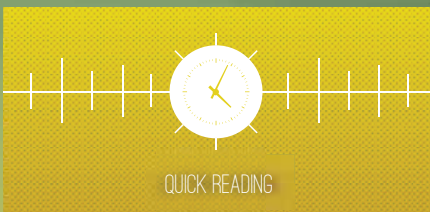
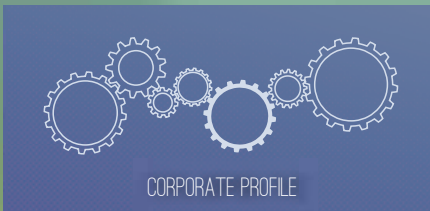




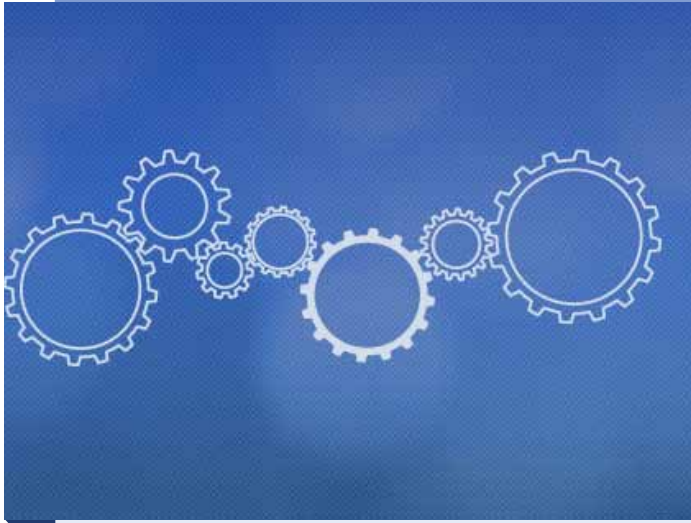
BOMPRATODOS

ANNUAL REPORT | 2012





CORPORATE PROFILE



LARGEST FINANCIAL INSTITUTION IN LATIN AMERICA, BB IS THE LEADER ACROSS A VARIETY OF SEGMENTS AND A BENCHMARK IN SUSTAINABILITY AND GOVERNANCE. IT STANDS OUT FOR THE STRENGTH OF ITS BRAND AND THE FACT THAT IT APPLIES LEADING-EDGE TECHNOLOGY TO ITS OPERATIONS

GRI 2.7 | 2.8 | HR1

Banco do Brasil S.A. (BB) is Latin America's largest financial institution, having exceeded in 2012 R\$1.15 trillion in assets and R\$580.8 billion in its loan portfolio – broad concept. It provides solutions, services and products in the banking, investment, asset management, insurance, social security, premium bonds and payment systems, among others, having attained the mark of 37.4 million checking accounts and a portfolio of 58.6 million customers at the end of the period. To achieve this, it has over 114,000 employees. [GRI 2.1 | 2.2 | 2.6](#)

In Brazil, BB's service network is the largest among financial institutions, providing its customers with 5,362 branches and 44,393 automated teller machines. Since January 1, 2012 the service network of Banco Postal, with over 6,000 outlets, became a component of the Mais BB network of banking correspondents. Thanks to this alliance, at the end of 2012 the service network of Banco do Brasil was present in 5,425 Brazilian municipalities, accounting for 97% of the total. [GRI 2.3 | 2.9](#)

Abroad, the bank is present through 49 facilities located in 24 countries, including branches and representative offices distributed over four continents ⁽¹⁾. In addition, it has agreements with 1,124 financial institutions that function as correspondents of BB in 139 countries. As a result, the organization is considered the Brazilian bank with the largest abroad service network, with its operations dedicated to existing Brazilian communities, the internationalization of Brazilian companies and the expansion of Brazil's trade relations with the world. [GRI 2.5](#)

(1) Germany, Angola, Argentina, Austria, Bolivia, Chile, China, Singapore, South Korea, the United Arab Emirates, Spain, the United States, France, Cayman island, the United Kingdom, Italy, Mexico, Panama, Paraguay, Peru, Portugal, Uruguay and Venezuela.



CORPORATE PROFILE **STRENGTHS**

GRI 4.8

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 abroad; the best bank to work for, recognized for its performance, long-lasting relationships and socio-environmental responsibility.

VALUES

- Ethics and transparency;
- Commitment to the sustainable development of communities and Brazil as a whole;
- Socio-environmental responsibility;
- Respect for the consumer;
- Excellence and specialization in customer relationships;
- Participative management, collegiate decision-making and team work;
- Merit-based professional advancement;
- 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.

STRENGTHS

MARKET LEADERSHIP

- The Institution is Brazil's largest in terms of total assets, having attained the mark of R\$1.2 trillion;
- The BB maintained its leadership of the Brazilian Banking Industry in terms of the domestic loan portfolio, with a balance of R\$480.6 billion and a market share of 20.4%;
- In the case of BNDES card-related transactions it is leader in terms of the amounts disbursed, the number of cards and transaction volume. With its 28.6% market share, BB tops the ranking of BNDES onlending transactions;
- The bank is the principal partner of Brazil's international trade, with 32.1% of Pre-Shipment (ACC)/Post-Shipment (ACE) Export Finance;
- It is also absolute leader in agribusiness loan portfolio, with a market share of 62.5%;
- Its leading position in payroll loans received a boost in 2012, with growth of 14.3% in the twelve months period, attaining a market share of 31.2%;
- BB Asset Management – BB DTVM has been the leading investment fund manager since 1994. The company is also market leader in asset management in the institutional investor, government and the retail sectors;
- Banco do Brasil is the market leader among financial institutions in asset management for public employee pension funds (RPPS), with a total of R\$24.4 billion in assets under management in December 2012;
- The organization has the largest service network among financial institutions. Its customers have at their disposal over 19,000 service network outlets, including branches, service channel and self-service rooms.

CORPORATE PROFILE **STRENGTHS**

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)	2010	2011	2012
Sources	480,422	576,335	690,414
Commercial Funding	377,136	450,480	515,714
Total Deposits	376,851	442,386	472,085
Letters of Credit – Agribusiness + Mortgage Bonds	285	7,431	34,075
Repurchase Agreem. Oper. with Priv. Securities	-	664	9,554
Domestic Onlending	50,764	50,991	63,519
Financial and Development Funds	3,568	4,002	5,089
Subordinated Debt	20,855	25,101	32,657
Other Commercial Papers ⁽¹⁾	4,314	8,708	9,853
Domestic Hybrid Debt Capital Instruments	-	-	8,215
Foreign Borrowing ⁽²⁾	23,785	37,053	55,368
Uses	480,422	576,335	690,414
Available Funds	36,459	52,460	70,832
Compulsory Deposits	87,035	93,660	80,098
Net Loan Portfolio (a) + (b) - (c)	356,928	430,215	539,484
Classified Loan Portfolio (a)	358,366	422,989	525,672
Private Securities (b)	15,877	26,241	35,022
Allow ance for Loan Losses (c)	(17,315)	(19,015)	(21,210)
Indicators (%)			
Net Loan Portfolio/Total Deposits	94.7	97.2	114.3
Growth Potential of the Loan Portfolio	133,002	155,961	253,548

(1) Includes letters of credit and debentures.

(2) Includes offshore loans, obligations for offshore securities, obligations for offshore on-lending, offshore subordinated debt and hybrid offshore capital and debt instruments.

BRAND STRENGTH

Last year the Bank's brands received awards for several initiatives: 3rd place in the Brand Finance ranking (most valuable brands in Brazil and Latin America 2012); 1st place in the Banks category and 3rd in the overall classification of the Reliable Brands 2012 ranking compiled by the magazine, *Seleções do Reader's Digest*; the brand with the highest recall in the Bank category of the Folha newspaper Top of Mind award since the 1st edition; the favorite brand of the new Brazilian middle class, in a survey by market research institute Data Popular; and the brand with the highest recall in the Bank category among financial institutions when the subject is the FIFA World Cup Finals and the Olympic Games.

STRATEGIC RELATIONSHIP WITH THE GOVERNMENT AT FEDERAL, STATE AND LOCAL LEVELS

BB is the financial agent of the National Treasury, responsible for the government's sole account and in charge of transferring funds to other elements of the Federation. With other federal entities it operates in raising funding and programs. The Bank is also the official financial agent of 16 states and 16 capital cities. It also provides specific solutions for all Brazilian municipalities.



CORPORATE PROFILE **STRENGTHS**

MODERN PLATFORM WITH LEADING-EDGE TECHNOLOGY

The investments made over the last decade have raised the profile of BB in terms of banking technology at the domestic and international levels. The institution was the first in the retail segment in the Americas and in the Southern Hemisphere, as well as the tenth worldwide, to be awarded ISO 20000 certification in technology, according to IT Service Management Forum.

A major investment in technology in the year was the start of construction of the BB-Caixa Datacenter Complex, in partnership with Caixa Econômica Federal. Inaugurated in March 2012, the purpose of the complex is to ensure the continuity and growth of the business of BB and Caixa for the next 15 years, in addition to reducing operational risks.

HIGH STANDARDS OF CORPORATE GOVERNANCE AND PROFESSIONALIZED MANAGEMENT

Since 2002 BB has adhered to the best corporate governance practices required by the Novo Mercado segment of the BM&FBovespa, having been admitted to this segment in 2006. The Bank's executive and operational positions are held by highly-trained professionals with extensive knowledge of the financial and banking sectors.

ONE OF THE GLOBAL BENCHMARKS IN SUSTAINABILITY

BB's excellent socio-environmental performance has been acknowledged by the bank's admittance to the New York Stock Exchange Dow Jones Sustainability Index and, for the eighth consecutive year, to the BM&FBovespa Corporate Sustainability Index (ISE). In 2012 the Bank was acknowledged as one of the leading companies in the Época Green Company Award.

AREAS OF OPERATION

Banking: deposits and lending transactions, among others, intended for the retail, wholesale and government sectors are responsible for a significant tranche of the BB's earnings.

Investments: includes intermediation and distribution of debt in the primary and secondary markets, in addition to equity holdings and the rendering of financial services.

Asset Management: covers transactions involving buying, selling and custody of securities, portfolio management and investment funds and clubs.

Insurance, pension plans and savings bonds: includes products and services involving life, mortgage and auto insurance, as well as supplementary pension and savings bonds.

Payment means: refers to the transmission, capture, processing and financial settlement of electronic transactions.

Others: include operational support processes and consumer purchasing pools.



INDEX

MESSAGE FROM THE BOARD OF DIRECTORS	7
MESSAGE FROM THE CEO	8
QUICK READING	10
ABOUT THIS REPORT	12
DEFINITION OF MATERIALITY	13
CORPORATE GOVERNANCE	17
ORGANIZATIONAL STRUCTURE	18
RISK MANAGEMENT AND CORPORATE CONTROLS	25
BUSINESS STRATEGY	30
SOCIO-ENVIRONMENTAL RESPONSIBILITY	34
INTANGIBLE ASSETS	44
THE BOMPRATODOS PROGRAM	46
ECONOMIC AND FINANCIAL PERFORMANCE	47
SOCIO-ENVIRONMENTAL PERFORMANCE	78
AWARDS AND RECOGNITIONS	106
IBASE SOCIAL BALANCE SHEET + NBCT 15	108
CORPORATE INFORMATION	112
ANNEXES	113
LETTER OF ASSURANCE	113
GRI LETTER	115
GRI REMISSIVE INDEX	116
CREDITS	127



MESSAGE FROM THE BOARD OF DIRECTORS



01

INCREASE EFFICIENCY AND PRODUCTIVITY WHILE PRODUCING SUSTAINABLE RESULTS ARE TWO OF THE BB'S OBJECTIVES FOR THE PERIOD FROM 2013-2017

Nelson Henrique Barbosa Filho

Chairman of the Board of Banco do Brasil

GRI 1.1 | 1.2

In 2012, the international scenario was one of high risks for global financial stability. This scenario had a strong influence on economic activity in emerging markets. The Brazilian government adopted a series of economic measures in order to encourage the level of production and domestic consumption.

Led by Banco do Brasil, the country embarked on a unprecedented and aggressive reduction in interest rates on loans, which sparked off the most important reduction in bank spreads ever experienced by the domestic financial market. This initiative led to higher levels of confidence on the part of businessmen and consumers. Strong domestic demand was also driven by real increases in income, social mobility and the creation of new job positions.

The challenges and priorities to be faced in 2013 include the continued strengthening of employment, the expansion of projects for improving infrastructure and logistics, growth in exports and the extension of social programs. One of the principal levers for achieving these objectives undoubtedly lies in prioritizing education, which is sine qua non for the development of any society.

The Banco do Brasil has embarked on several financial education initiatives for the conscientious use of financial products and services, as can be seen in the BOMPRATODOS strategy. Using this strategy the BB has improved the lot of the less well-off strata of the population while stimulating the demand for services by smaller companies, in line with the trend towards better economic and social indicators.

For these ground rules to be continually in tune with the expectations of the market and BB stakeholders, the bank is facing the constant challenge of enhancing its corporate governance structure and sustainability by strengthening the commitment by the departments to this cause. For the period from 2013-2017 Banco do Brasil will allocate priority to two primary objectives: increasing its efficiency and productivity, and producing sustainable results.

Higher efficiency and productivity will entail an in-depth review and simplification of processes. On the one hand, this movement will make itself felt in those channels, products and services perceived by our customers as most innovative, convenient, useful and effective; while on the other it will bring about lower costs and the resultant generation of income for our shareholders. Social businesses will continue to be part of our strategy, since they represent a fundamental part of our corporate mission of promoting the sustainable development of Brazil.

Maintaining good corporate governance practices, together with investments in infrastructure, technology and the preparation of our employees for these new challenges will enable the Bank to achieve its strategic objectives over the next five years. Aware of its role as the leading player in Brazil's development across a wide variety of segments based on its position as market leader, its performance and soundness, Banco do Brasil is optimistic and looking forward to overcoming the challenges to come.



MESSAGE FROM THE CEO



02

WE PLAYED AN IMPORTANT ROLE IN TRANSFORMING THE BRAZILIAN BANKING SCENE IN 2012 AND ARE NOW READY TO FACE ON THE CHALLENGES OF THIS NEW BUSINESS REALITY

Aldemir Bendine
CEO of Banco do Brasil

GRI 1.1 | 1.2

The year of 2012 continued to reflect the uncertainties and insecurity in global markets. In spite of this, the Brazilian economy grew, driven by the stimulus to credit and the aggregate supply of the economy. Once again Banco do Brasil showed its strength on the Brazilian economic scenario.

We ended 2012 as an example of the solidity of the banking market: we attained R\$1.2 trillion in assets, growth of 17.2% – R\$12.2 billion in net income, representing an annualized return on shareholder's equity of 19.8%. As a result we consolidated our position as the largest bank by total assets in Latin America. The loan portfolio – broad concept – stood at R\$580.8 billion, with growth of 24.9% driven by the BOMPRATODOS Program. The classified domestic loan portfolio achieved a market share of 20.4% against 19.2% in December 2011. With the BOMPRATODOS Program, Banco do Brasil led the steady downward movement of interest rates in the banking system, playing the role of encouraging other financial institutions to adopt similar initiatives.

We have consolidated our position among the most important agents providing investment credit in Brazil in areas such as energy, oil, highway infrastructure and shipbuilding. Disbursements under these facilities stood at R\$42.8 billion, representing growth of 27% for the year.

On the international capital markets the BB raised funding of US\$1.8 billion through a perpetual bond issue, in addition to the record transaction of US\$1.9 billion in subordinated debt. We also raised funding of R\$1.6 billion through a public offering of the second Banco do Brasil real estate fund, for which demand exceeded the quantity of shares offered by a factor of 12. In November, we announced the intention of creating BB Seguridade, a subsidiary that will be the umbrella entity for all business in insurance, open supplementary pension plans and savings bonds, among others, including future expansions.

Retaining our leading position as a transformer of the market and society continued to be a huge challenge in 2012. Customers continue to be the center of our strategy and we are constantly seeking to optimize the resources available for creating value for all our stakeholders. During the year we reviewed the strategy for our operations in Oriented Productive Microcredit (MPO) in order to expand the offer of this program to entrepreneurs, in addition to increasing our presence in transactions under the Minha Casa Minha Vida Real Estate Lending Program (PMCMV). As the largest financier of Brazilian agribusiness, BB attained a market share of 62.5%.



MESSAGE FROM THE CEO

In line with the commitment to generating sustainable results, in 2012 we promoted on the fourth process to upgrade the actions of our Sustainability Plan – Agenda 21, version 2013-2015. Our stakeholders provided us with important inputs regarding the processes to be prioritized, and we involved senior management in defining the new challenges to be taken up in this regard.

The Agenda 21 review process, which seeks to enhance our sustainability practices while disseminating the concept throughout our value chain, contributed to Banco do Brasil being listed on the New York Stock Exchange's Dow Jones Sustainability Index (DJSI), international acknowledgement by the capital markets of our organization's socio-environmental performance, establishing us as one of the leading companies in this theme worldwide.

In 2012, Banco do Brasil actively participated in the Rio+20 Conference, worthy of note being our involvement in putting together the Document of Brazil's Contribution to the Rio+20 Conference. Partners in the event, we fostered the sharing of initiatives, provided differentiated areas and involved the community and several employees in the debate about how to reconcile socioeconomic development and environmental conservation.

The Banco do Brasil movement to expand the range of the Voluntary Work Program resulted in almost 9,000 of our employees enrolled at the end of 2012, an investment of almost R\$10 million in 158 projects. This is yet another record in supporting entities that rely on voluntary participation by BB employees.

Banco do Brasil is alive and active in the market, as its fundamental principles include the desire for continuous innovation. In line with its role as a leader of transformation, the bank will continue to promote the integrated development of people, companies and society.

With the support of these achievements, we can look to the future with optimism. I have full confidence in the performance and commitment of our employees, in our customers' increasing loyalty, in the support and trust of our shareholders, in the support provided to government at all levels and in rewarding and transparent interaction with all segments of society with whom we relate.



QUICK READING

03

SEE BELOW THE MAIN HIGHLIGHTS AND RESULTS OF BANCO DO BRASIL IN 2012, SHOWING ITS COMMITMENT TO THE DEVELOPMENT OF BRAZIL. TO FIND OUT MORE ABOUT EACH OF THEM, CONSULT THE RESPECTIVE CHAPTERS



CORPORATE GOVERNANCE

In 2012, Banco do Brasil (BB) joined the Dow Jones Sustainability Index.

The Remuneration Committee created within the scope of the Board of Directors will assist in implementing and reviewing the remuneration policy for the management of Banco do Brasil.

The composition of the Board of Directors as stipulated in the bylaws was amended from seven members to eight to enable directors to participate more effectively in advisory committees.

Between 2013-2017, the Bank's strategy will allocate priority to expanding the loan portfolio, improving customer service, expanding business on cards and insurance, in addition to boosting its role as a partner in Brazil's development and on the international market.

The year 2012 saw the upgrading of the Banco do Brasil Sustainability Plan – Agenda 21, defining its 30 respective challenges for the 2013-2015 period.

THE BOMPRATODOS PROGRAM

The BOMPRATODOS strategy assured the BB of the leading role in the movement to reduce interest rates and in the changes that took place on the financial scenario in 2012, encouraging conscientious credit.

The quality growth of the loan portfolio benefited from the BOMPRATODOS Program. The loan portfolio – broad concept (including guarantees provided and private securities) stood at R\$580.8 billion in 2012, up by 24.9% in the year. In the Brazilian banking industry BB raised its market share of credit transactions to 20.4% in December.

ECONOMIC AND FINANCIAL PERFORMANCE

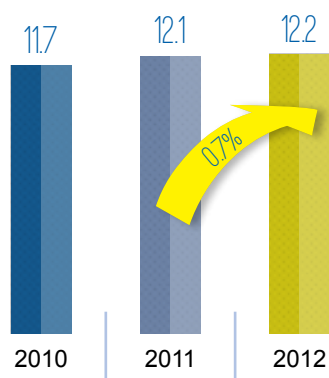
STRUCTURAL DATA	2010	2011	2012	2012/2011 VARIATION (%)
Branches	5,087	5,263	5,362	1.9
(Own) ATMs	44,954	43,602	44,393	1.8
Employees	109,026	113,810	114,182	0.3
Customers (thousands) ⁽¹⁾	54,366	56,001	58,551	4.6
Checking Accounts	35,934	36,121	37,418	3.6

(1) Includes account holders, savers and Brazilian Social Security (INSS) beneficiaries.

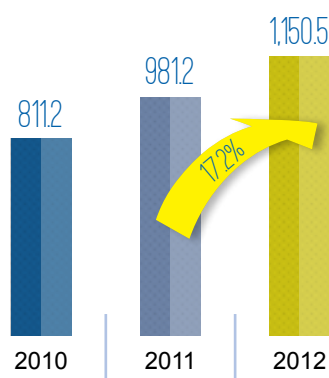


QUICK READING

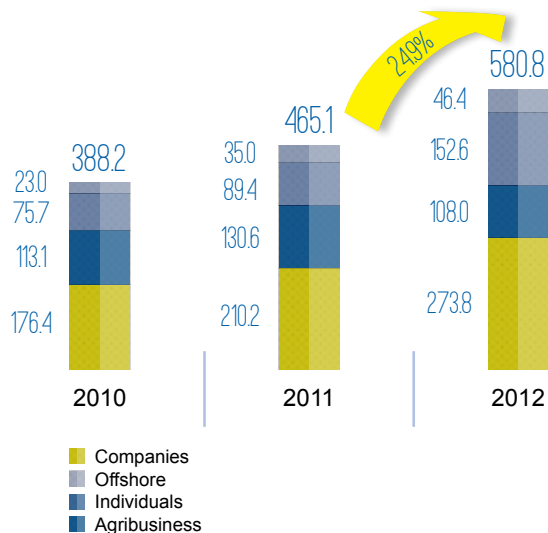
NET INCOME (R\$ BILLION)



TOTAL ASSETS (R\$ BILLION)



BREAKDOWN OF LOAN PORTFOLIO (R\$ BILLION) ⁽¹⁾



(1) Includes guarantees provided and private securities.

OTHER PERFORMANCE INDICATORS	2010	2011	2012	VARIATION (%)
Total Deposits (R\$ billion)	376.9	442.4	472.1	6.7
Shareholder's Equity (R\$ billion)	50.4	58.4	66.1	13.2
NPL + 90 Days BB (%) ⁽¹⁾	2.3	2.2	2.1	
Cost/Income Ratio ⁽²⁾ (%)	42.6	42.9	43.2	
Card Revenues (R\$ billion)	112.8	140.1	168.2	20.1

(1) Loans overdue + 90 days.

(2) Ratio of administrative expenses to adjusted operating revenue. Without one-off items.

SOCIO-ENVIRONMENTAL PERFORMANCE

Within the context of the Brazil Water Program, the process for defining socio-environmental guidelines on credit focused on the civil construction and mining sectors in 2012.

In a survey by the Brazilian Consumer Protection Institute, the BB was given the best evaluation and was the only one among Brazil's six largest financial institutions to be rated "good" in the Consumers block.

Banco do Brasil was among the leading partners of Rio+20, where it submitted some of the initiatives from its sustainability strategy.

In 2012 the Volunteer Program reached the mark of 8,900 employees enrolled, an increase of 79% in relation to 2011. This increase resulted in

investments of almost R\$10 million in 158 projects supported by BB volunteers.

Also in 2012 Banco do Brasil channeled a significant portion of its loans to social businesses, initiatives in search of solutions for the socioeconomic problems of society.

SOCIAL BUSINESS DISBURSEMENTS IN 2012 (R\$ THOUSAND)

Student Financing Fund (Fies)	6,327,788
BB Accessibility Loan	15,320
Minha Casa Minha Vida Real Estate Lending Program (PMCMV) ⁽¹⁾	789,153
Oriented Productive Micro Credit (MPO)	763,222
Total	7,895,483

(1) Individuals + Companies.



ABOUT THIS REPORT **GRI 4.15 | 4.16**



04

THIS REPORT WAS PRODUCED BY THE DIFFERENT AREAS OF THE BANK AND ASSURED BY KPMG AUDITORES INDEPENDENTES. IT STRENGTHENS THE BANK'S ACCOUNTABILITY TO ITS STAKEHOLDERS

The content of this report covers the initiatives undertaken by the different departments of Banco do Brasil (BB) during the period from January 1, 2012 to December 31, 2012. The publication enjoys application level A+ of the guidelines established by the Global Reporting Initiative (GRI), Financial Services Sector Supplement, and takes into account the criteria disseminated by the Brazilian Association of Listed Companies (ABRASCA). **GRI 3.1**

BB produces and publishes its annual reports on a variety of platforms: the online version, PDF format, flash drive, tablet and cell phone. It also publishes the magazine, Conexão BB, compact and with accessible language both in printed and PDF versions, as well as for tablets, both available on the Bank's portal. The last report submitted to the market referred to the year 2011. **GRI 3.2 | 3.3**

Economic and financial data refer to Banco do Brasil and all its subsidiary and associate companies, directly or indirectly, in Brazil and abroad. However, the socio-environmental information presented in this document does not include several companies belonging to the Organization ⁽¹⁾. To understand the Bank's corporate structure access the link www.bb.com.br/docs/pub/inst/dwn/EstSocietariaIngl.pdf. **GRI 3.6 | 3.7 | 3.8**

In view of the trend towards integrating reports, the Analysis by Business Segment section also describes the products with a socio-environmental bias of each of these operations. In addition, several GRI indicators are highlighted in the Accounting Statements attached to this report.

For additional clarification about the form and content presented here please contact the following departments of the BB: **GRI 3.4**

Investor Relations Unit

www.bb.com.br/ir
ir@bb.com.br

Sustainable Development Unit

www.bb.com.br/sustentabilidade
sustentabilidade@bb.com.br

GRI 3.9 | 3.10 | 3.11 | 3.13

RELIABILITY OF THE INFORMATION

The accounting information in this report adheres to the requisites of Law No. 6,404/76 and its updates, the rules and instructions of the Brazilian Securities and Exchange Commission and the Brazilian Central Bank, in addition to the pronouncements of the Accounting Pronouncements Committee adopted by the regulatory bodies. The management information herein has been measured and validated by the Bank's management departments, using a process that includes systems for controlling, gathering and storing management data.

Any changes to how the information is raised and presented are duly indicated throughout the report. This publication have been assured by KPMG Auditores Independentes. The socio-environmental information has been externally verified since 2008.

(1) 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), Cibrasec – Companhia Brasileira de Securitização, Cia. Brasileira de Soluções e Serviços (CBSS) – Visa Vale, Tecnologia Bancária (Tecban), Brasilveículos Companhia de Seguros, Banco do Brasil – Vienna Branch, Banco Votorantim and Banco Patagonia S.A.



ABOUT THIS REPORT DEFINITION OF MATERIALITY

DEFINITION OF MATERIALITY

GRI 3.5

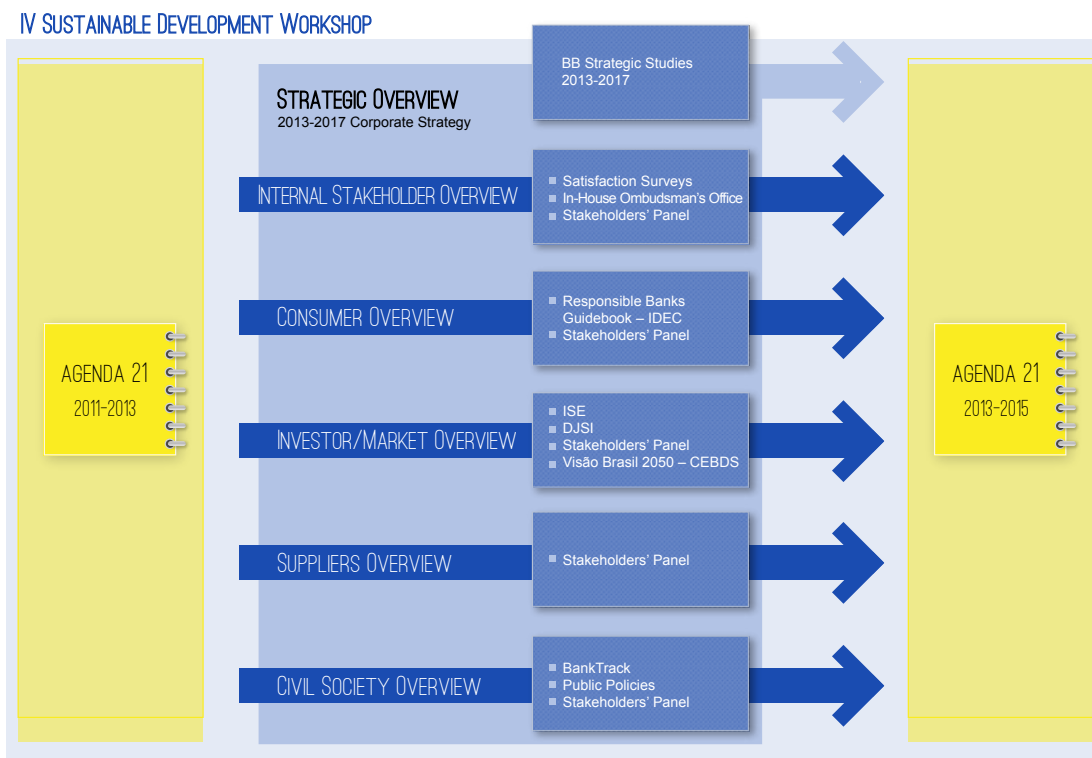
Putting the Annual Report together involves practices, initiatives and strategies developed by the Organization in 2012. It should be pointed out that this year the more relevant themes have been defined in line with the process that upgraded the strategic sustainability objectives established in the Sustainability Plan – Agenda 21 of Banco do Brasil.

Hand in hand with the phases that defined the challenges and actions for upgrading this plan, the movement to engage with stakeholders and with the different departments of the Bank also provided input in preparing the content of this report. The process is shown in greater detail below.

In 2012, Banco do Brasil upgraded the challenges to its sustainability strategy, the Banco do Brasil Sustainability Plan – Agenda 21. This biannual process involves contributions from stakeholders, in addition to consideration and approval by the Bank’s executives and Board

of Officers of the proposed actions for addressing these challenges. In order to draw the report closer to management, this same upgrade process defined the material themes for this report. This represents an important evolution by the Bank within this scope, as it enhances the already existing practices of transparent accountability.

IN THIS EDITION, THE MATERIALITY OF BB WAS ACHIEVED BY INTEGRATING IT WITH THE PROCESS FOR UPDATING THE BANCO DO BRASIL SUSTAINABILITY PLAN – AGENDA 21





ABOUT THIS REPORT DEFINITION OF MATERIALITY

Initially the review by the BB technical body selected 30 challenges for presentation to stakeholders based on market demands, such as the Dow Jones Sustainability Index, the BM&FBovespa Corporate Sustainability Index and the Brazilian Consumer Protection Institute (IDEC).

During the first engagement, employees, suppliers, individuals and companies, representatives of civil society, investors/shareholders and sustainability experts were invited to debate these 30 challenges at multidisciplinary roundtables. Following this meeting, at the 13th Sustainability Forum, the Bank's executives discussed how to prioritize the challenges involving the theme of Sustainable Development in the Economic, Environmental and Social Dimensions based on the input already mentioned.

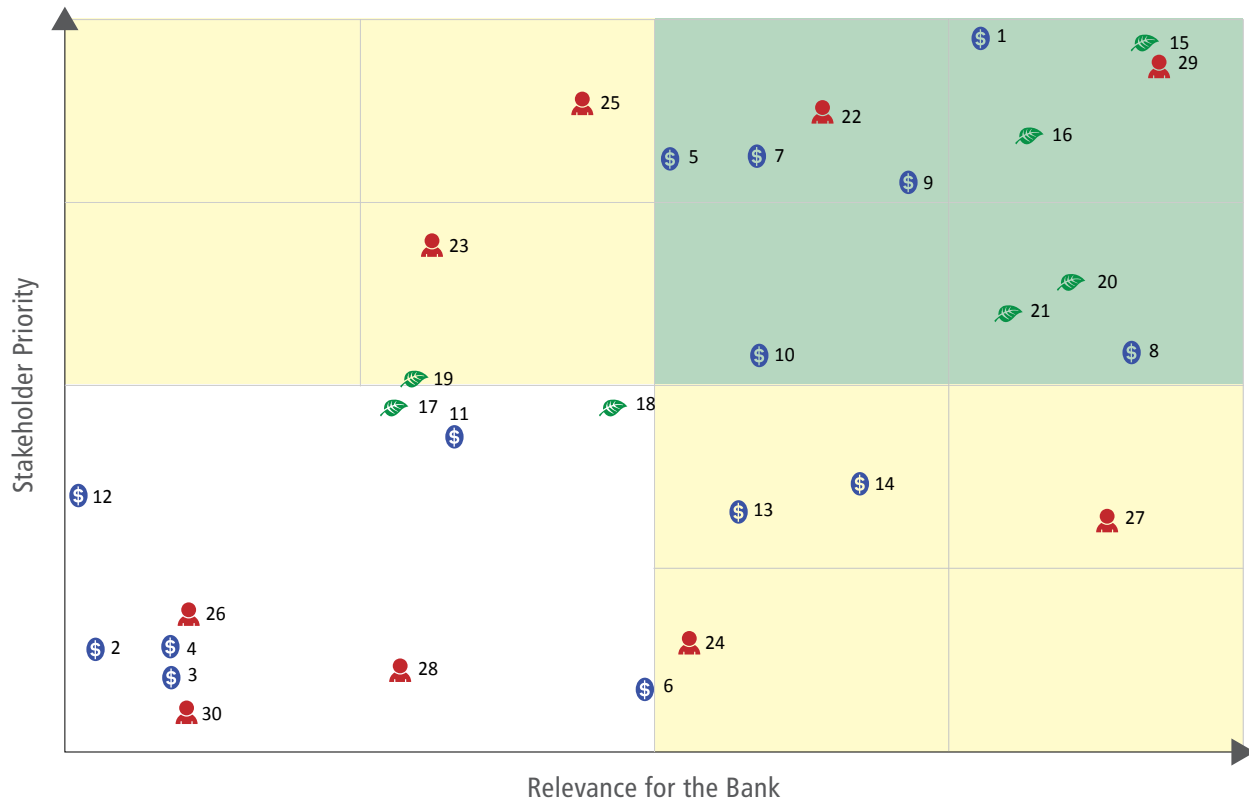
The conclusions and highlights of this engagement were then submitted to the Institution's executives, general

managers, strategic unit managers and executive managers who also put much effort into a one-day workshop for analyzing the themes and the actions proposed in each of them. Finally, the recommendations obtained were consolidated into the proposed Agenda 21 for the period from 2013-2015 and validated by the Board of Officers.

The enquiry resulted in 12 priority challenges as shown in the chart below. Those considered priorities in the upper quadrant of the matrix are highlighted throughout this report, accompanied by the adjacent GRI indicators and the actions contemplated for the years to come. In the index the GRI indicators are linked to the principles of the Global Compact.

The origin and structure of Agenda 21 are presented in the Corporate Governance chapter (page 34).

BANCO DO BRASIL AGENDA 21 - CHALLENGES MATRIX



Key

- Economic Themes
- Environmental Themes
- Social Themes



ABOUT THIS REPORT **DEFINITION OF MATERIALITY**

Economic Dimension

1. Enhancing the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the Bank's commitment to the theme.

a. GRI Indicators: **1.2 | 4.1 | 4.7 | 4.9 | 4.10**

2. Enhancing the Executive Board's recognition/variable remuneration system based on socio-environmental attributes.
3. Enhancing the formal performance appraisal of the members of the Board of Directors.
4. Expanding gender diversity among the senior management (Board of Directors and Executive Board).
5. Enhancing the management of sustainability compacts and commitments assumed.

a. GRI Indicators: **4.9 | 4.12 | 4.13 | LA3 | LA4 | LA6 | LA7 | LA9 | LA11 | LA12 | LA13 | LA14 | HR1 | HR2 | HR3 | HR4 | HR5 | HR6 | HR7 | HR8 | SO2 | SO3 | SO4**

6. Improving the brand management process using clear monitoring metrics linked to risk management and financial returns.
7. Enhancing economic, social and environmental risk management within the supply chain.

a. GRI Indicators: **HR2 | HR6 | HR7 | HR8**

8. Identifying socio-environmental opportunities within the supply chain that create business benefits for the Bank (lower costs/higher revenues/risk mitigation).

a. GRI Indicators: **EC6 | EC8 | EC9**

9. Strengthening the bank's role as an agent for advancing sustainable practices in its supply chain.

a. GRI Indicators: **HR1 | HR2 | HR3 | HR4 | HR6 | HR7 | HR8 | EN29**

10. Improving the bank's practices on the question of sustainable procurement.

a. GRI Indicators: **EN2 | EN30**

11. Improving the stakeholder engagement process (defining the department responsible, mapping critical stakeholders and managing expectations).
12. Revealing deviations from the Code of Ethics, the Standards of Behavior and the anti-corruption and anti-bribery policies.
13. Putting in place mechanisms to strengthen employee commitment to the Code of Ethics and the Standards of Behavior.
14. Improving the monitoring of customer satisfaction and making the result of these surveys public.

Environmental Dimension

15. Enhancing and systematizing the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change).


a. GRI Indicators: **EC2 | EN6 | EN26**

16. Enhancing the management of eco-efficiency indicators (reduction/compensation of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption).

a. GRI Indicators: **EN1 | EN2 | EN3 | EN4 | EN5 | EN8 | EN10 | EN16 | EN17 | EN18 | EN22**



ABOUT THIS REPORT **DEFINITION OF MATERIALITY**

17. Enhancing the Environmental Management System (SGA) based on ISO 14000.
18. Improving climate change risk management in financing transactions.
19. Improving climate change risk management in the Bank's own investments and those of third parties.
20. Better socio-environmental risk management in financing (except for climate change-related risks).
 - a. GRI Indicators: **FS2 | FS3 | FS5 | FS9 | HR6 | HR7 | EN28 | PR4 | PR7 | PR9 | SO8**
21. Better socio-environmental risk management in the Bank's own investments and those of third parties (except for climate change-related risks).
 - a. GRI Indicators: **FS2 | FS3 | FS5 | FS9 | FS11 | HR1 | HR6 | HR7**
-  **Social Dimension**
22. Enhancing the relationship between Private Social Investment (ISP) and the business strategy.
 - a. GRI Indicators: **SO1 | SO5**
23. Improving the Bank's position with regard to controversial subjects and dilemmas involving loans and investments.
24. Strengthening knowledge management by minimizing the impacts arising from employee transfers and redundancies.
25. Boosting internal education and sustainability awareness programs.
26. Enhancing employees' variable remuneration system, including the Executive Board, taking into account individual performance.
27. Raising the employee satisfaction index.
28. Improving Occupational Health and Safety (SSO) management (the system, indicators, targets, risk map, transparency, training etc.).
29. Maintaining and expanding the Bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Micro-credit – MPO, the Student Financing Fund – Fies, Minha Casa Minha Vida Real Estate Lending Program – MCMV Program and the BB Accessibility Loan Program, among others), so as to integrate with programs and public policies, partnerships with the private sector and BB sustainable development strategies (private social investment, volunteer work, digital inclusion and sustainable regional development).
 - a. GRI Indicators: **SO1 | SO5**
30. Improve gender representation at all hierarchical levels within the Organization.



CORPORATE GOVERNANCE



05

IN 2012 THE BANK'S COMMITMENT TO BEST GOVERNANCE PRACTICES WAS STRENGTHENED BY A SERIES OF ADAPTATIONS IN THE CORPORATE STRATEGY AND ORGANIZATIONAL STRUCTURE

Governance at Banco do Brasil (BB) defines an extensive view of the principles and practices that contribute to strengthening the transparency of its management process while enhancing its institutional value. These guidelines are constantly updated on account of changes in the law or in the Bank's bylaws.

The strategy at BB is to adopt the best corporate governance practices that achieve a balance between the rights of shareholders, accountability to investors and society, ethics in dealing with different stakeholders and the sustainability of the business supported by using monitoring tools that align the manner in which executives behave with the interests of stakeholders, shareholders and society as a whole.

Since 2006 Banco do Brasil has been a member of the BM&FBovespa Novo Mercado segment, a listing of the companies subject to the strictest corporate governance practices. It is also listed on the Corporate Sustainability Index (ISE), the Special Tag Along Stock Index (Itag) and the Special Corporate Governance Stock Index (IGC). In 2012, BB appeared for the first time on the New York Stock Exchange Dow Jones Sustainability Index (DJSI), a fact that should further enhance its insertion in the international scenario.

Find out about the Governance Code on the BB Investor Relations site.

CHALLENGE 1.

To enhance the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the Bank's commitment to the theme. See how BB is facing up to this challenge on page 40.

2012 GOVERNANCE HIGHLIGHTS

Banco do Brasil has adapted its corporate strategy and organizational architecture to ensure its competitive position and the conditions required for maintaining a relationship and results policy appropriate to its different stakeholders. The principal enhancements in 2012 were:

- Creation of the **Associated Entities Governance Unit (UGE)**, whose aim is to improve governance in strategic equity holdings and to obtain synergy gains in processes, products and services created;
- The constitution of **BB Seguridade S.A.**, which will afford economies of scale as well as lower costs and expenses in the insurance, open private pensions and savings bonds segment;
- Acquisition of the equity of EuroBank, whose business name was amended to read **Banco do Brasil Americas** following the restructuring process;
- **Specific changes to its macro structure**, primarily in areas dedicated to the **retail market**;
- Creation of the **Remuneration Committee** at a meeting held on January 10, 2012, in line with the provisions of CMN Resolution No. 3,921/2010;
- Amendment to the bylaws regarding the **composition of the Board of Directors** from seven members to eight. This amendment seeks to implement better conditions for improved corporate governance practices, through more active participation by board members in the advisory committees, primarily the Audit Committee.



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

ORGANIZATIONAL STRUCTURE

GRI 4.1

The corporate governance structure at Banco do Brasil includes the Board of Directors, comprising 8 members advised by the Audit and Remuneration Committees and by the Internal Audit Department, and the Executive Board, comprising the Board of Officers (President and 9 Vice-Presidents) and by 27 Statutory Executive Officers. BB also has a permanent Board of Auditors of 5 full and 5 alternate members.

As a good corporate governance practice the Bank has instituted instruments for evaluating the performance of the Board of Directors, the Audit Committee and the Executive Board, enabling it to map and identify opportunities for improving their respective performances. In addition to the bylaws, the Code of Corporate Governance and the Code of Ethics are documents providing support for best corporate governance practices at Banco do Brasil.

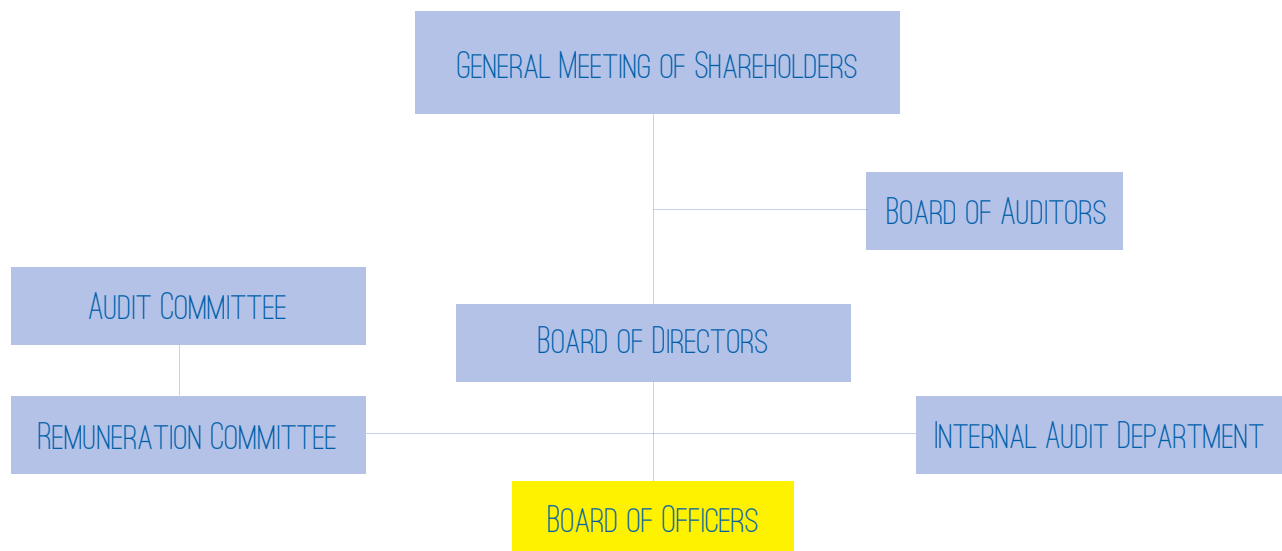
In 2012, Banco do Brasil created the model for the Statutory Executive Officer Performance Appraisal and the Remuneration Committee, the body responsible for submitting to the Board of Directors variable remuneration policies for the Group’s managerial staff.

AMONG MAJOR ADVANCES IN THE BB ORGANIZATIONAL STRUCTURE WERE THE CREATION OF A PERFORMANCE EVALUATION MODEL FOR STATUTORY EXECUTIVE OFFICERS AND THE REMUNERATION COMMITTEE

At all levels of the Bank decisions are taken collectively, so as to involve the officers in defining strategies and approving proposals for the different business areas of Banco do Brasil. Thus management uses committees, sub-committees and strategic level commissions to ensure speed of response and security in the decision-making process. The Bank’s management bodies are staffed by Brazilians whose knowledge – including of best corporate governance practices – experience, sound reputation and technical abilities commensurate with their positions are second to none. **GRI 4.7**

The Bank’s bylaws stipulate the segregation of functions in defining the management bodies, so as to avoid any conflicts of interest. Furthermore, article 14 prevents members of the Board of Directors or the Executive Board from taking decisions on matters that might lead to occasional conflicts of interest. **GRI 4.6**

ORGANIZATIONAL STRUCTURE





CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

GENERAL MEETING

It is exclusively incumbent on the General Meeting to deliberate on any changes to the Bank's capital stock, opportunities for splits, mergers or takeovers, exchanges of shares or other securities and special corporate governance practices.

It also determines the global remuneration amount of the members of the managerial bodies. The remuneration of the members of the Board of Directors is fixed, pursuant to the provisions of Law No. 9,292/96, and is not tied to economic, social or environmental performance. The remuneration of the Executive Board, on the other hand, comprises a fixed portion, in addition to a variable portion tied to the Bank's results. **GRI 4.4 | 4.5**

In 2012, an Ordinary General Meeting took place in April, according to the bylaws, and two Special General Meetings in September and December to deliberate on the changes to the composition of the governance councils, the responsibilities of the President, the capital stock and the bylaws.

Further information is available on the Reference Form, which can be accessed on the Investor Relations site of Banco do Brasil.

BOARD OF DIRECTORS

The Board of Directors, as the Organization's highest governance body, fulfills responsibilities of a strategic, instructive, elective and supervisory nature, including the approval of corporate policies, strategies and plans. In addition, in order to improve the performance and alignment of the policies of BB, the Board approves the Banco do Brasil Corporate Strategy (ECBB), which consolidates the decisions for a 5-year period, signposting the actions and targets involving the Bank's economic, social and environmental performance. Furthermore, the Board monitors on a quarterly basis the Bank's performance in reaching the targets established in the strategic documents, suggesting pertinent corrective measures, and approves the Management's Report covering the business performance, the

principal initiatives during the period and the sustainability measures. Ordinary meetings take place once a month, and special meetings as and when required. In 2012, 19 meetings were held. **GRI 4.9**

A Extraordinary General Meeting amended the bylaws of Banco do Brasil, increasing the number of Board members from seven to eight. This amendment seeks to implement better conditions for improved corporate governance practices through more active participation by board members in the advisory committees, primarily the Audit Committee. The Board of Directors comprises individuals elected by the General Meeting, and its eight members have a unified term of office of two years, including a Chairman and a Deputy Chairman, with reelection permitted. The term of office runs until the investiture of the new members.

Minority shareholders have the right to elect at least two directors, if they are not entitled to more under the multiple vote process. The Brazilian government will make suggestions to the deliberation of the General Meeting in order to fill six positions on the Board of Directors, the CEO of the Bank; three representatives indicated by the Minister of Finance; a representative indicated by the employees of Banco do Brasil S.A.; and a representative indicated by the Ministry of Planning, Budget and Management.

The Chairman of the Board is chosen from among the members indicated by the Minister of Finance, while the employees' representative is chosen by a direct vote of their peers among serving employees at an election organized and governed by the Bank, together with the union entities representing them.

The Board of Directors carries out an annual self-appraisal and evaluates the Executive Board and the committees. The BB Ombudsman's Department submits a semi-annual quantitative and qualitative report to the Board containing accusations, complaints and suggestions forwarded by customers. Recommendations can be submitted directly to the Board using the Audit Committee channel located on the Banco do Brasil site. **GRI 4.4 | 4.10**



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

No board members hold significant equity interests in the company. Furthermore, with respect to the principle of checks and balances, the CEO of Banco do Brasil does not act as Chairman or Vice-Chairman of the Board of Directors and even in case of any impediments of the Chairman or the Vice-Chairman, the CEO of the Bank can not replace them. This body comprises the members shown in the following table. **GRI 4.2**



GRI 4.3

COMPOSITION OF THE BOARD OF DIRECTORS

⑥ Nelson Henrique Barbosa Filho	Chairman and representative of the Government (indicated by the Minister of Finance)
④ Adriana Queiroz de Carvalho	Vice-Chairman and representative of the Government (indicated by the Minister of Finance)
⑤ Aldemir Bendine	CEO of Banco do Brasil S.A.
① Bernardo Gouthier Macedo	Independent board member (elected by the minority shareholders)
③ Henrique Jäger	Independent board member (elected by the minority shareholders)
② Sérgio Eduardo Arbulu Mendonça	Representative of the Government (indicated by the Minister of Planning, Budget and Management)
Vacant	Representative of the Government (indicated by the Minister of Finance)
Vacant	Representative of the Government (indicated by the employees of Banco do Brasil S.A.)

AUDIT COMMITTEE

As advisor to the Board of Directors, it is incumbent on the Audit Committee to evaluate the effectiveness of the Internal Auditors and the Independent Auditors, among other responsibilities contemplated in specific legislation. Ordinarily it convenes twice a month before the meetings of the Board of Directors; at least once a quarter, with the Board of Directors, the Board of Officers, the Internal Auditors and the Independent Auditors; and on special occasions whenever it is called upon or when it deems it necessary to do so.

It has four full members, elected by the Board of Directors for a one-year term of office, renewable for a maximum of five years. One full member is chosen from among the board members elected by the minority shareholders, while three will be chosen by the full members from among those indicated by the board members representing the Government.



COMPOSITION OF THE AUDIT COMMITTEE

① Egídio Otmar Ames (Coordinator)
② Antônio Carlos Correia
③ Henrique Jäger
Vacant



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

INTERNAL AUDITORS

Banco do Brasil has an Internal Audit Department subordinated to the Board of Directors and charged with carrying out audits where the emphasis is on risks, acting as adviser to the Board of Directors, the Audit Committee, the Executive Board and the subsidiaries. The head of the department is chosen from among serving employees, and is appointed and removed from office by the Board of Directors.

INTERNAL AUDIT DEPARTMENT

Rudinei dos Santos

REMUNERATION COMMITTEE

The purpose of the Remuneration Committee, created in April 2012, is to advise the Board of Directors in implementing and reviewing the remuneration policy for the management of Banco do Brasil. It comprises four full members elected by the Board of Directors, one of whom is independent. They all have a one-year term of office, renewable for a maximum period of up to ten years.



COMPOSITION OF THE REMUNERATION COMMITTEE

- ③ Egídio Otmar Ames (Coordinator)
- ④ Aldemir Bendine
- ② Henrique Jäger
- ① Sérgio Eduardo Arbulu Mendonça

BOARD OF AUDITORS

Comprises five members and their respective alternates, elected at a General Meeting with a one-year term of office, with the minority shareholders entitled to choose two of its members. The Board of Auditors is permanent in nature and meets ordinarily once a month and, on special occasions, whenever deemed necessary.



COMPOSITION OF THE BOARD OF AUDITORS

- ② Paulo José dos Reis Souza
- ④ Marcos Machado Guimarães
- ① Anelize Ruas de Almeida
- ③ Pedro Carvalho de Mello
- ⑤ Clóvis Ailton Madeira



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

BOARD OF OFFICERS

The Board of Officers is a collegiate body comprising the President and the Vice-Presidents of the Organization, and meets at least once a week. Its attributions include proposing policies and seeing to it that these are carried out, the Bank's corporate strategy, investment plan, master plan and overall budget; approving and arranging for execution of the market

plan and labor agreement; deciding on the Bank's internal organization and management structure; and distributing and allocating earnings in the manner decided by the General Meeting or by the Board of Directors, with due regard for current legislation. Its members are listed in the following table.

BB PRESIDENCY AND VICE PRESIDENCIES

CEO	Aldemir Bendine
Vice Presidency of Retail Services	Alexandre Corrêa Abreu
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 Retail Service, Distribution and Operational Services	Paulo Roberto Lopes Ricci
Vice Presidency of Human Resources and Sustainable Development	Robson Rocha
Vice Presidency of Government Affairs	Vacant
Vice Presidency of Internal Controls and Risk Management	Walter Malieni

EXECUTIVE BOARD

In charge of managing the business, the Executive Board's attributions include complying with and imposing compliance with the bylaws, the deliberations of the General Meeting of Shareholders and the Board of Directors, as well as its collective decisions and those of the Board of Officers.

It currently comprises the Board of Officers and 27 executive officers with a 3-year term of office, re-election being permitted. The CEO of the Banco do Brasil is appointed by and can be removed from office by the President of the Republic, while the Vice Presidents and Executive Officers are elected by the Board of Directors; the position of Executive Officer is restricted to serving employees.



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

DIRECTORS COMPRISING THE EXECUTIVE BOARD OF BB

Micro and Small Business Directorship	Adilson do Nascimento Anísio
International Business and Affairs Directorship	Admilson Monteiro Garcia
Restructuring of Operational Assets Directorship	Adriano Meira Ricci
Commercial Directorship	Antonio Mauricio Maurano
Legal Directorship	Antonio Pedro da Silva Machado
Human Resources Directorship	Carlos Alberto Araujo Netto
Employee Relations and Sponsored Entities Directorship	Carlos Eduardo Leal Neri
Agribusiness Directorship	Clenio Severio Teribe
Consumer Lending and Finance Directorship	Edmar José Casalatina
Mortgage Directorship	Gueitiro Matsuo Genso
Marketing and Communication Directorship	Hayton Jurema da Rocha
Individuals Customers Directorship	Hideraldo Dwight Leitão
Risk Management Directorship	Ives César Fülber
Government Affairs Directorship	Janio Carlos Endo Macedo
Distribution Directorship	José Carlos Reis da Silva
Finance Directorship	José Mauricio Pereira Coelho
Technology Directorship	Luiz Henrique Guimarães de Freitas
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
Consumer Lending and Finance Directorship	Marcelo Augusto Dutra Labuto
Security Management Directorship	Marcos Ricardo Lot
Internal Controls Directorship	Nilson Martiniano Moreira
Credit and Debt Cards Directorship	Raul Francisco Moreira
Business Support and Operations Directorship	Sandro José Franco
Controlling Directorship	Sandro Kohler Marcondes
Distribution São Paulo Directorship	Sérgio Peres

STRATEGIC UNITS

Responsible for managing processes and supporting the business, the Strategic Units take part in the deliberations of the Strategic Committees and have no responsibilities enshrined in the bylaws.

GENERAL MANAGERS OF THE STRATEGIC UNITS

IT Solutions Construction Unit	Anderson Freire Nobre
Strategic Alliances and Acquisitions Unit	Antônio Carlos Bizzo Lima
IT Solutions Operations Unit	Daniel Oliveira da Silva
Associated Entities Governance Unit	Edson Rogério da Costa
Accountancy Unit	Eduardo César Pasa
IT Solutions Structuring Unit	Gustavo de Souza Fosse
Investor Relations Unit	Gustavo Henrique Santos de Sousa
Sustainable Development Unit	Rodrigo Santos Nogueira
Private Bank Unit	Rogério Fernando Lot
Partner Channels Unit	Sidney Passeri
Pension Plan Management Unit	Wagner Aparecido Mardegan
Executive Secretary	Luiz Cláudio Ligabue



CORPORATE GOVERNANCE ORGANIZATIONAL STRUCTURE

EXECUTIVE BOARD UNTIL DECEMBER 31, 2012

STAFF UNTIL DECEMBER 31, 2012	
CEO	Aldemir Bendine
Vice Presidency of Retail Services	Alexandre Corrêa Abreu
Vice Presidency of Government Affairs	César Augusto Rabello Borges
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 Retail Service, Distribution and Operational Services	Paulo Roberto Lopes Ricci
Vice Presidency of Wholesale, International Business and Private Bank	Paulo Rogério Caffarelli
Vice Presidency of Human Resources and Sustainable Development	Robson Rocha
Vice Presidency for Internal Controls and Risk Management	Walter Malieni Junior
Micro and Small Business Directorship	Adilson do Nascimento Anisio
International Business and Affairs Directorship	Admilson Monteiro Garcia
Micro and Small Business Directorship	Adriano Meira Ricci
Commercial Directorship	Antonio Mauricio Maurano
Legal Directorship	Antonio Pedro da Silva Machado
Human Resources Directorship	Carlos Alberto Araujo Netto
Employee Relations and Sponsored Entities Directorship	Carlos Eduardo Leal Neri
Agribusiness Directorship	Clenio Severio Teribele
Mortgage Directorship	Gueitiro Matsuo Genso
Marketing and Communication Directorship	Hayton Jurema da Rocha
Individuals Customers Directorship	Hideraldo Dwight Leitão
Risk Management Directorship	Ives César Fülber
Government Affairs Directorship	Janio Carlos Endo Macedo
Distribution Directorship	José Carlos Reis da Silva
Finance Directorship	José Mauricio Pereira Coelho
Technology Directorship	Luiz Henrique Guimarães de Freitas
Mortgage Directorship	Marcelo Augusto Dutra Labuto
Credit Directorship	Márcio Hamilton Ferreira
Strategy and Organization Directorship	Marco Antonio Ascoli Mastroeni
Mortgage Directorship	Marco Antonio da Silva Barros
Security Management Directorship	Marcos Ricardo Lot
Internal Controls Directorship	Nilson Martiniano Moreira
Credit and Debt Cards Directorship	Raul Francisco Moreira
Business Support and Operations Directorship	Sandro José Franco
Commercial Directorship	Sandro Kohler Marcondes
Distribution São Paulo Directorship	Position vacant
Capital Markets and Investments Directorship	Position vacant

For more information about the structure of Banco do Brasil and the members of the Board of Directors, the Committees and the Presidency, including their experience in socio-environmental matters, access the Reference Form available on the site www.bb.com.br/ir.



CORPORATE GOVERNANCE RISK MANAGEMENT AND CORPORATE CONTROLS

RISK MANAGEMENT AND CORPORATE CONTROLS

GRI 1.2 | 4.11

Risk management at Banco do Brasil extensively covers credit, market, liquidity and operational risks. Management activities are carried out through specific, specialist structures in accordance with the objectives, policies, strategies, processes and systems described in each of those risks. The Bank also employs mechanisms to ensure adequate capital to cover other risks incurred.

The risk and credit policies are determined by the Board of Directors. Risk governance, however, is centralized with the Global Risk Committee (GRC), comprising the Board of Officers, with responsibility for setting out the risk management strategies, the global risk exposure limits and the levels of compliance and capital allocation, depending on the risks. The Credit Risk, Market and Liquidity Risk and Operational Risk sub-committees speed up the management process and support the CRG. These sub-committees comprising Statutory Executive Officers take collective decisions in line with the Institution's guidelines and rules.

The Risk Management Board, attached to the Vice Presidency, Internal Controls and Risk Management, is responsible for managing market, liquidity, operational and credit risk. This integration delivers synergy to the processes, as well as specialization, in addition to complying with the guidelines of the Basel Committee on Banking Supervision. To prevent, correct or inhibit weaknesses that might result in risks, as well as reducing losses and strengthening the risk culture, BB uses the Technical Risk Recommendation (RTR) tool provided to the process or product management areas in the event of any need to take steps to mitigate losses or to ensure compliance with the responsibilities defined in the risk management phases.

A SOLID STRUCTURE FOR RISK MANAGEMENT, INTERNAL CONTROLS AND STRATEGIC MANAGEMENT OF SECURITY ARE CONTRIBUTING TO THE CONTINUITY OF BANCO DO BRASIL AND THE ETHICAL CONDUCT OF ALL ITS EMPLOYEES

PRINCIPAL RISKS

Market risk: involves the possibility of incurring losses arising from fluctuations in market prices of the positions held by a financial institution, including risks on operations subject to variances in currency rates, interest rates and share and commodity prices. The BB's positions are segregated into Trading Book and Non-Trading Book defined by the Global Risk Committee (GRC). The main types of limits in place for managing market risks are Value at Risk (VaR) and stress testing. In 2012, the Bank enhanced those processes considered relevant by reviewing control procedures and monitoring and accompanying the global limits of the Trading and Non-Trading Book, in addition to reviewing its principal Corporate Methodology Manuals.

Credit risk: refers to the possibility of the occurrence of losses associated with non-compliance by the borrower or counterparty of their respective financial obligations within agreed terms, impairment of a loan agreement arising from the deterioration in the borrower's risk rating, the reduction in earnings or remuneration, the advantages granted in the renegotiation and the recovery costs. It includes, among others, commitment, concentration, counterparty, intermediary and country risks. On the strategic level, Credit Risk Management involves the Credit Risk Management Strategies and Policy, while at the operational level it includes managerial processes, operating procedures and management systems. Under this



CORPORATE GOVERNANCE RISK MANAGEMENT AND CORPORATE CONTROLS

structure credit risk management is based on best market practices, and abides by the supervisory rules and banking regulations in order to detect, evaluate, control, mitigate and monitor risk exposures, while contributing to maintaining the Bank's solidity and solvency and ensuring that the shareholders' interests are met. Information about credit risk is permanently and constantly disclosed, where the assumptions are best practices, banking legislation, users' requirements, the Bank's interests, confidentiality and relevance.

Credit risk is measured using delinquency rates, delays, the quality of the portfolio, the allowance for loan losses, concentration and expected and unexpected losses, among others. The use of instruments to mitigate and transfer credit risk is written into the Credit Policy, is present in strategic decisions and formalized in the credit rules. Credit risk management also covers in-house methodologies for rating customer risk, in line with the best market practices and the precepts of the Basel Agreement. BB has also invested in information technology (IT) solutions in support of the credit risk management process, in addition to several tools that are in the implementation phase. Parallel to the standards for granting credit, the Institution adopts collection and credit recovery strategies based on statistical models that indicate the most appropriate channels and the most effective relationship for resolving the delinquency.

Operational risk: is defined as the possibility of losses occurring as a result of failures, deficiencies or shortcomings in internal processes, people and systems, or of external events over and above those arising from legal risk. In order to optimize risk management, and so as to comply with the requisites of the regulatory body in respect of the BB's application to use internal operational risk models, the Board of Officers approved a new operational risk management structure involving primarily the segregation of the second tier control from the integrated operational risk management. The new structure comprises the Risk Management Board (Diris) and the Security Management Board (Diges). The Internal Controls Board (Dicoi) is responsible for second tier control, in addition to validating the internal risk models. The Internal Audit (Audit) Department, in turn, evaluates the operational risk management processes

and the functioning of the structure. The Operational Risk Policy approved and reviewed annually by the Board of Directors contains guidelines for the Bank's departments so as to ensure the effectiveness of the operational risk management model in line with that advocated in Basel II and with the requisites of CMN Resolution No. 3,380/06.

As management instruments, Banco do Brasil uses global and specific limits, key risk indicators and operational risk monitoring reported on a monthly basis to the Global Risk Committee (GRC) and the Operational Risk Sub-committee (SRO). Limits are periodically reviewed in order to speed up the identification of the causes operating losses and to suggest mitigation actions. The Bank also employs Technical Risk Recommendations (RTR). Enhancing its management model it has developed a new methodology for detecting operational risks which is applied when mapping its organizational processes. In regard to the non-financial companies, a methodology has been developed for identifying and monitoring operational risks, with due regard for the governance of those companies. In line with regulatory standards, an internal model has been developed for calculating the portion of capital allocated to operational risks (Popr), involving the use of the following elements: internal and external data bases, indicators of the business environment and scenarios.

Liquidity risk: arises from imbalances between tradable assets and enforceable liabilities that might affect the Institution's payment capacity, as well as the possibility of not trading a position at market prices because of its substantial size in relation to the volume normally traded or on account of market conditions. To that end, the different currencies and different settlement period of the Bank's rights and obligations are taken into account. Banco do Brasil maintains liquidity levels considered sufficient to cover its commitments in Brazil and abroad, thanks to its extensive and diversified depositor base, the quality of its assets, the capillarity of its offshore branch network and the access it enjoys to the international capital market. The Institution's exposure to liquidity risk is minimal, bearing in mind its considerable asset position in highly liquid government securities. Liquidity risk management uses the following instruments: liquidity forecasts, stress testing, liquidity risk



CORPORATE GOVERNANCE RISK MANAGEMENT AND CORPORATE CONTROLS

limits and the Liquidity Contingency Plan. In 2012, the models and methodologies were periodically reviewed, especially the enhancement of the financial group's Liquidity Contingency Plan which now has an increased scope of procedures for all Group companies operating domestically and abroad, including the segregation in several countries where the Bank operates. In 2013, Banco do Brasil will focus on complying with the requisites of the new Central Bank regulations on the liquidity risk management structure set out in Resolution No. 4,090.

Strategy risk: this is defined as the possibility of losses arising from adverse changes in the business environment or from the use of inappropriate assumptions when taking decisions. Banco do Brasil has revised the activities required for managing this risk and has initiated studies to incorporate improvements into the processes, going through the activities involving potential loss events incident by incident until it evaluates the need to allocate capital for the risk, according to the schedule established by the Brazilian Central Bank.

Reputation risk: Banco do Brasil has expanded the concept of image risk previously used, and now refers to this as reputation risk, which is understood to be the risk arising from negative perceptions of the Institution by customers, counterparties, shareholders, investors, government entities, the community or supervisory bodies that may adversely affect the sustainability of the business. This process has also defined the managerial activities required. The improvements required in managing this risk, given its more extensive interpretation, are dealt with in the context of evaluating capital adequacy and planning, which both adhere to the schedule established by the Brazilian Central Bank.

Socio-environmental risk: involves the possibility of losses arising directly or indirectly from adverse social and environmental impacts resulting from the Bank's administrative or business practices or those of the players within its operating environment, as well as those arising from situational aspects involving the social and environmental sustainability of current means of production and consumption patterns. In reviewing the

CHALLENGE 20.

Better socio-environmental risk management in financing (except for climate change-related risks). See how BB is facing up to this challenge on page 42.

CHALLENGE 21.

Better socio-environmental risk management in the Bank's own investments and those of third parties (except for climate change-related risks). See how BB is facing up to this challenge on page 42.

risks to which the Institution is subject, Banco do Brasil has identified improvements to be implemented in its socio-environmental risk management. These are being considered within the context of evaluating capital adequacy and planning, which adhere to the schedule established by the Brazilian Central Bank.

More information can be found in the Risk Management Report available at www.bb.com.br/ir.

INTERNAL CONTROLS

The Internal Controls Board undertakes an annual assessment of the effectiveness of the internal controls surrounding important processes within Banco do Brasil using its own methodology. The primary purpose of these assessments is to provide support to the senior management of BB when issuing opinions regarding the quality of the internal controls, especially those intended for consolidating and disclosing financial information to the market on the Reference Form or in the Consolidated Accounting Statements. Supplementing this entire cycle are the statements signed by the managers of BB, assuring that the information made available to the market is true, complete, precise and does not contain data and/or statements that might induce investors in error.



CORPORATE GOVERNANCE RISK MANAGEMENT AND CORPORATE CONTROLS

In 2012, a movement began to redefine the roles of the units comprising the internal control system. The new structure realigns the responsibilities allocated, ratifying the role of the Internal Controls Board as the second tier of control. The most important processes applied within the Bank's units are evaluated and monitored by 13 Regional Internal Control Managements. Compliance verification is based on rules and regulations and seeks to detect possible deviations so that remedial actions can be taken.

The outcome of these verifications is used to rate the premises in relation to the level of compliance observed when the evaluated processes are operating, and also serves as a management tool to assist in prioritizing remedial action and allocating resources in an efficient manner. In the search for continuous improvement of the compliance measuring methodologies and tools, a new version of the rating model has been developed and is currently in the implementation phase.

At Banco do Brasil, responsibility for validating risk models rests with the Internal Controls Board, which must prove to the Central Bank that the models used are sufficient and that they reflect the Institution's risk profile, based on critical analysis of the systems, data, technological infrastructure and models used in risk management. The results of these validations are periodically discussed with managers in technical forums and subsequently submitted to the risk sub-committees of Banco do Brasil for the purpose of making any adjustments to these results so that they can be effectively used in the management process. The implementation of this systematic approach is contributing to ameliorating the risk management process of Banco do Brasil, enabling it to allocate the appropriate regulatory capital.

STRATEGIC SECURITY MANAGEMENT

GRI SO3 | SO8 | FS15

The BB is undertaking an extensive program of initiatives to ensure ethics and sound procedures in all its operations and among its employees. Within the process for preventing information file fraud, in 2012 a central unit was set up which, by means of enqui-

ries to a variety of internal and external sources and the application of data filtering techniques, verifies the information provided when products and services are made available. This central unit has added security and speed of response to the hitherto existing procedures by incorporating one of the most advanced technologies available on the market.

A further large project whose development began in 2012 was the change in the identification of internal users for authenticating financial transactions using a combination of biometric standards and encoded keys. In the case of training, the BB has reached an agreement with the Federal Police to provide technical intelligence training for financial institutions, so as to enhance the Bank's anti-fraud procedures.

In 2012, investments were made to consolidate the expansion of the Banco do Brasil Security Complex (CSABB) with 15 Central Units. Investments in 2013 will focus primarily on extending the role of the Central Security Units comprising the CSABB to a greater number of branches using leading-edge technology, where priority will always be given to those regions where the risk of criminal attacks against the Bank's premises is greatest.

Also in 2012, the internal procedures and systems were adapted to the new Law No. 12,683/12 and the rules of the supervisory authorities, such as Central Bank Circular Letter No. 3,542, SUSEP Circular No. 445 and CVM Instruction No. 523. The Bank supports and actively participates in meetings within the National Anti-Money Laundering System to prepare and implement the National Anti-Corruption and Anti-Money Laundering Strategy (Enccla) and to formalize Technical Cooperation Agreements with institutions such as the Ministry of Justice, the Financial Activities Control Council (Coaf) and the State Prosecutor's Office of the State of São Paulo.

Banco do Brasil provides its employees with specific training initiatives concerning anti-money laundering procedures, the financing of terrorism and critical aspects from the point of view of risks. The Bank



CORPORATE GOVERNANCE RISK MANAGEMENT AND CORPORATE CONTROLS

runs a program that includes classroom and distance learning, as well as other events such as seminars, lectures, workshops, the Anti-Money Laundering Leaflet (available on the Portal of the BB Corporate University) and by publishing articles on the theme through the corporate communication channels.

Last year some 50,000 employees received 777,000 hours of classes via the intranet on anti-money laundering procedures and the financing of terrorism through that channel alone. Around 1,500 employees took part in a 3-day in-class training course, amounting to 37,000 hours of classes. Thirteen exclusive workshops were also held for strategic bodies and representatives of the BB Group, while 2,626 employees passed the certification examination on this subject, which bears the Enclla seal.

The precepts regarding anti-corruption and anti-discrimination procedures expressed in the Standards of Behavior and in the Code of Ethics are disseminated using normative instructions available to all employees on the corporate intranet – where the specific site on ethics and behavior can also be found. In the case of the external public the Code of Ethics is available on the corporate portal: www.bb.com.br. In 2011, a tool was used to obtain “electronic agreement” to the Code of Ethics and the Standards of Behavior. By the end of the period, 106,682 employees (91% of the total) had stated being aware of the content of the documents.

In order to detect, analyze and notify suspicions of money laundering, all Brazilian branches use a specially designed automated system. A variety of courses is also available, as the following table shows. **GRI SO2**

ANTI-MONEY LAUNDERING TRAINING COURSES IN 2012	NUMBER OF EMPLOYEES TRAINED
Internal Certification in Internal Controls and Compliance	1,359
Anti-Money Laundering Synapse	47,628
Course about Controls	5,219
Workshop on Analyzing Indications of Money Laundering	1,569
Internal Anti-Money Laundering Certification	2,626

HOURS OF TRAINING IN ANTI-CORRUPTION PRACTICES PER EMPLOYEE, PER EMPLOYEE CATEGORY

2012	FINAL HEADCOUNT	NUMBER OF PARTICIPANTS	NUMBER OF TRAINING SESSIONS	NUMBER OF HOURS	PERCENTAGE OF TRAINED	NUMBER OF TRAINING SESSIONS PER EMPLOYEE	NUMBER OF HOURS PER EMPLOYEE
Managerial	35,991	13,364	14,556	163,140	37.13	0.40	4.53
Technical	12,151	8,059	8,438	97,752	66.32	0.69	8.04
Operations	19,729	9,104	10,035	112,590	46.15	0.51	5.71
Others	46,311	22,047	25,374	267,060	47.61	0.55	5.77

Failure to comply with the standing orders may result in disciplinary sanctions. Anti-money laundering initiatives are carried out by the Security Management Board, the Internal Audit Department and the Employee and Sponsored Entities Relations Board. Applicable sanctions range from a statement of awareness, to summary dismissal, depending on the gravity of the incident, the level at which each person involved participated and the circumstances in which the violation occurred. The senior executives of BB are also subject to the Federal Senior Administration Code of Conduct.

In regard to corruption, the Code of Ethics provides guidance on repudiating crimes such as bribery, extortion and corruption in all shapes and forms. The corporate values section of the Standards of Behavior also contains guidelines on the commitment to anti-money laundering and the fight against all kinds of corruption. In cases of corruption confidentiality applies. During the year there were no reports of court actions regarding corruption on the part of the employees and that of the Organization. The year of 2011 saw the conclusion of two administrative procedures, while in 2012 there was one, with the responsibility of those involved in incidents of this type having been identified. **GRI SO4**



CORPORATE GOVERNANCE BUSINESS STRATEGY

STRATEGIC PLANNING FOR THE PERIOD 2013-2017

Reflecting its role as an agent for development in Brazil, Banco do Brasil strives to offer customers products and services reflecting the three facets of sustainability: economic, social and environmental. So not only does it remain as the leader within the Brazilian Banking Industry (BI), but is also pushing forward towards a more just society. Among its primary objectives for the period 2013-2017 Banco do Brasil will allocate priority to higher efficiency and productivity, so as to generate sustainable results.

Worthy of special attention will be the BB Eco-Efficiency Program, a set of initiatives affecting the Institution as a whole, whose purpose is to generate sustainable gains in efficiency, preserve current levels of return and obtain productivity gains by reviewing work processes and by investment in IT.

The primary strategic initiatives for the future involve operating in the real estate credit market, supporting micro and small enterprises, getting involved in profitable business that creates social and environmental value (the highlight being Financing for Postsecondary Education Students, Oriented Productive Micro-credit, the Family Agriculture Development Program (Pronaf), the Minha Casa Minha Vida Real Estate Lending Program and sustainable regional development), improving relations with customers, enhancing information management and the search for higher efficiency and productivity.

In addition to the priorities mentioned, maintaining good corporate governance practices, together with investments in infrastructure, technology and preparing our employees for Institution's new challenges will enable the Bank to achieve its strategic objectives over the next five years.

ACCOUNTABILITY

The following topics show the rendering of accounts for the objectives presented in the 2011 Annual Report, indicating the status and attainment of what was established. Later it is also possible to read the rendering of accounts in regard to the socio-environmental challenges established for 2012:

FOR THE PERIOD FROM 2013-2017, BB WILL ALLOCATE PRIORITY TO INCREASING EFFICIENCY AND PRODUCTIVITY, SO AS TO PRODUCE SUSTAINABLE RESULTS. THIS SECTION CONTAINS A TRANSPARENT ACCOUNT OF THE BANK'S MAIN ADVANCES IN TERMS OF THE OBJECTIVES SET FOR 2012

Maintenance of Profitability Levels

Banco do Brasil had net income of R\$12.2 billion in 2012, a record achievement. This performance was up by 0.7% in relation to 2011 and represents a Return on (average) Equity (ROAE) of 19.8%. Furthermore, as the first Brazilian bank to reach the R\$1.0 trillion mark in assets, BB maintained its growth trajectory during the year and closed 2012 with assets of R\$1.2 trillion, an increase of 17.2% over 2011. Loan portfolio growth was the primary factor behind this growth.

Rendering the Customer Base Profitable

The launch of the BOMPRATODOS Program provided Banco do Brasil customers with a range of benefits. Over 9 million of them have already availed themselves of products and services with lower rates or prices, while more than 5 million have borrowed at lower interest rates. Worthy or note is the fact that 12% of customers who took out loans and financing had no prior credit transactions with the BB. The highlight were the auto loans facilities, which accounted for 17%. Also in 2012, the Bank captured an additional 1.5 million new checking account customers.

Control of Costs

In line with its strategic objective, in 2012 Banco do Brasil launched the BB Eco-Efficiency Program whose objective is to enhance processes, leading to gains in efficiency and productivity, in addition to reducing the environmental impact of its operations. Administrative expenses rose by 13.9% over 2011, slightly above the estimated range (9%-12%), primarily on account of the consolidation during 2012 of the operations involving Banco Patagonia, the BB-Mapfre partnership and the



CORPORATE GOVERNANCE BUSINESS STRATEGY

coming on stream of the Banco Postal service network. Administrative expenses were also affected by salary adjustments, a higher employee headcount during the period, contractual adjustments already applied and the expansion of the service network.

Strengthening the Role as a Fundamental Partner in Brazil's Sustainable Development

Striving to strengthen its role as a partner in Brazil's responsible growth, in 2012 BB strengthened the alignment of a range of products and services with the strategy for fostering sustainable development. Worthy of note are: Oriented Productive Microcredit transactions aligned with the Federal Government's Crescer (Growth) Program; financing for rural activities within the scope of the Federal Low Carbon Agriculture Program (ABC); the business strategy of sustainable regional development; education finance facilities through the Student Financing Fund (Fies); financing for housing units through the Minha Casa Minha Vida Real Estate Lending Program and the presence in the Brazil Water Program.

Expanding Internationalization

As the largest Brazilian bank with a global market presence – 49 premises in 24 countries – BB is boosting its international expansion strategy year after year. In the United States, the Banco do Brasil Americas brand was launched in October, referring to the operations acquired in Florida (formerly EuroBank), which creates a foothold from which to expand the presence of the BB in the US retail sector. In Singapore the Bank inaugurated BB Securities Asia, and now serves the principal investor markets. In Europe the Bank continues to enhance its existing governance structure, while consolidating the implementation of the business support center in Portugal – BB Europa Servicing Center.

Better Customer Service

In 2012, the Bank reformulated its customer service structure by implementing the Excellence in Relationships strategy: the BOMPATODOS Program. The Bank's principal initiatives for its customers include loyalty programs and the expansion of customer

relationships, financial education and advisory services and innovative virtual self-service channels. In 2012 internet banking reached the figure of 1.8 billion transactions by individuals, representing 19.7% of all transactions. More than 13.6 million customers are authorized to use this channel.

In the business customer segment, the implementation of the service model in four segments led to a substantial improvement in business relationships, primarily with regard to rates and terms, enabling the Bank to offer customers more competitive conditions. During this period access was also provided to the Financial Manager app for mobile devices, iPads and Blackberry smartphones, joining the other mobile connection platforms that already exist, such as the iPod Touch, iPhone and smartphones with the Android operating system. The Financial Manager application registered 301.5 million transactions and was used by over 727,300 companies, primarily small enterprises.

Higher Operating Efficiency

The cost/income ratio – calculated by dividing administrative expenses by operating revenues – was 43.2% in 2012 against 42.1% the previous year. This slight deterioration in the ratio was the result of having absorbed the costs arising from using the Banco Postal network and the consolidation of the expenses of Banco Patagonia and the Mapfre Group.

OBJECTIVES FOR PERIOD 2013-2017

- Produce adequate returns for shareholders;
- Increase the share of services in revenues;
- Expand profitable relationships;
- Grow the loan portfolio;
- Maintain delinquencies at current levels;
- Increase customer satisfaction;
- Undertake profitable business that generates social and environmental value;
- Improve operational efficiency and productivity;
- Raise employee satisfaction.



CORPORATE GOVERNANCE BUSINESS STRATEGY

Stronger Position in the Capital Markets

The Institution operates in the Brazilian capital markets through BB-Banco de Investimento. According to the ranking of the Brazilian Association of Financial and Capital Market Entities (ANBIMA), the Bank:

- Lead managed 82 fixed income securities issues totaling R\$21,279 million, taking 3rd place in the consolidated origination ranking with a market share of 19.5%;
- Lead managed 78 debenture and commercial paper issues, totaling an origination volume of R\$20,806 million;
- Closed CRI and FIDC transactions totaling R\$473.17 million in the securitization market;
- Lead managed 7 public offerings totaling R\$10.15 billion on the equity market. In terms of distribution, BB took 5th place in the ranking, with a market share of 9.3%;
- Took part in 4 merger and acquisition transactions totaling R\$2,251 million, taking 11th place in the accumulated Anbima ranking to September 30, the latest data available.

The BB's results were in line with expectations for 2012 as can be seen in the previous table. However, because of the consolidation of operations, notably the business with the Mapfre insurance Group, Banco Postal and Banco Patagonia, administrative expenses rose by 13.9% over 2011. The growth in the individual loan portfolio was below expectations on account of lower-than-expected demand in the economy and the reduction in auto loans transactions originated by Banco Votorantim. In the case of deposits, the diversification of the Bank's funding base, with the focus on new products, notably Agribusiness Letters of Credit (LCA), which in 12 months rose by 358.2% or R\$26.6 billion, meant that the actual figures did not meet growth prospects.

2012 PERFORMANCE

INDICATORS	2012 PERFORMANCE (%)	2012 GUIDANCE (%)
Return on Adjusted Shareholders' Equity (ROE) ⁽¹⁾	18.7	17-20
Net Interest Income ⁽²⁾	12.0	10-14
Total Deposits	6.7	14-18
Loan Portfolio – Brazil	23.1	17-21
Individuals ⁽³⁾	16.3	19-23
Companies	29.5	18-22
Agribusiness	20.7	13-16
Allowances for Loan Losses ⁽⁴⁾	3.2	3.1-3.5
Fee Income	15.5	13-18
Administrative Expenses	13.9	8-12
Tax Rate	27.6	31-34

- (1) Adjusted net income divided by the average shareholder's equity over the period.
 (2) Historical series revised since 1Q11. Under the previous methodology the variation in the NII would have been 13.3% over the previous year.
 (3) Includes loans acquired with coobligation pursuant to CMN Resolution No. 3,533/2008.
 (4) Expenses with PCLD in the last 12 months/average classified loan portfolio for the same period.

2013 GUIDANCE

INDICATORS	2013 GUIDANCE (%)
Return on Adjusted Shareholders' Equity (ROE) ⁽¹⁾	14-17
Net Interest Income	7-10
Commercial Funding ⁽²⁾	15-19
Loan Portfolio Broad Concept – Brazil ⁽³⁾	16-20
Individuals	18-22
Companies	16-20
Agribusiness	13-17
Allowances for Loan Losses ⁽⁴⁾	3.0-3.4
Fee Income	10-14
Administrative Expenses	7-10

- (1) The ROE forecast for 2013 is calculated using the estimated shareholders' equity, in accordance with legislation in force and effect at December 31, 2012.
 (2) Funding includes total deposits, LCAs, LCIs and private securities repo transactions.
 (3) The Loan Portfolio Broad Concept in Brazil includes private securities and guarantees.
 (4) Expenses with PCLD in the last 12 months/average classified loan portfolio for the same period.



CORPORATE GOVERNANCE BUSINESS STRATEGY

The estimates for 2013 were prepared taking into account the following assumptions:

ASSUMPTIONS INFLUENCED BY THE MANAGEMENT

- Enhancing the profitability of the customer base as a means of boosting revenues;
- Expanding the service network and the new customer base while increasing the return on existing customers through the alliance with Banco Postal;
- Maintaining the current business model without taking into account new acquisitions and/or strategic alliances that might be entered into to explore specific segments;
- Aligning the cost structure with the growth in business volume;
- Adjustments to supplier contracts and collective bargaining agreements in line with market practice.

ASSUMPTIONS BEYOND THE CONTROL OF THE MANAGEMENT

- Low growth in the developed economies in 2013;
- Greater resistance, but not immunity, of the Brazilian economy to external shocks;
- Political environment with no institutional rupture;
- Maintenance of Brazil's sovereign rating as investment grade;
- Maintenance of the current architecture of domestic macroeconomic policy: floating currency rates, inflation targeting (nominal anchor) and fiscal discipline, implying a gradual and consistent ratio of Public Sector Net Debt (PSND) to Gross Domestic Product (GDP);
- Evolution of the Brazilian trade balance and its effects on the trade finance portfolio;
- Gradual increase in the growth potential of the Brazilian economy (potential GDP);
- Evolution of interest rates, currency rates, inflation and GDP, according to market consensus;
- Progress of the regulatory framework/microeconomic agenda, with stimuli for public and private investments;
- Regulatory stability, including with regard to tax rates levied on the Bank's activities and labor and social security legislation;
- Changes to the capital consumption rules and in compulsory deposit rates – macro prudential measures;
- Implementation of the Basel III recommendations;
- Guidelines for the 2013/2014 Crop Plan.



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

CHALLENGE 5.

To enhance the management of sustainability compacts and commitments assumed. See how BB is facing up to this challenge on page 40.

Banco do Brasil embraces sustainability as the benchmark assumption for its operations, in other words, sustainability permeates the organization's entire structure and is reflected in its values, mission, policies and corporate strategies, and in the various voluntary commitments it has assumed. Socio-Environmental responsibility is taken into account in the decision-making process. This means designing processes, products and services in the light of their social and environmental impacts.

In order to render its sustainability strategy tangible and to comply with its mission and attain the vision of the future it has established the Institution has since 2005 used the Banco do Brasil Sustainability Plan – Agenda 21, a ground-breaking initiative among the Brazilian business community. This document takes its inspiration from the principal commitments set out by the UN Earth Summit, which encourages governments, companies, NGOs and civil society to search for solutions to socio-environmental problems.

It is organized along three axes – Processes and SER Management, Sustainable Businesses and Private Social Investment – in which the Bank periodically defines challenges and a series of initiatives for each of them, which ensures detailing these guidelines until they come on stream.

Updating and implementing the actions contained in the Agenda 21 is a systematic approach process involving all departments of the Bank, as well as representatives of its major stakeholders, of which details can be found in the chapter About This Report (page 13). It is up to the Board of Officers to approve and monitor the initiatives taken through a semi-annual accountability process. These actions are also evaluated and monitored by the Sustainability Forum comprising 24 members of the Bank's Strategic Units, in addition to the Fundação Banco do Brasil (FBB). The Forum meets every quarter

IN LINE WITH CORPORATE STRATEGY, THE BANCO DO BRASIL SUSTAINABILITY PLAN – AGENDA 21 IS IMPROVING PROCESSES AND PRACTICES. IN 2012 THIS PLAN WAS REVISED, AND NEW CHALLENGES – WITH THEIR RESPECTIVE INITIATIVES – WERE GIVEN PRIORITY

PRINCIPAL COMPACTS, COMMITMENTS AND INITIATIVES ASSUMED BY BANCO DO BRASIL

- Corporate Charter on Human Rights and Promoting Decent Work, of the Ethos Institute of Business and Social Responsibility (2012);
- Corporate Compact for Honesty and Against Corruption, of the Ethos Institute of Business and Social Responsibility with PATRI Government Relations and Public Policies (2012);
- Register of Pro-Ethics Companies of the Federal Comptroller-General's office and the Ethos Institute of Business and Social Responsibility (2012);
- World Water Council (2011);
- Organizational Stakeholder GRI (2011);
- Women's Empowerment Principles (2010);
- Principles for Responsible Investment (2010);
- The CEO Water Mandate (2010);
- EPC Platform – Businesses for Climate (2009);
- The Global Compact – Caring for Climate (2009);
- Brazilian GHG Protocol Program (2008);
- Sustainable Amazon Forum (2008);
- Gender Pro-Equity Seal (2007);
- Global Reporting Initiative (2006);
- Compact Against Slave Labor (2005);
- Equator Principles (2005);
- Carbon Disclosure Project (2005);
- Millennium Objectives (2004);
- Agenda 21 (2004);
- Abrinq Foundation – Empresa Amiga da Criança (2004) (companies that work for the benefit of children and adolescents);
- Global Compact (2003);
- Ibase Social Balance Sheet (1997);
- Green Protocol (1995).



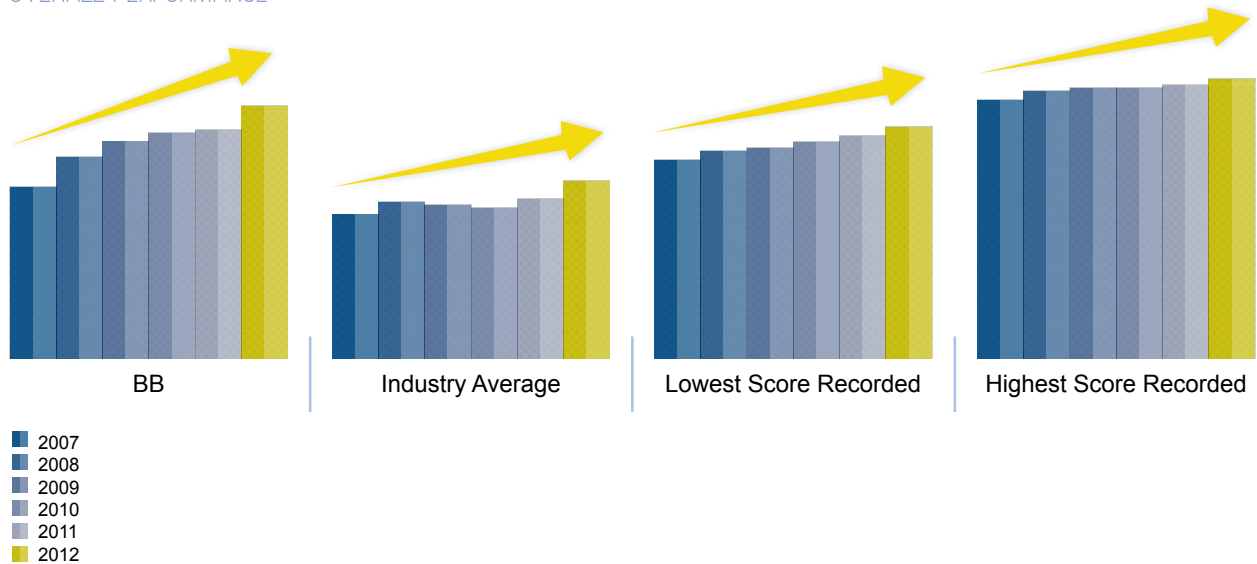
CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

and its purpose is to support the process of incorporating, aligning and disseminating socio-environmental responsibility precepts and practices within the scope of the Banco do Brasil group.

The BB Agenda 21 is the Bank's instrument for enhancing its business and processes, aligning these with best global practices and contributing to disseminat-

ing socio-environmental responsibility throughout the entire organization in the search to produce sustainable results. Acknowledgement of this approach can be seen in the Banco do Brasil listing on the New York Stock Exchange Dow Jones Sustainability Index (DSJI) and, for the eighth consecutive time, on the BM&FBovespa Corporate Sustainability Index (ISE).

OVERALL PERFORMANCE



The directions taken in sustainability are also monitored using indicators that have been included in the Master Plan and in the Market Plans at the strategic level, and filter down to the operational plans of the branches and agencies. Within the scope of the latter, these indicators can be found in the Labor Agreement (BB and ATB synergy), an assessment model that measures the management performance of the branches and agencies against established targets. The highlights in the assessments of branches and agencies are the Footprint EI and Social EI indicators, which involve, respectively, efficient use of resources and greater involvement by employees in social causes and volunteer work.

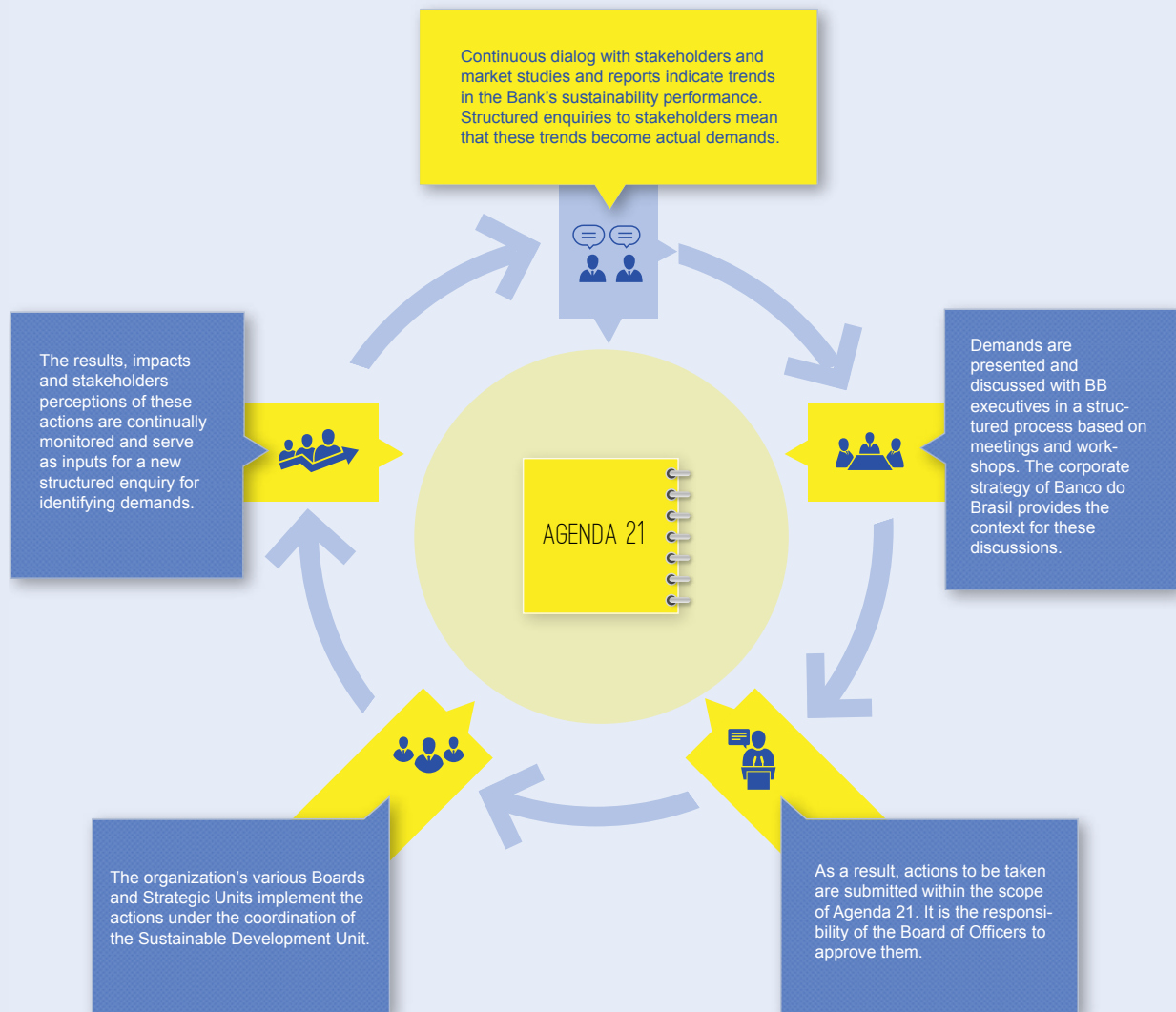
When assessing employee performance using the model referred to as Performance Management by Competencies (GDC), assessments take place in five different perspectives, whereby in the case of the society perspective, employees are also assessed by their performance in the competencies related to the socio-environmental theme.

In order to remain up to date and aligned with the demands of stakeholders, the BB Sustainability Plan is reviewed every two years, but it can also be updated in a timely manner in response to social demands that arise and which are considered priorities. The 2012 review process that resulted in the definition of 92 actions for the period 2013-2015 is described in the section About This Report (page 12).



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

SUSTAINABILITY PLAN UPDATE PROCESS - AGENDA 21





CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

AGENDA 21 ACCOUNTABILITY

ACTION	DEADLINE	FORWARDING
To define the courses on sustainability and analyze the pertinence of highlighting them in recruitment and commissioning processes.	December 2012	Action concluded. The courses on sustainability were defined: socio-environmental responsibility, credit and socio-environmental risk, sustainable regional development strategies and volunteer work to be highlighted in all the Institution's recruitment and commissioning processes.
Enhance the Bank's Employee Recognition Program.	December 2012	Action concluded. The Echoing Best Practices competition was held, with the emphasis on internal communication and socio-environmental responsibility, with the recognition awards for employees being replaced by points in the Relationship Program to be exchanged for products originating from businesses supported by the sustainable regional development strategy available in the BB Sustainability Store.
Enhance/expand variable remuneration mechanisms.	December 2012	Action concluded. A Special Remunerated Performance Program (PDG) was created, the first payment having been made in the first half of 2012.
Implement the Reinsertion Program for employees on sick leave throughout Brazil.	December 2012	Action extended. The program under development in other areas involved was extended. Conclusion expected for December 2013.
Propose a set of actions to combat stress – employee health and diet.	December 2012	Action partially concluded. Specific funds were made available for employees to hire dieticians. Internal courses were structured to encourage healthy diets and physical activity, and are expected to be implemented in 2013.
Define the modus operandi for disclosing the fatal accident rate among the Bank's own employees.	December 2012	Action concluded. Information about the number of fatal accidents involving the Bank's employees will be disclosed in the Annual Report.
Implement the GSM System – Safety Engineering Management and Occupational Medicine System.	December 2012	Action excluded. A similar Integrated Enterprise Management Software Solution – ERP/SAP is currently being implemented.
Implement the targets for mapping risks and project the goals/monitoring/implementation of actions for: "absenteeism" and "work-related stress."	December 2012	Action excluded. Action reviewed given proposed new initiatives regarding this theme on the Agenda 21 2013-2015 – see actions referring to challenge 28.
Control and publish the number of encounters, meetings and negotiations that BB undertakes with all unions affected by its operations and which cover its geographical area of operation.	December 2012	Action concluded. Sixty-four meetings were held with the Bank Employees Union and 5 meetings with the National Confederation of Financial Sector Workers (Contraf) between January and April 2012. The number of meetings with unions is published in the Annual Report and every six months in June and December in the Collective Bargaining blog on the Collective Bargaining site for the internal stakeholders.
Enhance the Gender Pro-Equity Program.	December 2013, with partial delivery in December 2012	Action concluded. The actions contemplated in the Action Plan were implemented in accordance with the schedule defined in 2012. The report of Banco do Brasil was forwarded to the Secretariat on Policies for Women in 2013.
Implement the Selective Garbage Collection Sub-program in Brazilian municipalities where selective collection has been defined and implemented as a public policy and/or waste pickers' associations/cooperatives.	December 2012	Action partially concluded. The Selective Collection Program was implemented at the branches in the States of Paraná and Rio Grande do Sul, as well as in the Greater Florianópolis region and the municipality of Ribeirão Preto. Implementation at other branches is expected in 2013.
Carry out and disclose the complete inventory of BB greenhouse gas emissions, according to the guidelines and phases of the Brazilian GHG Protocol Program, with a view to (ISO 14064) certification.	December 2013, with partial delivery in December 2012 (according to the annual phases of the Brazilian GHG Protocol Program)	Action concluded. Inventory data have been posted to the GHG Protocol Program site (www.registropublicodeemissoes.com.br), which was once again acknowledged with the Gold seal by the GHG Protocol.



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

ACTION	DEADLINE	FORWARDING
Use the corporate systems to implement tracking and monitoring of BB's environmental footprint by managing the consumption of water, (normal/recycled/renewable) paper, (renewable/non-renewable) energy and waste generation, in addition to setting targets for encouraging more rational use of these resources.	December 2012	Action in progress. A project has been defined for automating the eco-efficiency indicators, which is currently on-going and expected to be concluded in 2013. The target of a 2% reduction in water and energy has been set for all the Institution's premises.
Maximize the use of videoconferencing and teleconferencing, as well as other distance communication methods, and establish alternatives for monitoring how they are actually used.	December 2012	Action concluded. A new internal instruction has been created to replace deployments in service by other means of distance communication. Furthermore, 237 videoconferencing rooms have been installed at branches of the Bank, and equipment was acquired for monitoring the use of videoconferencing facilities and for maintaining the videoconference utilization indicator in the Labor Agreement. The indicator will continue to be assessed within the scope of the greenhouse gas emissions inventory.
Maintain ISO 14001 Certification (Altino Arantes Building) and obtain ISO 140001 Certification in one of the Headquarter Buildings in Brasília.	December 2012	Action partially concluded. ISO 14001 Certification has been maintained for the Altino Arantes Building. Steps are being taken to ensure certification of the Technology Complex and the Tancredo Neves Building in Brasília (DF).
Establish mechanisms for monitoring/verifying the socio-environmental requisites stipulated in contracts with suppliers.	December 2012	Action concluded. Internal instructions have been created, adding to the purposes of control and contractual supervision the need to enforce compliance with the socio-environmental requisites and the respective mechanisms of verification, proof and monitoring laid down in contracts.
Prepare and divulge sectorial "socio-environmental guidelines" and themes to be applied when analyzing the credit of businesses that have a potential adverse impact, in accordance with best domestic and international practices.	December 2013, with partial delivery in December 2012	Action in progress. The BB Sustainability Guidelines for Credit – Civil Construction and Mining document was drawn up and discussed at the Stakeholders' Panel held in São Paulo (SP) in 2012. It is expected to be concluded in 2013.
Structure a methodology for detecting the existence of controversial and contentious matters existing in the investment transactions of BBDTVM.	December 2012	Action concluded. An internal ranking methodology was established for incorporating Environmental, Social and Corporate Governance (ESG) practices when evaluating and selecting companies for fund management portfolios, defining the items to be analyzed and the base number of companies in order to analyze sustainability/governance/environmental aspects.
Hold at least one annual event for engaging with stakeholders, in regard to the BB's credit policies and practices.	On-going action	Action concluded. On November 23, 2012, in São Paulo (SP), a Stakeholders' Panel was held to discuss the BB Sustainability Guidelines for Credit – Civil Construction and Mining, with the participation of customers, employees of different departments, specialists and representatives of civil society and the government.
Structure and hold at least one annual event to engage with stakeholders about the BB's products and services – Customer Forum, involving customers from the Wholesale, Government, Retail and Third-Party Asset Management areas.	On-going action	Action in progress. In 2012 a Stakeholders' Panel was held to update the BB Sustainability Plan – Agenda 21, and the Panel on Sustainability Directives for the Credit Area. Further events are scheduled for 2013.
Develop a methodology for assessing socio-environmental risk to be applied when evaluating risk categories in general (operational and image risk, among others).	December 2012	Action extended. The action has migrated to the new Agenda 21 2013-2015 – see actions regarding challenge 20.
Conclude the implementation of methodologies for raising the value of the BB brand.	December 2012	Action in progress. Specialist consultants have been hired to develop an in-house methodology for the BB. This is expected to be concluded in 2013.
Implement an integrated, on-going communication and mobilization plan for the Brazil Water Program, involving BB's major customer groups.	December 2013, with partial delivery in December 2012	Action concluded. The Brazil Water Program was disclosed at a series of events through the "Jogo Reciclando" (Playing and Recycling) program, a partnership with the National Movement Of Recyclable Material Pickers, to be used as a tool for education and management within the cooperatives; on the BB stand at Rio+20; during the Beach Volleyball circuit; during the Expo-catadores 2012 (Recyclable Materials Pickers Exhibition) press conference, which published the result of the survey by market research company Ibope about Conscientious Consumption and Solid Waste; by distributing freebies to BB employees and the public participation at the final phase of the BB Beach Volleyball Circuit held in Rio de Janeiro (RJ); and by planting seedlings at the Pipiripau crib, with the participation of BB volunteers, the National Water Agency (ANA) and the FBB (Banco do Brasil Foundation).



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

ACTION	DEADLINE	FORWARDING
Develop or acquire a Corporate Socio-environmental Indicator Panel and make it available on the intranet and the internet.	December 2012	Action in progress. The Integrated Enterprise Management Software Solution – ERP/SAP is currently being implemented. The indicators are expected to be disclosed in 2013.
Define and implement a systematic approach for classifying all economic sector/activities according to their associated socio-environmental risk (high, medium and low).	December 2012	Action concluded. The systematic approach was defined in 2012.
Develop solutions in products and services with socio-environmental responsibility attributes for the Retail, Wholesale and Governmental business sectors.	On-going action	Action concluded. Several solutions have been developed for the Retail, Wholesale and Governmental business sectors. These are: issuance of the Corporate FCO card without issuing invoices on account of the transactions having been closed directly in the FCO financing account, which reduces the amount of paper printed and produces savings of an estimated 120,000 sheets of paper a year; the creation of two funds for the public offering of shares in ICO ₂ – BB Sustainable Carbon Shares and BB Sustainable Carbon Shares with a put option; development of the Proger Urbano RSA credit facility; remittance of electronic court orders to the Bank, waiving the need for physical documents.
Implement financial education and the concept of usability through BB correspondents across Brazil in telecenters/digital stations supported by the Banco do Brasil Foundation (FBB).	December 2012	Action in progress. Financial Education Project prepared and developed by the FBB and the Banking Education Module both finalized. The Bank expects to train 400 multiplier educators on the program, which will result in around 100,000 beneficiaries of the financial education program in 2013.
Evaluate the analysis flow of the Diagnosis and the Business Plan of the Sustainable Regional Development Business Strategy.	December 2012	Action concluded. Flow evaluated. The Manual on Joining the SRD BP was prepared on November 8, 2012.
Define and implement the methodology for evaluating the quality and effectiveness of the Business Plan of Sustainable Regional Development Business Strategy.	December 2012	Action concluded. The methodology for evaluating the quality and effectiveness of the Sustainable Regional Development Business Plans (SRD BP) was defined and implemented, with an initial 767 business plans approved.
Define and implement the methodology for evaluating the quality of BB's social investment (the socio-environmental reach of the projects).	December 2012	Action concluded. Methodology developed. Pilot project under way for 2013.
Carry out studies and implement the centralization of the Banco do Brasil digital inclusion initiatives at the FBB.	December 2012	Action concluded. BB: study undertaken and approval given to migrate the management of the Digital Inclusion Program (BBDIP) to the Foundation. FBB initiated the revitalizations of 135 digital stations.
Implement the Socio-Environmental Projects of the Brazil Water Program.	December 2013, with partial delivery in December 2012	Action concluded. The following projects have been implemented: Brazil Water Program at the Redesol Cooperatives in Belo Horizonte; Strengthening of the Solid Waste Production Chain in the municipality of Rio Branco (State of Acre); Peruaçu Project: Implementing Social Technologies on behalf of Its People and its River; and the Brazil Water Project – Capturing Rain using Social Technologies.



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

PRIORITY CHALLENGES AND ACTIONS
FOR THE PERIOD 2013-2015

CHALLENGE	ACTIONS CONTEMPLATED	DEADLINE	SEE HOW THE BANK IS ALREADY DEALING WITH THIS SUBJECT
1. To enhance the sustainability governance structure by involving senior management (Board of Directors and the Executive Board) in order to strengthen the Bank's commitment to the theme.	Negotiate the institutionalization of the periodic report to the Board of Directors about the performance of Banco do Brasil in sustainability.	December 2013	Page 17
5. To enhance the management of sustainability compacts and commitments assumed.	Study the feasibility of BB participating in the initiative to create a model for Integrated Reporting (IIRC), in which socio-environmental information is taken into account in the Accounting Statements (ASs).	December 2014	Page 33
7. To enhance economic, social and environmental risk management within the supply chain.	To formally establish a process for identifying socio-environmental risks within the supply chain, including the definition of critical suppliers and correspondents, according to economic, social and environmental criteria.	December 2014	Page 86
	Reassess the current questionnaire for qualifying suppliers based on socio-environmental matters.	December 2013	
8. Identifying socio-environmental opportunities within the supply chain that create business benefits for the Bank (lower costs/higher revenues/risk mitigation).	To formally establish a process for identifying socio-environmental risks within the supply chain, including the definition of critical suppliers and correspondents, according to economic, social and environmental criteria.	December 2014	Page 86
9. Strengthening the bank's role as an agent for advancing sustainable practices in its supply chain.	Study the possibility of the BB joining the CDP Supply Chain Initiative.	December 2013	Page 86
	Develop a corporate program for sharing knowledge and sustainable practices with suppliers.	December 2014	
	Study the possibility of including a category for recognizing suppliers in the Brazil Values Award.	December 2013	
10. Improving the bank's practices on the question of sustainable procurement.	Establish action plans with procurement channels in order to increase the percentage of certified paper produced from raw material submitted to the ECF and/or TCF process standards and define goals.	December 2013	Page 86
	Define procedures for including, whenever possible, companies with sound socio-environmental practices in requests for prices referring to acquisitions where tenders are waived on account of the amount.	December 2013	
	Develop sustainable procurement practices pursuant to Law No. 8,666/93.	On-going action	



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

CHALLENGE	ACTIONS CONTEMPLATED	DEADLINE	SEE HOW THE BANK IS ALREADY DEALING WITH THIS SUBJECT
15. Enhancing and systematizing the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change).	Adjust/develop innovative products and services with the following assumptions – Wholesale Business: BB Eco-efficiency, innovation and creation of socio-environmental value. Examples are: credit facilities with socio-environmental attributes to finance green technologies; carbon credit market; consultancy services; equity products with environmental features; prefixed income investments with environmental features; environmental and climate change criteria throughout the entire credit and investment process.	On-going action	Page 61
	Adjust/develop innovative products and services with the following assumptions – Retail Business: BB Eco-efficiency, innovation, creation of socio-environmental value. Examples are: real estate financing for the acquisition, construction/renovation of sustainable development projects; credit facilities with socio-environmental features for financing green technologies prefixed income investments with environmental features; environmental and climate change criteria throughout the entire credit and investment process.	On-going action	
	Adjust/develop innovative products and services with the following assumptions – Retail Business: BB Eco-efficiency, innovation and creation of socio-environmental value. Examples are: credit facilities with socio-environmental attributes; financing/structured transactions for the solid waste and sanitation sector; carbon credit market; consultancy services; equity products with environmental features; prefixed income investments with environmental features; environmental and climate change criteria throughout the entire credit and investment process.	On-going action	
16. Enhancing the management of eco-efficiency indicators (reduction/compensation of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption).	Implement the Selective Garbage Collection Sub-program in Brazilian municipalities where selective collection has been defined and implemented as a public policy and/or waste pickers' associations/cooperatives.	December 2014	Page 100
	Extend the reach and reliability of the Scope 3 emissions inventory in accordance with the guidelines and sources established by the Brazilian GHG Protocol Program and which are compatible with the activities in which the financial system engages.	December 2015	
	Enhance the fuel consumption management system (calculation of emissions).	December 2014	
	Study and propose ways of offsetting BB's emissions through investments by the FBB in environmental projects.	December 2013	
	Prepare feasibility studies for implementing the BB solid waste disposal management system	December 2013	
	Monitor and encourage the optimization of natural resource consumption (electricity, water, paper and toner, among others), and make the information public.	On-going action	
	Study the feasibility of expanding the installation of alternative technologies for generating electricity (solar panels and wind energy) when building new branches or renovating existing ones	December 2013	
Develop or acquire a Corporate Socio-Environmental Indicator Panel and make it available on the intranet and the internet.	December 2014		



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

CHALLENGE	ACTIONS CONTEMPLATED	DEADLINE	SEE HOW THE BANK IS ALREADY DEALING WITH THIS SUBJECT
20. Enhance socio-environmental risk management in financing (except for climate change-related risks).	Define the training for the team in charge of identifying, evaluating, controlling, mitigating and monitoring socio-environmental risks (Financial Support category).	December 2013	Page 27
	Develop an assessment methodology for the categories of socio-environmental risk.	December 2013	
	Assess the principal socio-environmental risks involving the operations of the BB and propose the respective mitigation actions.	December 2014	
	Enhance, develop or acquire a model for identifying and evaluating climate change-related risks and opportunities for the principal areas in which the Bank operates by: (i) evaluating greenhouse gas emission-related data on a project/asset/business/sector basis; (ii) evaluating climate risk exposure at the business/sector level (valuation, costs/future returns); (iii) monitoring and analyzing carbon credit prices; (iv) preparing climatic variation scenarios, such as rainfall and temperature, for markets, regions, sectors and businesses, with the support of financial analysis; and (v) using updated maps of natural disasters/extreme climatic events for certain regions/sectors for internal consultation.	December 2015	
	Analyze the feasibility of incorporating environmental variables into the econometric modeling of the RTA (Farming Technical Risk Evaluation) to support the detection and assessment of socio-environmental risks in Agricultural Loans. Suggested features: (i) incorporation of environmental variables in the RTA econometric modeling; (ii) integrate the multiple source base into the analysis of financing and reliability of the RTA data; (iii) support for massified credit analysis using consultancy services for analyzing non massified (investment) analysis, including geo-referenced monitoring of deforestation areas, indigenous lands, conservation units and classification of socio-environmental risks.	December 2015	
	Register the behavior of socio-environmental risks in order to ensure that exposure to this risk is maintained in accordance with the established tolerance level by: (i) defining and implementing models for controlling the level of socio-environmental responsibility associated with customers, projects, regions and sectors of the economy; (ii) defining and implementing systems that permit unified gathering and storage of data resulting from socio-environmental questionnaires, compliance with covenants and associated losses; and (iii) defining and implementing a system for evaluating assets loaned and assigned as guarantees.	December 2015	
21. Enhance socio-environmental risk management in the Bank's own investments and those of third parties (except for climate change-related risks).	Assess the need for systems, routines and procedures that enable the identification, appraisal, control and mitigation of the socio-environmental risk present in the institution's activities and financial transactions, in addition to monitoring the management process.	December 2013	Page 27
	Develop an assessment methodology for the categories of socio-environmental risk.	December 2013	
	Assess the principal socio-environmental risks involving the operations of the BB and propose the respective mitigation actions.	December 2014	
	Register the behavior of socio-environmental risks in order to ensure that exposure to this risk is maintained in accordance with the established tolerance level by: (i) defining and implementing models for controlling the level of socio-environmental responsibility associated with investments and equity interests, according to the region, economic sector and project; and (ii) set up a management model for analyzing the socio-environmental impacts of the businesses in which the Bank has an equity interest.	December 2015	



CORPORATE GOVERNANCE SOCIO-ENVIRONMENTAL RESPONSIBILITY

CHALLENGE	ACTIONS CONTEMPLATED	DEADLINE	SEE HOW THE BANK IS ALREADY DEALING WITH THIS SUBJECT
22. Enhance the relationship between Private Social Investment and the business strategy.	Use the diagnoses undertaken to implement the socio-environmental projects of the Brazil Water Program, creating synergy with social technologies and businesses.	On-going action	Page 89
	Develop and implement a Private Social Investment (PSI) management system that includes: (i) enhancing and monitoring donations made (products, items of equipment, services and advertising space); (ii) monetary appreciation of the PSI actions according to the following categories: contributions in cash, time donated, contributions in kind and administration costs; (iii) categorization of all PSI actions into three major groups: donation to charity, community investments and business initiatives; (iv) demonstrating the alignment of the FBB's actions with the strategy of the instituting party, systematizing the monitoring and reporting to the directors representing the BB on the Board of Trustees; and (v) establishing, implementing and monitoring financial impact indicators involving the PSI actions.	(i) and (ii): December 2013 (iii) and (iv): December 2014 (v): December 2015	
	Identify opportunities within the Private Social Investment project portfolio in order to create synergy with the Bank's business strategies.	December 2014	
	Study and propose, together with the FBB, adjustments to the Social Technology Bank in order to identify certified technologies with the thematic axes of the Bank's social businesses (housing, entrepreneurship, higher education, accessibility and family agriculture).	December 2013	
	Develop strategies/initiatives for leveraging sales of products with socio-environmental features that transfer funds to the FBB.	On-going action	
	Undertake studies to evaluate the possibility of implementing financial education and the concept of usability through BB correspondents throughout Brazil, in tele centers/digital stations with the support of the FBB.	December 2013	
	Reformulate the guidelines for the Student Internship Program.	December 2013	
29. Maintain and expand the Bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Microcredit – MPO, Student Financing Fund – Fies, Minha Casa Minha Vida Real Estate Lending Program – MCMV Program and the BB Accessibility loan, among others), so as to integrate with programs and public policies, partnerships with the private sector and the BB sustainable development strategies (Private Social Investment, volunteer work, digital inclusion and sustainable regional development).	Finalize the project for replicating the SRD methodology overseas (Bolivia, Chile and Paraguay) and use it as a feasibility benchmark to be implemented in other countries.	December 2014	Page 89
	Develop and approve a territorial overview methodology to enable the combined operations of public policies, private partnerships and sustainable development strategies.	December 2013	
	Implement the territorial overview methodology.	December 2015	
	Implement the PLANTE Plan – Territorial Plan for Supplementary Actions within the Minha Casa Minha Vida (MCMV) Real Estate Lending Program.	December 2013	
	Develop a solution for providing guidance to target customers about social businesses, so as to support engagement in profitable businesses that add social and environmental value.	December 2013	
	Develop a program for the Bank's involvement in the National Solid Waste Policy.	December 2013	
	Develop a methodology for notifying the employees about the importance of their role and that of the BB in sustainable development.	December 2013	
	Develop a micro insurance product to be offered to target customers with social businesses (storm damage, flooding, cell phones, unemployment etc.).	December 2013	
	Review the Volunteer Work Program in order to link it to the SD actions being undertaken by the BB.	December 2014	
	Define the concept, for the BB, of financial inclusion and establish indicators capable of measuring the performance of the Bank's actions, monitoring and reporting to senior management.	December 2013	
	Define the strategy for the BB's operations in the light of the opportunities and actions in social businesses in the major sporting events (2014 World Cup/2016 Olympic Games).	December 2013	



CORPORATE GOVERNANCE INTANGIBLE ASSETS

HUMAN CAPITAL

The policy at BB of valuing employees includes providing a variety of opportunities for development and ascension, in addition to improvements in working conditions and environment. In 2012, these policies also became applicable to offshore employees, following the drafting of global people management policies.

In all some 1,160,727 training events were held in 2012, equivalent to an average of 84,33 hours of training per employee. Last year the Banco do Brasil Corporate University (UniBB) celebrated its 10th year of existence, and has been publicly recognized on more than one occasion as one of the best corporate education initiatives.

Over 15,000 professionals have enhanced their career through internal selection programs and the identification within the Bank of Talents and Opportunities (TAO). Career paths within BB are based on transparent criteria that stress training, performance and experience, also taking into account individual performances which are measured using Competence Performance Management instruments.

During the year the external selection model was reviewed and new subjects included. The two external selection processes held in 2012 produced 800,000 candidates. Other steps were also taken for recognizing and retaining talent and promoting quality of life in the work place, with the intention of adding sense and meaning to each employee's work, as well as satisfaction with working at BB.

THE BRAND GRI EC8

The Banco do Brasil brand is one of the most well-known and valuable in Brazil. Soundness, security and credibility are advanced as the Bank's strengths and important attributes. BB manages its brand using visual identity standards on all platforms and on all communication material in Brazil and abroad.

Investment in cultural and educational events strengthen brand recognition. The Banco do Brasil Cultural Centers (CCBB) located in Rio de Janeiro, Brasília and São Paulo are examples of this. The premises include

ADVANCES WERE MADE IN A VARIETY OF AREAS IN 2012, STRENGTHENING THE BANK'S PRINCIPAL INTANGIBLE ASSETS: HUMAN CAPITAL, THE BRAND AND INFORMATION TECHNOLOGY

areas for the cultural arts, such as theater, cinemas, exhibitions, ideas, music and educational programs. In 2012, the CCBBs hosted 4.4 million visitors, holding 1,224 events and 4,955 shows with an annual investment of R\$41 million.

Among the initiatives of the CCBBs worthy of note are the CCBB Education Program that provides free activities and events for public and private school students, educators, families, NGOs and persons with special needs, in addition to specific events catering for toddlers to senior citizens. In 2012, the program catered for 388,277 people, of whom 49,771 used the free transportation offered on a regular basis by the CCBBs, where the priority is regions of cities with the lowest Human Development Indices (IDH).

The Banco do Brasil CCBB in Rio de Janeiro has a cultural library with over 140,000 books, a book restoration laboratory run by persons with disabilities, in conjunction with the Association of Parents and Friends of Persons with Special Needs (Apae) and a video library with 4,000 items, in addition to the Banco do Brasil Museum and Historical Archives that preserve the memory of the Bank and the Cultural Centers.

Sport has also been a strong focal point for BB sponsorship since 1991, when the Bank began sponsoring volleyball. Since then the net has widened and the Institution has become a benchmark in this field. Current sponsorship agreements include confederations, athletes, teams and events, and in 2012 accounted for an investment of R\$82.4 million, benefiting athletes involved in volleyball and beach volleyball, sailing, indoor soccer, tennis and the Sports Ambassadors. In addition to sporting competition the athletes get involved in social events such as campaigns for garnering foodstuffs, sports workshops and visits to charity entities.



CORPORATE GOVERNANCE **INTANGIBLE ASSETS**

During the year social and sports workshops and projects catered for children from public schools and social entities throughout Brazil. The Bank continued supporting the Bernardinho School of Volleyball in the Tavares Bastos and Complexo do Alemão communities of Rio de Janeiro; the Leões do Vôlei Nucleus run by volleyball players Giba and Emanuel in Curitiba; and the Guga Kuerten Institute in Florianópolis (SC) which provides volleyball and tennis classes. Here children receive instruction and monitoring, where the aim is social inclusion through sport.

Thanks to the support of Banco do Brasil, in 2012 Brazilian sport took a gold medal (women's volleyball), two silver medals (men's volleyball and men's beach volleyball) and two bronze medals (women's beach volleyball and sailing) at the London Olympic Games. Also in women's volleyball Brazil took second place in the World Grand Prix in China. In indoor soccer the national team became seven-times world champions in Thailand.

INVESTMENTS (R\$ THOUSAND)	2010	2011	2012
Culture	43,074	53,269	40,624
Sport	54,421	56,100	82,445

INFORMATION TECHNOLOGY

As a fundamental strategy for BB, information technology has received continuous investment, making extensive progress in technology architecture and in the enhancement and modernization of its facilities, not only from the technical point of view, but also in terms of governance, management and professional training.

In 2012, BB made a huge effort to ensure that its processes reached maturity. The IT governance model implemented in 2011 provides instruments that support and extend the strategic objectives of Banco do Brasil, both in terms of innovation and competitiveness, and in the constant search for operational efficiency.

The year 2012 was one of substantial achievements in technology at BB, both in terms of maintaining the strategies already under way, and new departures. Among the events with the greatest impact worthy of note are:

- **Digital City Datacenter:** the conclusion of the joint BB-CEF project in Brasília extends the levels of excellence in information technology;
- **Banco Postal:** the 6,000-plus branches of the Post Office joined the Banco do Brasil's service network;
- **Green IT Solutions:** work got under way for the ISO 14001 certification process at the Headquarters Building IV, a priority action contemplated within the Agenda 21 of Banco do Brasil;
- **Advances in mobility:** BB has invested in leading edge technologies, such as **BB Remessa Celular** (money transfers via cell phone), a **Biometry**, the new **TAA**, the **Instantaneous Card Issuance Project** and **Digital TV**.



THE BOMPRATODOS PROGRAM



06

THE POSITIONING AND STRATEGY ADOPTED BY BB IN 2012 ONCE AGAIN REVEALED ITS PIONEERING ROLE WITHIN THE BRAZILIAN FINANCIAL INDUSTRY, ESTABLISHING A NEW LEVEL OF RELATIONSHIP WITH CUSTOMERS

GRI 4.12 | 4.14 | 4.17 | EC9 | FS2 | FS3 | FS5

In order to sustain its commitment as an agent of economic growth with sustainability, and in order to extend the process of social inclusion by offering people a wider range of opportunities, in April 2012 Banco do Brasil (BB) launched the BOMPRATODOS Program. By adopting this strategy BB has turned its focus to a discussion that has come to the fore time and again in its analyses: how to offer relationship excellence. An idea that involves all areas of activity and possibilities as a bank, and which has been a feature of the BB's mission since its foundation.

In order to bring this to fruition the challenge for the Institution was to create a strategy that monitored the Bank's entire movement and which was strongly and truly customer-facing. Relationship excellence has become the main bulwark of this new position, standing out from what the market has been doing. The next step was to find a concept that summarized this new moment and transmitted it to the public in a simple manner. This led to the Banco do Brasil – Bom Pra Todos (Banco do Brasil – Good for Everyone) program, based on the idea of cooperation, and boosted by the advertising campaign “Pra ser bom para o Banco, tem que ser bom para você” (To be good for the Bank it has to be good for you). The BOMPRATODOS Pro-

gram includes a powerful, far-reaching and long-lasting idea that keeps it at the leading edge of trends within the financial sector and provides the basis for all BB communication, from advertising to internal communication and product launches.

As a business strategy the BOMPRATODOS Program has enabled BB to head a wide-reaching movement for reformulating the concepts of credit which, when combined with lower interest rates, has provided the new strata of society with access to consumer credit. Credit at lower interest rates and financial management and education have been combined into products associated with the BOMPRATODOS Program. Over half the business done by Banco do Brasil after launching the strategy were with customers who had never before taken out a personal loan or financing. This translates into higher revenues from a lower concentration of business, which means less risk for the Bank.

In line with these concepts, this chapter of the report introduces the principal results and the highlight of the Bank's economic and financial performance, in addition to the initiative involving stakeholder engagement and environmental management within the Bank.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

SCENARIO

In 2012, the hallmark of the international scenario was that of high risks for global financial stability. A series of events, such as the European economic recession, the paltry growth in the United States and the slowdown in China, were the factors that depressed the global economy. This environment also affected the decline in commodity prices, multiplying the adverse effects on exports and on economic activity in the emerging nations. In spite of some progress in negotiations in Europe, doubts still persist about the solvency of several economies.

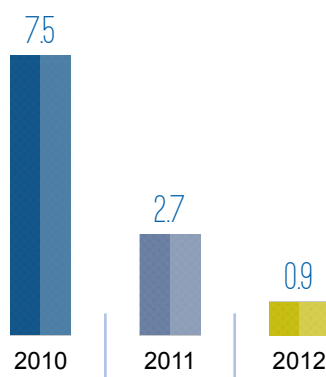
Brazil was unable to completely escape the contagion of the adverse external environment, which led the Brazilian government to take a series of fiscal, credit and trade protection measures to encourage domestic production and consumption levels. Banco do Brasil took the lead in an unprecedented movement to reduce interest rates. This initiative led to higher levels of confidence on the part of businessmen and consumers from mid-2012 onwards.

HIGHER QUALITY IN GRANTING LOANS, WITH HIGHER VOLUMES AND ADEQUATE RISK LEVELS, RIGOROUS COST MANAGEMENT AND DIVERSIFIED REVENUE SOURCES ENSURED GOOD RESULTS IN 2012

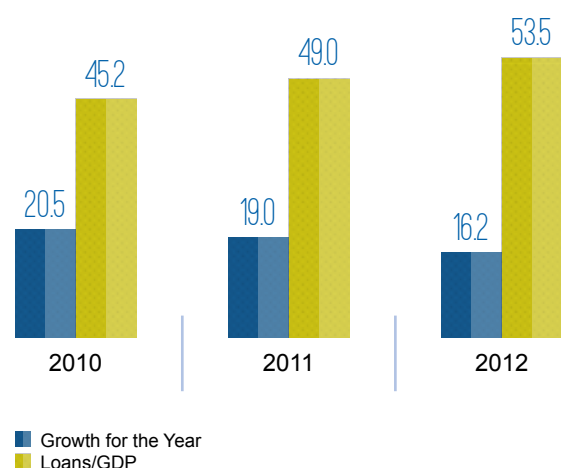
BB was also to the fore in expanding the volume of credit in the economy, essential for ensuring the continued growth of the credit/GDP ratio, which ended the year at a record level of 53.5%, against 49.0% at the close of 2011. While strictly observing the principles of risk management it was possible to raise the volume of loans without any relevant impact on default ratios.

The government also stimulated the aggregate supply in the economy by launching important programs to incentivize investment and raise Brazil's competitive position in the medium and long term. In the labor market the strength of domestic demand, real gains in earnings, social mobility (people crossing the social class boundaries) and the creation of new formal job vacancies helped keep unemployment rates at historically low levels.

GDP (% VARIATION FOR THE YEAR)



TOTAL LOANS/GDP (%)

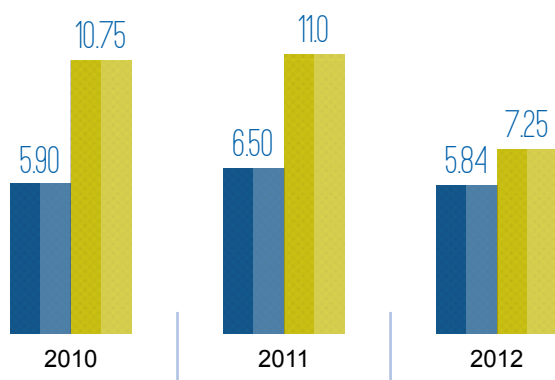




THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

Even under pressure, the Broad Consumer Price Index – IPCA – ended the year with a lower variation than that observed in 2011. This meant that the Central Bank had met the inflation target for the ninth consecutive year, maintaining the cycle of interest rate reductions. In October 2012, the monetary authority brought an end to the cycle of more flexible basic interest rates, establishing the level of 7.25% per annum.

IPCA X SELIC (%) ⁽¹⁾



■ Broad Consumer Price Index (IPCA)
■ Selic

(1) Data referring to the close of the respective periods.

In 2012, the main challenge to the financial industry was in adapting to the scenario of sharp declines in interest rates and lower spreads, sparking the search for operational efficiency and reviews of banking product and service portfolios. Within this context, efforts were also made to enhance risk measurement models while controlling potential delinquencies.

Against this backdrop the portfolio of bank funding products also became more sophisticated and diversified, such as real estate funds, Real Estate Credit Bills (LCI) and Agribusiness Letters of Credit (LCA). The cards segment saw the entry of new players and stiffer competition, with pre-paid cards increasing their market share.

Mobile payments took on relevance with the creation of new alliances and the use of new technologies to optimize costs and speed up processes, while also functioning as a means of financial inclusion. Lower credit costs and higher consumption by C, D and E classes incentivized the bankarization process.

Overall, the favorable scenario on the domestic labor market sparked an increase in credit on the Brazilian market, especially housing loans. Similarly, growth among micro and small enterprises, as well as individual micro entrepreneurs, has provided good opportunities for expanding the portfolio of loans to companies, with a special mention for Oriented Productive Microcredit (MPO).

Credit in Brazil is likely to continue to grow, albeit at a more moderate pace. Demand is also expected to grow for personalized service, convenience through channels and operational efficiency.

CONSOLIDATED PERFORMANCE

Banco do Brasil produced net income of R\$12.2 billion in 2012, producing a Return on Equity (ROE) of 19.8%. Adjusted net income (excluding one-off Items) stood at R\$11.5 billion for the year, representing an adjusted ROE of 18.7%. The accumulated result for the year was primarily driven by business growth and more extensive customer relations, which led to growth in net interest income (NII) and a more diversified revenue base. The BB delinquency indicator for terms exceeding 90 days declined and remained below that presented by the Brazilian Banking Industry.

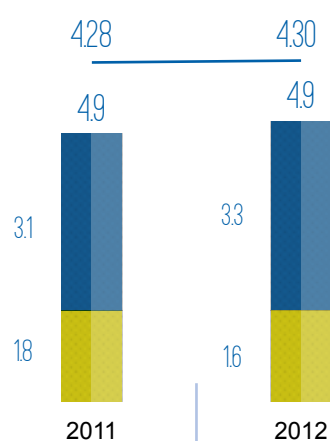
SHAREHOLDER'S RETURN

Earnings per share at Banco do Brasil stood at R\$4.30 in 2012. BB once again distributed 40% of net Income to its shareholders (payout) and channeled R\$4.9 billion as remuneration, of which R\$1.6 billion in dividends and R\$3.3 billion in Interest on Own Capital (JCP).



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

EARNINGS PER SHARE, DIVIDENDS AND INTEREST ON OWN CAPITAL



■ Dividends (R\$ billion)
 ■ Interest on Own Capital (R\$ billion)
 — Earnings per Share (R\$)

Net interest income, the difference between the Bank's revenue and its expenses with financial intermediation, ended 2012 in R\$45.7 billion up by 12.0% over the previous year. This performance was driven by growth in the loan portfolio over the period.

The performance of fee income was driven by the higher offer of credit, reformulation of the customer service structure, customer loyalty programs, more extensive relationships with customers and the BOMPRATODOS Program.

Growth of 13.9% in administrative expenses in comparison with 2011/2012 was affected by the incorporation of operations, especially the business with the Mapfre insurance group, Banco Postal and Banco Patagonia, which had not been taken into account in the results for the entire year of 2011. Stripping out these components, the increase in administrative expenses was 10.1% for the period.

INCOME STATEMENT WITH REALLOCATIONS - MAIN LINES (R\$ MILLION)	2011	2012	VARIATION (%)
Financial Intermediation Income	102,849	104,525	1.6
Loan Operations + Leasing	65,101	69,835	7.3
Securities	30,849	27,982	(9.3)
Financial Intermediation Expenses ⁽¹⁾	(62,019)	(58,796)	(5.2)
Net Interest Income ⁽¹⁾	40,830	45,729	12.0
Allowances for Loan Losses	(11,827)	(14,651)	23.9
Net Financial Margin	29,003	31,078	7.2
Fee Income	18,242	21,071	15.5
Income from Insurance, Pension Fund and Premium Bonds	2,265	2,349	3.7
Contribution Margin	45,429	50,315	10.8
Administrative Expenses	(24,752)	(28,194)	13.9
Personnel Expenses	(13,943)	(15,777)	13.1
Other Administrative Expenses	(10,809)	(12,417)	14.9
Commercial Income	20,461	21,854	6.8
Legal Claims	(135)	(813)	501.5
Labor Law Suits	(724)	(726)	0.2
Other Operating Income	(687)	(2,539)	269.3
Income Before Taxes	18,970	17,883	(5.7)
Income and Social Contribution Taxes	(5,388)	(4,455)	(17.3)
Corporate Profit Sharing	(1,737)	(1,745)	0.4
Adjusted Net Income	11,751	11,528	(1.9)

(1) Historical series revised since 1Q11. Under the previous methodology the variation in the NII would have been 13.3% over the previous year.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

ONE-OFF ITEMS

Income from one-off items was R\$678 million in 2012, net of taxes and minority interests. The items considered as one-off were: (i) expenses with court cases referring to economic plans; (ii) tax efficiency arising from periodic reviews of how the fiscal base is dealt with; (iii) reversal of additional Allowances for Loan Losses (PCLD); and (iv) divestment of properties. The Secondary Public Offering of Units in the BB Progressivo II Real Estate Fund, which ended in December 2012, enabled the difference between the market value of the properties transferred to the Fund and their book value on the Balance Sheet to be fully recognized.

ONE-OFF ITEMS (R\$ MILLION)	2011	2012
Adjusted Net Income	11,751	11,528
(+) One-Off Items for the Period	375	678
Divestments	169	-
Economic Plans	(103)	(968)
Tax Efficiency	386	244
Reversal of Additional PCLD	-	699
Sale of Properties	-	1,103
Fiscal Effects and Profit Sharing on One-Off Items	(78)	(401)
Net Income	12,126	12,205

MAIN INCOME INDICATORS (%)	2011	2012
Global Spread	5.4	5.1
Expenses with Allowance for Loan Losses/Portfolio ⁽¹⁾	3.08	3.19
Adjusted Cost/Income Ratio	42.9	43.2
Adjusted ROE	21.7	18.7

(1) Expenses with accumulated PCLD in the last 12 months/divided by the average classified loan portfolio for the same period.

SPREAD PER PORTFOLIO

The following table shows the managerial spread by transaction type. The spread is the result of the managerial financial margin divided by the respective average balances.

When calculating the managerial financial margin, the financial revenues are first calculated by type of portfolio. Thereafter, the opportunity costs for each facility comprising the portfolios are calculated. In the case of credit intended for individuals and companies using free funds, the opportunity cost is the average benchmark Selic rate (TMS). In the case of the agricultural loans portfolio and other specific purpose loans, the opportunity cost is calculated according to the origin of the funding and the need, or not, for mandatory allocation of part of that funding source.

The global spread, in turn, is the application of the concept of the spread specific to the banking segment, calculated by the ratio of NII to average earning assets. The global risk-adjusted spread is calculated using the ratio of the net financial margin to average earning assets, in other words, it takes into account the allowances for loan losses.

ANNUALIZED SPREAD (%)	2011	2012
Loan Operations	8.5	8.4
Individuals	14.4	14.6
Companies	5.8	5.5
Agribusiness	5.3	5.6
Deposits	1.6	1.0
Term Deposits	1.7	1.0
Demand Deposits	3.2	2.4
Savings Deposits	0.8	0.5
Others	0.9	0.7
Global Spread	5.4	5.1
Risk-Adjusted Spread	3.7	3.5



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

ASSETS AND MAIN BALANCE SHEET ITEMS

The total assets of Banco do Brasil exceeded R\$1.15 trillion at the end of 2012, representing growth of 17.2% over the same period of the previous year. The principal asset lines are credit and leasing transactions, securities and short-term interbank operations, which accounted

for 76.1% of total assets. In the case of liabilities, worthy of note is the funding via deposits, which accounted for 41.0% of total liabilities, in addition to the larger share of Agribusiness Letters of Credit. The following table shows the principal balance sheet items.

MAIN BALANCE SHEET ITEMS (R\$ MILLION)	2011	2012	VARIATION (%)
Total Assets	981,230	1,150,486	17.2
Loan Portfolio – Broad Concept⁽¹⁾	465,092	580,799	24.9
Loan Portfolio Broad Concept – Brazil	430,116	534,367	24.2
Securities	168,230	184,357	9.6
Short-Term Interbank Operations	166,288	219,323	31.9
Commercial Funding⁽²⁾	450,480	515,714	14.5
Total Deposits	442,386	472,085	6.7
Demand Deposits	62,016	74,760	20.5
Savings Deposits	100,110	117,744	17.6
Interbank Deposits	14,450	16,569	14.7
Term Deposits	265,809	263,013	(1.1)
Judicial Deposits	77,667	86,346	11.2
Agribusiness Letters of Credit + Mortgage Bonds	7,431	34,075	358.6
Repurchase Agreements Operations with Private Securities	664	9,554	-
Money Market Borrowing	195,175	225,787	15.7
Shareholders' Equity	58,416	66,070	13.1

(1) Includes private securities and guarantees.

(2) Includes total deposits, Agribusiness Letters of Credit (LCA), Mortgage Bonds (LCI) and repurchase agreements operations with private securities.

The funding structure of Banco do Brasil is diversified, with a lower volume of deposits and a higher volume of Agribusiness Letters of Credit (LCA) and other commercial papers, as shown in the following table. Attention should also be drawn to foreign borrowing and the issuance of Hybrid Capital plus Debt Instruments (HDCI) in Brazil in 2012. The loan portfolio remains the primary destination of funding raised, accounting for 78.1% of total funding in December 2012.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

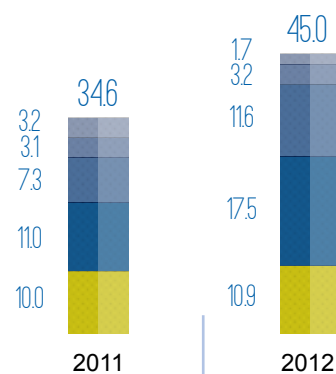
SOURCES AND USES (R\$ MILLION)	2011		2012		VARIATION (%)
	BALANCE	SHARE (%)	BALANCE	SHARE (%)	
Sources	576,335	100.0	690,414	100.0	19.8
Commercial Funding	450,480	78.2	515,714	74.7	14.5
Total Deposits	442,386	76.8	472,085	68.4	6.7
Agribusiness Letters of Credit + Mortgage Bonds	7,431	1.3	34,075	4.9	358.6
Repurchase Agreement Operations with Private Securities	664	0.1	9,554	1.4	1,339.1
Domestic Onlending	50,991	8.8	63,519	9.2	24.6
Financial and Development Funds	4,002	0.7	5,089	0.7	27.1
Subordinated Debt	25,101	4.4	32,657	4.7	30.1
Other Commercial Papers⁽¹⁾	8,708	1.5	9,853	1.4	13.1
Domestic Hybrid Debt Capital Instruments (HDCI)	-	-	8,215	1.2	-
Foreing Borrowing⁽²⁾	37,053	6.4	55,368	8.0	49.4
Uses	576,335	100.0	690,414	100.0	19.8
Available Funds	52,460	9.1	70,832	10.3	35.0
Compulsory Deposits	93,660	16.3	80,098	11.6	(14.5)
Net Loan Portfolio (a) + (b) - (c)	430,215	74.6	539,484	78.1	25.4
Classified Loan Portfolio (a)	422,989	73.4	525,672	76.1	24.3
Private Securities (b)	26,241	4.6	35,022	5.1	33.5
Allowance for Loan Losses (c)	(19,015)	(3.3)	(21,210)	(3.1)	11.5
Indicators (%)					
Net Loan Portfolio/Total Deposits	97.2		114.3		
Net Loan Portfolio/Funding	95.5		104.6		
Net Loan Portfolio/Sources	74.6		78.1		

(1) Includes letters of credit and debentures (EN 19).

(2) Includes offshore loans, obligations for offshore securities, obligations for offshore on-lending, offshore subordinated debt and offshore HDCI.

Foreign borrowing stood at US\$45.0 billion in December 2012, up by 30.1% over the figure for 2011, the highlight being offshore bond issues, including: HDCI of US\$1.0 billion in January, the subject of the Best Financing Innovation award; senior debt in Euros and Yens in September, which marked the return of BB to the Japanese market. In October the Bank once again went to the offshore market to issue ten-year bonds totaling US\$1.9 billion.

FOREIGN BORROWING (US\$ BILLION)



■ Repos
 ■ Individuals
 ■ Companies
 ■ Bond Issues
 ■ Interbanking

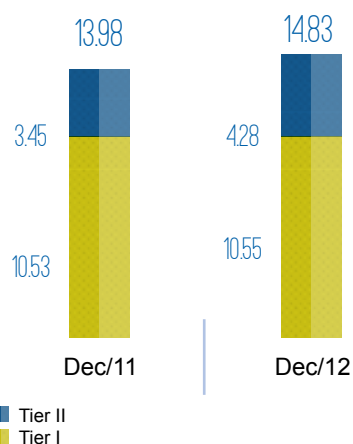


THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

BIS RATIO

The BB BIS Ratio was 14.83% in December of 2012, exceeding the 11% minimum stipulated by the Central Bank of Brazil, indicating a R\$27.9 billion excess of Referential Equity (RE).

BIS RATIO (%)



LOAN PORTFOLIO

The loan portfolio – broad concept stood at R\$580.8 billion in 2012, growth of 24.9% in 12 months as shown in the following table. The domestic market share of the classified loan portfolio of Banco do Brasil stood at 20.4% in 2012, indicating an increase over the figure for 2011, of 19.2%.

LOAN PORTFOLIO - CLASSIFIED AND BROAD CONCEPT (R\$ MILLION)	2011		2012		VARIATION (%)
	BALANCE	SHARE (%)	BALANCE	SHARE (%)	
Classified Loan Portfolio (a)	422,988	100.0	525,672	100.0	24.3
Brazil	390,508	92.3	480,626	91.4	23.1
Individuals	130,561	30.9	151,869	28.9	16.3
Payroll Loans	51,246	12.1	58,589	11.1	14.3
Salary Loans	15,327	3.6	17,118	3.3	11.7
Auto Loans	31,329	7.4	35,887	6.8	14.5
Mortgage	6,035	1.4	10,202	1.9	69.0
Credit Cards	13,193	3.1	15,888	3.0	20.4
Overdraft Accounts	2,554	0.6	2,459	0.5	(3.7)
Others	10,877	2.6	11,725	2.2	7.8
Companies	171,289	40.5	221,774	42.2	29.5
SME	68,062	16.1	88,926	16.9	30.7
Medium and Large	103,227	24.4	132,848	25.3	28.7
Agribusiness	88,658	21.0	106,984	20.4	20.7
Individuals	57,194	13.5	74,051	14.1	29.5
Companies	31,465	7.4	32,933	6.3	4.7
Abroad	32,480	7.7	45,046	8.6	38.7
Private Securities (a) and Guarantees (b)	42,104		55,127		30.9
Loan Portfolio Broad Concept (a + b)	465,092	100.0	580,799	100.0	24.9
Individuals	130,589	28.1	152,568	26.3	16.8
Companies	210,166	45.2	273,828	47.1	30.3
Agribusiness	89,361	19.2	107,971	18.6	20.8
Abroad	34,976	7.5	46,431	8.0	32.8



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

The broad concept portfolio of loans to individuals ended the month of December at R\$152.6 billion, an increase of 16.8% in 12 months and accounting for 26.3% of the total. Taking into account the organic loan portfolio alone, that is, after excluding out acquired loan portfolios and 50% of the transactions of Banco Votorantim, the individual loan portfolio grew by 25.9% in 12 months. This performance benefited from the launch of the BOMPRATODOS strategy.

There was important organic growth in the auto loans portfolio, which stood at R\$11.0 billion in December 2012 (+134.9% over December 2011); the profile of these transactions continues to adhere to the strict credit analysis criteria adopted by the Bank. Payroll loans totaled R\$58.6 billion in December 2012, growing by 14.3% over the same period of 2011. The BB's market share in this segment stood at 31.2% in December 2012.

Mortgage have grown consistently since operations began in 2008. In the case of individual loans, the mortgage portfolio stood at R\$10.2 billion in December 2012, growth of 69.0% for the year. The market share of BB amounted to 3.7% at the end of 2012, against 3.0% at the end of 2011. The mortgage portfolio for companies also stood out, achieving a balance of R\$2.7 billion in December 2012. In all, the balance of the mortgage portfolio (individuals + companies) stood at R\$12.9 billion in December 2012 (+68.5% in 12 months). Total disbursements were R\$7.1 billion in 2012 (+43.2% over the previous year).

The companies loan portfolio broad concept stood at R\$273.8 billion, with growth of 30.3% in the annual comparison and accounting for 47.1% of the total loan portfolio. Taking the companies loan portfolio as a whole, worthy of note is the growth in working capital facilities (stocks, receivables, credit cards and overdraft accounts), with a balance of R\$153.3 billion and growth of 35.6% over December 2011.

Credit lines for manufacturing investment stood at R\$87.4 billion (taking into account R\$44.6 billion for companies and R\$42.8 billion for agribusiness) in December 2012 (+25.0% in 12 months). Credit disbursements for investment rose to R\$42.8 billion (+27% in

relation to 2011) in 2012, the highlight being on-lending facilities from the BNDES, Pronaf (family agriculture program), Agricultural Investment, FCO and Proger facilities, with 73% of these funds intended for micro and small enterprises (SME) and rural producers. In the case of funds for on-lending from the BNDES, since 2008 BB has been the leading financial agent in global on-lending, with a market share of 28.6% in 2012.

Credit transactions with SMEs stood at R\$88.9 billion in December 2012 (+30.7% in 12 months). It should be pointed out that the performance over the period benefited from the BOMPRATODOS Program. In addition, BB has availed itself of the Operations Guarantee Fund (FGO) and the Fundo de Aval (supplementary guarantee fund), or Fampe, for micro and small enterprises, which enables SMEs to access credit while reducing the costs for the end borrower. Thus working capital facilities for SMEs grew by R\$13.2 billion in 12 months, to R\$61.0 billion in December 2012.

Investment credit lines for SMEs ended December 2012 at R\$25.9 billion, with growth of 40.9% in 12 months. Worthy of mention is the Cartão BNDES (a credit card facility) in which BB is market leader in terms of amounts disbursed, the number of cards issued and transactions closed, which at the end of 2012 showed accumulated disbursements of R\$17.9 billion since the program began. This amount represented growth of R\$7.2 billion in the last 12 months, with 67.4% of cards issued in the market.

The broad concept foreign loan portfolio stood at R\$46.4 billion in December 2012, a balance 32.8% higher than that of December 2011. The balance of pre- and post-shipment export financing (ACC/ACE) stood at R\$11.2 billion in December 2012, growth of 15.8% in 12 months, guaranteeing BB a market share of 32.1% at the end of 2012.

Banco do Brasil is absolute leader in agribusiness loans, with 62.5% market share. The broad concept agribusiness portfolio, including rural and agroindustrial loans, accounted for 18.6% of the total loan portfolio in December 2012, reaching R\$108.0 billion with growth of 20.8% in 12 months.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

Pronaf and Pronamp facilities stood at R\$24.2 billion and R\$11.9 billion, respectively, with growth in 12 months of 20.7% and 66.1%, respectively. These transactions were boosted by adjustments to credit conditions, which expanded the target public. Agribusiness loans to individuals reached R\$74.1 billion in December of 2012, growth of 29.5% over December 2011, while the agribusiness portfolio of loans to companies showed a balance of R\$32.9 billion (+4,7%).

Transactions for financing the 2012/2013 crop, with risk mitigation clauses in the contracts, stood at 53.0% of the portfolio in December 2012, or R\$6.8 billion. Delinquency ratios in the agribusiness portfolio remain

low, with transactions more than 90 days past due representing 0.6% against 0.7% in December 2011.

The indicator that measures delays of more than 90 days in transactions in the consolidated view of BB ended December 2012 at 2.05% (1.77% when Banco Votorantim transactions are excluded), a much lower level than that of the Brazilian Banking Industry, which was 3.64% in the same period. BB also has a better credit structure than the industry as a whole. Transactions classified at risk levels AA-C ended December 2012 at 94.5% of the total portfolio, against 92.4% for the banking industry as a whole. The following table shows the quality indicators of the loan portfolio.

CLASSIFIED LOAN PORTFOLIO QUALITY INDICATORS (%)	2011	2012
Non-Provision Loans + 15 Days/Total Portfolio	3.63	3.29
Non-Provision Loans 15-59 Days/Total Portfolio	1.14	0.91
Non-Provision Loans + 60 Days/Total Portfolio	2.49	2.38
Non-Provision Loans 15-89 Days/Total Portfolio	1.47	1.24
Non-Provision Loans + 90 Days/Total Portfolio	2.16	2.05
AA-C Risk/Total Portfolio	93.9	94.5
Allowances/Loan Portfolio	4.50	4.03
Individuals Allowance/Loan Portfolio	6.84	5.95
Companies Allowance/Loan Portfolio	3.10	3.27
Allowance/Non-Provision Loans + 60 days	180.4	169.8
Allowance/Non-Provision Loans + 90 days	207.6	196.5
Average Risk BB	4.08	3.81
Average Risk – Brazilian Banking Industry (BI)	5.67	5.52
Non-Provision Loans + 90 Days/Total Portfolio – BI	3.60	3.64

ALLOWANCE FOR LOAN LOSSES OVER CLASSIFIED LOAN PORTFOLIO (R\$ MILLION)	2011	2012	VARIATION (%)
(A) Allowance for Loan Losses – Quarterly	(2,892)	(3,636)	25.7
(B) Allowance for Loan Losses – 12 Months	(11,827)	(14,651)	23.9
(C) Classified Loan Portfolio	422,989	525,672	24.3
(D) Average Classified Portfolio – 3 Months	412,439	508,432	23.3
(E) Average Classified Portfolio – 12 Months	383,408	459,978	20.0
Expenses over Portfolio (A/D) (%)	0.70	0.72	
Expenses over Portfolio (B/E) (%)	3.08	3.19	



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

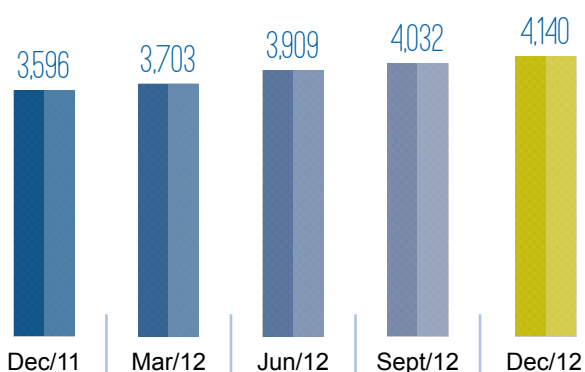
THE BOMPRATODOS PROGRAM

In April 2012, the BOMPRATODOS Program was launched, comprising a set of measures that included financial advisory services, lower interest rates on the principal credit lines intended for individuals and micro and small enterprises and improved relations with customers.

The following charts show the evolution of the principal products provided to individual customers within the BOMPRATODOS Program. In traditional products such as payroll loans and consumer loans the program enabled the Bank to sustain its growth trajectory, thereby strengthening its privileged position in these segments.

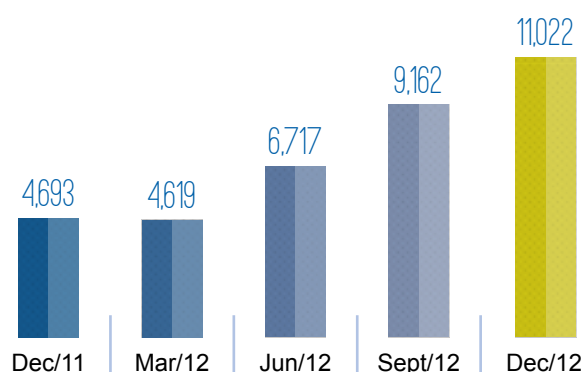
The portfolio of BB showed significant growth, ending December 2012 with a balance of R\$570 million, an increase of 130.4% over March 2012. Auto loans transactions originated at BB branches amounted to R\$11.0 billion in December 2012 (+138.6% in the same comparison). It should be pointed out that there were no changes to the analysis criteria for granting loans in new transactions, thus ensuring the quality of the portfolio. Furthermore, auto loans transactions for individuals are concentrated in A and B (Private and Estilo) customers who have been account holders for more than 5 years.

INSS PAYROLL LOAN (R\$ million) ⁽¹⁾

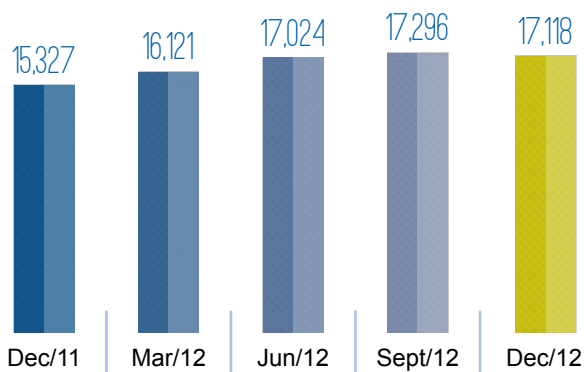


(1) Does not include loans acquired.

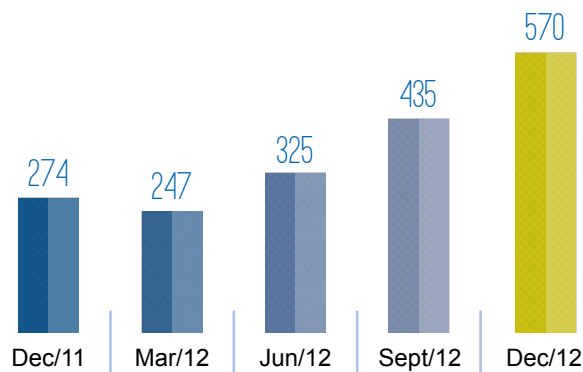
AUTO LOANS (R\$ million)



CONSUMER FINANCE (R\$ million)



BB CREDIÁRIO (R\$ million)



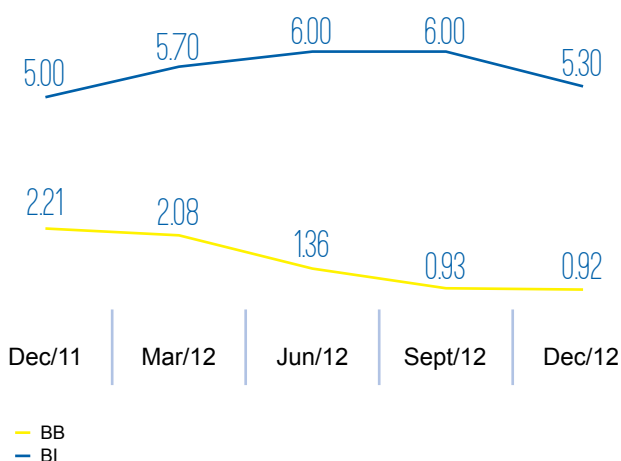


THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

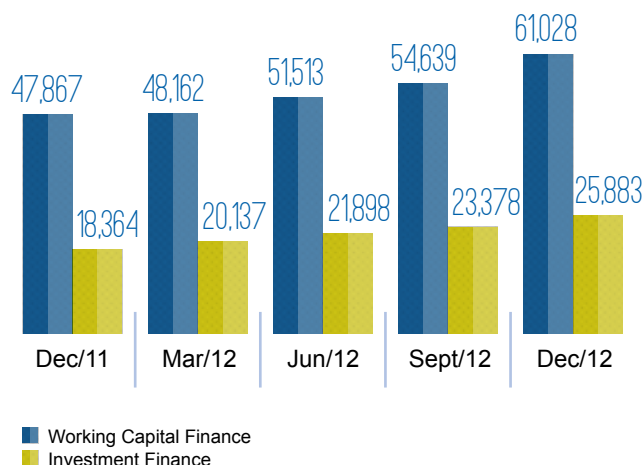
The following chart shows that the non-performing loans for more than 90 days in the BB auto loans portfolio is less than that of the banking system in general. When broken down by risk level, this portfolio shows that 94.4% of these transactions are concentrated between levels AA and C, an improvement of 440 basis points in relation to December 2011.

Growth in the balances of working capital and investment loans to micro and small enterprises (SMEs) can be seen in the following chart. When compared to the figures for March 2012, these transactions showed growth of 18.5% and 18.2%, respectively, boosted by the BOMPRATODOS Program which added volume while improving relationships with SME customers.

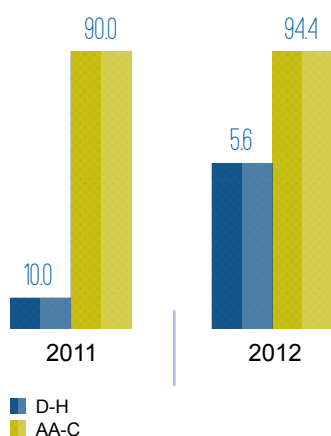
NPL + 90 DAYS - BB ORGANIC X BI (%)



WORKING CAPITAL AND INVESTMENT (R\$ million)



AUTO LOANS PORTFOLIO BY RISK LEVEL (%)





THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

FEE INCOME

The growth in the supply of credit, the Bank's strong position in the retail segment driven by the reformulation of the service network structure, customer loyalty and extended customer relationships, as well as the BOMPRATODOS Program have contributed to customer base growth and a higher business volumes, which in turn has led to the diversification of fee income. This income grew by 15.5% in 2012.

FEE INCOME (R\$ MILLION)	2011	2012	VARIATION (%)
Fee Income	18,242	21,071	15.5
Credit/Debit Cards	3,926	4,739	20.7
Account Fees	4,077	4,356	6.9
Asset Management	3,197	3,582	12.0
Loans Operations	1,822	2,141	17.5
Collections	1,241	1,316	6.1
Billings	725	832	14.7
Interbank Fee Income	640	697	9.0
Insurance, Pension Plans and Premium Bonds	499	616	23.5
Capital Market	350	454	29.9
Others	1,764	2,338	32.5

Credit card revenues stood at R\$99.4 billion in 2012, up by 23.0% over the previous year. The highlights were income on corporate credit cards and the Cartão BNDES card program, which together grew by 33.9% in the year. Thus the balance of the total credit card portfolio rose by 33.5% over the previous year, reaching a financial volume of R\$27.2 billion.

Banco do Brasil, through BB Asset Management – BB DTVM, has been the leader in the Brazilian investment funds industry since 1994. In December 2012, BB attained a total of R\$444.0 billion in funds under management, with a market share of 20.0%. Market share would have been 20.7% if it takes into account 50.0% of the balance of funds managed by BV through Votorantim Asset Management – VAM (R\$34.0 billion in December 2012).

Additional information about fee income, cards, income from insurance and third-party funds management, as well as the Bank's capital market activities can be found in the Performance Analysis report available at www.bb.com.br/ir.

The Mais BB Correspondent Network, which includes Banco Postal, attracted over 2.3 proposals for new opening of checking accounts in 2012, including 556,000 new credit cards issued and credit disbursements of R\$7.4 billion, making a total of 1.5 million transactions. Comparing the production of this channel with the year 2011, there was an increase of 146% in credit disbursements. Of this total, payroll loans accounted for 35%.

ADMINISTRATIVE EXPENSES

Administrative expenses grew by 13.9% between 2011 and 2012, primarily on account of expenses incurred during part of the year arising from: (i) the partnership with the Mapfre insurance group, (ii) the acquisition of Banco Patagonia and (iii) the acquisition of the right to use the Banco Postal service network.

Excluding these three factors, administrative expenses rose by 10.1% in the same comparison, resulting from the salary increases granted in September 2011, the base date, higher administrative provisions on account of the inflation between October 2011 and September 2012, the increase in headcount during the period, adjustments to miscellaneous contracts and the expansion of the service network.



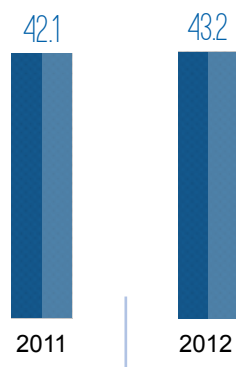
THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

ADJUSTED ADMINISTRATIVE EXPENSES (R\$ MILLION)	2011	2012	VARIATION (%)
Administrative Expenses	(24,752)	(28,194)	13.9
Personnel Expenses	(13,943)	(15,777)	13.1
Other Administrative Expenses	(10,809)	(12,417)	14.9

COST/INCOME RATIO

The cost/income ratio, the ratio of administrative expenses to operating income, ended the year at 43.2% (accumulated in 12 months). This performance can be explained by the lower amount booked in regard to the recognition of actuarial gains and losses from the Previ Benefits Plan I, in addition to factors that impacted the administrative expenses mentioned in the previous section.

COST/INCOME RATIO (%) ⁽¹⁾



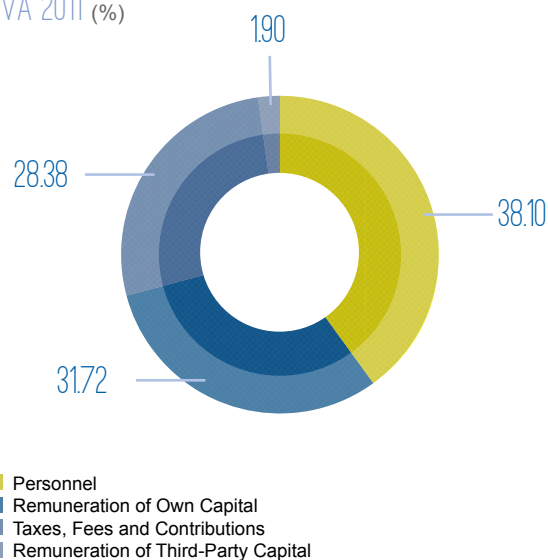
■ Accumulated Cost/Income Ratios in 12 Months

(1) The cost/income ratio series was revised to reflect the adjusted net income.

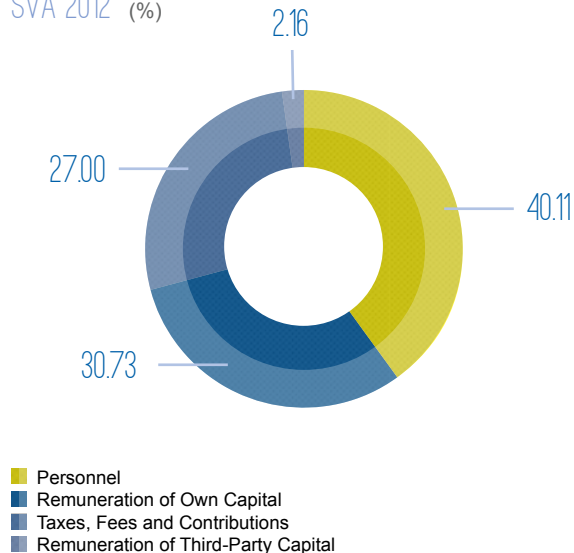
COMPARATIVE ANALYSIS OF THE SVA

GRI EC1

SVA 2011 (%)



SVA 2012 (%)





THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

STATEMENT OF VALUE ADDED (SVA)	BB CONSOLIDATED			
	FISCAL YEAR 2011		FISCAL YEAR 2012	
	BALANCE (R\$ THOUSAND)	%	BALANCE (R\$ THOUSAND)	%
Revenues	114,919,185		115,121,349	
Revenue from Financial Intermediation	103,329,631		103,761,871	
Services and Bank Fee Income	18,241,576		21,071,165	
Allowances for Loan Losses	(11,975,091)		(13,871,868)	
Other Revenues/Expenses	5,323,069		4,160,181	
Expenses with Financial Intermediation	(65,247,634)		(62,183,187)	
Inputs Acquired from Third Parties	(8,144,138)		(9,467,355)	
Materials, Energy and Others	(495,336)		(535,432)	
Third-Party Services	(1,294,143)		(1,766,910)	
Communications	(1,354,235)		(1,410,206)	
Data Processing	(667,731)		(813,517)	
Transportation	(857,868)		(1,214,679)	
Surveillance and Security Services	(763,813)		(840,936)	
Financial System Services	(661,529)		(743,601)	
Advertising and Publicity	(420,337)		(473,791)	
Others	(1,629,146)		(1,668,283)	
Gross Value Added	41,527,413		43,470,807	
Amortization/Depreciation Expenses	(3,343,603)		(3,509,170)	
Net Value Added Produced by the Entity	38,183,810		39,961,637	
Value Added Received Via Transfers	454,879		263,603	
Equity Income from Associate Companies/Subsidiaries	454,879		263,603	
Total Value Added to Be Distributed	38,638,689	100.00	40,225,240	100.00
Value Added to Be Distributed	38,638,689	100.00	40,225,240	100.00
1. Personnel	14,721,248	38.10	16,134,489	40.11
Salaries and Emoluments	9,444,814		10,401,537	
Employee and Management Profit Sharing	1,790,543		1,835,262	
Benefits and Training Courses	2,013,294		2,255,337	
Employee Dismissal Fund (FGTS)	606,662		672,519	
Other Surcharges	865,935		969,834	
2. Taxes, Fees and Contributions	10,963,798	28.38	10,861,235	27.00
Federal	10,033,785		9,845,064	
State	2,739		788	
Municipal	927,274		1,015,383	
3. Remuneration of Third-Party Capital	734,522	1.90	868,618	2.16
Leases	734,522		868,618	
4. Remuneration of Own Equity	12,219,121	31.62	12,360,898	30.73
Interest on Own Capital	1,804,385		1,981,700	
Interest on Own Capital, Other Shareholders	1,246,923		1,372,092	
Brazilian Government Dividends	1,092,745		927,779	
Other Shareholder Dividends	754,880		642,377	
Retained Earnings	7,227,057		7,281,172	
Minority Interests in Retained Earnings	93,131		155,778	



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

The principle variations in the Statement of Value Added between 2012 and 2011 are:

1. Personnel: in 2012, classroom training was given to 50,850 employees. The implementation of the new BOMPRATODOS concept was preceded by distance learning initiatives, with 10,415 employees receiving training in the Strategic module, 52,565 in the Business module and 61,762 in Mortgage and Auto Loans. Together with Banco Postal (BP), 8,579 multipliers were trained, who in turn trained 12,000 employees of BP. With regard to the Minha Casa Minha Vida Real Estate Lending Program, 5,469 employees were trained for the purpose of developing specific competencies for real estate credit. Some 4,100 agents were also trained to operate in Oriented Productive Microcredit, while training initiatives were also taken aimed at transforming the sales force. Training measures were also taken in terms of Operational Efficiency and Strategic Planning for 160 executives and 1,153 Divisional and Support Unit Managers, with the aim of disseminating the concepts and culture of productivity and efficiency.

2. Taxes, fees and contributions: fiscal benefits on Interest on Own Capital (JCP).

3. Remuneration of third-party capital: the month of August saw the constitution of the BB Progressivo II Real Estate Investment Fund, whose assets comprise 64 properties located throughout Brazil and which belonged to Banco do Brasil. The Bank will continue using the properties, which have been leased for an initial period of ten years. At the public offering for the distribution of units held in November, 15,919,690 units were subscribed and paid up, each with a value of R\$100.00.

4. Remuneration of own capital: earnings per share at Banco do Brasil stood at R\$4.30 in 2012. BB once again distributed 40% of net income to its shareholders (payout) and channeled R\$4.9 billion as remuneration, of which R\$1.6 billion in dividends and R\$3.3 billion in Interest on Own Capital.

ANALYSIS BY BUSINESS SEGMENT GRI FS6 | FS7 | FS11

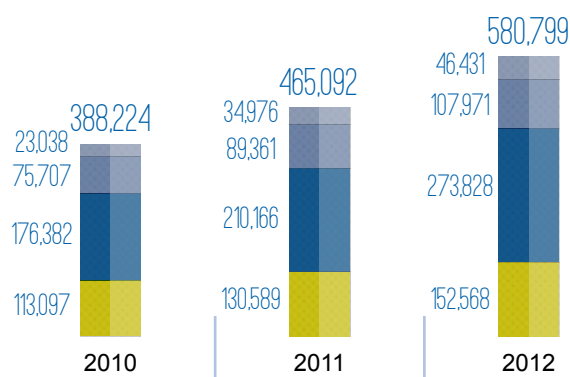
CHALLENGE 15.

To enhance and systematize the identification of business opportunities for developing products that meet the demands created by environmental matters (trends/new regulations on the use of natural resources) and climate change (demands for infrastructure financing in order to adapt to climate change). See how BB is facing up to this challenge on page 41.

CREDIT

The loan portfolio-broad concept of the BB – which takes into account guarantees and private securities – stood at R\$580.8 billion in December 2012, with growth of 24.9% in 12 months, representing a 20.4% share of the domestic credit market.

LOAN PORTFOLIO - BROAD CONCEPT (R\$ million) ⁽¹⁾



■ Individuals
■ Companies
■ Agribusiness
■ Offshore

(1) Includes domestic and offshore loan portfolios, guarantees provided and private securities.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

Delinquencies remained under control. The indicator for measuring operations that are more than 90 days past due (the ratio of loans more than 90 days past due to the loan portfolio) ended the period at 2.1%. If we compare this indicator with that of the Brazilian financial system, 3.6%, one can see that delinquencies at BB remain at low levels. The Bank also has a better credit structure than the industry as a whole. Transactions classified at risk levels AA-C ended December 2012 at 94.5% of the total portfolio, against 92.4% for the banking industry as a whole.

Social Businesses GRI FS4 | FS10 | EC2

In line with its mission of fostering Brazil's sustainable development, also operates through a series of economically profitable social businesses intended for solving social and environmental challenges facing communities. Provided on a regional basis, they play an important role in fostering public policies and in the development of local economic potential.

Some examples of the Institution's social businesses are the Minha Casa Minha Vida Real Estate Lending Program (PMCMV), the Student Financing Fund (Fies), the National Program for the Strengthening of Family Farming, Oriented Productive Microcredit (MPO) and the BB Accessibility Loan program described below with the performance of the business segments.

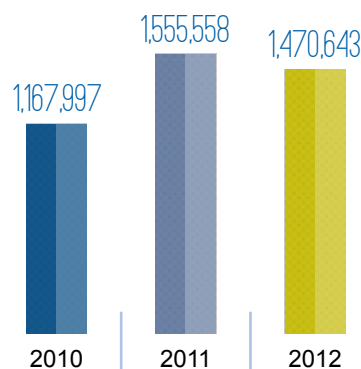
In order to enhance the understanding and engagement of its executives in this type of initiative, in 2012 the Bank held the Social Businesses Workshop to introduce the principal experiences of the Yunus Social Business and BB's achievements in this field.

The Bank also relies on the Sustainable Regional Development Business Strategy that seeks to bolster the regions where it operates by mobilizing economic, social and political agents to support manufacturing activities that are economically viable, socially just and environmentally correct, and which take into account local diversity.

The awareness and training phase contemplated in the methodology of this business strategy includes improving employee performance on the theme of sustainable development, so that are capable of undertaking sustainable businesses. By fostering training and dissemination of these concepts, the organizational culture of socio-environmental responsibility dovetails with the bank's strategic management and contributes to improving business performance.

Among the main manufacturing activities supported by the SRD Business Strategy in 2012, worthy of note is the regional approach in urban centers, where priority was given to solid waste chains, taxi drivers, beach businesses, gastronomy centers, street vendors and fairs, handicrafts and organic/eco-farming. In the case of solid waste, Banco do Brasil was present at Expo-catadores 2012 and held workshops on financial education for recyclable material cooperatives and pickers, covering such themes as how the Bank works, financial organization and banking products and services. In the case of taxi drivers, 21,000 professionals benefited from 34 SRD Business Plans. In the countryside, the emphasis was on the sheep and goat breeding segment in which the Bank provided credit within the scope of the Program for Productive, Integrated and Sustainable Inclusion of Sheep and Goat Breeding in the Semi-arid Regions – the Caatinga (or dry brushland) Biome. By the end of the period the portfolio totaled R\$65 million, which benefited 28,000 producers on family-run farms under 54 SRD Business Plans.

SRD BENEFICIARIES

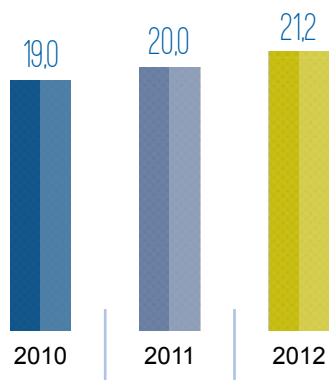


Considered to be individuals and businesses directly involved in production activity with the support of and benefiting from the actions of the Bank or the Bank's partners in Sustainable Regional Development Business Plans.



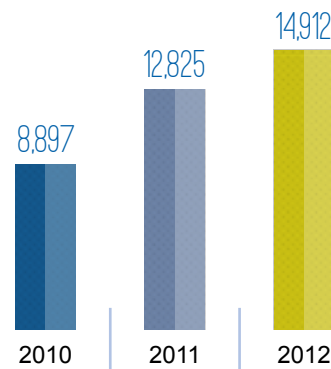
THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

SRD INVESTMENT USING
NON-REIMBURSABLE FUNDS (R\$ million)



Includes the BNDES (Social Fund), Fundação Banco do Brasil and Besc Clube.

SRD LOAN PORTFOLIO (R\$ million)



Individuals Loans

Growth of 16.8% in 2012 was driven by the development of the BOMPRATODOS strategy. At the end of the period the broad concept personal loan portfolio showed a balance of R\$152.6 billion, accounting for 26.3% of the total.

Payroll loans continue to take the lion's share of the personal loan portfolio, with 38.6% of the total, which also takes into account the acquisition of the portfolios and the equity interest in Banco Votorantim. With the strategy of having a qualified customer base and focusing on lower-risk credit lines the payroll loan portfolio grew by 14.3% in 2012, boosting the Bank's leadership in this segment, with a market share of 31.2%.

Mortgage loans ended 2012 with the balance of R\$10.2 billion, up by 69.0% over the previous year. Disbursements for the year stood at R\$5.1 billion, 69.2% higher than in the same period of 2011.

BB also exceeded the target set for the Minha Casa, Minha Vida (PMCMV) Program in 2012, with over 114,000 housing units contracted in bands 1, 2 and 3. The first projects in band 1 (monthly family income of up to R\$1,600.00) commenced in June, and the Bank has already contracted 50,349 housing units in developments located in 17 Brazilian states.

In 2012, the Bank's strategy for operating in Oriented Productive Microcredit (MPO) was reviewed to extend the program to entrepreneurs. Hand-in-hand with the Brazilian government's National Micro Credit Program (Crescer) the BB's strategy in MPO is to increase access to oriented credit and foster the development of small projects represented by micro companies with revenues of up to R\$120,000, including individual entrepreneurs with gross annual revenues of up to R\$60,000, as well as entrepreneurs working in the informal market with a gross monthly income of up to R\$5,000.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

The service model includes financial advisory services and credit facilities on terms and conditions compatible with the segment. At the end of 2012, the Bank had captured 534,000 active customers (with at least one on-going credit transaction) within the MPO scope, with disbursements totaling R\$730 million.

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	TOTAL PORTFOLIO IN 2012 (R\$ THOUSAND)	NUMBER OF TRANSACTIONS CLOSED IN 2012
BB Accessibility Loans: personal loans for financing goods and services for persons with disabilities, based on Provisional Measure No. 550 of November 17, 2011	14,595	3,207
Student Financing Fund (Fies): student loans to finance undergraduate courses for students in no condition to meet the costs of their education, in line with the government's public policy of democratizing access to quality education	6,327,788	183,163
FAT – Funded Loans for Taxi Drivers: auto loans for individuals, where the fuel used is from renewable resources. This facility used funds from the Workers' Assistance Fund (FAT), leading to the creation of jobs and income	142,272	3,184
Minha Casa Minha Vida Real Estate Lending Program ⁽¹⁾: covers financing for developments that meet requisites such as inclusion of the elderly and those with special needs; environmental standards and attitudes, such as the use of equipment and solutions; compliance with recommendations when executing projects; and fostering discussions and distribution among their members of knowledge about how to reuse materials, rational use of natural resources, alternative low-cost methods for heating water/degradable construction materials/others, risks arising from the failure to preserve the environment and other pertinent matters	809	7,785
BB Sustainable Regional Development Microcredit: a credit facility for urban entrepreneurs who are beneficiaries of SRD Business Plans; intended to meet the financial needs of micro entrepreneurs	118,603	18,476
BB Individual Entrepreneur Microcredit: credit facilities for individual customers for working capital or investment purposes; intended to meet the financial needs of small enterprises in line with the National Program for Oriented Productive Microcredit	526,023	471,698

(1) In the individual segment 7,725 transactions were closed, bringing the total portfolio to R\$513,000. In the business segment 60 transactions were closed, totaling R\$295,200 at the end of 2012.

Companies Loans

The companies loan portfolio – broad concept stood at R\$273.8 billion, with growth of 30.3% in the annual comparison and accounting for 47.1% of the total broad concept loan portfolio. Worthy of note was the growth in working capital facilities of 39.7% year on year, on account of the positive influence of the huge volume of transactions with companies in the corporate and large corporate segments.

Banco do Brasil continued to be the principal ally of the micro and small enterprise segment. The balance of transactions with SMEs in December 2012 was R\$88.9 billion, an increase of 30.7% over the same period of 2011. Once again this performance benefited from the BOMPRATODOS Program. In addition, BB has availed

itself of the Operations Guarantee Fund (FGO) and the Fundo de Aval (supplementary guarantee fund), or Fampe, for micro and small enterprises, which affords SMEs greater access to credit while reducing the costs for the customer.

Investment credit lines for SMEs ended the year at R\$25.9 billion, with growth of 40.9% in 12 months. Worthy of mention is the Cartão BNDES (a credit card facility) in which BB is market leader in terms of amounts disbursed, the number of cards issued and transactions closed, which at the end of 2012 showed accumulated disbursements of R\$17.9 billion since the program began. This amount represented growth of R\$7.2 billion in the last 12 months, with 67.4% of cards issued in the market.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

In the case of trade finance, a segment in which BB is market leader, the highlight was the growth in pre- and post-shipment export finance (ACC/ACE) transactions, which closed the year with a balance of R\$11.2 billion, representing growth of 15.8% in 12 months, ensuring BB of a 32.1% market share at the end of the period.

In 2012, BB strengthened its position as one of the most important financing agents for infrastructure investment credit in Brazil. During the year large projects were approved in the fields of energy, oil, highway infrastructure and shipbuilding, totaling R\$47.5 billion. Of this total R\$14 billion were disbursed during the fiscal year.

Disbursements of investment credit stood at R\$42.8 billion, 27.0% higher than in 2011, the highlights being the on-lending of BNDES funds, the Pronaf Program, agri-business investment and the FCO and Proger Programs. It should be pointed out that 73.0% of these funds were intended for the SME and rural producer segments. In the case of funds for on-lending from the BNDES, since 2008 BB has been the leading financial agent in global on-lending, with a market share of 28.6% in 2012.

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	TOTAL PORTFOLIO IN 2012 (R\$ THOUSAND)	NUMBER OF TRANSACTIONS CLOSED IN 2012
BB Business Entrepreneur Microcredit: credit facilities for business customers for working capital or investment purposes intended to meet the financial needs of small enterprises in line with the National Program for Oriented Productive Microcredit, directly at the location where the economic activity is carried on, in order to provide guidance and monitor the business	202,938	58,403
BB Giro Rápido (easy-access working capital): pre-approved credit facility to meet the working capital requirements of micro and small enterprises. The line includes two types of credit – overdrafts and a revolving fixed credit that adds social value by providing micro and small enterprises with marketing differentials. The product offers advantages, such as a simplified credit approval process, while the transactions are covered by the Operations Guarantee Fund (FGO), which facilitates access to credit	5,785,857	165,994
Banco do Brasil Working Capital for Local Production Arrangements: working capital facility for micro and small enterprises associated with Local Productive Arrangements (or clusters). These facilities can be taken out with the guarantee of the Operations Guarantee Fund (FGO), which facilitates access to credit for micro and small enterprises, since the presentation of guarantees represents one of the principal barriers when taking out loans; there is also the possibility of lower financial charges	64,712	1,439
FAT – Funded Tourism Finance: working capital and investment facilities providing financial support to micro and small enterprises, with the aim of expanding business opportunities while creating jobs and income on account of the 2014 FIFA World Cup and the Confederations Cup in 2013	226,039	2,072
Proger Program: financing intended for micro or small enterprises for investment projects, with or without an underlying working capital loan, which promote the generation or maintenance of jobs and income in urban areas, where the aim is the sustainable development of micro and small enterprises under the Program for Generating Urban Jobs and Income – Proger Urbano	3,601,092	16,483



THE BOMPRATODOS PROGRAM **ECONOMIC AND FINANCIAL PERFORMANCE**

Agribusiness

GRI EC2

BB is the biggest partner of Brazilian agribusiness, with a market share of 62.5% of the National Rural Credit System (SNCR). The broad concept agribusiness portfolio produced growth of 20.8% in relation to 2011, closing the year with a balance of R\$108.0 billion. Of this total R\$24.2 billion refer to transactions closed under the National Program for the Strengthening of Family Farming, R\$11.9 billion under the National Program for Supporting Midsize Rural Producers (Pronamp), R\$39.1 billion to other producers, R\$26.6 billion for companies within the agribusiness chain and R\$6.3 billion for farming cooperatives.

It is worth pointing out that when the Bank closes rural credit transactions it uses mechanisms to mitigate risks (inclement weather and prices). In December, 53.0% of agricultural loans for the 2012/2013 crop were covered by production (Farming Insurance or the Proagro Program) and price (options contracts) insurance.

Credit support for sustainable agribusiness can be seen in facilities such as the family agriculture-oriented programs Pronaf Agroecologia, Pronaf Eco, Pronaf Florestal and the Low Carbon Agriculture Program (LCA Program). The latter encourages rural producers to use sustainable farming techniques to reduce greenhouse gas emissions and deforestation. It was the highlight in 2012, with over 7,126 financing contracts closed, amounting to R\$2.7 billion. Between July and December BB applied R\$1.6 billion in the LCA Program, out of a total of R\$1.5 billion for the entire crop of 2012/2013.

Crop finance using the Direct Planting System (SPD), one of the technologies comprising the voluntary commitments Brazil assumed at COP-15, is substantial and accounts for 50.3% of total farm financing by BB in the 2012/2013 crop.

In the case of agribusiness credit policy BB considers, in addition to the risks inherent to the business, those aspects involving the counterpart of socio-environmental responsibility and the ability to generate jobs and income, and does not take credit risk on customers responsible for environmental damage, those that submit their workers to degrading types of work or keep them in working conditions analogous to slavery and that sexually exploit minors, in addition to exploiting child labor. In 2012, 2.9% of the most important contracts contained clauses dealing with slave or analogous labor, against 2.0% in 2011 and 5.3% in 2010. **GRI HR7**

Before granting rural credit, BB demands to see the licensing permit for the activity, the grant of use of water resources and, in the case of the Amazon Biome, proof that the property is environmentally regular and that it abides by the municipal or state Ecological and Economic (ZEE) and Agroecological (ZAE) Zoning arrangements available. **GRI FS1 | FS2**



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	TOTAL PORTFOLIO IN 2012 (R\$ THOUSAND)	NUMBER OF TRANSACTIONS CLOSED IN 2012
BB Florestal – BB FCO Rural Pronatureza – ABC (Low Carbon Agriculture): this program serves to encourage projects intended for environmental protection and conservation, the recovery of areas that have suffered degradation or alteration and the development of sustainable activities. This financing facility for reducing greenhouse gas emissions in farming (LCA Program) enables organic activity to grow while providing resources for the investments required for implementing integrated systems of tillage/stockbreeding, tillage/forestry, stockbreeding/forestry or tillage/stockbreeding/forestry, among others	3,126,313	9,885
BB Florestal – Pronaf Florestal: aims to support investments in projects that meet the requirements stipulated by the Department of Family Agriculture/MDA for: agroforestry systems; environmentally sustainable extractivist exploitation; stewardship and forestry stewardship, including project implementation and maintenance costs; and enhancement of areas that already have a diversified forest cover by planting one or more species native to the biome	11,045	642
BNDES – ABC and BB – Agribusiness Investment MCR 6-4 – Controlled – ABC ⁽¹⁾: the primary purpose of this product is to reduce greenhouse gas emissions arising from farming, reduce deforestation and encourage the recovery of degraded areas	2,472,771	6,703
Pronaf: the National Program for the Strengthening of Family Farming aims to professionalize producers and their families, modernize the production system and enhance the standing of rural family producers. The intention is to provide financial support for farming and non-farming activities that directly employ labor from within the rural producer's family	25,283,567	1,757,984
BB – Agribusiness Investment MCR 6-4 – Controlled and BNDES – Moderagro: a fixed credit facility intended for farming investments, with funds provided by the BNDES. It fosters actions involving animal welfare and the implementation of systems for tracing animals intended for human consumption. The program supports soil recovery, in addition to fostering sectors that produce, process and store products from beekeeping, aquaculture, aviculture, chinchilla breeding, rabbit breeding, floriculture, fruit growing, horticulture, fishing, sheep and goat breeding, dairy cattle, frog breeding, silk worm breeding and pig breeding	118,873	415
BB Farming Investment BB – Traditional Farming Investment MCR 6-4 – Non Equalizable Ouro Savings Account: this program supports soil recovery by providing finance for the purchase, transportation, application and incorporation of remedial products (limestone, agricultural gypsum and remedial composts); forestation and reforestation; the creation of permanent tillage areas by financing the acquisition of inputs, services and improvements required for recovering grazing land	112,450	312
BB Farming Investment – Traditional Farming Investment MCR 6-2: machinery, equipment, trucks, trailers, sugarcane crops, animals, irrigation works, water tanks, soil recovery, the creation of grazing areas, construction, renovation or expansion of warehouses, silos, sheds and other items can be financed under this credit facility	715,899	5,495

(1) Unified products that replace the BB florestal – BNDES Propflora/Produsa/BNDES ABC Program.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

Socio-Environmental Aspects of Credit

GRI FS6 | FS9

As a signatory to the Equator Principles, Banco do Brasil adopts the performance standards of the International Finance Corporation (IFC) when analyzing risks in large-scale financing, so as to ensure that these projects are carried out in a socially responsible manner and that they reflect sound environmental management practices.

The Bank requires a socio-environmental assessment to identify relevant socio-environmental impacts and risks, as well as mitigation and management steps for projects in category A – significant and potential adverse socio-environmental impacts that are considered diverse, irreversible or unprecedented – and category B – potentially limited adverse socio-environmental impacts in lower number and usually location-specific, for the most part reversible and easily offset using mitigation measures.

BB requires the project to abide by the IFC performance standards and the EHS (occupational health and safety) guidelines specific to the sector, in addition to the preparation of an action plan showing the measures for preventing, mitigating and offsetting the socio-environmental

impacts detected by the assessment. This material (either the action plan or its non-technical summary) must be reviewed by an independent environmental specialist and made available to the public in order to assist in the due diligence of the performance indicators under the Equator Principles.

In the case of A and B categories, BB requires the borrower of the loan to undertake to comply with all socio-environmental legislation, regulations and approvals in Brazil; to abide by the action plan (when applicable) while the project is in progress, in all relevant aspects; to provide periodic reports; and to decommission the facilities when applicable and appropriate, in compliance with a previously agreed plan.

Assessments are undertaken on a quarterly or semi-annual basis and submitted to the financial agents by independent socio-environmental specialists. Compliance with the matters raised concerning IFC performance standards is a sine qua non for releasing the tranches of the financing.

Project Finance Analyzed (from the perspective of the Equator Principles) in 2012 and Signed Up

	NUMBER OF PROJECTS ANALYZED AND SIGNED UP	TOTAL INVESTMENT (R\$ MILLION)	BB'S PARTICIPATION (R\$ MILLION)
Categorization of Project Finance ⁽¹⁾			
A	2	12,107	1,672
B	7	959	579
Operational Sector of Project Finance Analyzed			
Energy Generation	9	13,065	2,251
Location (Region) of Project Finance Analyzed			
Midwest	3	8,701	672
Midwest/North	1	3,770	1,200
Northeast	5	594	379
Total	9	13,065	2,251

(1) Based on the Equator Principles (A – high socio-environmental impact; B – average; C – low/minimal).



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

Project Finance Analyzed (in light of the Equator Principles) in 2012 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 ⁽¹⁾			
C	2	1,053	420
Operational Sector of Project Finance Signed Up			
Real Estate Projects	2	1,053	420
Location (Region) of Project Finance Signed Up			
Southeast	2	1,053	420

(1) Based on the Equator Principles (A – high socio-environmental impact; B – average; C – low/minimal).

BB adopts socio-environmental criteria when studying credit limits for companies with annual revenues in excess of R\$50 million and investment projects equal to or exceeding R\$2.5 million, in addition to those applied under the Equator Principles in all project finance-related transactions. Transactions leading to improvements to properties located in the Amazon Biome contain a “penalty clause” in the contracts that provides for suspending the release of pending tranches and early liquidation of the financing in the event of illegal deforestation on the property.

Transactions with funding from the Midwest Constitution Fund (FCO) contain a clause obligating the borrower to

comply with federal, state and local legislation regarding environmental preservation by adhering to the technical and legal criteria for preserving gallery forests, slopes and hilltops, soil conservation and water used in dealing with infestations, the protection of springs, fauna and flora and other aspects of environmental conservation. Bank supervisors monitor the projects being financed using existing criteria.

All loan contracts under the Proger Urban Business and Proger Tourism Investment facilities carry clauses regarding environmental protection, with due regard for federal, state and local legislation.

PERCENTAGE OF CONTRACTS WITH ENVIRONMENTAL CONSERVATION-RELATED CLAUSES	2010	2011	2012
Amazon Biome	-	4.1	4.7
FCO	5.3	5.4	4.5



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

When granting loans BB does not become involved or take risks with customers who submit workers to degrading types of work or keep them in conditions analogous to slavery. The Bank monitors on a day-to-day basis the list published by the register of employers contained in Administrative Ordinance No. 1,150 of the Ministry of National Integration, and ensures that changes are made to the customer's file as and when they occur. With this impediment on their file, customer's credit limit is blocked or expires, meaning they cannot close transactions with the Bank. **GRI HR7**

TRADE FINANCE

As the principal partner of Brazilian trade finance, Banco do Brasil retained its leading position in the export and import finance markets, with US\$63.6 million and US\$46.9 million and market shares of 27.1% and 21.8%, respectively. Pre- and post-shipment transactions (ACC/ACE) ended the year with a market share of 32.1%. Also in 2012 BB consolidated in position as market leader in BNDES Exim facilities, on-lending R\$1.8 billion, with a market share of 27.9%.

FUNDING

At the end of 2012, BB's funding stood at R\$690.4 billion, including domestic and international transactions. The highlights in domestic funding were:

- R\$34.0 billion in Agribusiness Letters of Credit;
- R\$4.0 billion in on-lending and programs and R\$86.3 billion in court deposits and writs of payment;

- R\$8.1 billion intended for financing transactions in the farming industry referring to the 2012/2013 crop, under an agreement signed in September by the BB and the government granting credit under a Hybrid Capital plus Debt Instrument which qualifies as tier I and tier II capital;
- R\$5.21 billion in Subordinated Letters of Credit that qualify as tier II capital. When this issue is taken into account, the nominal balance of subordinated debt transactions on the domestic market totaled R\$10.3 billion.

On the international market the BB undertook five issues, of which two were supported by perpetual subordinated bonds that qualify as tier I capital and comply with the guidelines of Basel III, a subordinated bond issue that qualifies as tier II capital and two issues of Senior Notes. Taking these issues into account, the nominal value of outstanding transactions amounts to US\$12.8 billion.

Marking its return to the Japanese market in September BB raised public senior debt funding in that market (euro-yen transaction) totaling JPY24.7 billion, equivalent to approximately US\$317 million.

BB's largest funding transaction took place in October, when it issued 10-year bonds totaling US\$1.9 billion. Due to demand which exceeded US\$11.4 billion, the rate on the transaction was one of the lowest ever obtained by a Brazilian financial institution.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

MANAGEMENT, FUNDING AND GOVERNMENTAL PROGRAMS

Aware of its institutional mission of carrying out its public functions in an efficient manner, Banco do Brasil has effectively contributed to implementing public programs and policies, true to its commitment to Brazil's development. BB operates as financial agent in credit transactions incentivized by the government and intended for financing public interest actions.

In this respect, worthy of note is the Student Financing Fund (Fies), the result of a partnership between BB, the Ministry of Education and the National Education Development Fund (FNDE) in which the Bank's function is to provide services that involve closing the credit transactions, custody of the government securities and the administration, collection and levying referring to the loan portfolio within the scope of the Fies Program. The service provided by Banco do Brasil enabled the in-house portfolio to reach a balance of R\$6.3 billion, growth of 276.3% over the same period of 2011.

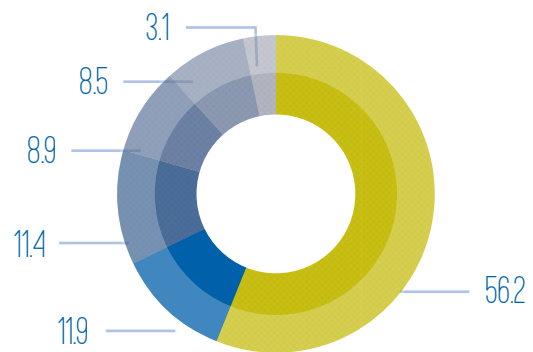
Another highlight is Oriented Productive Microcredit (MPO) within the Brazilian government's Crescer (Growth), where credit is extended to meet the financial requirements of individual entrepreneurs (IE) and small business enterprises engaged in manufacturing activities. At the end of 2012 the MPO Program showed a balance of R\$730 million in working capital and investment credit transactions taken out by individuals and micro enterprises with annual revenues of up to R\$120,000. More than 534,000 customers benefited throughout Brazil.

Launched in February 2012, the BB Accessibility Loan Program is part of the actions of the National Plan for the Rights of Persons with Disabilities – Viver Sem Limite (Living without Borders). Banco do Brasil uses this facility to provide credit for the acquisition of assistive technology products for those with an income of up to 10 minimum salaries. In 2012, the Bank closed 3,200 such transactions totaling R\$14.7 million.

Banco do Brasil met all its targets under the MCMV Program for 2012, achieving growth of 385.3% in comparison with the previous year.

Disbursements by Banco do Brasil for investments stood at R\$42.8 billion in 2012, up by 27% over the previous year, the highlight being on-lending of funds from the BNDES, the Pronaf Family Agriculture Program, Farming Investment and the FCO and Proger programs. It should be emphasized that 73% of these funds were channeled to the micro, small and mid-size enterprise segment, as well as to rural producers.

SHARE OF ON-LENDING FACILITIES IN DISBURSEMENTS (%)



- BNDES/Finame Program
- Pronaf (Family Agriculture) Program
- FCO (Midwest Fund) Program
- Investments in Farming
- Proger Investment Finance Program
- Miscellaneous Investments



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

CARDS

Credit card revenues stood at R\$99.4 billion in 2012, up by 23.0% over the previous year. The highlights were income on corporate credit cards and the Cartão BNDES card program, which together grew by 33.9% in the year. Thus the balance of the total credit card portfolio rose by 33.5% over the previous year, reaching a financial volume of R\$27.2 billion.

Within the BOMPRATODOS strategy the chief highlight for the year involved financial education, which in the case of credit cards involved a reduction of 79% in interest rates on this product while offering financial advisory services to customers via text messages to their cell phones, in order to encourage best practices in the conscientious use of credit, in addition to paying the invoice in installments via credit lines better suited to their requirements.

The strategy also included the offer of BB Installment Plan facilities using cards, with the option of consumer credit at lower interest rates and in up to 54 installments, such as in the case of construction material. To that end the BB launched the Ourocard Crediário (Ourocard Installment Credit) family that functions like the customer's

main card, but with multiple (debit, credit and installment plan) functions in a single piece of plastic. In 2012, BB launched sector-specific cards for tourism and travel, electronic equipment, construction material, computer hardware and wellness, in addition to a general purpose version not intended for any specific segment.

Another important step by Banco do Brasil in expanding the use of the product as an instrument for financial advisory services and inclusion was the unprecedented offer of pre-paid cards, a new departure appearing on the Brazilian market enabling customers to better control their expenses within the family budget, remittance of funds to third parties and the control of expenses in overseas travel and other similar necessities.

In addition, BB has been making inroads into the micro and small enterprises segment with the Ourocard Empresarial (Corporate Ourocard), while also extending the possibilities of drawing down the Bank's traditional credit lines using cards, such as Agribusiness, the BNDES and FCO lines. This enables it to increasingly expand the portfolio with the ELO label, a totally Brazilian label.

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	NUMBER OF CARDS ISSUED IN 2012	GROWTH (%)
Ourocard Empreendedor (for Entrepreneurs): specific credit card for Individual Micro Entrepreneurs, with no annual fee, for the purpose of leveraging credit in this segment and to facilitate the bankarization process and the turnover of financial resources	10,763	104.5
Ourocard Origens Reciclado (cards from recycled plastic): first Banco do Brasil card produced from recycled plastic. With every card requested the customer donates R\$5.00 to Instituto Terra, which fosters the recovery and sustainable management of the Atlantic forest; they also automatically agree to the rounding up of the invoice amount, thus contributing to planting from 1 of 400 trees required to enable 1 water sources to recover	5,846	556.9
Civil Defense Payment Card (CPDC): card intended for payment of expenses involving rescue, assistance to victims and reestablishment of essential services, for exclusive use in emergency situations or those of public calamity and recognized by the National Department of Civil Defense	699	7,666.7
Rounding up of Invoices: Ourocard customers who sign up for this service will have the amount of their invoice rounded up to the next whole figure, and the cents corresponding to this difference will be donated to a BB partner not-for-profit institution. Donations are currently channeled exclusively to Instituto Terra which fosters reforestation of deforested areas of the Atlantic forest biome, and is currently responsible for having recovered more than 40 million m ²	27,069	47.6



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

INSURANCE, PENSION PLANS AND PREMIUM BONDS

The alliance between Banco do Brasil and Mapfre created the largest insurance group on the Brazilian market, with approximately 5,000 employees, 25,000 points of sale (including brokers and bank branches) and 25 million customers.

For the Banco do Brasil and Mapfre (BB and Mapfre Group) Insurance Group the year 2012 was hallmarked by important steps such as the consolidation of the integration process, the boost to the popular insurance segment and the preparation of strategic projects, ranging from the development of new businesses, to improvements in operational efficiency.

In its first year of operations, completed in June 2012, the BB and Mapfre Group recorded more than R\$5 billion in premiums issued. It is leader in personal insurance, with a market share of 19.2% and R\$2.0 billion in premiums.

In 2012, Banco do Brasil maintained its strategy of expanding and strengthening its insurance, open pension fund and savings bonds business by launching increasingly personalized modalities for the different customer segments. In this respect it launched solutions such as BB Forestry Insurance, BB Coffee Farming Insurance and BB Protected Inventory Credit Insurance.

Banco do Brasil is the market leader in asset management for public employee pension funds (RPPS), with a total of R\$24.4 billion in assets under management in December 2012, in addition to having generated fees totaling R\$49.2 million in 2012.

In the open supplementary pension plan segment Brasilprev reached the figure of R\$67.6 billion in managed portfolios, up by 37.4% in the last 12 months, ending the year with a market share of 26.0% in funds raised. In the case of closed supplementary pension plans BB Previdência ended 2012 with assets of R\$2.2 billion, 41 corporate plans, 54 sponsor plans, 2 plans instituted by class and sectorial entities with 77,000 participants. Also worthy of note was the increase of R\$3.3 billion in the stock of private pension funds under the private business model, with a current volume of R\$10.8 billion.

Also in 2012, Banco do Brasil created BB Seguridade, a full subsidiary umbrella company responsible for consolidating the Bank's entire business in insurance, open supplementary pension plans, savings bonds and similar activities, including any future growth in these activities. The constitution of the holding company will afford economies of scale and reductions in costs and expenses. The organization chart containing the intended corporate structure following the constitution of BB Seguridade is shown in the Results Analysis available at www.bb.com.br/ir.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	REVENUE IN 2012 (R\$ THOUSAND)	SHARE OF TOTAL PORTFOLIO REVENUE 2012 (%)
Life Insurance		
Ouro Vida (life insurance): transfers to Fundação Banco do Brasil (FBB) 50% of its stipulation revenues for investment in that entity's social programs	380,526	12.9
Ouro Vida Empresa (business life insurance plans): transfers to FBB 100% of its stipulation revenues for investment in that entity's social programs	3,485	0.1
BB Seguro Vida Mulher (women's life insurance): transfers to FBB 50% of its stipulation revenues for investment in that entity's social programs	200,571	6.8
Property Insurance		
Ouro Residencial (home insurance): transfers to FBB 100% of its stipulation revenues for investment in that entity's social programs	89,158	17.1
Ouro Máquinas (equipment insurance): transfers to FBB 100% of its stipulation revenues for investment in that entity's social programs	5,421	1.0
Ouro Empresarial (business insurance): transfers to FBB 100% of its stipulation revenues for investment in that entity's social programs	112,175	21.5
Savings Bonds		
Ourocap Estilo Prêmio (PU 36S) (premium prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, in order to benefit water resource projects	305,978	7.9
Ourocap Estilo Flex (PP 93E) (flexible prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, in order to benefit water resource projects	23,812	0.6
Ourocap Estilo Prêmio Cartão Card – PU 36G (premium bond payable via credit card): transfers to FBB 0.5% of all funds raised from investors, in order to benefit water resource projects	3,067	0.1
Ourocap Multichance – PM 48 M (prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, from the second and third monthly payments, in order to benefit youth and adult literacy projects (BB Educar Project)	28,190	0.7
Ourocap 200 Anos TAA e BB (PP60D) (prize draw savings bond): transfers to FBB 0.5% of all funds raised in order to benefit youth and adult literacy projects (BB Educar Project)	77	0.0
Ourocap 200 Anos Espelho Credit Card (PP60B) (prize draw savings bond): transfers to FBB 0.5% of all funds raised in order to benefit youth and adult literacy projects (BB Educar Project)	16	0.0
Ourocap 200 anos PM – PP 60 M (prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, from the second and third monthly payments, in order to benefit youth and adult literacy projects (BB Educar Project)	41,954	1.1
Ourocap 200 anos PM – PP 60 C (prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, from the second and third monthly payments, in order to benefit youth and adult literacy projects (BB Educar Project)	4,789	0.1
Ourocap 200 Anos Card – PP 60 A (prize draw savings bond): transfers to FBB 0.5% of all funds raised from investors, from the second and third monthly payments, in order to benefit youth and adult literacy projects (BB Educar Project)	238	0.0



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

ASSET MANAGEMENT

Since 1994 Banco do Brasil, through BB Gestão de Recursos (BB DTVM), its Asset Management company, has been the leader in asset management, with a market share of 20.0%. At the end of 2012 the total stood at R\$444.0 billion in funds under management. Taking into account 50% of the funds managed by Votorantim Asset Management – VAM, BB manages R\$461 billion, equivalent to 20.7% of the market. The highlights during the period were: (i) the volume of funds allocated to Extramarket Funds that do not figure on the Anbima ranking, amounting to R\$75.4 billion; (ii) R\$1.5 billion in funding raised by the Allocation Funds family in the private segment; (iii) the launch in February of the public offering of units in its first Office Income Real Estate Investment Fund for the acquisition of commercial properties belonging to Previ and the generation of monthly income for unit holders based on the rents paid by lessees; and (iv) the launch in March of the first Equity Interest Investment Fund (FIP) in its portfolio, Brazil Ports and Logistics Assets (FIP Portos), which raised R\$571.5 million in subscribed capital.

In the case of funding with a social and/or environmental focus, the Bank's portfolio offers the following funds: (i) BB Referenciado Social 50 (social benchmark fund);

(ii) BB Ações Índice de Sustentabilidade Empresarial Jovem (Corporate Sustainability Share Index Fund); (iii) BB Multimercado Balanceado LP Jovem (long-term balanced multimarket fund); (iv) BB Multimercado Global Acqua LP Private (long-term global multimarket fund, including companies that treat water in their manufacturing processes); (v) BB Ações Carbono Sustentabilidade FIA (sustainable carbon share fund); and (vi) BB Ações Carbono Sustentabilidade com Opção de Venda FIA (sustainable carbon share fund with put option).

BB DTVM is a signatory to the Principles of Responsible Investment (PRI) governed by the United Nations Organization, and is developing a methodology for including environmental, social and corporate governance matters in its investment decision-making process. Asset management at Banco do Brasil is intended for all market segments, and since 2006 it has received the maximum rating (MQ1) in Excellence in Management Quality allocated by Moody's.

In the private segment Banco do Brasil ended 2012 with R\$66.4 billion in funds under management. In terms of credit this segment posted a balance of R\$6.4 billion at the end of December, an increase of 70.0% in 12 months.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	NET EQUITY 2012 (R\$ MILLION)	PROFITABILITY 2012 (%)
BB Referenciado DI Social 50 (linked to the interbank CD rate): transfers 50% of the management fee to FBB to benefit social projects	50	5.3
BB Ações ISE Jovem FIC (tracks corporate sustainability index-linked shares): transfers 20% of the management fee to FBB for allocation to initiatives under the Brazil Water Program. The ISE portfolio comprises shares of companies with far-reaching corporate responsibility proposals that take into account aspects of good governance, economic efficiency, environmental balance and social justice	22	18.8
BB Multimercado Balanceado LP Jovem FIC (long-term fixed income/equity fund): transfers 20% of the management fee to FBB for allocation to initiatives under the Brazil Water Program	1	6.3
BB Multimercado Global Acqua LP Private FI: as the name suggests, the fund invests part of its net equity in Brazilian and global companies that include water treatment in their manufacturing processes	24	10.1
BB Ações Carbono Sustent. FIA (sustainable carbon share fund): tracks the Efficient Carbon Index (ICO ₂) created by the BNDES and the BM&FBovespa, comprising shares of companies listed on the IBrX-50 which adopt transparent practices in regard to their greenhouse gas (GHG) emissions	15	14.2
BB Carbono Opção Venda FIA (sustainable carbon share fund with put option): tracks the Efficient Carbon Index (ICO ₂) created by the BNDES and the BM&FBovespa, comprising shares of companies listed on the IBrX-50 which adopt transparent practices in regard to their greenhouse gas (GHG) emissions	9	14.5

CAPITAL MARKETS AND TREASURY

On the domestic capital market BB provides services for the purchase and sale of stocks and shares through its branch network, the internet (home broker) and mobile devices. Turnover was R\$21.3 billion in 827,000 trades, of which R\$19.6 billion through the new home broker service.

According to the Anbima ranking, in 2012 Banco do Brasil, through its investment banking arm BB-Banco de Investimento (BB-BI): lead managed 82 fixed income securities issues totaling R\$21,279 million, taking 3rd place in the consolidated origination ranking with a market share of 19.5%; (ii) lead managed 78 debenture and commercial paper issues, totaling an origination volume of R\$20.806; (iii) undertook 4 CRI and FIDC transactions that produced a volume of R\$473 million in the securitization market; and (iv) lead managed 7 public offerings in the wholesale distribution segment, totaling R\$10.2 billion in the equity market, taking 1st place in the number of transactions and 3rd place in volume.

In the private equity industry, BB-BI has been operating since 2004 as an investor, and is currently a unit holder in 15 funds. As of 2007 it began providing economic and financial advisory services to equity investment funds, having acted as advisor to 6 investee funds. The total capital committed by BB-BI to the private equity segment is R\$1,528 million.

On the international capital market, through its offshore brokerage companies BB Securities Ltd. (London), Banco do Brasil Securities LLC (New York) and BB Securities Asia Pte. Ltd. (Singapore) BB participated in 28 of the 68 offshore funding transactions by companies, banks and the Brazilian government, of which 26 as lead manager and two as co-manager. Of the total of approximately US\$50.3 billion issued by the end of the fourth quarter of 2012, BB participated in around US\$29.0 billion. Furthermore, BB took part in 7 foreign issues of US\$8.9 billion as co-manager.



THE BOMPRATODOS PROGRAM ECONOMIC AND FINANCIAL PERFORMANCE

OTHER PRODUCTS/SERVICES WITH SOCIO-ENVIRONMENTAL FEATURES

PRODUCTS WITH A SOCIO-ENVIRONMENTAL BIAS	TOTAL PORTFOLIO IN 2012 (R\$ THOUSAND)	NUMBER OF TRANSACTIONS CLOSED IN 2012
Proesco: loan facility intended for companies to finance up to 90% of energy efficient projects that provably contribute to energy savings, increase the overall efficiency of the energy system or foster the substitution of fossil fuels	276	3
BNDES Governos: a credit line intended for the states and the Federal District for investment in public works, equipment and facilities that bring social benefits to the population affected by these actions	3,680,929	22
Caminho da Escola (school bus loans): a loan facility intended for the Federal District, states and municipalities for the acquisition of new school vehicles for the daily transportation of elementary school students in the public school network, with priority for those residing in rural areas	156,548	454
Finame PSI: a loan facility for companies of public and private law, for the acquisition and manufacture of new machinery and equipment intended to add social benefits to the populations affected by their actions. It makes a social impact by improving the quality of life of the population affected by the actions of the projects and assets being financed	321,141	10
Provias: a loan facility for municipalities to acquire machines and equipment for road works on public roads, highways and freeways, bringing social benefits to the population affected by these actions	198,700	321
Prouca: a credit facility intended for the states, the Federal District and the municipalities for the acquisition of new portable computers with pedagogical content, with the aim of furthering digital inclusion in public school networks	42,684	10



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

GRI 4.15 | 4.16

EMPLOYEES

In 2012, BB reiterated its commitment to its staff by embarking on actions to disseminate the precepts of ethics, drawing up differentiated strategies for furthering the well-being of its employees, strategically repositioning the Internal Ombudsman's Department and enhancing educational, remuneration and career policies. The Bank ended the year with a staff of 114,182. **GRI LA1 | LA2**

ESTABLISHING PARTNERSHIPS, GENERATING SUSTAINABLE RESULTS FOR ALL PARTIES AND CONTINUALLY FOSTERING SOCIAL ENGAGEMENT ARE THE FEATURES OF THE BANK'S RELATIONSHIP WITH ITS STAKEHOLDERS

PROFILE OF THE EMPLOYEES	2010	2011	2012
PER EMPLOYMENT CONTRACT			
Employees (CLT) ⁽¹⁾	109,026	113,810	114,182
Statutory Executives	36	35	35
BY REGION			
North	4,320	5,163	5,184
Northeast	16,589	19,532	19,595
South	19,678	19,802	19,644
Southeast	51,095	51,574	51,594
Midwest	17,271	17,662	18,094
Offshore	73	77	71

(1) The bank does not hire temporary professionals.

TURNOVER RATE BY GENDER	2010	2011	2012
EMPLOYEE AVERAGES ⁽¹⁾			
Women	43,626	45,900	47,041
Men	62,873	65,519	66,955
Total – Average	106,499	111,418	113,996
RESIGNATIONS DURING THE PERIOD ⁽²⁾			
Women	1,716	1,436	1,450
Men	3,188	2,459	2,816
Total Resignations during the Period	4,904	3,895	4,266
TURNOVER RATE ⁽³⁾			
Women	3.82	3.06	3.07
Men	4.97	3.67	4.20
Total	4.60	3.42	3.74

(1) Arithmetic average of employee numbers at the close of 2011 and 2012.

(2) Base: System for Evaluating and Recording Acts of Admission and Concessions of the Federal Accounting Court (SISAC).

(3) (Resignations in the period/number of employees at December 31, 2012) X 100.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

TURNOVER BY AGE	2010	2011	2012
EMPLOYEE AVERAGES ⁽¹⁾			
Up to 25 Years of Age	8,194	7,973	7,163
From 26 to 35 Years of Age	37,902	41,374	42,971
From 36 to 45 Years of Age	29,296	29,445	29,614
Over 46 Years of Age	31,107	32,628	34,249
Total – Average	106,499	111,418	113,996
RESIGNATIONS DURING THE PERIOD ⁽²⁾			
Up to 25 Years of Age	351	408	395
From 26 to 35 Years of Age	1,027	1,081	1,270
From 36 to 45 Years of Age	437	421	443
Over 46 Years of Age	3,089	1,985	2,158
Total Resignations during the Period	4,904	3,895	4,266
TURNOVER RATE ⁽³⁾			
Up to 25 Years of Age	4.30	5.24	6.04
From 26 to 35 Years of Age	2.58	2.52	2.95
From 36 to 45 Years of Age	1.49	1.42	1.49
Over 46 Years of Age	9.74	5.92	6.17
Total	4.50	3.42	3.74

(1) Arithmetic average of employee numbers at the close of 2011 and 2012.

(2) Base: Federal Accounting Court System for Evaluating and Recording Acts of Admission and Concessions (SISAC).

(3) (Resignations in the period/number of employees at December 31, 2012) X 100.

TURNOVER BY REGION	2010	2011	2012
EMPLOYEE AVERAGES ⁽¹⁾			
North	4,209	4,742	5,174
Northeast	16,491	18,061	19,564
South	19,264	19,740	19,723
Southeast	49,805	51,335	51,584
Midwest	16,658	17,467	17,878
Offshore	72	75	74
Total – Average	106,499	111,418	113,996
RESIGNATIONS DURING THE PERIOD ⁽²⁾			
North	188	227	243
Northeast	429	680	809
South	734	737	719
Southeast	2,786	1,483	1,678
Midwest	767	768	817
Total Resignations during the Period	4,904	3,895	4,266
TURNOVER RATE ⁽³⁾			
North	4.35	4.40	4.69
Northeast	2.59	3.48	4.13
South	3.73	3.72	3.66
Southeast	5.45	2.88	3.25
Midwest	4.44	4.35	4.52
Total	4.50	3.42	3.74

(1) Arithmetic average of employee numbers at the close of 2011 and 2012.

(2) Base: Federal Accounting Court System for Evaluating and Recording Acts of Admission and Concessions (SISAC).

(3) (Resignations in the period/number of employees at December 31, 2012) X 100.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

The benefits package offered by Banco do Brasil to all its employees is compatible with its size, its commitment to social responsibility and the talent retention policy, which far exceeds the requirements of the legislation (see more in the box below).

GRI LA3

BENEFITS OFFERED BY BB

- Nighttime travel allowance;
- Cassi – healthcare plan;
- Food Allowances, meals, daycare center/nanny and for children with disabilities;
- BB Dental – dental care plan;
- Executive Cashiers – benefit of a personal nature. Personal bonus for executive cashiers for a period of 18 months from the date on which the employee on leave of absence because of Repetitive Strain Injury (RSI) and work-related musculoskeletal disorders returns to work at the Bank;
- Absences approved;
- Compensation for robbery;
- Leave: adoption, maternity, to accompany a family member who is ill (LAPEF) and awards;
- Previ – Supplementary Pension Plan;
- Program for the Assistance to Victims of Robbery and Kidnapping (PAVAS);
- Social assistance programs – advances – purchase of glasses and lenses, natural disasters or fires in the home, financial stress, funeral expenses of an economic dependent, expenses not covered by Cassi, dental and psychotherapy treatment;
- Social assistance programs – allowances – acquisition of medication abroad, assistance for the disabled, medical and hospital assistance, medical and social assistance, deployment for health treatment abroad, deployment for health treatment within Brazil, donation/receipt of organs and transplants, special nursing care, death while on duty, removal by mobile ICU or air ambulance and treatment with growth hormones;
- Social assistance program – giving up smoking;
- Extension to maternity leave (up to 180 days);
- Maternity Allowance;
- Transportation Vouchers;
- Benefit of a Personal Nature (VCP) – continued payment, of a personal nature, for a given period for the commission carried out by the employee when the number of employees in the branch is reduced;
- Benefit of a Personal Nature – RSI – payment, of a personal nature, of benefits for cashier bonuses, codes 288 and 394, to employees who, on the eve of taking leave of absence due to work-related accidents worked as executive cashiers and were excused from work after being diagnosed with Repetitive Strain Injury (RSI);
- Benefit of a Personal Nature (VCP) – work-related accident – payment, of a personal nature, of the commission for period of 120 days from the moment when the employee on leave of absence due to a work-related accident returns to work;
- Removal benefits – intended to partially defray expenses inherent to the process of moving out, moving in and deployment, among others, for employees moving residence due to having been reassigned in the interests of their work.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

DIVERSITY

GRI LA13 | LA14

The purposes of every action for promoting and enhancing diversity within BB include respect for human rights, the search for equity in internal relations and eliminating all existing forms of prejudice. BB provides training courses on this theme to all its employees, in order to apprise them of what happens today in the market and within the Bank. It also sponsors several initiatives on this theme, such as the Gender Equity Program within State-Owned Companies, the Handicapped Persons Advancement Week and Reatech – The International Rehabilitation and Accessibility Technology Fair, among others. In addition, the Bank permits the inclusion of homoaffective partners as dependents of employees associated with the health-care (Cassi) and private pension (Previ) plans.

The socio-environmental responsibility action agenda of BB includes universal rights for employees and the possibilities for human and professional development to enable them to cope with work situations. The Bank seeks to eliminate barriers that prevent total access by employees to training initiatives and to processes involving career plans and the right to inclusion in their work routines. Employees join the Bank after taking a public examination, with 5% of admissions reserved for persons with disabilities.

DIVERSITY IN GOVERNANCE ⁽¹⁾ - %	2010	2011	2012
BY AGE GROUP			
From 26 to 35 Years of Age	4	1	1
From 36 to 45 Years of Age	21	16	16
Over 45 Years of Age	31	37	44
BY GENDER			
Male	51	50	56
Female	5	4	5
BY RACE			
Caucasian	32	32	31
Asiatic	1	1	1
Brown-Skinned	4	3	3
Not Informed	19	18	25

(1) Includes members of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee. In 2012, it also included members of the Remuneration Committee.



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

STAFF DIVERSITY ⁽¹⁾	2011				2012			
	MANAGEMENT	TECHNICAL	OPERATIONAL	OTHERS	MANAGEMENT	TECHNICAL	OPERATIONAL	OTHERS
BY AGE GROUP								
Up to 25 Years of Age	368	121	1,192	6,106	347	108	1,144	4,939
From 26 to 35 Years of Age	10,567	4,338	8,900	19,113	11,245	4,497	9,067	18,214
From 36 to 45 Years of Age	11,278	3,465	4,852	9,960	11,444	3,490	4,922	9,817
Over 45 Years of Age	12,320	3,913	4,454	12,863	12,936	4,056	4,596	13,360
BY GENDER								
Male	22,514	7,501	10,046	26,871	23,281	7,673	10,117	25,907
Female	12,019	4,336	9,352	21,171	12,691	4,478	9,612	20,423
BY RACE								
Afro-Descendent	624	226	461	1,312	716	255	507	1,305
Afro-Descendent, Brown-Skinned and Indians	6,442	2,270	3,508	10,642	6,962	2,439	3,691	10,708

(1) Includes members of the Board of Directors, the Executive Board, the Board of Auditors and the Audit Committee. In 2012, it also included members of the Remuneration Committee.

GRI LA14

AVERAGE REMUNERATION BY GENDER AND JOB CATEGORY (R\$)	2010		PERCENTAGE OF REMUNERATION DIFFERENCES	2011		PERCENTAGE OF REMUNERATION DIFFERENCES	2012		PERCENTAGE OF REMUNERATION DIFFERENCES ⁽¹⁾
	MALE	FEMALE		MALE	FEMALE		MALE	FEMALE	
Management	7,098.91	5,975.53	18.80	7,853.50	6,623.38	18.57	8,254.62	7,014.46	17.68
Technical	7,333.51	6,776.25	8.22	8,160.09	7,516.02	8.57	8,749.41	8,120.67	7.74
Operational	3,654.27	3,552.96	2.85	4,017.41	3,917.77	2.54	4,293.56	4,183.79	2.62
Others	2,821.35	2,523.03	11.82	3,190.78	2,829.53	12.77	2,932.70	2,781.65	5.43

(1) There are no differences in earnings between men and women holding the same position within the company.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Banco do Brasil provides institutional support for union membership campaigns where the collective bargaining agreements enable meets called by union entities to be held in the work place. Furthermore, it is in permanent negotiations and holds roundtables to debate themes mutually agreed between the union organization and BB. All employees are covered by collective bargaining agreements, regardless of whether they are union members or not. **GRI LA4**

The Bank became the first company on the American continent to sign up to the International Framework Agreement at UNI Americas, the international union central, in which it agrees to respect the right to freedom of association/union affiliation and collective bargaining wherever it is to be found on the American continent. There were no incidences of risk to the rights of freedom of association and collective bargaining in 2012. **GRI HR5**



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

HEALTH AND SAFETY

GRI LA9

The formal health and safety committee comprising management and employees helps to monitor and provide advice about occupational health and safety programs. This subject has been included in internal regulations.

GRI LA6

EMPLOYEE REPRESENTATION ON FORMAL HEALTH AND SAFETY COMMITTEES	2010	2011	2012
ECO A ⁽¹⁾ (number of employees)	14,168	16,095	10,172
CIPA (members/total employees)	0.000481	0.00050	0.00055
GRUA ⁽²⁾ (members/total employees)	0.009761	0.01069	0.01240

(1) Communication and top development teams.

(2) Abandonment group.

The Collective Bargaining Agreements of the National Confederation of Financial System Employees (Contraf) and the National Confederation of Credit Company Employees (Contrec) – 2012/2013 regulates rest periods and work schedules for repetitive activities; access and locomotion for persons with disabilities; and special procedures regarding bank security. Also within the scope of its collective bargaining agreement the Bank makes available a Professional Rehabilitation Program enabling the reinstatement of a professional when the diagnosed pathology adversely affects their functions, whether work-related or not.

In addition, the collective bargaining agreement contains several clauses relating to health, safety and working conditions. Worthy of note is the guaranteed payment, for 18 months after returning to work, of cashier's bonus to employees who occupied this position and who took leave of absence for reasons of repetitive strain injury; an additional salary component when social security sick pay or accident sick pay is granted; in addition to the Sick Leave Benefit of a Personal Nature whose purpose is to pay employees returning from accident or social security sick leave the restated amount of the commission received on their last day at work prior to taking leave of absence, and for a 12-month period.

GRI LA7

HEALTH AND SAFETY INDICATORS ⁽¹⁾ - %	SOUTH	SOUTHEAST	MIDWEST	NORTH	NORTHEAST
Injury Rate (IR) ⁽²⁾	16.57	18.66	17.33	43.72	36.36
Absenteeism Rate ⁽⁵⁾	3.73	3.86	4.05	5.15	5.06
Occupational Illness Rate (OIR) ⁽³⁾	2.98	2.79	2.60	8.35	6.50
Days Lost Rate (DLR) ⁽⁴⁾	81.24	104.98	162.91	340.10	427.78
Percentage of Days Lost	0.43	0.22	0.49	1.00	1.41

(1) One death was registered in 2012.

(2) TL = number of injuries/hours worked X 1,000,000.

(3) TDO = number of occupational illness cases/hours worked X 1,000,000.

(4) TDP = number of days lost related to work/scheduled days X 100.

(5) Absenteeism = total days lost/scheduled days.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

TRAINING AND DEVELOPMENT

GRI LA11

Annual indicators and targets are defined for training Banco do Brasil employees. Participation in training programs is managed using several tools, worthy of note being a special application that consolidates the track record and assessment of the participants in each training session.

GRI LA10

TRAINING COURSES	2010	2011	2012
Final Count	109,026	113,810	114,182
Employees Trained	45,875	45,974	112,184
Training Courses	747,912	1,030,964	1,160,727
Hours	8,592,756	11,804,434	9,629,015
Training Courses per Employee	6.86	9.06	10.17
Hours per Employee	78.81	103.72	84.33
Percentage of Those Trained	42.08	40.40	98.25

2012	FINAL HEADCOUNT	NUMBER OF PARTICIPANTS	NUMBER OF TRAINING SESSIONS	NUMBER OF HOURS	PERCENTAGE OF TRAINED	NUMBER OF TRAINING SESSIONS PER EMPLOYEE	NUMBER OF HOURS PER EMPLOYEE
Management	35,991	35,678	401,469	3,454,805	99.13	11.15	95.99
Technical	12,151	11,340	63,272	585,574	93.33	5.21	48.19
Operational	19,729	18,784	199,363	1,589,100	95.21	10.11	80.55
Others	46,311	46,382	496,623	3,999,536	100.15	10.72	86.36
Total	114,182	112,184	1,160,727	9,629,015	98.25	10.17	84.33

At the Banco do Brasil Corporate University (UniBB), competency management and continuous learning to support the on-going employability of the employees involves corporate education programs developed internally or contracted out in the market: undergraduate and *lato sensu* postgraduate scholarships, undergraduate courses (bachelor, technology or teacher training) and *stricto sensu* postgraduate scholarships (Masters and Doctorates) are available. The purpose of these initiatives is to enhance employee qualifications and competencies by providing them with knowledge, skills and attitudes required for high-level professional performance, while also serving to widen the opportunities for their professional and personal development.

UniBB provides employees, and extends to the community, the Personal Financial Planning course, helping them to understand the importance of managing their own finances. This course, available at www.unibb.com.br, is part of the Financial Education Program that seeks to foster positive attitudes in how to deal with personal finances, and is aligned with the proposal of the Learning Community of the Banco do Brasil Corporate University. **GRI FS16**

The BB's efforts to manage abilities and continuous learning provide support to the on-going employability of the employees, as well as for managing the end of their careers. BB offers resignation or retirement compensation for executives who resign under the Program of Alternatives for Executives in Transition. There is also an optional course for employees intending to retire, which covers the theme of "life without work."



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

CAREERS

The BB's policy for valuing its professionals includes providing opportunities for development and career progress. To that end it offers the entire staff the possibility of managing their own professional path and planning their career. One of the tools is the Professional Advancement Program within the service network, by which BB identifies employees with potential for occupying management positions within the service network and the regional superintendencies.

BB employees are formally assessed using a Performance by Competencies Management System. The five-pronged analysis (financial, customers, internal processes, organizational behavior and society) is conducted by the superior, peers (colleagues) and by the employees themselves (self-appraisal). In 2012, the performance of 98.9% of the professionals was monitored using this methodology. **GRI LA12**

SUPPLIERS

GRI HR6 | HR7

Banco do Brasil's relationships with suppliers is based on respect, transparency, compliance with specifications and quality control, all of which adhere to the principles of socio-environmental responsibility and pertinent legislation. The Bank is governed by the Law on Tenders and Contracts, in addition to other related regulations, which means it is subject to inspection by entities such as the Federal Accounting Court (TCU) and the Comptroller-General's Office (CGU), which also ensures transparency in these processes. This means that the procurement process adheres to the criteria of impartiality and transparency, not favoring local contractors. **GRI EC6**

Sustainability plays a key role in verifying compliance with the obligations set out in contracts, in addition to the analysis of indications and accusations regarding occasional violations and non-conformities, leading to the adoption of measures for the purpose of ascertaining breach of

contract and the correction of the incident identified. BB engages with companies committed to complying with their employee labor law and social security obligations for the entire duration of the contracts.

With a view to engaging with suppliers in the constant search for better sustainability practices in its business, the Bank has drawn closer to its supplier base. In 2012, suppliers were invited to take part in events such as: the Stakeholders' Panel, the BB Panel on Sustainability Guidelines for Lending to the Civil Construction and Mining Sectors and the V International Forum on Communication and Sustainability. An internal procedure has also been drawn up for disseminating good sustainable practices among BB employees and outsourced staff that provide services directly on the Bank's premises.

Procurement of goods and services gives priority to electronic procedures whose aim is to expand the reach and transparency of the tendering processes. Specifications for goods and services impose socio-environmental responsibility criteria, provided these do not restrict competition and comply with the legislation. Procurement processes for goods and services are published on the Bank's web site and those of Public Transparency and Public Procurement and the Official Government Journal, among others, and are subject to internal and external controls, such as the Federal Accounting Court and the Comptroller-General's Office.

The drafts of all BB contracts contain a clause in which suppliers warrant and commit not to employ, directly or indirectly, those under the age of 18 in nocturnal, unhealthy or dangerous work. They also agree not to employ, directly or indirectly, those under the age of 16, except as apprentices (14 years and upwards). Socio-Environmental criteria also play a role in the specifications of purchases of paper, furniture and computers, among others, thus contributing to minimize the impacts of these activities on natural resources. **GRI HR2**



THE BOMPRATODOS PROGRAM **SOCIO-ENVIRONMENTAL PERFORMANCE**

When contracting suppliers in the security area, formal training is given in specific human rights procedures. The syllabus of the Security Officer Training Course – CFV includes ten classroom hours on the subject of Applied Legislation and Human Rights. Law No. 7,102/1983 requires recycling every two years, and is one of the items

inspected by the Federal Police Department. Non-compliance can result in the Bank being notified and fined. Security contracts include clauses requiring the activities be carried out in accordance with current legislation. Ordinance No. 387/2006 – DG/DPF Brasília (DF) requires training courses to include human rights-related topics. **GRI HR8**

CHALLENGE 7.

To enhance economic, social and environmental risks management within the supply chain. See how BB is facing up to this challenge on page 40.

CHALLENGE 9.

To strengthen the Bank's role as an agent for advancing sustainable practices in its supply chain. See how BB is facing up to this challenge on page 40.

CHALLENGE 8.

To identify socio-environmental opportunities within the supply chain that create business benefits for the Bank (lower costs/higher revenues/risk mitigation). See how BB is facing up to this challenge on page 40.

CHALLENGE 10.

To improve the Bank's practices on the question of sustainable procurement. See how BB is facing up to this challenge on page 40.

CUSTOMERS

GRI FS13

Banco do Brasil provides its customers with physical and virtual networks on which to do their business. These channels are planned based on specific parameters aimed at customer convenience. The BB physical network totals 5,362 branches and 44,393 automated teller machines, in addition to a further 6,000 outlets of Banco Postal, which became part of the Mais BB network of banking correspondents in 2012. As a result the Bank is now present in 97% of all Brazilian municipalities, covering all regions of Brazil. BB serves regions far removed from the large urban centers, with low population densities and economically disadvantaged, for example, the branches operating in slum communities such as Rocinha, Cidade de Deus and Complexo do Alemão, in Rio de Janeiro, and Paraisópolis in São Paulo.

The BB commissions an annual satisfaction survey by interviewing individual and business clients from the private sector and public sector companies, so as to evaluate its products and services, personal relationships, customer service channels and overall satisfaction with the Bank. The satisfaction attributes are identified during the qualitative phase using personal interviews and discussion groups involving clients, managers and executives of the Bank. These attributes are reviewed, on average, every three years, and a new edition is to be held in 2013. The metrics model adopted takes into account the nature and characteristics of the clients, for

which reason the satisfaction attributes are specific for each type of public.

In order to enhance customer service in the branches, in 2012 the Institution implemented new ambience solutions intended for micro and small enterprises at the Commercial Center Branch in the city of Campo Grande (MS). This model is expected to be extended to seven other Brazilian branches in the first half of 2013.

In the case of the virtual service network, several solutions led to improvements in the customer experience, making it more intuitive and human, while producing significant gains in usability. Take for example "SMS Reverso" (reverse text messaging), where customers receive offers via text message, followed up through a telephone call), and the reformulation and integration of self-service channels (self-service terminals, mobile devices and internet banking), which facilitate browsing while making it more personalized.

The Bank also has digital tools and platforms that make life easier for users, such as the BB Code, the BB Token and ICP digital certification. The functionality of BB Code, which customers can use on cell phones, uses a QR-Code two-dimensional bar code and encryption techniques during internet transactions. Thus there is no need to type in the bar code, because reading the image enables the data on the bill to be obtained. The customer photographs the code and the application identifies the details on the payment slip. The feature also calculates any surcharges in the case of past due BB bills. **GRI EN26**



THE BOMPRATODOS PROGRAM **SOCIO-ENVIRONMENTAL PERFORMANCE**

The Finance Manager tool, which uses a token, enables more secure financial transactions. In addition to reducing the risks of fraud, the solution improves usability while offering the users advantages. For example, a unique password can be used to access and confirm transactions, which eliminates the need to print out several terms thus contributing to eco-efficiency. **GRI EN26**

Banco do Brasil acts as the Authority of Register for ICP-Brasil, and is responsible for identifying and registering users, as well as for issuing e-CPF (individual tax code) and e-CNPJ (business tax code) digital certificates using its Certification Entity Authority. In 2012, Banco do Brasil made timely adaptations to the changes required by the Root Certification Entity Authority (ITI), in regard to the new encryption standard adopted. Some 249,200 foreign exchange contracts were signed using digital certificates, accounting for 57.5% of all contracts signed at Banco do Brasil, representing savings of approximately R\$1.7 million during the period.

In accordance with the consent decree (TAC) between the Public Prosecutor and Banco do Brasil, the Bank's various service channels were adjusted and began offering access options for those with special needs. In the case of those with impaired vision, BB self-service via the internet is now set up to use the screen reading software most found in the market, while the browsing experience is also being constantly improved. Self-service terminals are equipped with a specific solution for these users, and almost 100% of the terminals have been adapted to use earphones. Once the customer has been identified using their magnetic card, the screen goes off and the menu becomes available as a sound track; the customer then uses the touch-sensitive physical key pad to navigate the options. **GRI FS14**

The BB Customer Service Unit provides service to those with impaired hearing or speech, using the exclusive free phone 0800 729 0088 for hearing- and speech-impaired users only. The services provided to those with hearing and speech impediments involve general information about products and services. This service is available 24/7 at all BB service centers. **GRI FS14**

In 2012, BB structured itself to respond to requests for information based on Law No. 12,527/2011 – the Law on Access to Information and instituted the Banco do Brasil Citizens' Information Service.

CUSTOMER SATISFACTION

The Bank is committed to the continuous improvement of its customer relationships so as to ensure their satisfaction. The BB's soundness and excellence in this field have been acknowledged in the Guide to Responsible Banks (GBR), published in 2012 by the Brazilian Consumer Protection Institute (IDEC), in which BB was the only one among the six largest financial institutions in Brazil whose performance was rated as "good." Banco do Brasil took center stage in the Consumers block, in which all financial institutions were rated "regular" or "poor" in the overall evaluation, while BB alone was rated "good," having been considered a benchmark in debt collection, where it was rated "very good."

The BB commissions an annual satisfaction survey by interviewing individual and business clients from the private sector and business clients from the public sector, so as to evaluate its products and services, personal relationships, customer service channels and overall satisfaction with the Bank. The satisfaction attributes are identified during the qualitative phase using personal interviews and discussion groups involving clients, managers and executives of the Bank. These attributes are reviewed, on average, every three years, and a new edition is to be held in 2013. The metrics model adopted takes into account the nature and characteristics of the clients, for which reason the satisfaction attributes are specific for each type of public. **GRI PR5**

In 2010 BB paid R\$58,792.59 in fines for non-compliance with laws and regulations regarding the provision and use of products and services, against R\$548,283.19, in 2011, and R\$892.418,97, in 2012. This figure was calculated using the amount of the fines involving the Consumer Protection Code. **GRI PR9**



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

CIVIL SOCIETY

Banco do Brasil's engagement with the community is based on achieving social purposes that reflect government priorities, the expectations of the communities involved and those of the other BB stakeholders and the Organization's business objectives. For BB, social investment must lead to positive and sustainable transformation of the reality of the communities through jobs, income and education, in addition to producing returns for the Institution, humanizing its image, ensuring customer loyalty, diversifying its business, valuing team work and contributing to employee satisfaction.

The Diretrizes de Investimento Social do Banco do Brasil (Banco do Brasil Social Investment Guidelines) available at www.bb.com.br/sustentabilidade define how the Bank works in this respect. The investment integrates into a regional outlook of the communities' traditional social investment initiatives (developed by the Bank and by Fundação Banco do Brasil – FBB, through programs and project support) as well as social businesses. These are characterized as economically profitable initiatives that strive to find solutions for the problems of society, representing a powerful lever for the development of Brazil (find out about the BB's social businesses in the Analysis by Business Segment section on page 61).

In order to further enhance social investment and better evaluate its results, in 2012 Banco do Brasil instituted a set of indicators aligned with its corporate strategy to enable it to monitor and enhance how its social programs are managed, providing inputs for making better decisions, optimizing the gains in social value for its business and presenting tangible results to its stakeholders.

These indicators will indicate how effective the programs of the Bank and those of the FBB's are in focusing on community development (generation of income, training

and reduction/sequester of carbon emissions) and on the business aspect (return on the image, relationships and contribution margin from those who participate with the Institution, as well as the satisfaction of the Organization's employees based on its social investment). In order to define this new assessment model, several referential studies were undertaken involving domestic and international methodologies, benchmarking with partners and visits to consultants.

Within the scope of the branches, Banco do Brasil uses instruments that assist in monitoring compliance with the dictates of corporate strategy. In this respect the Labor Agreement (BB and ATB synergy) adds a series of initiatives that are aligned with socio-environmental responsibility principles defined by the Bank. The highlight here is the social effectiveness index, whose aim is to strengthen the SER culture within BB, while expanding employee engagement in social causes and volunteer work. This index has led to a higher number of employees enrolled in volunteer activities while enhancing their training on the theme and greater participation in local committees, which contribute to community development.

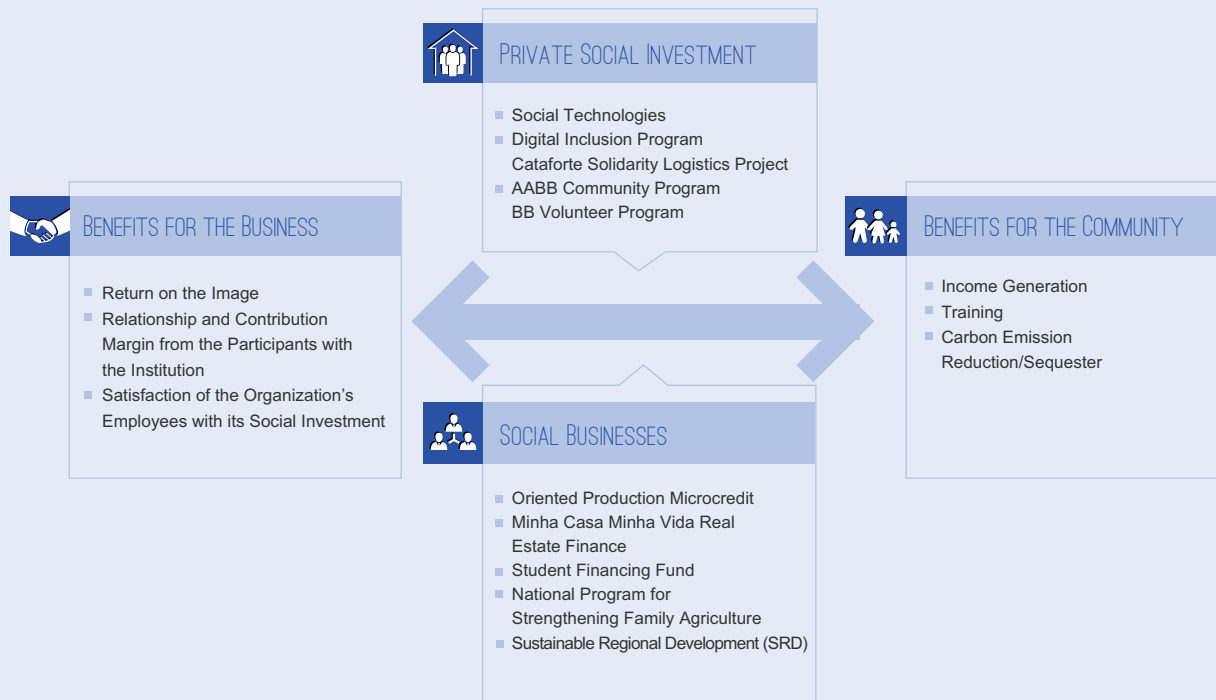
The results of social investment are continually assessed and presented to the public in an objective and timely manner. Donations and alliances established are defined according to the Bank's policies, and it is forbidden to transfer funds to organizations or initiatives for party political purposes. You can find out more about the programs developed and supported at www.bb.com.br/sustentabilidade and www.fbb.org.br.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

Promoting Sustainable Development

In line with the Bank's strategic objectives, involvement in communities integrates social businesses with traditional social investment practices.



CHALLENGE 22.

To enhance the relationship between Private Social Investment and the business strategy. See how BB is facing up to this challenge on page 43.

CHALLENGE 29.

To maintain and expand the Bank's role as a driver of sustainable development through financial inclusion and social businesses (Oriented Productive Microcredit

– MPO, the Student Financing Fund – Fies, Minha Casa Minha Vida real estate loans and BB Accessibility Loans, among others), so as to integrate with programs and public policies, partnerships with the private sector and the BB sustainable development strategies (private social investment, Volunteer Program, digital inclusion and sustainable regional development). See how BB is facing up to this challenge on page 43.



THE BOMPRATODOS PROGRAM **SOCIO-ENVIRONMENTAL PERFORMANCE**

VOLUNTEER PROGRAM

In 2012 Banco do Brasil channeled a record volume of R\$9.9 million, including funds from Fundação Banco do Brasil – FBB (R\$3,318 thousand), Instituto Cooperforte (a pilot partnership initiated this year to support three projects totaling R\$113 thousand) and those arising from tax breaks (the Children’s and Adolescents’ Fund – FIA, R\$6,477 thousand), to support projects by social entities in which current and retired employees actively participate.

In addition to the financial funds, 2012 was also an important year for engagement and participation by the Bank’s employees and customers, who donated R\$250,000, 281,000 tons of foodstuffs and 1.2 million items of clothing, medication, school material and hygiene items, among others to several entities across Brazil. **GRI EC8**

At the end of 2012, the BB Volunteer Program counted on 8,800 employees. This initiative is in continuous improvement process, seeking to expand its activities towards the development of Brazil. Worthy of note was the 79% increase in the number of registered volunteers, from 4,948 at the end of 2011, to 8,858 in December 2012. **GRI SO1**

The first half of 2012 also saw the launch of the ninth edition of the BB Volunteers Project, the result of a joint effort by Banco do Brasil, the FBB and Instituto Cooperforte in support of volunteer social actions being conducted by not-for-profit civil entities with the support of the Bank’s employee volunteers. BB is also active in the Committee of Entities Against Hunger and For Life (COEP), an extensive national social mobilization and interaction network operating in all Brazilian states, which fosters human and social development. The purpose is to mobilize organizations and individuals to interact, encouraging them to become involved in social projects and training them in best social practices and in how to disseminate knowledge and to share successful initiatives.

The second half of 2012 saw the launch of the 4th edition of the BB/FIA Volunteers Project, through which Banco do Brasil channels funds from tax breaks to projects submitted by its volunteer employees seeking to support entities engaged in protecting, promoting and defending the rights of children and adolescents. All projects that qualified under the invitation to tender obtained support, that is 102 initiatives received R\$6.5 million, an increase of 30% over the previous year.

Clean Up Brazil – Let’s Do It!

In 2012, Banco do Brasil continued its sponsorship of the Limpa Brasil (Clean Up Brazil) – Let’s Do It! Campaign – this successful mobilization began in Estonia and currently takes place in 94 countries on all continents, making citizens aware of environmentally correct disposal of solid waste. In addition to Banco do Brasil’s obvious concern for the environment, involvement in the cause has grown with the mobilization of employees acting as volunteers on the day reserved for the event. With the slogan “I’m a rubbish picker,” they removed solid waste encountered on previously chosen routes. In 2012, the Limpa Brasil – Let’s Do It! Movement held clean-up drives in 12 Brazilian cities, with the participation of almost 3,000 BB volunteers.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

In addition to the participation of the Bank's volunteers and their families, the events also attracted BB Apprentices, an excellent opportunity in which young people witnessed what it means to be a citizen while adopting sustainability as a hallmark of their future behavior.

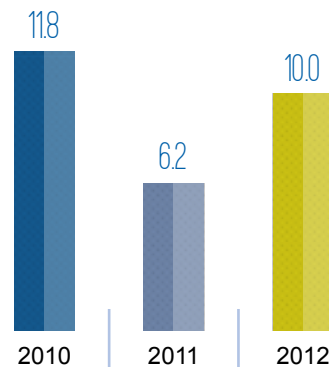
As proof of its obvious emphasis on Brazil's sustainable development, and in the effort to involve its employees, customers, users and the general community in this theme the Bank used its branch network to distribute kits (comprising a folder explaining the movement, a rubbish bag and gloves) used in the Limpa Brasil campaign. Also joining the movement were the Bank's partner solid waste pickers' cooperatives, which contributed by organizing and setting up the drop-off points for the waste collected (eco-points).

The Childhood and Adolescence Fund

As part of its support for the policies and initiatives that protect the rights of children and adolescents, and to encourage the engagement of its customers and volunteers Banco do Brasil transferred, between 2003 and 2012, R\$73 million to finance action programs for protecting children and adolescents, classified in the following categories: protection from abuse, exploitation and violence, guarantee of rights, children and adolescents in situations of social vulnerability and open socio-educative services.

The Bank also channeled R\$3.5 million to the National Council for the Rights of Children and Adolescents (Conanda), whose aims involve the development of initiatives for evaluating how the council network functions throughout Brazil; support for the creation of councils and boosting the funds for children's rights in all municipalities, training counselors in how to deal with cases, the formulation of public policies and management of Funds for the Rights of Children and Adolescents. On top of this amount one can add donations by customers and employees to the various funds (local, state and federal), encouraged by the campaign which the Bank launched through its communication channels.

TRANSFERS TO THE CHILDHOOD AND ADOLESCENCE FUND ⁽¹⁾ (R\$ MILLION)



(1) Pass-through funds of R\$10 million comprising R\$6.5 million in tax breaks and R\$3.5 million from the Conanda.

Program for Inclusion and Transformation by donating Substituted Computers

Since 2004, BB channels its microcomputers to a variety of entities serving populations in precarious conditions, as a way of contributing to social, environmental and cultural development, in addition to fostering digital inclusion and citizenship while ameliorating living and working conditions through digital inclusion. In 2012, 23,673 computers were forwarded in this manner, directly benefiting over 40,000 people. Since the program began more than 71,000 computers have been disposed of in this manner.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

Mitigating the Effects of Calamities

Since 2008, BB has been an active participant in developing emergency support actions and measures for employees, customers and communities affected by natural disasters. In addition to including this subject in its business continuity management and maintaining its critical processes operating, the purpose is to preserve lives and assist victims of calamities. In 2012, the Bank was present in the states affected by the floods in the north of Brazil and those hit by the drought in the northeastern region. The Bank's principal initiatives in this respect include:

- **Employees:** assistance in defraying expenses in purchasing or repairing essential items damaged by the catastrophe, payment of the employee's expenses and those of their economic dependents with accommodation, special consideration for cases of absence and holding internal campaigns for collecting food items, furniture items, household appliances and money;
- **Customers:** speedier service, special conditions and measures that provide greater convenience, minimize impacts and ensure the return to normality of their banking operations. Providing copies of civil documentation for customers is another area where the Bank gets involved;
- **The Community:** emergency steps include opening accounts to receive cash donations, while branches launch campaigns to collect donations of non-perishable food items, clothing, household appliances and housewares for the inhabitants of the locations affected by the catastrophe.

FUNDAÇÃO BANCO DO BRASIL GRI EC8

Fundação Banco do Brasil (FBB) identifies and mobilizes various social players in the search for effective solutions for fundamental aspects of the sustainable development of Brazilian communities. The Social Technology concept – referring to products, techniques or methodologies designed by interacting with the communities and that result in actual social transformation solutions – are the hallmark of its operations. This approach raises the value of the organized community for it to become an agent of solutions. The idea of development takes on new local nuances, enabling community self-management and involvement and generating constant learning and a new technology culture while building processes for participating in the creation of public policies.

The social investment of FBB is channeled to replicating social technologies in the creation of jobs, income and education, while fostering the leading role of society, economic solidarity with environmental care and respect for local cultures. In 2012, R\$196.1 million of its own resources and R\$27.8 million of third-party funds were invested, making a total of R\$223.9 million in social investments.

In 2012, FBB concluded the process of revisiting the social technologies registered on the Social Technology Base (BTS) since 2001. This process also involved the branches of Banco do Brasil. In order to enable dissemination of social technologies to developing countries, the BTS is being translated to English, French and Spanish. At the end of the year there were 504 active social technologies on the BTS, available at www.fbb.org.br/tecnologiasocial.

Social technologies were also put on show at the 3rd edition of the Learning and Teaching Social Technologies competition in which approximately 5,000 teachers from 1,097 public schools and 1,468 federal education institutes from all over Brazil enrolled. The victorious teachers will go to the World Social Forum in March 2013 to be held in Tunis, Tunisia.

Jointly with Banco do Brasil, FBB has agreed to assist in the process of universalizing water with the Brazilian government through the Water for Everyone (Água para Todos) program, which is part of the Brazil Without Poverty Plan (Plano Brasil Sem Miséria). The program's target is to build 750,000 cisterns by 2014, with FBB in charge of building 60,000 plate cisterns in the Brazilian semi-arid region. In 2012, 30,649 cisterns were installed in 8 states: Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Bahia and Minas Gerais.

Digital Inclusion: in effect since 2004, the FBB Digital Inclusion Program consists of fostering digital inclusion in communities with no access to the internet, computers and IT tools, in addition to social and productive inclusion through Meta Recycling Stations, spaces for technical training in reconditioning computers and electronic waste. Thanks to the Digital Stations young people and adults can access government services and the skills that will help them find a position in the job market.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

There are over 1,300 such points throughout Brazil, in which FBB operates in partnership with the networks of social, cultural and economic solidarity movements. During 2012, some 33 new Digital Stations were set up, while 500 of the existing ones are undergoing revitalization, with computers being salvaged and the visual standardization upgraded, jointly with BB. In 2012 alone, projects totaling R\$5.6 million were initiated, including 33 digital stations of which 20 saw the direct involvement of the AABB Comunidade (Community) Program.

AABB Comunidade: the AABB Comunidade (Community) Program is a social technology in the education field that offers supplementary schooling for children and adolescents in the public school network aged between 6 and 18, and is present in every municipality with a branch of Banco do Brasil. The main objective is to contribute to social inclusion, eliminating dropouts while keeping children and adolescents in the school through recreational activities designed around the fields of health, hygiene, sport, art and environmental education. In 2012, approximately 52,000 children and adolescents took part in activities of the AABB Comunidade program in 400 municipalities in all regions of Brazil.

More information about the Foundation can be found at www.fbb.org.br.

BB AND FBB AT RIO+20

Banco do Brasil was among the principal partners of Rio+20, the United Nations Conference on Sustainable Development, which took place in Rio de Janeiro between June 13 and 22, and served to renew the political commitment to sustainable development over decades to come. By participating, the bank sought to disclose its sustainability actions, hand-in-hand with the Brazilian government and society, in addition to engaging its executives and all stakeholders.

The Bank used a workshop to present panels about the Brazil Water Program and the theme of social businesses, in addition to formalizing its adherence to the Green Municipalities Program designed for granting loans to rural producers in Pará State. BB also organized the seminar The Financial Sector, Farming and Natural Capital: from Rio-92 to Rio+20 and looking forward to Rio+50. Also BB executives met with Muhammad Yunus, winner of the 2006 Nobel Peace Prize and creator of microcredit.

FBB set up a stand at the Peoples' Summit – an area at Rio+20 that drew attention for its sociocultural diversity – to introduce and further explore the discussion about reapplying social technologies in the search for effective solutions for problems common to the population segments comprising the base of the social pyramid.

FBB also invited representatives of the World Business Council for Sustainable Development (WBCSD) to participate in a guided tour of the Complexo do Alemão slum community, where the Bank runs Sustainable Regional Development (SRD) and Oriented Productive Credit (MPO) initiatives, at the inauguration of the first plate cistern in Rio de Janeiro, precisely in that neighborhood.

At the event the Foundation also signed an Amazon Fund Financial and Technical Cooperation Agreement with the National Social and Economic Development Bank (BNDES) for R\$100 million. Over a 5-year period the social investment will benefit organized communities of traditional peoples, indigenous, artisan fishermen, fish breeders, extractivists, agrarian reform settlers and family farmers undertaking economically sustainable projects.

Also during Rio+20 FBB signed a protocol of intent to implement the structure of the Recycling Complex at Jardim Gramacho, the former landfill of Rio de Janeiro.



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE



PARTICIPATION OF BB AT RIO+20 IN FIGURES

- 76 employees working at the event
- 26 automated teller machines
- 96,800 transactions totaling R\$7.3 million
- 37,800 foreign exchange transactions totaling R\$4 million
- R\$11 million invested

2012 VALORES DO BRASIL AWARD

In November 2012 in Brasília Banco do Brasil held the awards ceremony for the third edition of the Valores do Brasil Award. The prize, created in 2008 and awarded every two year, rewards, encourages and divulges initiatives with significant social and/or scientific value within the scope of Brazil's development in its various aspects.

The third edition of the Award acknowledged actual successful case studies and experiences in four categories (SRD, BB Families, BB Volunteer Program and the BB Group and Partners), focusing on business plans for sustainable regional development and volunteer work initiatives of Banco do Brasil and its active or retired employees, in addition to the socio-environmental projects of the Bank and its associate companies and project partners.

This time the central theme for choosing the award winners was the green and inclusive economy and the all-encompassing view of the economic, social and environmental aspects of water. Twenty initiatives were chosen from Brazil's 5 regions. In line with the United Nations initiative that elected 2012 as the International Year of Cooperatives, the Valores do Brasil Award identified 273 business plans in the sustainable regional development category whose partner is an association or cooperative, and which has adopted the beneficial criteria generated and the economic, social, environmental and cultural impacts.

In the BB Volunteer Program category the projects were selected from 211 supported by Fundação Banco do Brasil (FBB) and by the Childhood and Adolescence Fund (FIA) whose resources were transferred between 2010 and 2011. Pre-selection lay with the Bank's units in each state, the phase when the projects were analyzed in terms of creativity, adherence to the principles of socio-environmental responsibility, cost-benefit ratio, qualitative and quantitative results and the degree of involvement of the Banco do Brasil employee in the project.

To find out more about the winning projects access www.bb.com.br/premiovaloresdobrasil.

GOVERNMENT GRI SO5

BB is the financial agent of the National Treasury, looking after the government's sole account and in charge of transferring funds to other elements of the Federation. With other federal entities it operates in raising funding and programs. The Bank is also the official financial agent of 16 states and 16 capital cities. It also provides specific solutions for all Brazilian municipalities.

In 2012, the government sector showed considerable progress in terms of volume. Following the government's decision to raise the limits on state indebtedness, BB showed its creativity and agility in raising funding abroad and in developing/making available credit lines for investment and debt restructuring. BB also played an active



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

role in the Conflict Resolution Projects organized by the National Council of Justice and the Regional Appellate Courts in an attempt to reduce litigation.

Banco do Brasil is an important player in providing support to public entities and in furthering public policies capable of providing specialist service and appropriate solutions. The proposed modus operandi based on five axes – Local management, Socioeconomic Development, Infrastructure, Education and Transparent Management and on a global approach to customers underlines this position and affords the Bank competitive advantages over its competitors.

In 2012, Banco do Brasil set in motion the National Rural Housing Program (PNHR). Created by the Brazilian government to reduce the housing deficit in the countryside, the initiative is part of the Programa Minha Casa, Minha Vida (PMCMV). In November, FBB organized a workshop on PNHR, with the participation of managers of entities that reapply social technologies, organizing entities already involved with the program and government representatives.

The Green Municipalities Program is a veritable compact between the government of Pará state, private and public entities and non-governmental organizations to foster economic development within that state, while also searching

to reach the target of zero deforestation by supporting the pursuit of sustainable production activities with low carbon emissions and a high degree of socio-environmental responsibility. On June 14, 2012, at Rio+20, Banco do Brasil adhered to the Green Municipalities Program by agreeing to provide products, services and programs that foster quality of life for the population and the sustainable use of the environment, allocating priority to those municipalities that have signed up for the program.

In symphony with the National Policy on the Production and Use of Biodiesel, Banco do Brasil initiated negotiations with the companies Biopalma da Amazônia S.A. Reflorestamento Indústria e Comércio (Vale Group) and Palmaplan Agroindústria Ltda. (Oleoplan Group) to finance palm oil (dendê) production for manufacturing oil and biodiesel. The partnership initially involves planting 60,000 hectares in their own lands, and around 20,000 hectares held by family farmers linked to the Biovale and Palmaplan projects in areas that have already been altered but not deforested, with financing of around R\$80 million having been provided primarily through the Pronaf Eco-Dendê (ecological palm oil family agriculture) program in one municipality in the State of Roraima (Rorainópolis) and 10 in the State of Pará (Acará, Mojú, Abaetetuba, Tomé-Açu, Concórdia do Pará, São Domingos do Capim, Tailândia, Aurora do Pará, Igarapé-Mirim and Bujaru).

2012 HIGHLIGHTS IN SOLUTIONS FOR THE PUBLIC SECTOR

e-Tendering: the primary instrument for electronic procurement used by states and municipalities. In 2012 this system handled 50,200 tenders totaling R\$112.9 billion. e-Tendering results in savings of around 20% for the purchasing entities in comparison with traditional tendering processes.

Public Sector Self-Service (AASP): ensures the Bank's availability to its customers, combining the convenience and agility of the internet with the security of Banco do Brasil. Last year saw over 300 million transactions by 21,332 users of the AASP system. The Bank has provided access to the Public Sector Self-Service facility via tablets and cell phones that use the Android system. This new means of access strictly adheres to the Bank's standards of security and the uses the same authentication methods as the Public Sector Self-Service facility via internet.

BB GestãoMax Program: recently launched by the Bank this program enables customers to manage their cash and payments, as well as other services, in their business environments. Users can also optimize cash management and the agility, efficiency and convenience of their daily transactions, enabling customers to improve their processes without having to acquire tools for this in the market.

Interconnection: by investing in technology solutions BB provides services whereby courts can send electronic orders to the Bank which are automatically processed, thereby eliminating the use of physical documents and reducing the need to physically go to the Bank.



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

SHAREHOLDERS AND INVESTORS

GRI 4.6 | 4.16 | 4.17

The Bank has an Investor Relations Unit (URI) in charge of centralizing and disclosing to the market and stakeholders its strategies, relevant information and the Bank's results.

In order for this relationship to be based on transparency the Bank constantly organizes exchanges of experiences between analysts, rating agencies, shareholders, investors, the IR departments of other companies, the regulatory bodies and capital market supervisors.

This constant relationship takes place through participating in and organizing encounters, conferences and miscellaneous events, in addition to a communication channel that is always open to receive request for information, with a 48-hour deadline for responding to such requests.

The URI is also institutionally responsible for publishing the Annual Report, the Reference Form and all other documents involving the disclosure of the Bank's results, such as performance analysis reports and the accounting statements. All such documents are constantly updated so as to avoid out-of-date information, while suggestions from the market are mapped and followed up on whenever possible.

Banco do Brasil makes available an extensive range of reports and information to the Brazilian Securities Exchange Commission (CVM) and on the Investor Relations site. In addition it also invites the market to conferences whenever management deems it necessary to clarify specific matters affecting the Organization. In 2012, Banco do Brasil organized 104 events with investors and analysts in Brazil, 9 non-deal roadshows (relationship visits) abroad, 11 conferences in Brazil and abroad and held 8 teleconferences about its results with analysts and investors, in addition to personalized services for investors and market analysts.

In order to improve relationships with individual investors, in 2012 Banco do Brasil and the Association of Capital Market Investment Analysts and Professionals (Apimec) held meetings in six Brazilian state capitals: Porto Alegre, Brasília, Belo Horizonte, Fortaleza, São Paulo and Rio de Janeiro. These events brought together around 1,100 people.

PRESS

Banco do Brasil deals with the press through trained spokespersons and a specialist press office team. Relationships with Brazilian and international journalists looking for information about Banco do Brasil are based on transparency and ethics.

In 2012, BB took top spot among Brazilian banks in terms of positive exposure in the press, according to an audit carried out by the company CDN. A significant part of this positive result in spontaneous media is due to the BOMPRATODOS business strategy launched in April, which has attracted hundreds of positive comments in the principal communication outlets, such as the Brazilian press, radio and TV, resulting in record exposure for the Bank's image in a single month.

The Institution monitors daily press coverage about itself on a daily basis in the principal media outlets of the central economies, as well as in countries which are its business partners. Some 25 newspapers, etc., are monitored every day to identify any need for timely repositioning or other steps that might add value to the BB image.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

COMPETITION

GRI 4.13

As market leader, Banco do Brasil has a policy of close relationships with Brazil's other financial institutions, based on ethical and responsible values, as well as courteousness.

This relationship is not confined to the exchange of information and relevant market experiences alone, but also, whenever possible, the sharing of logistics resources and technology so as to foster partnerships for launching products and services. BB also actively participates in miscellaneous groups that debate and propose changes to enhance the efficiency of the financial industry.

Committed to socio-environmental responsibility initiatives, BB has joined the competition in combating slave and degrading labor and in identifying measures capable of eliminating it from its business and relationship chains. To do so it participates in initiatives led by the Brazilian Banks Federation (FEBRABAN) involving both the business and socio-environmental responsibility.

Alongside the principal banks and Brazilian companies, BB is part of the Thematic Chambers on Energy and Climate Change (CTClima) and on Sustainable Finance (CTFin) and the Brazilian Business Council for Sustainable Development (Cebds). The purpose of this joint approach is to add principles and practices for encouraging sustainable development to the business context, in order to harmonize the economic, social and environmental dimensions.

EXTERNAL OMBUDSMAN

Banco do Brasil is constantly striving to improve its relationship with its different stakeholders. The Ombudsman enables the BB to strengthen its intention of adopting best market practices regarding respect for consumer rights. This is because instead of substituting conventional communication channels, the Ombudsman deals with matters forwarded by users who approached the branches or other contact points but were not satisfied with the outcome and want their case reviewed.

BB considers the demands of its stakeholders that originate with the Ombudsman as priceless opportunities for enhancing its products, services, processes and channels. Reiterating this approach the department remains in close contact with the principal consumer rights protection entities and with regulatory and supervisory bodies in order to dialog or improve certain positions, apply shared actions, strengthening both the ombudsman culture and respect for consumers.

Thanks to this approach, in 2012 the BB External Ombudsman was acknowledged as one of the best in Brazil, participating in the Brazil Ombudsman Awards, an initiative by the Brazilian Association of Ombudsmen and the Brazilian Association for Business-Customer Relations with the support of the magazine *Consumidor Moderno*.

In 2012, the BB Ombudsman resolved a total of 48,523 complaints, including those received directly and those intermediated by external bodies (the Central Bank, the consumer protection agencies (Procons) and others), representing an increase of 5.7% over the previous year. The BB customer base also grew by 4.6%, equivalent to 2,550,000 new customers.

COMPLAINTS RESOLVED BY THE OMBUDSMAN	2011		2012	
	VOLUME OF COMPLAINTS	ANNUAL RATIO ⁽¹⁾	VOLUME OF COMPLAINTS	ANNUAL RATIO ⁽¹⁾
Direct Complaints	18,850	33.66	16,475	28.14
Central Bank	15,599	27.85	18,220	31.12
Consumer Protection Agencies (Procons)	11,446	20.44	13,828	23.62

(1) Ratio: number of complaints, divided by the number of customers, multiplied by 100,000, equals the number of complaints per group of 100,000 customers.

For more information access the Ombudsman's Institutional.



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

OMBUDSMAN'S CHANNELS

Telephone: 0800 729 5678

Special number for those with impaired hearing or speech: 0800 729 0088

Website: www.bb.com.br, by inserting the number of the protocol obtained when filing the complaint with the CSU

THE ENVIRONMENT

GRI FS5

THE BRASIL WATER PROGRAM

The Brazil Water Program, a Banco do Brasil initiative with the National Water Agency, Fundação Banco do Brasil (FBB) and WWF-Brazil, aims to conserve water resources by jointly seeking with society solutions with water supply-related problems.

Transversally related to the Agenda 21, the Brazil Water Program takes a four-pronged approach – Socio-Environmental Projects, Risk Mitigation, Sustainable Businesses and Communication and Engagement – and its objectives are:

- To promote awareness and behavioral changes in society with regard to environmental management and conservation and to encourage conscientious consumption and the proper treatment of solid urban waste in the cities of Caxias do Sul (RS), Rio Branco (AC), Pirenópolis (GO), Natal (RN) and Belo Horizonte (MG);
- To adopt sustainable farming practices, reducing their impact on natural resources and biodiversity;
- To improve water quality and expand natural vegetation cover through representative projects in 14 micro river basins in the Cerrado (Savannah)/Pantanal (Wetlands), Atlantic forest, Amazon, Caatinga (dry brushland) and Pampa biomes;
- To disseminate and replicate business models designed for sustainable regional development while strengthening/expanding the portfolio of financial products and services with environmental features;

- To increase the social support base for environmental management and conservation, conscientious consumption and recycling of solid waste through in-house and external campaigns.

In 2012, the various activities and actions undertaken led to socio-environmental progress and solutions for the localities served. The principal results follow.

Socio-Environmental Project Prong

The countryside – Water and Agriculture: (i) 7 socio-environmental surveys carried out, with 7 cooperation agreements in river basins, with over 40 public and private institutions involved; (ii) deployment commences of the Demonstrative Units, with the planting of seedlings and soil conservation at Lençóis Paulista (SP); (iii) planting of 32,000 seedlings and the approval of 2 Environmental Service Payment (PSA) contracts in the Pipiripau river basin area; and (iv) implementation of FBB social technologies, providing access to water for communities located in the Peruaçu river basin (MG).

Urban Environment – Sustainable Cities, Responsible Consumption and Recycling: (i) checking into consumption and waste disposal habits of the Brazilian population, by the National Opinion Poll, together with the Ibope Market Research Agency, bearing in mind what it is willing to do, in addition to identifying the degree of awareness as to the National Policy on Solid Waste; (ii) five socio-environmental surveys carried out in five cities; (iii) signing of five Protocols of Intent with the local authorities of those five cities, to draw up and implement the 2013-2014 work plans regarding selective garbage collection and recycling; (iv) training of local agents, with the emphasis on waste pickers and the creation of local committees to support the actions of the Brazil Water Program; and (v) advisory services on drawing up projects with the aim of acquiring equipment from the FBB for recyclable materials cooperatives – CataUnidos and RedeSol in Belo Horizonte (MG).

Risk Mitigation Prong: preparation of the BB Sustainability Guidelines for Lending to the Civil Construction and Mining Sectors.

In November 2012, the Brazil Water Program continued



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

with the initiative for engaging stakeholders in defining sustainability guidelines for lending, this time focusing on civil construction and mining. The Dialog Panel on Sustainability Guidelines for Lending – Civil Construction and Mining got together by customers, employees of different departments, sustainability specialists and representatives of civil society and government, with aim of incorporating the suggestions received through these stakeholders.

The previous edition in 2011 had evaluated the BB Sustainability Guidelines for Lending to the agribusiness and electrical power sectors. To consult this document access www.bb.com.br/sustentabilidade.

Holding Engagement Panels is an on-going process contemplated in the challenges of the Banco do Brasil Sustainability Plan – Agenda 21, whose purpose is to enhance the Bank's processes and businesses in a sustainable manner.

The realization of the workshop of Biodiversity for Banks enabled the financial industry to reflect on a sustainable environmental agenda and the role of the banks. One of the objectives of the event was to assist financial institution to face up to the challenges of incorporating biodiversity and ecosystem services into their lending decisions. The workshop content was developed by the environmental organization WWF in partnership with the Association of the Equator Principles and the Business and Biodiversity Offsets Program (BBOP).

Also in 2012, the Brazil Water Program organized a workshop on Training for Banco do Brasil Rural Technical Analysts (ATRs), so as to expand their skills and knowledge for analyzing socio-environmental criteria when assessing risks.

For more details about the Brazil Water Program go to www.blogaguabrasil.com.br and www.bbaguabrasil.com.br.

ECO-EFFICIENCY

GRI EN18 | EN26

The Bank's miscellaneous initiatives for reducing consumption of natural resources and proper disposal of waste are governed by the Eco-Efficiency Program. Eco-efficiency management has been part of the BB business model since the 1990s, and is supported by control and monitoring tools.

Within the scope of the branches, Banco do Brasil uses instruments that assist in monitoring compliance with the dictates of corporate strategy. In this respect the Labor Agreement (BB and ATB synergy) adds a series of initiatives that are aligned with socio-environmental responsibility principles defined by the Bank.

Worthy of note is the environmental footprint eco-efficiency index whose aim is to disseminate eco-efficiency among BB employees in line with the BB Eco-Efficiency strategy and best corporate environmental management practices, in accordance with the assessment of the DJSI, the ISE and ISO 14001, by reducing consumption of natural resources and undertaking selective garbage collection, forwarding recyclable solid waste to recyclable material cooperatives/associations that accept such materials.

ECO-EFFICIENCY PROGRAM INITIATIVES

- Energy Consumption Rationalization Program
- Cartridge and Toner Remanufacturing Program
- Water Consumption Rationalization Program
- Printed Material Rationalization Program
- Selective Collection Program
- Green Branches
- ISO 14001 Certification



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

CHALLENGE 16.

To enhance the management of eco-efficiency indicators (reduction/compensation of emissions, energy consumption, paper consumption, use of renewable energy, waste generation and water consumption). See how BB is facing up to this challenge on page 41.

Water

GRI EN8

To continually improve the monitoring of internal water use and the adoption of measures to reduce it, the Institution runs the Program for the Rational Use of Water (Purágua). Within the scope of this program, a register of branch consumption has been installed on the corporate system, while internal awareness campaigns have been carried out, among other measures. The water consumed in the administration premises is provided by utility companies whose systems are also used by the Bank to dispose of effluents. The reduction in water consumption in 2012 in the strategic buildings was the result of an intense program of hydraulic system maintenance.

WATER CONSUMPTION IN THE STRATEGIC BUILDINGS (M ³) ⁽¹⁾	2010	2011	2012
Head Office Building I	70,465	101,016	86,773
Head Office Building II	10,393	10,183	11,288
Head Office Building III	39,151	37,611	36,476
Head Office Building IV	37,673	40,507	45,547
CCT	14,141	37,440	25,146
Tancredo Neves Building	31,525	27,792	38,340
Total	203,348	254,549	243,570

(1) Water consumption referring to the Banco do Brasil administration buildings, all located in Brasília (DF).

Energy

GRI EN5

The Banco do Brasil Electricity Conservation Program (Procen) has managed electricity consumption on its premises since 1990. By modernizing lighting and air conditioning equipment, generators and transformers, BB obtained savings of around 48 GWh/annum in the early years of the Procen program. Thereafter the electricity consumption stabilized, and none energetic efficiency project was implemented. The increase in electricity consumption in 2012 can be attributed to the organic growth of BB and the implementation of air conditioning systems on the premises incorporated from Banco Nossa Caixa.

GRI EN4

TOTAL ENERGY CONSUMPTION (TJOULE) ⁽¹⁾	
2010	2,139
2011	2,307
2012	2,830

(1) The electricity consumption management system at Banco do Brasil is being enhanced, so the data may change with time.

GRI EN3

DIESEL OIL CONSUMPTION (GJOULE)	
2010	17,221.89
2011	15,801.54
2012	23,123.81



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

Materials

GRI EN6 | EN18

Banco do Brasil constantly strives to reduce its consumption of materials by investing in technologies and demanding miscellaneous environmental certifications on the products it acquires. The principal material consumed by the Bank is paper, and from this point of view one of the more significant initiatives to reduce consumption is to use digital technologies. The Electronic Transactions Dossier (Deoc), whose first phase is being adopted at all branches throughout Brazil, will enable the substitution of physical documents by digitalized images. This initiative not only avoids physically copying of documents, but also transporting them so that they are accessible to all users.

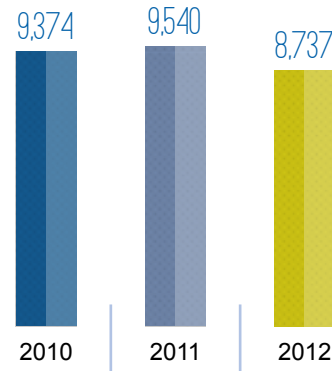
Since 2011, Banco do Brasil has required environmental certification of origin of the raw material used to make the heat-sensitive paper used in manufacturing the reels of paper used in ATMs and cash desks. This has made BB the first bank to put the Cerflor and Inmetro certification stamps on the reels used in these channels, revealing to customers and users its concern with sustainability and quality.

The conclusion of the Forest Stewardship Council (FSC) certification process at the printing units in Rio de Janeiro in 2012 ensures that all printed material produced in-house bears the FSC stamp. The same certification or adaptation to Forestry Certification (Cerflor) and Elemental Chlorine Free (EFC) certification are required as a technical specification when purchasing furniture.

To reduce paper consumption, since 2011 BB has adopted a policy of acquiring 70 grams white A4-size paper – produced using technology that uses 6.67% less raw material (compared to traditional 75 grams) – certified by the FSC. The production of 70 grams paper was discontinued in Brazil by the sole Brazilian manufacture, in the first half of 2012, for which reason BB returned to using 75 grams from the second half of the year onward. **GRI EN1**

The reduction that occurred in 2012 was primarily due to having channeled around 60% of check production to outsourced companies. Regarding the consumption of A4 paper, in spite of the fact that the Organization is growing, there has been a noticeable decline in consumption.

MATERIALS CONSUMPTION (TONS)



When acquiring microcomputers the Bank recommends for some products compliance with the RoHS Directive (Restriction of Hazardous Substances Directive – Directive 2002/95/EC of The European Parliament and of Council) and that suppliers adopt a policy for recycling and disposal of electronic material – the WEEE Directive (Waste Electrical and Electronic Equipment – Directive 2002/96/EC). In 2012, BB modernized 25% of its total multiple function terminals at its head office, replacing these with new, more efficient equipment.

When acquiring refrigerators, the prerequisite is that the product should not contain CFC and should bear the Procel A stamp or equivalent in respect of the consumption level. When leasing vehicles for transporting employees, these must be Brazilian made and have the flex feature (gasoline and ethanol-powered engine).

Selective Collection

Initiated in 2008, the Selective Collection Program contemplates solid waste management in two phases: proper separation of waste according to its characteristics and the possibility of recycling and forwarding to associations or cooperatives of recyclable material collectors.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

In 2012 the Collective Garbage Collection Program was extended to the municipalities of Ribeirão Preto (SP) and Florianópolis (SC), as well as the State of Rio Grande do Sul. The period from 2008 to 2012 covered 595 premises. The Bank's objective for 2013 is to extend selective collection in 22 states, involving 2,163 premises located in cities where there are cooperatives/associations of recyclable material collectors or a public selective collection service.

In the case of property cleaning and conservation services the Organization requires the contracted company to engage in selective collection of waste at the premises already served by the Selective Collection Program. Also, in call notices and contracts for acquiring and installing no-breaks and no-break batteries there are clauses requiring the recycling of equipment and batteries that are substituted, in compliance with Resolution No. 401 of the National Environmental Council (Conama). **GRI EN29**

GRI EN2 | EN22

WASTE FROM THE SELECTIVE COLLECTION PROGRAM	VOLUME IN KILOGRAMS
Paper	5,754,371
Plastics	120,665
Metal	69,647
Batteries and Wet Cells	6,118
Glass	3,973
Total	5,954,774

Disposal method: recyclable solid waste generated is forwarded to accredited cooperatives/associations of recyclable material collectors in compliance with Decree No. 5,940/06.

In order to properly dispose of and recycle waste the Bank has a Cartridge and Toner Remanufacturing Program (Prorec) whose results can be seen in the following table.

CARTRIDGE AND TONER REMANUFACTURING PROGRAM (PROREC)	2010	2011	2012
Total Consumed ⁽¹⁾	107,475	109,229	103,263
Volume Remanufactured	106,081	103,801	99,651
Percentage Remanufactured ⁽²⁾	98.7	95.0	96.5

(1) Original + remanufactured toners.

(2) Volume of remanufactured toners /total consumption.



THE BOMPRATODOS PROGRAM

SOCIO-ENVIRONMENTAL PERFORMANCE

Greenhouse Gas Emission Management

GRI EN6 | EN16 | EN17 | EN18

BB is founder-member of the Companies for Climate Program and the Brazilian GHG Protocol, both of which were designed to reflect on and come up with actions against climate change. It is also a member of the Climate Change Theme Chamber (CTClima), an initiative coordinated by the Brazilian Business Council for Sustainable Development (CEBDS) to assist businesses in adopting strategies for taking advantage of opportunities while minimizing risks, thereby preparing them for a world with restrictions on GHG emissions.

Banco do Brasil provides a service for electronic presentation of registered bills in collection issued by financial institutions. Launched in 2009 as a gradual replacement for paper bills in collection, the Approved Direct Debit (DDA) system adds security and convenience, among other advantages. BB customers can see their collection slips on the internet, ATMs, cell phone or at the BB Service Central.

Since its implementation the program has added 1.2 million electronic drawees, with more than 159 million electronic collection slips presented. During his period, by not having printed any slips, the BB DDA service contributed to reducing the consumption of approximately 41,000 eucalyptus trees, 74.4 million liters of water and 3.7 million kW/h of energy, in addition to not releasing 12,000 tons of CO₂ into the environment.

The system was perfected in 2012 and now also makes past due payment slips available, which means an increase of 16% in the flow in relation to the volume registered in 2011, or approximately an additional 60 million slips issued, or 11% of all bank payment slips in Brazil.

In May 2012, the Digital Image Clearing System (CDI) became officially operational. Developed in 2009 by the Brazilian Federation of Banks (FEBRABAN) and the associate banks, the purpose of the initiative is to digitalize all checks issued in Brazil and eliminate the need to transport them in aircrafts, bullion trucks and boats, resulting in lower expenditures, greater security and rapidity for banks and customers, and the reduction in natural resources used and GHGs emitted.

The outcome expected includes the elimination of around 1,000 ground transportation and 50 aircraft routes, as well as several routed plied by boats in certain regions of Brazil. This is expected to reduce CO₂ atmospheric emissions by approximately 15,000 tons a year, as approximately 37 million kilometers a year will no longer be traveled. This expected reduction was the outcome of a route study carried out by KPMG using the GHG Protocol methodology.

BB is one of the main players in developing the system, since besides being the Clearing Executor for the banking industry it has also made available its entire IT structure to receive the files, with the main processing taking place in Brasília and the contingency process in Rio de Janeiro, affording the process a high level of availability, reliability and security.

And in order to reduce the number of land and air deployments by employees in service, Banco do Brasil currently has 237 audio and videoconferencing rooms allocated across all Brazilian states and in some premises abroad. This low-cost solution is ideal for small offices and reduces business travel costs while enabling the participation of employees who are at a distance. From the perspective of emissions, the item has a strong impact, as described on page 104 of the inventory. **GRI EN29**



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

Neutralization of Emissions

For the first time ever, Banco do Brasil has acquired certificates for neutralizing 4,228 kilos of CO₂ and greenhouse gases referring to the APIMEC events held in Porto Alegre, Belo Horizonte, Brasília, Fortaleza, São Paulo and Rio de Janeiro. Consideration was given to the direct emissions from the consumption of fuel to produce energy and prepare food, as well as indirect emissions from using electricity during the events. The greenhouse gas emissions were neutralized in accordance with the practices of integrity, additionality and recommendations of ABNT Standard NBR 15948:2011.

And as a mean of increasing the participation in the Banco do Brasil National Encounter with Analysts and Investors, "APIMEC São Paulo", without aggravating the environmental impact, the event was broadcasted via the internet and smartphone. At this edition of the APIMEC meetings no banners were produced in canvas, with all local communication taking place via LCD TVs.

BANCO DO BRASIL INVENTORY OF CO ₂ EMISSIONS ⁽¹⁾				
SCOPE	EMISSION SOURCE	2011	2012	VARIATION (%)
Scope 1 ⁽²⁾	Fleet of Own Vehicles for Use in Branches (liters)	4,435 tCO ₂ e (Ethanol – 844,000) (Gasoline – 2.45 million) (Diesel – 115,000)	5,831 tCO ₂ e (Ethanol – 621,000) (Gasoline – 2.93 million) (Diesel – 89,000)	31.5
	Electricity Generators	1,102 tCO ₂ e (Diesel – 439,000 liters)	1,612 tCO ₂ e (Diesel – 642,000 liters)	46.2
	Biomass	1,757 tCO ₂ e	1,539 tCO ₂ e	(12.4)
Scope 2 ⁽³⁾	Electricity Acquired (kWh)	17,633 tCO ₂ e (697 million)	54,235 tCO ₂ e (794 million)	207
Scope 3 ⁽⁴⁾	Air Travel	10,664 tCO ₂ e (78,311 tickets)	7,954 tCO ₂ e (57,810 tickets)	(25.5)

(1) The growth in fuel consumption by the electricity generators is due to the Organization's organic growth, which has increased the inventory base, as well as the adaptation to the systematic safety testing of equipment which is now carried out every six months in order to comply with regulatory standards; (2) The increase of 14% in electricity consumption in kWh terms can also be attributed to the organic growth of BB in 2012. The high positive variation in the volume of greenhouse gas emissions noted in scope 2 is due in the main to the higher conversion factor of the Sistema Interligado Nacional (SIN) (Brazil's National Grid) in relation to the same period of the previous year, resulting from the constant recourse to highly pollutant, non-renewable energy from thermoelectric generators; (3) Banco do Brasil has encouraged the use of its videoconferencing rooms, of which there are 237 in operation throughout Brazil. This measure has enabled a gradual reduction in the number of air tickets and GHG emissions arising from this source.

Green Branches

In 2012, BB opened two eco-efficient branches in São Paulo (SP) and Messejana (CE). Designed to reduce environmental impacts, from construction to building maintenance (some of the differential features can be seen in the box), the eco-efficient

branches are the result of studies into the development of environmental sustainability solutions and energy efficiency, as well as instruments for taking financial and environmental education initiatives.



THE BOMPRATODOS PROGRAM SOCIO-ENVIRONMENTAL PERFORMANCE

ECO-EFFICIENT BRANCH DIFFERENTIALS

- **Bioclimatic architectural design:** use of passive ambient control systems, including optimal localization of the building in relation to climate variables, shapes, seals, protection, finishing and materials;
- **Hybrid electricity generation system:** energy from the grid and photovoltaic cells;
- **Systems for rational water use:** capture of rain water and treatment of greywater (sullage);
- Use of water-based paints;
- Air conditioning systems free of environmentally harmful gases, and re-use of thermal energy used for cooling new incoming air;
- Clean building work, with control and disposal of waste for recycling;
- Use of building materials with a lower environmental impact;
- Maximizing natural lighting and ventilation;
- **Maximization of the building's thermal performance:** green roof, internal garden, walls of soil-cement bricks and thermal insulation;
- Furniture made from certified wood;
- Preferential parking space available for low-emission vehicles, parking spaces for persons with disabilities and bicycle parks;
- Infrastructure for selective collection;
- **LEED Certification – GOLD Level (Leadership in Energy and Environmental Design), scoring system designed by the US Green Building Council (US-GBC):** obtained in September 2012 by the São Paulo Branch (SP); certification is in progress at the Messejana Branch (CE).



AWARDS AND RECOGNITIONS



09

THE DIFFERENTIATED PERFORMANCE OF BANCO DO BRASIL IN SEVERAL AREAS WAS ACKNOWLEDGED BY THE MARKET

GRI 2.10

In acknowledgement of its performance in the various fields in which it operates, Banco do Brasil (BB) received a series of awards and recognitions during 2012. Those worthy of note are:

- Listed on the 2012-2013 Dow Jones Sustainability Index;
- Listed for the 8th consecutive year on the BM&FBovespa Corporate Sustainability Index;
- Winner in the Best Financial Company category at the 5th edition of the *Época Negócios* 100 Award;
- Elected the bank that most respects its customers, according to a survey by *Shopper Experience* published by the magazine *Consumidor Moderno*;
- A survey carried out by consulting company CVA Solutions shows the Bank in 1st place in the ranking of institutions that please their account holders best;
- Banco do Brasil took 1st place in the Banks category and 3rd place in the overall ranking of *Reliable Brands 2012* published by the magazine *Seleções do Reader's Digest*;
- BB remains the brand with the highest recall in the Banks category of the *Folha de São Paulo* newspaper Top of Mind Award since the 1st edition. It was also the brand with the highest recall in the Finance category, while among financial institutions it takes 1st place when the subject is the FIFA World Cup Finals and the Olympic Games;
- BB's BOMPRATODOS campaign was among the winners at the 25th edition of the Marketing Best Award, an annual event organized by publishers Editora Referência, through the magazine *Marketing* and by Madia Mundo Marketing;
- Brasilprev Seguros e Previdência was once again acknowledged for its role in the Brazilian open private pension plan industry, having been presented with the Most Prestigious Companies in Brazil Award by the magazine *Carta Capital*;
- Banco do Brasil received a plaque in recognition of its important role in disseminating and contributing to Brazil's attainment of the Millennium Goals;
- Banco do Brasil leads the global ranking as the soundest bank on the planet, according to a survey by the independent US risk rating agency – Weiss Ratings. The survey was published on the BankingMyWay site, specializing in the international banking market;
- Banco do Brasil was acknowledged as one of the leading companies in the *Época Green Company Award*;
- The 2012 version of the *Guia dos Bancos Responsáveis (GBR)* (Responsible Banks Guidebook) was launched, published by the Brazilian Consumer Protection Institute (IDEC), in which BB appears as the only bank among its peers whose performance was classified as "good;"



AWARDS AND RECOGNITIONS

- Gold Stamp in the Brazilian GHG Protocol Program of Fundação Getulio Vargas (FGV);
- Listed on the CDP Global 500 Report 2012 of the Carbon Disclosure Project;
- Listed on the Newsweek Green Ranking 2012, by *Newsweek* (USA), Sustainalytics (USA) and Trucost (United Kingdom);
- The Licitações-e (e-Tendering) portal once again took top prize in the VI Award during the VII Brazilian Congress of On-Line Auctioneers, in the following categories: Best Electronic Tender System 2011, Best Interaction with Suppliers 2011 and Largest Number of Tenders Carried Out and Completed in 2011;
- The Bank's CEO, Aldemir Bendine, received from the governor of the State of Minas Gerais, the Medalha da Inconfidência, the highest award by that State, which is awarded annually to personalities and entities that have contributed to the development of Minas Gerais;
- In the *Banker's Deals of The Year 2012* almanac, Banco do Brasil came 1st in the most impressive funding transactions for the US\$1 billion subordinated debt issued abroad;
- Banco do Brasil was chosen as the bank that provided the best service to its customers and to Brazil in 2011, receiving the Quality Banks diploma from the magazine *Banco Hoje*;
- BB took 1st place in the Bloomberg equity sales ranking, one of the world's principal providers of information to the financial market;
- BB External Ombudsman was acknowledged as one of the 10 best in Brazil, participating in the Brazil Ombudsman Awards, an initiative by the Brazilian Association of Ombudsmen and the Brazilian Association for Business-Customer Relations with the support of the magazine *Consumidor Moderno*;
- Banco do Brasil was the major winner of the Intangíveis Brasil (PIB) 2012 Award in the special Top Intangíveis Brasil category in the banking industry, also taking top spot in the overall ranking for the first time;
- For the second consecutive year, Banco do Brasil received the Corporate Architecture Award, this time for the design of the Style 2.0 Santa Maria Branch (RS) in the Corporate Interior Design – Projects Completed category;
- BB came 3rd in the Brand Finance ranking of the most valuable brands in Brazil and Latin America in 2012;
- BB was considered the favorite brand of the new Brazilian middle class in a survey conducted by Data Popular;
- BB was rated the largest bank in Latin America by the *AméricaEconomía Intelligence* magazine;
- The Banco do Brasil Corporate University (UniBB) received the following public acknowledgements in 2012: Best Corporate Education Program in Brazil and National Benchmark in Learning & Performance Brazil 2012. It was also considered one of the Best Corporate Universities in Brazil by Corporate University Best in Class CUBIC Awards Brazil;
- The 50 "Empresas do Bem" (Companies that Do Good) 2012 Award from the magazine *IstoÉ Dinheiro*.

Access and find out more about all the awards received by BB during the year and in different areas at www.bb.com.br.



IBASE SOCIAL BALANCE SHEET + NBCT 15

GRI EC1 | EN28 | EN30

1. CALCULATION BASE	2011 (R\$ THOUSAND)				2012 (R\$ THOUSAND)			
Net Income (NI)	26,106,906				27,706,816			
Operating Income (OI)	18,506,767				17,226,772			
Gross Payroll (GP) ⁽¹⁾	14,912,575				16,503,443			
Total Value Added (TVA) ⁽⁵⁾	41,527,413				43,470,807			
2. INTERNAL SOCIAL INDICATORS	R\$ THOU- SAND	% OF GP	% OF NI	% OF TVA	R\$ THOU- SAND	% OF GP	% OF NI	% OF TVA
Meals	1,086,261	7.3	3.9	8.9	1,142,332	6.9	4.1	2.6
Mandatory Social Charges	2,455,755	16.5	8.9	20.1	2,872,138	17.4	10.4	6.6
Private Pension Scheme ⁽²⁾	1,164,046	7.8	4.2	9.5	2,243,701	13.6	8.1	5.2
Health ⁽²⁾	894,943	6.0	3.3	7.3	927,960	5.6	3.3	2.1
Occupational Health and Safety	41,858	0.3	0.2	0.3	70,249	0.4	0.3	0.2
Education ⁽³⁾	27,583	0.2	0.1	0.2	18,962	0.1	0.1	0.0
Culture	2,798	0.0	0.0	0.0	0	0.0	0.0	0.0
Training and Professional Development	106,276	0.7	0.4	0.9	84,573	0.5	0.3	0.2
Daycare or Daycare Allowances	74,166	0.5	0.3	0.6	87,027	0.5	0.3	0.2
Transportation	31,318	0.2	0.1	0.3	21,993	0.1	0.1	0.1
Profit Sharing	1,790,543	12.0	6.5	14.7	1,835,262	11.1	6.6	4.2
Others	148,952	1.0	0.5	1.2	436,821	2.6	1.6	1.0
PAS	1,535	0.0	0.0	0.0	272,712	1.7	1.0	0.6
Dental Plan	27,002	0.2	0.1	0.2	27,719	0.2	0.1	0.1
Apprenticeship Program	73,202	0.5	0.3	0.6	43,105	0.3	0.2	0.1
Internship Program	47,213	0.3	0.2	0.4	93,285	0.6	0.3	0.2
Total Internal Social Indicators	7,824,498	52.5	28.4	64.0	9,741,018	59.0	35.2	22.4
3. EXTERNAL SOCIAL INDICATORS	R\$ THOU- SAND	% OF GP	% OF NI	% OF TVA	R\$ THOU- SAND	% OF GP	% OF NI	% OF TVA
Education	27,716	0.2	0.1	0.2	28,698	0.2	0.1	0.1
Culture	53,185	0.4	0.2	0.4	41,283	0.3	0.1	0.1
Health and Sanitation	8,398	0.1	0.0	0.1	10,508	0.1	0.0	0.0
Sport	56,100	0.4	0.2	0.5	82,445	0.5	0.3	0.2
Hunger and Food Safety Campaign	8,009	0.1	0.0	0.1	130,431	0.8	0.5	0.3
Creation of Jobs and Income	64,224	0.4	0.2	0.5	166,389	1.0	0.6	0.4
Others	13,976	0.1	0.1	0.1	19,658	0.1	0.1	0.0
Digital Inclusion	262	0.0	0.0	0.0	5,905	0.0	0.0	0.0
Science and Technology	4,034	0.0	0.0	0.0	368	0.0	0.0	0.0
Transfers to Childhood and Adolescence Fund (FIA)	6,209	0.0	0.0	0.1	10,000	0.1	0.0	0.0
BB Volunteer Work Project	3,471	0.0	0.0	0.0	3,385	0.0	0.0	0.0
Total contributions to society	231,609	1.6	0.8	1.9	479,412	2.9	1.7	1.1
Taxes (excluding social charges)	2,266,700	15.2	8.2	18.6	1,850,317	11.2	6.7	4.3
Total External Social Indicators	2,498,309	16.8	9.1	20.4	2,329,729	14.1	8.4	5.4



IBASE SOCIAL BALANCE SHEET + NBCT 15

4 ENVIRONMENTAL INDICATORS	R\$ THOU-	% OF	% OF	% OF	R\$ THOU-	% OF	% OF	% OF
	SAND	GP	NI	TVA	SAND	GP	NI	TVA
4.1 – Company Operations/ Production-Related Investments	83,924	0.6	0.3	0.7	129,388	0.8	0.5	0.3
Land Expropriations	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Environmental Liabilities and Contingencies	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Technological and Industrial Development Program	63,726	0.4	0.2	0.5	112,080	0.7	0.4	0.3
Energy Conservation	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Environmental Education	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Sectorial Indicator	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Others	20,198	0.1	0.1	0.2	17,308	0.1	0.1	0.0
Building of Sustainable Branches	2,231	0.0	0.0	0.0	0	0.0	0.0	0.0
Investment in the Cartridge Remanufacturing Program	17,836	0.1	0.1	0.1	17,295	0.1	0.1	0.0
Puragua Program – Rationalization of Consumption and Saving Water	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Internal Environmental Audit (GHG Protocol and ISO 14001 Certification)	9,1	0.0	0.0	0.0	13	0.0	0.0	0.0
Internal Environmental Consultancy	122	0.0	0.0	0.0	0	0.0	0.0	0.0
4.2 – Investments in External Programs and/or Projects	12,590	0.1	0.0	0.1	6,740	0.0	0.0	0.0
Community Environmental Education Projects	2,851	0.0	0.0	0.0	0	0.0	0.0	0.0
Preservation and/or Recuperation of Degraded Areas	1,739	0.0	0.0	0.0	2,240	0.0	0.0	0.0
Others – Brazil Water Program (investments include environmental education actions in communities and actions for preservation and/or recuperation of de- graded areas, among other initiatives)	8,000	0.1	0.0	0.1	4,500	0.0	0.0	0.0
Total Investments in External Programs and/or Projects (4.1 + 4.2)	96,514	0.6	0.4	0.8	136,128	0.8	0.5	0.3



IBASE SOCIAL BALANCE SHEET + NBCT 15

5. STAFF INDICATORS	2011 - UNITS	2012 - UNITS
Number of Employees at the End of the Period	113,810	114,182
Number of Admissions during the Period	8,754	5,245
Number of Dismissals during the Period	3,895	4,266
Number of Outsourced Employees	37,272	40,360
Number of Interns	8,567	6,020
Number of Apprentices	5,551	5,146
Number of Employees over the Age of 45	33,550	34,948
Number of Employees by Age Group		
Up to 25 Years of Age	7,787	6,538
From 26 to 35 Years of Age	42,918	43,023
From 36 to 45 Years of Age	29,555	29,673
Over 45 Years of Age	33,550	34,948
Number of Employees by Education Level:		
Primary Education	532	490
Secondary/Vocational Education	30,362	28,552
Higher Education	54,821	53,223
Postgraduate Study (Specialization, Masters and Doctorates)	28,095	31,917
Number of Women Working at the Company	46,878	47,204
Percentage of Managerial Positions occupied by Women	34.8	41.3
Number of Men Working at the Company	66,932	66,978
Percentage of Managerial Positions occupied by Men	65.2	58.6
Number of Afro-Descendants, Brown-Skinned People or Indians Working at the Company	25,485	26,583
Number of Afro-Descendants, Brown-Skinned People or Indians Holding Managerial Positions	6,436	7,678
Number of Handicapped Employees of Those with Special Needs	893	974
Gross Compensation (before charges) Broken Down by:	R\$7,775,449,684	R\$8,725,788,964
Employees	R\$7,752,217,879	R\$8,702,534,050
Managers (Board of Directors, Auditors and Officers)	R\$23,231,805	R\$23,254,914
Difference between the Lowest Salary Paid by the Company and the Minimum Salary (national or regional)		
Difference between the Lowest Salary Paid by the Company and the Minimum Salary	R\$1,138	R\$1,180



IBASE SOCIAL BALANCE SHEET + NBCT 15

6. RELEVANT CORPORATE CITIZENSHIP INFORMATION	2011	2012
Ratio of the Highest to the Lowest Salaries at the Company	16.8	16.8
Total Number of Work Accidents	1,389	1,122
Social and Environmental Programs Developed by the Company Were Defined by:	(x) Senior management () Senior and middle management () All employees	(x) Senior management () Senior and middle management () All employees
Safety and Health Standards in the Work Environment Were Defined by:	(x) Senior and middle management () All employees () All of the above + CIPA	(x) Senior and middle management () All employees () All of the above + CIPA
Regarding Freedom of Union Association, Right to Collective Bargaining and In-House Worker Representation, the Company:	() Does not get involved () Adheres to ILO norms (x) Encourages and adheres to the ILO	() Does not get involved () Adheres to ILO norms (x) Encourages and adheres to the ILO
The Private Pension Plan Covers:	() Senior management () Senior and middle management (x) All employees	() Senior management () Senior and middle management (x) All employees
Profit Sharing Covers:	() Senior management () Senior and middle management (x) All employees	() Senior management () Senior and middle management (x) All employees
When Choosing Suppliers, the Same Standards of Ethics and of Social and Environmental Responsibility Adopted by the Company:	() Are not taken into account () Are suggested (x) Are required	() Are not taken into account () Are suggested (x) Are required
Regarding Employee Participation in Volunteer Work Programs, the Company:	() Does not get involved () Supports it (x) Organizes and encourages it	() Does not get involved () Supports it (x) Organizes and encourages it
Total Number of Consumer Complaints and Criticisms ⁽⁴⁾ :	At the company: 15,811 At the Procon: 12,467 In court: 117,586	At the company: 15,162 At the Procon: 13,828 In court: 159,107
Percentage of Complaints and Criticisms Addressed or Resolved:	At the company: 100% At the Procon: 100%	At the company: 100% At the Procon: 100%
Actions Taken by the Company to Remedy or Minimize the Causes of the Complaints:	Transformation and Awareness of Employees in Customer Service.	Transformation and Awareness of Employees in Customer Service.
Total Value Added to be Distributed (in thousands of R\$):	38,638,689	40,225,240
Distribution of Value Added (DVA):	% of the total	% of the total
Government	28.4	27.0
Employees	38.1	40.1
Shareholders	12.7	12.2
Third parties	1.9	2.2
Retained	18.9	18.5

7. OTHER INFORMATION

Banco do Brasil S.A. – Brasília (DF) – CNPJ: 00.000.000/0001-91

For clarification as to the information declared: ri@bb.com.br

This company does not use child or slave labor, is not involved with child or adolescent prostitution or sexual exploitation and is not involved in corruption. Our company values and respects both in-house and external diversity.

The social balance sheet was assured by KPMG Auditores Independentes S.A., and the assurance report is published with the Annual Report 2012.

Notes:

(1) The amount refers to personnel expenses.

(2) Takes into account the employer contributions for all sponsored entities, including those that were merged (BNC, BESC, BEP), in addition to the Bank's own.

(3) Expenses with regular education at all levels, education reimbursements, magazine subscriptions, library expenses (excluding staff) and other expenditures on education.

(4) Takes into account the information registered with the Institution's External Ombudsman and with the courts.

(5) The amount corresponds to the Gross Value Added as shown in the Statement of Value Added.



CORPORATE INFORMATION



GRI 2.4

INVESTOR RELATIONS UNIT

SBS Quadra 01, Bloco C, Lote 32 – Ed. Sede III – 7th floor
Setor Bancário Sul – CEP: 70073-901 – Brasília (DF)
E-mail: ir@bb.com.br

SUSTAINABLE DEVELOPMENT UNIT

SBS Quadra 01, Bloco A, Lote 31 – Ed. Sede I – 16th floor
Setor Bancário Sul – CEP: 70073-900 – Brasília (DF)
E-mail: sustentabilidade@bb.com.br



ANNEXES LETTER OF ASSURANCE

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

To
The Board of Directors, Shareholders
and Management
Banco do Brasil S.A.
Brasília – DF

INTRODUCTION

We have been contracted with the purpose of applying limited assurance procedures on the sustainability information disclosed in the Annual Report of Banco do Brasil S.A. and subsidiaries (Banco do Brasil), related to the year ended December 31 2012.

RESPONSIBILITIES OF COMPANY MANAGEMENT

The management of the Banco do Brasil is responsible for the preparation and adequate presentation of the sustainability information disclosed in the Annual Report according to the Guidelines for Sustainability Reports of the Global Reporting Initiative – GRI (GRI-G3), the Sector Supplement “Financial Services Sector Supplement – RG Version 3.0/FSSS Final Version” and using the internal controls that it determined as necessary to enable preparation of such information free of any relevant distortion, even though it was resulted by fraud or error.

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion about the information in Annual Sustainability Report based on the limited assurance engagement conducted in accordance with Technical Notice (CT) 07/2012 approved by the Federal Accounting Council and prepared in accordance with NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), issued by the Federal Accounting Council – CFC, which is the equivalent to international standard ISAE 3000 issued

by the International Federation of Accountants applicable to Non-Historical Information. These standards require compliance with ethical requirements, including independence ones and also that the engagement is conducted in order to provide a limited assurance that the information disclosed in the Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) primarily consists of questioning to the management of Company and other Company's professional involved in preparing the information in the Annual Report and also applying analytical procedures to obtain evidence that allows us to make a limited assurance conclusion about the information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor learns of issues which lead them to believe that the information in the Annual Report, taken as a whole, could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation and presentation of the information in the Annual Report and other engagement circumstances and considerations about areas where material misstatement could exist. The procedures consisted of:

- a. the planning of the work, considering the relevance, amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Annual Report;
- b. the understanding of the calculation methodology and the consolidation procedures used to of the indicators through interviews with the personnel in charge of the preparation of the information;



ANNEXES LETTER OF ASSURANCE

- c. the application of substantive procedures to the quantitative information and enquiries about the qualitative information and its relation to the indicators disclosed in the information presented in the Annual Report; and
- d. the comparison of the financial indicators with the financial statements and/or accounting records.

This limited assurance engagement included, in addition, the adherence to the guidelines and criteria of the structure obtained in Global Reporting Initiative – GRI applicable to the presentation of the Annual Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in an assurance engagement aiming to express an opinion about the information in the Annual Report. Due to this, it does not ensure us that we are aware of all the issues that would be identified during an assurance engagement which aim to express an opinion. If we had conducted an engagement in order to express an opinion, we may have identified other issues and possible misstatements which can be in the information presented in the Annual Report. Therefore, we are not expressing an opinion about this information.

The nonfinancial data is subject to more inherent limitations than the financial data, due to the nature and diversity of the methods used to determine, calculate or estimate this data. Qualitative interpretations of the data's materiality and accuracy are subjected to individual presumptions and judgments. Additionally, we did not examine data informed for prior periods or future projections and targets either.

The objective of our work was to apply limited as-

urance procedures on the sustainability information disclosed in the Annual Report of Banco do Brasil, not including its greenhouse gas emissions data, neither the assessment of the appropriateness of its policies, practices and sustainability performance.

CONCLUSION

Based on the applied procedures, described in this report, we have not identified any relevant information that leads us to believe that the information in the Annual Report, was not compiled, in all relevant aspects, in accordance with the Guidelines for Sustainability Reports of the Global Reporting Initiative – GRI (GRI-G3), the Sector Supplement “Financial Services Sector Supplement – RG Version 3.0/FSSS Final Version”, and with the records and files that served as bases for their preparation.

Brasília, May 17, 2013

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF

Original report in Portuguese signed by
Giuseppe Masi
Contador CRC 1SP176273/O-7



ANNEXES GRI LETTER

THE APPLICATION LEVEL OF THIS REPORT IS IN THE PROCESS OF EXAMINATION BY THE GLOBAL REPORTING INITIATIVE (GRI).



ANNEXES GRI REMISSIVE INDEX

GRI 3.12

PROFILE INDICATORS				
1. Strategy and Analysis		Pages in AR	Pages in ASs	Global Compact
1.1	Statement by position holder with highest power of decision in the organization regarding the relevance of sustainability for the organization and its strategy.	7 to 8		
1.2	Description of the key impacts, risks and opportunities.	7 to 9 and 25 to 29	Management Report Note 29 – Risk Management and Regulatory Capital	
2. Organizational Profile		Pages in AR	Pages in ASs	Global Compact
2.1	Name of the organization.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.2	Primary brands, products and/or services.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.3	Operational structure of the organization, including the main divisions, operating units, subsidiaries and joint ventures.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.4	Location of organization's headquarters.	112		
2.5	Number of countries in which the organization operates and the name of the countries in which its main operations are located or are especially relevant for matters of sustainability covered by the report.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.6	Nature of ownership and legal form.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.7	Markets served (including geographical breakdown, industries served and types of customers/beneficiaries).	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.8	Scale of the organization.	2	Management Report Note 1 – The Bank and its Operations Note 5 – Information by Business Segment	
2.9	Significant changes during the reporting period involving size, structure or shareholder participation.	2		
2.10	Awards received in the reporting period.	106 to 107		



ANNEXES GRI REMISSIVE INDEX

3. Disclosure Parameters		Pages in AR	Pages in ASs	Global Compact
3.1	Period covered by the report (such as accounting/civil year) for the information presented.	12		
3.2	Date of the most recent previous report (if applicable).	12		
3.3	Reporting cycle (annual, biennial, etc.)	12		
3.4	Contact point for questions regarding the report or its contents.	12		
3.5	Process for defining the content of the report, including: a) determining materiality; b) prioritizing topics within the report and c) identifying those stakeholders the organization expects to make use of the report.	13 to 16		
3.6	Boundary of the report (such as countries, divisions, subsidiaries, leased premises, joint ventures, suppliers).	12		
3.7	State any specific limitations on the scope or limit of the report.	12		
3.8	Basis for reporting on joint ventures, subsidiaries, leased premises, outsourced transactions and other organizations that can significantly affect comparability between periods and/or organizations.	12		
3.9	Data measurement techniques and the bases for calculations, including assumptions and techniques underlying estimations applying to the compilation of the indicators and other information in the report.	13	Note 3 – Presentation of the Financial Statements Note 4 - Summary of the Main Accounting Practices	
3.10	Explanation of the consequences of any restatement of the information provided in previous reports and the reasons for these restatements (such as mergers and acquisitions, changes in the reporting period or base year, in the nature of the business and methods of measurement).	13	Note 2 – Corporate Restructurings	
3.11	Significant changes in comparison with previous reporting periods in the scope, boundary or measurement methods applied in the report.	13		
3.12	Table identifying the location of the standard disclosures in the report.	115 to 125		
3.13	Policy and current practice with regard to seeking external assurance for the report.	13	Report of the Independent Accountants	



ANNEXES GRI REMISSIVE INDEX

4. Governance, Commitments and Engagement		Pages in AR	Pages in ASs	Global Compact
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	18 to 24	Management Report Members of the Managerial Bodies	
4.2	Indication where the chair of the highest governance body is also an executive officer (and, as the case may be, his functions within the management of the organization and the reasons for this arrangement).	20		
4.3	In the case of organizations with a unitary board structure, declaration of the number of independent members or non-executives of the highest governance body.	20		
4.4	Mechanisms by which shareholders and employees make recommendations or provide guidance to the highest governance body.	19	Management Report Members of the Managerial Bodies	
4.5	Linkage between the compensation for members of the highest governance board, senior management and executives (including departure arrangements) and the organization's performance (including social and environmental performance).	19		
4.6	Processes in place at the highest governance body for avoiding conflicts of interest.	18 and 96		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for setting the organization's strategy on matters involving economic, environmental and social themes.	18		
4.8	Internal statements of mission and values. Codes of conduct and in-house principles considered relevant for economic, environmental and social performance, in addition to the status of their implementation.	3		
4.9	Procedures by the highest governance body for overseeing the identification and management by the organization of the economic, environmental and social performance, including significant risks and opportunities, as well as adherence to or compliance with internationally acceptable standards, codes of conduct and principles.	19		
4.10	Processes for appraising the highest governance body's own performance, primarily in regard to its economic, environmental and social performance.	19		
4.11	Explanation of whether and how the precautionary approach is addressed by the organization.	25 to 29		7



ANNEXES GRI REMISSIVE INDEX

4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	46 to 105		
4.13	Participation in associations (such as industry federations) and/or domestic/international advocacy entities in which the organization: a) has a seat in groups responsible for corporate governance, b) participates in projects and committees, c) provides substantive funding beyond routine membership dues and d) views membership as strategic.	97		
4.14	List of the stakeholder groups engaged by the organization.	46 to 105		
4.15	Basis for identification and selection of stakeholders with whom to engage.	12 to 16 and 78 to 98		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group.	12 to 16 and 78 to 98		
4.17	Key topics and concerns raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting.	46 to 105		

ECONOMIC PERFORMANCE INDICATORS

Management Approach: pages 34 to 43, 46 and 47 to 76

Aspect: Economic Performance			Pages in AR	Pages in ASs	Global Compact
Core	EC1	Direct economic value created and distributed, including revenues, operating costs, employee remuneration, donations and other investments in the community, retained earnings and payments to providers of capital and governments.	59 to 61 and 108 to 111	Statement of Value Added	
Core	EC2	Financial implications and other risks and opportunities for the organization's business because of climate change.	62 to 63 and 66 to 67		
Core	EC3	Cover for the organization's obligations under its defined benefit pension plan.		Not material	
Core	EC4	Significant financial assistance received from the government.		Not material	
Aspect: Market Presence			Pages in AR	Pages in ASs	Global Compact
Additional	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Not material	
Core	EC6	Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation.	85		



ANNEXES GRI REMISSIVE INDEX

Core	EC7	Procedures for local hiring and proportion of senior management recruited from the local community at significant locations of operations.		Not material	
Aspect: Indirect Economic Impacts			Pages in AR	Pages in ASs	Global Compact
Core	EC8	Development and impact of infrastructure investments and services offered, principally for the benefit of the public, by means of business engagement in kind or <i>pro bono</i> activities.	44 to 45, 90 and 92 to 93		
Additional	EC9	Identification and description of significant economic impacts, including the extent of said impact.	46		
ENVIRONMENTAL PERFORMANCE INDICATORS					
Management Approach: pages 34 to 43, 46 and 77 to 105					
Aspect: Materials			Pages in AR	Pages in ASs	Global Compact
Core	EN1	Materials used by weight or volume.	101		
Core	EN2	Percentage of materials used that are recycled input materials.	102		8 and 9
Aspect: Energy			Pages in AR	Pages in ASs	Global Compact
Core	EN3	Direct energy consumption by primary energy source.	100		
Core	EN4	Indirect energy consumption by primary source.	100		
Additional	EN5	Energy saved due to conservation and efficiency improvements.	100		8 and 9
Additional	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and the reduction in energy requirements resulting from these initiatives.	101 and 103 to 105		8 and 9
Additional	EN7	Initiatives to reduce indirect energy consumption and the reductions achieved.		Not material	
Aspect: Water			Pages in AR	Pages in ASs	Global Compact
Core	EN8	Total water withdrawal by source.	100		
Additional	EN9	Water sources significantly affected by withdrawal of water.		Not material	
Additional	EN10	Percentage and total volume of water recycled and reused.		Water is not reused.	
Aspect: Biodiversity			Pages in AR	Pages in ASs	Global Compact
Core	EN11	Location and size of land owned, leased or managed within or adjacent to protected areas and areas with a high biodiversity value outside the protected areas.		Not material	



ANNEXES GRI REMISSIVE INDEX

Core	EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas with high biodiversity value outside the protected areas.	Not material		
Additional	EN13	Protected or restored habitats.	Not material		
Additional	EN14	Strategies, current measures and future plans for managing impacts on biodiversity.	Not material		
Additional	EN15	Number of IUCN Red List species and those on national conservation lists whose habitats are affected by operations, broken down by level of extinction risk.	Not material		
Aspect: Emissions, Effluents and Waste			Pages in AR	Pages in ASs	Global Compact
Core	EN16	Total direct and indirect greenhouse gas emissions by weight.	103 to 105		
Core	EN17	Other significant indirect greenhouse gas emissions by weight.	103 to 105		
Additional	EN18	Initiatives for reducing greenhouse gas emissions and the reductions obtained.	99, 101 and 103 to 105		8
Core	EN19	Emissions of ozone-depleting substances by weight.	Not material		
Core	EN20	NOx, SOx and other significant atmospheric emissions by type and weight.	Not material		
Core	EN21	Total water discharge, by quality and destination.	Not material		
Core	EN22	Total weight of waste by type and disposal method.	102		8
Core	EN23	Number and total volume of significant spillages.	Not material		
Additional	EN24	Weight of waste transported, imported, exported or treated and considered hazardous under the terms of the Basel Convention – Annexes I, II, III and VIII – and the percentage of transported waste shipped internationally.	Not material		
Additional	EN25	Identity, size, protected status and biodiversity value of water bodies and their attendant habitats significantly affected by the reporting organization's water discharge and runoff.	Not material		
Aspect: Products and Services			Pages in AR	Pages in ASs	Global Compact
Core	EN26	Initiatives for mitigating the environmental impacts of products and services and the extent of the reduction in these impacts.	86, 87 and 99		8
Core	EN27	Percentage of products sold and whose packaging is recovered, in relation to total products sold, by product category.	Not material		



ANNEXES GRI REMISSIVE INDEX

Aspect: Compliance			Pages in AR	Pages in ASs	Global Compact
Core	EN28	Monetary value of significant fines and total number of non-monetary sanctions due to non-compliance with environmental laws and regulations.	Banco do Brasil recorded no significant fines or non-monetary environmental sanction in 2012. It received six fines and non-monetary environmental sanctions	Note 28 -Contingent Liabilities and Legal, Tax and Social Security Obligations	
Aspect: Transport			Pages in AR	Pages in ASs	Global Compact
Additional	EN29	Significant environmental impacts of transporting products and other goods and materials used in the organization's operations, in addition to transporting members of the workforce.	102 and 103		
Aspect: General			Pages in AR	Pages in ASs	Global Compact
Additional	EN30	Total environmental protection expenditures and investments, by type.	108 to 111		8
SOCIAL PERFORMANCE INDICATORS REGARDING LABOR LAW AND DECENT WORKING PRACTICES					
Management Approach: pages 31 to 43, 46 and 77 to 105					
Aspect: Employment			Pages in AR	Pages in ASs	Global Compact
Core	LA1	Total work force by employment type, employment contract and region.	78 to 85		
Core	LA2	Total number and employee turnover rate by age group, gender and region.	78 to 85	Note 27 – Employee Benefits	6
Additional	LA3	Benefits provided to full-time employees that are not offered to part-time employees, by significant locations of operations.	80		
Aspect: Labor/Management Relations			Pages in AR	Pages in ASs	Global Compact
Core	LA4	Percentage of employees covered by collective bargaining agreements.	82		4
Core	LA5	Minimal notice period regarding significant operational changes, including whether this is specified in collective bargaining agreements.		Not material	
Aspect: Occupational Health And Safety			Pages in AR	Pages in ASs	Global Compact
Additional	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.	83		
Core	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region.	83		
Core	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Not material	



ANNEXES GRI REMISSIVE INDEX

Additional	LA9	Health and safety topics covered in formal agreements with trade unions.	83		
Aspect: Training and Education			Pages in AR	Pages in ASs	Global Compact
Core	LA10	Average hours of training per year per employee by employee category.	84		
Additional	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	84		
Additional	LA12	Percentage of employees receiving regular performance and career development reviews.	85		
Aspect: Diversity and Equal Opportunity			Pages in AR	Pages in ASs	Global Compact
Core	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	81 to 82		6
Core	LA14	Ratio of basic salary and remuneration of women to men by employee category.	81 to 82		6
HUMAN RIGHTS SOCIAL PERFORMANCE INDICATORS					
Management Approach: pages 31 to 43, 46 and 77 to 105					
Aspect: Investment and Procurement Practices			Pages in AR	Pages in ASs	Global Compact
Core	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	2	All significant investment contracts located throughout the report contain human rights-related clauses. Banco Postal, which became part of the Mais BB network of correspondents in 2012, can be found in detail on page 2 of this report.	
Core	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	85		1
Additional	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.	The Bank does not provide human rights training.		
Aspect: Non-discrimination			Pages in AR	Pages in ASs	Global Compact
Core	HR4	Total number of incidents of discrimination and corrective actions taken.	There were no incidents (court cases, complaints filed with the organization or the competent authorities via formal process) of discrimination due to race, color, sex, religion, political opinion, nationality or social origin involving internal or external stakeholders.		
Aspect: Freedom of Association and Collective Bargaining			Pages in AR	Pages in ASs	Global Compact
Core	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	82		3



ANNEXES GRI REMISSIVE INDEX

Aspect: Child Labor			Pages in AR	Pages in ASs	Global Compact
Core	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	85 to 86		5
Aspect: Forced and Compulsory Labor			Pages in AR	Pages in ASs	Global Compact
Core	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	66, 70 and 85 to 86		2 and 4
Aspect: Security Practices			Pages in AR	Pages in ASs	Global Compact
Additional	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	86		1
Aspect: Indigenous Rights			Pages in AR	Pages in ASs	Global Compact
Additional	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		Not material	
SOCIETY-RELATED SOCIAL PERFORMANCE INDICATORS					
Management Approach: pages 31 to 43, 46 and 77 to 105					
Aspect: Local Communities			Pages in AR	Pages in ASs	Global Compact
Core	SO1	Nature, scope and effectiveness of any programs and practices for evaluating and managing the impacts of operations on communities, including entry, operation and exit.	90		
Aspect: Corruption			Pages in AR	Pages in ASs	Global Compact
Core	SO2	Percentage and total number of business units analyzed for risks related to corruption.	29		10
Core	SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	28 to 30		10
Core	SO4	Actions taken in response to incidents of corruption.	29		10
Aspect: Public Policy			Pages in AR	Pages in ASs	Global Compact
Core	SO5	Public policy positions and participation in public policy development and lobbying.	94 to 95		
Additional	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Not material	
Aspect: Anti-competitive Behavior			Pages in AR	Pages in ASs	Global Compact
Additional	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		Not material	
Aspect: Compliance			Pages in AR	Pages in ASs	Global Compact
Core	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	28 to 30	Note 28 –Contingent Liabilities and Legal – Tax and Social Security Obligations	



ANNEXES GRI REMISSIVE INDEX

PRODUCT RESPONSIBILITY-RELATED PERFORMANCE INDICATORS

Management Approach: pages 31 to 43, 46, 47 to 76 and 77 to 105

Aspect: Customer Health and Safety			Pages in AR	Pages in ASs	Global Compact
Core	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		Not material	
Additional	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 material	
Aspect: Product and Service Labeling			Pages in AR	Pages in ASs	Global Compact
Core	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Not material	
Additional	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		There were no cases of non-compliance with regulations and voluntary codes concerning product and service information and labeling.	
Additional	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	87		
Aspect: Marketing Communications			Pages in AR	Pages in ASs	Global Compact
Core	PR6	Programs for adherence to laws, rules and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.		Not material	
Additional	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.		In 2012, BB reported 2 incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.	
Aspect: Compliance			Pages in AR	Pages in ASs	Global Compact
Additional	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		Not material	
Aspect: Compliance			Pages in AR	Pages in ASs	Global Compact
Core	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	87	Note 28 – Contingent Liabilities and Legal, Tax and Social Security Obligations	

FINANCIAL SERVICES SECTOR SUPPLEMENT PERFORMANCE INDICATORS

Management Approach: pages 31 to 43, 46, 47 to 76 and 77 to 105

			Pages in AR	Pages in ASs	Global Compact
FS1		Policies with specific social and environmental components applied to business lines.	66		



ANNEXES GRI REMISSIVE INDEX

FS2	Processes for accessing and screening environmental and social risks in business lines in regard to each policy.	46 to 105		
FS3	Processes for monitoring customer's implementation of and compliance with environmental and social requirements included in agreements or transactions.	46 to 105		
FS4	Processes for improving staff competency for implementing environmental and social policies and procedures applied to business lines.	62 to 76		
FS5	Interactions with customers and other stakeholders regarding environmental and social risks and opportunities.	46 to 105		
FS6	Percentage of the portfolio for business lines by specific region (e.g. micro, SME and large) and by sector.	61 to 76 More information at: http://www.bb.com.br/portalbb/page3,136,3595,0,0,1,8.bb?codigoMenu=204&codigoNoticia=11380&codigoRet=1251&bread=5 .		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business, broken down by purpose.	61 to 76		
FS8	Total monetary value of environmental products and services broken down by business line.	47 to 76		
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	68 to 76		
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental and social issues.	62 to 76		
FS11	Percentage of assets subject to positive and negative environmental or social screening.	61 to 76		
FS12	Voting policies applied to environmental and social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	In spite of not having an in-house policy for advising on voting, BB adheres to the principles of the Global Compact and contributes to environmental policies by exercising its right to vote in several ministries on environmental and social issues, such as the Ministry of the Environment – MMA, the Ministry of Agriculture, Fisheries and Supply – MAPA and others.		
FS13	Access points in the low-populated or economically disadvantaged areas by type.	86 to 87		
FS14	Initiatives to improve access to financial services for disadvantaged people.	87		
FS15	Policies for the fair design and the sale of financial products and services.	28 to 30		
FS16	Initiatives to enhance financial literacy by type of beneficiary.	84		



CREDITS

CONTENT COORDINATION

Investor Relations Unit (URI)
Sustainable Development Unit (UDS)

CREATION COORDINATION

Marketing and Communication Directorship (DIMAC)
Institutional Advertising Division

CONTENT CONSULTANTS AND LAYOUT PROJECT

TheMediaGroup

ILLUSTRATION

TheMediaGroup

PHOTOGRAPH

Iara Venanzi and Acervo Banco do Brasil