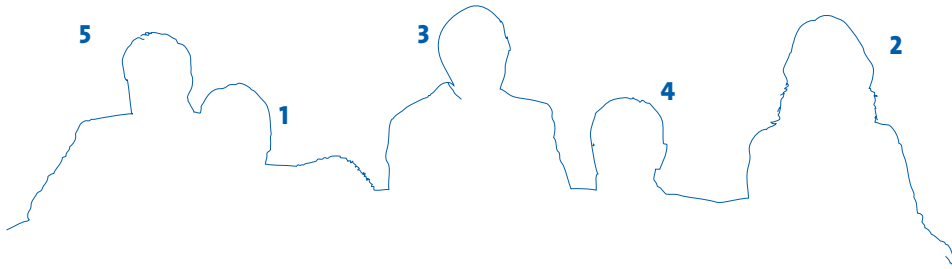
6 HENRIQUE JÄGER
Independent Board Member (nominated by minority shareholders)

7 SÉRGIO EDUARDO ARBULU MENDONÇA
Independent Board Member (nominated by minority shareholders)

BOARD OF AUDITORS

Permanent in nature, this board comprises five members and their respective substitutes, elected at the General Meeting for a mandate of one year (see below). Minority shareholders have the right to elect two members. This body meets on a routine basis once a month and on an extraordinary basis whenever convened. The following people make up this board:

BOARD OF AUDITORS



1 DANIEL SIGELMANN

2 ANELIZE LENZI RUAS DE ALMEIDA

3 CLÓVIS AILTON MADEIRA

4 MARCOS MACHADO GUIMARÃES

5 PEDRO CARVALHO DE MELLO

The responsibilities of the Board of Directors include approval of the Banco do Brasil's corporate five-year strategy, with economic, social and environmental targets

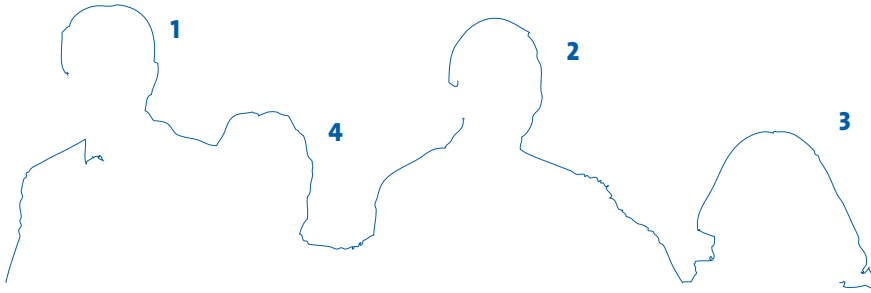
AUDIT COMMITTEE

In an advisory capacity at the Board of Directors, the Audit Committee supervises and evaluates Internal Audit and Independent Auditors, among other duties provided in specific legislation. The committee meets twice a month on a routine basis before the meetings of the Board of Directors; at least once a quarter

it meets with the Board of Directors, the Board of Officers, Internal Audit and Independent Auditors; and, on an extraordinary basis, whenever convened or judged to be necessary. It consists of three full-time members and one substitute, elected by the Board of Directors for a mandate of one year, which is renewa-

ble up to a maximum of five years. One member is chosen from those nominated by members of Board of Directors elected by minority shareholders, while two members are chosen from those nominated by members of the Board of Directors representing the Federal Government. They are as follows:

AUDIT COMMITTEE



- 1 JOSÉ DANÚBIO ROZO**
- 2 ARNO MEYER**
- 3 CELENE CARVALHO DE JESUS**
- 4 JOSÉ GILBERTO JALORETTO**

INTERNAL AUDIT

Banco do Brasil maintains an Internal Audit area, which reports to the Board of Directors and is responsible for auditing with a focus on risks, and providing advice to the Board of Directors, the Board of Auditors, the Board of Officers, the Executive Board and the subsidiaries. The General Auditor is chosen from among full-time employees of the Bank, being appointed and dismissed by the Board of Directors.

INTERNAL AUDIT



RUDINEI DOS SANTOS

BOARD OF OFFICERS

The Board of Officers is part of the Executive Board, and is a collegiate body, consisting of the President and Vice Presidents of the Organization, which meets at least once a week. Among its responsibilities is the proposal and implementation of policies, corporate strategy, investment planning, as well as the drawing up of the directive plan and the general budget for the Bank; it approves and imple-

ments marketing plans and labour agreements; it makes decisions on the internal organization of the Bank and its management structure; it distributes and invests earnings, in the manner decided by the Shareholders General Meeting or the Board of Directors, in observance of the legislation in force. The following make up the Board of Officers:

BOARD OF OFFICERS

Presidency



ALDEMIR BENDINE

Vice Presidency of Retail Services



ALEXANDRE CORRÊA ABREU

Vice Presidency of Retail Service, Distribution and Operational Services



DAN ANTONIO MARINHO CONRADO

Vice Presidency of Internal Controls and Risk Management



DANILO ANGST

Vice Presidency of Technology



GERALDO AFONSO DEZENA DA SILVA

Vice Presidency of Financial Management and Investor Relations



IVAN DE SOUZA MONTEIRO

Vice Presidency of Agribusiness and Small Ventures



OSMAR FERNANDES DIAS

Vice Presidency of Wholesale, International Business and Private Bank



PAULO ROGÉRIO CAFFARELLI

Vice Presidency of Government Affairs



RICARDO ANTONIO DE OLIVEIRA

Vice Presidency of Human Resources and Sustainable Development



ROBSON ROCHA

EXECUTIVE BOARD

Responsible for the management of the businesses, among its responsibilities is the fulfilment and enforcement of the corporate bylaws, decisions by the Shareholders General Meeting and the Board of Directors, as well as its collegiate decisions and those of the Board of Officers.

Currently, it consists of the Board of Officers formed by the President and the Vice Presidents, and 27 Directors, who have a mandate of three years, with re-election permitted. The CEO of Banco do Brasil is appointed and dismissed by the President of the Brazilian Re-

public, and the Vice Presidents and Directors are elected by the Board of Directors, the Directors being full-time employees of the Bank. Below are the directors that form part of the Executive Board:

EXECUTIVE BOARD

Micro and Small Business Directorship



ADILSON DO NASCIMENTO ANISIO

International Business and Affairs Directorship



ADMILSON MONTEIRO GARCIA

Restructuring of Operational Assets Directorship



ADRIANO MEIRA RICCI

Commercial Directorship



ANTONIO MAURÍCIO MAURANO

Legal Directorship



ANTONIO PEDRO DA SILVA MACHADO

Distribution Directorship



ARY JOEL DE ABREU LANZARIN

Human Resources Directorship



CARLOS ALBERTO ARAÚJO NETTO

Employee Relations and Sponsored Entities Directorship



CARLOS EDUARDO LEAL NERI

Agribusiness Directorship



CLENIO SEVERIO TERIBELE

EXECUTIVE BOARD

Mortgage Directorship



**GUEITIRO MATSUO
GENSÔ**

Marketing and
Communication Directorship



**HAYTON JUREMA DA
ROCHA**

Risk Management Directorship



IVES CÉZAR FÜLBER

Finance Directorship



**JOSÉ MAURÍCIO
PEREIRA COELHO**

Technology Directorship



**LUIZ HENRIQUE
GUIMARÃES DE FREITAS**

Consumer Lending and
Finance Directorship



**MARCELO AUGUSTO
DUTRA LABUTO**

Credit Directorship



**MÁRCIO HAMILTON
FERREIRA**

Strategy and Organization
Directorship



**MARCO ANTONIO ASCOLI
MASTROENI**

Insurance, Pension Plans and
Savings Bonds Directorship



**MARCO ANTONIO DA
SILVA BARROS**

Security Management
Directorship



MARCOS RICARDO LOT

Internal Controls Directorship



**NILSON MARTINIANO
MOREIRA**

Capital Markets and
Investments Directorship



**OSVALDO DE SALLES
GUERRA CERVI**

EXECUTIVE BOARD

Government Affairs
Directorship



**PAULO ROBERTO
LOPES RICCI**

Controlling Directorship



**SANDRO KOHLER
MARCONDES**

Credit and Debt
Cards Directorship



**RAUL FRANCISCO
MOREIRA**

Individuals Customers
Directorship



HIDERALDO DWIGHT LEITÃO

Business Support and
Operations Directorship



SANDRO JOSÉ FRANCO

Distribution São
Paulo Directorship



WALTER MALIENI JUNIOR

With the objective of ensuring competitiveness, sustainability and a good relationship with its public audiences, the Board of Directors approved a series of measures, such as improvement to organizational structure

STRATEGIC UNITS

These are responsible for the management of business processes and support for the business and management, and the participative decisions of the strategic committees, and do not have statutory responsibility. These units are made up of the following General-Managers:

STRATEGIC UNITS

Construction of IT Solutions Unit



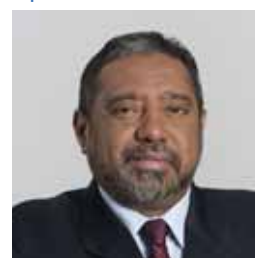
ANDERSON FREIRE NOBRE

Partners Channel Unit



CLAUDEMIR ANDREO ALLEDO

Operation of IT Solutions Unit



DANIEL OLIVEIRA DA SILVA

Governance of Related Companies Unit



EDSON ROGÉRIO DA COSTA

Accounting Unit



EDUARDO CÉSAR PASA

Structuring of IT Solutions Unit



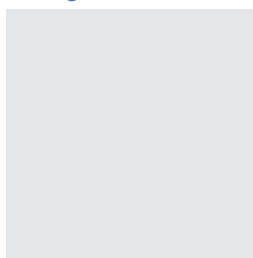
GUSTAVO DE SOUZA FOSSE

Investor Relations Unit



GUSTAVO HENRIQUE SANTOS DE SOUSA

Channel Management Unit



EMPTY

Pension Plan Management Unit



JANIO CARLOS ENDO MACEDO

STRATEGIC UNITS

Sustainable Development Unit



**RODRIGO SANTOS
NOGUEIRA**

Private Bank Unit



ROGÉRIO FERNANDO LOT

Acquisition and Strategic Partnerships Unit



SIDNEY PASSERI

Executive Secretary



LUIZ CLÁUDIO LIGABUE

Corporate Governance Instruments GRI 4.8 | FS15

To provide support for its relationship with its various public audiences (clients, employees and workers, suppliers, partners, competitors, government, community and regulatory bodies), as well as its conduct and administrative practices, Banco do Brasil maintains the policies and tools that are set out below, which are also available for consultation on the Investor Relations website.

Company Bylaws

These establish the characteristics, corporate purpose, administration, functioning and management of the Bank, and govern the relationship between shareholders.

Internal Regulations

These regulate the attributions and operation of meetings of the Board of Directors, Board of Auditors, Audit Committee and the Executive Board.

Code of Corporate Governance

Provides access to the Bank's Corporate Governance principles and practices, enabling them to be consulted in simplified form.

Code of Ethics

Establishes the basis for the adoption of good Corporate Governance instruments and practices between the Bank and its interested public audiences.

Disclosure Policy

Governs the disclosure of information to the market, based on the needs of external users for decision-making purposes of an economic nature, in compliance to the requirements of the regulatory bodies and inspectors.

Letter of Principles

Places the commitments assumed by the Bank with respect to socio-environmental responsibility, in the public domain.

Trading Policy

Provide standards for the system of self-regulation, which imposes discipline on the trading of the Bank's securities, by any person who, by virtue of their post, function or position within the Organization has access to information on material events or facts.

Specific Policy for the Prevention and Combat of Money-Laundering

Provides guidelines for the Banco do Brasil's operations with respect to the prevention and combat of money-laundering, comprising a list of policies associated with the management of its operational risk.

Standards of Conduct

Banco do Brasil's Standards of Conduct, based on superior ethical values, establishes criteria and principles that govern the duties and rights of employees with respect to the working environment, internal relationships, conflicts of interest, the patrimony of the Organization, the security and confidentiality of information, gifts and favours, and corporate values and responsibilities with respect to external public audiences and management.

TABLE UNTIL DECEMBER 31, 2011

CEO

ALEMIR BENDINE

Vice Presidency of Retail Services

ALEXANDRE CORRÊA ABREU

Vice Presidency of Retail Service, Distribution and Operational Services

DAN ANTONIO MARINHO CONRADO

Vice Presidency of Internal Controls and Risk Management

DANILO ANGST

Vice Presidency of Technology

GERALDO AFONSO DEZENA DA SILVA

Vice Presidency of Financial Management and Investor Relations

IVAN DE SOUZA MONTEIRO

Vice Presidency of Agribusiness and Small Ventures

OSMAR FERNANDES DIAS

Vice Presidency of Wholesale, International Business and Private Bank

PAULO ROGÉRIO CAFFARELLI

Vice Presidency of Government Affairs

RICARDO ANTONIO DE OLIVEIRA

Vice Presidency of Human Resources and Sustainable Development

ROBSON ROCHA

Restructuring of Operational Assets Directorship

ADILSON DO NASCIMENTO ANISIO

International Business and Affairs Directorship

ADMILSON MONTEIRO GARCIA

Human Resources Directorship

AMAURI SEBASTIÃO NIEHUES

Legal Directorship

ANTONIO PEDRO DA SILVA MACHADO

Marketing and Communication Directorship

ARMANDO MEDEIROS DE FARIA

Distribution Directorship

ARY JOEL DE ABREU LANZARIN

Employee Relations and Sponsored Entities Directorship

CARLOS EDUARDO LEAL NERI

Micro and Small Business Directorship

CLENIO SEVERIO TERIBELE

Mortgage Directorship

GUEITIRO MATSUI GENSO

Agribusiness Directorship

IVES CÉSAR FÜLBER

Capital Markets and Investments Directorship

JOSÉ MAURÍCIO PEREIRA COELHO

Technology Directorship

LUIZ HENRIQUE GUIMARÃES DE FREITAS

Finance Directorship

MÁRCIO HAMILTON FERREIRA

Strategy and Organization Directorship

MARCO ANTONIO ASCOLI MASTROENI

Insurance, Pension Plans and Savings Bonds Directorship

MARCO ANTONIO DA SILVA BARROS

Security Management Directorship

MARCOS RICARDO LOT

Internal Controls Directorship

NILSON MARTINIANO MOREIRA

Risk Management Directorship

PAULO ROBERTO EVANGELISTA DE LIMA

Government Affairs Directorship

PAULO ROBERTO LOPES RICCI

Controlling Directorship

RENATO DONATELLO RIBEIRO

Business Support and Operations Directorship

SANDRO JOSÉ FRANCO

Commercial Directorship

SANDRO KOHLER MARCONDES

Individuals Customers Directorship

SÉRGIO RICARDO MIRANDA NAZARÉ

Credit Directorship

WALTER MALIENI JUNIOR

Construction of IT Solutions Unit

ANDERSON FREIRE NOBRE

Partners Channel Unit

CLAUDEMIR ANDREO ALLEDO

Accounting Unit

EDUARDO CÉSAR PASA

Operation of IT Solutions Unit

GEORGE DE FIGUEIREDO LEITÃO

Investor Relations Unit

GILBERTO LOURENÇO DA APARECIDA

Structuring of IT Solutions Unit

GUSTAVO DE SOUZA FOSSE

Channel Management Unit

HIDERALDO DWIGHT LEITÃO

Pension Plan Management Unit

JANIO CARLOS ENDO MACEDO

Governance of Related Companies Unit

MARCELO AUGUSTO DUTRA LABUTO

Private Bank Unit

OSVALDO DE SALLES GUERRA CERVI

Sustainable Development Unit

RODRIGO SANTOS NOGUEIRA

Acquisition and Strategic Partnerships Unit

SIDNEY PASSERI

Executive Secretary

LUIZ CLÁUDIO LIGABUE

History of BB's Corporate Governance

1995|1997

In 1996, Banco do Brasil began the process of bringing itself in line with the new standards of Corporate Governance required by the scenario of globalization and competitiveness which began to impose itself on the market. This change was based on the recomposition of its capital structure, improvement in asset structure, modernization of technology and market strategy, which began to prioritize a market vision with a focus on results.

1999|2000

In 1999 Banco do Brasil was awarded the Mauá Prize by the Rio de Janeiro Stock Exchange for the clarity and detail of its financial statements, among other criteria. This award was in recognition of the Bank's efforts to adjust itself to an increasingly demanding market environment. The following year, the Bank launched its Code of Ethics and a collection of Professional Conduct Standards, documents which form the basis of the Bank's relationship with its public audiences.

2001|2002

Banco do Brasil's bylaws were updated, to meet the requirements for future adhesion to the *Novo Mercado*, including the broadening of minority shareholders rights and the conversion of preferred shares into ordinary shares in the proportion of 1 Preferred Share for 1.1 Ordinary Shares.

In addition to this, a new administrative structure was implemented, which expanded the Executive Board, avoiding excessive centralization of decision-making processes. This structure was supported by a management system which includes committees capable of taking collegiate decisions in the segments in which they operate.

In April 2001, BB became a multiple bank, based on the incorporation of wholly-

owned subsidiaries (BB-Financeira S.A., Crédito, Financiamento e Investimento), the incorporation of debit and credit card operations, and the repatriation of capital invested in the Bank's operations abroad. In the asset management segment, BB DTVM – renamed as BB Administração de Ativos, Distribuidora de Títulos e Valores Mobiliários S.A. (asset management and security distribution) – began to operate with an autonomous management, ensuring the existence of a “chinese wall”, gaining greater flexibility in its fund management role, securing its leadership position in the sector.

The results reported by Banco do Brasil in 2001 also reflected the restructuring im-

plemented by the Federal Government through its Program for the Strengthening of Federal Financial Institutions, which provided the conditions for BB's sustainable growth. The Investor Relations area started to produce quarterly Performance Analysis reports, and adopted the practice of reporting its results and discussing them through conference calls.

The Board of Directors approved BB's policies for the publication of Material Events or Facts, and Dealing in its own Securities, for all people who, in the Bank's view, are considered to be apt for self-regulation.

2003|2005

In 2003 Banco do Brasil was again awarded the Mauá Prize as the best listed company in Brazil and was chosen by the Associação Nacional de Investidores do Mercado de Capitais – ANIMEC (National Association of Capital Market Investors), as in 2002, as the best bank of the year. These awards referred to the initiatives taken by BB to improve transparency and Corporate Governance practices, evidenced in the market by growing results, and appreciation of 221% in the share price, outperforming the Bovespa Index which appreciated by 110% in the year 2003.

It was also in 2003 that BB's management of socio-environmental responsibility became more effective. The first plan for socio-environmental responsibility was drawn up (2003-2007), with the development of a management model for the theme so as to guarantee the commitment of the entire Conglomerate on this question, creating the

concept of socio-environmental responsibility, and the Letter of Socio-Environmental Responsibility Principles.

Banco do Brasil assumed responsibility with the Ministério do Meio Ambiente – MMA (Ministry of Environment) to develop an agenda to provide evidence of the Bank's commitment to sustainable development in its businesses. Also in 2004, BB was again awarded the Prêmio Prize as the best listed company in Brazil.

In 2005, BB held its first Socio-Environmental Responsibility Workshop, bringing together 60 members of top management. The result of the event was the updating of the Socio-Environmental Responsibility Plan, which from that event onwards, became known as BB Agenda 21, in allusion to Agenda 21 Global. Starting from the results in the second half of that year, an earnings payout practice was adopted of 40%.

2006|2009

In 2006, the year in which the Bank celebrated 100 years of listing on the stock exchange and 198 year since its foundation, Banco do Brasil joined the *Novo Mercado*, the segment of the stock exchange that includes companies with the highest levels of Corporate Governance on the BM&FBOVESPA. With this, Banco do Brasil committed itself to resolving any and every dispute or controversy related to *Novo Mercado* listing regulations, through the BM&FBOVESPA Arbitration Chamber. To meet these new requirements, the Bank managed to achieve a more solid and diversified base of investors, as a result of a successful secondary share offering, which was completed in August 2006, increasing Banco do Brasil's free float from 6.9% to 14.8%.

The following year, BB published its Code of Corporate Governance, which provided

a broad view for simplified consultation, of the Bank's principles and practices, contributing to its longevity.

In addition to this, it also carried out its Secondary Public Offering of shares owned by Previ, Banco do Brasil's employee pension fund, and BNDES Participações S.A. These measures increased BB's share free float from 14.8% to 21.7%. In addition, the Bank carried out a 3 for 1 share split.

Despite the fact that international crisis in 2008 affected banks throughout the world, the Brazilian economy behaved outstandingly, supported both by the strong regulation in the national financial market, as well as the buoyancy of the domestic market. Fulfilling its role of providing support for socio-economic development and in keeping with the fiscal and monetary policies of the government at that time, the Bank acted as a conduit for cred-

it to the consumer, helping to achieve the good results seen in the Brazilian economy from 2009 onwards.

The result of the Bank's work through its Investor Relations department was recognized in 2009; the prize for Best Investor Relations Executive, promoted by the IR Magazine Awards Brazil, was awarded to General-Manager of the unit. In the same year, the Bank was also recognized by *Capital Aberto* magazine as one of the Best Companies for Shareholders, being the bank with the best position in the category of companies with a market capitalization of over R\$15 billion.

In December of that year, BB launched its Level I ADR program on the US over-the-counter market. At the end of 2011, the program had over 13 million American Depositary Receipts in circulation, an increase of 37.9% compared to 2010.

2010

BB carried out a primary distribution of ordinary shares, with the offering of 289 million shares, and a secondary offering of 70.1 million shares, enabling the Bank to increase its capital by R\$7.0 billion, an operation authorized by the Central Bank of Brazil in August 2010. The funds raised strengthened BB's capital structure and increased the liquidity of the shares in the secondary market, and increased the size of the Bank's free float to 30.4%, fulfilling its commitment to achieving the minimum free float size of 25% required by the regulations of the *Novo Mercado*, a year ahead of schedule.

As part of fortifying its internationalization strategy, BB signed a contract for the acquisition of shareholder control of Banco Patagonia in Argentina.



2011

In June, the Bank exercised the last of its Series C Subscription Bonds, which were converted into 4.7 million new ordinary shares, expanding the Bank's paid-up capital by R\$44.6 million, an operation authorized by the Central Bank of Brazil in October. After the operation, Banco do Brasil liquidated all its remaining C Bonds.

That year, BB carried out three issues in international markets. The first in January, with the issue of Global Medium Term Notes (GMTN) in euros, resulting in the raising of EUR750 million, one of the largest euro-denominated issues ever carried out by a Brazilian company. In May, the Bank carried out

a US\$1.5 billion issue of subordinated debt, which by approval from the Central Bank of Brazil in October, became eligible for Level II Referential Equity. And in November, the Bank carried out an issue of Senior Notes in the US market. As a result of this transaction, the Bank raised US\$500 million, at one of the lowest costs ever recorded, demonstrating international investor confidence in the Institution. Also in 2011, Banco do Brasil's credit ratings were raised by the rating agencies Fitch Rating, Moody's and Standard & Poor's.

BB has carried out issues in foreign markets, including an issue of Global Medium Term Notes (GMTN), which resulted in the raising of EUR 750 million, one of the largest issues in this currency by a Brazilian company

Socio-Environmental Responsibility GRI 4.12 | FS1 | FS2

The responsible way whereby BB manages its businesses is expressed in its values, mission, policies, corporate strategies and by the various commitments assumed voluntarily.

In adopting sustainability principles in its strategy, Banco do Brasil seeks to evaluate its organizational performance not only based on economic indicators, but also in terms of indicators of a social and environmental nature.

As a way of facilitating its corporate strategy and making it possible to achieve its mission and vision of the future, BB has a sustainability plan – Banco do Brasil Agenda 21, with various initiatives planned for the period 2011-2013. As a way of monitoring the effectiveness of the implementation of the challenges proposed by this agenda, indicators of a socio-environmental nature are built into the Bank's Central Directive Plan (*Plano Diretor*) and market plans. These challenges were also included in the Labour Agreement in its branches, the principal instrument in the management of the Bank's results. The main initiatives for

2012 are referred to in the chapter entitled Strategic Management.

The commitment for socio-environmental responsibility can also be perceived in the performance evaluation of each employee. The model known internally as "Management of Performance Skills" (GDC), comprises an evaluation from five different performance perspectives, while from the society standpoint, employees are also evaluated for their skill performance with respect to the socio-environmental theme.

In this way, Banco do Brasil's coverage and management of sustainability permeates throughout the Organization. The socio-environmental commitment is monitored and managed in all the areas of the Institution. In the corporate environment, this is done through the inclusion of the theme in company strategy. In the branches, it is implemented by including social and environmental indicators in the labour agreement. And finally, at the personnel level, it is carried out by evaluating the performance of employees taking into account skills that pertain to the theme.



Sustainability principles motivate BB to evaluate its performance, in accordance with economic, social and environmental indicators



Timeline showing Agreements and Protocols adhered to

1995

GREEN PROTOCOL The Green Protocol is a document that formalizes Banco do Brasil's intentions with regard to socio-environmental responsibility. Signed in 1995, between the Ministry of the Environment, Banco do Brasil, Banco do Nordeste, Caixa Econômica Federal, Banco da Amazônia and the National Social and Economic Development Bank (BNDES) this agreement was ratified in 2008 with the purpose of implementing policies and practices which are increasingly in harmony with the promotion of sustainable development in Brazil.

1997

IBASE SOCIAL BALANCE SHEET In 1997, BB began to publish its Ibase Social Balance Sheet, which cites the initiatives carried out by the Organization for its public audiences, thus placing its corporate social responsibility in the public domain.

2003

THE GLOBAL COMPACT Since 2003, Banco do Brasil has been a signatory of the UN Global Compact, which has the objective of mobilizing the international business community in the promotion of fundamental values in the areas of human rights, labour rights, the environment and the combating of corruption. This Pact proposes the redefinition of strategies and initiatives, with a view to disseminating the benefits of globalization and its principles and applying them to all areas and organizational levels of the Company. In 2007, Banco do Brasil became part of the Brazilian Global Compact Committee. At United Nations headquarters, Banco do Brasil participated in the Global Compact Leaders Meeting 2010, which had the theme "Constructing a New Era of Sustainability". For more information on this, access the following website: www.pactoglobal.org.br.

BB LETTER OF SOCIOENVIRONMENTAL PRINCIPLES In 2003, BB defined a Letter of Socio-Environmental Principles, which envisages the incorporation of socio-environmental principles in its products, services and processes.

2004

ABRINQ FOUNDATION – CORPORATE FRIEND OF THE CHILD

Since 2004 Banco do Brasil has carried the seal "Corporate Friend of the Child" issued by the Abrinq Foundation, an institution that is internationally acclaimed for its work in combating child labour and its support initiatives for Brazilian children. GRI HR6

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

MILLENNIUM GOALS In partnership with the Federal Government, Banco do Brasil and the Banco do Brasil Foundation, developed a number of initiatives focused on the realization of eight Millennium Goals (MDG) as part of a commitment assumed by United Nations member countries in the year 2000.

In a supporting role, Banco do Brasil has supported and sponsored the MDG Awards since their first edition in 2005, in partnership with Petrobras and Caixa Econômica Federal. The award has the objective of selecting those projects which best contribute to achieving the objectives of the Millennium Targets.

In September 2010, BB participated in the United Nations summit meeting beside leaders of other companies and countries, with the purpose of deciding what must be done in meeting the MDGs. At this event, BB's Sustainable Regional Development strategy was shared, together with the initiatives by other companies.

2005

PACT FOR THE COMBATING OF SLAVE LABOUR In May 2005, Banco do Brasil joined the Pact for the Combating of Slave Labour proposed by the Ethos Institute. Under this Pact, signatories commit themselves to increasing efforts with a view to dignifying and modernizing labour relations in the production chains of the sectors mentioned in the “Register of Employees” (MTE Ordinance N° 540/2004), which have maintained workers under conditions that are analogous to slave labour. Since August 2004, BB has been suspending new loans to clients included on this register.

THE EQUATOR PRINCIPLES Since February 2005, BB has adopted the combination of policies and directors established by the international Finance Corporation (IFC), part of the World Bank, in the analysis of investment projects of a Project Finance, four amounts of US\$10 million or more. In 2010, Banco do Brasil expanded the use of socio-environmental responsibility criteria established as part of the Equator Principles, for all projects of this type, independent of value. GRI F51

CARBON DISCLOSURE PROJECT In March 2005, BB formally declared its support for the request to disclose information on greenhouse gas emissions – Carbon Disclosure Project (CDP). In 2006, with a view to supporting the international CDP version and demonstrating its commitment to sustainability, BB was one of the pioneering 33 companies in this regard to respond to the Brazilian questionnaire, available for consultation on the website www.cdproject.net.

2007

GENDER EQUALITY SEAL In October 2007 Banco do Brasil joined the second edition of the Gender Equality Program, coordinated by the Secretariat for Policies for Women (SPM) as part of the Presidency of the Republic. In March 2009, BB was one of the 23 Brazilian companies to receive the Gender Equality Seal for initiatives employed in the 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 Program. BB was one of 58 Brazilian companies to receive the Gender Equality Seal for its implementation of initiatives for the promotion of gender equity in its staff management and organizational culture, agreed in its action plan. One of BB’s initiatives was the granting of six-month maternity leave, in March 2009.

2006

GLOBAL REPORTING INITIATIVE
In 2006, BB adhered to the international directors of the Global Reporting Initiative for the compilation of Banco do Brasil’s Annual Report.

2008

BRAZILIAN GHG PROTOCOL PROGRAM

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 envisages the adaptation of GHG Protocol methodology to Brazilian reality, and increasing its use for calculations and reports.

In 2009, Banco do Brasil published its first greenhouse gas emission inventory.

SUSTAINABLE AMAZÔNIA FORUM

In 2008, Banco do Brasil adhered to the Sustainable Amazônia Forum, a group consisting of various government, corporate and non-governmental bodies, that discuss ways of achieving sustainable development in the Amazon bioma.

2010

WOMEN'S EMPOWERMENT PRINCIPLES

In 2010 Banco do Brasil joined the Women's Empowerment Principles launched by UNIFEM/ONU 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 effective instrument for the promotion of gender equality practices and policies within corporate environments. Banco do Brasil is part of a workgroup composed of representatives from eight pioneering Brazilian companies in adhesion to these principles in Brazil.

2009

EPC – COMPANIES FOR CLIMATE Since 2009, when it was created, BB has participated in the EPC Platform for Debates, coordinated by the Getúlio Vargas Foundation. This has the purpose of constructing a new economic model for the Country, based on the quest for equilibrium and a process of adapting the Brazilian economy to changes in climate.

THE GLOBAL COMPACT – CARING FOR CLIMATE An additional platform of commitments under the Global Compact, to sustainable development, launched in partnership with the United Nations Program for the Environment and World Business Council, in September 2009, with the objective of assisting participants in making progress on solutions for climate change.

PRI – PRINCIPLES FOR RESPONSIBLE INVESTMENT In 2010, BB DTVM adhered to the Principles for Responsible Investment, which consist of the application of socio-environmental and Corporate Governance criteria in the investment management, analysis and decision making process. GRI FS1

THE CEO WATER MANDATE In September 2010, Banco do Brasil adhered to The CEO Water Mandate. This initiative refers to the collection of initiatives carried out by BB in support of sustainability since the launching of the *Água Brasil* program. The initiative is a proposal by the United Nations Organization for companies that are signatories of the Global Compact to begin to incorporate the issue of water and its management in their corporate strategies, and thus contribute positively to the combating of the emerging water crisis.

ÁGUA BRASIL With a view to raising the awareness and changing attitudes with respect to the preservation and conservation of water sources, in March 2010 Banco do Brasil defined "Water" as one of its main fronts of operation in its sustainability initiatives. To this end, it signed a letter of intent with the National Water Agency (ANA), and the Banco do Brasil foundation and WWF-Brazil for the development of the *Água Brasil* program. Projects will be implemented that involve hydrographic basins in each of Brazil's biomas as well as in the urban environment, with initiatives being developed, focused on the conscientious consumption and appropriate treatment of solid residues. The program will disseminate the best livestock breeding practices among rural producers, as a way of promoting the implementation of sustainable business models.

2011

ORGANIZATIONAL STAKEHOLDER GRI In May 2011, Banco do Brasil became an Organizational Stakeholder (OS) of the Global Reporting Initiative (GRI), a non-profit multi-stakeholder organization responsible for the development of directives for the drawing up of sustainability reports most used throughout the world. With OS, the Bank plays an integral part in GRI governance and has started to collaborate directly in the development and fortification of corporate reports based on the economic, social and environmental performance of companies. BB has adopted these directives since 2006.

WORLD WATER COUNCIL MEMBERSHIP ACCEPTANCE In November 2011, BB adhered to the World Water Council. This initiative, part of the initiatives developed under the *Água Brasil* program, enables Banco do Brasil to be at the forefront of discussions on the subject, and promote the publicising of *Água Brasil* to various international public audiences. It should be emphasised that both the ANA (National Water Agency) and the WWF, partners of BB, are already members of the council. Among the benefits that the Bank can obtain by becoming a member, of particular note is the fact that the Organization becomes part of an international platform that provides opportunities for the exchange of knowledge and experience with other companies and institutions, leading to the possibility of partnerships and alliances, and global publicity of the initiatives carried out by the Bank, through the communication tools available to the Council.

The socio-environmental commitments assumed by BB are in alignment with the various continuing announcements of the Bank's Institutional Scope Policy, among them being:

- TO INCLUDE TRANSPARENCY, ETHICAL BEHAVIOUR AND SOCIO-ENVIRONMENTAL RESPONSIBILITY AS GUIDELINES IN ITS MANAGEMENT AND BUSINESS PRACTICES;
- TO PARTICIPATE IN PARTNERSHIPS, AGREEMENTS, LETTERS OF INTENT AND TECHNICAL-FINANCIAL COOPERATION WITH OUTSIDE ENTITIES, PRIVATE OR PUBLIC, WITH THE PRELIMINARY EXAMINATION, AMONG OTHER ASPECTS, OF SOCIO-ENVIRONMENTAL IMPACTS;
- TO CONSIDER THE INTERESTS OF CLIENTS, SHAREHOLDERS, EMPLOYEES AND SOCIETY IN THE CARRYING OUT OF CORPORATE OPERATIONS AND STRATEGIC PARTNERSHIPS;
- TO ENCOURAGE COMPANIES IN WHICH THE BANK HOLDS AN EQUITY STAKE, TO ADOPT PRINCIPLES OF SOCIO-ENVIRONMENTAL RESPONSIBILITY, AND GOOD CORPORATE GOVERNANCE PRACTICES;
- NOT TO ACQUIRE STAKES IN COMPANIES THAT DO NOT OBSERVE PRINCIPLES WITH RESPECT TO HUMAN RIGHTS, LABOUR RIGHTS AND ENVIRONMENTAL PRESERVATION – A NORM THAT IS EXPRESSED IN THE ORGANIZATION'S WEBSITE;
- NOT TO ASSOCIATE ITS BRAND NAMES WITH ACTIVITIES THAT INVOLVE PREJUDICE OR DISCRIMINATION OF ANY TYPE, IN ACTIVITIES WHICH HAVE A NEGATIVE IMPACT ON HEALTH, AND THE ENVIRONMENT, AMONG OTHERS. GRI FS1

By the same token, Sector Directives for Sustainability are maintained for Agribusiness, that have the purpose of providing guidelines for operation in the segment, resulting in economically viable transactions that are environmentally correct and socially just. One of the preoccupations involved in financing practices is the correct use of land, bearing in mind the alerts with respect to the rational use of natural resources, the maintenance of biodiversity, respect for permanent protection areas and the human rights of workers and indigenous people, among other aspects. Other practices adopted in the granting of financing adhere to the principles of socio-environmental responsibility among these being ensuring that the business fulfils environmental legislation, with the adoption of the Bank's social economic criteria in the analysis of risk and the establishment of credit limit, as well as in the analysis of investment projects. The Bank also grants loans in the Amazon bioma on the condition of providing proof that the land involved conforms with environmental and land regulations, not providing finance to producers who are on the list of areas that are embargoed for deforestation or irregular burning, published by IBAMA. In addition to this, the Bank does not finance clients included in the report of employees and agriculture proprietors who submit their workers to degrading forms of work, or who maintain conditions that are analogous to slave labour, as published by the Ministry of Labour and Employment. To this end, an updated registry of this public audience is maintained in the Bank's corporate systems, with a view to preventing loans to such clients. The decision also covers the turning down of financing to clients involved with the sexual exploration of children and the use of child labour. More information with respect to the Principles, Directives and Policies that form the guidelines of Banco do Brasil's sustainable management can be found on the page entitled Sustainability.

Corporate Controls

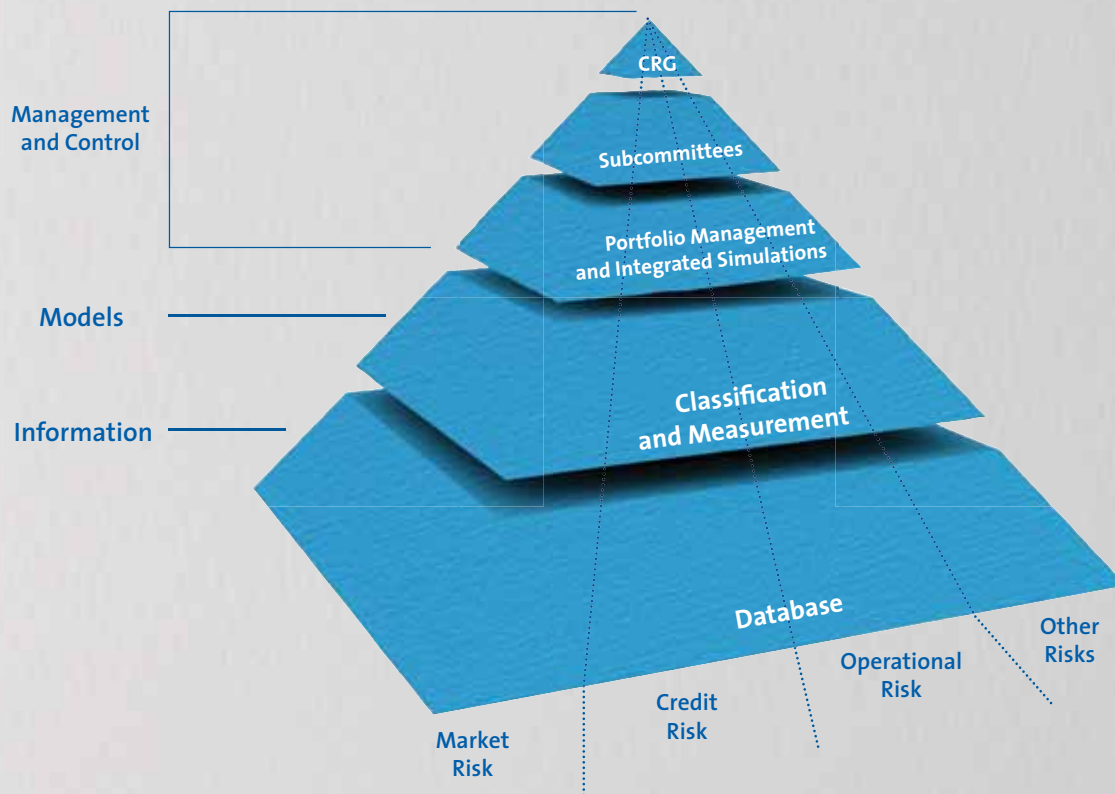
The conglomerate maintains solid structures, policies, strategies, systems and processes focused on the management of the different risks inherent in its businesses

Risk Management

The risk management of the BB's Financial Conglomerate broadly covers risks associated with credit, market, liquidity and operational risks. Management activities are carried out using specific and specialized structures, in accordance with the objectives, policies, strategies, processes and systems described for each of these risks. Notwithstanding the fact that activities are focused on credit, market, liquidity and operational risks, the Bank adopts mechanisms to guarantee capital sufficiency for the coverage of other risks incurred.

Risk and credit policies are determined by the Board of Directors. While the governance of risk, which covers the multiple bank and its wholly-owned subsidiaries, is centralized with the Global Risk Committee (CRG), consisting of the Board of Officers, responsible for the establishing of risk management strategies, global limits for risk exposure and levels of compliance, and the allocation of capital as a function of the risks involved. The following figure shows the Governance Structure adopted by BB:





To facilitate the management process, there are the following subcommittees: Credit Risk (SRC), Market and Liquidity Risk (SRML) and Operational Risk (SRO), that provide support to the CRG and have

delegated decision-making power. They consist of statutory directors, whose decisions are arrived at in a collegiate manner, and in accordance with the directives and norms of the Institution.

The Risk Management Department (DIRIS), which is linked to the Vice-Presidency for Internal Controls and Risk Management, is responsible for the management of market, liquidity, operational and credit

risk. Its integration adds synergy to the processes and specialization, which contributes to the appropriate allocation of capital, as well as being in accordance with the directives of the Basel Committee for Bank Supervision.

To prevent, correct or inhibit weaknesses capable of resulting in risks, as well as reducing losses and strengthening its risk culture, BB uses the Technical Risk Recommendation (RTR) tool, issued to areas that manage processes or products if there is a need to carry out action to mitigate losses, or to guarantee the fulfilment of the responsibilities defined in the risk management phases.

MARKET RISK

Market risk is the possibility of losses occurring as a result of fluctuation in the market values of the positions held by a particular financial institution, including the risk associated with operations subject to exchange rate variation, variation in interest rates, share prices or commodity prices.

As part of the market risk management process, the positions themselves are segregated into a Trading Portfolio and a Non-trading Portfolio, defined by the CRG. Both are divided into groups and “books” that establish objectives, composition, financial limits, as well as the market and liquidity risks for each group or “book”.

The principal type of limits adopted for the management are Value at Risk – VaR and stress – calculated based on metrics resulting from simulations of the Bank’s behaviour when exposed to market risks under extreme conditions, such as financial crises and economic shocks.

Through stress testing, the objective is to gain an estimate of the size of impacts from plausible events, but with a low probability of taking place, on the requirements of regulatory capital and economic.

With the objective of providing conditions so that the capacity for the absorption of losses can be evaluated and measures identified to reduce the risks involved, global and specific limits are defined as a percentage of Reference Equity (PR). For VaR limits of the Trading Portfolio, VaR and stressed VaR metrics are used.

The performance of the VaR metric is evaluated monthly using a “back-testing” process. This analysis is segregated from the development processes and the use of the VaR metric. The models used for the measuring of market risks are subject to an independent validation process, the structure of which is segregated from the areas responsible for the development and use of the models.

In 2011, the Bank improved those processes considered to be important, such as revision to control and monitoring procedures, and the monitoring of the global limits of the Trading and Non-trading Portfolios, as well as revision to its principal Corporate Methodology Manuals. At the end of this exercise, the Institution filed a request from the Central Bank of Brazil (BACEN) for authorization to use its internal market risk models, which were prepared based on a series of actions to perfect activities and processes, among these being: Calculation Methodology; Stress Tests; Back-Testing; the Process of Checking New Products; and Technological Infrastructure.

LIQUIDITY RISK

This is the risk that arises from the occurrence of imbalances between tradable assets and demandable liabilities, in other words, mismatch between payments and receivables, which could affect the payment capacity of the institution, for which is considered the different currencies and settlement periods of its rights and obligations.

Banco do Brasil maintains liquidity levels that are appropriate to the commitments assumed within Brazil and abroad, the result of its extensive and diversified base of depositors, the quality of the assets, the extensive reach of its international branch network, and access to international capital markets. The Institution’s exposure to liquidity risk is minimal, considering its significant active position in high liquidity public federal debt securities.

For the purpose of risk management, however, liquidity is segregated into reais and foreign currencies, using: Term Mismatch Maps; Liquidity Forecasts for the Short, Medium and Long Term; Stress Testing; Liquidity Risk Limits; the Liquidity Contingency Plan; and the Test for the Potential of the Liquidity Contingency Measures (MCL).

All these management instruments are periodically monitored and reported on to the Institution’s strategic committees, which adopt, in addition to these instruments, metrics for Liquidity Reserve (RL) and Statement of Free Funds (DRL). The first metric, used in the management of short-term liquidity risk, constitutes a minimum level of high liquidity assets to be maintained by the Bank, compatible with the exposure to risk due to the characteristics of the op-

erations, and market conditions. The DRL, in turn, used in the planning and execution of the annual budget, aims to ensure a balance between capture and application of funds, with emphasis on the commercial areas, and guarantees the financing of liquidity. The DRL limit is defined annually by the CRG, and monitoring is carried out on a monthly basis.

In 2011, periodic revisions of models and methodologies are carried out, with particular emphasis on the Liquidity Contingency Plan, Stress Scenario, and the Indicator for the Availability of Free Funds and Liquidity Reserve. The Bank also participated actively in quantitative impact studies (QIS) for the new liquidity risk requirements, contained in Basel III accord, and conducted by BACEN.

CREDIT RISK

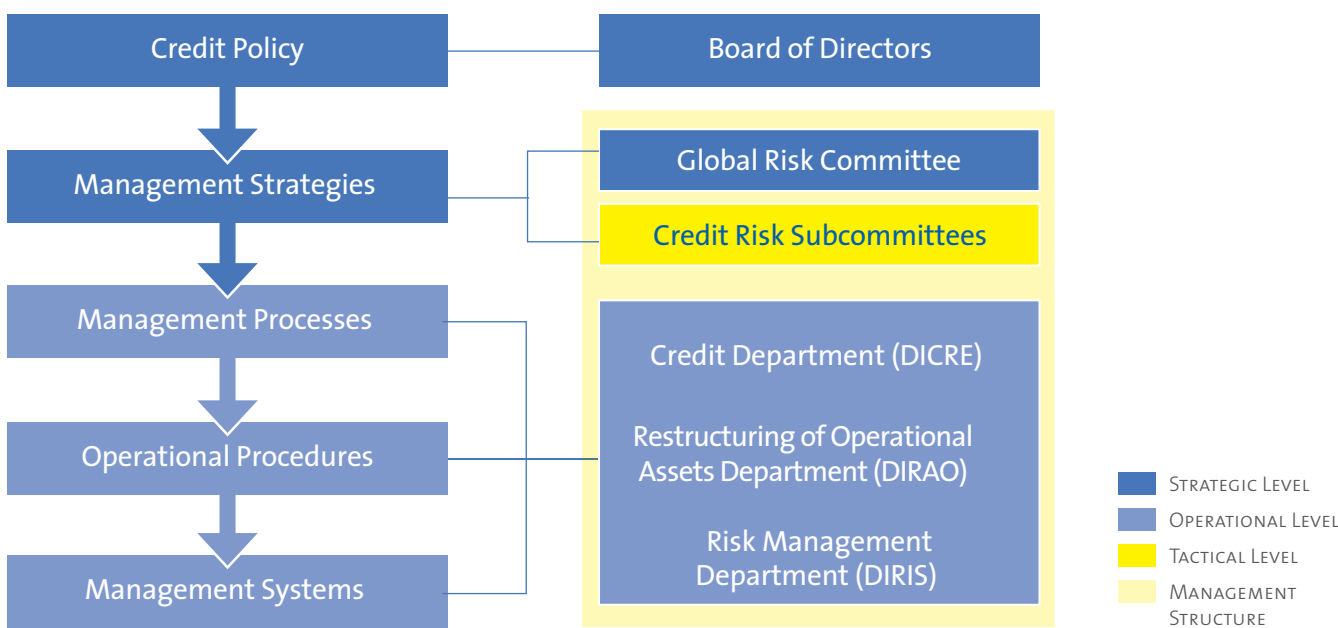
Credit risk is defined as the possibility of losses occurring associated with the non-fulfilment by loan-takers, or counterparties, of their respective financial obligations under the terms agreed; the devaluation of the loan contract as a result of the deterioration in the credit rating of the risk taker; any reduction in gain or remuneration; and advantages granted as a result of debt renegotiation, and recuperation costs.

The management of credit risk is carried out based on strategic directives established by the Board of Directors (CA), transformed into directives by the Global Risk Committee (CRG) and

Credit Risk Subcommittee (SRC). Evaluation and validation of the processes and procedures of this type of risk management structure are carried out by two internal areas, which ensure the appropriate segregation of functions and that the work is carried out independently. The Department for Internal Controls (DICOI) is responsible for the validation of the risk calculation and measurement models of the Financial Conglomerate, and for the Bank's internal control system, while the Internal Audit periodically evaluates the management processes to verify that they are in accordance with strategic guidelines,

credit policy and internal norms. In addition to this, the Independent Auditor analyzes processes and procedures, contributing to ensuring that they are in compliance with regulatory requirements and internal definitions.

At the strategic level, Credit Risk Management involves Policy and Credit Risk Management Strategies, while at the operational level it involves Management Processes, Operational Procedures, and Management Systems, as shown in the chart below:



Under this structure, credit risk management is based on the best market practices, and follows supervision standards and banking regulations, in such a way as to identify, measure, control and mitigate exposure to risk; contributing to maintaining the solidity and solvency of the Bank, and ensuring that shareholders' interests are served.

Banco do Brasil's specific credit policy includes guidelines of a strategic nature, which provide guidance for the credit risk management actions within the Financial Conglomerate. Approved by the Board of Directors, revised annually and made available to employees, this policy applies to all businesses which involve credit risk, and contains, among other topics, con-

cepts of credit risk; segregation of functions; collegiate decisions; risk appetite and limits; classification of clients; conditions for the assumption of risk; guidelines for the collection and recovery of loans; expected loss, economic and regulatory capital; provision levels and capital levels; stress testing and sensitivity analysis; and capital planning.

The disclosure of information with respect to credit risk is permanent and continuous, and is based on the best practices, banking legislation, user needs, the Bank's interests, confidentiality and degree of significance. The operational areas of the credit risk management structure constantly communicate to their superiors with respect to risk exposure, for the purpose of monitoring these management actions, and facilitating the decision process by Top Management. Information is also produced for the Bank's external public audiences, which is published in the market by the Investor Relations Unit (URI). Learn more about in page of Investor Relations Unit at Banco do Brasil's site.

The measurement of credit risk is carried out based on measurements such as delinquency ratio, period past-due, portfolio quality, loan loss provisions, concentration, expected loss, as well as regulatory and economic capital requirements, among others.

The use of instruments for the mitigation of credit risk is declared in the Credit Policy, is present in strategic decisions, and formalized in the credit standards, reaching all levels of the Organization and covering all the management steps involved in credit risk.

The management of credit risk also includes proprietary risk classification methodologies of clients, in alignment with the best practices in the market,

and the concepts of the Basel Accord, considering registration aspects, credit history with the Bank and the use of banking products. BB also invests in Information Technology solutions (TI) to provide support for the credit risk management process, seeing that various tools are in the installation phase.

In parallel to credit risk granting standards, the Institution also maintains strategies for the collection and recovery of loans, based on statistical models that indicate the most appropriate channels, and the most efficient relationship for bad debt solutions.



OPERATIONAL RISK

This risk derives from the possibility of losses occurring as a consequence of failures, deficiencies or inappropriateness of internal processes, personnel and systems, or external events. In this regard, Banco do Brasil monitors operational losses based on a systemised database, exposure limits and risk key indicators, in addition to identifying and monitoring the risks associated with significant outsourced services. To manage operational risk (RO), there is a structure composed of the Risk Management Department (DIRIS), the Department for Internal Controls (DICOI) and the Department for Security Management (DIGES), while the Board of Directors is responsible for the information disclosed.

With a view to achieving greater integration of risk management, internal controls and security management, and achieving greater efficiency in instruments for risk identification and mitigation, in 2011, the Institution carried out alterations to its organizational structure, with the concentration of DIRIS, DICOI and DIGES under the same Vice-Presidency, which had its name changed to the Vice-Presidency for Internal Controls and Risk Management (VICRI). In this process, the Internal Audit department is responsible

for verification of operational risk management, and the functioning of its structure. The risk analysis process is also assessed by the external auditors, with the results of this being submitted to the Board of Officers, the Board of Auditors, and the Board of Directors.

Operational Risk Policy is approved and revised annually by the Board of Directors (CA) containing guidelines for all the areas of the Bank, and which aims to guarantee the effectiveness of the operational risk model, in line with the terms of the Basel II Accord and the requirements of CMN Resolution N° 3,380/06.

Banco do Brasil manages its operational risks in a conservative manner, separating the functions of risk management and the businesses. To this end, the Bank adopts the best risk management practices, respecting supervision standards and directives, as well as the banking regulations.

The areas that manage processes, products and services, based on the operational risks identified and the decisions issued by the SRO and/or CRG, must draw up action plans for risk mitigation.

Information on operational losses, risk key indicators (ICR), qualitative and quantitative evaluations, as well as specific and

global risk limits, are reported to members of the CRG and SRO on a monthly basis.

With the objective of verifying the use of internal models for the measurement of operational risk, BB has concentrated its efforts on the management of its operational risks, supported by the use of four essential elements in order to achieve the standard of solidity desired: internal database, external data, scenario analysis, and factors which reflect the business environment and its internal controls. In 2011, various actions were adopted for the improvement of this risk, among them being the revision of policies, the creation of new key indicators, and the systematic issue of Technical Risk Recommendations (RTRs) to managers, with the objective of preventing, correcting or inhibiting weaknesses. In addition to this, specific limits were revised for operational losses related to labour-related problems, business failures, process failures, fraud or external theft, and internal fraud, so as to achieve greater agility in proposing mitigating actions.

The charts below set out the main responsibilities of the areas that compose the operational risk management structure:

Risk Management Department

- Operational Risk norms and policies
- Establishment and control of OR limits
- Establishment and control of ICR
- Models and methodologies for the allocation of capital for RO
- Measurement of Operational Risk

Internal Controls Department

- Compliance, process and business failures
- Support for product and service management areas
- Back-testing
- Compliance policy

Security Management Department

- Governance of corporate security
- Policies, methodologies, norms and plans related to security, fraud, money-laundering and business continuity

LEGAL RISK

This can be defined as the possibility of losses being incurred as a result of fines, penalties or compensation payments, resulting from the actions of supervision or control bodies, as well as losses arising from unfavourable legal decisions in or out of court. Banco do Brasil, through its legal

department (DIJUR), aims to mitigate possible occurrences with respect to this type of risk.

DIJUR is in alignment with corporate strategy, and operates in each area of the business, providing legal counsel on a consultative, preventive and litigious basis.

It also contributes to the better management of legal risk, the supply of regular internal information to the managers of products and services, permitting the analysis of trends and the unification of strategies.

IMAGE RISK GRI PR6

Image risk concerns the possibility of losses occurring at the Institution as a result of damage to its name in the market, or with the authorities, as a consequence of negative publicity, whether or not based on truth.

With a view to mitigating this risk, BB has developed its own methodology for its management, and during the implementation process, BACEN published Circular N° 3,547, of 07.07.2011, which deals with the Capital Adequacy Evaluation Process – ICAAP providing the following guidelines: “the evaluation of capital requirements for the coverage of other significant risks to which the Institution is exposed, must consider, at a minimum, liquidity risks; strategy risk and reputational risk, due to negative perception of the Institution by clients, counterparties, shareholders, investors or supervisors”.

With the object of complying with this new regulation from the Central Bank of Brazil, a need was identified to make changes to the components and indicators adopted in this methodology, including the observation of aspects related to BB’s internationalization.

Reputational Risk is one of the aspects of the risk management activities that is contemplated in the Basel II project. This project has the aim of determining the combination of corporate risks to which the Bank is subject, their classification and conception, in addition to the identification of those responsible for risk management.

The sponsorships, in turn, require no tender process, as set out in Law N° 8,666/93 which includes a legal report in

all cases. As part of the approval of each technical note, an evaluation is expressly carried out to ensure that the action complies with the Consumer Defence Code. For each initiative approved, an Instrument for Verification and Control (IVC) must also be filled out, which consists of a self-verification report, to guarantee the observance of all the norms, laws and decisions that are applicable to the process. In addition to this, the Normative Instruction, which governs BB’s process for the granting of sponsorships, includes a blacklist that must be observed by the Organization, with a view to mitigating risks to image, and legal risk.

Additionally, the Bank does not sell products that are the target of public controversy, or which are prohibited.

SOCIO-ENVIRONMENTAL RISK GRI 4.11 | FS2

Socio-environmental risk consists of the possibility of losses occurring through negative impacts associated with businesses or operations in the context of society and the environment. For the assessment and monitoring of these risks, Banco do Brasil has attributed normative responsibility to the Department of Credit, with advice from the Sustainable Development Unit. In its analysis, BB considers socio-environmental aspects related to legal, operational, image, and credit risk, as well as scenario risk. This is mainly based on what is established in the applicable legislation, and voluntary commitments assumed, such as the Green Protocol, Equator Principles and the Pact to Eradicate Slave Labour.

In addition to the Equator Principles from 2005 socio-environmental criteria were implemented in the evaluation of a study of credit limit for companies and investment projects. Currently these procedures are applied to companies with a current or forecast Net Operating Revenue (ROL) of over R\$50 million and investment projects with a value financed by BB of R\$2.5 million or more.

In 2008, the Bank started to adopt the requirements of environmental and land-related regularization contained in CMN Resolution N° 3,545, of February 29, 2008, which establishes conditions for the purposes of livestock financing, in the Amazon bioma. In addition to this, the analysis and liberation of this

type of financing was centralized with specialist teams, not linked to the branches which originate this financing, with the aim of ensuring compliance to all the legal requirements.

Banco do Brasil also prohibits operations destined for the financing of activities which do not have formal authorization from the competent authority. Among aspects, included in this is deforestation, destocking or livestock defrayal, with a view to the incorporation of new areas in the production process; the sale of extracted products of a vegetable or fish origin in natura; operations for investment in activities which require environmental resources or undertakings capable of causing environmental degra-

ation; investment in activities which require a Preliminary Study of Environmental Impact (EIA) and a Report on Environmental Impact (RIMA); investment in activities which use of water resources, including irrigated agriculture – with the authorization of water use.

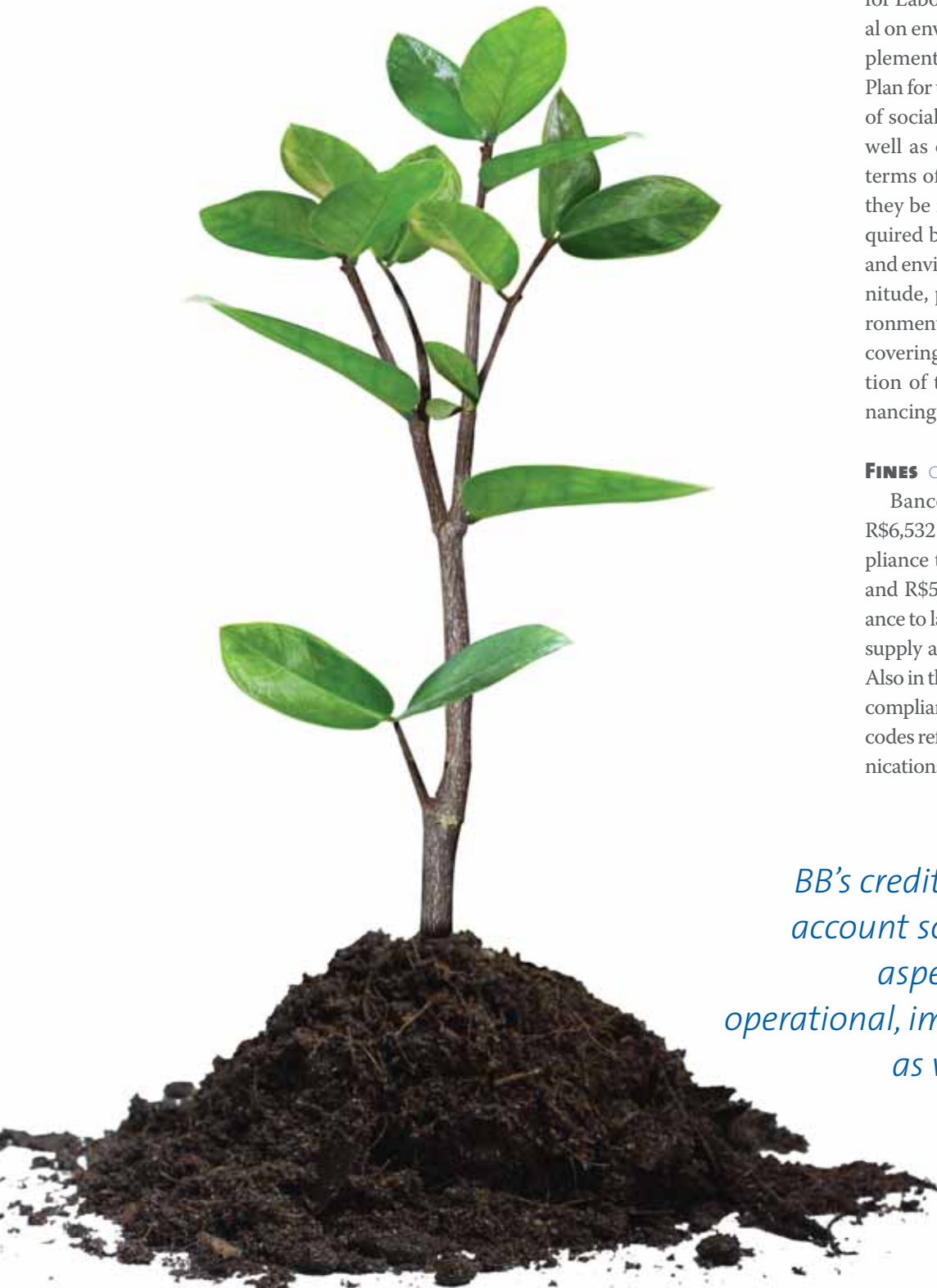
Banco do Brasil adopts a procedure for requiring an evaluation of socio-environmental compliance, carried out by an independent consultant, for undertakings that fall within the scope of the Equator Principles, characterized as Project Finance, independent of the

amount involved, where the analysis socio-environmental risk by the Bank indicates risk as a function of social and environmental impacts generated. This evaluation covers the requirements applicable to the management of health and safety in the workplace and the application of occupational medicine, based on the existing legislation of the Ministry for Labour and Employment, conditional on environmental licences and the implementation of a Basic Environmental Plan for the compensation and mitigation of social and environmental impacts, as well as other criteria contained in the terms of the Equator Principles, should they be more demanding than those required by law. For projects with a social and environmental impact of a high magnitude, periodic reports on socio-environmental monitoring are also required, covering the implementation and operation of the undertaking, during the financing period.

FINES GRI PR4 | PR7 | PR9 | SO8

Banco do Brasil paid out a total of R\$6,532 in fines resulting from non-compliance to laws and regulations in 2011, and R\$548,000 in fines for non-compliance to laws and regulations related to the supply and use of products and services. Also in the period, there was a case of non-compliance to regulations and voluntary codes referring to marketing and communications, totalling R\$161,000.

BB's credit analysis takes into account socio-environmental aspects related to legal, operational, image and credit risk, as well as scenario risk



Internal Controls

The efficiency of Banco do Brasil's main internal control processes is assessed annually by the Department for Internal Controls, which uses its own methodology. The result of the assessments provides a basis for Top Management to issue its opinions on the quality of the Bank's internal controls, particularly those referring to the consolidation and disclosure of financial information in the market, in its Reference Form and Consolidated Financial Statements. The reporting cycle is complemented with declarations signed by the managers, providing an assurance that the information passed on to the market is true, complete, precise, and does not contain data and/or citations which could induce investor error. In 2011, there were improvements made to the process for attributing responsibility to managers in the passing-on of information to the market, as a result of the integration of the work carried out by the Bank's units that make up the system of internal controls, in addition to perception by the agents involved in the consolidation of the Financial Statements and the Reference Form. With this, the model for attributing responsibility or certification in sequence, has become more dynamic, covering not only Banco do Brasil, but also all the main financial and non-financial companies that make up the BB conglomerate.

Through 13 Regional Internal Control Management Departments (GECOI), the more important operating processes in the

units are assessed and monitored, such as registration, credit limits and operations, the opening of current accounts and the prevention of money-laundering. The idea is to identify possible omissions or deviations, and take corrective action. The result of this process is also used for the rating classification of the branches in relation to the level of compliance observed in the operation of the assessment processes and also translates into a management tool, to the extent that it provides support for the prioritization of corrective actions and the allocation of funds in an efficient manner.

To make the monitoring and interaction between headquarters and the branches in the Bank's international network more efficient, in 2011 the control assessment instruments were made more efficient, with a corporate intranet page being developed containing instruments referring to internal controls and compliance, and a space for communication and publication of the International Compliance Bulletin.

VALIDATION OF RISK MODELS

This is an independent and segregated process which permits the use of internal models for market, credit and operational risk, with a view to calculating the regulatory capital to be allocated to cover these risks, and based on authorization from BACEN. Validation must be carried out periodically, or in the event of significant alterations being

made to the models, which could have an impact on the calculations made.

At BB, this work is the task of the Department for Internal Controls, which must demonstrate to the Central Bank that its models are appropriate and in keeping with the Institution's risk profile, based on a critical analysis of systems, data, technological infrastructure and its own risk management model.

The validation methodology includes qualitative assessments of the adequacy of internal controls, documentation and risk management reports, in addition to quantitative analyses referring to the precision and compatibility of the calculations carried out for the items that make up the models. Tests are also carried out related to coverage, integrity, consistency and reliability of the data entered into the models, as well as the technological environment that supports them.

The results of the validation of the risk models are periodically debated with the managers in technical forums, and subsequently presented to the risks subcommittees. The objective is to carry out possible adjustments, with a view to improving the effective use of the management process. This system contributes to improving Banco do Brasil's risk management process, and facilitates the appropriate allocation of regulatory capital.

Security Strategy Management GRI SO2 | SO4

In 2011 Banco do Brasil started to adopt a new structural vision in the management of corporate security. Based on the results of the IT Governance, the Department for Security Management was redesigned, providing more flexibility, quality and control on products and services related to the theme, making it possible to achieve sustainable results. In this context, the focus is on the drawing up, definition and application of strategies, policies, methodologies, risk manage-

ment and security projects, architecture for security solutions and relationship models capable of integrating security and making its actions in corporate projects more dynamic.

Among the main achievements, of particular note was the drawing up of a security model for the integration of Banco Postal; the validation of operational flow processes and the definition of security requirements for the *Minha Casa Minha Vida* (real estate lending)

program; the evaluation of security risk in the Strategic Units; the construction of a proposal for integrated methodology in the assessment of security risk; the creation of a virtual space for the compilation and sharing of information on IT architecture work; the declaration of the process for receiving and initial treatment of IT Projects; and the definition of structure and content of the IT Architecture Security Solution Document (DASS).

Part of the security initiatives are focused on the combating of money-laundering and the financing of terrorism. In the final analysis, by making the movement of funds obtained in an illegal manner difficult, the Bank contributes to interrupting the flow of funds that feeds these criminal activities. In this regard, in 2011 pertinent internal norms and procedures were improved, based on the legislation in force, international principles, and the best practices in the market. To facilitate the detection, analysis and the reporting of evidences of money-laundering crimes, all the Bank's branches in the Country use an automated system specially developed for monitoring.

In addition to this, BB's training carries a seal from the National Strategy for the Combating of Corruption and Money-Laundering (ENCCLA), a certification granted by the Ministry of Justice for courses that meet the requirements defined by the National Program for Training and Qualification in the Combat of Money-Laundering. The Organization also contributes with the National System for the Combating of Money-Laundering and Financing of Terrorism through cooperation initiatives with the Ministry of Justice for the maintenance and dissemination of the practices of the Laboratory for Technology against Money-Laundering; participation in meetings for the drawing up and application of ENCCLA; cooperation with the Conselho de Controle de Atividades Financeiras – COAF (board for the control of financial activities); and the holding of seminars for external bodies, that work to combat money-laundering.

The Bank also continually seeks to improve its systems and rules for the prevention and combating of electronic fraud. Internal processes are revised con-

stantly, particularly those related to the identification and authentication of clients through service channels (Internet Banking, Mobile Banking, ATM machines, Telephone, etc.), and those which require the need to protect the confidentiality of information and transactions. The security of the service channels is achieved through the use of access credentials, in association with the fulfillment of security rules, such as the application of specific limits for transaction amounts, in addition to the monitoring of the on-line and 24-hour systems. To provide these with an even higher level of security, BB is carrying out projects which include the use of leading-edge technology, such as biometric identification for the authentication of clients at ATM machines, artificial intelligence in the financial transaction monitoring processes, Token type devices for digital signatures and financial transactions on the Internet channel for companies. A high security system has also been developed for the signing of transactions on the internet using customers' cellular phones, BB Code, which came into operation at the beginning of 2012. [GRI PR1](#)

Another important project in this context is the *Tentáculos* (Tentacles) project, signed with the Federal Police Department, through Febraban, which involves the interchange of fraud-related information. The initiative benefits institutions and their clients, as well as society in general, as it contributes to intensifying action in the combating of organized crime.

In 2011, a new model began operation for the monitoring and recovery of amounts lost as a result of fraud, which includes collection action applied to the end-beneficiary of the fraud perpetrated; the signing of an agreement with the Receita Federal

(Federal Tax Authorities); the revision of contract agreements; tax deduction which would be paid by the Bank, with respect to losses through card fraud, in addition to the systemic financial recovery of payments made in a fraudulent manner. At the end of the period, recoveries and tax deductions were over R\$20 million.

Banco do Brasil also adopts the best practices in the management of information security. Activities for the monitoring, analysis of vulnerabilities, review of accesses, management of identities and the adoption and management of the most advanced security tools and the prevention of information loss, have all led the Institution to become a benchmark in this area. BB is the registration authority of ICP-Brasil, providing a service for the issue of e-CPF and e-CNPJ certificates. Internally, the technology is used for the authentication of users of the corporate data network. Clients, in addition to this, are able to access their current accounts through www.bb.com.br, and may use the digital ICP-Brasil standard certificate for consultations and the carrying out of financial transactions. Also of note is the pioneering approach in the use of digital certificates in the signing of foreign exchange contracts, providing greater convenience to clients and contributing to operational efficiency, as well as a reduction in environmental impact, due to the significant reduction in the use of printed material.

Recognizing the importance of people in the information security process, BB disseminates this culture as one of its priority activities, carrying out intensive training and discussion sessions at executive, management and operational levels within the Bank, and within the other companies that make up the conglomerate. [GRI PR8](#)



For more information with regard to security, readers should access the BB portal bb.com.br.

Investments

In 2011, the Organization allocated R\$2.2 billion to human capital, marketing, infrastructure, branches network, technology and information security

Introduction

In 2011 Banco do Brasil invested a total of R\$2.2 billion, consisting of:

- Investment in human capital (R\$76.6 million in training) and marketing (R\$520.6 million in publicity, advertising and sponsorship);
- Investment in maintenance, including expansion and updating of the service network, physical infrastructure, remote and physical assets, information security, physical and patrimonial and information technology: R\$1.5 billion.

Intangible Non-Current Assets

HUMAN CAPITAL

The Bank offers its employees the possibility of managing their professional advancement and planning their careers. The Professional Ascension Program is available for this purpose, as well as a Bank of Talents and Opportunities (TAO), through which employees are identified that are most capable of exercising the different functions within the Organization. During the financial year 2011, 28,021 professional staff were identified by the TAO system and nominated to fill the proposed vacancies.



In addition to this, Banco do Brasil invested R\$76.6 million in the training of its professional team, which resulted in a total of 11,804,434 training hours, in other words, an average of 103.72 hours per employee.

BB also places its Internal Certification of Knowledge Program at the disposal of its employees, as part of its professional training and qualification strategy. At the end of 2011, were issued 73 thousand certifications.

The Bank also incentivizes the obtaining of legal investment certification (CPA 10 and 20) and certification in the prevention and combat of money-laundering (PLD). At the end of 2011, 64,136 employees had CPA 10 and/or 20 certifications and 17,719 PLD certification.

BRAND-NAME

According to the ranking of Dinheiro/BrandAnalytics 2011, Banco do Brasil's brand-name is valued at U\$8,259 million, and is the fourth most valuable brand name in Brazil. For 20 years the Institution has also been the most remembered in its category, according to the Top of Mind awards, promoted by the Datafolha Institute.

In addition to representing all the values related to Brazil and Brazilians, the BB brand-name represents the attributes of the Organization most valued

by its customers, such as solidity, reliability, security, modernity and credibility. Thus, the brand name is strengthened and preserved through a management program, which includes rigid standards of visual identity, being part of the Organization's strategic context.

BRAND MANAGEMENT

The management of the brand name includes the monitoring of visual identity applications; the legal protection of the institutional brand names, for products and services; the processes for brand-name development and renewal; and the processes of brand-name licensing and association. Also included are policies for the protection and use of the brand-name in branches, sub-branches, offices, ATM and other points of contact and service to the public, on websites, printed and electronic material, in all the Bank's communications, within Brazil and abroad.



PUBLICITY GRI PR6 | PR7

In 2011 Banco do Brasil's publicity campaigns had the objective of strengthening its brand positioning, demonstrating solutions to its various stakeholders and the outstanding role by the Bank in supporting the Country's development, based on the concept of "Connection" and the slogan "All for You".

The launching of this concept took place at the beginning of the year with the "All for You" campaign, which represented the slogan of the Bank as a translation of its action in developing Brazil ("All") and the realization of individual projects for Brazilians ("You").

Based on the phrase "Banco do Brasil, a bank with a difference, connecting with

everything (connecting all this)", the publicity campaigns in the period sought to represent this initiative as a major differential of the brand name, with respect to the Bank's competitors. In this way, these campaigns covered themes such as sustainability, action in sport, converging of service channels and financial support for private individuals and companies.

BB's publicity campaigns were developed in compliance with the Consumer Defence Code and all the Institution's publicity initiatives were subject to supervision by Secretariat for Social Communication – part of the Presidency of the Republic. In addition to this, the advertising layouts included the telephone numbers of the BB

Service Center, the Consumer Call Center (SAC) and the BB Ombudsman Service, in compliance with Decree-Law 6,523/08 and CMN Resolution 3,477/07.

During the year, the amount of R\$161,2 thousand referred to one case of non-compliance with regulations and voluntary codes, with respect to marketing communication, discriminated by type of result. BB does not promote or sponsor projects which infringe the Consumer Defence Code or any other law or legal regulations in force.

Additionally, BB does not sell products that are prohibited and/or are the target of public controversy.



Circuito Cultural Banco do Brasil (BB's Cultural Event)

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, operating in a transparent manner, with the democratization of access and regionalization of the funds invested. In 2011 8,503 entries were received, which are currently in the analysis phase for 2012.

Another tool for the support of the Bank's marketing activities is participation at agribusiness fairs, in real-estate showrooms, forums, congresses and technical seminars. In addition to this, the Organization promotes relationship

meetings and events for shareholders, investors and clients.

In 2011 approximately 2,100 projects were sponsored and/or promoted covering every Brazilian state, as well as outside Brazil. The objective is to promote business, products and services, as well as supporting socio-environmental, cultural, sporting and economic development in the Country.

The investment return on sponsorships is measured in accordance with the nature of the project, and the results form the basis of the analysis of future sponsorship granting, so as to help

achieve the best value for money for the Bank and society.

The compliance aspect of each promotional or sponsorship action is verified, when going through the approval process. The Department of Internal Controls verifies the compliance of the sponsorship processes in the network every six months. All the questions from internal or external sources with respect to promotion and sponsorship processes are responded to within the legal and/or administrative time limits.



CCBB Rio de Janeiro



CCBB São Paulo



CCBB Brasília

CULTURE GRI EC8

Cultural marketing is another aspect of the Institution's operations, beginning this type of marketing with a pioneering move in 1989 by creating the Centro Cultural Banco do Brasil - CCBB (Banco do Brasil Cultural Center), in Rio de Janeiro (RJ). This space has a library that specializes in culture, with more than 140 thousand books and a laboratory for book restoration operated by disabled people, in partnership with the Association of Parents and Friends of the Exceptional (APAE), a video library, with 4 thousand examples, the Banco do Brasil Museum, and Historic Archive which preserves memories of the Bank and the Cultural Centers. In addition to the unit in Rio de Janeiro, there are another two CCBBs – one in Brasília (DF) and the other in São Paulo (SP) –, while a fourth is due to be inaugurated, in Belo Horizonte (MG).

This wide-ranging action, which includes various artistic-cultural areas – scenic art, cinema, exhibitions, ideas, music and educational programs –, the regularity, unprecedented nature, diversity and quality of the programming at the CCBBs has led the units to be well positioned in terms of the ranking of cultural institutions most visited throughout the world. In 2011, the CCBBs received 4.5 million visitors, with the holding of 1,180 events, 5,146 presentations and annual investment of R\$50.7 million.

The democratization of access to the events, and the adaptation of the buildings to the needs of the disabled, are examples of social responsibility. Another example of access democratization is the CCBB Education Project, with free activities and events for students, educa-

tors, families, NGOs, and persons with special needs. In 2011 more than 344 thousand people took part in this initiative, of which approximately 61 thousand used the free transport regularly offered by the CCBBs, which prioritizes regions with a low Human Development Index (IDH). The projects held at the cultural centers also contribute to the generation of jobs and income: in 2011 alone, approximately 7 thousand direct jobs were created.

SPORT

Sport has also been the focus of BB's sponsorship policies since 1991, when it began to sponsor volleyball teams. Since then, its initiatives have diversified, leading the Institution to become a reference in this area. The sponsorship contracts currently in force include confederations, athletes, teams and events, and in 2011, involved investment of R\$56.1 million, benefiting indoor and beach volleyball athletes, sailing, indoor football and tennis. In addition

to sporting competitions, the athletes also participate in social initiatives, such as campaigns for the collection of foodstuffs, sports workshops and visits to bodies that provide assistance in the communities.

In addition to this, during the year, workshops and socio-sporting projects cater to children in schools of the public educational network and social entities, throughout Brazil. The Bank also maintains its support for the Bernardino School of

Volleyball project, in the communities of Tavares Bastos and Complexo do Alemão, in Rio de Janeiro; the *Núcleo Leões do Vôlei*, run by the athletes Giba and Emanuel, in Curitiba (PR), and the Guga Kuerten Institute, in Florianópolis (SC), where volleyball and tennis classes are given. At these institutions, children receive guidance and monitoring, with a view to achieving social inclusion through sport.



TECHNOLOGY

In February 2011, work was begun on the installations of the Datacenter Complex, a specific environment for the processing and storage of data, capable of guaranteeing a high level of availability for the Information Technology services that provide support for BB's businesses, even in the event of disasters which disable the principal processing environment.

This action is in compliance with the legal requirements of IT governance, and will provide rationalization in the use of public resources through the sharing of the infrastructure of the complex by two official financial institutions (BB and Caixa Econômica Federal) and the use of the

Public-Private Partnership (PPP) administrative model, which makes provision for the assets to revert to the public partners over the contract period of 15 years, from the beginning of its effective use. It also will provide the Bank with safe location, removed from its central processing environment, to guarantee business continuity even in the onset of disasters. Society will also benefit from the improvement and expansion to the services provided by BB.

The Datacenter works are scheduled for completion in May 2012. In addition to this, other technological events are scheduled to take place during the period, among these being:

Corporate IT Architecture: aiming to ensure the optimization and management of IT, as well as alignment with its strategy, BB has created a specialist areas to deal with the theme of Business Architecture applied to Information Technology. Methodologies, processes and the structures needed, have been defined to make progress in this regard, organizing the multiplicity and criticality of the changes which involve IT elements, as well as providing current and future visions of IT solutions as a virtue of strategy.

The installation of Business Architecture applied to IT is a pioneering move in the Brazilian Banking Industry and will

result in a reduction in costs and IT development time; a reduction in IT complexity and management; integration between the IT area and the businesses, improving the time taken to deal with the demands of the business based on the reuse of elements; optimization of IT investments; organization of the complexity of IT solutions; knowledge management; and definition of alignment concepts to improve communication between IT and the businesses within the IT area itself.

Data Governance: the project has the objective of creating a support structure to facilitate the use of tools, methods and techniques that support the identification, standardization and organization of corporate data, from the standpoint of their significance and value to the Organization. Among the results achieved by the initiative, of particular note was the compliance with Control Objectives for Information and Related Technology – COBIT; the

management of knowledge; the supply of increasingly reliable data to information bases for the support of business decisions; and the management of corporate data.

New Business Platform (BB 2.0): the principal objective of the platform is to improve the service provided to clients, optimizing employee time, with a view to improving the relationship with the public, and expanding business volume. The project involves innovations, such as integration between services provided, in person and via telephone, integrated availability of various business applications and the Customer Relationship Management (CRM) information base, which permits rapid navigation and flexibility in serving clients. Among the results achieved by the platform are: flexibility in the service provided by the branches, due to the ease of navigation and the integration between the various business applications involved, and the integration of the solution with

the CRM bases of the Bank, which allows the sales force to operate with the full range of client information at the moment of serving the customer.

Rationalization of IT Resources: the program seeks to identify the processes and products with a high level of consumption and/or undue use of IT resources, making the necessary alterations to reduce the consumption of Millions of Instructions per Second – MIPs and improve both performance, with a reduction in processing time, as well as storage use. This initiative resulted in a reduction in CPU use, with a gain of 62,988.32 minutes/day (from 73,111.52 to 10,123.20 minutes/day) among routine batches and on-line programs, which represented a high level of consumption; and a reduction in “Time Elapsed” (waiting time in the process for the use of the CPU), with a gain of 125,745.33 minutes/day (from 155,507.22 to 29,838.97 minutes/day).

Fixed Investments

In 2011, Banco do Brasil invested R\$1.5 billion in its Fixed Investment Plan (PFIX), of particular note being the investment in new service outlets and the improvement in branch environments (R\$741 million) and in information technology (R\$630 million). These investments had the objective of creating the physical infrastructure and technology conditions to support growth in Banco do Brasil’s businesses and facilitate a series of moves, some of which are cited below:

a) Adaptation of the service network, through multi-channels, with a view to providing a better competitive positioning:

- Expansion to the “Estilo” (Style) branch network, with the aim of increasing the base of high net worth clients, with the creation of 30 new branches;
- Expansion to the retail branch network to facilitate the exploitation of business opportunities, through the opening of 131 branches, 35 PAB’s* and 627 PAE’s*;
- The opening of 99 additional branches, to serve municipalities that currently have no banking facilities;
- The renovation of the physical installations of 1,431 premises to adapt to the new branch environment, with the model involving the segmentation of clients with a focus on improving profitability and loyalty, providing customers with greater

comfort and convenience.

b) Modernization of the ATM machine park, with the replacement of 3,264 ATM machines, providing greater productivity, security and technology updating, to provide new products and transactions;

c) The carrying out of 2,199 building works for the maintenance and conservation of physical installations, thus providing appropriate conditions for the functioning of the branches within the service network, and the internal bodies of the Bank.

d) Expansion to IT processing and storage capacity, with the acquisition of hardware (Discs and Mainframe) and software, for the development of large-scale solutions.

e) Availability of technological solutions for the improvement of operational efficiency, supporting the needs of the businesses and providing increased knowledge of the customer through the use of ERP and CRM tools.

f) Modernization of security solutions referring to the management of money, installation of premises in the service network, for support and regional bodies, with a view to improving physical and patrimonial security.

For 2012, R\$3 billion has been allocated to intensify the level of investment in projects for the modernization and support of business growth. This is a continuous process, which has been improved year after year, to enable the Bank to maintain its leadership

*Service points.

Connection

Responsible action is inherent in BB's desire to maintain an integrated relationship with clients, employees, suppliers, shareholders, competitors, government, communities and regulatory bodies

Introduction

GRI 4.14 | 4.15 | 4.16 | 4.17

Banco do Brasil's vision – to be the number one bank for Brazilian citizens, companies and the public sector, a benchmark abroad, the best bank to work for, recognized for its performance, long-lasting relationships and socio-environmental responsibility – is reflected in its interaction with its public audiences.

The Institution establishes programs and projects which favor the sustainable growth of the Country, in a relationship



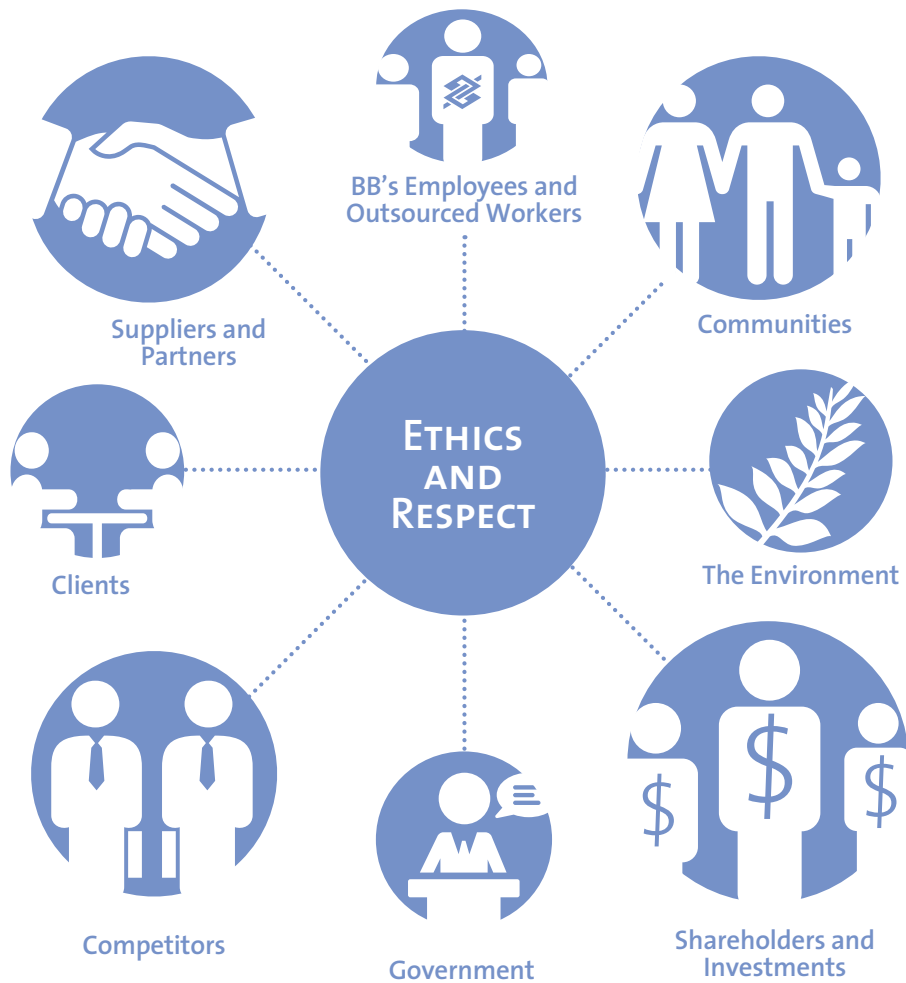
in which all the public audiences involved emerge stronger, with solid partnerships, transparency and reliability, which provides an environment for the exchange of experiences and support for the development of solutions.

The Bank cites these quality relationships with its different public audiences in its Code of Ethics and in its Letter of Socio-environmental Principles, documents which set out directives and initiatives focused on clients, employees and outsourced workers, suppliers, shareholders, investors and creditors, partners, competitors, government, communities and the regulatory bodies. (Shown in the info-graphic on the following page).

Through programs and projects involving sport, cultural and social aspects, financing and credit initiatives, as well as investments and support for various types of business, BB reinforces its stance of responsibility, disseminating sustainable corporate practices, both internally and externally. In addition to this, it also intends to maintain and build on existing characteristics, such as modernity, innovation, proximity, “Brazilian-ness” and sustainability, which during its history have been associated with its brand-name and its business.

These aspects have contributed to the Institution achieving its leadership position in the domestic financial markets, and making it a benchmark in the offering of qualified products and services both in Brazil and abroad. The methods and frequency of interaction with each one of its interested public audiences – indicative of Banco do Brasil’s vocation for dialogue and expression – are demonstrated in this chapter, in a segregated manner, in accordance with the following themes: Clients, Shareholders and Investors, Employees, the Community, the Public Sector, Suppliers, the Environment, Competitors and External Ombudsman Services.

Relationship with Public Audiences



Clients

GRI 4.17

BB provides access for clients to its businesses through its physical networks (branches, service outlets, automated teller machines and representative bank offices), as well as virtual networks (call center, internet, mobile banking and Digital TV). Its network is planned with the aim of defining parameters for the type and topology of the various channels, which results in the prioritization of initiatives for the addition of value, focused on a vision of providing convenience to the client, whereby each service outlet caters to specific regional necessities and dynamics. This vision is based on the offering of the best service to clients in its existing customer base, the winning of new clients, and increasing the visibility and consolidation of the Banco do Brasil brand-name.

CUSTOMER SATISFACTION

RESEARCH POLLS GRI PR5

In its customer satisfaction research polls, private individuals and companies from the public and private sectors are consulted. In general, these assessments evaluate the level of satisfaction with products and services, personal business relationships and service channels.

The attributes are identified in a qualitative phase, through personal interviews and group discussions with clients. The objective is to ascertain the perceptions of the client with respect to the Organization and obtain suggestions for improvements to the quality of products and services provided. This phase takes place on average every three years. The measurement model adopted takes into account the nature and characteristics of the clients, which is the reason that satisfaction aspects are specific to each public audience.

Every year, marketing research institutes are hired to carry out the quantitative stage, the aim of which is to measure the perceptions and attributes of satisfaction, assessed at the qualitative stage. The bodies selected are affiliated to the

Brazilian Association for Company Research (ABEP) or the European Society for Opinion and Marketing Research (ESOMAR). The information collection technique combines a data survey, with telephone interviews by computer (CATI). The samples are probabilistic in nature and designed in accordance with the various public audiences and their respective profiles, so as to permit generalization of the diagnoses for the Bank's universe of clients. The results are presented and debated with the various areas responsible for the products and client relationships, as well as the managers in the branch networks.

The most recent customer satisfaction research indicated the need for improving customer service to clients in the branches. In view of this feedback, the client relationship model has been improved and gradually applied to the branch network. In addition to this, the results of the research polls assist in the development of training programs focused on customer service, as well as technical knowledge of the financial products and services.

CUSTOMER FORUMS

Customer forums involve a cycle of meetings between Banco do Brasil, its customers and employees, during which, in accordance with a previously defined agenda, the aim is to identify changes in banking consumer behavior; assess the efficiency of relationship, communication and distribution strategies; gain a more in-depth knowledge about the possible causes of client dissatisfaction; create a closer relationship with the managers responsible for the application of solutions to customer reality; and collect information about the operation of the competition, in such a way as to provide additional input for the development of strategies or the adoption of specific measures, as well as correcting those already implemented.

In 2011, BB continued its treatment of information collected at the various rounds of Customer Forums held in 2010, reviewing relationship strategies with focused public audiences, improving communication channels and adapting products and services. At the same time, the Customer Forum methodology underwent revision, with changes to be implemented in the next groups, with the aim of obtaining input to provide guidelines for the management of the Bank's relationship with its interested public audiences.

SPECIALIZED CUSTOMER SERVICE, BY SEGMENT

Companies

(R\$)

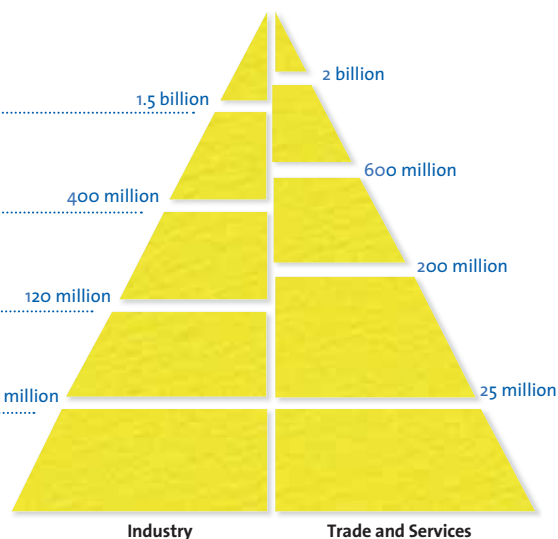
Large Corporate

Corporate Business

Upper Middle Business

Middle Business

Private Individual Retail



Private Individuals

Private

I > 1 million
RBA ≥ 10 million

Estilo

R ≥ 6,000
100 million ≤ I < 1 million
1.5 million ≤ RBA < 10 million

Personalized

4,000 ≤ R < 6,000
40,000 ≤ I < 100,000
110,000 ≤ RBA < 1.5 million

Private Individual Retail

R < 4,000
I < 40,000

R = Return (monthly), I = Investments and
RBA = Gross Return from Livestock Farming (annual)

At the end of 2011, Banco do Brasil had 5,263 branches throughout the Country, and 13,733 banking correspondents and 8,583 banking service outlets. The BB also has the largest fleet of self-service terminals in Latin America, which at the close of the year totaled 43,602 own equipments. The structure of this add up other avenues of access to banking services such as internet, Financial Manager (internet banking for business), POS machines (credit and debit machine cards from business premises), phone, fax, mobile banking and Digital TV. In December, the automated channels accounted for 93.8% of transactions, and in-house automated teller terminals are held approximately 33.6% of Bank operations.

The principal new developments in 2011 on the customer service front were as follows:

Branches in slum communities: the Organization’s presence was expanded in slum communities, with the opening of branches in Cidade de Deus, Complexo do Alemão and Rocinha, in Rio de Janeiro. This initiative contributes to banking inclusion among the population, and the development of the local economy, including the introduction of Sustainable Regional Development projects. The first “Complementary Branch” was set up in Anhembi (SP), a town with a little over 5,000 inhabitants, in the interior of the state of São Paulo. In 2011, a further eight “Complementary Branches” were inaugurated, and for 2012, the opening of a further 160 such branches are planned across Brazil.

The Complementary Branch: is a new operational model, developed in the period, with the aim of installing bank premises in municipalities previously without access to banking services, providing development to these communities and avoiding wealth being transferred to other areas, and expanding the Bank’s client base by prospecting markets that are today little exploited.

Eco-efficient branches: this project involves the building of branches provided with environmentally beneficial solutions and efficient use of energy. Their construction is preceded by an analysis for the reduction of environmental impact, with the preservation of the vegetation on the land, as well as the maintenance of large trees which will be included in the architecture of the build-

Branch Network

The Bank’s distribution network is divided into five types of service outlet, as well as branches

152*
PAA
2010 – 179
2009 – 178

Advanced Service Outlet: is a banking service outlet for municipalities that previously lacked any kind of banking services. This type of outlet has a reduced structure of employees and automated teller machines.

1,573*
PAB

Banking Service Outlet: located internally within the premises of companies or public bodies. These have the presence of one employee, as well as automated teller machines.

2010 – 1,659
2009 – 1,697

6,623*
PAE
2010 – 6,378
2009 – 6,529

Automated Teller Service Outlet: the service provided to customers is exclusively electronic.

2*
PAP

Outlet for Collections and Payments: outlets consisting of employees and automated teller machines, located mainly within public organizations (municipal authorities).

2010 – 2
2009 – 2

5,263*
Branch

2010 – 5,087
2009 – 4,897

4,919*
SAA

Automated Teller Service area: service structure that is exclusively electronic, located in the main area of the branches.

2010 – 4,815
2009 – 4,626

ings. It is estimated that there will be an energy-saving of 20% and a water saving of 30%. In January 2012, Banco do Brasil inaugurated its first eco-efficient branch in São Paulo (SP), in the district of Pirituba. The inauguration of a second eco-efficient branch is planned, also in the first half of this year, in Fortaleza (CE).

Orla-Rio (Rio beachfront): in this project, the highlight was the *BB – Orla Copacabana* kiosk, in Rio de Janeiro. This space is one of the main initiatives by the Bank to promote its brand-name with customers, entrepreneurs and tourists, and provide training lessons for beach stallholders, as well as language courses and training in the management and recycling of residues. At the weekends, these premises also host shows and musical workshops.

Rio EcoSol store: in partnership with the municipality of Rio de Janeiro and SEBRAE-RJ, BB has inaugurated the *Loja da Rede de Economia Popular Solidária* (Rio EcoSol). This space provides an area for exhibiting and promoting the sale of

articles for decoration, accessories and utensils produced by artisans from more than 100 small businesses in Rio de Janeiro, located in slum communities such as Cidade de Deus, Morro Dona Marta and the Alemão and Maré complexes, that are part of Sustainable Regional Development plans. This initiative is expected to benefit more than 300 families.

BB Fluvial (river-based banking representatives): provides banking services to customers and users in the North of Brazil, with four boats navigating the rivers in this region since April 2011. There are three boats in Amazonas and one in Pará, that ply the following routes: In Amazonas – Rio Solimões (Manaus to Tabatinga); Rio Negro (Manaus to São Gabriel da Cachoeira); and Rio Madeira (Manaus to Humaitá). And in Pará – the Rio Amazonas (Belém-PA to Macapá-AP), passing through various other towns, including: Currálinho, Bagre, Poeira do Pará, Breves, Carajás, Melgaço and Porteli.

BB mobile banking representatives: this is a customer service solution to cater to demand for the Bank's presence from time to time in regions where access is difficult and areas that have been deprived of banking services as a result of climactic disasters. At the end of 2011 there were already seven vehicles in circulation, each with two customer service windows. The intention is for Banco do Brasil to continue to expand this fleet in 2012.

In addition to these innovations, during the year BB also invested in technological solutions to increase security and facilitate the carrying out of financial transactions. One of these is the use of biometrics, which provide a greater degree of reliability in the identification and authentication of customers, helping to prevent fraud. Another initiative was the "humanization" of cash terminals (TCX), with more dynamic and intuitive graphic interfaces, which provide the operator with a quick review of information and data, with easier menu navigation and a help option.

Shared Network

13,733*
COBAN

Banking Representative Offices: this is a service channel identified by the MaisBB brand-name, offering a service outside the normal banking service hours, providing additional ease and convenience.

2010 – **10,145**
2009 – **5,335**

11,566*
Banco 24 horas
(24 hours banking)

2010 – **10,294**
2009 – **6,486**

10,993*
Caixa Econômica
Federal – lottery
stores







2010 – **10,748**
2009 – **9,838**




BB has a total of 5,087 branches, 13,733 banking representative offices and 8,583 service outlets, as well as the largest automated teller network in Latin America, with 43,602 of its own automated cash machines

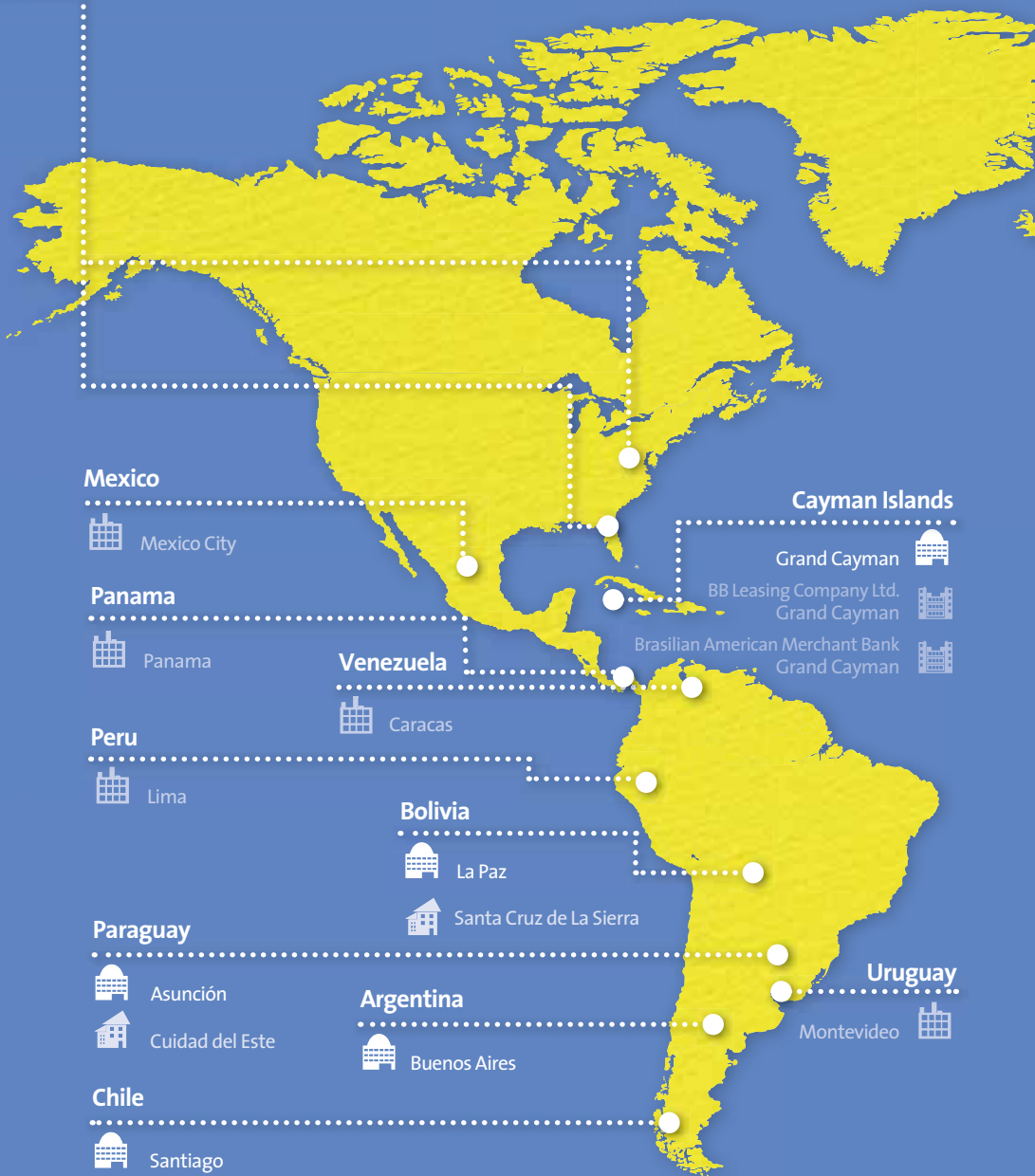
Distribution Network Abroad

GRI 2.5

United States

-  New York
-  Miami
-  Washington
-  Banco do Brasil Securities LLC
New York
-  BB Money Transfers, Inc.
New York
-  BB USA Holding Company, Inc.
New York
-  Banco do Brasil USA Servicing Center
Orlando

-  **Branches**
-  **Sub-branches**
-  **Representative Offices**
-  **Subsidiaries**
-  **Affiliates**
-  **Shared Service Units**
-  **Business Units**



VIRTUAL SERVICE NETWORK

A series of initiatives was also taken during the year to provide customers with greater flexibility and quality within the Bank's virtual service network. One of these initiatives was the insertion of a QR Code in bank payment slips. This new payment solution was introduced from September. In this way, ap-

proximately 80% of the total payment slips printed by BB have a bi-dimensional QR Code in their "instructions" field. This function can be used by clients with 3G or 4G iPhone cellphones, version iOS 3.2 or later, or cell-phones with the Android operational system, from version 2.2 onwards.

With the QR Code reader developed by the Bank, there is no need to type in barcode numbers, because the image reader allows the data to be directly obtained from the payment slip. The customer photographs the code, and the application identifies the payment slip data. This application also automatically



calculates interest charges, in the event of payment being overdue. BB is the first bank to use the QR Code for the receiving of payment slips in Brazil, which led it to receive a prize at the e-Finance 2011 Awards, sponsored by the magazine Executivos Financeiros, in the category of Technological Innovation. [GRIEN26](#)

Another technology made available by the Institution to its users was the BB application for the LG Smart TV product line, the result of a partnership signed with LG Electronics. In addition to being able to consult balances and statements, customers can also carry out simulations and take out loans, apply and withdraw money from in-

vestment funds and CDBs, and consult balances and limits available for cash withdrawals and purchases by credit card. For this, users merely need to connect their SmartTV to the internet, through cable or Wi-Fi, and install the Banco do Brasil application to access their account, using the same access credentials as for Internet banking.

In addition to this, BB is at the forefront of developing mobile banking solutions. It was the first bank to make banking transactions available for all its customers segments, based on the WAP2 application, which can be accessed by devices on all the national cell-phone operator networks. BB Mobile Banking consists of an extensive portfolio of transactions, resources and services. Its solutions meet the specifications of each technology, platform and environment, and the variety of mobile devices launched in Brazil. For the iPad solution, it is also possible to access the mobile banking application for iPhone via iPad, which provides customers with rapid and secure access to all transactions available for smartphones. All these functions are the result of continuous investment in technology, specialist teams and laboratories equipped with all the resources for carrying out testing.

Thus, in 2011, the **percentage of branches and advanced service outlets – PAA** in the Organization, including banks incorporated by BB (BEP, BESC and BNC)*, provided with a physical structure adapted for persons with special needs, is now 94.5%.

The **percentage of Banking Service Outlets – PAB**, including those banks incorporated by BB (BEP, BESC and BNC), with a physical structure adapted for persons with special needs, is now 93.4%.

While the **percentage of Automated Teller Outlets**, with accessibility for persons with special needs, has also improved considerably.

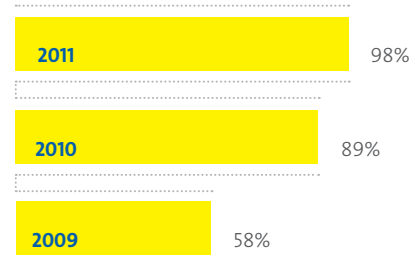
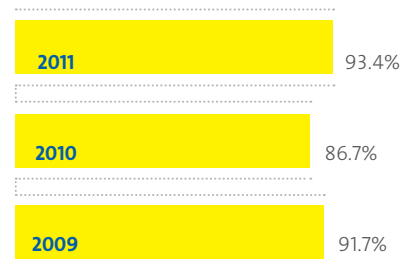
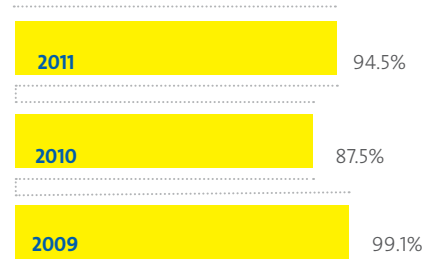
RESPECT FOR DIVERSITY IN CUSTOMERS SERVICE GRI F514

In 2011, Banco do Brasil was the first banking institution in Brazil to receive Accessibility Certification from the Brazilian Association of Technical Standards (ABNT) for accessibility to buildings, furniture, urban space and equipment. At the branch receiving certification, the Augusta branch in São Paulo (SP), all the adaptations made to the building to provide access to the physically disabled, were inspected.

This achievement is the result of extensive and continuous work, which in regard to customers, includes providing a priority service for people with disabilities, of those over 60 years of age, women that are pregnant or breastfeeding, or carrying children; the possibility of access to the Institution’s portal on the

internet for the visually challenged; automated teller terminals adapted for those with visual or physical disabilities, including those using wheelchairs; the maintenance of a communication channel to serve the hard of hearing; and regulation of access for guide-dogs in branches, to accompany those with visual disabilities.

In addition to these measures, in 2011 BB began an inventory of its buildings with respect to accessibility. In parallel to this, accessibility measures are being observed in the Bank’s premises and remodeling is being carried out, with the building of ramps, adapted bathrooms, doors of adequate width, lift platforms and tactile flooring, among other measures.



* BEP – Banco do Estado do Piauí, BESC – Banco do Estado de Santa Catarina, and BNC – Banco Nossa Caixa.



Shareholders and Investors

GRI 4.6 | 4.16 | 4.17

Banco do Brasil has adopted a policy of total transparency in its relationship with the market. This dialogue is characterized by the timely release of complete, reliable and pertinent information, in compliance with the legislation in force and the highest standards of Corporate Governance.

BB's Investor Relations Unit – URI is the strategic area responsible for compiling and publicizing material information about the Conglomerate, and meeting the demands of the market, providing a constant exchange of experiences between Banco do Brasil and analysts, rating agencies, shareholders, investors, IR departments of other companies, as well as the regulatory and inspection bodies for capital markets. To this end, the Bank participates in meetings, conferences and various events, as well as maintaining a fixed agenda for the publication of its results, and a communication channel always open to requests for information, which are responded to within a maximum period of 48 hours.

Banco do Brasil's Investor Relations website is user-friendly for all internet navigators and mobile devices, and concentrates together all the information published in the market. When applicable, this information is also replicated on the website of the Brazilian Securities Exchange Commission (CVM) and announcements through traditional media. In addition to this, the URI is responsible for the publication of the Annual Report, the Reference Form and all the documents related to the publication of the Bank's results, like analysis reports and financial statements. All these documents are updated constantly, avoiding information time-lags, while suggestions from the market are mapped and adopted whenever possible.

In addition to providing a wide range of reports and information to the Brazilian Securities Exchange Commission (CVM), as well as on its Investor Relations site, BB adopts a stance of inviting the market to conferences whenever the Management believes there is a need to clarify specific themes with respect to the Bank. In the financial year 2011, BB participated at 145 meetings for investors and analysts in Brazil, 20 conferences and hosted eight results conference calls for analysts and investors, in addition to receiving more than 400 telephone calls.

In December, BB hosted the III Stakeholders Panel in São Paulo, which included the presence of employees, customers, shareholders, suppliers, specialists in corporate reports and representatives of the government and society. This practice meets the guidelines for the reporting model adopted by Banco do Brasil (Global Reporting Initiative – GRI) and allows the information provided by the Bank to be revised in accordance with those aspects which its public audiences consider to be important and significant, with respect to the Organization, thus adding value to the BB brand-name.

The Investor Relations Unit also holds a series of meetings for analysts and investors, in partnership with APIMEC (Association of Capital Market Analysts and Investor Professionals). The 21 meetings held in 2011 involved the participation of 3,400 people in towns and cities through-

out Brazil, so fortifying BB's national presence. Aware of the strong economic growth being seen in towns and cities in the interior of the Country, a number of meetings were also held outside the state capitals. Meetings were held in Porto Alegre, Caxias do Sul (RS), Florianópolis (SC), São Paulo, Santos, Ribeirão Preto, Campinas (SP), Belo Horizonte, Uberlândia, Juiz de Fora (MG), Rio de Janeiro (RJ), Vitória (ES), Salvador (BA), Recife (PE), Fortaleza (CE), Belém (PA), Manaus (AM), Cuiabá (MT), Campo Grande (MS), Brasília (DF) and Goiânia (GO).

Held in São Paulo in partnership with APIMEC, Banco do Brasil's National Meeting for Analysts and Investors brought together the 350 most important financial analysts in the capital markets, as well as shareholders and investors. Also present at the event was the entire Board of Officers of the Bank, to discuss the various businesses of BB, and the main driving forces behind the results.

The II Banco do Brasil Day was held in São Paulo for the 50 top analysts in capital markets. The directors responsible for the development and implementation of the BB's strategies attended the event and were interviewed by the public. Among the various subjects touched on, were the reformulation of BB's insurance business, credit card strategies, strategies for micro and small business, and agribusiness.

Being the only major bank to be listed on the BM&FBOVESPA *Novo Mercado*, the market segment with the highest Corporate Governance standards that go beyond existing legal requirements, BB guarantees a balance of rights between all its shareholders, avoiding partial or privileged disclosure. Banco do Brasil has more than 382,000 shareholders, 381,000 being in Brazil, and 1,200 outside the Country, 96% of which are private individuals.

This large number of shareholders requires the publishing of information with equanimity to all public audiences. In addition to this, in compliance with the

requirements of the Brazilian Securities Exchange Commission (CVM), Banco do Brasil rigorously regulates the trading of the shares and securities of the Bank itself, as well as affiliates, subsidiaries and sponsored entities, as well as the publication of material events or facts. These standards are part of Banco do Brasil's self-regulation system, for which the Vice-President of Finance and Investor Relations is responsible.

In this context, in 2011 the Investor Relations Unit held 33 self-regulation workshops, with the participation of 150 employees from Banco do Brasil. In addition to this, planned for 2012 is the launching of an ap-

plication to manage the more than 5,000 self-regulated employees of the Bank, facilitating control of this public audience, including the providing of external suppliers with temporary access to restricted information.

Another highlight of the area was the winning of the title of Best IR Professional in Latin America, for the banking and financial services segment, in the opinion of buy-side analysts, in an award ceremony hosted by the American magazine *Institutional Investor*. This same publication also cited the Banco do Brasil's IR team as the second best in Latin America, for the same segment, a demonstration of the soundness of the work carried out by the Investor Relations Unit.

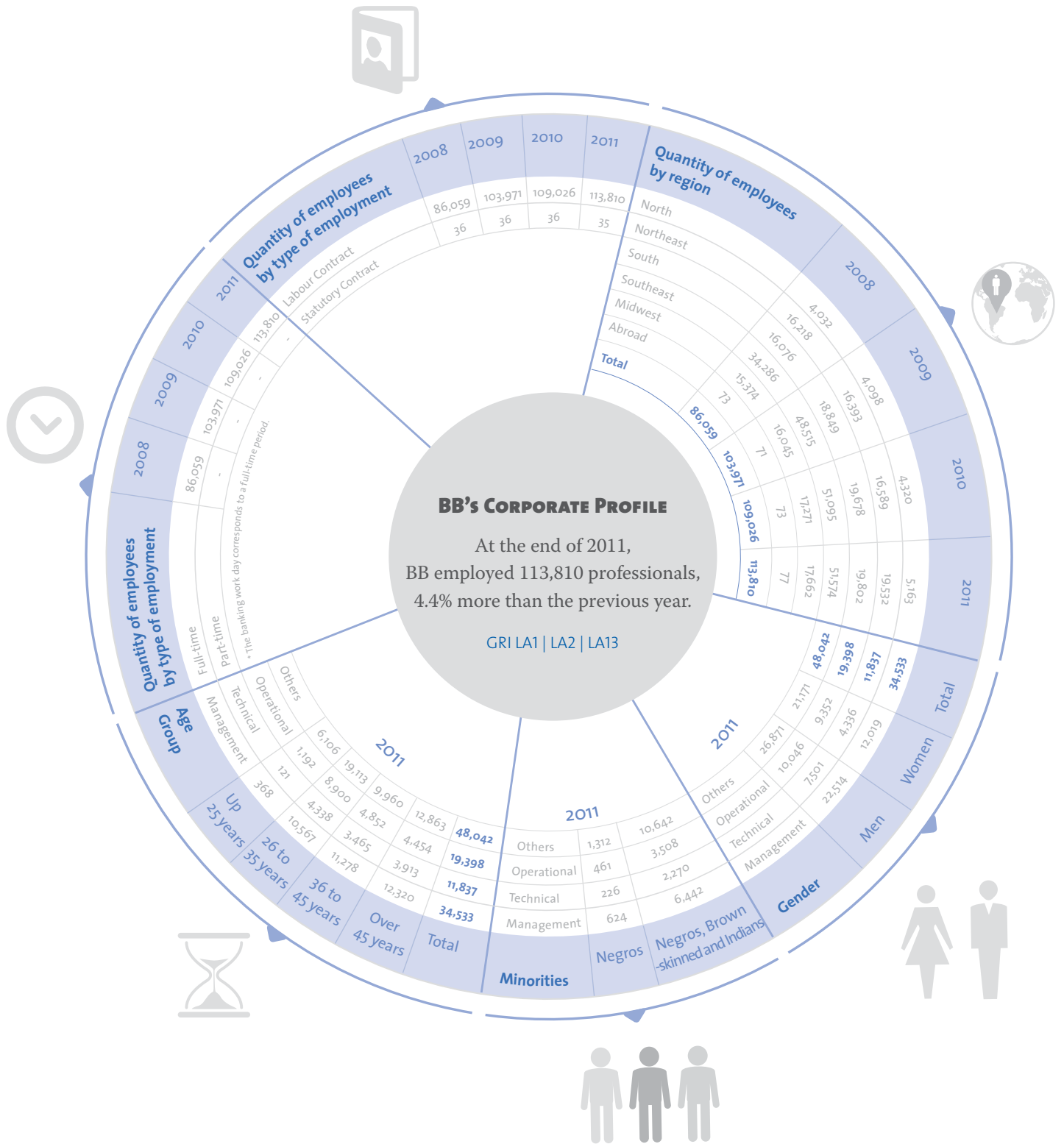


Employees

Every company must engender the pride of those who work for it, and must strive to ensure that they feel satisfaction in their work. These are the companies that, through engagement, with their employees, generate the best responses, achieve the best results, and guarantee the longevity of the Organization.

BB's relationship with its employees is guided by a staff management policy that prioritizes the valuing of employees, in the belief that they are the Bank's most valuable asset, encouraging them to achieve the best results, both for themselves as well as the business, and consequently, for society as a whole. It is the transformation of the potential of each one of its employees into a competitive differential, through corporate education, transparency, internal promotion programs, promotion of well-being, recompense and efforts management.



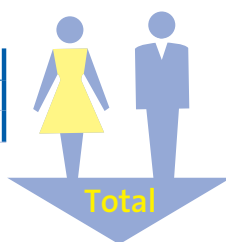


BB views its employees as its most valuable asset, encouraging them to achieve the best results, both for themselves as well as the business, and consequently, for society as a whole

TURNOVER GRI LA2

(1) Number leaving during the period/Number of employees at the end of 2011.

	2009	2010	2011
Employees leaving during the period	981	1,716	1,436
Turnover rate by gender ¹ (%)	1.13	1.75	1.26



	2009	2010	2011
Employees leaving during the period	1,805	3,188	2,459
Turnover rate by gender ¹ (%)	2.80	3.25	2.16

	2009	2010	2011
Employees leaving during the period	2,786	4,904	3,895
Turnover rate ¹ (%)	2.93	4.60	3.42

By Age Group

Up to 25 years of age

	2009	2010	2011
Number leaving during the period	360	351	408
Turnover rate ¹ (%)	0.31	0.35	0.36

26 to 35 years of age

	2009	2010	2011
Number leaving during the period	802	1,027	1,081
Turnover rate ¹ (%)	0.84	1.04	0.95

36 to 45 years of age

	2009	2010	2011
Number leaving during the period	395	437	421
Turnover rate ¹ (%)	0.46	0.45	0.37

Over 45 years of age

	2009	2010	2011
Number leaving during the period	1,229	3,089	1,985
Turnover rate ¹ (%)	2.31	3.15	1.74

Total

	2009	2010	2011
Number leaving during the period	2,786	4,904	3,895
Turnover rate ¹ (%)	2.93	4.60	3.42

By Region

North

	2009	2010	2011
Employees leaving during the period	117	188	227
Turnover rate ¹ (%)	0.12	0.16	0.20

Southeast

	2009	2010	2011
Employees leaving during the period	940	2,786	1,483
Turnover rate ¹ (%)	1.08	2.50	1.30

Northeast

	2009	2010	2011
Employees leaving during the period	398	429	680
Turnover rate ¹ (%)	0.48	0.38	0.60

South

	2009	2010	2011
Employees leaving during the period	708	734	737
Turnover rate ¹ (%)	0.89	0.65	0.65

Midwest

	2009	2010	2011
Employees leaving during the period	623	767	768
Turnover rate ¹ (%)	0.66	0.69	0.67

Total

	2009	2010	2011
Employees leaving during the period	2,786	4,904	3,895
Turnover rate ¹ (%)	2.93	4.60	3.42



The internal professional promotion program in BB's branch network, which identifies employees with the potential to occupy management positions, has already led to the qualification of 2,570 employees since 2006

Governance Profile

Age Group

 <p>26 to 35 years</p>	Board of Directors	0
	Executive Board – statutory members	0
	Board of Auditors	1
	Audit Committee	0

 <p>36 to 45 years</p>	Board of Directors	2
	Executive Board – statutory members	11
	Board of Auditors	3
	Audit Committee	0

 <p>Over 45 years</p>	Board of Directors	5
	Executive Board – statutory members	24
	Board of Auditors	4
	Audit Committee	4

Gender



Board of Directors	6
Executive Board – statutory members	35
Board of Auditors	6
Audit Committee	3



Board of Directors	1
Executive Board – statutory members	0
Board of Auditors	2
Audit Committee	1

Race



White

Board of Directors	1
Executive Board – statutory members	31
Board of Auditors	0
Audit Committee	0



Yellow

Board of Directors	0
Executive Board – statutory members	1
Board of Auditors	0
Audit Committee	0



Brown

Board of Directors	0
Executive Board – statutory members	1
Board of Auditors	1
Audit Committee	1



Not informed

Board of Directors	6
Executive Board – statutory members	2
Board of Auditors	7
Audit Committee	3

TRAINING GRI LA10

The policy adopted by BB in valuing its professional staff also includes offering opportunities for development and promotion. In this regard, the Organization offers its entire workforce the possibility of managing and planning their professional career path. One of the tools in this regard is the Professional Ascension Program within the branch network, whereby BB identifies employees with the potential to occupy management positions in the branch network and regional superintendencies.

Since 2006, the program has led to the qualification of 2,570 employees, who have been nominated in accordance with the needs of the Organization. In 2011, as part of this initiative, 485 employees were assessed, with 285 qualifying, of which approximately 56 were nominated for management positions.

As a result of this initiative, the Profes-

sional Executive Ascension Program has the objective of identifying and developing those people with a profile to occupy executive posts in its strategic units (executive managers) and tactical units (state superintendencies). The program has already qualified 93 professional staff in two editions (2005 and 2008).

Another career planning instrument is the Talent and Opportunity Bank (TAO), an institutional space in which employees can register their professional interests, and consult promotion opportunities in the context of the requirements valued by the Organization.

In 2011, through this system, which has become market reference in terms of recruitment and selection promotion, 28,021 employees were identified and nominated to occupy management posts within the Bank. The Institution also maintains a Repatriation Forum, the ob-

jective of which is to facilitate repatriation to a location where knowledge acquired abroad can be contributed. Under this scheme, representatives of the management committees of divisions and strategic units of the Bank participate in this forum. The profile of the repatriated employee is evaluated and the area is identified that is most suitable for their allocation, thus becoming an efficient instrument for the retaining of talent. With this, and other similar initiatives, Banco do Brasil ended 2011 having carried out 11,804,434 hours of training, which represents 103.72 training hours per employee, an increase of 32% compared to 2010, in which year the total amount of training hours per employee was 78.81. The number of training sessions per professional amounted to 9.06, also higher than the previous year's figure of 6.86.

Average Hours of Training in 2011, by Employee and Functional Category

2011	Management	Technical	Operational	Others	Total
Quantity of Employees	34,533	11,837	19,398	48,042	113,810
Quantity of People Trained	15,362	3,447	8,103	19,062	45,974
Quantity of Training Sessions	315,487	42,251	186,086	487,140	1,030,964
Quantity of Hours	3,608,235	508,981	2,126,841	5,560,377	11,804,434
Percentage Trained	44.48	29.12	41.77	39.68	40.40
Quantity of Training Sessions per Employee	9.14	3.57	9.59	10.14	9.06
Quantity of Training Hours per Employee	104.49	43.00	109.64	115.74	103.72

OBS1: The figures have been calculated considering the course occupation level at the end of the period. OBS2: Considers active employees in different statutory functions and in situations equal to the real workforce.

OBS3: Others – considered were non-commissioned posts, posts that have been phased out and posts incorporated by Banco Nossa Caixa.

The Talent and Opportunities Bank enables employees to apprise themselves of their promotion chances within BB: during the year, there were 28,021 nominations for management positions through this talent bank

UNI BB CORPORATE UNIVERSITY GRI LA11

To encourage its employees in discovering and developing their talents and achieving their professional growth aspirations, in addition to contributing to the good development of the business, BB maintains the Banco do Brasil Corporate University (UniBB). The Institution's initiatives in this regard are in alignment with its corporate strategy and contribute to realizing the vision of the Bank's future, helping it to reach its strategic objectives and developing beliefs and values, consolidating commitment to shareholders, customers, employees and society as a whole. At UniBB, the corporate education programs are either developed internally, or contracted in the market, while student grants are also provided for:

Programs developed internally: these are drawn up, developed, coordinated and offered by UniBB and Regional Staff Management Departments (GEPES).

Programs contracted in the market: these are contracted from external partnership entities, and formed on the basis of open or closed (in-company) intakes.

Graduate and postgraduate *lato sensu* (broadly-focused) student grants: have the objective of developing the professional competence of the employee, through providing of student grants for graduation

courses (bachelors, technical or licentiate) and *lato sensu* postgraduate courses.

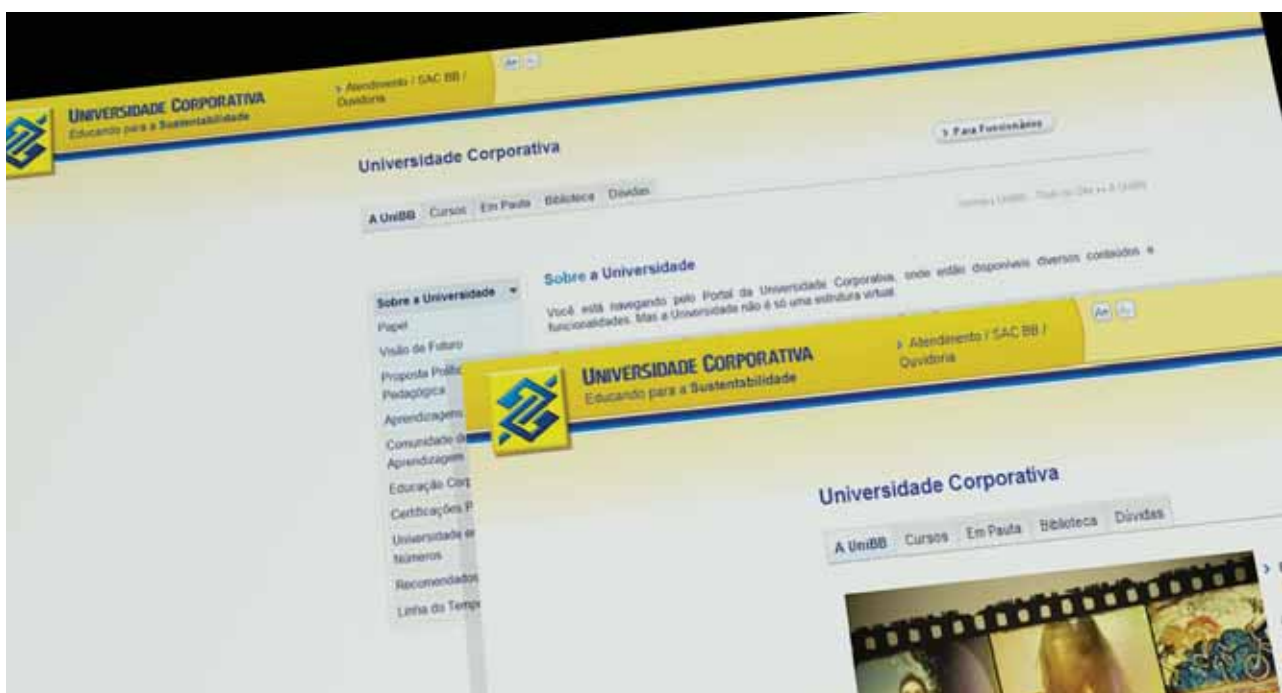
Stricto Sensu (narrowly-focused) postgraduate student grant program: the purpose here is to train internal consultants, providing the Bank with technical-scientific knowledge which contributes to the obtaining of sustainable results, in alignment with its corporate strategy.

Grants for Language Courses: student grants are provided for the development and/or improvement of foreign language skills.

UniBB adopts an education system that strongly promotes education within the Bank, while ensuring that training is carried out in a decentralized and democratic manner, through initiatives and events for the multiplication of knowledge in remote locations, or outside the classroom, in regional units, and within the Bank's own work premises. The corporate educators are employees that are responsible for the holding of classroom-based courses, who receive additional remuneration for this function. At the end of 2011, BB's workforce of educators consisted of 1,850 educators from the active employee base, 530 educators from employees in retirement and 1,000 educators in the process of being selected, or undergoing training.

The education system also has the support of TVBB, a corporate television channel which sends out a signal by satellite to televisions installed in BB's units throughout Brazil. In addition to this, the Organization also has a virtual environment, through which it offers systemized information with respect to corporate education.

One of the programs maintained by UniBB since August 2010 is *Caminhos para Aposentadoria* (Pathways to Retirement) which has the purpose of providing the employee with guidance on how to construct a life project for retirement. This includes the following tools and initiatives: a course primer, the Active Life Workshop, internal and external courses, events promoted by GEPES – Regional Staff Management, and mentoring. In 2011, professional mentors were trained to hold Active Life Workshops in every state in Brazil, with the first taking place in September, at GEPES Brasília (DF). At the end of the period, there were already 1,075 participants, with 833 taking part in the Active Life Workshop and 242, in the "POP" primer– *Caminhos para Aposentadoria*.



TRAINING IN SUSTAINABILITY

GRI FS4 | FS14

As part of its directives for growth, Banco do Brasil adopts sustainability based on three key elements, involving initiatives that are economically viable, socially just, and environmentally correct, with respect to cultural diversity. In this regard, the Bank is maintaining its Business Strategy for Sustainable Re-

gional Development, which prioritizes the training of those that benefit from its initiatives, encouraging the forming of associations and co-operatives, and introducing new technologies, the dissemination of an entrepreneurial culture, and encouraging access to credit. Employees are trained as part of this Sustainable Regional Development program, this being an essential element in the con-

struction of an organizational culture focused on socio-environmental responsibility. On this theme, various training sessions have been developed internally, and/or contracted in the market, being available both for employees of BB as well as those of partner companies, affiliates of the conglomerate, public sector banks, public sector employees, and customers, among others:

Courses	Focus
Socio-Environmental Responsibility Course on Business Sustainability	This covers the socio-environmental responsibility principles adopted by Banco do Brasil and their implications for the sustainability of the business and the sustainable development of the Country.
Open Network – Diversity	Develops the theme of diversity, and how BB works internally on this issue.
Open Network – Accessibility	Emphasizes the importance of each and every one as an agent for transformation in the process of including people with disabilities in the internal environments of the Bank.
Workshop for the Installation and Configuration of “Jaws”	This covers the installation and use of the Jaws software, version 6.0, which helps blind employees interact with their computers. This software reads screen content to employees with total or partial visual deficiencies.
Internal Certification For Knowledge Acquired on Socio-Environmental Responsibility	Relates theoretical sustainability fundamentals to the principles of socio-environmental responsibility.
Internal Certification for Knowledge Acquired on Socio-Environmental Responsibility and Sustainable Regional Development	Presents a critical standpoint of the traditional development model, which ignores the importance of social rights in overcoming poverty and social inequality, as well as energy reserves and environmental biodiversity.
Staff Safety and the Safety in the Working Environment	Development of skills for the management of preventative safety processes with respect to staff and the working environment, raising the awareness of the responsibilities of professional staff in the exercising of their functions.
Open Network for Staff Safety and Safety in the Working Environment	Applies the knowledge needed to contribute effectively to personal safety, and safety in the workplace.
Consumer Rights	Provides an assessment of operation in relating to internal and external clients and the Bank’s users, from the perspective of the principles of the Consumer Defense Code. It respects consumer rights (customers and public users), valuing them as citizens.
Open Network – Service to Citizens	Covers situations which are a cause of customer dissatisfaction, and emphasizes the importance of providing appropriate information, in accordance with the principle of civic rights in consumer relations.
<i>Gente que Atende Gente</i> (People who Serve People)	Develops skills to provide an excellent customer service, with the aim of attracting and retaining customers. This course emphasizes social, environmental and economic impacts, and the socio-environmental principles adopted by the Bank.
Libras – Brazilian Sign Language for the Deaf and Dumb	This course presents various cultural and behavioral elements of hearing deficiency, and trains employees in how to establish contact, initiate a conversation, describe people, form phrases, and apply a manual alphabet and numbers, through the use of sign language.

Courses	Focus
Occupational Health and Safety Workshop	Carries out personal and professional development, based on an integrated view of occupational health, making use of the organizational support offered by the Bank.
Introduction of Volunteer Initiatives	General teaching objective: to identify the concepts and characteristics which make up the Third Sector, Corporate Social Responsibility and Volunteer Work, relating them to Banco do Brasil's strategies. In addition to this, prepares the employees to initiate volunteer programs.
Voluntary Work Management	General teaching objective: to identify themes with respect to organizational planning, human resource management and marketing related to Third Sector organizations. Public audience: all employees of the Bank. Type: distance learning, with reading material provided in advance via the internet, on the Banco do Brasil Corporate University website (www.uni.bb.com.br) and videotapes or DVDs.
Voluntary Action: Financial Management	General teaching objective: to identify the management tools and instruments which will be used in Third Sector organizations.
Voluntary Action: Drawing Up and Management of Social Projects and Fund-Raising	General teaching objective: to identify the methodology used for the drawing up of projects, as well as strategies for raising funds for the Third Sector.
Sustainable Regional Development – Conceptual and Methodological Fundamentals	General teaching objective: to get to know the methodology of Banco do Brasil's Business Strategy for Sustainable Regional Development.
Socio-Economic Responsibility and Sustainability in the Business World	General teaching objective: to recognize the socio-environmental responsibility principles and initiatives adopted by Banco do Brasil and their implications for the sustainability of businesses and the development of the Country.
Social Educators	General teaching objective: to construct political and pedagogical practices of citizenship education, through living experiences focused on the promotion of social inclusion, with a focus on the Millennium Development Goals.
Occupational Health and Safety Course	General teaching objective: to develop knowledge on occupational safety and the promotion of health, training participants to disseminate a culture of prevention with respect to occupational risks.
Co-operating	General teaching objective: to disseminate a culture of co-operation in the workplace and in the community, contributing to the local development initiatives.

PERFORMANCE MANAGEMENT GRI LA12

Employees of Banco do Brasil have their performance monitored and assessed on a formal basis, through an instrument known as Skill Performance Management. This analysis is carried out from five different standpoints (financial, clients, internal processes, organizational behavior and society), by superiors, subordinates, peers (colleagues) and the employees themselves (self-evaluation). In 2011, 98.6% of the Bank's professional staff had their performance monitored by this instrument, a higher percentage than in previous years, as shown in the following comparison:

98.6%
2011
2010 – 85.44%
2009 – 82.15%

2011

Type	Quantity		Average Remuneration (R\$)	
	Men	Women	Men	Women
Management	22,514	12,019	7,701.85	6,520.94
Technical	7,501	4,336	8,143.51	7,507.61
Operational	10,046	9,352	4,004.21	3,913.33
Others	26,871	21,171	2,641.99	2,506.89

(1) The calculation in 2011 was carried out based on the number of active employees (LA1), in contrast to other years, when all employees on the Bank's payroll were considered.

BENEFITS GRI EC3 | LA3

The benefit package offered by BB is compatible with its size, its commitment to social responsibility and its policy for retaining talent – going well beyond the minimum legal requirements. Among these benefits, are healthcare,

supplementary pension benefits, transport vouchers, assistance (nutrition and food vouchers; crèche and babysitter services), help for special needs children and dental plans. Other benefits offered to employees are described in the table below.

Benefits	Description
Nutritional Assistance/Meal Vouchers	Vouchers available on an electronic card used for the compensation of expenses of eating in restaurants and snack bars.
Nocturnal Travel Assistance	Compensation for the expense of home journeys for employees whose work ends between midnight and six o'clock in the morning, and those registered with the Compensation Chamber, whose work is considered to be nocturnal.
Crèche Assistance	Funding for the expense of leaving each child, including adopted children, with crèches or pre-school institutions of personal choice, including, under the same conditions and for the same amount, expenses for the payment of domestic help or babysitters. The amount is defined in the Bank's Collective Labor Agreement.
Help for Special – Needs Children	Compensation for expenses similar to crèche assistance, for employees that have children with proven disabilities, that require permanent care, without age limit.
Cashier Personal Benefit – LER	Payment, in the form of personal benefit, of a bonus for each cash executive, for a period of 18 months, from the moment that the employee, who has had to take time off work due to repetitive strain injury or work-related osteo-molecular disturbances, on their return to active employment within the Bank.
Foodstuff Basket	Voucher provided in electronic card form for the compensation of the expense of buying food in grocery stores and supermarkets.
Justified Absentee Days without Loss of Salary	Annual acquisition of five "justified absentee" days without loss of salary per year.

Benefits	Description
Compensation Payment in the Event of Mugging	Compensation for mugging for employees and their legal dependents in the event of permanent invalidity or death, as a consequence of kidnapping or mugging and/or assault against the Bank.
License to Accompany a Sick Member of the Family (LAPEF)	Time off work granted to employees, of not more than 90 days, to accompany sick members of the family in transitory or temporary situations.
Licença-Prêmio	Acquisition of leave of 18 days for each year worked within the Bank. Only available to employees joining the Bank before 1998.
Program for the Assistance of Victims of Mugging or Kidnapping (PAVAS)	The provision of medical, psychotherapy, legal assistance and security for employees following an assault, as well as facilitating the reorganization of work routines in the Bank's premises to minimize the negative impact of the event. With respect to the physical and emotional integrity of employees and their dependents, the Bank reimburses travel expenses (travel fares, board and lodging).
Social Assistance Program – Payment Advances – Purchase of Spectacles and Contact Lenses	Payment advances granted to cover the expense of purchasing spectacles or contact lenses, recommended by a doctor. The repayment of the payment advance is carried out over a period of 25 to 48 months, free of interest.
Social Assistance Program – Payment Advances – Natural Catastrophe or Residential Fire	Coverage of expenses for the purchase or refurbishment of essential assets damaged by natural catastrophe, such as flooding, gales, earthquake or residential fire. Repayment is carried out over a period of 25 to 48 months, free of interests.
Social Assistance Program – Payment of Advances – Financial Disequilibrium	Advance payments to overcome financial crises, resulting from unexpected or unavoidable causes. Repayment is made over a period of 25 to 48 months, interest-free.
Social Assistance Program – Payment of Advances – Funerals of Economic Dependents	Coverage of the expenses of economic dependents exceed the coverage provided by CASSI. Repayment is carried out over a period of 25 to 48 months, interest-free.
Social Assistance Program – Payment of Advances – Offset Payments by CASSI	Payment advances in the form of offsets by CASSI of personal choice, when medical/hospital resources are inefficient or non-existent, and expenses of laboratories that operate under agreement with, or are authorized by, the location in which the treatment is being carried out. Repayment of the funds is carried out over a period of 25 to 48 months, interest-free.
Social Assistance Program – Payment of Advances – Dental Treatment	Granting of advance payments to cover the expenses of dental treatment, with repayment over 25 to 48 months, interest-free.
Social Assistance Program – Payment of Advances – Psychotherapy Treatment	On joining the Bank, the employee and his or her dependents has the right to 200 individual psychotherapy treatments. Once the allotment of sessions is used up, the Bank allows treatment to be extended, with the freeing up of payment advances. Repayment is carried out over a period of 25 months, interest-free.
Social Assistance Program – Payment of Advances – Expenses of Purchasing Medicines Abroad	Purchase of medicines abroad: partial compensation of all the expenses of purchasing medicines abroad.
Social Assistance Program – Auxiliary Assistance – Assistance for Disabled Persons	Coverage of expenses of hospital internment, semi-internment, outpatient treatment and additional therapy for economic dependents or pensioners (registered with the Bank) who are disabled physically, mentally or from a sensorineural aspect, on a permanent basis, which limits or creates inability to lead a normal life and/or working life.
Social Assistance Program – Auxiliary Assistance – Hospital-Medical Assistance	Coverage of medical-hospital expenses for severe diseases, when there are no funds from the Associates Plan, which is for Bank employees.
Social Assistance Program – Auxiliary Assistance – Medical-Social Assistance	Provision of social assistance, for psychosocial and socio-educational treatment, for problem situations.

Benefits	Description
Social Assistance Program – Auxiliary Assistance – Travel for Health Treatment Abroad	Compensation paid for expenses of travel for health treatment abroad (travel fares, board and lodging) for the patient and one accompanying person, when there are no adequate or sufficient resources in Brazil.
Social Assistance Program – Auxiliary Assistance – Travel for Health Treatment within Brazil	Compensation paid of travel expenses for health treatment within Brazil (travel fares, board and lodging) for the patient and one accompanying person, when the resources are inadequate or insufficient in the employee's location of origin (location to which the employee is assigned).
Social Assistance Program – Auxiliary Assistance – Donation/Receipt of Organs and Transplants	Compensation of the employee's expenses for travel for the donation/reception of organs for transplant.
Social Assistance Program – Auxiliary Assistance – Special Nursing	Coverage of amounts offset by CASSI for hospital and home nursing services for patients that needs permanent care and intensive nursing, with a condition to be maintained outside intensive care.
Social Assistance Program – Aid Death in a Service Situation	Coverage of funeral expenses and transport of the body in the event of the death of an employee in service for the Bank outside the metropolitan region where his or her work premises are located, including when in transit.
Social Assistance Program – Aid Removal in Mobile Intensive Care Unit or Aero Taxi	Coverage of expenses for removal in mobile intensive care unit or Aero taxi for health treatment, in medical situations of real severity and/or emergencies, characterized by the need for medical accompaniment during the journey.
Social Assistance Program – Aid Growth Hormone Treatment	Coverage of the reimbursement of amounts offset by CASSI for expenses resulting from growth hormone treatment, for persons of restricted growth.
Social Assistance Program Control of Tobacco Addiction	The employee joining the program will have full coverage of travel expenses to the nearest location, when there is not an authorized network in the location where the employee is assigned. With 50% reimbursement of the medicines prescribed, if this be the case.
Social Assistance Program Dental Care	The Bank assumes the expenses of dental care, when necessary.
Transport Vouchers	Partial defrayal of employee transport expenses, for travel from residences to their place of work, and vice versa. This does not apply to selective or special transport.
Personal Benefits	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
Personal Benefits Accidents in the Workplace	Payment, on a personal basis, in the form of commission, for a period of 120 days, from the moment that the employee, forced to take time off due to an accident in the workplace, returns to normal working activity at the Bank.
Adoption Leave	Bonus for time off for the adoption of children with an age of up to 96 months. For the male adopter, a time off work of five days is allowed. The female employee who adopts or obtains the guardianship of children for adoption purposes is also entitled to maternity salary.
Maternity Leave	In the event of giving birth, adoption or the granting of legal custody for adoption purposes, the employee is entitled to maternity salary and maternity leave.
Maternity Salary	The salary paid to an employee during the period which she is on maternity leave, or adoption leave, is the same as the full remuneration value during the month in which leave is taken, or the arithmetical average of the preceding six months (whichever is the greater).

Benefits	Description
Medical Assistance	Banco do Brasil contributes as sponsor to employee health plans, including those affiliated to incorporated financial institutions.
Banco do Brasil Supplementary Pension Fund	Banco do Brasil contributes as a sponsor to the supplementary pension benefit plan per employee, including those affiliated to incorporated financial institutions.
BB Dental	Banco do Brasil, in partnership with the company Odontoprev, provides dental care assistance to active employees and their dependents.
Extension of Maternity Leave	Option to extend maternity leave by 60 days, following the birth of a child. Therefore, maternity leave may be for up to 180 days duration.
Removal Benefits	A partial defrayal of expenses inherent in the installation, moving, among others, for employees who carry out a change of residence for work-related reasons while in the service of the Bank.

More information with respect to the benefits offered can be consulted under Section 14 – Human Resources, of the Reference Form and Item 27 – Employee Benefits in the Explanatory Notes to the financial statements for the year 2011.

RESPECT FOR DIVERSITY AND QUALITY OF LIFE GRI HR4

Diversity

Banco do Brasil participates in various programs and forums, with the objective of stimulating internal processes and practices for the valuing diversity, among these being the United Nations Work Group for Women in Brazil, Meetings for Reinforcing Gender Equality in public and private mixed-capital companies, the United Nations Global Compact, the Millennium Development Goals, and the consultative council of the Brazilian Organization for Gender Equality. This behavior is in alignment with the ethical business policy and socio-environmental responsibility, expressed in the commitment “We respect and value the diversity that exists among people, and we seek to achieve Equality in our relationships”.

For its participation in the third edition of the Gender Equality Program, coordinated by the Secretariat for Women-Related Policies (SPM), part of the Presidency of the Republic, for the second year running the institution was awarded the Gender Equality Seal of Approval. In 2011, the Bank adhered to the 4th edition of the program, under which it committed itself

to an Equality Action Plan consisting of 30 initiatives, with repercussions on staff management processes (recruitment, professional ascension, career planning and remuneration, benefits, training, among others) and organizational culture.

In addition to this, BB is a signatory of the Women’s Empowerment Principles – signifying equality in business, proposed by the United Nations Global Compact and Movement for the Empowerment of Women. In this way, the Bank committed itself to adopting seven steps for the promotion of gender Equality. In 2011, the Institution was invited to participate at the anniversary event of the Principles, in New York, which had the participation of the United Nations General Secretary, in addition to representatives and leaders from companies in various sectors and countries. The themes covered were with respect to the valuing of the work carried out by women in contributing to company results, and importance of incorporating gender equality into corporate organizational policy.

By the same token, the Bank also participated in the Febraban Program for valuing Diversity, which aims to promote equality of opportunity in the banking sector, for all people, independent of ethnics, race, color, sexual orientation, gender, age or disability, among others. [GRI 4.13](#)

To introduce this culture of respect for diversity in internally, the Bank has produced a Professionalization Booklet on the theme: Gender Equality at BB. This material was distributed in printed form to more than 100,000 employees, and included, in virtual format, into the collection from BB Corporate University – UniBB.

Internal standards of conduct also include guidelines for professional staff to reject, both internally and externally, attitudes which characterize preconceptions or discrimination, with respect to gender, race, ethics, beliefs, sexual orientation, or any other type. In 2011, no cases were registered concerning discrimination with regard to race, color, sex, religion, political opinion, nationality or social origin, involving internal or external stakeholders.

Quality of Life GRI LA9

With a focus on the well-being and quality of life of its professional staff, the Organization maintains a series of initiatives, among these being the program for the medical control of occupational health (PCMSO), Specialist Services in Safety Engineering (SESMT), a program for the control of tobacco addiction (TABAS), a program to provide assistance for victims of mugging and kidnapping (PAVAS), a program for employee reinsertion (to provide an appropriate welcome to professional staff who return to their work activities after more than 90 days of health leave) and the program *Caminhos para Aposentadoria* (Pathways to Retirement),

which provides guidelines for the employee in building a project for life after retirement.

Two other initiatives complete this range of programs. One of them is the Program for Quality of Life in the Workplace, focused on employees, student trainees and apprentices, that introduces anti-stress activities, such as gymnastics in the workplace, yoga, liangong, tai chi chuan, Alexander technique, ballroom dancing and circular dancing. Under this program, Life Quality Weeks are promoted annually and regionally, with seminars, workshops, gymkhanas, living experiences, courses and quizzes, on themes related to aspects of healthy lifestyle.

Another initiative of particular note is the Recognition Program, which has the objective of strengthening BB's relationship with its professional staff and recognizing and valuing performance within the Bank's premises, and in the form of teamwork, as set out in the Labor Agreement. In this regard, of particular note is the cultural festival, created to share the artistic talent of the Bank's employees and retirees, and the *Ecoar* Best Practices Concourse, whose objective is to attribute worth to the work of the *Ecoas* – Teams for the Communication of Self-Development, reinforcing their importance in providing support to the management of the Units, and publicizing successful experiences.



BB 2011 Cultural Festival

OCCUPATIONAL HEALTH AND SAFETY GRI LA6 | LA7 | LA8 | LA9

As part of its Collective Labour Agreement, BB has a Professional Rehabilitation Program, which deals with the reinsertion of professional staff when diagnosed with illnesses that prevent them from working, whether this has an occupational origin or otherwise.

The Collective Labour Agreement also has various clauses referring to “Heal-

th and Work Conditions” and “Occupational Health and Safety”. Of particular note is the guarantee of payment, for up to 18 months after returning to work, of a cash bonus to the employee, formerly working with the Bank and having been obliged to take a leave of absence as result of repetitive strain injury; a salary supplement, when disease-related welfare

assistance or accident-related welfare assistance is granted; as well as *VCP Licença Saúde* leave of absence payment, which has the aim of paying the employee who returns to work after accident-related or welfare-related leave of absence, the amount of salary that he or she was receiving on the last working day prior to taking leave of absence, for a period of 12 month.

Rates of Repetitive Strain Injury Cases (Lesions), Occupational Diseases, Days Lost and Absenteeism

	2009	2010	2011
Repetitive strain injuries (lesions) (TL)	3.41	4.56	6.38
Occupational Diseases (TOD)	5.21	6.29	5.94
Days Lost (TDP)	1.04	0.88	0.84
Absenteeism ¹	5.21%	5.15%	5.25%

Calculation Formula: TL = number of lesions/hours worked x 200,000; TOD = number of cases of occupational/hours worked x 200,000; TDP = number of days lost/hours worked x 200,000; (1) Absenteeism = total number of days lost/days scheduled..

At BB, the theme of Occupational Health and Safety is included in internal regulations. Figures on the subject are not consolidated by a number of employees, but by the number of formal committees: Internal Commission for the Prevention of Accidents (CIPA) and

the Abandonment Group (GRUA). In this way, the information below has been adapted to the format of the number of committees/total number of employees. CIPAs are set up in the buildings of the Bank’s premises that have a working population of more than 100 employees,

while GRUAs must be present in all the Bank’s premises. Participation on these formal health committees is voluntary, and open to all employees, independent of function within the Bank.

Percentage of Employees Represented by Formal Health Committees

	2009	2010	2011
Nº of Employees to Participate in ECOA	15,971	14,168	16,095
Nº of CIPAs/Total Quantity of Employees	0.03%	0.05%	0.05%
Nº of GRUAs/Total Quantity of Employees	1.31%	0.98%	1.07%

Banco do Brasil’s employees are supported by a Collective Labour Agreement, which includes differentiated clauses with respect to Occupational Health and Safety

Program to Provide Assistance to Victims of Mugging and Kidnapping, and Health Examination Practices GRI LA8

Introduced by BB in the year 2000, the program has the aim of providing medical, psychological, legal and safety assistance to those who have been victims of mugging or kidnapping. It makes provision for hospital care, emergency and ongoing psychological treatment, temporary time off work or reallocation to another premises. The emergency care is available not only to employees, but also their families, as well as student trainees,

apprentices and outsourced workers who are not covered by health plans.

Since 2003, in its Health Exam Practices the Organization has included a series of strategies and initiatives which are aimed at the prevention of diseases, even though these may not be occupational, such as gynaecological exams for the prevention of cancer (uterus, breasts, etc.) and male exams (prostate); evaluations and guidelines with respect to stress and

coronary risks; educational and preventative guidelines; treatment for the elimination of tobacco addiction; specific evaluation of the osteo-muscular system; the taking of breaks and a reduction in the working day as result of medical indication, in cases of Osteo-muscular disturbances; and laboratory examinations for the evaluation of total cholesterol levels, HDL, triglycerides and glycaemia.

ENDO-MARKETING

In order to disseminate information in a timely and credible manner, BB's internal communication and endo-marketing area seeks to establish a frank and open dialogue with the workforce. Its willingness to listen to the aspirations and expectations of employees is in line with the premises defined in the Institution's mission and values. To this

end, interaction channels are made available, such as the tool for comments on the new site, which facilitates the process of "bottom-up" flow of information, and the instant message tool, which facilitates communication between employees. In addition to these, there are various other types of internal interaction means available, such as

TVBB, the magazine *bb.com.você* – accessed directly from workstations –, as well as specific communiqués and bulletins. There are also endo-marketing initiatives, for the purpose of engagement and integration, and strengthening BB's links with its employees, in keeping with its corporate policy of valuing its professional staff.

FUNCTIONALISM GRI EC7

At BB, employees are hired through the public concourse system, in every state in the Country, as set out in Article 37 of the Federal Constitution and Article 48 of the Bank's Bylaws. Promotions, in turn, are carried out in accordance with professional performance and internal policies. Thus, there are no procedures for the hiring of top management from the local community.

Thanks to its respect for functionalism, Banco do Brasil successfully overcame the challenge of integrating 14,150 professional staff from Banco Nossa Caixa into its workforce, the acquisition of this bank being approved by the Brazilian Anti-trust Authority (CADE) in 2010. To this end, the Bank launched a process which involved the participation of everyone involved, guaranteeing the retention of all

staff, which not only took into account aspects of a socio-responsible nature, but the fact that the professional staff involved already had a knowledge of the peculiarities of the market. The idea was to make the most of the best talent available.

The Bank also invested in communication, to clarify the premises of its staff management, and professional career path, to the new employees. To achieve a satisfactory integration of organizational cultures, it was necessary to train the employees, obtaining their commitment to tasks and plans, and offering professional growth opportunities. This behavior resulted in BB receiving the Top Human Resources prize in 2011, referring to the previous year, for the case of "The Integration of BB with Banco Nossa Caixa: bringing together talent in the larger market of

Brazil". This distinction, awarded by the Brazilian Association of Sales and Marketing Directors (ADVB), selects companies with the best staff management practice.

The other award received during the year was the prize for Best Corporate Intranet in the Country, awarded for the Bank's *São Paulo Portal* project, by the Intranet Portal Institute, that consists of specialists that have evaluated more than 120 cases in Brazil since 2008, when the awards were created. At the same ceremony, the ideas program *Eureka!* received special mention as an initiative that should be disseminated to other organizations. The focus of the business and the humanization of the content, were cited as the differentials of BB's intranet.

ETHICAL MANAGEMENT GRI SO3 | SO4

The dissemination of precepts related to the combat of corruption and discrimination – expressed in the Bank’s Standards of Conduct and Code of Ethics – is carried out by way of regulatory instructions, which can be consulted by all employees on the corporate intranet – on which there is also a specific site with respect to ethics and conduct. For the external public, the Code of Ethics is available on the corporate portal link: www.bb.com.br.

In 2011, the “electronic knowledge” search tool was applied to the Code of Ethics and Standards of Conduct. At the end of the period, 104,524 employees (93% of the total) had declared that they had ac-

quainted themselves with the content of these documents. Any failure to comply with the precepts therein contained, can result in disciplinary action. An example is the practice of money laundering, the process for which is carried out by the Department for Security Management, Internal Audit and the Department for Relations with Employees and Sponsored Entities. The penalties applicable range from the signing of a declaration of “Admission of Responsibility”, to dismissal for just cause, in accordance with the severity of the incident, the level of participation of everyone involved, and the circumstances in which the irregularity took

place. BB’s top management are also submitted to the Code of Conduct for Top Federal Administration.

With regard to corruption, the Code of Ethics contains a series of guidelines for the repudiation of illicit practices, such as bribery, extortion, corruption and graft, in all their forms. In the Standards of Conduct, the section related to corporate values, also contains guidelines with respect to commitment to the prevention and combat of all forms of corruption. During the year, no lawsuits were recorded with respect to any practice of corruption on the part of BB employees, or the Bank itself.

INTERNAL OMBUDSMAN SERVICE GRI HR4 | HR8

BB has an institutional communication channel available for its employees, known as the Internal Ombudsman Service, the aim of which is to encourage dialogue in the working environment and strengthen participative, democratic and transparent management, as well as enforcing adherence to the principles and codes of conduct expressed in the Code

of Ethics and Standards of Conduct.

In 2011, the Bank took a series of initiatives with respect to ethical management, including the creation of 28 Ethical Committees, the setting up of a course entitled Management Program for Corporate Ethics and the launching of a site for Ethics and Conduct on the intranet. Despite these efforts made, in 2011 BB received,

through its Internal Ombudsman Service, seven denouncements of discrimination, of which four were considered to be valid. In these cases, the appropriate administrative measures were taken. Every half-year, the Internal Ombudsman Service submits executive summaries of the demands made by employees to the Board of Officers and the management areas.

Quantity of Employees Trained

Name of Program	2009	2010	2011
Internal Certification Course on Internal Controls and Compliance	7,836	1,698	3,650
Sinapse Course on the Prevention and Combating of Money-Laundering	947	5,198	37,408
Course on Controls	5,240	10,598	8,793
Course on Practices for the Prevention and Combating of Money-Laundering	6,897	11,747	6,828
Workshop for the Analysis of Indications of Money-Laundering	2,391	1,929	2,104
Internal Certification for the Prevention and Combat of Money-Laundering	4,118	3,003	2,695

Percentage of Employees of the Organization Trained in Anti-Corruption Policies and Procedures

2011	Management	Technical	Operational	Others	Total
Quantity of Employees	34,533	11,837	19,398	48,042	113,810
Quantity Trained	4,627	261	2,274	5,493	12,655
Quantity of Training Sessions	19,399	1,146	9,990	30,943	61,478
Quantity of Hours	207,598	7,862	99,896	250,450	565,806
% Trained	13.40	2.20	11.72	11.43	11.12
Quantity of Training Sessions per Employee	0.56	0.10	0.52	0.64	0.54
Quantity of Hours per Employee	6.01	0.66	5.15	5.21	4.97

OBS1: The figures have been calculated taking the level attendance at the end of the year. OBS2: Employees were considered active that fulfil different statutory functions within the Bank and in situations equal to the actual workforce. OBS3: Others = considers posts not assigned, positions that have been phased out and positions that have been incorporated from Banco Nossa Caixa.

RELATIONSHIP WITH UNIONS GRI LA4 | LA5 | HR5

Collective Bargaining – at BB, 100% of the employees are covered by collective wage bargaining agreements. In 2011, 57,734 professional staff were affiliated to the union, an increase compared to the previous year, when, the amount of employees affiliated totaled 56,528.

The Organization negotiates in four forums simultaneously. Two are with the National Banking Federation (Fenaban), which negotiates with the National Confederation for Credit Company Workers (Contec) and the National Confederation for Financial Workers (Contraf) – which together represent 208 national unions – to draw up the Collective Work Agreement (CCT), which is nationwide in nature, that establishes general levels for the entire banking category. Other two negotiating forums are set up by BB with two confederations for the drawing up of Additional Collective Work Agreements, that are supplementary to the CCT, which deal with specific questions with respect to the Bank, for which the levels are generally higher than those established by the Convention. The process begins with the holding of internal discussions, through congresses and meetings for the compilation of an agenda of demands to be made to Banco do Brasil and Fenaban. Generally speaking, this cycle comes to an end in the month of July, and the annual negotiation process then officially begins for the drawing up of collective work contracts.

Notifications are not subject to time

limits adjusted under the Collective Work Agreement. After the finalization of negotiations, communiqués are published by the Banco do Brasil Communication Department.

In the event of one of its branches or premises undergoing restructuring, the Bank negotiates with the bodies that represent the employees, using the prerogative of permanent negotiation, in accordance with the clause that makes provision for the scheduling of meetings, whenever necessary. BB offers its employees the following options: a) reallocation to another branch/city; b) priority treatment in the Talent and Opportunities system (TAO) to compete for positions available in other branches/cities; c) the option to remain in the same city as a bank clerk in the entry post; and d) four months of *Vencimento em Caráter Pessoal* (VCP) with the maintenance of current salary. The Bank does not carry out compulsory removal of its staff.

Despite of the extent and reach of the Bank, its hiring characteristics, in accordance with the nationwide collective labor agreement, and the directives which govern the right to collective bargaining and affiliation to a union be all centralized at the Bank's headquarters; during the period no risk was registered of any infringement of rights of association. On the contrary, Banco do Brasil supports institutional campaigns for unionization, guaranteeing through collective agree-

ments the possibility of meetings being held in the workplace, convened by the union entity; compliance to union directives; union representation in the workplace in the proportion of one representative for every 80 employees, providing them with temporary stability and in-transferability; the right to permanent negotiation as set out in the clause in the collective work agreement, and the holding of discussion forums for debate on themes commonly agreed on between the union organization and the Bank; and the maintenance of a structured dedicated to collective bargaining. BB is the first company in the Americas to be a signatory of the Global Agreement with UNI Américas, the central international syndicate, under which it commits itself to respect the right of freedom of association and the right to belong to a union, and collective bargaining where it is present on the continent of the Americas.

The Organization maintains a dialogue with its employee representatives, in a transparent and respectful manner, carrying out negotiations on a permanent basis and organizing theme discussion forums to go into greater depth on themes of interest to the organization and its employees. In addition, on its intranet, the Bank provides a Collective Bargaining site and a specific blog on this theme, with the aim of improving the communication process, and expanding the level of interaction and debates.



Banco do Brasil, in addition to maintaining dialogue with its employee representatives, also maintains a collective-bargaining site on its intranet, as well as a specific blog



Community GRI EC8 | SO1

Recognizing its role as an agent for social transformation, Banco do Brasil seeks to contribute in an effective manner to the generation of wealth and incomes for the development of Brazil on a sustainable basis.

BB's operation in communities is centered on a strategy with a social focus, in keeping with the priorities of the State, the expectations of the communities involved and BB's other stakeholders, as well as being in alignment with the Bank's business objectives.

The results of the social investment by BB and the Fundação Banco do Brasil are continually assessed and released in the public domain, in an objective and timely manner. The donations and partnerships established are defined in accordance with the Bank's policies, based on previously defined parameters, it being forbidden to make contributions to organizations or initiatives that have party political ends.

Of particular note in 2011 was the increase in Banco do Brasil's operations with socially focused businesses, characterized as economically profitable initiatives which seek to achieve solutions for problems in society, representing a powerful lever for the development of Brazil. In this context,

of particular note are BB's operations with MPO (guided production microcredit), with the *Minha Casa Minha Vida* (real estate lending) program, with FIES (student financing fund), with PRONAF (national program for the strengthening of family farming), with the Business Strategy for Sustainable Regional Development and with Banco Postal (more details on this are provided in the chapter on Business).

With regard to the traditional social investment practices, in 2011 of particular note was the BB Volunteer Program, managed by Banco do Brasil, which set a new record in terms of funding and the quantity of projects supported, the BB Apprentice Program, the support for the

victims of climactic disasters, and financial education initiatives. With respect to the initiatives developed by the Fundação Banco do Brasil, of particular note was the encouragement given to developing and disseminating social technologies, and the AABB Community Program.

Combining its experiences with socially-based businesses, with traditional social investment initiatives, whether carried out directly by Banco do Brasil, or developed by the Fundação Banco do Brasil, the Banco do Brasil Conglomerate is responsible for substantial integrated action on this theme.



FBB Publicity

Private Social Investment

Promoting Sustainable Development in the Communities

Structuring initiatives = Socially-based Businesses + Social Inclusion + Quality of Life

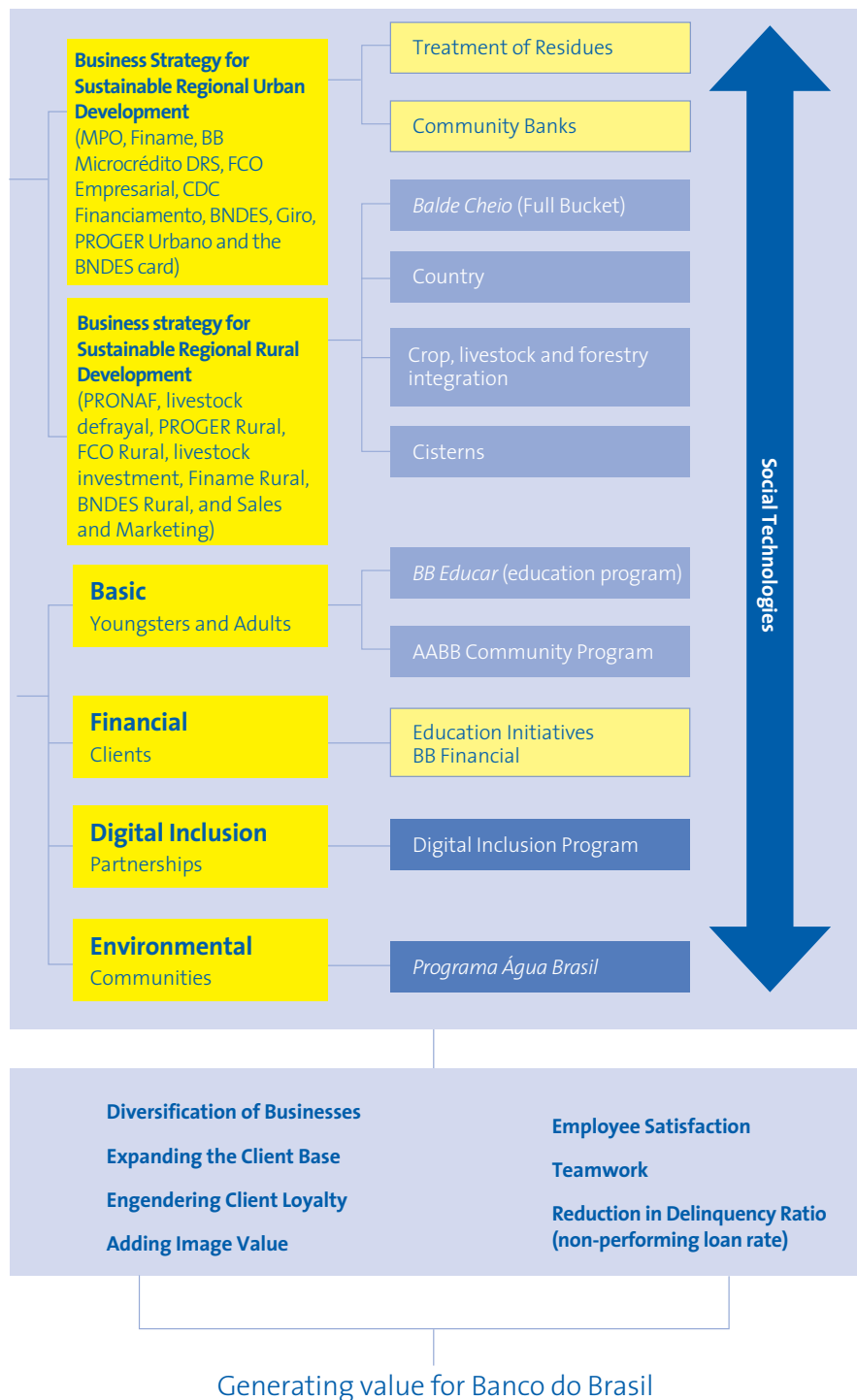
Jobs and Income

Those Responsible for the Project

- Banco do Brasil
- Fundação Banco do Brasil
- Banco do Brasil + Fundação Banco do Brasil

Education

In a win-win process, the private social investment initiatives of BB and FBB provide a return for society, in terms of jobs, incomes and education, while adding to profitability and image value, in addition to engendering loyalty from BB's client base



BANCO DO BRASIL APPRENTICE PROGRAM

Based on the apprenticeship law, the Banco do Brasil Apprentice Program adds differentiated aspects, such as the offering of medical-hospital assistance, and a professional guidance program. To join the program, the adolescent must

be between 15 and 15 and 10 months, as well as having a good academic record, must be at least at 8th grade elementary education and attend school on a daily basis. In 2011, 5,551 adolescents from low-income backgrounds underwent training.

STUDENT TRAINEE PROGRAM

This initiative has the objective of providing the student with practical work, in such a way as to complement the learning process. To join the program, those interested must be a minimum of 18 years of age, be enrolled in and attending a regular high school or a higher education course, and be

registered with at least one affiliated integration agent. For participants in the course, BB provides benefits such as student grants, travel vouchers, food vouchers, and remunerated leave. At the end of 2011, 8,567 student trainees were undergoing curricular activities in BB's branches.

VOLUNTEER PROGRAM

In 2011, BB's Volunteer Program celebrated 10 years since its inception, and is now undergoing a revitalization phase, with the implementation of a combination of actions aimed at improving and expanding its operations in favor of the development of Brazil, having the following key elements: Communication and Training, Recognition, Support for the Project, and Management.

On the Recognition front, funds were allocated to provide support for projects put forward by volunteers, either active or

retired, with 134 projects by social entities being served, involving more than R\$9.6 million, including funds from Fundação Banco do Brasil and tax breaks resulting from charitable donations to the Funds for Infancy and Adolescence. The projects supported contribute to the eradication of extreme poverty by generating jobs and incomes, and the conservation and revitalization of water resources, with the volunteers being responsible for monitoring how the funds are applied.

Banco do Brasil Volunteer Program

STATE	Municipality	Project	Entity	Amount from FBB (R\$)
AL	Maceió	Engendering Citizenship Awareness	Waste Recycling Cooperatives in Alagoas – COOPREL	70,000.00
AM	Manaus	Numiã – Kurá: Training of Indigenous Women From AMARN	Association of Indigenous Women from Alto Rio Negro – AMARN	44,670.75
BA	Itiúba	Integrated and Sustainable Agro-Ecological Production in the Communities of Açude de Jacurici	Santa Maria Home	185,553.96
	Ituberá	“Stitching for Life”	Community Association of Ituberá	
	Juazeiro	Project for the Collection of Oil Residue and Ecological Soap Factory	Social and Humanitarian Support Group of Juazeiro – GASH	
CE	Fortaleza	Training of Young Entrepreneurs	Archdiocese Charities of Fortaleza	176,098.60
	Fortaleza	<i>Feiras Poti</i> : Training for Family Farmers and the Holding of Market Fairs for Economic Solidarity	Regional Brazilian Charities of Ceará	
	Maracanaú	“Weaving for Tomorrow”	Charity Association of Alto Alegre	

STATE	Municipality	Project	Entity	Amount from FBB (R\$)
DF	São Sebastião	“Stitching for Life”	Residents Association of the Bela Vista District	125,094.25
	Sobradinho	Hope – Generation of Jobs and Incomes in and Around the Federal District	Alvorada Institute for Agro-Ecology of Sobradinho	
MG	Abadia dos Dourados	AMAR Abadia	Association of Recyclable Materials Collectors of Abadia dos Dourados – AMAR	894,531.48
	Divinópolis	Inclusive Education	Association for the Disabled of West Minas – ADEFOM	
	Divinópolis	Incentive for the Forming of Associations, the Generation of Jobs and Incomes, and Valuing Family Farming	Association of Small Family Farming Producers of Divinópolis – APRAFAD	
	Galileia	<i>Balde Cheio – More Quality</i>	Center for the Development of Quality of Life, of Vale do Rio Doce	
	Governador Valadares	Setting Up of a Center for Reference and Training – Sustainable Communities based on Social Technologies	Incubar Association	
	Ibirité	Ibirité Orgânico – Development of Organic/Biodynamic Agriculture for Family Farmers in the Municipality of Ibirité	Union of workers and agricultural workers of Ibirité	
	Janaúba	ASFAP – Making the Difference in Generating Jobs and Incomes	Fraterna Friends of Peace Association – ASFAP	
	Mercês	Program to Encourage Agro-Ecological development – Mercês and Surrounding Region	Socio-Environmental NGO Ecovida – Mercês	
	Minas Novas	Living with Drought, Preserving the Environment and Generating Income for Family Farmers of Minas Gerais	Community Association for the Promotion and Incentive of Alternative Production Groups of Minas Novas – ASCOPI	
	Montes Claros	Project for the Revitalization of the D’Antas Stream	Community Association for Small Agriculture Producers of the D’Antas Stream and Adjacent Areas	
	Montes Claros	Revitalization and Preservation of Water Resources	Association of Fruit and Vegetable Producers in the Region of Pentaurea	
	Paracatu	“Save the Poor Stream”	Green Movement of Paracatu	
	Passos	Friends of Springs	Minas Gerais Institute for Social, Educational and Research – ISEPEM	
	Taiobeiras	Proposal for the Setting Up of a Recycling Center in the Municipality of Taiobeiras	Association of Recyclable Material Collectors of Taiobeiras	
Virginópolis	Beekeeping in action project, Center East of Minas Gerais	Association of Beekeepers of Virginópolis Region – APIVIR		

STATE	Municipality	Project	Entity	Amount from FBB (R\$)
MS	Campo Grande	"Sewing Room" – CAER NGO project	CAER ESEP NGO Project	203,474.53
	Campo Grande	Arts and Crafts – Mosaic and Weaving Workshop in Tear	Association for the Support of the Elderly and Needy Persons in General – APIC Institute (MS)	
	Campo Grande	"Weaving New Pathways"	Charitable Social Works: <i>O Caminho</i> (The Way)	
	Coxim	"Ways of Honey" – Beekeeping Association of Coxim (MS)	Beekeeping Association of Coxim – AAC	
PB	Conde	Cidade Viva Support Center – Conde (PB)	Cidade Viva Foundation	130,733.90
	João Pessoa	Green Kitchen: Transforming Organically Grown and Generating Incomes	Collective Association for the Health and Culture of Mandacaru	
PE	Belém de São Francisco	From the Rubbish Tip to Broom Maker: Transformation of PET Bottles in Belém de São Francisco	Association of Material Recyclers of Belém de São Francisco	46,830.00
PR	Mandirituba	Building of Food Production Unit (Labor and Construction Engineering)	Association Against Hunger and for Living	138,230.00
	Ubiratã	Purchase of Equipment for the Jesus Menino Special School of Joinery – APAE	Situation of Parents and Friends of Those with Special Needs	
RJ	Bom Jardim	Refurbishment of Homes for the Elderly – Frederico Meyer	Home for the Elderly – Frederico Meyer Ltda.	
	Nova Friburgo	Refurbishment of Casa Madre Roseli	Santa Doroteia Institution for Social Works – Casa Madre Roseli	
	Nova Friburgo	<i>Vida Nova</i> – Restructuring of the Agricultural Production Unit in the Barracão dos Mendes Micro Basin	Serra Velha Association of Agricultural Workers in the Municipality of Nova Friburgo – RJ – ASVTR-NF	
	Nova Friburgo	Application of Social Technology – Bio-Digestion Septic Tanks in the Barracão dos Mendes Micro Basin	Serra Velha Association of Agricultural Workers in the Municipality of Nova Friburgo – RJ – ASVTR-NF	
	Nova Friburgo	Revitalization of the Activities of the Workshop-School of Nova Friburgo	Association of Parents and Friends of School-Workshop	
	Nova Friburgo	Revitalization of the Cultural Center of Riograndina	Association of Residence and Friends of Riograndina	
	Nova Friburgo	Euterpe – "The Oldest Expression of Culture in Nova Friburgo"	Euterpe Charitable Musical Society of Nova Friburgo	
	Nova Friburgo	Socio-Educational AFAPE 2011	Nova Friburgo Association of Friends and Parents for Education – AFAPE	

STATE	Municipality	Project	Entity	Amount from FBB (R\$)
RJ	Nova Friburgo	Safe School Environment in the Schools of Vale de Luz and Cecília Meireles	Children's Association of Vale de Luz	1,003,867.25
	Nova Iguaçu	Sustainable Program for Recyclable Materials Workers of Ponto Chic	Ponto Chic Committee Association	
	Petrópolis	"Sons of the Earth"	Center for the Defense of Human Rights in Petrópolis – Grupo Ação, Justiça e Paz	
	Rio de Janeiro	"Rio Young Attitudes" 2014/2016	Human Mind Association for the Training and Inclusion of Youngsters in the Labor Market – Aprender Para Viver Institute	
	Teresópolis	Extraordinary Edition – BB Volunteer Project 2011 – NGO Circle of Childhood and Adolescent Friends of Teresópolis	Circle of Childhood and Adolescent Friends of Teresópolis	
RN	Natal	<i>Novo Rumo</i> Design project	Durval Paiva Support House for Children with Cancer	69,967.98
RS	São Lourenço do Sul	"Solidarity Builds a Happy Childhood"	Association of Parents and Friends of Persons with Special Needs – APAE	46,971.00
SC	São Miguel do Oeste	Recycling and Citizenship	Association of Recyclable Material Collectors	82,099.30
	São Miguel do Oeste	Alternative for the Training of Home Secretaries	Migueloestina Association for the Support of the Needy – AMAPEC	
SP	Franca	Purchase of Vehicle for Material Recycling	Christian Outreach for Minors and Families of the Diocese of Franca	252,628.71
	Ribeirão Preto	Talent Project: The Art of Discovering Talent	Extended Hands Association Program	
	Botucatu	Transforming the Stream of Tijuco Preto – Revitalization with the Technical Use Garden Rainwater	Springs – Association for the Preservation and Revitalization of Water and Forestry Resources	
	Marília	<i>Pão da Vida</i> Project	Community Center of São Judas Tadeu	
TOTAL IN BRAZIL				3,470,751.71

Fund for Infancy and Adolescence Projects

STATE	Municipality	Project	Entity	Amount invested by FIA (R\$)
BA	Catu	Center for Family Support and Service	Charitable Community Association of São Judas do Bom Viver	703,256.81
	Jaguaquara	Citizenship School	Association of Adolescents, Youngsters and Adults of the District of Stela Dubois	
	Salvador	“Champions of the Future”	Community Cultural Association of Arenoso	
	Salvador	Art as a Source of Knowledge and Self-Knowledge	Mothers and Friends Group of Canabrava – GMAC	
	Salvador	Living with Art Culture at Capelinha	Community and Cultural Association of Stellagrece	
	Salvador	Project for Art and Information Technology of Alagados III	Association of Dom Avelar de Alagados III Squatters	
	Salvador	Drums Project of Santa Cruz (Construction and Redemption through Music)	Association of Residents and Friends of Chapada do Rio Vermelho	
	Salvador	The Art of Transformation	Mundo Infantil Mothers Club and Crèche School Community	
	Valente	“Make it Prettier” Project	Combacin – Residents Council from the Districts of Cidade Nova	
	Vitória da Conquista	“Start Point”	Small office project – Christian Outreach for Minors	
	Vitória da Conquista	“Playing, Counting and Creating”	Christian Outreach for Minors of the Parish of Nossa Senhora das Graças	
CE	Crato	“Green Life” Project	Povos Rurais Cultural Initiatives	140,000.00
	Viçosa do Ceará	“Smile of Hope” Project	“O Pobre de Deus” Spiritual Center	
GO	Aragoiânia	“A Ray of Sunshine on my Path”	Raio de Sol Reference Center	174,675.00
	Campo Alegre de Goiás	The Future of Work and Achievements	Municipal Authority of Campo Alegre de Goiás	
	Goiânia	<i>Florescer</i> Project	Irmão Áureo Spiritual Center for Social Works	
MA	Cururupu	“Small Actors, Great Citizens” project	Prenda de Cururupu Cultural Association	417,462.50
	Paço do Lumiar	Children in School, Play, Learn and Be Protected	Residents Charitable Association of Porto de Mocajutuba, Sururutiu and Pedrinhas – ASBEP	
	São Luís	“Stage for Letters”	Mariana Mothers Club	
	São Luís	“Seeds of a New Generation”	Pobres Servos Institute of Divina Providência	
	São Luís	“Young Song of Pedrinhas”	Support Foundation for the Development of the Federal University of Maranhão – FSADU	
	São Luís	“A Light for the Future”	Centre for the Promotion of the Life of Children and Adolescents – Minors Pastoral Care	

STATE	Municipality	Project	Entity	Amount invested by FIA (R\$)
MG	Alfenas	“Popcorn – The Seven Stages in Pursuit of Dreams”	Service for the Providing of Assistance and Recovery of Adults and Children – SARAI	1,095,402.71
	Antônio Carlos	“Make a Child Smile”	São Vicente de Paulo School for Minors	
	Barbacena	<i>Pra Pagar de Boa</i> (Citizenship School)	João XXIII Foundation for the Support of Minors	
	Comercinho	“Action that Transforms”	Rule Association to Cater Children and Youngsters from Comercinho – ARAIC	
	Formiga	“Education for Life”	Association for Assistance to Minors of Formiga – Patronato São Luiz	
	Ibirité	Guarantee of Welcome by ECA for Children in the Provisional Shelter Center of São Francisco de Assis	Center for the Liberation the Female Worker	
	Lagoa Santa	“I Am in Touch with Tourism – Tourist Agents”	Living Social Knowledge	
	Montes Claros	“Diverse Age” – LGBT Citizenship and Sexuality in Adolescence	Gerais Gay Movement	
	Montes Claros	“Learning to Learn” Project	Our Lady of Perpetual Succor Home	
	Montes Claros	Pastoral Workshops	São João Batista Christian Outreach for Minors, Archdiocese of Montes Claros	
	Montes Claros	Construction Networks Against the Sexual Exploitation of Children and Youngsters	Faith and Joy in Brazil	
	Montes Claros	Solidarity II	Paula Elizabete Center for Children and Adolescents	
	Novo Cruzeiro	Social Diagnosis of the Reality of the Child and Adolescent in the Municipality of Novo Cruzeiro (MG)	Good Samaritan Community Association – ACBS	
	Santa Luzia	“The Importance of Play in Children’s Education”	Madre Paula Association for Education and Social Assistance	
	Teófilo Otoni	Professional Qualification for the Adolescence of Teófilo Otoni	APJ – Learn Producing Together	
	Ubá	<i>Nota 10</i> Project	Ubaense Arts and Workshop Society	
	Uberlândia	Seeding Opportunities at ADVEM	Association for the Development of Life and Mission – ADVEM	

STATE	Municipality	Project	Entity	Amount invested by FIA (R\$)
MT	Chapada dos Guimarães	Loom of Ideas Multi-Disciplinary Workshop	Municipal Council for Children and Adolescents of Chapada dos Guimarães	379,747.46
	Cuiabá	Combining Hope Workshop – Continuation	Espinha Bífida Association of Mato Grosso	
	Cuiabá	“A Happy Future!”	Anália Franco Social Works	
	Cuiabá	“Weaving for Citizenship” Socio-Educational Workshop (Continuation)	Goodwill Philanthropic Crèche	
	Cuiabá	“Community in the Cinema”	Rede Favela Association	
	Rio Verde	“Art that Transforms”	Pe. João Peter Institute	
PB	Sumé	“An Eye on the Future”	Municipal Authority of Sumé	69,910.00
PI	Castelo do Piauí	Youngster and Citizen Project	Municipal Secretariat for Education, Culture and Sport	70,000.00
PR	Irati	“A Chance for the Future II”	Residents Association of the Rio Bonito District Rio Bonito – AMBRB	209,785.60
	Londrina	<i>Universal Symphony</i> Music Project	Early Childhood Center Irmãs de Betânia	
	Piraquara	Reciclepel – Capacit – Professional Training	Association for Child and Adolescents Support – ACRICA	
RJ	Barra Mansa	“Wishing Well Program”	Ecomen Association of Barra Mansa	140,000.00
	Rio de Janeiro	<i>A Slice of Heaven Home</i>	Pedra de Guaritiba Evangelical Shelter	
RS	Camaquã	Art as Conducting Wires for Citizenship	Charitable Association on Behalf of Children and Youth	397,739.70
	Erechim	<i>Living Well Project</i>	Quiet Place for Life and Hope	
	Rio Grande	Practicing Soccer and Studying	Rio Grande Social, Cultural and Sports Center	
	Santa Maria	Music at Home	Society for Spiritual Studies and Charity - Joaquina Home	
	São Luiz Gonzaga	<i>INSA Renewal Martial Band</i>	Home of the child and adolescent	
	Sapucaia do Sul	Metalwork and Digital Inclusion	Citizenship Committee	
SC	Caçador	Sports Equipment Purchase	Early Childhood Education and Social Assistance Association of the Caçador City	157,517.00
	Lages	Purchase of a Kombi Van for the Menino Jesus Shelter	Association for Social Assistance, Work and Citizenship – SAMT	
	Lages	Treatment for Chemically Dependent Adolescents	CRENSA – Our Lady of Aparecida Recovery Center	

STATE	Municipality	Project	Entity	Amount invested by FIA (R\$)
SP	Americana	"Learning through Rugby"	Presbyterians Social Service of Americana – SESPA	1,157,035.67
	Campinas	Trampoline Project	Campinas House of Minors – City of the Boys	
	Jaú	Cultural Project	SIPEB Association – São José Promotional Center	
	Jaú	"Producers of Culture"	Pro-Girls Support Entity	
	Jaú	Purchase of a Vehicle for the Transport of Children and Adolescents	Christian Fraternity Help Center	
	Jundiaí	"Dancing for Life"	Jundiaí APAE	
	Peruíbe	"Friends II" Space	Frei Tito de Alencar Ecumenical Center	
	Ribeirão Preto	Professional for the Future Project	Corassol – Center for Guidance, Reintegration and Social Assistance	
	Ribeirão Preto	Developing Skills and Abilities through Environmental Education	<i>Happy Child</i> Project	
	Ribeirão Preto	Education, Life and Citizenship	Spiritist Society of Workers for the Good	
	Ribeirão Preto	Integrated Development	São Francisco de Assis Fraternal Solidarity	
	Ribeirão Preto	<i>Happy Child</i> Project	Spitirual Center Gospel Learning	
	Ribeirão Preto	Young Citizens	Ativa Citizenship Organization	
	Ribeirão Preto	<i>Transformation Community</i>	Socio-Community Transformation Action Association	
	São Paulo	Magic Horse	Campo Limpo Diocese Charity	
	São Simão	Multi-Use Space for Children and Adolescents	Charitable Teaching Professionalization of São Paulo and Minas	
	Suzano	"Managing the Future"	Amar Holiness Institute	
	Vinhedo	Adolescence and Learning	Itacolomi Institute for Social Support of Vinhedo	
TOTAL IN BRAZIL				5,112,533.45

On the mobilization front, the campaign *Limpa Brasil* (Clean up Brazil) – Let’s Do It! is based on the principle of raising the awareness of citizens about the correct disposal of solid residues, to make Brazil’s towns and cities increasingly clean, and improve the quality of life and self-esteem of citizens living in town with a population of more than 1 million inhabitants.

In each town and city where the event

is organized, social mobilization is the key element in the successful organization of teams for the cleaning of the urban environment closest to the people – the street in which they live, their district, and other spaces of common use. Winning the interest of institutions and the people through this cause is an important way of linking the image of the Bank with that of a company that is acting in defense of the sustainability of the planet.

The Bank also participates in mobilizing its volunteer force on the day of the event, with nationwide synchronized action between organizers. The movement *Limpa Brasil* – Let’s Do It! has already carried out clean up drives in four Brazilian cities: Rio de Janeiro, on June 5, with the national launching of the campaign; Brasília; Goiânia; and Campinas, with substantial media repercussions in each location, as summarized below:

Step	Date	Volunteer Force	Garbage Collected	BB Volunteers
Rio de Janeiro	06.05.2011	6,000	17 t	90
Brasília	08.21.2011	14,000	59 t	200
Goiânia	08.27.2011	15,000	90 t	200
Campinas	09.25.2011	12,000	52 t	300

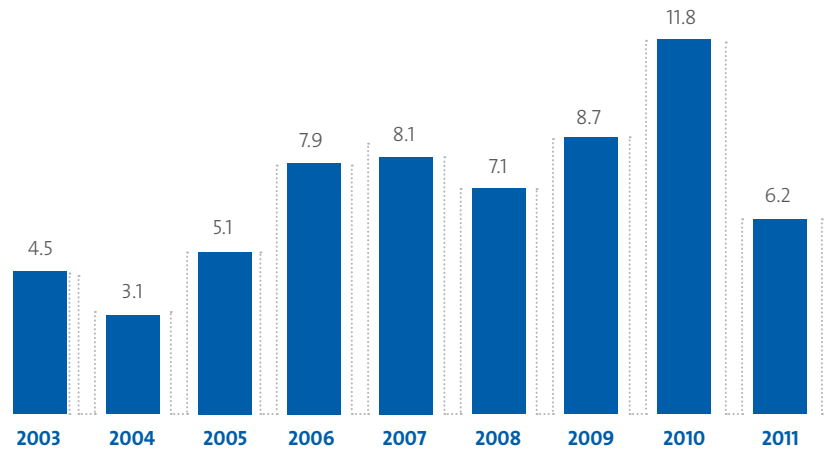
FUND FOR CHILDHOOD AND ADOLESCENCE GRI EC8

For the support of policies and initiatives which guarantee rights for children and adolescents, and encouraging the involvement of customers and volunteers, the Bank allocates money to funds for children and adolescents. These consist of bank accounts created to receive donations from private individuals and companies, the balances of which go to financing programs and initiatives for the protection of children and adolescents from the following aspects: protection against abuse, exploitation and violence, guarantee of rights, children and adolescents in socially vulnerable situations, and part-time socio-educational initiatives. Donations are incentivized through income tax deductions.

With the encouragement of Banco do Brasil, R\$6.2 million was allocated to funds for children and adolescents (FIA) in 2011.

To the amount raised, an additional sum of R\$1.3 million was donated by clients and employees. This amount was 30% higher than in 2010, and was the result of strong mobilization in every Brazilian state, by the Bank’s branches, incentivizing FIA donations. The communities were also benefited by money from the funds, through direct support by the Bank to 79 projects certified and prioritized by the councils. In this way, the Bank, in addition to its own allocation, also played an important role in the dissemination of public policies and strengthening the active practice of an active citizenship.

Funds passed on to FIA¹
(R\$ million)



(1) the reduction seen in the A amount contributed to FIA in 2011, compared to the figure in 2010, took place because of the more substantial real profit reported in 2010, R\$12.6 billion compared to R\$7.3 billion in 2011. We clarify, however, that the societary profit is not based on the calculation for the effect of measuring incentives, the value of which is limited to 1% of the tax owed, and is calculated on real profit.

BB’s volunteer program has celebrated 10 years since its inception, and is undergoing revitalization to expand its action for the benefit of the Country



FBB Publicity

MITIGATION OF THE EFFECTS OF CALAMITIES

Since 2008, BB has participated in emergency support initiatives and measures for employees, clients and communities impacted by natural disaster. It is part of the Crisis Cabinet of the Presidency of the Republic, having taken part in emergency initiatives in response to the catastrophe in Haiti, and flooding

in Santa Catarina, Alagoas and Pernambuco. In addition to including the theme of Continuity Management in its businesses, with the objective of keeping critical processes in operation, and preserving the people's integrity, BB launched a series of emergency measures which are able to provide help to victims of calamities, segregated in the following way:

Employees

Granting of advance payments under special conditions to meet the accommodation expenses of employees and their dependents, as well as the acquisition of goods that have been lost in the flooding: five employees requesting a total amount of R\$67,500.

Special treatment for absentees situations for employees assigned to the branches located in the region affected.

Opening of accounts to collect money for BB's employees and outsourced workers, which up to the present time has collected R\$59,900.

Customers and Society

The providing of a BB property to receive donations in the municipality of Petrópolis – location: BR 040, Km 69 – Alpha Café Solúvel S.A.

The providing of a mobile unit – *PAB Móvel* – to provide a banking service in the town of Nova Friburgo – Conselheiro Paulino Branch.

The supplying of a copy of personal documents of people registered on the Bank's customer base.

Creation of donation collection points in BB's Automotive Insurance Centers in Brasilia and Fortaleza, and in the *BB Seguro Auto* Cartest diagnostic centers in Curitiba, Florianópolis and São Paulo during the period from January 17 to 31, 2011; with publicity through the social networks.

The Banco do Brasil Athletic Associations – AABBs in the towns affected served as collection points for donations and a dormitory for volunteers and the population affected.

Strengthening of Sustainable Regional Business Development Plans in the region, particularly with respect to the activity of Olericulture, with the aim of providing food for the community and selling any excess production.

PARTNERSHIPS WITH FEDERAL GOVERNMENT GRI 505

Conscious of its role in the development of the Country, BB has played an effective role in public policies and programs which have had benefits for society. Among these, of particular note are:

Campaign for the Mobilization of Birth Registration

Through the signing of a Technical Cooperation Agreement with the Special Secretariat for Human Rights, the Ministry of Agrarian Development, Caixa Econômica Federal and the National Institute for Agrarian Reform and Colonization, BB is fulfilling its commitment to the eradication of failure to register birth certificates, while expanding access to basic civil documentation. This initiative reduced failure to register birth certificates to 6.6%, compared to 2003, when the figure was 18.9%. BB also waives the charge for the issue of birth certificates for beneficiaries of PRONAF who do not have a CPF number, in addition to other emergency cases, and those connected with social policy.

Passing-on of Funds

A technical cooperation agreement entered into between the Bank and the Special Secretariat for Human Rights defines the destination of funds for the National Council for the Rights of Children and Adolescents (CONANDA), through the National Fund for the Rights of Children and Adolescents. This partnership prioritizes the use of funds passed on by the Bank for the following initiatives: installation and maintenance of continuous training centers for advisers on rights and tutelary counselors; organization and production of meeting for council schools; formulation of distance learning training models for council schools; dissemination of CONANDA norms; production of guidance pamphlets for trainee counselors; and an information system for childhood and adolescence (SIPIA).

BB also participates in a Permanent Work Group for local production arrangements (GTP-APL), coordinated by the Ministry for Development, Industry and Foreign Trade– MDIC, consisting of 33 governmental and non-governmental institutions. The group has the responsibility of drawing up and proposing general guidelines for coordinated action in the support of Local Production Arrangements (APL) throughout Brazil, with the following objectives:

- To identify APLs already existing in Brazil, including production segments which show the potential for the creation of an APL, depending on their importance in their respective territory;
- To define combined governmental action criteria for the support and strengthening of APL across Brazil, respecting the specific action by governmental bodies, synergy, and the complementary aspect of initiatives;
- To propose a multi-sector management model for initiatives by the Federal Government support for strengthening Local Production Arrangements;

- To design and build a system of information for the management of the initiatives;
- To draw up a Term of Reference which contains conceptual and methodological aspects that pertain to the theme.

The Bank's participation by in GTP-APL is carried out through periodic meetings and monitoring, as well as the formulation of initiatives for the operation of institutions participating in the arrangements supported.

Banco do Brasil combines the commitment to the eradication of failure to register birth certificates, with expanding general access to basic civil documentation

FINANCIAL EDUCATION GRI FS16

Through the Banco do Brasil Corporate University – UniBB, the Organization provides a Personal Financial Planning course to its employees and the community, with the objective of contributing to understanding the importance of management of personal financial resources. This initiative is in alignment with UniBB’s Community Teaching proposal, as well as the training of its workforce, extending corporate education gradually to other public audiences, contributing to improving business relationships and the personal and professional development of participants in BB’s chain of relationships.

The course has the objective of encouraging the individual to assume a positive attitude with respect to financial planning, and organizing economic life in such a way that reserves are created, as well as systematically accumulating wealth to guar-

antee a source of sufficient income in order to have a tranquil and comfortable life in the future.

Bearing in mind the broad reach intended for the course, the teaching proposal has been designed in the form of a game, in which the persons being trained respond to questions posed by the personality they choose. In a didactic and entertaining way, this initiative makes it possible to carry out a diagnosis of the current financial situation of the participant, proposing criteria for the use of money, relating revenue and personal expenses, and enabling the participant to analyze the amounts that make up the map of personal revenues and expenses, with a view to carrying out personal financial planning, and establishing short, medium and long-term targets and plans.

Since 2011, BB has been developing a series of initiatives focused on financial education. On its website, it has improved its Personal Financial Planning course and simulations, and has created a financial education workshop, as well as providing a service to the community through Banco Postal and an instructional booklet for the Guided Production Microcredit (MPO) public audience. In the same context, the Bank has put on presentations in Brasília (DF) and Belo Horizonte (MG), of the educational theatre play “Finance in Practice”, which uses football as the theme for transmitting messages and concepts of financial education in a simple and entertaining manner. This show has been enjoyed by approximately 300 children in the public education network, and in 2012, will be put on in Curitiba (PR), Porto Alegre (RS) and Rio de Janeiro (RJ).

Through its website, courses and simulators, as well as the service of Banco Postal, educational pamphlets and theater plays, BB helps to provide financial education to its customers



The Fundação Banco do Brasil, for 26 years, has been making efforts to reduce social inequality and promote citizenship. In 2009, in carrying out its three-year plan for the period 2010 - 2012, the climate change theme was debated in a wide-reaching manner, having maintained the focus on the generation of jobs and incomes, education and culture, with the support of social technologies. Within the context of these initiatives, various projects and actions have been developed.

To extend the reach of this initiative, FBB seeks to achieve integration with its stakeholders. In this regard in 2011 the Foundation hosted the III Seminar for the Generation of Jobs and Incomes, the objective of which is to discuss social policies and social technologies for the overcoming of poverty. The event provides an environment for the exchange of information and experiences among players in the social segment, with the aim of increasing and disseminating knowledge, and contributing to the success of the projects supported.

Among these, of particular note are: the Fundação Banco do Brasil Award for Social Technology, social investments in the solid residue chain, the initiatives for the revitalization of the Rio São Bartolomeu basin – part of these being carried out in partnership with BB in the Brazil Water Program – and the replication of social technology units for Integrated and Sustainable Agro-ecological Production – Countrywide, in partnership with the BNDES and DRS-BB, among others.

Since 2003, the FBB has been directing its social investment to its own programs, structured with a base of Social Technologies, that involve products, techniques or methodologies developed in conjunction with the communities. In adopting a strategy of replicating Social Technologies for the overcoming of poverty, through educational initiatives and

the generation of jobs and incomes, the Organization seeks to mobilize society around this theme, so that it is understood as an instrument for social inclusion and transformation.

Fundação Banco do Brasil Award for Social Technology: launched in 2001, with editions every two years, this is the principal instrument for the identification, selection and certification of technologies that make up the Social Technology Bank – BTS, a structured program of the Fundação Banco do Brasil. Its objective is to identify, certify, recognize and disseminate social technologies that have already been applied on a local, regional or national basis, which have been shown to be effective in resolving questions related to nutrition, education, energy, housing, the environment, water resources, incomes and health. In 2011, the Foundation set a new record in number of subscriptions:, which amounted to 1,116, of which 264 were certified as Social Technologies.

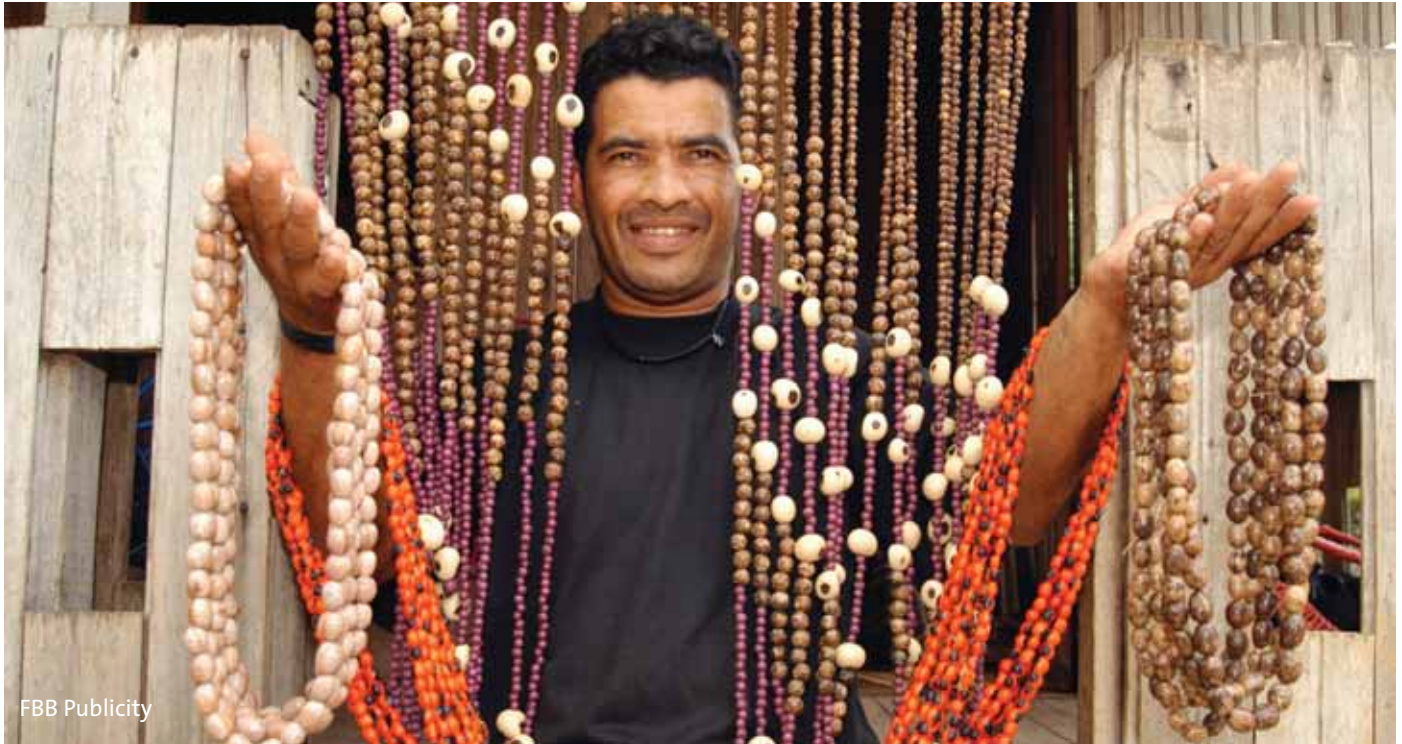
Structuring of beekeeping chain in the Cariri territory of Ceará: in 2011, a partnership was signed with the Secretariat for Agrarian Development – DAS in the state of Ceará with respect to a project for providing support for the structuring, expansion and organization of the beekeeping production chain in the territory of Cariri, rationalizing the system of honey production, in accordance with good manufacturing practices. The funds, deriving from a partnership between the Foundation and the BNDES, of R\$460,000, were allocated to the refurbishment, expansion and construction of four infrastructures for the extraction and processing of honey, so that the beekeepers are able to obtain a better quality product, thus being able to achieve a better price in the market, and making the activity economically viable.

AABB Comunidade: during the year, the Fundação Banco do Brasil invested approximately R\$30 million in initiatives in the areas of education and culture, with a

focus on the following programs: *AABB Comunidade*, *BB Educar*, *Memória*, *Memória Documental* and new projects with a particular focus on Financial Education. Under the *AABB Comunidade* program, approximately 52,000 children and adolescents participated in initiatives to provide supplementary education in 402 municipalities. Various supplementary educational initiatives, in partnership with FEBAB were developed, among these being Cooperative Games, the purpose of which is to promote cooperation as being something to be valued, among young people; *AABB em Tela* (on-screen), a project which teaches youngsters how to create blogs and small films, with the use of cell-phones, developing a high level of ability with the capacity for analysis, synthesis and evaluation; *Vozes do Brasil* (Voices of Brazil), which has already resulted in the formation of 50 choirs in various states; Education for Work, the purpose of which is to provide assistance for young people in making their professional choices for the future; and the Regional Alignment Seminar, which has the objective of aligning knowledge between partners in the program: Branch Management, the president of AABB and the teaching coordinator.

BB Educar: in the field of teaching basic reading and writing to the illiterate, some 6,000 people attended the program in 2011. In addition to this, two experiments were carried out which resulted in new educational initiatives with two focuses: *BB Educar Formação* and *BB Educar EJA*. The former is an initiative to improve the performance of teachers in this area in the public education network. While through the latter, *BB Educar* offers the possibility of forming agreements with municipal authorities for the creation of consistent EJA policies and the training of EJA teachers.

Memória project: FBB held travelling exhibitions throughout the Country, through the branch network of BB and its partners, hosting more than 1,000



events in homage to Marechal Rondon and João Cândido. In addition to this, the *Memória* project was finalized in homage to Carlos Drummond de Andrade, to be launched at the beginning of 2012, while historic research was begun on a homage to Lélia Gonzales. Meanwhile under the *Memória Documental* project, the third stage of the process was supported for the preserving of 20 indigenous Brazilian languages and cultures, threatened with extinction, in partnership with the Museu do Índio of Rio de Janeiro. This initiative resulted in the production of records in the form of printed publications, videos and documents, and in the training of the communities so that they are able to produce their own records, and preserve their cultures.

Technical coefficient matrix for water resources: the work of constructing the matrix was completed in November, developed by the Arthur Bernardes Foundation – FUNARBE, in partnership with the Fundação Banco do Brasil, which invested R\$597,000 in the project, with the supervision of the Secretariat for Water Resources Urban Environment, from the Ministry of the Environment. With this matrix, it will be pos-

sible to make advance strategic decisions, including those related to the introduction of institutional models and instruments for the managing of water resources in the Country and charging for the use of water.

Cooperation-technical agreement with the Ministry of Fisheries and Aquaculture: the object of the agreement is to draw up, formulate and implement projects which contribute to the sustainable promotion of fishing and aquaculture, with priority being given to the North and Northeast of Brazil, with emphasis on the feminine public. The result of the partnership is a project for community prawn cultivation in Icapuí (CE) and two in the process of being formulated: ostrich farming in Pará and fish farming in Amazonas.

Cooperation-technical agreement for application to the water production program in the basin of Pipiripau: the idea is to develop instruments and methodology, with the aim of introducing the initiative, which includes a financial incentive model for rural proprietors who join the program, with the aim of protecting natural springs and improving environmental aspects of rural properties.

Letter of intent with EMATER and the Secretariat of Agriculture and Rural Development in the Federal District: through this letter of intent, the intention is to develop initiatives and projects for the encouragement of family farming in the Federal District, on a sustainable basis, with priority being given to the Rio São Bartolomeu basin region, with focus being given to social promotion activities, respect for local culture, care for the environment, and the encouragement of efficient production.

Letter of intent with the Inter-American Cooperation Institute: the measure aims to develop technical cooperation projects and contribute to technological solutions for the integral and sustainable management of rural territories and family agriculture; to support and plan economic activities, seeking to develop and conserve the base of natural resources in combination with efficient production and environmental quality; to reduce social imbalances and make it possible to insert the small producer into the development process; and improve the quality of raw materials and food products of interest for human nutrition, broadening diversity of consumption and guaranteeing nutritional quality.

Inauguration of three Environmental Revitalization Centers (sapling nurseries): In partnership with Funatura, FBB has carried out a socio-environmental diagnosis of the Rio São Bartolomeu Basin, which indicated a high level of silting and a reduction in water volume. In addition to disorganized occupation of the land, with rapid transformation of rural areas into lots with urban characteristics –, which has resulted in a severe loss of

natural vegetation –, the Basin is also subjected to other types of anthropic pressures, with the construction of dams, the discharge of domestic sewage and the replacement of river bank vegetation, with agricultural areas for the rearing of livestock and the cultivation of grain. In view of the importance of its preservation and revitalization, since 2009 FBB has been developing the São Bartolomeu Vivo project. Its aim is to produce 1 million

native saplings from the Brazilian Cerrado, revitalize 500 hectares of degraded areas in the Basin, mobilize communities with campaigns for environmental awareness and appreciation of cultural worth, and reapply social technologies, taking the example of the *barraginhas* – biodigesting septic tanks, integrated and sustainable agro-ecological production, – PAIS and *Balde Cheio*. See below the results achieved in 2011.

Saplings Planted During the Cycle Period 2010/2011 (136,000)



Environmental Revitalization Centers (sapling nurseries) – Annual Capacity: 75,000

Region	Partners	Location	Inauguration
Alto São Bartolomeu	Funatura and IFB	IFB Campus Planaltina (DF)	06.10.2011
Médio São Bartolomeu	Ipoema	Permaculture Center of Asa Branca Brasília (DF)	08.24.2011
Baixo São Bartolomeu	Rede Terra	Cristalina (GO)	12.09.2011

Investment by Fundação Banco do Brasil in the Period Jan/Dec 2011 (R\$ million)

Use of Resources	Realized
From third-parties – Social Investment	37,610.75
Own resources	130,823.27
Social Investment	98,569.61
Expenses and Other Investments	32,253.66
Total	168,434.01
Total Social Investment Realized	136,180,356.99

Digital Inclusion Program GRI SO1

Up to that time developed in parallel by Banco do Brasil and the Fundação Banco do Brasil, in 2011 the Digital Inclusion Program was switched over entirely to the Foundation which also became responsible for the Program for Social Inclusion and Transformation, through the donation of computers that have been replaced, that was created in the period. In this context, the Bank will be accountable for the annual planning for the allocation of computers that have been replaced, catering to the Digital Inclusion Program, as well as other regional and national commitments.

Digital Inclusion consists of the installation of digital stations and community tele-centers, with the aim of training children and youngsters to successfully face the challenges of a society which is based on information and communication technology. The equipment available in

the units is the result of the remodeling of the Bank's technology park.

In 2011, more than 3,300 digital inclusion points were set up, including the tele-centers as part of the Banco do Brasil Digital Inclusion Program (PIDBB) and Digital Stations.

The centralization, within FBB, of the initiatives of the Digital Inclusion Program, was approved in April 2011, by BB's Board of Officers, with the issue of a memo establishing a period of 180 days for the measure to be implemented, with the consequent deactivation of the National Coordination department within DITEC. The transition period was concluded on November 30, from which date the Foundation took over the management of the community tele-centers and the Federal Government's commitment, with respect to the BR Tele-center Program, for the installation of approximately 1,400 new units.

Here we highlight some of the initiatives in the period:

- Updating of demand for the BR Tele-center Program;
- Organization of a data bank for the BB tele-centers;
- The start of a process for the acquisition of material for the revitalization of the tele-centers;
- The holding of meetings with managers and analysts from the Banco do Brasil Superintendencies ;
- The holding of workshops with representatives of social and cultural networks, specialists in public policies, and civil servants from the Foundation, with the aim of discussing the role of the entity in stimulating social and cultural networks;
- Formalization of regional partnerships, for the support of social educators at the tele-centers and digital stations and the creation of networks.



Public Sector

GRI SO5 | SO6

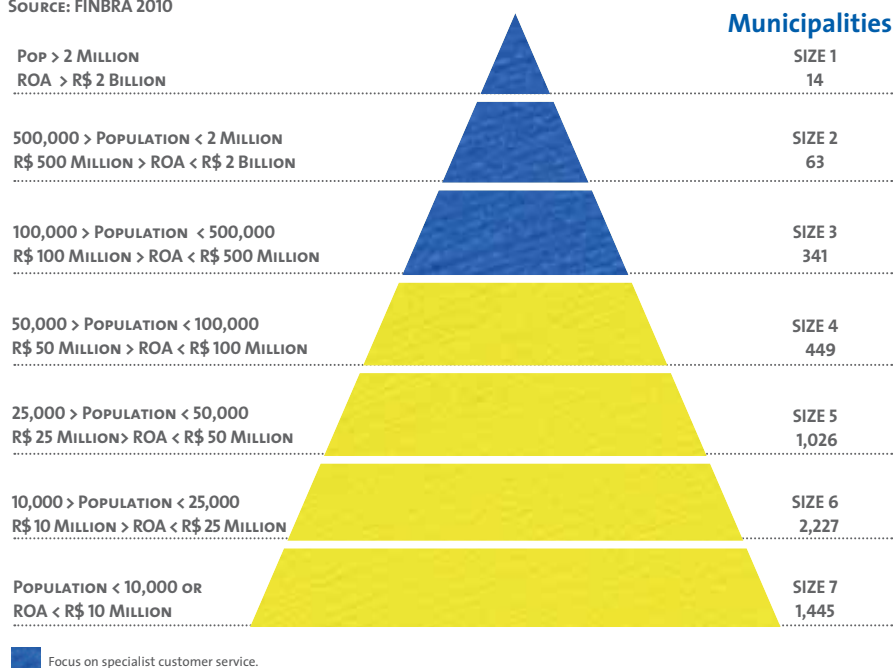
In addition to partnership arrangements with the Federal Government, Banco do Brasil is a financial agent in 16 states and 16 capitals, maintaining business with every municipality in the Country, offering solutions for the public administration, focusing on specialization and continuous improvement in service provided.

It is also a partner with the three levels of power in the development and application of public policies, projects and programs for the stimulation of national development. In order to fulfill these and other commitments, and motivated by its mission, BB disseminates knowledge of the market and efficient management in such a way as to achieve consistent results. Furthermore, the Bank does not make contributions to political parties, as affirmed in its Code of Ethics.

In this context, in 2011, the Institution expanded its specialist service to the Public Market Sector, particularly the Municipal Executive Power, with the drawing-up of a relationship model for larger municipalities. This new segmentation is structured in accordance with diagram below:

SEGMENTATION OF GOVERNMENT CLIENTS OF THE MUNICIPAL EXECUTIVE POWER

SOURCE: FINBRA 2010



This measure will be reinforced through the partnership with Correios, the Brazilian Postal Service, for taking over the management of Banco Postal, which will result in the expansion of BB's banking representative offices to more than 6,000 outlets from 2012. The contract also makes provision for the opening of relationship fronts in more than 2,000 localities, with direct repercussions on increasing business with the Public Sector, and entire value chain: civil servants, suppliers, individual entrepreneurs and local companies.

To face this challenge, BB's task is made easier by its capacity to offer solutions that are most appropriate to the needs of each market niche in the segment and in its network of suppliers. These solutions include:

- **Canal Licitações-e (e-tender channel):** electronic solutions for the process of buying goods and services, which provides suppliers with advantages, such as facility of participation, which can be from any part of the Country, and the elimination of board and travel costs, for the submitting of proposals and bids;
- **Civil Defense Payment Card (CPDC):** the result of a technical operation agreement with the Ministry for National Integration, the card acts as a method of payment for rescue initiatives, assistance provided to victims and the re-establishment of essential services in states and municipalities impacted by natural disasters. It increases the flexibility of the service provided, as well as providing transparency and better monitoring of public expenditure, seeing that transactions are published on the Transparency Portal of the Union's Department for General Control;
- **National Disarmament Campaign:** BB has developed an innovative solution for the payment of compensation as part of the campaign by the Ministry of Justice: after handing in the weapon to a registered collection unit, the citizen receives a bank payment slip, registers a password, and then takes the payment slip to a branch or ATM terminal of the bank, and cashes in the amount within 24 hours, without the need for red tape, and in a secure manner, with a guarantee of anonymous status. This innovation resulted in the payment of 34,600 compensation payments under the campaign, for the total amount of R\$3.6 million, in just seven months of the agreement being in force with the Ministry of Justice.

PRODUCTS AND SERVICES GRI EC4

Pass-on of Funds: among the passing-on of funds by the Federal Government to public entities, stands out the constitutional transfers, such as the Fund for the Participation of Municipalities (FPM), the Fund for the Participation of States and the Federal District (FPE) and the Fund for the Maintenance and Development of Basic Education and Attributing Worth to Education Professionals (FUNDEB), which in 2011, came to a total of R\$354.7 billion.

Government Investment Funds: the volume of funds managed during the year came to a total of R\$102.4 billion, up 12.2%, or R\$11.2 billion, compared to 2010. While the volume captured in Short-term Administrative Funds accounted for most of the increase in government funds during the period, being up 26.3%, or R\$7.5 billion, compared to the previous year, coming to a total of R\$36.2 billion.

Payment of Benefits: through the use of a specific card and credits to accounts, the payment of more than R\$7 million/month was made in benefits under various government programs.

Collection of Taxes: in the year, the volume of taxes collected amounted to a total of R\$374 billion, up 13% compared to the previous year. The most noteworthy products were Federal Collection, which showed an increase of 13%, with a total of R\$235 billion, and FGTS Collection, which remained stable, with a total of R\$16 billion during the year.

Worker Support Fund – FAT: loan portfolio operations with funds from FAT amounted to a total of R\$6.7 billion. The most notable of this was the amount of R\$4.0 billion applied under *PROGER Urbano Investimento (PROGER Urbano Empresarial)*, managed by BB) and R\$1.7 billion under PRONAF.

Administration of Loans: management of the assets of the Federal Government came to a total of R\$489.3 billion in the period.

FUNPROGER: since its creation, in 1999, the fund has already ensured the payment of more than R\$9.9 billion in 275,000 loan transactions, for investment in micro and small companies.

Generation of funding for loan operations: the raising of funds in the Public Sector for application in lending operations, including agribusiness, came to a total of R\$2.5 billion. The amount raised through government funds and programs, which provide funding for the operations of FAT, FCO, Funcafé and Finame/BNDES, among others, end of the year with a total volume of R\$74.4 billion.

Constitutional Fund for the Financing of the Midwest – FCO: since its creation, the FCO has granted more than R\$31.2 billion for the financing of production activity, in more than 722,300 loan transactions. During the year, loans were granted of R\$5.5 billion, in approximately 73,500 loan transactions, in every municipality in the Midwest region of Brazil.

Loan Operations: the volume of loans with the Public Sector reached a total of R\$3.3 billion, an increase of R\$260

million, or 8.7% compared to 2010.

PIS-PASEP Fund: under a specific contract, BB carries out the operational services of PASEP, with the liberation and payment of quotas, the payment of dividends and the administration of the accounts of the participants. In 2011, more than 4 million payments were made of dividends and principal in the form of quotas, coming to a total of R\$447 million.

Tenders: through the *Licitações-e* system, 50,300 tender processes were carried out, with a total value of R\$17 billion.

Automated Service for the Public Sector – AASP: during the year, 226.3 million AASP transactions were affected, involving a total of 18,900 users. The Bank provides access to the Automated Service for the Public Sector by iPhone/iPod Touch apparatus and smartphone cell-phones that use the Android system. This new method of access adheres to the Bank's security standards and the same methods of authentication used for the automated service for the public sector, by internet.

Service to the state of São Paulo: the specialist network for the providing of an exclusive service to government clients in the state of São Paulo was expanded during the year, covering the state and municipal segments, as well as the Judicial Power, with a total amount captured of R\$82.5 billion, 43% of the total captured by the Bank in this niche of the market. Furthermore, the service to municipal authorities and other public municipal entities in the state of São Paulo was reorganized, as a result of the incorporation of Banco Nossa Caixa. This move involved the designation of specific branches for relationships with municipal managers, involving approximately 2,118 accounts.



Suppliers

GRI EC6 | HR6 | HR7 | HR8

The relationship between Banco do Brasil and its suppliers of products and services is carried out in accordance with a specific policy, which reflects and disseminates BB's values and corporate culture – professionalism, ethics, transparency and socio-environmental responsibility. In addition to criteria that observe economic aspects, compliance with the legislation, product and service quality and reliability in terms of delivery time. All these criteria are clearly stipulated in its corporate documents, such as the Letter of Principles, the Code of Ethics, and the Standards of Conduct.

The Bank is subject to the Law for Tenders and Contracts, as well as other related standards, which subject it to inspection by bodies such as the Union Accounts Tribunal (TCU) and the Union General Control Department (CGU), which also ensure the transparency of the processes. In this way, the process of contracting suppliers and service providers adheres to impartial and transparent criteria, with no privileges being given to local suppliers.

Contracts signed with the suppliers, in addition to this, are conditional on compliance with all labor-related and welfare obligations, in addition to a declaration of knowledge of Banco do Brasil's Code of Ethics. In signing such contracts, these

companies declare that their activities are carried out in accordance with sustainable practices, such as protecting and preserving the environment; that they do not carry out any form of discriminatory action or illegal work practices and/or work that is analogous to slave labor; and neither do they employ minors who are not official apprentices, in compliance with the legislation in force. Additionally, in strategic contracts, an Agreed Level of Service is adopted which seeks to ensure the fulfillment of rules relating to efficiency and productivity established contractually, through the measurement of the quality expected in the performance of the service provided. For the contract-

ing of suppliers in the area of security, provision is made for formal training to be carried out in specific human rights procedures. The "Training of Security Guards – CFV" includes as part of its curricular agenda, the discipline of "Legislation applied to human rights," with a teaching program of 10 school hours. The same aspect is covered under Law 7,102/1983 and requires the implementation of retraining every two years, this being one of the items that is inspected by the Federal Police Department. Non-fulfillment of this requirement results in the Bank incurring penalties and fines.

SUSTAINABLE TENDERING

In the tenders for goods and products, the Bank prioritizes electronically based auctions – through its *Licitações-e* channel –, so as to democratize access to the process, which can receive bids from any part of the Country, without the need for suppliers to undergo travel. This advantage is also beneficial to the environment, which is why the system is known as "Sustainable Tendering". Entirely based on information technology and developed by BB, it is governed by regulations that define the profile of the users and the rules for registration, access, characteristics of the channel, the rights and responsibilities of users and of the company, as well as price and method of payment, among other aspects.

While specifications for goods and services are in alignment with the legislation, and provided that this does not restrict competition, socio-environmental responsibility criteria are also demanded – an example of this being the purchase of paper, furniture, microcomputers and refrigerators.

Contracts GRI FS15

In the contracts signed with its suppliers, Banco do Brasil prohibits shortcuts and alterations that are not in agreement with its socio-environmental responsibility principles. All these are explicitly cited in its corporate documents, such as the Letter of Principles, the Code of Eth-

ics and the Standards of Conduct, with these commitments being extended to suppliers, as well as observing economic aspects, compliance with the legislation, product and service quality and reliability in terms of delivery time.

Buying

Banco do Brasil's relationship with its suppliers is also characterized by principles of socio-environmental responsibility. In addition to the legal requirements that govern the holding of public auctions, of economic viability, legal compliance, quality specifications, among others, BB also demands from its suppliers commitments and clear adhesion to principles,

pacts and ethical practices, such as the National Pact for the Eradication of Slave Labor and the Prohibition of Child Labor, in compliance with the legislation in force, as well as the combat of discrimination with respect to gender, origin, race, color, physical condition, religion and other aspects.

From an environmental perspective, BB recommends preservation, repudiating practices that are harmful to the environment, and requires compliance to the leg-

islation in force. Because of the legislation, the Bank does not have specific policies for local suppliers. Purchases of A4 paper, an item that is heavily consumed in the day-to-day activities of Banco do Brasil, are put out to tender in compliance with the Law for Tenders and Contracts, as well as introducing specific sustainability criteria in the tender process, such as the requirement of Cerflor certification (Brazilian Forestry Certification Program) or certification

from the FSC (Forest Stewardship Council).

The requirement for one of these certifications has the objective of guaranteeing that the origin of the wood used in the production of the pulp and paper is from forests that have been 100% certified, in other words from producers that adopt practices that are ecologically satisfactory, economically sustainable and socially just in the management of their forests.



PROGRAMA ÁGUA BRASIL (BRAZIL WATER PROGRAM) – PROTECTING WATER SOURCES GRI EN14

In considering that everyone – companies, governments and society in general – are responsible for the conservation of water resources, Banco do Brasil, in keeping with its principles of socio-economic responsibility, based on its 200-year tradition, and its strong presence in agribusiness, which is the economic segment that consumes the most water in its production process, has begun to adopt the “water defense cause” as one of the directives in its initiatives in the field of sustainability, through the *Programa Água Brasil*.

The result of a partnership signed in 2010 by Banco do Brasil with the National Water Agency (ANA), WWF Brazil and the Fundação Banco do Brasil, the *Programa Água Brasil* has the aim of conserving water resources through a combined quest, together with society, for solutions to problems related to this theme. To this end, over a five-year period, investment is planned of approximately R\$57 million. Related to Agenda 21, the *Programa Água*

Brasil is structured around four basic key elements of operation – Socio-Environmental Projects, Mitigation of Risks, Sustainable Business and Communication, and Engagement – having the following objectives:

- To promote awareness and behavioral change in society with respect to environmental management and conservation, encouraging conscientious consumption and appropriate treatment of solid urban residues in five cities: one in each region of the Country;
- To adopt sustainable practices in livestock farming, reducing its impact on natural resources and bio-diversity;
- To improve the quality of water courses and extend the coverage of natural vegetation through representative projects in 14 hydrographic micro-basins in the following biomas: Cerrado/Pantanal, Mata Atlântica, Amazônia, Caatinga and Pampa;
- To disseminate and replicate business models focused on Sustainable Regional

Development and strengthening/expanding its portfolio of financial products and services that have environmental characteristics;

- To expand the base of social support for environmental management and conservation, conscientious consumption and the recycling of solid residues, through campaigns conducted with internal and external public audiences.

The governance of the program involves two particular jurisdictions: the Strategic Governance Group, aimed at the development of initiatives with respect to socio-environmental projects, that consist of the General Management of Banco do Brasil’s Sustainable Development Unit, the Secretary General of WWF Brazil and the presidents of the FBB and the National Water Agency (ANA); and the Technical Management Group, represented by technicians from partnership institutions that have responsibilities and ob-

ligations with respect to the socio-environmental projects. For the governance of the other key elements, the Brazil Water Forum was set up and standardized, consisting of executive managers of BB from

the Credit Directorship (DICRE), the Agribusiness Directorship (DIRAG), the Directorship for Strategy and Organization (DIREO) and the Marketing and Communication Division (DIMAC), un-

der the coordination of the Sustainable Development Unit (UDS), that has the responsibility, among others, of carrying out preliminary assessments and rendering accounts to the Board of Officers.



Information with respect to this program is also available on the following website: www.blogaguabrazil.com.br



Photos: Eduardo Aigner

Eco-Efficiency

The Bank has various initiatives with respect to the adoption of sustainable models. With regard to the environment, with the objective of reducing the consumption of natural resources the wastage of inputs and the appropriate disposal of residues, the initiatives are part of the Eco-Efficiency Program. These are: the Program for the Rationalization of Energy Consumption; the Program for the Reconditioning of Toner Cartridges; the Program for the Rational Consumption of Water; the Program for the Rationalization of Printing; the Segregated Waste Disposal Program; Green Branches, and ISO 14001 certification.

Banco do Brasil has incorporated the principles of eco-efficiency in its processes since the 1990s. BB's eco-efficiency management is characterized by optimization in the use of resources (water, electricity, printer cartridges, paper, etc.), the correct destination for solid residues and the development of monitoring and control tools. In the management of natural resources, for example, a series of initiatives has been adopted to reduce the use of paper, such as adjustment to corporate systems to give priority to printing on both sides of the paper, and the carrying out of awareness campaigns among employees.

The Bank created the Eco-Efficiency Index – Environmental Footprint – *IE Pegada*. *IE Pegada* is a method of evaluating the performance of a particular branch of the Bank with respect to its consumption of natural resources. The objective is to encourage the revision of processes, products and services thus identifying opportunities for reducing the consumption of items such as water, electricity, toner and paper, and introducing a segregated waste disposal system.

Water GRI EN8 | EN9 | EN10

To continually improve and monitor internal water consumption, with the aim of adopting measures to reduce it, the Institution maintains a program for the Rational Use of Water (*Purágua*), through which, among other actions, the measur-

ing of consumption in branches was introduced as part of a corporate system. BB also promotes awareness campaigns among its professional staff for the conscientious use of this resource.

The water consumed in the administrative premises comes from utility concessionaires, whose systems are also used by the Bank for the disposal of effluents. Thus there is no re-use of this resource.

Water consumption (m³)

Strategic Buildings (m³) ¹	2008	2009	2010	2011
Headquarters Building I	68,698	76,741	70,465	101,016
Headquarters Building II	10,560	9,746	10,393	10,183
Headquarters Building III	40,032	37,830	39,151	37,611
Headquarters Building IV	-	44,262	37,673	40,507
CCT ²	-	594	14,141	37,440
Tancredo Neves	-	33,758	31,525	27,792
Total	119,290	202,931	203,348	254,549

(1) Water consumption within Banco do Brasil's administrative buildings, all located in Brasília; (2) From 2009, BB began to consider the water consumption in Headquarter Building IV, CCT and Tancredo Neves, in its calculation.

Energy GRI EN4 | EN5

On the energy theme, the Bank has a Program for the Conservation of Electricity (PROCEN), that has been in force since 1990, created to control the use of this resource in the branches of BB through its rational use in the buildings with, among other actions, the modernization of equipment, with replacement by more efficient models. This initiative had an initial impact on the consumption of electricity, which has stabilized over the years.

The new aspect this year with respect to PROCEN was the development of the website *Electricity Panel* on BB's intranet. This makes it possible to monitor the management of electricity consumption through charts and tables, which show what is actually happening in terms of power consumption in the Bank's units.

Other initiatives are in alignment with the aim of reducing consumption during the year, such as the Green Branches Project, with the planning and construction of two branch building, in Pirituba (SP) and

Messejana (CE), which involves a combination of energy efficient solutions with monitoring by certification by one of the most internationally renowned organizations: Leadership in Energy and Environmental Design (LEED), in the Gold category.

New illumination solutions using LED technology were also adopted, which resulted in advantages such as greater energy efficiency and working life, the better use of residues, and the non-use of substances that are harmful to the environment.

Energy Consumption (TJ) ¹



2,307
2011

2010 – 2,139
2009 – 2,588
2008 – 2,463

(1) Banco do Brasil system for the management of energy consumption is undergoing improvement, and figures may suffer alterations over time.

Materials [GRI EN1](#) | [EN6](#) | [EN7](#) | [EN18](#) | [EN29](#)

The Electronic Operations Dossier (DEOC) project received two awards in 2011 and its first phase has already been adopted in all branches. This system enables copies of physical documents to be replaced by digital images. This, therefore, contributes to improving the security and efficiency of the Bank's credit process, reducing the client response time as well as the costs of document transit, printing and copying.

Paper: technical specifications which establish requirements for the purchasing of paper with certification from the Forest Stewardship Council (FSC) or Cerflor (Brazilian Forestry Certification Program) and ECF (free of elementary chlorine). In 2011, BB started to require environmental certification for the origin of raw materials used in thermo-sensitive paper, used in the manufacture of paper rolls in ATM and cash machines. BB thus became the first bank to carry the certi-

Furniture: both the Bank's technical specifications, as well as its tender bidding, require that 100% of furniture components be made from certified wood. To provide proof of this, the following must be presented: custody chain certificates issued by Cerflor, the FSC or other similar certification issued by a nationally or internationally recognized body, which provides proof of the origin of the wood, and its sustainable management. In 2011 new furniture designs were developed for the branches of the Bank, to cater to the trends in the market as well as making the most of the physical space available.

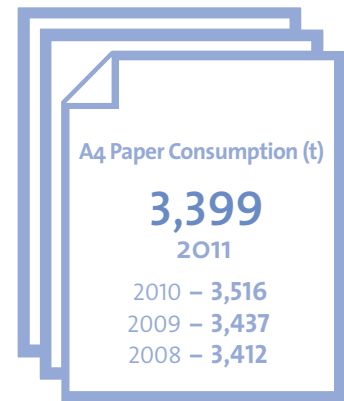
From an environmental perspective, it allows the reuse of document images used in credit analysis and contracting operations, considerably reducing paper consumption. In addition to this, as the images are available to all those involved in the process and users, independently of geographical location, the Organization has no need to transport document pouches (either by air or by land), which reduces the emission of gases from the burning of fuel, which have a significant impact on the ozone layer.

fication stamp of Cerflor and Inmetro on the paper rolls used in these communication channels, extending its concern about sustainability and quality to clients and users of its services. Also during the year, the Institution started to purchase 70 gram A4 white paper, produced with a technology which uses 6.67% less raw material compared to the traditional 75 gram paper. In addition to consuming fewer natural resources, the product also carries FSC certification. [GRI EN26](#)

Microcomputers: also in its specifications the Bank recommends for certain products, alignment with RoHS directives (Restriction of Hazardous Substances Directive – Directive 2002/95/EC of the European Parliament and of the Council) and that the proponents develops a policy for the recycling and disposal of electronic material – WEEE directive (Waste Electrical and Electronic Equipment – Directive 2002/96/EC).

Another initiative by the Bank in the same context, is the use of the conferencing through laptop computers, which provides greater mobility for professional staff located in other countries. This low cost solution, is ideal for small offices, reducing the cost of travel to work, and enabling greater participation by employees who are some distance away.

In the buying area, Banco do Brasil also considers socio-environmental aspects for the selection of suppliers and materials. Here are some of the actions taken:



Refrigerators: according to the specifications, the item may not contain CFCs, and must carry the "A" Procel seal, or equivalent, with respect to the level of electricity consumption. [GRI EN19](#)

Vehicles: in the same context, the Bank establishes that the renting of vehicles for the transport on work-related missions must be manufactured locally, and have dual-fuel characteristics (ethanol and gasoline).

Segregated Waste Disposal GRI EN1 | EN2 | EN22 | EN26

In existence since 2008, the segregated waste disposal sub-program – linked to the Eco-Efficiency Program – was expanded in 2011, and has been introduced in all the municipalities in Parana where BB operates, with the disposal of residues through co-operatives and/or recycling

associations. The objective of the Institution is, by the end of December 2012, to extend segregated waste disposal to all its branches located in cities and towns where there are recycling cooperatives/associations in existence, or a public segregated waste policy.

This initiative can also be considered together with the Program for the Reconditioning of Toner Cartridges (PROREC), which in 2011 resulted in the reconditioning of over 103,000 units, as shown in the table below, which provides a comparison with volumes in previous years.

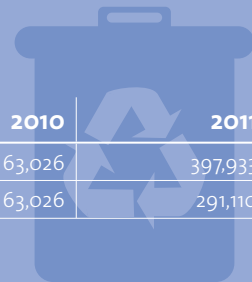
	2009	2010	2011
Volume Consumed	97,693	107,475	109,229
Volume Reconditioned	97,151	106,081	103,801
% Reconditioned	94.5	98.7	95.0

With regard to services for the cleaning and conservation of buildings, the Company contracted is required to carry out segregated disposal of residues in the branches already covered by the Segregated Waste Disposal Program, which is gradually being adopted. In addition to this, in its tenders and acquisition contracts, and for the installation of uninterruptible power supplies for computers, and their batteries, proper recycling of the batteries and equipment replaced is required, in compliance with Resolution 401 of the National Council for the Environment (CONAMA).

Segregated Waste Disposal Program

	2008	2009	2010	2011
Total Material Collected (kg)	14,145	32,082	63,026	397,933
Total Material Donated (kg)	14,145	31,082	63,026	291,110

Obs. The quantity of material recycled refers to the collection and donation of A4 paper.



Ourocard "Origens" recycled

Investments in the Environment GRI EN30

Investments Referring to the Production/Operation of the Company (R\$ 'ooo)	2010	2011
Requisition of Land (Not Applicable)	n/a	n/a
Environmental Liabilities and Contingencies	-	-
Program for Technological and Industrial Development	46,389	63,726
Conservation of Energy	-	-
Environmental Education (Not Disclosed)	n/d	n/d
Sector Indicator (Not Applicable)	n/a	n/a
Others	24,069	20,198
- Building of Sustainable Branches	4,670	2,231
- Investment in Cartridge Reconditioning Program	19,386	17,836
- <i>Purágua</i> – Rationalization of the Consumption and Saving of Water	-	-
- Internal Environmental Auditing	13	9.1
- Internal Environmental Consultancy	-	121.9
Total Investments Related to the Production/Operation of the Company	70,458	83,924

The Bank has also been encouraging the use of videoconferencing as an alternative to reduce emissions during business air travel. The use of videoconferencing has a number of advantages, such as the saving of time in the taking of decisions, avoiding the need for physical travel to a specific destination, as well as the saving of resources.

By the same token, the Organization has invested in the diversification of its channels for the processing of transactions, and carrying out business with its clients. The move is increasingly towards processes which do not involve printing,

and therefore do not result in the consumption of paper, such as the use of the internet, the customer service center and mobile banking. Another initiative being consolidated is Authorized Direct Debit (DDA), which enables the client to register for automatic billing, dispensing the need for bank payment slips.

Products with a Socio-Environmental Attribute (Protection of Biodiversity) GRI EN26 | EN30

This concept which permeates all these practices, also involves the development of products which support protection of biodiversity. Thus, in 2011, BB launched its *Ourocard "Origens" Reciclado*, the first card produced with recycled plastic, which carries an image of unpublished photographs taken by the Brazilian photographer Sebastião Salgado, chosen from a range of 10 available photographs. Those requesting the card, contribute to the initiatives of the Terra Institute, which promotes the revitalization and sustainable management of Atlantic Forests, through the planting of native tree species along river banks. For each requested card, the customer donates R\$5.00 to the Terra Institute, adhering automatically to the system of rounding up the bill to the nearest whole figure, and contributing to the planting of one of trees needed to revitalize a natural spring.

The Environmental Bonus Package is another innovative initiative, as it passes on a portion of the tariffs charged to the Brazil

Water Program, permitting the customer to become a co-sponsor of water conservation initiatives in Brazil.

Adhesion to the package provides a benefit to the customer with the waiving of interest when using overdraft facilities for up to 10 days. In 2011, a total of R\$3.0 million was transferred.

Despite of not having any units in protected areas, or any which have a significant impact on biodiversity, the theme is included by Banco do Brasil in its vision of sustainability through adhesion to related documents. This is the case of the Soya Moratorium Work Group, under which the Organization undertakes a commitment not to finance projects in the forested regions in the Amazon bioma. The Bank also participates in the Sustainable Amazon Forum, which involves several entities that make efforts to identify and adopt development initiatives in the region. GRI EN11 | EN12

Fortifying the position of BB in helping to guarantee today a better world for future generations, there are a number of other initiatives, such as the Brazil Water Program, the Eco-Efficiency Program, the Management of Greenhouse Gases, and its Segregated Waste Disposal Program.

As a consequence of this action, the Organization received a series of awards in 2011, among them the award from the Banking Report, in the category of Best in Electronic Document Management; e-Finance 2011, in the same category, from the magazine *Executivos Financeiros*; and from *Arquitetura Corporativa*, awarded by Flex *Arquitetura e Negócios*, for the work *Ambiência 2.0*: new design for retail branches. It was also the first national banking institution that in 2011 was awarded a Certificate of Accessibility by the Brazilian Association for Technical Standards (ABNT).

CLIMATE CHANGE

GRI 4.13 | EC2 | EN3 | EN6 | EN7 | EN16 | EN17 | EN29

BB is a founding member of the Companies for Climate Program and the Brazilian GHG Protocol Program, both aimed at debating and making proposals for initiatives to combat climate change.

The Bank is also part of the Chamber on the Theme of Climate Change – CTCLima, an initiative coordinated by the Brazilian Business Council for sustainable development (CEBDS) to assist companies in the adoption of strategies for the making use of opportunities, and the minimization of risks, and prepare themselves for a world with restrictions on greenhouse gas emissions.

In 2011, as part of CTCLima, the Bank supported the compilation and launching of a publication on Adaption to Climate Change, which analyses the current situation and assesses the risks, investment costs and opportunities for

companies as a consequence of the need to adapt to climate changes. The Bank also supports the training of suppliers, through its Program for Carbon Management in the Supply Chain, with the objective of engaging suppliers in the drawing-up and publication of greenhouse gas emission inventories.

In addition to this, with CEBDS, specialists, members of government, businessmen and organized civil society, the Bank participated in workshops on savings in the field of agriculture and energy, held at the “Sustainable 2011” event, held in Rio de Janeiro (RJ). The intention was to contribute to the building of a Brazilian version of *Vision 2050* – a report launched by the World Business Council for Sustainable Development (WBCSD) – with directives for the Country to undertake a stronger commitment to this issue, and by 2050,

to be developing and providing quality-of-life to its inhabitants.

The Institution’s commitment to this cause is by no means recent. Since 2009, the Bank has been publishing its Greenhouse Gas Emissions Inventory based on the methodology of the Brazilian GHG Protocol, which takes into account emissions from vehicles fleets, electric power (generators on-site, and power purchased through the grid) and air travel by employees. In 2011, the first Greenhouse Gas Emissions Inventory was drawn up with the inclusion of a further two emission sources: the transport of pouches, and ground-based travel by employees on service. For 2012, an inventory certification is planned based on the ISO 14064 standard. During the year, the inventory produced the following results, which can be compared with previous years.

CO₂ – Emissions Inventory – Banco do Brasil

Scope	Emission Source	2010	2011	Variation
SCOPE 1	Fleet of Own Vehicles for Use in Branches	4,850 tCO ₂ e (Ethanol – 501,000 liters) (Gasoline – 2.38 million liters) (Diesel – 244,000 liters)	4,435 tCO ₂ e (Ethanol – 844,000 liters) (Gasoline – 2.45 million liters) (Diesel – 115,000 liters)	-8.55%
	Electricity Generators	1,221 tCO ₂ e (Diesel – 478,000 liters)	1,102 tCO ₂ e (Diesel – 439,000 liters)	-9.74%
	Biomass	1,636 tCO ₂ e	1,757 tCO ₂ e	7.39%
SCOPE 2 ¹	Electricity Acquired	29,538 tCO ₂ e	17,663 tCO ₂ e	-40.20%
SCOPE 3 ²	Air Travel	13,754 tCO ₂ e	10,664 tCO ₂ e	-22.46%

(1) The high negative variation in the volume of greenhouse gas emissions observed under Scope 2 is due, in large part, to the reduction in the conversion factor for the SIN – National Grid System, compared to the same period in the previous year. We can also see, in addition to this factor, initiatives developed within the scope of the Eco-Efficiency Program – Management of Electricity Consumption – which also resulted in a reduction in the consumption of this resource, and helped in reducing greenhouse gas emissions; (2) The other sources of greenhouse gas emissions in Scope 3 of the Banco do Brasil Inventory are being accounted for, in accordance with the schedule of the Brazilian GHG Protocol Program, and will be made available to the public in general on the program website www.registropublicoemissoes.com.br –, this being planned for August 2012.

To compensate for part of its greenhouse gas emissions, BB has adopted a series of initiatives, such as the planting of trees and forestry conservation – which is the case, for example, of the native forest in the municipality of Barra do Turvo in the state of São Paulo, which is looked after by Brasilprev Seguros e Previdência. Other operational initiatives have the same objective, such as the requirement for employees to only rent vehicles with a dual-fuel capability in working missions.

The Organization's adhesion to the

BM&FBOVESPA Carbon Efficiency Index (ICO2), in June 2010, is another demonstration of its efforts to adopt the best practices with respect to business efficiency and the low carbon economy. The ICO2 consists of shares of companies that are part of the IBrX-50 and takes into account in its weighting, not only the free float, but also efficiency with regard to greenhouse gas emissions. This was a demonstration to the market of the Bank's commitment to transparency, as well as willingness to achieve the best practices in terms of climate control and measure-

ment, and the reporting and mitigation of its greenhouse gas emissions.

Banco do Brasil has been part of the ICO2 portfolio since its inception, and in 2011, in the review of its portfolio, its shares represented 5% of its investment portfolio, which positions it as one of the five companies with the highest presence in this index. Based on the carrying out of its Greenhouse Gas Emissions Inventory, BB has adopted measures to reduce these emissions, with incentives provided for the reduction of travel, and the use of video-conferencing equipment.



The Competition

GRI 4.13

Ethical and civility form the basis of Banco do Brasil's relationship with competing financial institutions. Thus, it does not only maintain an official exchange of information and experiences with them, such as, whenever possible, shares resources and logistic solutions and technology, also launching new products and services in partnership with them. As a result of this positioning, BB did not file any lawsuits for unfair competition or anti-trust or monopoly practices in 2011. In 2010, a lawsuit was filed referring to allegations of monopoly, with respect to payroll loan operations to public civil servants in the state of Paraíba. This lawsuit is ongoing. GRI SO7

By the same token, in the area of socio-environmental responsibility, the Bank joins ranks with the competing institutions in the combat of slave labor and degrading work, and in the identification of measures capable of eliminating it in its business and relationship chain.

To exchange ideas and contribute to the development of the financial system, and consequently the strengthening of the Country, BB also participates actively in initiatives conducted by the Brazilian Banking Federation (FEBRABAN), both in relation to business, as well as socio-environmental responsibility.

On the business front, this involves the Executive Board and the Committee for Business, which defend the Bank's interests and those of its shareholders and customers. It also participates in various groups created to debate and propose changes that improve the efficiency of the financial sector.

In the socio-environmental field, in 2011 BB took over the Directorship for Social Responsibility and Sustainability of FEBRABAN, whose work includes initiatives with a focus on improving the performance of the financial sector with respect to commitment to sustainability and the low-carbon economy, such as the Green Protocol.

In addition to this, alongside the main national banks and companies, BB is also part of, among others, the following organizations: the Chamber for the Theme of Energy and Climate Change (CTClima) and the Chamber for the Theme of Sustainable Finance (CTFin), part of the Brazilian Business Council for Sustainable Development (CEBDS), with the purpose of integrating motivational principles and practices of sustainable development into the business context, and also make the socio-economic, social and environmental aspects to operate in harmony.

In March 2011, in BB's branches, CTFin coordinated a workshop on Socio-environmental Risks. Representatives from various areas related to the analysis of risk in the granting of bank credit and insurance, participated at the meeting.

BB, alongside the HSBC Climate Change Center, the UK Department for Energy and Climate Change, Lloyds, PricewaterhouseCoopers, Deutsche Bank and other institutions, in December 2011 participated in an official mission by the British Government – the Foreign and Commonwealth Office – with the objective of inter-exchange between Brit-

ish and Brazilian financial institutions with respect to experiences and solutions in the combating of climate change, and encouraging a low-carbon economy, in addition to strengthening the relationship between Brazil and the United Kingdom with respect to the themes of climate-related finance and the green economy.

Banco do Brasil also participated in the drawing-up of an official document by Brazil, sent to the United Nations, for the United Nations Conference on Sustainable Development (Rio+20), in which it sets out the themes and subjects which should be emphasized at the conference

which is scheduled to take place in June in Rio de Janeiro. The meeting is aimed at renewing engagement with world leaders with respect to the sustainable development of the planet, 20 years after the United Nations Environment and Development Conference (Rio-92). The documents were sent, following public consultation, by the Ministry of the Environment, the Brazilian Global Compact Committee, CEBDS, PNUMA – United Nations Environmental Program, to be consolidated and transformed into Brazil's contribution to the event.

External Ombudsman Service

In service since 2005, the Banco do Brasil Ombudsman Service is a fundamental tool in creating a closer relationship between the Organization and its various public audiences. It meets the requirements of the legislation, and is in alignment with BB's intention to adopt the best market practices with respect to consumer rights. It is thus designed to deal with demands that have not been resolved by the Customer Service Center and other relationship channels, which can be accessed on the toll-free number 0800 729 5678; a special telephone line for the dumb and the hard of hearing (0800 729 0088) or through the website www.bb.com.br, with the presentation of the protocol number issued by the Customer Service Center at the time of the complaint being registered.

The demands sent to the area are valued in the sense that they can contribute to initiatives for the improvement of products, services, processes and channels, and consequently strengthening BB's relationship with its various interested public audiences. The Ombudsman Service, rather than substituting conventional service channels, has the purpose of dealing with issues submitted by users that have appealed to the branches and other contact services, and who were not satisfied with the results obtained – requesting a review of their particular case. In 2011, the percentage of occurrences exclusively dealt with by

the Ombudsman Service which were considered to be valid, was 6%. And a solution to 100% of these was achieved based on mediation through the BB Ombudsman Service.

Various demands received in the period resulted in proposals for improvement that have been passed on to the Bank's Board of Directors, such as the improvement in the automatic Debit Service for those subscribing to it, and the treatment of demands related to *Banco 24 horas*, the improvement of communication with companies/governments, and entities, and their employees, in business relationships and

the adoption of greater transparency of client-related consumer aspects, through the publication, in a broader-reaching and clearer manner, of information on tariff charging.

The area, in addition to this, seeks to achieve integration with the main entities for the defense of consumer rights, regulatory and inspection bodies, to engage in dialogue, perfection of positioning, the application of shared initiatives and the strengthening of the culture of listening to customer complaints and respect for consumers.

Ibase Social Balance + NBCT15 GRI EC5

1 – Calculation Base	2010 (R\$ thousand)	2011 (R\$ thousand)
Net Income NI ¹	25,561,532	27,513,063
Operation Income OI	18,410,195	18,506,767
Gross Payroll GPR ²	13,019,591	14,912,575
Total Value Added TVA	11,703,165	12,219,121

2 – Internal Social Indicators	R\$ thousand	% over GPR	% over NI	% over TVA	R\$ thousand	% over GPR	% over NI	% over TVA
Food	957,871	7.4	3.7	8.2	1,086,261	7.3	3.9	8.9
Compulsory social contributions	2,698,964	20.7	10.6	23.1	2,455,755	16.5	8.9	20.1
Private pension plan ³	1,004,182	7.7	3.9	8.6	1,164,046	7.8	4.2	9.5
Health ^{3,4}	722,785	5.6	2.8	6.2	894,943	6.0	3.3	7.3
Occupational health and care ⁵	33,609	0.3	0.1	0.3	41,858	0.3	0.2	0.3
Education ⁶	44,755	0.3	0.2	0.4	27,583	0.2	0.1	0.2
Culture	1,362	0.0	0.0	0.0	2,798	0.0	0.0	0.0
Professional training and development	73,353	0.6	0.3	0.6	106,276	0.7	0.4	0.9
Daycare or Daycare Assistance	62,706	0.5	0.2	0.5	74,166	0.5	0.3	0.6
Transport	23,042	0.2	0.1	0.2	31,318	0.2	0.1	0.3
Profit sharing	1,756,190	13.5	6.9	15.0	1,790,543	12.0	6.5	14.7
Others	117,575	0.9	0.5	1.0	148,952	1.0	0.5	1.2
Total - Internal Social Indicators	7,496,393	57.6	29.3	64.1	7,824,498	52.5	28.4	64.0

3 - External Social Indicators	R\$ thousand	% over GPR	% over NI	% over TVA	R\$ thousand	% over GPR	% over NI	% over TVA
Education	27,881	0.2	0.1	0.2	27,716	0.2	0.1	0.2
Culture	43,074	0.3	0.2	0.4	53,269	0.4	0.2	0.4
Health and sanitation	13,118	0.1	0.1	0.1	8,398	0.1	0.0	0.1
Sports	54,421	0.4	0.2	0.5	56,100	0.4	0.2	0.5
Combat of hunger and food safety	947,08	0.0	0.0	0.0	8,009	0.1	0.0	0.1
Generation of jobs and income	61,394	0.5	0.2	0.5	64,224	0.4	0.2	0.5
Others	16,113	0.1	0.1	0.1	13,976	0.1	0.1	0.1
Total Contributions to Society	216,948	1.7	0.8	1.9	231,693	1.6	0.8	1.9
Taxes (excluding social contributions) ⁷	3,110,257	23.9	12.2	26.6	2,266,700	15.2	8.2	18.6
Total - External Social Indicators	3,327,205	25.6	13.0	28.4	2,498,393	16.8	9.1	20.4

4 - Environmental Indicators	R\$ thousand	% over GPR	% over NI	% over TVA	R\$ thousand	% over GPR	% over NI	% over TVA
4.1 - Investments related to Company production/operation	70,458	0.5	0.3	0.6	83,924	0.6	0.3	0.7
4.2 – Investments in external programs and/or projects	1,305	0.6	0.3	0.0	12,590	0.6	0.4	0.0
Total Investmens in the Environment (4.1 + 4.2)	71,763	0.6	0.3	0.6	96,514	0.6	0.4	0.8

5 - Workforce Indicators	2010 - units	2011 - units
N° of employees at the end of period	109,026	113,810
N° of hirings during period	10,048	8,754
N° of dismissals during period	4,505	3,895
N° of outsourced employees	35,007	37,272
N° of interns	9,853	8,567
N° of apprentices	5,534	5,551
N° of employees over 45 years of age	31,705	33,550
N° of Employees by Age Group:		
under 26	8,158	7,787
from 26 to 35	39,829	42,918
from 36 to 45	29,334	29,555
over 45	31,705	33,550
N° of Employees by Education Level:		
Primary education	579	472
Secondary/vocational education	30,835	30,362
Higher education	53,073	54,821
Postgraduate study	24,539	27,991
N° of Women Working at the Company	44,921	46,878
% of management positions held by women	34.6	34.8
N° of Men Working at the Company	64,105	66,932
% management positions held by men	65.4	65.2
N° of Afro and Indian Descendents Whose Works at the Company	20,807	25,485
N° of management positions held by Afro and Indian descendents	6,016	6,436
N° of Handicapped Employees or Those with Special Needs	882	893
Gross Compensation Broken Down by:	R\$6,909,940,075	R\$7,775,449,684
Employees	R\$6,892,104,258	R\$7,752,217,879
Management (Boards of Directors, Auditors and Officers)	R\$17,835,818	R\$23,231,805
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	R\$1,090	R\$1,138

6 – Relevant Corporate Citizenship Information		2010	2011
Ratio between highest and lowest salary at the Company		17.0	16.8
Total number of work accidents		983	1,389
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	(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	(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	() 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	() 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	() 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	() 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	() Does not get involved () Supports it (X) Organizes and encourages it
Total number of consumer complaints and criticism: ⁸	At the company: 15,324 At PROCON: 9,853 In court: 94,629	At the company: 15,811 At PROCON: 12,467 In court: 117,586	At the company: 15,811 At PROCON: 12,467 In court: 117,586
% of complaints and criticisms attended to or solved:	At the company: 100% At PROCON: 100%	At the company: 100% At PROCON: 100%	At the company: 100% At PROCON: 100%
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	Transformation and awareness of employees in customer service
Total Added Value to Distribute (in thousand R\$)		36,179,833	38,638,689
Distribution of Value Added (DVA)		% of Total	% of Total
Government		29.9%	28.4%
Associates		36.1%	38.1%
Shareholders		13.0%	12.7%
Third parties		1.7%	1.9%
Retained		19.3%	18.9%

7 – Other Information

Banco do Brasil S/A – Brasília/DF – CNPJ: 00.000.000/0001-91

For explanations concerning declared information: ir@bb.com.br

This company does not use child labor, is not involved with prostitution or sexual exploitation of children or adolescents and is not involved in corruption. Our company values and respects diversity both internally and externally.

The Annual Social Balance Sheet was held by KPMG S.A. and assurance report will be published in the Annual Report 2011.

Notes:

- (1) The value corresponds to the Gross Financial Intermediation Income. Due to improvement of methodology the values reported in 2010 were modified.
- (2) The value corresponds to the personnel expenses.
- (3) All sponsored entities employer's contributions were considered, including the merged (BNC, BESE, BEP) and the own companies.
- (4) The value corresponds to the Bank's contributions to medical assistance plans. Due to improvement of methodology the values reported in 2010 were modified.
- (5) The values reported include investments in occupational health and care.
- (6) Spending on regular education at all levels, education reimbursement, scholarships, magazine subscriptions, library expenses (excluding staff) and other education spending.
- (7) Due to improvement of methodology the values reported in 2010 were modified.
- (8) The number of complaints to the BB's External Ombudsman Service, and to the Court were considered.

Business

With its portfolio of products and services, in the three key areas of sustainability – economic, social and environmental –, Banco do Brasil contributes to the development of the Country



Introduction GRI FS6

In keeping with its role as an agent for the development of the Country, Banco do Brasil seeks to offer its clients products and services that cover the three key elements of sustainability: economic, social and environmental. In this way, it not only maintains its leadership of the Brazilian Banking Industry, but also makes progress in creating a more just society.

In this section it can be seen how BB positions itself with respect to the economic scenario and its segments of operation, as well as the products and services that it makes available to Brazilian citizens.

Economic Background

In 2011, the international economy could be characterized into two distinct financial scenarios.

In the first few months of the year, the outlook was still more positive due to the influence of the recovery in economic activity in 2010. However, climatic events, an earthquake, a tsunami and the nuclear crisis in Japan – heralded a period of disappointment as to the continuity the global economic recovery, marking the second moment.

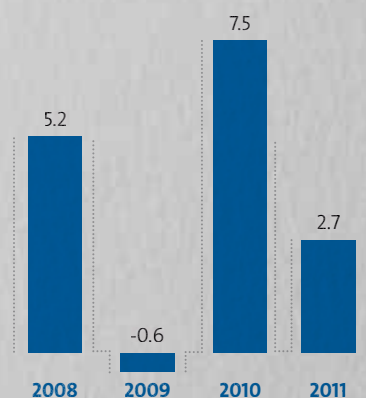
In terms of fiscal sustainability, the initial uncertainties were focused on the US economy, as a result of the political difficulties that the government experienced in reaching agreement on getting the public debt ceiling raised. However,

Europe that was the main focus of global financial instability, due to the fiscal problems of countries in the Eurozone – particularly Greece, Ireland, Portugal and Spain.

In addition to the various attempts to provide liquidity to the banking industry and reduce the cost of rolling over sovereign debt, the deterioration in the economic environment led to negotiations for the creation of a new fiscal pact for a section of the European Union.

As an intrinsic part of this uncertain global economic scenario, the Brazilian economy, despite having solid macroeconomic fundamentals, suffered a slow-down in growth compared to 2010, which can be seen in the chart below:

GDP
(variation % over 12 months)

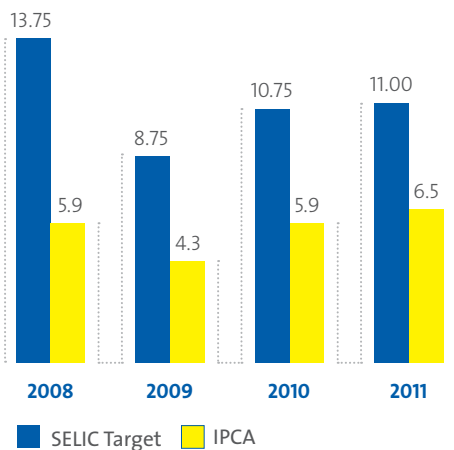


Although international economic conditions led to a reduction in the dynamism of the Brazilian economy, domestic demand continued heated, driven, in particular, by the improvement in the labor market, with the creation of a substantial number of jobs in the formal economy, ascension within social classes, and the availability of credit. In 2011, the average unemployment rate was just 6.0% of the economically active population.

These fundamentals were the main aspects that supported the domestic economy, the dynamism of which, in combination with aligned macro-economic policies, functioned as a cushion in guaranteeing greater resistance of the Brazilian economy to the adverse effects of the crisis in developed countries.

Thus, the SELIC rate target, which reached 12.5% p.a. in July, had fallen to the level of 11% p.a. by the end of 2011, even in an environment of strong pressure on price indices. However, the variation in the Broad Consumer Price Index (IPCA), one of the indices used to measure inflation, remained, for the eighth year running, within the tolerance range of the inflation target system.

IPCA vs. SELIC Target (%)

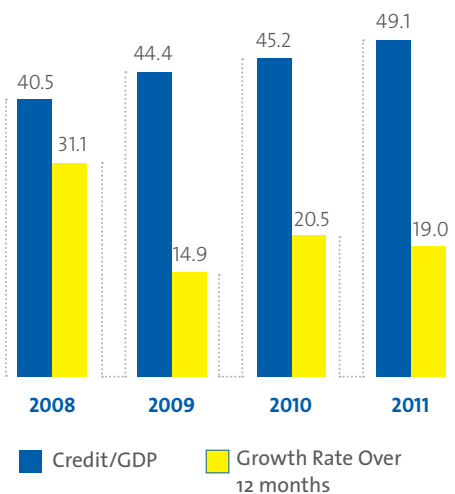


Specifically with regard to credit, the slowdown in the growth rate was less intense than initially expected. With this, the ratio of credit to GDP ended the year at a record level of 49.1% (in 2010,

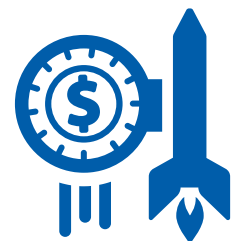
it was 45.2%). In addition to the deceleration in the economy, the slowdown in credit expansion during the year also reflected the effects of more restrictive monetary policy, in force up to the middle of the year, and the precautionary macro-economic measures announced at the end of 2010.

Despite being essential for containing inflation, these measures created a less favorable credit environment, partly contributing to an increase in delinquency levels, particularly in the personal loans segment. This, however, had no impact on the Brazilian Banking Industry, which continued to show robust financing capacity.

Total Credit: Variation over 12 Months and Proportion of GDP (%)



In this way, the year 2011 came to a close with a background economic scenario that was relatively different to that seen at the beginning of the year, so bringing with it even more uncertainties with respect to the scenario in international markets. Even though its performance did not live up to expectations at the beginning of the period, the Brazilian economy performed better than the economies of developed countries, consolidating its position as an emerging power, in terms of investment opportunities.



The Credit/GDP ratio ended the year at a record level of 49.1%, despite the slowdown in the economy, with a more restrictive monetary policy up to the middle of 2011 and the precautionary macro-economic measures in 2010

Vision of the Banking Industry

Brazil's major banks obtained record results in 2011, and moved up in the international ranking, in asset terms, compared to those financial institutions based in markets that suffered the effects of the crisis, clearly demonstrating their solidity and resilience.

For 2012, competition in the industry is expected to continue to intensify, maintaining the current level of concentration and, particularly, the quest for improvement in terms of operational efficiency indicators. The banks must therefore rationalize their expenses and increase the level of synergy in their operations.

Credit should continue to expand in Brazil, but at a slower pace, with the focus again being on real-estate mortgage lending. In keeping with their quest for efficiency, the financial institutions have been perfecting their processes for the

analysis, granting and management of loans. An increase in the regulation of financial institutions can also be expected, on the part of consumer defense bodies and monetary authorities, at a national and international level.

With respect to the internationalization process, Brazil's major banks may prioritize a strategy for expanding into neighboring countries, which have more familiar cultures and languages, as well as lower travel and research costs. Interest on the part of foreign financial institutions in the Brazilian Banking Industry may increase, in the sense of adding value and synergy to their global operations.

With respect to their operational strategies for clients, the main banks have declared their intention to expand their operations in the area of micro and small companies, in the corporate seg-

ment, taking advantage of the current expansion in the Brazilian economy and the opportunities that will be provided by the major sporting events planned over the coming years.

In the high-income segment, an increase has been seen in family business conglomerate models (family office), due to the substantial amount of "nouveau riche" emerging in Brazil.

In the individual segment, of particular note are the strategies for retaining and increasing profitability levels from public civil servants, through "free option" banking. In this regard, the improvement in service channels – including new environments such as social networks – and business models may continue as priorities for financial institutions.



Business Strategy for Sustainable Regional Development

GRI EC8 | EC9 | FS5 | FS10

The Business Strategy for Sustainable Regional Development is the main focus of the Sustainable Business of Agenda 21. Through this strategy, Banco do Brasil aims to stimulate the regions where it maintains its installations, with the mobilization of economic, social and political agents for the support of economically viable production activities, that are socially just and environmentally correct, respecting local diversity. In this way, the Bank puts itself in a position to promote social inclusion with the generation of jobs and incomes; democratizing access to credit; encouraging the forming of cooperatives and associations; contributing to improving quality-of-life among the population; and solidifying business with micro and small rural and urban entrepreneurs, in the formal and informal segments.

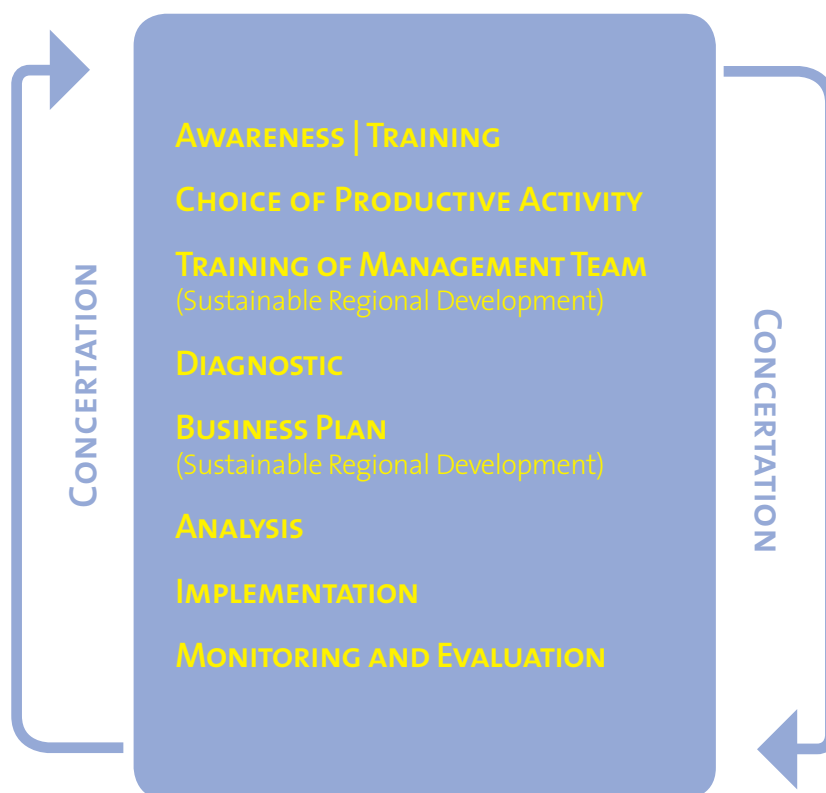
Methodology for Sustainable Regional Development involves raising the awareness of Banco do Brasil’s employees, partners and beneficiaries, mobilizing and training them, as well as carrying out an extensive diagnosis of the value chain in question. Based on this diagnosis, the Business Plan is drawn up in which are defined the objectives, targets and actions needed for the development of the chosen production activity. The methodology (see figure) closes the cycle with the monitoring of the actions defined in the business plans and in the evaluation of the whole process.

In 2011, various steps were taken in this context. From the perspective of perfecting BB’s Sustainable Regional Development Strategy, one of these steps was the signing of an agreement between the Inter-American Development Bank (IDB), Fundação Banco do Brasil (FBB) and the Inter-American Institute for Cooperation on Agriculture (IICA) for the hiring of three national coordinators and 26 managers. The objective is to improve actions in the production chains for dairy farming, the cultivation or extraction of acai fruit,

the cultivation of cashew, and the recycling of solid residues, as well as sales, with a focus on the “Sustainability Store”. The managers will contribute with governance for the business plans, drawing up and integrating actions for the promotion of Integrated Territorial Development and Sustainable, as well as establishing partnerships to strengthen social organization,

disseminating knowledge and supporting local potential in around the production activities supported.

Another initiative during the year was the International Seminar for Sustainable Regional Development for Bank Representatives affiliated to the Latin American Association of Financial Institutions for Development (ALIDE).



The event had the participation of representatives from Peru, Uruguay, Paraguay, Equator and Mexico, in addition to executives from the Ministério do Desenvolvimento, Indústria e Comércio (Ministry of Development, Industry and Commerce) – MDIC, the IICA and FBB. This was an opportunity for exchanging experiences and strengthening relation-

ships with and ALIDE, and strengthening BB’s prospects for promoting the replication of its Business Strategy for Sustainable Regional Development in other countries, which will allow it to expand and strengthen its image as a Bank for Sustainability. Other initiatives during the year as part of this Strategy were:



Publication of the book Sustainable Regional Development – Inclusion and Transformation:

this publication shows the track record and achievements of the Business Strategy for Sustainable Regional Development and presents 30 good practices applied by BB's superintendencies and branches, covering every region in Brazil.



Recycling:

In partnership with the Ministry of the Environment and the Ministry for Cities, four booklets have been compiled on operations in the recycling and solid residue chains, with a focus on 4,976 municipalities of up to 50,000 inhabitants. As a result of this initiative, BB aims to provide guidance for the municipal authorities and contribute to the drawing up of Municipal or Inter-municipal Plans for the Integrated Management of Solid Residues, in compliance with Law 12,305/10, which instituted a National Policy for Solid Residues, with responsibility shared between governments, businessmen and citizens. The booklets are available for download on Banco do Brasil's website, on the Sustainability Portal.



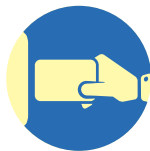
Compilation of the Series Booklets with Proposals for Actions in Production Chains:

this is the result of a partnership of FBB with the Inter-American Institute for Agricultural on Cooperation (IICA). Each booklet presents a general view of the production chain, suggestions for operation based on consultancy work for the rural and urban areas, and a proposal drawn up by BB to be discussed and applied with partners, in the dairy farming, fruit growing (acai fruit, banana and cashew), beekeeping, fish breeding, sheep and goat farming and recycling. The complete series is available for download on Banco do Brasil's website, on the Sustainability Portal.



Social Technologies:

for the financing of social technologies Balde Cheio (Full Bucket) e PAIS throughout the Country, R\$5.6 million was made available in funding from FBB.



Management of Performing Loan:

operations to manage performing loan within the business portfolio among beneficiaries of the Strategy, with a view to improving the performance of the loan portfolio and contributing to making these clients profitable. Studies were carried out with the identification of branches, products, activities and beneficiaries with a higher rate of exposure to loan losses, and action plans to mitigate this risk.



Sheep and Goat Farming Chain:

Application of R\$7.2 million over the last three years, in the structuring of the sheep and goat farming production chain in the Northeast.

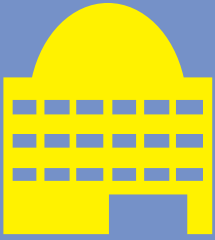


Increase in the Quantity of Beneficiaries and the Number of Business Plans:

the number benefited by the Business Strategy has reached the figure of 1,555,558 while there are 4,029 ongoing business plans in place.

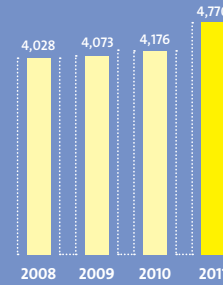
Sustainable Regional Development

Accumulated position for the fourth quarter of each year:



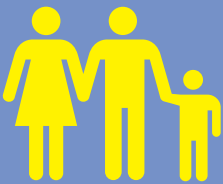
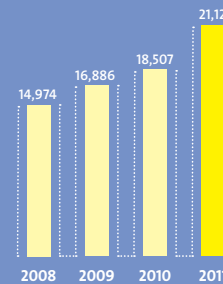
Branches Qualified

All the retail and government branches and service outlets have had at least two employees trained in Sustainable Regional Development, this consisting of the branch manager and one other employee.



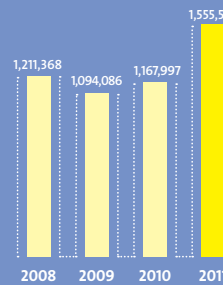
Training in Strategy for Sustainable Regional Development

Number of training sessions carried out by employees under the Sustainable Regional Development courses: PFP N° 171; 624; 2,174; 40,485; or 70,425



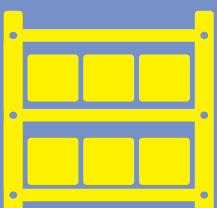
Beneficiaries

Quantity of families benefited (individuals) by some initiative under the Sustainable Regional Development Business Plan being implemented (retail network). In 2010, there was a change in the methodology for families served (quantity of families benefited), for beneficiaries (individuals and businesses directly involved in production activity supported and benefited by initiatives of the Bank or Partners in the Sustainable Regional Development Business Plans.



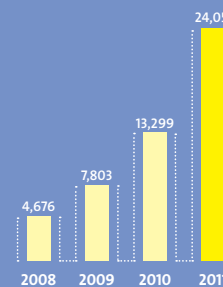
Production Activities

These are all the production activities defined by the work teams and registered in the application for Sustainable Regional Development in business plans under this strategy, in the process of being implemented.



Business (accumulated) R\$ million

Volume of business carried out with beneficiaries of the strategy, after the implementation of the Sustainable Regional Development Business Plan (accumulated volume contracted based on the current beneficiaries).

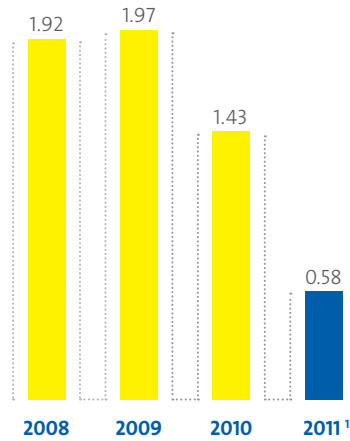


The low delinquency

0.58%

in the fourth quarter of 2011 among the beneficiaries of the Sustainable Regional Development Strategy (NPL 6o)

Delinquency Ratio – Sustainable Regional Development (%)



(1) The reduction was caused by the application of Trava 18 – operations past-due, awaiting development.



In addition to these achievements, 2011 was also characterized by the extensive synergy achieved at Banco do Brasil with sustainable development in the state of São Paulo: 460 municipalities in the state of São Paulo were benefited by Sustainable Regional Development Business. The partnership covered 71.3% of the state, and

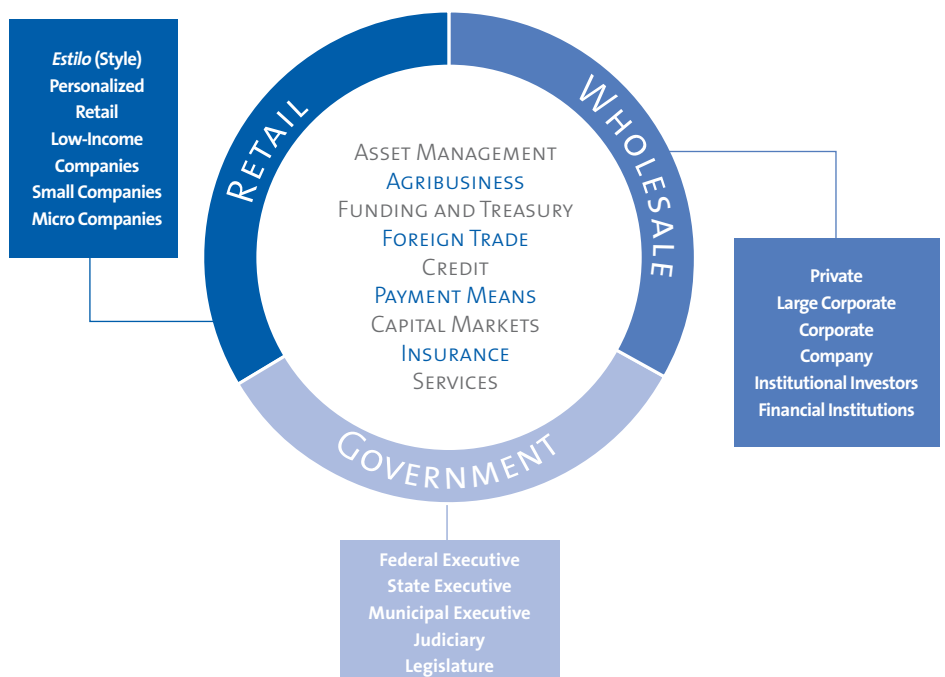
resulted in 200.6 thousand beneficiaries served, and R\$1,086 billion in loan portfolio with those beneficiaries.

The involvement of the São Paulo-based branches in *Microcrédito Produtivo Orientado* (Oriented Productive Microcredit) – MPO was also of particular note in the contracting of the first MPO operation,

both for a individual, in the region of Bauru (Pongaí), as well as a company, in the community of Paraisópolis, in the state capital. The company that benefited from this loan in Paraisópolis operates in the construction materials segment and originated from a private entrepreneur who previously benefited under BB's Sustainable Regional Development plan.

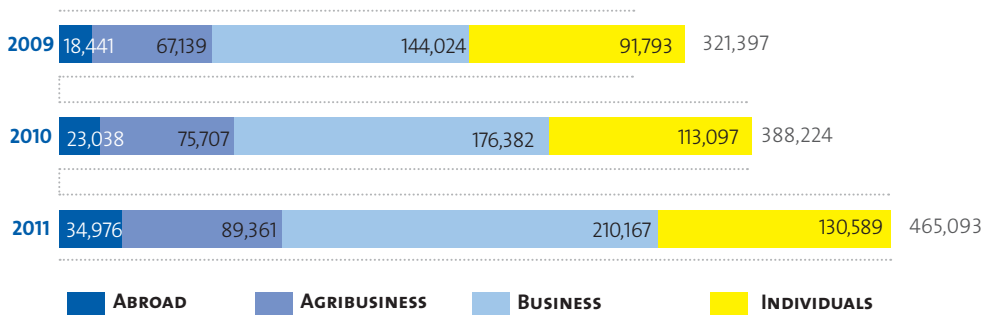
Credit

With the purpose of providing a quality service, appropriate to the needs of each public, BB has adopted a model of differentiated segmentation, based on profile, in terms of income and investments maintained by the client, as shown in the adjacent chart. In addition to developing initiatives for specific niches among the public, such as university students and agricultural producers.



Demonstrating the success of its operational strategy, BB's total loan portfolio, in accordance with the broad concept (which includes private securities and guarantees provided), ended 2011 with a balance of R\$465.1 billion, up 19.8% compared to 2010. Banco do Brasil's market share in the domestic loan portfolio was 19.2% in December 2011.

Loan Portfolio ¹
(R\$ million)



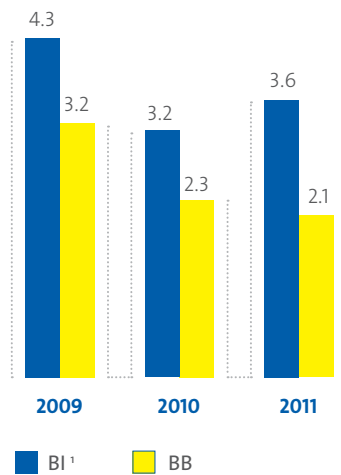
(1) includes loan portfolio with in Brazil and abroad, guarantees provided and private securities.

BB's Loan Portfolio – Broad concept, amounted to R\$465.1 billion, 19.8% more than in 2010, with a market share of 19.2%

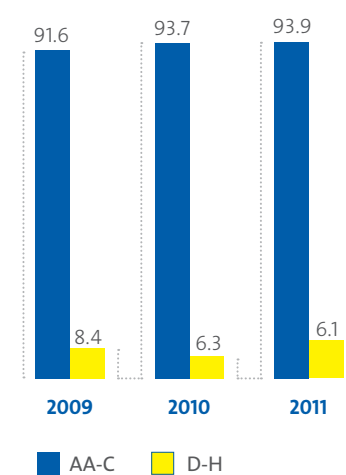
The growth in the loan portfolio was accompanied by a drop in the delinquency ratio, and a consequent increase in portfolio quality. The indicator that measures non-performing loans (NPL) for more than 90 days remained below that in the Brazilian Banking Industry, as shown in the chart below.

Looking at the improvement in the quality of risk at Banco do Brasil, of particular note was the increase in the number of operations with the best risk rating (AA-C) as a proportion of the total portfolio.

Total Delinquency Ratio
(%) (Non-performing loans for more than 90 days)



Total Loan Portfolio, by Level of Risk
(%)



(1) Loans referenced to interest rates.
Source: Central Bank of Brazil – economic-financial press notes.



Avenida Paulista Branch (SP)

Breakdown of the loan portfolio by sector

(BB-Consolidated – R\$ thousand)

	Dec/2010	%	Dec/2011	%
Public Sector	7,261,066	2	8,552,773	1.8
Government	2,772,577	0.8	2,622,436	0.5
Direct Management	2,449,398	0.7	2,246,315	0.5
Indirect Management	323,179	0.1	376,121	-
Business Entities	4,488,489	1.2	5,930,337	1.3
BB Group	-	-	-	-
Industry	2,553,541	0.7	3,993,601	0.9
Financial Services	126,428	-	119,866	-
Other Services	1,808,520	0.5	1,816,870	0.4
Private Sector	351,104,687	98	414,435,801	98.2
Rural	57,987,817	16.2	68,075,906	16.2
Industry	105,234,145	29.4	126,983,669	30.2
Commerce	40,125,804	11.2	47,120,937	11.3
Financial Services	1,172,864	0.3	796,931	0.1
Individuals	98,274,542	27.4	111,154,868	26.2
Housing	2,931,782	0.8	6,073,590	1.4
Other Services	45,377,733	12.7	54,229,900	12.8
Total	358,365,753	100	422,988,574	100



For more details with respect to Banco do Brasil's loan portfolio, access the link www.bb.com.br/ir

INDIVIDUAL LOAN

During 2011, Banco do Brasil continued with the BB 2.0 Retail Transformation Program, which involves strategic initiatives such as improving the profitability of the client base by providing an excellent level of service, getting to know the clients, and increasing the level

of convenience offered through improvement to service channels.

The classified personal loan portfolio, which follows criteria defined by the Central Bank of Brazil, ended the year with a balance of R\$130.6 billion, up 15.4% compared to 2010, maintaining its

importance with respect to the Bank's total loan portfolio, with 30.9% share.

This performance is a reflection of client-focused initiatives, a review strategic positioning and business sustainability, consolidating BB's leadership in the Brazilian retail banking segment.

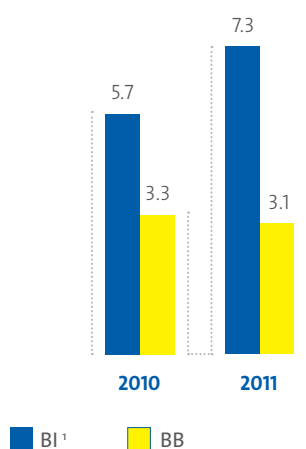
Individuals Loan Portfolio

(R\$ million)

	2009	2010	2011
Direct Consumer Credit (CDC)	52,149	63,438	72,298
Payroll Loan	36,514	44,976	51,246
Consumer Finance	6,458	5,585	5,725
Consumer Loan Backed by Direct Deposits	9,177	12,878	15,327
Mortgage	1,530	2,951	6,035
Vehicles Loan	20,738	27,395	31,329
Credit Card	9,382	11,867	13,193
Overdraft Accounts	2,434	2,598	2,554
Microcredits	674	1,123	848
Others	4,884	3,724	4,304
Total	91,791	113,096	130,561

Delinquency Ratio in the Individual Loan Portfolio

(%) (Non-performing loans for more than 90 days)



(1) Credit referenced to interest rates.
Source: Central Bank of Brazil – economic-financial press notes.

PAYROLL LOANS

This type of loan remained the most representative in the personal loan segment, representing 39.3% of the total. With the strategy of qualifying the client base and focusing on credit lines with the least risk, payroll loans were up 13.9% on the year, strengthening the Bank's leadership in this segment, where its market share is 32.3%. Loans to public civil servants continue to dominate this portfolio, representing 85.3% of the total. The remainder is comprised of INSS retirees and pensioners (9.2%) and employees in the private sector (5.5%).

VEHICLES GRI EC2

The balance of vehicles loan amounted to R\$31.3 billion, up 14.4% in the period.

As a way of contributing to the preservation of the environment and the sustainability of the planet, differentiated conditions are offered to all clients in the financing of vehicles classified as having a Score of 5, in the Ministry of the Environment's "Green Ranking" score.

PRODUCTS WITH SOCIO-ENVIRONMENTAL CHARACTERISTICS

GRI FS7 | FS8



CDC Veículo Ecoeficiente (Eco-Efficient Vehicles)

Financing of automotive vehicles classified by the Ministério do Meio Ambiente (Ministry of the Environment) with a Score of 5 in terms of eco-efficiency, with reduced rates for BB current account holders.



FAT Taxista (Financing for Taxi Drivers)

Financing of automotive vehicles for taxi drivers from the *Fundo de Amparo ao Trabalhador* (Worker Support Fund) – FAT, with the purpose of renewing the vehicle fleet, favoring the generating and maintaining jobs and incomes, and contributing to the environment, seeing that this credit line can only be used for the financing of vehicles powered with fuel of a renewable origin.

Quantity of Loans Carried Out in 2011		331	2,588
Total of the Portfolio in 2011 (R\$ thousand)		7,955	85,183
Characteristics of the Products	Social		✓
	Environmental	✓	✓

MORTGAGE LOAN

BB's mortgage continued its growth trend, ending 2011 with a balance of R\$7.6 billion, up 122.7% compared to 2010. During the year, 22,700 mortgage contracts were granted to individuals, amounting to a total balance of R\$6.0 billion. Mortgage to businesses ended the year with a balance of R\$1.6 billion, with 119 loan contracts formalized in 2011.

For the next few years the Bank expects this portfolio to grow at a faster rate than the market, rising to over R\$13 billion in 2012. For the *Minha Casa Minha Vida* (real estate lending) program, the Bank's target for 2012 is to finance 97,000 units, and 412,000 units by the end of 2014. This means that many more families will realize their dream of owning their own house, particularly for the lower income classes, providing them with a better quality of life, as well as contributing to the development of the Country by providing incentives to the building industry and generating jobs in the various sectors of the economy.

In addition to this, with respect to

sustainability, the Bank has been prioritizing financing for production which complies with the concepts of environmental preservation, such as the use of solar energy, segregated waste collection, the catchment and reuse of rainwater, the rational use of construction materials, and tree planting.



Mortgage – Minha Casa Minha Vida (real estate lending) Program

In this line of credit, undertakings financed by the program must, among other requirements, make provision for the inclusion of senior citizens and persons with special needs; respect environmental prevention standards and attitudes, such as the use of equipment and solutions; comply with recommendations in the carrying out of building works; promote discussion and the dissemination of knowledge is also encouraged among members about the reuse of materials, the rational use of natural resources, alternative low-cost measures for water/degradable materials for construction/ others, risks due to the non-preservation of the environment, and other pertinent issues.

Quantity of Loans Carried Out in 2011

31

Total of the Portfolio in 2011 (R\$ thousand)
433,490

Characteristics of the Products

Social	✓
Environmental	✓

MICROCREDIT

In light of the Brazilian economic scenario – characterized by falling unemployment and a reduction in poverty, the integration of 36 million people into the consumer market, social mobility, expansion to credit, an increase in the volume of banking transactions, expansion to the banking service network and the capillary, as well as the popularization of banking products and services, in 2011 Banco do Brasil started to operate with *Microcrédito Produtivo Orientado* (Oriented Productive Microcredit) – MPO. The Bank’s objectives with this measure are:

- To promote banking inclusion and generate jobs and incomes, with a focus on microcredit, for entrepreneurs in small-scale production activities;
- To operate with a vision of the production chain, and in alignment with the BB Low-income Strategy;
- To become a reference in this type of financing;
- To contribute to the eradication of extreme poverty, in alignment with the *Brasil sem Miséria* plan and the *Programa Nacional de Microcrédito* (National Microcredit Program) – *Crescer*.

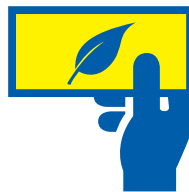
MPO is designed for individuals that carry out production activities, and micro-companies with gross annual sales of up to R\$120 thousand, including individual entrepreneurs that have entered the formal economy (gross sales of up to R\$36 thousand). The service model is designed to provide financial advice and offer lines of credit under conditions that are compatible with the segments. Thus, approximately 4 thousand employees in the branch network are trained to carry out visits to small businesses, to carry out socio-economic assessments, to provide guidance with respect to business planning and the definition of lending and management needs for the development of the business.

In addition to this, partnerships were signed with SEBRAE, the Brazilian service for the support of micro and small companies, and the municipal and state secretariats for labor and income in various locations. MPO workshops were also held in various state capitals, in partnership with the Ministério do Desenvolvimento Social (Ministry for Social Development), for the promotion of the *Crescer*, in alignment with the *Brasil sem Miséria* Plan.

At the end of the year, Banco do Brasil’s MPO balance reached R\$142.3 million, benefiting 34,900 entrepreneurs across the Country. The result is the consequence of the Bank’s major differential, offering support to entrepreneurs and micro

companies through the providing of loans of the correct size for their businesses.

In the same regard, the Bank maintains *Microcrédito Empreendedor PF* (BB Entrepreneur Microcredit) for individuals, which consists of loans granted to meet the financial needs of private entrepreneurs operating with small-scale production activities. With the aim of providing guidance and monitoring the business, this type of lending uses methodology based on a direct relationship with the entrepreneurs in the location where the economic activity is carried out.



**BB Microcrédito
Desenvolvimento Regional
Sustentável (BB Microcredit
Sustainable Regional Development)**

Credit line designed to meet the financing needs of urban micro-entrepreneurs. With loan amounts of between R\$200 and R\$5,000, an interest rate of 0.95% a month and a repayment term of up to 60 months, this credit line represents an important tool for stimulating the businesses of urban entrepreneurs who benefit from the Sustainable Regional Development Business Plan, allowing the loan-taker to use cash flow to better effect.

Quantity of Loans Carried Out in 2011

19,907

**Total of the Portfolio in 2011
(R\$ thousand)**

99,638

Characteristics of the Products

Social	✓
Environmental	



BB Microcrédito Empreendedor PJ (Microcredit for Entrepreneurs – Businesses)

Credit line designed for businesses covered by the National Program for *Microcrédito Produtivo Orientado* (Oriented Productive Microcredit) – MPO for the providing of working capital or investment to meet the financial needs of entrepreneurs involved in small-scale production activities, using a methodology whereby there is a direct relationship with the location in which the economic activity is carried out, with the aim of providing guidance and allowing the business to be monitored.



BB Microcrédito Empreendedor PF (Microcredit for Entrepreneurs – Individuals)

Credit line designed for individuals covered by the National Program for *Microcrédito Produtivo Orientado* (Oriented Productive Microcredit) – MPO for the providing of working capital or investment to meet the financial needs of entrepreneurs involved in small-scale production activities, using a methodology whereby there is a direct relationship with the location in which the economic activity is carried out, with the aim of providing guidance and allowing the business to be monitored.

Quantity of Loans Carried Out in 2011		10,745	25,289
Total of the Portfolio in 2011 (R\$ thousand)		80,349	61,768
Characteristics of the Products	Social	✓	✓
	Environmental		

BUSINESS LOAN

Banco do Brasil, as a partner of the Federal Government, seeks to stimulate national innovation and production in order to leverage the competitiveness of Brazilian industries, promoting economic and social development in the Country. The Bank has a strong presence in providing loans to all corporate clients, ranging from individuals up to major companies.

The Business Loan Portfolio – Classified Concept ended 2011 with a balance of R\$171.3 billion, representing 40.5% of BB's total loan portfolio. Taken together, credit lines for working capital and investment represent 72.3% of the Business loan portfolio.

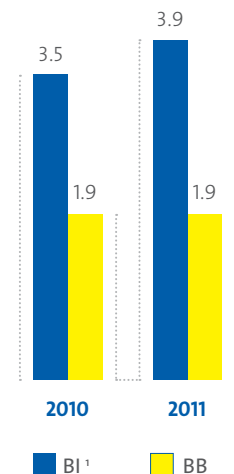
Business Loan Portfolio

(R\$ million)

	2009	2010	2011
Working Capital	63,136	75,630	84,727
Investment	25,163	33,046	39,070
Receivables	14,598	16,257	17,968
Pre-Approved Credit	3,732	3,070	2,878
ACC/ACE (advances on Foreign exchange and exports)	8,137	8,997	9,688
BNDES Exim	4,464	5,116	4,876
Credit Cards	2,024	3,994	7,290
Overdraft Account	144	187	163
Others	3,938	3,512	4,629
Total	125,336	149,810	171,290

Delinquency Ratio in the Business Loan

(%) (Non-performing loans for more than 90 days)



(1) Credit referenced to interest rates.
Source: Central Bank of Brazil – economic-financial press notes.

LOANS FOR MEDIUM AND LARGE SIZED COMPANIES, AND CORPORATIONS

In the wholesale segment, BB serves to companies with gross annual sales of over R\$25 million.

For 2012, initiatives will have an impact on relationships with wholesale clients which are focused on improving customer service processes and structures, strategies for improving profitability, and the development of innovative products and services. These initiatives will serve to strengthen BB's leadership position among the major companies.

MICRO AND SMALL COMPANIES

In catering to micro and small companies, BB has maintained its position as an important partner in this segment. At the end of 2011, it had 2.1 million clients in this category with a loan balance of R\$68.1 billion, an increase of 19.5% compared to 2010. Working capital loans of R\$47.9 billion were up 16.3% compared to the previous year. Of particular note is the *BB Giro Empresa Flex* (flexible working capital) credit line, for which the loan balance reached R\$14.0 billion, corresponding to 29.3% of the working capital loan portfolio – up 31.5% over 12 months.

Micro and Small Company Credit Products

(R\$ million)

	2009	2010	2011
Working Capital	32,852	41,170	47,867
Investment	11,472	14,678	18,364
Foreign Trade	596	1,111	1,831
Total	44,920	56,960	68,062

The loan balance for the financing of investment for micro and small companies at the end of the period amounted to R\$18.4 billion, up 25.1% compared to 2010. Of particular note was the BNDES card, the main block credit line for the segment, for which the balance reached R\$6.0 billion, representing an increase of 86.6% compared to the previous year.

For operations with micro and small companies, the Bank makes extensive use of the Operations Guarantee Fund (FGO), as a way of mitigating credit risk

and expanding its portfolio volume. At the end of 2011, there were a total of 428,600 transactions covered by the FGO, with a total lending balance of R\$9.8 billion.

In 2011, BB was the first financial institution to issue the BNDES card under the two main banners in the market, Visa and MasterCard. In addition to this, it maintained its leadership in the BNDES card segment, in terms of amounts paid out, quantity of cards issued, and quantity of transactions.

At the end of 2011, BB had 2.1 million micro and small company clients, with a total loan balance of R\$68.1 billion in this segment

Loans for the financing of investment for micro and small companies amounted to R\$18.4 billion, up 25.1% on the year, of particular note being the BNDES card, with a balance of R\$6.0 billion (86.6% higher than in 2010)



BB Giro Rápido

Pre-approved loans to cater to the working capital needs of micro and small companies, composed of two types of credit line – overdraft and reusable fixed credit. The product introduces a social aspect, by making differentiated market products available to micro and small companies. Among these are: a simplified loan granting process and contracts for linking loans to guarantees under the Operations Guarantee Fund (FGO), thus facilitating access to credit for micro and small companies.

Quantity of Loans Carried Out in 2011

216,097

Total of the Portfolio in 2011 (R\$ thousand)

6,221,211

Characteristics of the Products

Social	✓
Environmental	



BB Giro APL

Loans to cater to the working capital needs of micro and small companies that are part of Local Production Arrangements – APL. BB's operation in the APL segment has the objective of improving its relationship with the micro and small companies segment, through active participation in such production arrangements, in partnership with other institutions, to map out the needs of the companies and offer appropriate financial solutions, considering the sustainability of the businesses and the specific characteristics of each Arrangement. Loans under *BB Giro APL* can be linked to guarantees through the Operations Guarantee Fund (FGO), thus facilitating access for micro and small companies, seeing that the presentation of guarantees constitutes one of the main barriers to taking out loans, while also making it possible to reduce financial charges (i.e. interest rates)

Quantity of Loans Carried Out in 2011

1,804

Total of the Portfolio in 2011 (R\$ thousand)

91,630

Characteristics of the Products

Social	✓
Environmental	



PROGER Urbano Investimento

PROGER has the purpose of promoting initiatives focused on the generation of jobs and income, through the granting of special credit lines in those sectors which usually have little or no access to the financial system, such as micro and small companies, cooperatives, production associations and initiatives in the informal economy. The program increases the role that Banco do Brasil plays as financial agent, in that it provides low-cost financing to the end loan-taker, combating unemployment, maintaining and constantly generating new jobs and contributing to increasing workers' income. The support to the small and micro companies (annual turnover up to R\$5 million) through *PROGER Urbano Investimento* line, is relevant to development of this segment contributing to generation and maintenance of jobs and income in the Country.

Quantity of Loans Carried Out in 2011

18,044

Total of the Portfolio in 2011

3,995,141

Characteristics of the Products

Social	✓
Environmental	

INVESTMENT AND PASS-ON OPERATIONS GRI EC4

Banco do Brasil has maintained its focus on generating jobs and contributing to the development of the Country, providing support for companies through its investment financing lines. In 2011 alone, R\$33.8 billion was paid out in financing, an increase of 18.2% in the balance of this loan portfolio during the year, which reached a total of R\$39.1 billion.

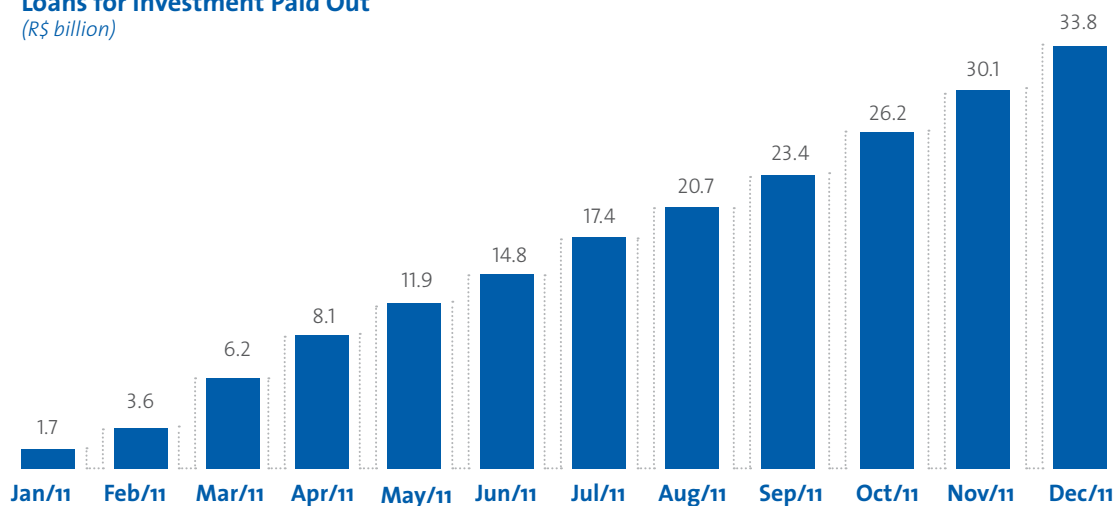
Among the various types of pass-on operations, of particular note is the Merchant Marine Fund (FMM), through which the financing was provided for the building of 50 boats and ships and four shipyards in 2011, with total loans of R\$3.3 billion. With this, the volume of projects financed came to R\$4.7 billion, up 237% compared to 2010.

With funding from the Constitutional Fund for the Financing of the Midwest (FCO), Banco do Brasil financed R\$5.5 billion in 73,500 separate loans, catering to 466 municipalities in this region. This figure represents an increase of 29.7% compared to 2010. It was particularly noteworthy that 36% of this total was in loans taken out by mini/micro and small companies.

A further R\$18 billion in BNDES funding was also paid out, 21.5% of the total, according to global ranking for pass-on figures from this institution. R\$6.7 billion of this was paid out in the form of Finame financing, corresponding to 37% of the total amount of BNDES funding granted by the Bank in 2011.



Loans for Investment Paid Out *
(R\$ billion)



* Accumulated amounts. Not including BNDES Exim.

AGRIBUSINESS GRI FS2 | FS3

Meanwhile, in the agribusiness segment, Banco do Brasil, as an agent of agricultural policy, represents a link between the government and the rural producer, acting as the largest provider of finance in this segment, in all its forms and stages of the production chain, from the small producer to the large agro-industrial companies.

Before the granting of agricultural loans, environmental requirements are observed, such as the presentation of documentary proof that the producer has complied with environmental licensing procedures, with authorization of the use of water, registration of legal reserves, and in the Amazon Bioma, proof that the property complies with environmental regulations, observing the Ecological-Economic Zoning (ZEE)¹ (municipal or state) and Agro-ecological zoning (ZAE)² in force. These documents must be maintained in the dossiers of those seeking loans, for verification and monitoring by the internal control areas of the Bank and the banking supervisory bodies.

It must also be verified that the client and the business being provided with loans for investment, funding or marketing and sales have complied with social regulations.

Financing for working capital and crop trading are of a short-term nature, and in general take place at least once every “harvest year” – a characteristic which allows for periodic monitoring of clients and their activities. Agricultural loans are subject to *in loco* inspection, the result of which is passed on to the branch responsible for the loan operation. In cases of non-compliance, the client is notified and requested to regularize his situation, with the possibility of payback of the loan being demanded ahead of time, in accordance with the clause contained in the loan contract document. For operations involving the BNDES and Finame Rural, provision is made in the contract and minutes of the document for payback of the loan in advance and the suspension of payment if it is verified that there are any ongoing lawsuits with respect to discrimination, child or slave labor, moral or sexual harassment, or any crime against

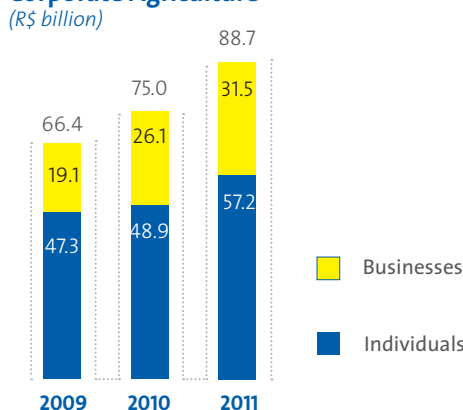
the environment. In 2011, 2.0% of loan contracts carried this type of clause. GRI FS3 | HR7

At the end of 2011, the agribusiness loan portfolio had reached a balance of R\$88.7 billion, according to the “classified” concept, which represents an increase of 18.2% compared to the previous year. The Bank’s share of the agribusiness loan market was 63.1%, being the largest partner in this lending segment.

For the 2011/2012 harvest, BB will be making R\$45.7 billion available, an increase of 17.7% compared to the amount gran-

ted in loans for the previous harvest. Of this total, R\$10.5 billion will be earmarked to Family Agriculture and R\$35.2 billion to Corporate Agriculture. Up to the end of December 2011, the total amount paid out in agricultural loans for the 2011/2012 harvest amounted to R\$26.4 billion, an increase of 19.4% compared to 2010, as shown in the following chart, of particular note being the increase seen in the investment credit line for Family Agriculture (6.9%) and Corporate Agriculture (23.2%).

Investments in Family and Corporate Agriculture

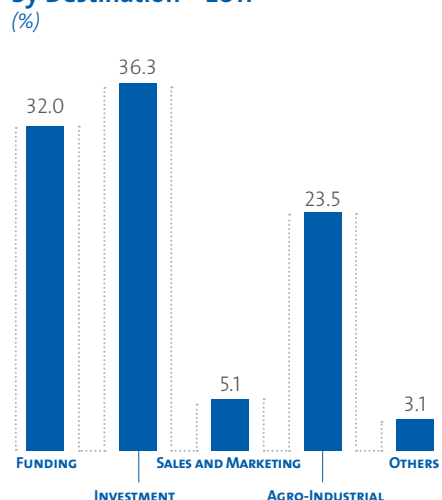


Agricultural Loan Portfolio by Size of Enterprise

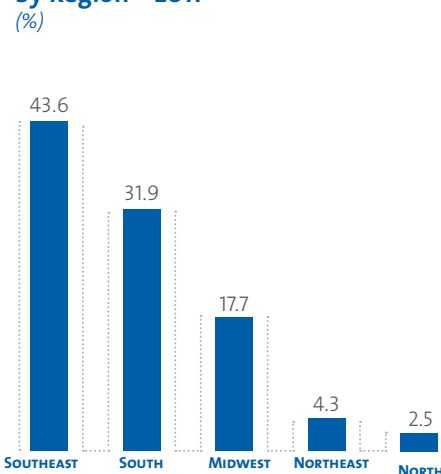
(R\$ billion)

	2010	2011
Mini-Producer	5.3	5.3
Small Producer	16.2	18.4
Medium-Sized and Large Producer	50.3	59.5
Livestock Farming Cooperatives	3.2	5.5
Total	75.0	88.7

Agribusiness Loan Portfolio by Destination – 2011



Agribusiness Loan Portfolio by Region – 2011



(1) ZEE is a diagnostic legal instrument for the use of land, dividing land into zones, based on natural resources, socio-economic aspects and legal precedents, in which economic potentialities are defined, as well as aspects of ecological fragility and trends of occupation, including the living conditions of the population; (2) ZAE applies specifically to particular cultivations, such as sugar cane, delimiting the areas agriculturally suitable for their establishment, but also considering social, political and environmental aspects in the delimitation of zones open to the development of such cultivations

Various differentials and measures adopted by BB in the agribusiness segment of particular note, among them being:

- **Mitigation of risk:** in the contracting of agricultural loan operations, measures are adopted for the mitigation of risk. At the end of 2011, 57% of the value of loans contracted for working capital in the 2011/2012 harvest were linked to an instrument for the mitigation of the risk of bad weather and/or adverse prices.
- **Low Carbon Agricultural Program – ABC:** encourages the use of sustainable agricultural techniques that contribute to improving income, reducing greenhouse gas emissions and preserving natural resources. For the 2011/2012 harvest, BB accumulated total loans paid out of R\$153 million, in 551 separate transactions. GRI EC2
- **Agribusiness Letters of Credit (LCA):** at the end of the year, BB was holding R\$6.2 billion in LCAs an increase of approximately R\$6.0 billion compared to the volume in 2010. These funds raised make businesses viable, based on the generation of funding for the contracting of loan operations.
- **New model for the rural producer:** in order to maintain itself at the forefront of national agribusiness, BB continued with the process of applying a new service model focused on the corporate agricultural producer. The major producing regions were covered, with a total of 47,500 producers, distributed over 323 structures with specialist managers. In addition to this, approximately 1,700 rural producers in the Private Banking segment benefited from a differentiated relationship and service model, with the creation of 53 individual portfolios.
- **National Program for the Strengthening of Family Agriculture – PRONAF and National Program for the Support of the Medium-sized Rural Producer – PRONAMP:** The Bank maintained its leadership position in terms of PRONAF financing, producing an excellent performance in 2011, with a market share of 73% in this segment, and a significant increase in the volume of loans applied. In addition to this, it has been an active participant in PRONAMP,

which is aimed at producers which had an income of up to R\$700,000 in the 2011/2012 harvest. The balance of loans taken out by this public audience amounted to R\$7.1 billion, up 63% compared to the previous year.

- **Business with cooperatives:** also the main financial agent for livestock cooperatives and rural credit, BB had an agribusiness loan portfolio of R\$5.5 billion with cooperatives, 71.9% more than in 2010.

- **Specialist customer service:** in order to cater to the substantial participation by the state of São Paulo in the agribusiness sector, Banco do Brasil has expanded its operations and now offers a differentiated service to rural producers in this state, by providing 54 specialist management structures. The result of these measures was a record in loans paid out for the harvest, with an increase of 33% at the end of December, compared to the previous harvest, which is the equivalent of R\$6 billion in rural credit for small and medium-sized producers.

Products with Socio-environmental Characteristics GRI F57 | F58

BB Florestal – BB FCO Rural Pronatureza – ABC

FCO Rural – a credit line for financing greenhouse gas emission reductions in livestock farming (ABC Program) which, among other aims, has the objective of: incentivizing projects which aim to conserve and protect the environment, revitalize degraded or altered areas, and develop sustainable activities; to provide the conditions for expanding organic activity; to make the necessary funds available for the implementation of systems to integrate crop planting with livestock, forestry with crop plantation, livestock farming with forestry, or combining livestock farming with crop cultivation, as well as forestry.

Quantity of Loans Granted in 2011

187

Total Loan Portfolio in 2011
(R\$ thousand)

388,595

BB Florestal – PRONAF Florestal

Investment in projects which fulfill the requirements defined by the Department of Family Agriculture/MDA, for: agro-forestry systems; ecological sustainable extraction activities; plans for cultivation management and forestry management, including costs related to the setting up and maintenance of the enterprise; and enrichment of the areas which already shown diversified forestry coverage, with the planting of one or more forestry species, native of the bioma.

Quantity of Loans Granted in 2011

531

Total Loan Portfolio in 2011
(R\$ thousand)

60,242

BNDES – ABC and BB – Agronegócios Investimento MCR 6-4 – Controlado – ABC¹

BNDES – ABC – program for the reduction of greenhouse gas emissions in livestock farming. Among the main objectives of this product are: to reduce greenhouse gas emissions from livestock farming activities; to reduce deforestation and encourage the revitalization of degraded areas.

Quantity of Loans Granted in 2011

848

Total Loan Portfolio in 2011
(R\$ thousand)

437,480

(1) Unified products replacing BB florestal – BNDES Propflora/Produsa/BNDES ABC.

PRONAF

Program for the Strengthening of Family Agriculture – PRONAF, created in 1995 by the Federal Government, is aimed at providing financial support for livestock farming as well as other types of farming, through creating direct employment for families involved in agricultural production. Through this program the aim is to: professionalize the activities of the family agricultural producers, modernize the production system, and attribute worth to family run farming.

Quantity of Loans Granted in 2011

633,811

Total Loan Portfolio in 2011
(R\$ thousand)

20,053,440

Investimento Agropecuário BB – Investimento Agropecuário Tradicional MCR 6-2

Line of credit for the financing of machinery, equipment, implements, trucks, truck bodies, sugarcane crops, animals, irrigation works, damming, soil recovery programs, the creation of pasture, construction, remodeling or expansion of warehouses, silos and sheds, among other items.

Quantity of Loans Granted in 2011

14,915

Total Loan Portfolio in 2011
(R\$ thousand)

2,494,317

BB – Agronegócios Investimento MCR 6-4 – Controlado e BNDES – Moderagro

This product is a fixed credit line, for investment in livestock farming using BNDES funds. Among its objectives are: supporting and stimulating the sectors of production, processing, industrialization and storage of products related to beekeeping, fish farming, poultry rearing, chinchilla farming, rabbit rearing, flower cultivation, fruit farming, horticulture, sheep and goat farming, dairy farming, fishing, frog raising, silk-worm farming, and pig farming; to encourage activities related to animal defense and the implementation of animal tracking systems involving animals raised for human consumption, and to provide support for soil revitalization programs.

Quantity of Loans Granted in 2011

543

Total Loan Portfolio in 2011
(R\$ thousand)

650,384

Ourocard Agronegócio

Allows cardholders to access their previously contacted agricultural credit lines (defrayal and investment). Payment is made directly to the suppliers that are part of the agreement, so as to ensure the correct application of the funds involved.

Quantity of Loans Granted in 2011

80,291
issued cards

Investimento Agropecuário BB – Investimento Agropecuário Tradicional MCR 6-4 – Poupança Ouro Não Equalizável

Purpose:

- a.** To provide support for soil recovery programs through financing for the purchase, transport, application and incorporation of corrective chemicals (lime, agricultural plaster and correction fertilizer);
- b.** Support through the financing intermediation for the purchase of inputs, services and improvements necessary for pasture revitalization;
- c.** Forestry and reforestation;
- d.** Creation of permanent crop cultivation.

Quantity of Loans Granted in 2011

198

Total Loan Portfolio in 2011
(R\$ thousand)

117,515



Banco do Brasil's Sustainability Directives for the Credit Area – Agribusiness and Electricity Sectors GRI F55

In December, Banco do Brasil and the WWF held a “Dialogue Panel” entitled “Banco do Brasil’s Sustainability Directives for the Credit Area – Agribusiness and Electricity Sectors” with the objective of suggestions received from stakeholders in the various areas of the Bank. In taking this measure, the Bank aims to improve the definition the criteria for the granting of credit that meets more of the expectations of its interested public audiences and manage-

ment. All the criticisms, ideas and suggestions will contribute to the building of sustainability directives for the credit area, and will be considered in the definition of corporate sustainability strategies and practices.

Approximately 50 representatives of the public audiences with which BB relates (employees, customers, specialists in sustainability, shareholders, organizations from civil society, government, suppliers and partners) were

invited to participate in the consultation. At the event, the managers of the Sustainable Development Unit (UDS) and the Credit Department presented BB’s main sustainability initiatives, developed within the scope of the *Água Brasil* program.

The document “*Água Brasil: Banco do Brasil Sustainability Directives for Credit*” was also analyzed together with a questionnaire covering 64 themes, as follows:

- DIRECT THEMES – AGRIBUSINESS (12)
- DIRECT THEMES – ENERGY (10)
- ENVIRONMENTAL THEMES (9)
- THEMES ON WORK-RELATED PRACTICES AND DECENT WORK (10)
- THEMES ON HUMAN RIGHTS (7)
- THEMES RELATED TO SOCIETY (10)

- THEMES RELATED TO RESPONSIBILITY FOR PRODUCTS/SERVICES (6)

The themes were divided into two segments – electric power and agribusiness – with the participants enumerating them in accordance with their importance in the granting of credit. Subsequently, a report was presented containing the themes indicated as being important, together with the considerations of the consultancy firm hired to carry out the work.

The setting up of this assessment panel fulfilled the commitment signed under *Agenda 21 Empresarial*, to involve the engagement of stakeholders in the Bank’s credit policies and practices. The development of the sustainability directives for the granting of credit is one of the objectives of risk mitigation efforts as part of the *Água Brasil* program, which aims to revise, update and improve criteria for the evaluation of socio-environmental risk in internal financing and investment processes.

The *Água Brasil* program is the result of a partnership between Banco do Brasil, Fundação Banco do Brasil (FBB), the National Water Agency (ANA) and WWF Brazil, aimed at raising the awareness of internal and external public audiences of the need for good environmental management and conservation. The idea is to engage the public audiences in the quest for combined solutions, particularly in the responsible management of Brazil’s water resources.

To achieve these objectives, the program is organized on four fronts: Socio-Environmental Projects, Communication and Engagement, Risk Mitigation and Sustainable Businesses. As part of the Risk Mitigation front, discussions are also envisaged for the establishment of sustainability directives for the granting of credit in the building and mining sectors.

RESPONSIBLE CREDIT

GRI FS2 | FS3 | HR7 | FS9

As a signatory to the Ecuador Principles, Banco do Brasil applies the performance standards of the International Finance Corporation (IFC) in the analysis of risk for Project Finance. The intention is to ensure that the projects financed are developed in a socially responsible manner, while reflecting good environmental management practices. For undertakings classified in the categories: A (projects with significant and potential adverse socio-environmental impacts, considered to be varied, irreversible, or without precedent) and B (projects with potentially limited adverse socio-environmental impacts, low in number, generally specific to the location, and for the most part reversible and easily cancelled out through mitigation measures), the client is required to carry out a process of socio-environmental assessment, with the aim of identifying significant socio-environmental impacts and risks, and management and mitigation measures.

The project must be in alignment with the performance standards of the IFC and the EHS (occupational health and safety) directives specific to the sector, in such a way as to avoid, or when not possible, mitigate negative impacts on ecosystems and communities. To this end, the drawing up of an action plan is required, which sets out the various preventative, mitigation and compensatory measures for the socio-environmental impacts identified by the evaluation.

Both the evaluation and the action plan, or their various non-technical summaries, must be revised by an independent socio-environmental specialist, and placed within the public domain, with the aim of assisting in the due diligence for the performance indicators of the Ecuador Principles.

For projects in categories A and B, the loan taker undertakes a commitment to comply with all Brazil's socio-environmental legislation, regulations and authorizations; to respect the action plan

(when applicable) during the application and implementation of the project, in all relevant aspects; to provide periodic reports; and decommission installations, when applicable and appropriate, in compliance with an agreed decommissioning plan.

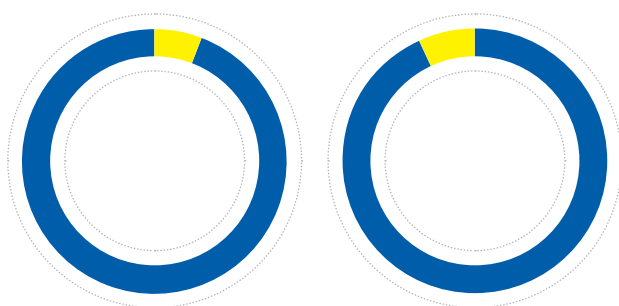
Socio-environmental evaluations are carried out periodically (quarterly or half yearly) and presented to the financial agents by independent socio-environmental specialists. The freeing up of financing installments is conditional on compliance to questions covered by IFC performance standards.

In addition to the application of the Ecuador Principles for all Project Finance, BB also adopts socio-environmental criteria in its credit limit studies for companies with current or projected net operating revenue of over R\$50 million and investment projects with a value of R\$2.5 million or more. The table below shows the projects analyzed in light of the Ecuador Principles in 2011.

Project Finance Analyzed ¹ in 2011 and Signed Up, by Categorization

Total Investment (%)

BB's Total Expected Investment Participation (%)



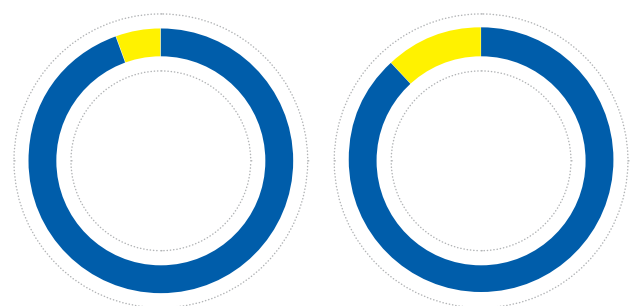
93.93 B
6.07 C

93.16 B
6.84 C

Project Finance Analyzed ² in 2011 and Not Yet Signed Up, by Categorization

Total Investment (%)

BB's Total Expected Investment Participation (%)



94.62 B
5.38 C

88.11 B
11.89 C

(1) From the perspective of the Ecuador Principles.

(2) From the perspective of the Ecuador Principles.

Project Finance Analyzed (From the Perspective of the Ecuador Principles) in 2011 and Signed Up

	Number of Projects Analyzed and Signed Up	Total Investment (R\$ million)	BB's Participation (R\$ million)
Categorization * of Project Finance			
B	3	387	245
C	1	25	18
Operational Sector of Project Finance Analyzed			
Electricity Generation	2	128	80
Electricity Transmission	2	284	183
Location (Region) of Project Finance Analyzed			
Midwest	4	413	263
Total	4	413	263

* Based on the Ecuador Principles (A – high socio-environmental impact; B – medium; C – low/minimal).

Project Finance Analyzed (in Light of the Ecuador Principles) in 2011, and Not Yet Signed Up

	Number of Projects Analyzed and Not Yet Signed Up	Total Investment (R\$ million)	BB's Expected Participation (R\$ million)
Categorization of Project Finance			
B	1	39	27
C	1	686	200
Operational Sector of Project Finance Signed Up			
Administrative Center Concession	1	686	200
Electricity Generation	1	39	27
Location (Region) of Project Finance Signed Up			
Midwest	1	686	200
South	1	39	27
Total	2	725	227



In addition to following the Ecuador Principles, BB also considers socio-environmental impacts for the granting of credit to companies with annual sales of more than R\$50 million and investment projects of R\$2.5 million or more

BB refuses to provide financing for activities which do not have formal authorization from the competent authority, which includes deforestation, livestock funding or destocking, with the aim of incorporating new areas into the production process; the sale of extractive products of a vegetable origin, or based on fish in-Natura; operations involving investment in activities that require environmental resources or that involve undertakings capable of causing environmental degradation; investment operations in activities that require an Environmental Impact Study (EIA) and an Environmental Impact Report (RIMA); and operations for investment in activities which use water resources, including agricultural irrigation – water use license.

In 2010, the Bank adhered to the Soya Moratorium, initiated in 2008, which involves the Brazilian Association for Vegetable Oil Industries (ABIOVE), civic organizations and the Ministry of the Environment in a quest to align environmental preservation with economic development, as well as meeting consumer demand for sustainable products.

With this adhesion, BB undertakes a commitment not to finance soya production in deforested areas in the Amazon Bioma, demanding that rural properties located in this bioma undergo environmental regularization before the granting of finance, while publicizing and making available lines of credit for the revitalization of areas for Legal Reserves and Permanent Preservation.

With respect to social aspects, BB does not work with producers that maintain workers that operate under a forced labor regime, or conditions analogous to slave labor.

Since 2009, the Sustainability Forum has also been in force, which involves a dialogue which brings together executives from various departments of the Bank and Fundação Banco do Brasil,

having the objective of: supporting the dissemination process for socio-environmental concepts and practices; evaluating BB's performance with respect to its Agenda 21; and identifying opportunities and risks inherent in the operations of the conglomerate, related to the theme, among other objectives.

At the tactical and operational levels, the Bank has the support of the Segments for Sustainable Market Development, which consist of state-based teams, linked to retail superintendencies and governments, and with *Eixo RSA*, consisting of employees in the Regional Staff Management Departments. Both are responsible for the dissemination and monitoring of sustainability initiatives at a regional and state level.

The Case of Pará

In March 2011, the Federal Public Ministry of the State of Pará (MPF-PA) questioned Banco do Brasil judicially, with respect to the financing practices of financial institutions in the Amazon Bioma. This lawsuit has the objective of seeking compensation for possible losses caused indirectly to the environment, by loans granted through agricultural financing, among other recommendations.

BB, therefore, adopted various measures related to this issue. It issued a clarification notice to society in a timely manner, and declared itself ready to carry out an analysis of the loan contracts issued. In the notice, the Bank affirmed that it would fulfill the requirements set out in the environmental legislation, including Resolution N° 3,545/08 of the National Monetary Council, which requires that there be no financing of deforestation in the Amazon region, or of undertakings that use a work regime that is analogous to slave labor. It also reaffirmed its compliance to socio-environmental commitments, including: the United Nations Global Compact, the Ecuador Principles, the Pact for the Com-

bating of Slave Labor, the Brazilian GHG Protocol Program, the Sustainable Amazon Forum, and the United Nations Caring for Client program.

The Bank mobilized its credit, agribusiness and sustainable development areas, its departments for internal control, auditing and legal matters, to create a task force for analyzing denouncements, supported by the facts, and adopting corrective measures for improving its process of credit deferment. Teams in the internal control and auditing departments evaluated 55 financing operations on the denouncement list. It was concluded that 53 involved BB.

In this universe of BB's operations, 46 were in compliance with the legislation in force. Only seven presented some type of irregularity in terms of operational or compliance failure, with two operations being identified as being not in compliance with respect to the documentation demanded by Resolution N° 3,545/08 of the National Monetary Council, used as a parameter for the MP. It was suggested that measures be adopted to mitigate this risk, and to this end, the Board of Directors of BB approved the use of new criteria for the contracting, granting and monitoring of loans which benefit activities on rural properties located in the Amazon Bioma.

In June, the lawsuit was dismissed by the Federal Courts at the first hearing, which was also of the opinion that auditing within BB would be unnecessary, in view of the fact that the Organization had recently been the object of a lawsuit brought by the Union Accounts Tribunal (TCU). The courts considered that there was no proof of any connection between environmental damage and the financing granted. While the audit carried out by the TCU concluded that there had been absolute legal environmental compliance by the Bank with respect to agricultural loan operations in the Amazon Bioma.

The Bank for Foreign Trade

Banco do Brasil's international expansion strategy is based on three key elements: the existence of Brazilian communities abroad, the transnational spread of Brazilian companies, and the increase in commercial interchange between Brazil and the rest of the world.


In the last few years, the Bank has been seeking to expand its international presence through acquisitions and acquiring stakes in financial institutions. Thus, it has a presence in twenty-four different countries, with 49 units in its own organic network, focused on different client profiles and markets.

The effect of this strategy can be clearly seen in the increased percentage of BB's overall results, with profits abroad rising from 0.24% in 2009, to close to 4% in 2011. To strengthen this internationalization process, the Institution created the International Business Directorship, which resulted from merging the International Directorship with the Directorship for Foreign Trade, and adopted the following measures:

UNITED STATES: *it is BB's objective to cater to the needs of the more than 1.5 million Brazilian immigrants resident in that country with its financial products and services, and provide support for Brazilian companies that operate in the US, as well as clients in the wholesale segment. In this regard, in 2011, the Bank signed a contract for the acquisition of 100% of EuroBank, for US\$6.0 million. The acquisition process was concluded in January 2012, with the necessary authorizations granted by the regulatory bodies involved, both in the United States and Brazil.*

SOUTH AMERICA: *approximately one year after announcing the signing of a Share's Sales and Purchase Agreement, in April 2011 the operation to acquire shareholder control of Banco Patagonia S.A., in Argentina, became effective. In fulfillment of the legal and contractual requirements, Banco do Brasil carried out a public offering for the shares of the bank. As a result, BB ended up with 58.96% of the total shareholding. This transaction is in alignment with the idea of building on potential business based on commercial trade flow between Brazil and Argentina, which has grown by 70% over the last four years, in addition to catering to the needs of 400 Brazilian companies for banking services and products. Also in South America, BB plans to carry out inorganic expansion in Chile, expand its presence in Paraguay, revise its presence in Uruguay, as well as setting up a representative office in Colombia, which was authorized by the Central Bank of Brazil (BACEN) in December 2011.*



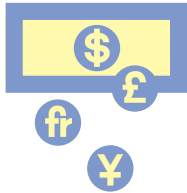


EUROPE: in 2011, BB concluded its project to revise its operations in Europe, with the aim of consolidating its branches in Spain (Madrid), Italy (Milan), France (Paris) and Germany (Frankfurt) into the structure of its European subsidiary Banco do Brasil AG, whose headquarters is in Austria (Vienna). Centralization improves the governance structure and optimizes results. In addition, a business support center was set up in Portugal – BB Europa Servicing Center –, which provides support for all the units on the continent. The operational strategy in Europe also includes maintaining its branch and security dealing operation (BB Securities Ltd.) in the United Kingdom (London), which operate in synergy with the Bank's entire structure on the European continent.

ASIA AND AFRICA: in this context the internationalization strategy will involve the reorganization of the Bank's structure in the Far East, with the revision of operations in Japan, consolidation of the Bank's presence in China, expansion of operations in Hong Kong and the setting up of a stock brokerage unit in Singapore. In 2011, Banco do Brasil obtained authorization from the Central Bank of Brazil to transform its representative office in Shanghai (China) into a branch, which will allow it to expand its activities in that country. While, in Africa, the entry strategy involves both organic and inorganic growth, as well as the negotiation of strategic partnerships.

PRODUCTS AND SERVICES

BB has the following foreign exchange and commercial trade products and services available:



FOREIGN TRADE SERVICES DELEGATED BY MDIC/SECEX: through delegation by the Foreign Trade Secretariat (SECEX), part of the Ministry for Development, Industry and Foreign Trade (MDIC), BB provides foreign trade services to Brazilian importers and exporters, which includes analysis of Import Licenses (LI), alterations to Export Registers (RE) and the issue of "Form-A" certificates of origin, among others.



ON-LINE SERVICES: the Bank offers a portfolio which includes a series of services which simplify processes and reduce costs for Brazilian companies that trade in export markets. At the end of 2011, 48.0% of the import contracts and 67.5% of the foreign-exchange export contracts were carried out on-line. In total, 43.5% of Banco do Brasil's foreign-exchange transactions are contracted through the internet. Another point of note is the "digital signature" of foreign-exchange contracts, a tool which accounts for the formalization of 49.1% of contracts of this nature.



PROEX: in the program for Export Financing (PROEX), BB achieved a record performance of US\$554.2 million paid out for this type of financing. While in its operations for the passing-on of financing from the BNDES-Exim credit line, the amount reached was US\$790.4 million.



EXPORT AND IMPORT FINANCING: business involving Advances on Foreign-Exchange Contracts (ACC) and Foreign-Exchange Deliveries (ACE) amounted to a total volume contracted of US\$17.4 billion during the year, a new annual record in terms of the amount paid out for this type of business, ensuring BB's leadership in this market, with a market share of 33.7%.



FOREIGN-EXCHANGE MARKET: the Bank ended 2011 in a leadership position in the foreign-exchange import and export markets, with respect to volumes of US\$45.6 billion and US\$76.4 billion, and a respective market share of 22.4% and 29.3%.

HIGHLIGHTS IN 2011

- * The agreement was renewed with the Ministry for Development, Industry and Foreign Trade (MDIC), for a period of five years, for the carrying out of foreign trade services.
- * Interested in getting to know about the operational reality of the Regional Departments for Support for Foreign Trade (GECEX), representatives of MDIC/SECEX participated in visits to the units responsible for the provision of these services delegated to BB.
- * In December, the foreign trade information page on BB's Internet Portal was updated and published.
- * Services for the issue of documents, consents and licenses reached the figure of 998,000, around 30% more than in 2010. The improvement in operational flows, the adoption of new systems and a new training policy for employees, resulted in a reduction in customer response time.
- * Consultancy services and international business training started operating under a new model, more in keeping with the dynamics of the market.
- * Two agreements were renewed with respect to the promotion, dissemination and support for Brazilian foreign trade: with MDIC/SECEX and with SEBRAE – that envisage actions which will increase participation by micro and small companies in international commerce. In this way, the year came to an end with six agreements in operation at a national level (MDIC/SECEX, Western Union, ABIMAQ, ABIT, ApexBrasil and in SEBRAE) and 35 at a regional level.
- * The first phase of the new Central Bank of Brazil Foreign Exchange System was launched, which meets the various needs of the government and the users of the messaging tool of the Brazilian Payments System (SPB). The new development here is the system for the exchange of information: under the old model, the banks needed to insert all the contracts manually through a terminal of SISBACEN; now the registration of operations on the legacy systems generates messages automatically for BACEN.
- * The Bank also began sales of the Ourocard Visa Travel Money card, prepaid in foreign currency, to savings account holders who do not have current accounts with BB. With this, the volume of cards issued was increased, with a corresponding rise in the amount received through product tariff charges.
- * The *Estilo* branches, physically installed and equipped with teller bank were authorized to operate with foreign exchange. There are 90 premises in all. The project has the objective of improving the service to clients in the segment, and expanding the network of manual foreign-exchange.
- * A technological solution was developed that enables the customer to issue notices of debits and credits through hyperlink, for the foreign-exchange entries in the statements produced by the System Financial Management. With this, customers can issue debit/credit notices without the need for making a request to the branch, which makes it easier to identify items of this nature as part of the overall movement within the account.

Deposits and Market Funding

The leader in the market of deposits, BB recorded R\$637.6 billion in funding in 2011, an increase of 22.8% compared to the previous period, and an expression of customer confidence.

In this scenario, of particular note was the volume of time deposits, which showed an increase of 29.6% on the year. Savings deposits also showed an increase of 12.1%.

At the end of the year, foreign funding amounted to a total of US\$34.6 billion, up 36.4% compared to 2010. The volume

captured in terms of interbank deposits amounted to US\$10.0 billion, of particular note being the volume of time deposits, which amounted to US\$9.2 billion, showing a re-contracting rate of 121.8% of the amount falling due for renewal in the period. Also of note were the issues of Global Medium Term Notes, in euros, which resulted in the raising of EUR750 million, one of the largest issues ever carried out by a Brazilian company in that currency.

In addition, BB carried out a Subordinated Debt issue of US\$1.5 billion, and a Senior Note issue of US\$500 million. For all these issues, the financial costs were competitive, demonstrating the market's interest in securities issued by BB. With the purpose of diversifying its methods of operating in the market, BB offers its clients the possibility of investment in Financial Treasury Bills, for which the balance at the end of 2011 was R\$7.1 billion.

Deposits and Market Funding

	2009	2010	2011
Time Deposits	193.5	204.7	265.8
Money Market Borrowing	160.8	142.2	195.2
Savings Deposits	75.7	89.3	100.1
Demand Deposits	56.5	63.5	62.0
Others	11.8	19.4	14.5
Total	498.4	519.0	637.6



Management and Funding of Government Funds and Programs GRI EC4 | S05

Under the auspices of the Constitutional Fund for Financing of the Midwest (FCO) – an initiative of the Ministry of National Integration for the development of the region through the financing of activity in industry, agro-industry, livestock farming, as well as the minerals industry, tourism, commerce and the service industry –, in 2011 Banco do Brasil recorded the highest volume contracted since the start of operations in this segment. More than R\$5.5 billion in loans were distributed in 73,500 operations for the financing of production activities, covering all the 466 municipalities in the Midwest region. The volume showed an increase of 29.7% compared to the previous year, which was already a new record. Of the loans taken out, 36% were to individual entrepreneurs and mini, micro and small companies – the public audience prioritized by the FCO.

Another aspect of note in the period was the signing of a contract by BB with the Ministry of Agrarian Development, for the providing of financial transfer agreement services. The presence of the Bank in this market represents the closest approximation to the Federal Government and increases opportunities with states and municipalities, bolstering the fulfillment of its public role in an efficient manner.

The loan portfolio using funds from the Workers Protection Fund (FAT) amounted to R\$6.7 billion in the period. Of particular note was the amount of R\$4.0 billion applied under the *PROGER Urbano Investimento* credit line (*PROGER Urbano Empresarial*, within the sphere of BB), and R\$1.7 billion destined to PRONAF.

In keeping with its vocation of contributing to the formulation and maintenance of public policies, Banco do Brasil operates with the Fund for Financing

Undergraduate Students (FIES), the result of a partnership between the Ministry of Education and the National Fund for Educational Development (FNDE). The Bank's function is to provide the services of granting loans, operate as the custodian of public debt securities and carry out the administration, collection and custody activities for the FIES loan portfolio.

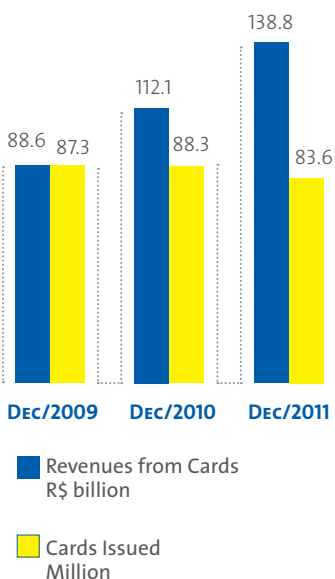
In partnership with the Ministry of Labor and Employment (MTE), *Microcrédito Produtivo Orientado* (Oriented Productive Microcredit) – MPO is the other highlight. Credit is granted to meet the financial needs of private and company entrepreneurs for small-scale production activities.

In 2012, BB faced the challenging of operating within the *Minha Casa Minha Vida* (real estate lending) program – Phase 2. Through this program, the Federal Government has the target of building 2 million urban and rural residential units by the end of 2014.

Cards

In the card segment, BB obtained revenue of R\$138.8 billion in 2011, up 23.8% compared to 2010. Banco do Brasil maintained its leadership in sales terms in the Brazilian debit card market under the Visa banner. This performance by the Bank enabled it to increase its market share to 20.7%, according to figures from the Brazilian Association of Credit Card Companies (ABECS), for 2011.

Cards Issued and Revenues from Cards



BB achieved a market share of 20.7% in the card market, with revenues of R\$138.8 billion – 23.8% more than in 2010

In this context, of particular note was the revenues performance of the business in the value chain provided by BNDES and *Ourocard Agronegócios* cards – respectively of R\$5.5 billion and R\$7.6 billion.

Another highlight of 2011 in the card segment was the creation of the company Elo Participações S.A., a holding company which consolidates electronic “payment means” businesses. Banco do Brasil holds 49.99% of the shares of this company, having contributed capital of R\$25.2 million through BB Elo Cartões Participações S.A. The company is controlled by Elo Serviços S.A., and is responsible for the management of the national card brand name Elo.

Also during the year, BB launched: *Ourocard Bônus Celular*, *Ourocard Elo*, *Ourocard Personalizado* which carries an image chosen by the cardholder, *Ourocard Visa Rio*, *Ourocard Crediário* and *Ourocard “Origens”*.

SUSTAINABILITY INITIATIVES

GRI EN6

BB continually strives for solutions that are able to increase customer convenience, while at the same time, engaging them in social and environmental causes, this also being evident in 2011 in the card segment.

One of the new developments was the rounding up of card statements, an uncomplicated method which *Ourocard* holders can make donations to charitable institutions. Clients that opt to take part in this initiative have the value of their card bills rounded up to the nearest whole figure, with the difference being allocated to non-profit organizations in partnership with BB. During the year, donations were made to the Terra Institute, which carries out reforestation in areas of Atlantic Forest, being already

In the prepaid card segment, in 2011 BB launched *Ourocard Pré-pago Recarregável* and *Ourocard Transportador Visa Cargo*, expanding its platform of pre-paid cards, which began with the creation of the *Ourocard Visa Travel Money* card. The *Ourocard Transportador Visa Cargo* card enables transport and shipping companies to credit amounts to cover the payment of freight installments, fuel and travel expenses. The product also serves as electronic currency for the payment and receipt of highway toll vouchers.

BB’s initiatives in launching innovative products and solutions have brought it increasingly closer to its clients. Another consequence of its actions was the election of its card as being the most preferred by Brazilians, according to research carried out by CardMonitor and the Medida Certa Institute, being the best credit card in the market, according to poll research carried out by CVA Solutions.

responsible for the revitalization of more than 40,000,000 m².

Another point of note in the period was the launching of the first card to be produced with recycled plastic by Banco do Brasil, the *Ourocard “Origens”* card stamped with hitherto unpublished images by the Brazilian photographer Sebastião Salgado. There are 10 photographs available, any one of which is client may choose to illustrate his or her card. For each *Ourocard “Origens”* card requested, the customer automatically donates R\$5.00 to the Terra Institute, in adhering to the service that rounds up the bill to the nearest whole figure, contributing to the planting of one of the 400 trees necessary for the revitalization of a water source.



Safe Use of Cards

GRI PR3

Banco do Brasil uses client communication channels to provide guidance and emphasis on the need for secure card use: messages on card statements, guidelines at issuing outlets (*cartas-berços*), adhesive stickers on the reverse side of cards, contacts from customer service centers and notices on automated teller machines.

Another innovation by BB is the Civil Defense Payment Card, designed to cover the expense of rescue services and assistance provided to victims, with the restoration of essential services, carried out by state and municipal governments, as well as the federal district. The card must be used for the acquisition of material and the contracting of services exclusively in emergency situations or under public calamity conditions recognized by the National Civil Defense Department. Among the various benefits are the improvement in control of expenses, security, identification of the cardholder as a civil servant of the state or municipality, and a 24-hour customer support service.

Products with Socio-Environmental Characteristics GRI FS7 | FS8

Product or Service	Socio-Environmental Responsibility Characteristic	Quantity of Cards Issued (2011)	Participation of the Total (2011)	Characteristics of the Products	
				Environmental	Social
<i>Ourocard Empreendedor</i>	A credit card specifically designed for individual micro-entrepreneurs (MEI), exempt from any annual charge and with card remittances sent to the address indicated by the cardholder. It has the objective of leveraging credit in this segment, encouraging inclusion in the banking system and facilitating the movement of funds.	2,451	0.003%		X
<i>BB Crédito Pronto</i>	Created to make it easier for clients to gain access to microcredit funds made available by BB, based on Resolution N° 3,109 of the National Monetary Council (CMN).	108,857	0.130%		X
<i>Cartão BB Previdência Social</i> (social security card)	This card is for INSS retirees and pensioners, with interest rates considerably below those practiced in the credit card market, exempt from annual charges and with no card issue fee.	25,517	0.031%		X
<i>Ourocard "Origens" Reciclado</i> (card using recycled plastic)	Banco do Brasil's first card produced with recycled plastic. Clients that request the card contribute to the initiatives of the Terra Institute, that carries out revitalization and sustainable management of Atlantic Forests in Brazil, with the planting of native tree species beside riverbanks. For each card requested, the client donates R\$5.00 to the Terra Institute.	707	0.001%	X	
CPDC – Civil Defense Payment Card	Designed for rescue, assistance to victims and the restoration of essential services, used exclusively in emergency situations or a state of public calamity recognized by the National Civil Defense Department.	9	0.000%		X



Financial Education GRI FS16

Banco do Brasil also disseminates information on the conscientious use of cards. To this end, a partnership has been created with the Brazilian Association for Credit Card Companies (ABECS) for various initiatives, among them being the compilation and distribution of the Cartão pamphlet, which provides tips on its use. Using illustrations in its text, this publication transmits concepts relating to cards, credit and credit limits, among other aspects, and tips with respect to security, how to understand the card statement, and particularly how to use the card in a conscientious manner. In the same context, BB is a sponsor of the educational play Teatro Finanças Práticas (Theatre of Practical Finance) which, in 2011, was shown at Banco do Brasil's cultural centers in Brasília and Belo Horizonte to approximately 300 children. The show uses football as the theme for passing on messages and concepts of financial education in a simple and entertaining manner. During the play, which lasts for about an hour, children test the concepts acquired in the educational game Bate-Bola Financeiro, with questions on personal finance.

Insurance, Pension Plans and Savings Bonds

The market for insurance, private pension plans and savings bonds products has been growing rapidly, and with additional room identified for further expansion, this growth is likely to continue over the next few years; while in developed countries annual premiums collected are around 10% of Gross Domestic Product, in Brazil they represent just 3.1%.

The results in these three segments produced R\$1.6 billion for BB, including results from equity in the earnings, service and brokerage income, an increase of 18.5% compared to the previous year. This result reflects the Insurance Ratio, that measures the share of this segment in the recurring net income of BB, amounted to 13.7% in 2011.

Of the various different types of product in the insurance segment, life insur-

ance and pensions have the highest growth potential, in virtue of their appeal with respect to quality of life and the need to protect income after retirement. This becomes of increasing importance as the population of over 65 years of age, which remained at around 3% of the Country's total inhabitants up to 1970, is expected to rise to 13% by 2020.

Insurance segment: Banco do Brasil, through its wholly-owned subsidiary BB Seguros, entered into a partnership with the Mapfre Group in 2010 to form an association in the personal insurance, casualties and vehicle insurance segments, for a period of 20 years. After shareholder reorganization of the insurance areas of both companies in 2011, the Banco do Brasil & Mapfre Insurance

Group (Grupo BB & Mapfre) was formed. As a result of this partnership, the following protection solutions were launched:

- *BB Seguro Agrícola Faturamento*, initially available for soya. This includes a protection mechanism against variations in the soya price on commodity markets, as well as traditional cover against bad weather;
- *Novo BB Seguro Auto*, vehicle insurance, available for sale throughout Banco do Brasil's branches network;
- *BB Seguro Vida Empresa Flex*, general life insurance, with a collective policy for companies with up to 500 employees;
- *BB Seguro Crédito Protegido* (income-producing life-insurance) for operations with *Microcrédito Produtivo Orientado* (Oriented Productive Micro-credit) – MPO.

On the other market fronts, Banco do Brasil has made a name for itself in terms of positioning and operation:

Savings bonds segment: in 2009, the Bank began the process of revising its strategy in this market, and in the following year, it formed a strategic alliance with the Icatu Group, the current partner of Brasilcap Capitalização S.A. and leader in technical provisions among those companies not linked to retail banks, in the savings bonds market. In addition to corporate restructuring, carried out in such a way that there is no competition between the partners, the Alliance involves making BB's distribution channel available for the sale of capitalization securities for a period of 20 years. The idea is that the two or-

ganizations acquire equity stakes in the other partners of Brasilcap, something which already took place in 2011, with respect to the equity stake of 16.67% in Sul América Capitalização S.A. BB Seguros is in negotiations with the other partners in order to achieve the desired business structure.

Dental plan segment: BB is in the process of negotiating with Odontoprev and Bradesco Seguros for the structuring of a partnership for the development and sale of dental plan products through its distribution channels. The initiative involves studies being carried out for the

creation of a company with 75% owned by BB Seguros and 25% owned by Odontoprev. In addition to this, through an intermediary holding company, BB will hold a stake of 10% in Odontoprev.

Reinsurance segment: with the aim of establishing a complementary relationship in the operations of its insurance companies, BB and the Union have initiated negotiations for the acquisition of an equity stake in IRB-Brasil Re, the largest reinsurance group in Latin America. The Union holds 100% of the ordinary shares of IRB and 50% of the total capital.

INSURANCE

According to figures from Superintendency of Private Insurance, the personal insurance market accounted for total premiums of R\$19.3 billion in 2011, an increase of 21.7% compared to 2010. Banco do Brasil Group, whose partner is the Mapfre Group, remained the leader in this segment, with a market share of 18.1%. In the vehicle insurance market (without DPVAT), for which market sales amounted to R\$21.4 billion in 2011 (6.5% more than in the previous year), Banco do Brasil Group ranked in 2nd place, with a market share of 15.1%.

PENSION PLAN

Brasilprev produced an impressive performance in its yield from net contributions in 2011. As a result of new sales (new plans + sporadic contributions), the total amount collected amounted to R\$11.7 billion, 20.8% more than in the previous period. Brasilprev remained as the market leader in terms of net funds raised, with a market share of 30%, with the second lowest rate of annual redemptions (8.6%), compared to its main competitors.

SAVINGS BONDS

Brasilcap has been the market leader for 15 years, ending 2011 in the first place according to ranking by the Private Insurance Superintendency, both in terms of payments collected (R\$3.3 billion), as well as technical reserves (R\$5 billion). Periodically the company carries out customer satisfaction polls, among existing and former clients, as well as providing innovative solutions, such as partial redemptions, postponement and advance payment of installments, equity-based securities, rent guarantee bonds and others which offer discounts on medicines. This strategy of diversification and innovation explains the degree of Brasilcap's penetration among all income segments.

Products with Socio-Environmental Characteristics GRI FS7 | FS8

Product or Service	Socio-Environmental Responsibility Characteristic	Revenues per Product in 2011 (in R\$ thousand)	Share of the Product Considering the Total Traded	Characteristics of the Products		Volume transferred to Fundação Banco do Brasil (R\$ thousand)
				Environmental	Social	2011
LIFE						
<i>Ouro Vida</i>	Transfers 50% of its revenue to Fundação Banco do Brasil with the stipulation that this be applied in the social programs of this entity.	365,476	12.61%		X	1,340
<i>Ouro Vida Empresa</i>	Transfers 100% of its revenue to Fundação Banco do Brasil, with the stipulation that this be applied to the entity's social programs.	3,873	0.13%		X	179
<i>BB Seguro Vida Mulher</i>	Transfers 50% of its revenue to Fundação Banco do Brasil, with the stipulation that this be applied to the entity's social programs.	181,782	6.27%		X	4,326

Product or Service	Socio-Environmental Responsibility Characteristic	Revenues per Product in 2011 (in R\$ thousand)	Share of the Product Considering the Total Traded	Characteristics of the Products		Volume transferred to Fundação Banco do Brasil (in R\$ thousand)
				Environmental	Social	2011
PROPERTY						
<i>Ouro Residencial</i>	Transfers 100% of its revenue to Fundação Banco do Brasil, with the stipulation that this be applied to the entity's social programs.	68,979	14.74%	X		1,329
<i>Ouro Máquinas</i>	Transfers 100% of its revenue to Fundação Banco do Brasil, with the stipulation that this be applied to the entity's social programs.	6,431	1.37%		X	369
<i>Ouro Empresarial</i>	Transfers 100% of its revenue to Fundação Banco do Brasil, with the stipulation that this be applied to the entity's social programs.	90,249	19.28%		X	1,726
VEHICLES						
<i>BB Seguro Auto Estilo</i>	Directs part of its revenue to Fundação Banco do Brasil with the aim of benefiting projects of a socio-environmental nature – the watercourses project. The amount passed on is R\$0.30 per policy. The value for the year 2009 refers to the months of October, November and December.	193,796	15.37%	X		38
SAVINGS BONDS						
<i>Ourocap Estilo Prêmio (PU36S)</i>	Product based on the <i>Água Brasil</i> program – transfers 0.5% of the total funds collected in the form of the lump sum paid by subscribers to PU36S capitalization securities (<i>Ourocap Estilo Prêmio</i>) sold through the branches network to Fundação Banco do Brasil.	155,617	4.73%	X		778

Product or Service	Socio-Environmental Responsibility Characteristic	Revenues per Product in 2011 (in R\$ thousand)	Share of the Product Considering the Total Traded	Characteristics of the Products		Volume transferred to Fundação Banco do Brasil (R\$ thousand)
				Environmental	Social	2011
<i>Ourocap Estilo Flex</i> (PP93E)	Product based on the <i>Água Brasil</i> program – transfers 0.5% of the total funds collected in payments from subscribers to the 48 monthly installments of the PP93E capitalization product (<i>Ourocap Estilo Flex</i>), sold through the branches network to Fundação Banco do Brasil.	22,390	0.68%	X		112
<i>Ourocap Estilo Prêmio Cartão de Crédito</i> – (PU36G)	Product based on the <i>Água Brasil</i> program – transfers 0.5% of the total funds collected in payment from subscribers to the lump sum payment of the capitalization product PU36G (<i>Ourocap Estilo Prêmio Cartão de Crédito</i>), sold through the branches network to Fundação Banco do Brasil.	1,323	0.04%	X		7
<i>Ourocap Multichance</i> (PM48M)	Product based on the BB Educar program – transfers 0.5% of the total funds collected in payment from subscribers, from the second monthly payment, and 0.5% of the third monthly payment to the capitalization product PM48M (<i>Ourocap Multichance</i>), sold through the branches network to Fundação Banco do Brasil.	122	0.00%		X	122

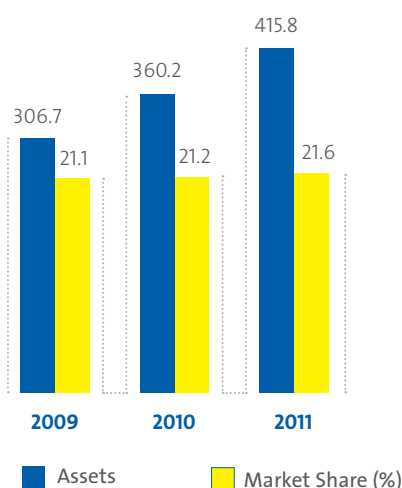
Product or Service	Socio-Environmental Responsibility Characteristic	Revenues per Product in 2011 (in R\$ thousand)	Share of the Product Considering the Total Traded	Characteristics of the Products		Volume transferred to Fundação Banco do Brasil (R\$ thousand)
				Environmental	Social	2011
<i>Ourocap 200 anos</i> (PM – PP6oM)	Product based on the <i>BB Educar</i> program – transfers 0.5% of the total funds collected in payment from subscribers, from the second monthly payment, and 0.5% from the third monthly payment, to the capitalization product PP6oM (<i>Ourocap 200 Anos PM</i>), sold through the branches network to Fundação Banco do Brasil.	45,870	1.40%		X	229
<i>Ourocap 200 anos</i> (PM – PP6oC)	Product based on the <i>BB Educar</i> program – transfers 0.5% of the total funds collected in payment from subscribers, from the second monthly payment, and 0.5% from the third monthly payment, to the capitalization product PP6oC (<i>Ourocap 200 Anos PM</i>), sold through the Brasilcap customer service center to Fundação Banco do Brasil.	9,831	0.30%		X	49
<i>Ourocap 200 Anos</i> Cartão (PP6oA)	Product based on the <i>BB Educar</i> program – transfers 0.5% of the total funds collected in payment from subscribers, from the second monthly payment, and 0.5% from the third monthly payment, to the capitalization product PP6oA (<i>Ourocap 200 Anos Cartão</i>), sold through the Brasilcap customer service center to Fundação Banco do Brasil.	187	0.01%		X	0.9

Asset Management GRI HR6 | HR7

BB DTVM, a wholly-owned subsidiary of BB, is the largest asset manager in Brazil. In 2011, the Company had R\$415.8 billion in asset management, divided between investment funds and portfolios. This represents an increase of 15.4% over 12 months, according to the Brazilian Association for Financial and Capital Markets Entities (ANBIMA), principally due to the launching of 63 funds, which together account for approximately R\$8.2 billion in net worth. These figures do not include the balance of funds managed by Banco Votorantim (BV), which accounted for R\$30.1 billion at the end of 2011. If 50% of the balance managed by BV were to be included in the consolidated figures, which corresponds to Banco do Brasil's equity stake in the company, BB's market share in this segment would increase to 22.4%.

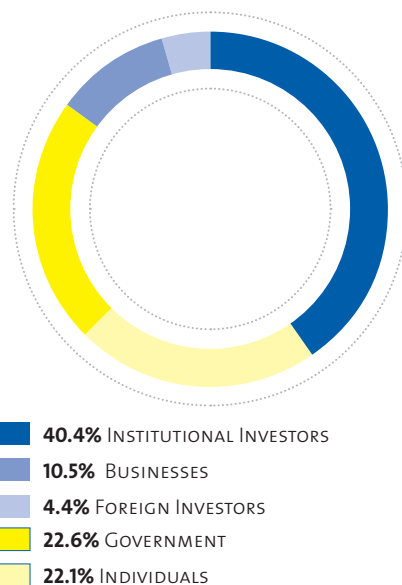
Asset Management

(R\$ billion)



Investment Funds and Managed Portfolios by Customer

Position: 12.31.2011



Investment Funds and Managed Portfolios, by Type

(R\$ million)

	2009	2010	2011
Investment Funds	294,622	346,178	403,845
Fixed	161,817	190,789	264,655
Equity	49,790	56,863	55,317
Multimarket	45,048	53,863	20,820
Others	37,967	44,664	63,052
Managed Portfolios	12,064	14,022	11,948
Fixed	9,919	13,882	11,948
Equity	2,145	139	-
Total	306,686	360,200	415,793

INVESTMENT FUNDS WITH SOCIO-ENVIRONMENTAL CHARACTERISTICS

GRI FS7 | FS8 | FS11

BB offers its clients alternative funds that adopt socio-environmental responsibility criteria, as shown in the table below. For the investment fund *BB Ações ISE Jovem FIC*, a selection of assets is compiled based on the BM&FBOVESPA Corporate Sustainability Index Portfolio (ISE).

Also available to clients are BB's equity-stake based investment funds, consisting of companies that maintain high standards of socio-environmental responsibility and/or Corporate Governance.

Product or Service	Socio-Environmental Responsibility Characteristic	Shareholder Equity in 2011 (R\$ million)	Profitability (2011)	Characteristics of the Products	
				Environmental	Social
<i>BB Referenciado DI Social 50</i>	50% of the administration fee is passed onto Fundação Banco do Brasil.	51.8	7.86%		X
<i>BB Ações ISE Jovem FIC</i>	Product based on the Corporate Sustainability Index, a theoretical portfolio consisting of companies that show extensive corporate responsibility, considering aspects of Corporate Governance, economic efficiency, environmental equilibrium and social justice. 20% of the administration fee is passed onto the <i>Água Brasil</i> program, through the intermediation of Fundação Banco do Brasil.	19.2	-2.86%	X	
<i>BB Multimercado Balanceado LP Jovem FIC</i>	20% of the administration fee is passed onto the <i>Água Brasil</i> program, through the intermediation of Fundação Banco do Brasil.	2.78	5.76%	X	
<i>BB Multimercado Global Acqua</i>	Invests part of its funds in Brazilian and global companies connected to the water sector. The fund enables investors to participate in the capital of institutions involved in water exploitation, infrastructure and distribution, with the perception that these companies are in a production chain where precautions to be taken, probably experiencing an increase in demand, and a possible increase in prices.	26.9	5.21%		X

INVESTMENT FUNDS IN EQUITY STAKES (FIP) WITH SOCIO-ENVIRONMENTAL CHARACTERISTICS GRI FS7 | FS8 | FS11

Product or Service	Socio-Environmental Responsibility Characteristic	Shareholder Equity in 2011 (R\$ million)	Profitability (2011)	Characteristics of the Products	
				Environmental	Social
<i>FIP Brasil de Governança Corporativa</i>	The structuring of the fund (FIP) is focused on the acquisition of equity stakes in companies that can be taken to the Global Corporate Governance stage (pre-IPO), that have solid management fundamentals, capable of introducing more in-depth Corporate Governance practices, and applying the concept of self sustainability, with maturity being shown in the management of conflicts and dealing with socio-environmental issues. The regulations of the fund require the companies invested in, to adopt standards of socio-environmental corporate responsibility on an obligatory basis (with the aim of minimizing possible adverse effects on the environment caused by their activities), and to adopt good Corporate Governance practices.	366,038	7.47%		X
<i>Brasil Sustentabilidade FIP</i>	The structuring of the fund (FIP) is focused on the acquisition of equity stakes in companies whose activities are associated with projects with the potential to generate carbon credits, with the incorporation of sustainability principles in their investment decisions. The regulations of the fund require the companies invested in, to adopt standards of socio-environmental corporate responsibility on an obligatory basis (with the aim of minimizing possible adverse effects on the environment caused by their activities), and to adopt good Corporate Governance practices.	71,450	61.08%	X	X
<i>Brasil Agronegócio FIP</i>	The structuring of the fund (FIP) is focused on the acquisition of equity stakes in Brazilian companies which have been identified as having solid fundamental values, which could benefit from capital injections, with the objective of floating their shares on the equity markets. The investment focus of the funds covers the entire agribusiness production chain, from the supply of inputs, to processing and distribution. The regulations of the fund require the companies invested into adopt standards of socio-environmental corporate responsibility on an obligatory basis (with the aim of minimizing possible adverse effects on the environment caused by their activities), and to adopt good Corporate Governance practices.	106,632	3.32%	X	X

Product or Service	Socio-Environmental Responsibility Characteristic	Shareholder Equity in 2011 (R\$ million)	Profitability (2011)	Characteristics of the Products	
				Environmental	Social
Fundo Brasil de Internacionalização Empresas FIP	The structuring of the fund (FIP) is focused on the acquisition of equity stakes in medium-sized Brazilian companies that already operate in the area of foreign trade, or which have the potential to be internationalized, e.g. sectors with a high aggregate value, national companies that are leaders in the sectors, and sectors in which Brazil is competitive. The regulations of the fund require the companies invested in, to adopt standards of socio-environmental corporate responsibility on an obligatory basis (with the aim of minimizing possible adverse effects on the environment caused by their activities), and to adopt good Corporate Governance practices.	88,748	40.08%		X

Responsible Investment

As a signatory to the Principles for Responsible Investment (PRI) introduced by the United Nations Organization, BB DTVM does not acquire equity stakes in companies that do not respect principles related to human rights, labor rights, and environmental preservation.

With the aim of qualifying its portfolio of products for private banking clients, BB DTVM has created the Global Acqua Multimarket Investment Fund, which invests part of the funds it manages in Brazilian and international companies connected to the water sector. Following the same concept, it also launched the *BB Multimercado Balanceado LP Jovem* fund and remodelled the *BB Ações Índice de Sustentabilidade Empresarial Jovem* fund. Both these funds contribute 20% of their management fee to the *Água Brasil* program, through the intermediation of Fundação Banco do Brasil. By the same token, in partnership with Votorantim, the first family of equity-based infrastructure investment funds was launched (FIPs-IE): *BB Votorantim Energia Sustentável I, II, III*. These portfolios invest their funds in the renewable energy sector.

In accordance with market trends, at the beginning of the year two new protected capital fund alternatives were launched: *BB Multimercado Capital Protegido Commodities Agrícolas II LP Private* and *BB Multimercado Capital Protegido Índices Globais LP Private*, created especially to cater to investors that seek diversification in their investments with capital protection. The first aims to achieve a gain through a basket of commodities (soya, corn and sugar) and the second, with a basket of equity indices (Ibovespa, S&P 500 and Euro Stoxx 50). Both have a differentiated structure, which attributed different weightings to each asset in the basket.

Capital Markets and Treasury

Banco do Brasil operates in the capital markets through the intermediation of BB Banco de Investimento S.A. – BB-BI. In 2011, this company was responsible for 64 fixed income issues, coming to a total of R\$16.9 billion. In this way, BB-BI was ranked in 2nd position, according to the ANBIMA Consolidated Origination ranking figures, with a market share of 19.7%.

In 2011, BB-BI coordinated 55 issues of debentures and promissory notes, coming to a total of R\$15.6 million in originated volume. In the securitization area, there were 65 issues of Credit Rights Investment Fund (FIDC) and four in Real Estate Receivables Certificates (CRI).

BB has structured real-estate investment funds linked to a strategy of expanding its branches network in an innovative initiative. These funds raised R\$159 million in 2011.

In the equity markets, BB-BI coordinated three public share offerings, coming to a total of R\$1.7 billion, participating as the hired coordinator in four security distribution offerings. The Institution was ranked in 10th place, in accordance with the ANBIMA equity distribution rankings, with a market share of 2.6%.

Another item of note is that the Bank was ranked in 3rd place by ANBIMA (position as at the end of December 2011), in terms of asset custody in the domestic market, with the custody of R\$510.0 billion – representing a market share of 21.4% –, in addition to acting as depository institution for securities.

Through its broking houses BB Securities Ltd. (London) and Banco do Brasil Securities LLC (New York), the Bank operates in the international market. In this way, it participated in 16 of the

60 external fundraising operations carried out by companies, banks and the Brazilian government, for 12 of which it was the lead manager, being co-manager of the other four. Of the approximate amount of US\$37.0 billion issued in 2011, BB participate in approximately US\$12.6 billion. It also was involved in three foreign issues, being the lead-manager in one and co-manager in two, coming to a total of US\$2.7 billion and EUR750 million.

For 2012, with the objective of attracting more investors in Asia markets, BB will be inaugurating a unit of BB Securities in Singapore. Currently the region represents 5% of the buyers of securities placed by the Bank abroad.

Other Services GRI EN26

BB Administradora de Consórcios ended 2011 with a portfolio of 347,000 active quotas, an increase of 66.1% over 12 months. The vehicle segment showed the best performance, with an increase of 85.1%, reaching a total of 311,700 quotas by the end of December. During the year, 168,000 new consortium quotas were sold, representing R\$4.4 million in letters of credit.

In terms of banking collection, receipts through payment slips and automatic debit, Banco do Brasil serves more than 576,000 companies, accounting for a total volume of R\$797 billion in 2011, with a total of 986.4 million securities. These services have added R\$2 billion in revenues, up 9.6% on 2010.

While Authorized Direct Debit (DDA) is a service which dispenses with the printing of payment slips, a measure which contributes to reducing the use of paper, with consequent beneficial effects on the environment. In 2011 this service accounted for 1.2 million electronic withdrawals, a market share of 18% with more than 99 million payment slips presented electronically.

Credit slips were processed under payroll agreements, of a total of R\$210.6 million, including company clients and the public sector. In total, BB catered to 16.3 million public civil servants and employees of private companies with this service.

OTHER PRODUCTS WITH SOCIO-ENVIRONMENTAL CHARACTERISTICS

GRI FS7 | FS8

Product or Service	Socio-Environmental Responsibility Characteristic	Number of Transactions	Total Portfolio in 2011 (R\$ thousand)	Characteristics of the Products	
				Environmental	Social
PROESCO	Financing line for up to 90% of energy-efficient projects which make a proven contribution to energy savings, increase the global efficiency of the electricity system, or promote the replacement of fossil fuels.	3	764	X	

GOVERNMENT

<i>BNDES Governos</i>	Financing for states, of public works, equipment and installations. These have a social impact in improving the quality of life of the population covered by the initiatives taken as part of these projects, and the assets financed.	15	1,734,471		X
<i>Caminho da Escola</i>	Financing of school buses, for the daily transport of school students in the elementary public education network, in Brazil's states and municipalities.	410	143,079		X
Finame PSI	Financing for the states, of buses, new machinery and equipment. These have a social impact in improving the quality of life of the population covered by the initiatives taken as part of these projects, and the assets financed.	9	446,236		X
<i>Provias</i>	Financing for the purchase, by municipal authorities, of machinery and equipment for works on public streets, roads and highways. These have a social impact in improving the quality of life of the population covered by the initiatives taken as part of these projects, and the assets financed.	426	234,751		X
<i>Prouca</i>	Program which finances states and municipalities in the acquisition of information technology equipment (educational laptops) for use by school students in the state, district or municipal public education network, with the objective of encouraging digital inclusion.	1	1,033		X

2011 Awards GRI 2.10

For its initiatives in economic, social and environmental areas, Banco do Brasil received a series of prizes and titles in 2011, the highlights of which are as follows:

GHG PROTOCOL: the Greenhouse Gas Inventory (GEE) 2011 was awarded the Gold classification. For this, the Bank had to measure its direct and indirect greenhouse gas emissions, submitting itself to an independent audit and publishing the results through its public communication channels.

BEST COMPANIES IN CARBON MANAGEMENT: the Carbon Disclosure Project, CDP 2011 Report Global 500, included Banco do Brasil among the 500 companies with the best carbon management performance. The document evaluates the performance of 2,038 companies, listed on various stock exchanges around the world, based on criteria such as: corporate climate change policy, greenhouse gas emissions, and the management of water and energy resources.

LICITAÇÕES-E: *Licitações-e* is Banco do Brasil's public purchasing portal, and was the winner of the V March 19 Prize, awarded at the VI Brazilian Congress of Online Auctioneers, which took place in the city of Foz do Iguaçu (PR). Of the five awards in the electronic tender bidding systems segment, *Licitações-e* won three: The Largest Number of Tenders Carried Out and Completed in 2010; Best Electronic Tender System for 2010; and Best Interaction with Suppliers.

OUROCARD CARD: Ourocard – the Preferred Card of Brazilians, according to research by Cardmonitor and Medida Certa Institute, carried out in December 2010 and January 2011, and elected as the best credit card (brand-name strength) in poll research carried out by CVA Solutions, in February and March 2011.

E-FINANCE AWARD: Banco do Brasil was the winner of the X e-Finance Awards, granted by the magazine *Executivos Financeiros*, in the category of Electronic Document Management with the following cases: "Electronic Dossier – Phase II" and "Servicing Center Europe – Electronic Management of Documents for the European Bloc". Also at the X e-Finance Awards, Banco do Brasil was the winner in the Market Innovation category, with the cases: "Brasília Concept Store" and "New York Convention Room".

TOP OF MIND: Top of Mind awards by the newspaper *Folha de São Paulo* as the bank most remembered by Brazilians.

BEST IR: Best Investor Relations Professional in Latin America, for the banking and financial services sector in the opinion of buy-side analysts, in awards by the American magazine *Institutional Investor*. The same publication awarded Banco do Brasil with the prize for Best Investor Relations Team in Latin America, also for the banking and financial services sector.

INTERNET AND SOCIAL MEDIA: winner in the Internet and Social Media category at the XI ABT Awards, with the case "A little bird told me... Banco do Brasil: excellence in 140 characters". The case related the work developed for providing services to BB's clients through the @MaisBB profile, on Twitter.

CERTIFICATION OF ACCESSIBILITY: In September 2011 Banco do Brasil received Certification of Accessibility granted by the ABNT (Brazilian Technical Standards Association). This is an unprecedented certification, and BB was the first banking institution to receive it. The object of the certification was the Augusta Branch, in São Paulo (SP), where all the adaptations to provide access to the physically disabled made to the building structure were inspected.

CORPORATE ARCHITECTURE: BB, represented by the *Ambiência 2.0* project, received the top prize in its category, for the works combination at the VIII Major Corporate Architecture Awards, the largest awards ceremony in Latin America in this area.

BEST PRIVATE BANK IN BRAZIL AND LATIN AMERICA: Banco do Brasil's Private Banking Division was recognized at the Global Private Banking Awards 2011 hosted by the magazines *The Banker* and *PWM Professional Wealth Management* (Financial Times Group) as being Highly Commended in the categories of "Best Private Bank in Brazil" and "Best Private Bank in Latin America".

BEST BANK TO INVEST WITH: Banco do Brasil, in partnership with BB DTVM, for the fifth time, and for the second year running, won the prize for Best Bank for You to Invest with, hosted by the magazine *Você S.A.*, published in the December 2011 edition.

LEADERS IN BRAZIL: Banco do Brasil's CEO, Aldemir Bendine, was honored in the category of Leadership in Management and Public Innovation, at the Líderes do Brasil Awards, hosted by the newspaper *Brasil Econômico* and the Group of Corporate Leaders – LIDE.

PRESTIGIOUS COMPANY: Época Negócios 100 Awards – Most Prestigious Companies in Brazil, hosted by the magazine *Época Negócios*. Ranked in 7th place, BB was the only financial institution to be in the top 10 ranking positions in 2011.

BANKING REPORT AWARD: *BB Móvel* was awarded in the category of "Best Banking Representative Offices", in the 7th edition of the Banking Report Awards. These awards are in recognition of the main contributions and practices carried out by the financial sector and its suppliers, to improving the Brazilian Banking Industry. This year, banks received prizes that were outstanding in the use of new technologies.

SAM YEARBOOK: Banco do Brasil, for the 3rd year running, was cited as one of the most sustainable financial institutions in the world, in the *Sustainability Yearbook 2012*, produced by SAM – Sustainable Asset Management –, the organization responsible for the selection process of the Dow Jones Sustainability Index on the New York Stock Exchange.





Annexes



GRI Reporting Index GRI 3.12

Application level of report		C	C+	B	B+	A	A+
Content of the Report	G3 profile	Respond to items: 1.1; 2.1 a 2.10; 3.1 a 3.8, 3.10 a 3.12; 4.1 a 4.4, 4.14 a 4.15	With external verification	Respond to all criteria covered by Level C, plus: 1.2; 3.9, 3.13; 4.5 a 4.13, 4.16 a 4.17	With external verification	The same as that required for Level B	With external verification
	Information on G3 Management form	Not required		Information on type of management by category of indicator		Type of management published for each category of indicator	
	G3 performance indicators & performance indicators of sectorial supplement	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment		Respond to a minimum of 20 performance indicators including one in each of the following performance areas, economy, environmental, human rights, labour practices, society, and product responsibility		Respond to each essential G3 indicator in the sectorial supplement, with due consideration of the Principles of Materiality, in one of the following forms: Responding to the indicator, or explaining the reason for omission	

* Sectorial supplement in its final version

Strategy and Analysis	Description	Coverage	Observation	Page	GC
1.1	Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy.	Total		4	
1.2	Description of key impacts, risks, and opportunities.	Total		4, 42, 45	

2. Organizational Profile		Coverage	Observation	Page	GC
2.1	Name of the organization.	Total		6	
2.2	Primary brands, products, and/or services.	Total		6, 8	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Total		6	
2.4	Location of organization's headquarters.	Total	The headquarters of Banco do Brasil is located in Brasilia.		
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.	Total	Banco do Brasil's operations abroad are not significant with respect to questions of sustainability.	6, 94	
2.6	Nature of ownership and legal form.	Total		6	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Total		6	
2.8	Scale of the reporting organization.	Total		6, 8, 20	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Total		6, 36	
2.10	Awards received in the reporting period.	Total		191	

3. Disclosure Parameters		Coverage	Observation	Page	GC
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Total		18	
3.2	Date of most recent previous report (if any).	Total		14	
3.3	Reporting cycle (annual, biennial, etc.)	Total		14	
3.4	Contact point for questions regarding the report or its contents.	Total		19	
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.	Total		15, 16	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Total		18	
3.7	State any specific limitations on the scope or boundary of the report.	Total		15, 18	
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.	Total	Alterations which could significantly affect comparison of information is duly indicated during the report.	18	
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.	Total	The indicators shown are in accordance with GRI methodology and if this is not the case, the calculation methodology is shown together with the information.	19	
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).	Total		19	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Total	During the period reported on, there were no significant changes in measurement methods.	19	
3.12	Table identifying the location of the Standard Disclosures in the report.	Total		194	
3.13	Policy and current practice with regard to seeking external assurance for the report.	Total		19	

 Essential Indicators

 Additional Indicators

 Sector Indicators

 Global Compact

4. Governance, Commitments and Engagement		Coverage	Observation	Page	GC
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.	Total		51	
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).	Total		54	
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.	Total		54	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Total		54	
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).	Total		51, 54	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Total		48, 54, 97	
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.	Total		51	
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.	Total		6, 62	
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.	Total		54	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Total		51	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Total		78	7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Total		67	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Total		36, 110, 142, 143	
4.14	List of stakeholder groups engaged by the organization.	Total		88	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Total		88	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Total		88, 97	
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.	Total		88, 90, 97	

DISCLOSURES - STANDARD PART III: Performance Indicators

Economic

Economic Performance		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		45	
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.	Total		34	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Total		49, 142, 158, 166	
EC3	Coverage of the organization's defined benefit plan obligations.	Partial	Additional information can be found in the Explanatory Notes.	107	
EC4	Significant financial assistance received from government.	Total		12, 134, 164, 177	

Market Presence		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		45	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Total		145	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Total		135	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Total		113	7, 8, 9

Indirect Economic Impacts		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		45, 67, 136	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Total		85, 116, 126, 130, 152	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Total		152	

Environmental

Materials		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		137, 139	
EN1	Materials used by weight or volume.	Total		139, 140	
EN2	Percentage of materials used that are recycled input materials.	Total		140	8, 9

Energy		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		137, 138	
EN3	Direct energy consumption by primary energy source.	Total		142	
EN4	Indirect energy consumption by primary source.	Total	The indirect energy consumed by BB is acquired from electricity utility concessionaires. The source of these distributors is based on the Brazilian energy matrix, which for the most part is based on renewable resources (approximately 70%).	138	
EN5	Energy saved due to conservation and efficiency improvements.	Total		138	8, 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Total		139, 142, 178	8, 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Total		139, 142	8, 9

Water		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		137, 138	
EN8	Total water withdrawal by source.	Total		138	
EN9	Water sources significantly affected by withdrawal of water.	Not reported	Not applicable	138	
EN10	Percentage and total volume of water recycled and reused.	Total		138	8, 9

Biodiversity		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		136, 141	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Total		141	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not reported	Not applicable to banking activities, and there are no operations of the Bank that are in areas with a high level of biodiversity.	141	
EN13	Habitats protected or restored.	Not reported	Not applicable to banking activities.		8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Total		136	8
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 reported	Not applicable to banking activities.		

Emissions, Effluents and Waste		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		142	
EN16	Total direct and indirect greenhouse gas emissions by weight.	Total		142	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Total		142	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Total		139	8
EN19	Emissions of ozone-depleting substances by weight.	Not reported	The activities of BB do not have an impact on the ozone layer, as in the specific case of CFC 11. The two possibilities were either refrigerators or air conditioning systems already existing, and these have been replaced by other non-harmful technology.	139	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not reported	The Bank does not have mechanisms for the measurement of the emission of either NOx or Sox.		
EN21	Total water discharge by quality and destination.	Not reported	Banco do Brasil is a financial institution, with its discharge of water being domestic and treated by the utility concessionaires, and has no significant impacts.		8
EN22	Total weight of waste by type and disposal method.	Total		140	8
EN23	Total number and volume of significant spills.	Not reported	Banco do Brasil, because of the nature of its services, does not have impacts that could result in significant spillage.		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not reported	Not applicable to banking services, because BB does not generate dangerous residues which could be contemplated under the Basel Convention – Annexes I, II, III and VIII. For this reason, there is no intention to report on this index in the future.		
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 reported	Not applicable to banking activities, because BB does not operate in areas where the biodiversity of bodies of water and related habitats could be significantly affected by the discharge of water. For this reason there is no intention of reporting this indicate in the future.		

Products and Services		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		141	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Total		92, 95, 139, 140, 141, 189	8
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not reported	Not applicable to banking activities.		8

Compliance		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		78	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Total	During this period, there were no reports related to the theme.		

Transport		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		139, 142	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Total	With respect to the transport of workers, the impact of air travel, the Banks own vehicle fleet and the transport of document pouches has been mapped. These indicators are published in the greenhouse gas emission inventory in the chapter entitled Connection, in the section on the Environment.	139, 142	

General		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		45	
EN30	Total environmental protection expenditures and investments by type.	Total		141	8

Social: Labour Practices and Decent Work

Employment		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		98, 107	
LA1	Total workforce by employment type, employment contract, and region broken down by gender..	Total		99	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Total		99, 100	6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Total		107	

Labor/Management Relations		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		115	
LA4	Percentage of employees covered by collective bargaining agreements.	Total		115	3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Total		115	3

Occupational Health and Safety		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		111, 112	
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.	Total		112	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partial	The assessment of health and safety information is in the process of being improved. The commitment to this is can be found in Agenda 21 – Processes and Management front – page 46	112	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Total		112, 113	
LA9	Health and safety topics covered in formal agreements with trade unions.	Total		111, 112	

Training and Education		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		103, 104	
LA10	Average hours of training per year per employee by gender, and by employee category.	Total		103	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Total		104	
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Total		106	

Diversity and Equal Opportunity		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		110	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Total		99, 107	6
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Total		107	6

Social: Human Rights

Investment and Procurement Practices		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		110	
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.	Total	All significant investment contracts, located in the Investments chapter – Intangible Non-Current Assets – Technology, contain clauses referring to human rights, following the policy for relationships with suppliers – Connection chapter – Suppliers.		1
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	Total	100% of the contracts with suppliers contain clauses referring to human rights, following the policy for relationships with suppliers – Connection chapter – Suppliers.		1
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 on human rights aspects. The Bank provides training which deals with subjects code related to this theme, and these are accounted for under the indicator LA10.		

Non-discrimination		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		110, 114	
HR4	Total number of incidents of discrimination and actions taken.	Total		110, 114	6

Freedom of Association and Collective Bargaining		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		115	
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.	Total		115	3

Child Labour		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		71, 135	
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.	Not reported	BB adheres to pacts for the combating of child labor	68, 135, 185	5

Forced and Compulsory Labour		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		71, 135	
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.	Not reported	BB adheres to pacts for the combating of slave labor	135, 165, 169, 185	2, 4

Security Practices		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		114, 135	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Total	Security contracts include clauses by which activities are carried out in compliance with the legislation in force. Government Directive N° 387/2006 – DG/DPF Brasilia - DF determines that training courses must cover topics related to human rights.	114, 135	1

Indigenous Rights		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		71, 130	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not reported	Not applicable to banking activities.		1

Social: Society

Community		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		45, 116	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Total		116, 130, 132	

Corruption		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		114	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Total		80	10
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Total		114	10
SO4	Actions taken in response to incidents of corruption.	Partial	Corruption cases are treated with confidentiality.	80, 114	10

Public Policy		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		133	
SO5	Public policy positions and participation in public policy development and lobbying.	Total		8, 128, 133, 177	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Total	The Bank does not make contributions to political parties, as affirmed in its Code of Ethics	133	

Anti-competitive Behaviour		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		143	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Total		143	

Compliance		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		78	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Total		79	

Social: Responsibility for the Product

Customer Health and Safety		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		80	
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.	Total		81	
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 reported	Not applicable to banking activities.		

Product and Service Labeling		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		78	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Total		178	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Total		79	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partial	Indicator not reported in full, due to the confidentiality of the information.	91	

Marketing Communications		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		78, 84	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Total	BB does not sell products that are the subject of public controversy or which are prohibited.	78, 84	
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.	Total		79, 84	

Customer Privacy		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		81	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Partial	Not reported in full, due to the confidentiality of the information.	81, 92	

Compliance		Coverage	Observation	Page	GC
Management Approach and Performance Indicators		Total		77	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Total		79	

Sectorial

Management Approach and Performance Indicators		Total		155	
FS1	Policies with specific environmental and social components applied to business lines.	Total		67, 69, 70, 71	
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Total		67, 78, 165, 169	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Total		165, 169	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Total		105	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Total		152, 168	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Total		12, 149	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Total		Contained in the Business chapter	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Total		Contained in the Business chapter	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Total		169	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Total		152	
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Total		186, 187	
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.	Total	Despite not having a specific policy for providing voting guidance, BB follows the principles of the Global Compact and contributes to environmental policies by exercising its right to vote in various ministries, with respect to environmental and social issues, such as the Ministry for the Environment – MMA, And the Ministry of Agricultural, Fisheries and Supply – MAPA and others.		
FS13	Access points in low-populated or economically disadvantaged areas by type.	Total		92	
FS14	Initiatives to improve access to financial services for disadvantaged people.	Total		96, 105	
FS15	Policies for the fair design and sale of financial products and services.	Total		62, 135	
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Total		129, 179	

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 December 31st, 2011, 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 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 sustainability information contained in Banco do Brasil's 2011 Annual Report was prepared according to the Global Reporting Initiative guidelines (GRI-G3) for sustainability reporting and the financial services sector supplement - “Financial Services Sector Supplement – Version 3.0. FSSS Final Version”.

Scope and Limitations

The objective of our work was to apply limited assurance procedures on the sustainability information contained 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 greenhouses gases data and 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 December 31th, 2011.

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 our work, as described in this report, we have not identified any fact that leads us to believe that the sustainability information disclosed in the Annual Report of Banco do Brasil S.A., related to the year ended December 31th, 2011, is not presented, in all materials aspects, in accordance to the Global Reporting Initiative guidelines (GRI-G3) for sustainability reporting, the financial services sector supplement - “Financial Services Sector Supplement – Version 3.0. FSSS Final Version”, and with the records and files that served as basis for its preparation.

Brasília, 11 May, 2012.



KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF

Original report in Portuguese signed by
Giuseppe Masi
Accountant CRC SP-176273/O-7 S-DF

Corporate Information

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Additional Information

The Financial Statements and an Analysis of Banco do Brasil's performance can be found on the following website link: www.bb.com.br/ir

For more information on sustainability, access the following website link: www.bb.com.br/sustentabilidade

Credits

Content Coordination:
Investor Relations Unit
Sustainable Development Unit

Creative Coordination:
Marketing and Communication Directorship
Institutional Advertising Division

Content, Creation and Production: TheMediaGroup and Contadino
Illustration: Carlos Meira (paper sculpture)
Photographs: Iara Venanzi, Daniel Renault, Shutterstock, BB and FBB Publicity.