Dear Shareholders,

We present the Management Report and the Financial Statements of Banco do Brasil (BB) for the year 2010, in accordance with the requirements of the Brazilian Corporate Law, the National Monetary Council (CMN), the Brazilian Central Bank – BCB, the Brazilian Securities and Exchange Commission – CVM and Banco do Brasil’s Bylaws.

ECONOMIC ENVIRONMENT

The year 2010 was marked by the slow pace of growth in developed countries, in contrast to the more significant recovery in the main emerging markets. In the United States and Japan there were clear signs of a cool-down of domestic economic activity. Deflation risks lead the North American monetary authority to adopt, inclusively, a new liquidity expansion package that produced additional devaluation of the US dollar in the international market as an adverse effect, triggering the adoption of supplementary measures to restrain local currency appreciation against the dollar in some countries.

Concomitantly, global financial stability began to be negatively affected by uncertainties regarding the fiscal sustainability of some European countries, especially Greece, Ireland, Portugal and Spain. On the other hand, emerging countries such as China, India and Brazil maintained their trajectory of economic recovery.

The dynamism of the Brazilian economy was reflected, mainly, to the good performance of the labor market, whose employment generation record was in 2010, and credit market, chief vectors of impulse to domestic demand. However, in despite of positive growth rates, the pace of expansion in the second semester was slower than that observed in the first half of the year.

The growth of demand, combined by supply shocks originating from foodstuffs, increased inflation measured by the IPCA (amplified consumer price index, which serves as a parameter for the system of inflation targets), in 2010 to 5.9% value above the center of the target (4.5%). Of this total, only prices of goods, influenced largely by high commodity prices, contributed about 2.3 percentage points. In this environment, the Brazilian Central Bank brought the basic interest rate up to 10.75% p.a. in July, keeping it at this level until the end of 2010.

In the last quarter of the year, the Brazilian Central Bank announced a package of macroprudential measures, involving, among other aspects, the rise of compulsory deposits and the increase of the risk weighting factor for credit operations intended for individual clients, except some operations such as mortgage. These measures should produce, in practice, raising of credit cost and consequently reduction in the new operations rate growth. As emphasized by the Brazilian Central Bank, these actions are consistent with the objective of maintaining the stability of the currency, acting as complementary instruments of the monetary policy.

HIGHLIGHTS OF THE PERIOD

With net profit of 11.7 billion and total assets of 811.2 billion, BB ended 2010 as the leader in the Brazilian Banking Industry, with highlight on loan portfolio with 19.8% market share. This leadership was achieved due to the emphasis on financing for individuals, specifically payroll loans, vehicle loans and mortgage. Besides remaining market leader, the focus on individual clients contributes to growth of the Bank's net interest income, with an improvement in the quality of its portfolio.

On April 2010, Banco do Brasil signed the agreement for acquired the shareholding control of Banco Patagônia in Argentina. On 10.21.2010, the Brazilian Central Bank granted authorization for the formalization of the operation. On 02.07.2011, the closing of the deal was approved by the Central Bank of the Argentine Republic. The acquisition of Banco Patagônia is included in the new model of international activity, based on the following cornerstones: (i) to be the bank of communities of Brazilians located outside of Brazil; (ii) to be the bank of Brazilian firms abroad; and (iii) to be present in the countries that maintain a close business relationship with Brazil.

The integration process of Banco Nossa Caixa was concluded in June, allowing the Bank to expand its client base and business with individual and corporate clients in the state of São Paulo, which gained access to a complete portfolio of products, services and customer service channels on a state-of-the-art technological platform. This integration elevated BB to the position of leader in points of service in that market, besides building its relationship with the Government and with the Judiciary of São Paulo.

In 2010, Banco do Brasil progressed with the Retail Transformation Program, aiming to consolidate and expand the Bank’s leading position in the retail banking market in Brazil. The program aims to reformulate the models and practices for activity in the retail market, with a focus on clients, customer care, channels and business.

Moreover, to improve the delivery of services to Corporate clients, a segment called Large Corporate was created for companies with an annual turnover above R$1.5 billion (industry) and R$2 billion (trade and service).

We present below a list, in chronological order, of some events relating to BB that were highlights in 2010:

- Achievement of Financial Holding Company status, granted by the US Federal Reserve Bank – FED, which allows BB, either directly or through its subsidiaries, to carry out banking activities in North American territory on equal terms with local banks;
- Signature of agreement for acquisition of the shareholding control of Banco Patagonia in Argentina;
- Increase of interest in the companies Cielo and Companhia Brasileira de Soluções e Serviços-CBSS, by acquiring the interest of Banco Santander;
- Signing of a Memorandum of Understanding with Bradesco for operations in the area of credit, debit and prepaid cards (card of the Brazilian flagship brand ELO);
- Restructuring of the insurance area, with the review of the partnership with the Principal Group at Brasilprev, the signing of an agreement to form a strategic alliance with the Mapfre Group, the acquisition of all the shares of Sul América Companhia Nacional de Seguros Brasileiros – SBG by BB Seguros, and the sale of all the shares of BB Seguros in Brasilasalude to Sul América Seguro Saúde S.A;
- Completion of a primary and secondary public offering of shares of BB, aiming to strengthen its capital base and to increase the liquidity of the shares in the secondary market, attaining the free float of 30.4% and anticipating one year the deadline agreed with BM&FBovespa to reach minimum 25%;
- Adhesion to the PRI – Principles for Responsible Investment, by BB-DTVM, the purpose of which is to prepare for the...
incorporation of social, environmental and corporate governance issues into the practices of analysis, decision and management of investments;

• Adhesion to “The CEO Water Mandate”, a proposal of the United Nations – UN, for the Global Compact signatory companies to start to address the matter of water and the management of this resource in their corporate strategies;

• Adhesion to the Soy Moratorium Workgroup – GTS, under which BB agrees not to finance soy production in deforested areas in the Amazon biome after July 2006;

• Signing of a Memorandum of Understanding with Bradesco and Banco Espírito Santo de Portugal for operations in African territory;

• Signing of a Memorandum of Understanding with BB Seguros, OdontoPrev S.A., Bradesco Seguros and ZNT Empreendimentos, Comércio e Participações Ltda. with the objective of forming a strategic alliance for the development and sale of dental plans;

• Signing of a Service Agreement with OdontoPrev, initiating the delivery of dental plans to around 260 thousand beneficiaries, including active employees of BB and their direct dependents;

• Signing of a business partnership agreement with the telephony carrier Oi for expansion of the Oi Paggo solution, a mobile payment functionality for Ourocard clients, and the sale of a co-branded credit card to the Oi client base;

• Approval, by the Executive Board and by the Deliberative Council of Previ, of a proposal for the allocation and use of part of the surplus of the Defined Benefit Plan of Previ, as determined by the current legislation. The allocation proposal was subsequently approved by the members.

**STRATEGIC PLAN FOR THE 2011–2015 PERIOD**

Aiming to maintain its leadership in assets in Latin America and to reinforce its role of essential partner for the development of Brazil, Banco do Brasil prioritized the streamlining of returns, efficiency, improvement of customer care and expansion of activity in the foreign market as major strategic topics of the 2011-2015 period.

The streamlining of returns will be achieved through the increase of profitable business, observing an adequate risk/return ratio. The Bank will pursue operating and business efficiency through the upgrading of business processes and models.

The improvement of customer service will occur through the refinement of the relationship with clients. The Bank is committed to have at least one own point of service in all Brazilian municipalities up to 2015, contributing to tackling regional inequalities and to an economic and social development more balanced.

International performance will be based on three vectors: Brazilian communities abroad, the transnationalization of Brazilian corporations, and expansion of the Brazil's business relations with the world.

The mission was adjusted to align the Bank’s businesses to the sustainability and the development of the country, and now reads as follows: “to be a competitive and profitable bank, to promote the sustainable development of Brazil and to perform its public role efficiently”.

BB’s future vision, updated for the 2011-2015 period, maintains the commitment to the performance, to the employees, and to socio-environmental responsibility, emphasizing the desire to be closer to the client and to be a reference abroad. Therefore, BB’s new future vision is: “to be the first bank of Brazilians, of companies and of the public sector, a reference abroad, the best bank to work for, recognized for its performance, long lasting relationships and socio-environmental responsibility”.

To achieve the strategic planning objectives, Banco do Brasil operates in several fronts of corporate management. Good practices of corporate governance, relationship with the market, internal processes, external ombudsman service, governance of technology and information, people, logistics and eco-efficiency are essential for the success of the planning.

**SUSTAINABILITY**

Socio-environmental responsibility is part of the Company’s bicentennial tradition and is expressed in its corporate policies and strategies. Credit, granted in a responsible manner to a wide variety of productive sectors of the economy – family agriculture, other rural producers, foreign trade, micro and small enterprises – leverages the progress of the municipalities where BB operates.

It is a continuous challenge of Banco do Brasil to get socio-environmental responsibility to be present in all of the company’s processes.

In adopting the referential of sustainability as a strategic guideline, BB seeks to assess its organizational performance not only on a basis of economic indicators, but also of indicators of a social and environmental nature, such as the defense and promotion of human rights, generation of jobs and income, environmental conservation and others.

**BB’S AGENDA 21**

A pioneer initiative in business circles, it represents a transversal project that involves the entire organization in initiatives in favor of sustainable development. It consists of BB's contribution to the efforts established in the Global Agenda 21, conceived during the United Nations Conference on Environment and Development – Rio – 92, and that aimed to direct a new standard of development for the 21st century, the foundation of which is the synergy of environmental, social and economic sustainability.

Agenda 21 is structured in three major areas: processes and management, sustainable business and private social investments. BB's initiatives in these dimensions are a product of the engagement and dedication of all the Directorates and Units of the Company and its more than 100 thousand employees and have contributed toward the dissemination of the culture of socio-environmental responsibility.

The action plan of BB’s Agenda 21 is prepared collectively, based on the public commitments assumed by BB, on the demands of the main relationship audiences and on references originated from bodies that promote the corporate responsibility movement at a national and international level.

Regarding to the strategic management of the topic of sustainability at BB, it is worth emphasizing the performance of the Sustainable Development Workshop in December 2010. The event brought together more than 130 executives and representatives of the various areas of the company, including representatives of Fundação Banco do Brasil, Cassi, Previ, BB-DTVM and Fenabb, and its purpose was to update BB’s Sustainability Action Plan – Agenda 21, for the 2011-2015 period.

Several new actions were proposed as a result of this meeting, observing the three focal points of activity of the agenda.
The results achieved are monitored on a semi-annual basis by the Executive Board and published in the annual report, using the internationally recognized standard of the Global Reporting Initiative.

Sustainable Business Sphere
This is the sphere of BB’s Agenda 21 in which the bank stimulates the development of business strategies and of financial products and services capable of contributing directly toward the sustainable development of the country.

In this sphere special emphasis is placed on the Sustainable Regional Development Strategy (DRS) – a business strategy that pursues the generation of jobs and income, with sustainable solutions, both inclusive and participative, by means of the adoption of practices that allow a quality leap in the indicators of socioeconomic and environmental development. This strategy is based on a four-sided methodology: the business needs to be an economically viable, socially fair, environmentally correct and culturally diversified.

Pursuing the refinement of processes and the inclusion of a greater number of DRS beneficiaries, an important action was commenced in 2010 in order to support urban communities, focused on the generation of jobs and income, initially in the locations of Paraisópolis (São Paulo) and Morro do Alemão (Rio de Janeiro), to be extended, in 2011, into other capital cities and large centers across the country.

Processes and Management Sphere
To be consistent with the socio-environmental responsibility speech adopted, it is necessary for the business and business support processes to be made in the spirit of the view of sustainability. In other words, besides efficacy of an economic nature, BB should also pursue the generation of social and environmental values in its activities. This is promoted by the Processes and Management Sphere of Agenda 21.

Examples of initiatives: investment in the education of employees, Quality of Life at Work Program, Program for Recognition of the Employees of Banco do Brasil, Responsible Credit, Eco-efficiency Program and others.

Private Social Investment Sphere
This sphere involves the Entrepreneurial Citizenship actions where BB’s social investments in favor of the improvement of the quality of life of the Brazilian population are encouraged.

Its main drivers are the public policies defined by the Federal Government and the challenges imposed by the millennium goals, established by the United Nations with the objective of eradicating famine and extreme poverty in the world, and of promoting the sustainability of the planet.

ÁGUA BRASIL (WATER BRAZIL) PROGRAM
In a world scenario in which the concern with the Earth sustainability is outstanding, Banco do Brasil has publicly embraced, in 2010, the cause for water. As an initiative towards the defense of this important natural resource, entered into a partnership for developing the Água Brasil (Water Brazil) Program, with the National Water Agency – ANA, WWF Brazil and Fundação Banco do Brasil – FBB, on March 22, the World Water Day.

With the Água Brasil (Water Brazil) Program, BB assumes the commitment of promoting the awareness, of investing resources for the preservation and conservation of water resources and of seeking solutions, together with society, to problems related to the topic. Investments of approximately R$57 million are planned over the period of five years.

The program, which is transversally related to the Agenda 21, with initiatives in each one of its spheres, is configured in four areas of activity: Socio-environmental Projects (Rural Environment and Urban Environment), Communication and Engagement, Sustainable Processes and New Business.

Socio-environmental projects are aimed at the improvement of the quality and supply of water, the enlargement of natural vegetation coverage in pilot watersheds and the encouragement of the change of behavior and values in relation to the production, final destination and treatment of urban solid waste.

In the socio-environmental projects of the rural environment, 14 representative projects will be developed in Brazilian micro-watersheds, spread around the various biomes:

- Watershed of Ribeirão do Guariroba (Mato Grosso do Sul) and of rivers Sepotuba (Mato Grosso), Pipiripau and São Bartolomeu (Goiás), and Pereaçú (Minas Gerais), in the Cerrado/Pantalane biomes;
- Micro-watersheds of the rivers Lençóis, Cancã and Moinho (São Paulo), Beneventes (Espírito Santo) and Rio das Pedras (Rio de Janeiro), in the Atlantic Forest biome;
- Micro-watersheds of the rivers Acre (Acre) and Alto Teles Pires (Mato Grosso), in the Amazon biome;
- Micro-watershed of the Longá river (Piaui), in the Caatinga biome;
- Micro-watershed of the Camaquã river (Rio Grande do Sul), in the Pampa biome.

In the urban environment, initiatives focused on conscious consumption and recycling will be developed in five cities, of different sizes, representing each one of the Brazilian regions. We emphasize:

- Pirenópolis (Goiás) – small city category, representing the Midwest region;
- Caxias do Sul (Rio Grande do Sul) – mid-sized city category, in the southern region;
- Rio Branco (Acre), representing the northern region in the category of mid-sized city;
- Natal (Rio Grande do Norte) in the category of large city, representing the northeast region;
- Belo Horizonte (Minas Gerais) – metropolis category, representing the southeast region.
Going from the understanding that the topic of sustainability permeates the management of the organization, the results related to the topic can be identified throughout this Report.

For further information, see the Fundação Banco do Brasil website: www.fbb.org.br.

**ECONOMIC-FINANCIAL PERFORMANCE**

Banco do Brasil recorded a net income of R$11.7 billion in 2010, a return 15.3% higher than the one recorded in the previous year, with an annualized return on shareholders’ equity of 27.0%. Net income per share was R$4.32 for the period.

Assets totaled R$811.2 billion, growth of 14.5% in 12 months, with a return on assets of 1.5% in 2010, a performance that confirms the Bank's leadership in assets in the Brazilian Banking Industry – BII. Shareholders’ equity reached R$50.4 billion, an increase of 39.6% in 12 months, influenced by Public Offering of Shares.

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<thead>
<tr>
<th>Highlights</th>
<th>2010</th>
<th>2009</th>
<th>∆ 2009 (%)</th>
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<tbody>
<tr>
<td>Net Income</td>
<td>11,703</td>
<td>10,148</td>
<td>15.3</td>
</tr>
<tr>
<td>Recurring net income</td>
<td>10,664</td>
<td>8,506</td>
<td>25.4</td>
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<tr>
<td>Gross financial intermediation income</td>
<td>26,335</td>
<td>18,233</td>
<td>44.4</td>
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<tr>
<td>Revenues from loans</td>
<td>51,733</td>
<td>40,515</td>
<td>27.7</td>
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<tr>
<td>Fee Income</td>
<td>16,125</td>
<td>13,311</td>
<td>19.3</td>
</tr>
<tr>
<td>Insurance, pension plan and saving bonds income</td>
<td>1,354</td>
<td>992</td>
<td>36.5</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>26,066</td>
<td>23,050</td>
<td>13.1</td>
</tr>
<tr>
<td>Net Income per Share (in R$)</td>
<td>4.32</td>
<td>3.95</td>
<td>9.4</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>1.5%</td>
<td>1.7%</td>
<td>-</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>27.0%</td>
<td>30.7%</td>
<td>(3.7 p.p)</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Equity</th>
<th>Dec/10</th>
<th>Dec/09</th>
<th>∆ 2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>811.2</td>
<td>708.5</td>
<td>14.5</td>
</tr>
<tr>
<td>Loan portfolio</td>
<td>358.4</td>
<td>300.8</td>
<td>19.1</td>
</tr>
<tr>
<td>Market borrowings</td>
<td>519.0</td>
<td>498.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Assets under Management</td>
<td>360.2</td>
<td>306.7</td>
<td>17.4</td>
</tr>
</tbody>
</table>

1 Items based on Consolidated Statements.
2 Brokerage net revenue, fee income and earning/laws equity.
3 Refers to the sum of Personnel Expenses and Other Administrative Expenses.
4 Demand deposits, time deposits, savings, interbank and money market borrowing.

See further information about the economic-financial performance of BB in the MD&A at bb.com.br/ri.

**STOCK PERFORMANCE**

BB ended the year 2010 with market value of R$89.9 billion. In the theoretical portfolio of Ibovespa for the four month-period (sept/10 - dec/10), Banco do Brasil occupied the 12th place.

Banco do Brasil’s shares (BBAS3) ended the year of 2010 at R$31.42, valuation of 12.7% in 12 months, while the Ibovespa appreciated 1%.

BBAS3 was traded in all BM&FBovespa’s sessions, in the daily mid amount of R$125.1 million in 2010, as opposed to R$74.8 million in the previous year, and continues to be listed in the theoretical portfolios of the major São Paulo Stock Exchange indexes: Ibovespa, Ibrx50, Ibrx, IGC, ISE, and Itag.

The shares of Banco do Brasil were once again listed in the ISE index of BM&FBovespa as the result of management guided by the entrepreneurial Agenda 21. The Bank strives to maintain the organization’s efforts with regard to good corporate governance practices and sustainability, based on the balance on economic, social and environmental dimensions.

In addition to the above mentioned indexes, BBAS3 also appeared on the Dow Jones Amplified Sustainability Index, created by the New York Stock Exchange and by SAM – Sustainable Asset Management, a Swiss organization focused on sustainable investments. According to these organizations, the new index was created to cater to the growing demand for investment portfolios formed by companies that evidence the incorporation of socio-environmental variables in their management and in their business.

In December 2010, the American Depositary Receipt-ADR Level I Program of Banco do Brasil celebrated its first anniversary, ending 2010 with 9.4 million of receipts in circulation, and responsible for 13.3% of the entire amount traded OTC for the programs of Brazilian companies in 2010.

Banco do Brasil, aligned with its profit reinvestment and dividend distribution policy, distributes 40% of the net income earned (payout) in the form of dividends and interest on own equity with quarterly periodicity. The amount of R$4.7 billion was distributed to shareholders in the year: R$2.3 billion as dividends and R$2.4 billion as interest on own capital. The 60% of the net income were used as legal and bylaws reserves and invested in business expansion.

With the public offering of shares held in June/2010, Banco do Brasil attained the free float of 30.4%, ending 2010 with 389.7 thousand shareholders, surpassing the minimum limit of 25% required by the New Market Listing Regulation. BB is the only bank to participate in this segment of BM&FBovespa.
BB has the largest quantity of branches in Brazil, with 5,087 units, correspondents) and virtual networks (call center, internet and mobile). BB makes available to its customers an access for conducting business by physical networks (branches, service centers, self-service terminals and correspondents) and virtual networks (call center, internet and mobile).

During 2010, Banco do Brasil continued with the Retail Transformation Program, which objective is to reformulate the models and practices of retail market operations, essential for the attainment of a new level of strategic positioning and for the sustainability of the institution’s business.

The main actions in progress in the Program include:

- Hiring of about 10 thousand new employees to work directly in customer service;
- Training and up-skilling of more than 40 thousand employees from the branch network in business practices and customer service (further information on training can be found in the “People” chapter of this report);
- Integration and modernization of the various customer service channels, including a new architecture and setting of the branches, with enhanced comfort and convenience for clients;
- Development and implementation of advanced Customer Relationship Management – CRM, systems;
- Simplification of the customer service and sales processes, with integration of the systems in a new business platform and refinement of planning and budget, expanding the focus on the consumption potential of clients.

Besides these actions, special emphasis is placed on the implementation of a new customer relationship concept, obtained by the application of segmentation and portfolio inclusion models in line with best market practices. In this concept the quantity of clients to be served by each BB Relationship Manager was adequate, to allow greater intensity of contacts and performance of business.

We emphasize the adoption of a differentiated relationship model for agri-entrepreneur clients, with personalized customer service, supply of specific products and services for the economic activity of rural producers and specialized consulting to improve the performance of ventures.

In September 2010, BB started the contracting of operations of the Fund for Financing Higher Education Students – FIES. This initiative supplements the portfolio of products geared toward university students, and reinforces BB’s actions to conquer and improve the relationship with this audience.

With these and other actions of the Retail Transformation Program, Banco do Brasil is strongly committed to the attainment of new levels of excellence, especially in three large spheres: clients, customer service and channels. And all this to materialize a new strategy of action, seeking customer loyalty and a higher rate of return of its client base.

BB makes available to its customers an access for conducting business by physical networks (branches, service centers, self-service terminals and correspondents) and virtual networks (call center, internet and mobile).

BB has the largest quantity of branches in Brazil, with 5,087 units, besides having 10,145 correspondents, more than 8 thousand service points and the largest collection of automatic teller machines in Latin America, with 44,954 its own machines. Of the branches and of the Bank Service Points - PAB of BB, 87.3% are already adapted for physically handicapped people.

In 2010 BB officially opened 181 new branches, 29 of these dedicated specifically to the delivery of services to the Estilo segment (High Income).

The official opening of the Paraisópolis branch in São Paulo, BB’s first installed in a community in the country, also merits special emphasis. The 100 thousand inhabitants of Paraisópolis now perceive the presence of Banco do Brasil even more strongly, contributing to banking inclusion and the sustainable development of the community. In accordance with the strategy to improve the presence in these communities, in 2011 January, BB opened branches in Morro do Alemão and Cidade de Deus, in Rio de Janeiro.

BB has its own network abroad comprises 47 points of service in 23 countries. The complementary network comprises 1,037 banking correspondents in 140 countries. BB’s network abroad supports the internationalization process of Brazilian companies, the increase of the flow of the international trade and Brazilians communities abroad.

The migration process of the points of service of Banco Nossa Caixa to the BB model was also concluded in 2010. A total 952 premises were migrated, with 566 branches.

By means of its virtual network, BB provides additional channels for access to banking services, such as the call center, the internet self-service (both for individuals and corporations), and the mobile banking. BB’s internet self-service ended the year with the historical mark of over 3.4 billion effective transactions, corresponding to 19.1% of the total of transactions and over 11 million customers using that channel.

In automated teller machines – ATMs, about 36.4% of all BB banking transactions are performed. In order to provide more comfort and convenience, in 2010, 2,999 ATMs were modernized and over 3,197 were installed in new points. In December 31st, the automated channels represented 93.0% of all BB banking transactions.

The year 2010 was also marked by innovations in the customer service provided to clients by the virtual network of BB. Innovations that merit special emphasis include:

- Saque Sem, which allows clients to withdraw money without their magnetic card – a practical and safe solution for situations in which the client has lost or forgotten their card;
- Option for the client to choose the values of the bank notes of their withdrawal at the BB automatic teller machines; and
- Simplification of access to transactions on the internet, with reinforcement of security, by means of the use of the newest technologies in this area.

Aligned with the new customer relationship trends, Banco do Brasil started 2010 by inaugurating its customer service through social networks, firstly through Twitter with the profile @maisbb, and afterwards with the Mais Banco do Brasil page on Facebook.

BB’s webpage launched a space exclusively dedicated to financial and banking education in July 2010. This initiative is part of an extensive set of actions that the Bank has been undertaking, aiming the sustainability and the shaping of increasingly conscious citizens.
The commitment to consumer rights and to good customer service is shown by transparency and objectiveness in relations with clients. BB informs the rates and fees practiced in a clear and direct manner. The employees receive specific training to improve customer service, such as “Brazilian Sign Language – Libras” and “Consumer Defense Code”.

As evidence of the importance that Banco do Brasil places on the topic of customer service, it created the job title of Customer Service Supervisor in 2010. More than 1,300 employees are already performing this role, with the objective of reinforcing actions for excellence in the services rendered to BB clients.

The results observed in 2010 with the new strategy for enhancing loyalty and streamlining the returns on the client base, materialized by the Retail Transformation Program, already show the assertiveness of the measures.

**FUNDING**

Banco do Brasil, leader in the market of deposits, recorded R$519.0 billion in funding in the year 2010, growth of 4.1% over the previous year, which reflects the clients’ confidence in BB. Special emphasis is placed on savings deposits, which grew 17.9% in the year.

In foreign funding, special emphasis is placed on issues of securities maturing over 5 and 10 years through the Global Medium Term Notes – GMTN program, performed realized in the months of January, April and October, which attracted US$1.45 billion. At the end of 2010, the balance of overseas funding recorded US$25.3 billion, variation of US$3.7 billion or 16.9% in relation to 2009.

From the issuance performed in October, the Central Bank considered the sum of US$650 million as eligible as tier II capital, in the subordinated debt category. This corresponds, with a basis on the figures of September 2010, to an increase of approximately 21 basis points in the BIS ratio of BB.

**ASSET MANAGEMENT**

In 2010, BB DTVM, Brazil’s largest asset management, reached R$360.2 billion in assets-under management, comprising its investment funds and managed portfolios. This volume represented an increase of 17.4% in 12 months, according to the Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais – Anbima.

Please note that these figures still do not include funds managed by Banco Votorantim, that attained R$24.1 billion in December 2010. If 50.0% of the balance managed by BV were to be consolidated, a percentage equal to BB’s interest in the latter’s total equity capital, Banco do Brasil’s market share would rise to 21.9%.

Besides not acquiring interest in companies that disrespect principles relating to environmental preservation and to human and employment rights, BB DTVM, a wholly-owned subsidiary of Banco do Brasil, became a signatory of Principles for Responsible Investment – PRI, of the United Nations – UN, agreeing to step up the adoption of socio-environmental variables in its investment decisions.

**LOAN PORTFOLIO**

The growth of BB’s loan portfolio was driven due, mainly, by the growth of transactions with individuals, that represented 31.6% of the total portfolio, as against 30.5% in the end of December 2009. A special emphasis is placed on the growth of payroll loans (23.2% in relation to 2009), segment in which BB maintained its leadership with 32.7% market share.

The balance of vehicle loan operations attained R$27,395 million, an increase of 32.1% in twelve months. Of this total, R$15,990 million are transactions from BV, which after the partnership with BB increased significantly the volume of these credit originations. The participation of BB in operations for acquisition of vehicles in the Banking Industry (R$188,638 million) reached 14.5%.

In November, Banco do Brasil reached the target of double its mortgage portfolio in 2010 in relation to the result of the prior year, by attaining the milestone of R$3 billion.

The businesses portfolio ended the year with a balance of R$149.8 billion, already including the operations of BV. The businesses portfolio accounted for 41.8% of the total loan portfolio of BB in 2010, against 41.7% in 2009. Together, the working capital and investments lines represented 72.5% of the total businesses portfolio. Special emphasis is placed on the investment line, which grew 31.3% in the year.

In the delivery of services to micro and small companies, Banco do Brasil continued to act as principal partner of the segment. At the end of 2010, BB had 2.1 million checking accounts, with 2 million micro and small business clients. The balance of SMEs transactions in December 2010 was of R$50.9 billion, a 13.3% increase compared to 2009. It is worth emphasizing the allocation, in 2010, of R$37 billion for working capital, which represented growth of 18.5% in relation to 2009.

In working capital lending to micro and small-sized companies, Banco do Brasil made full use of FGO, a guarantee fund to mitigate credit risk in the transactions and expand portfolio volume. By the end of 2010, 353.6 thousand operations had been carried out under the FGO, totaling the balance of R$7.0 billion.

In 2010, BB financed R$4.3 billion in 75 thousand operations with resources from the Constitutional Fund for Financing of the Midwest – FMM and provided services to 466 municipalities from the region. This number represents an increase of 33.6% in relation to the previous year and is the largest volume contracted in an accounting period since the creation of the Fund. We emphasize the fact that 51.4% of this total benefited micro/mini and small borrowers.

From total set of 16 naval industry projects analyzed by BB, which involves the construction of shipyards, watercraft, drilling ships and offshore oil and gas platforms, 15 had a favorable credit indication/rating for financial support through the Merchant Marine Fund – FMM, which amounted to R$172 million in disbursements. Accordingly, the balance in portfolio in this category reached R$815 million at the end of 2010, 27% higher than the previous year. Additionally, the portfolio of projects subject to financing by FMM at the end of 2010 amounts to R$6,400 million, out of a total 22 projects.

In 2010, Banco do Brasil also consolidated its leadership in the onlending of funds from BNDES with a 19.4% market share and a total R$4.3 billion allocated to clients from the wholesale segment. The balance of the Cartão BNDES portfolio doubled in 2010 and totaled R$3 billion by December. This credit instrument represents more than 20% of the financing of investments made by micro and small enterprises. The Bank maintains the leadership in volume disbursed, quantity of operations and cards issued of Cartão BNDES. In the Finame category, Banco do Brasil disbursed R$7.8 billion, corresponding to 42.6% of the total released by BNDES in 2010.

Banco do Brasil continued to act as principal partner of the Brazilian agribusiness. The agribusiness portfolio ended the year with a balance of R$75 billion in agricultural loan and agroindustrial transactions.
This sum represents an increase of 12.9% in relation to 2009. Of this total, R$17.7 billion refer to operations contracted with family farmers, R$28.0 billion with medium and large producers, R$3.2 billion with agricultural and cattle breeding cooperatives and R$26.1 billion with agribusiness companies. In the contracting of rural credit loans, special emphasis is placed on the use of risk mitigation mechanisms – bad weather and prices. At the end of 2010, 55.1% of the agricultural costing operations were covered with production insurance (agricultural insurance or proagro) and 6.1% covered by price insurance (options contracts).

We also emphasize the business strategy for Sustainable Regional Development – DRS of the bank. At the end of 2010, the strategy had 3.8 thousand business plans under implementation, benefiting 1.2 million people in 3.9 thousand Brazilian municipalities, with scheduled credits amounting to R$5.1 billion, in investment, costing and turnover. Out of the R$8.9 billion in granted loan, R$5 billion (56.2%) will be allocated by the National Program for Strengthening of Family Farming (Pronaf).

Concerned about responsible credit, Banco do Brasil does not offer new credit to clients included in the list of employers that submit their workers to degrading forms of labor or keep them in conditions analogous to slave labor. This decision also applies to anyone involved in child labor and the sexual exploitation of minors.

In relation to credit, in addition to the application of the Equator Principles to every financing in the project finance category, BB also adopts socio-environmental criteria in the evaluation of the study of the credit limit to companies with current or projected Net Operating Income above R$50 million and to investment projects with a sum financed by BB that is above or equal to R$2.5 million.

The table below shows the projects analyzed under the Equator Principles in 2010:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Risk Level</th>
<th>Amount Financed</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Medium</td>
<td>955</td>
<td>3</td>
</tr>
</tbody>
</table>

1 The Equator Principles are a set of criteria for environmental responsibility applicable to investment projects that use as reference the performance standards on social and environmental sustainability of International Finance Corporation (IFC) and World Bank.

Quality of the Loan Portfolio
Now that the peak of the world financial crisis is over, we can perceive a reduction in default rates both of BB and of the Brazilian Banking Industry. In BB, the rate of past due loans over 90 days due items rose to 2.3% by late 2010, as compared to 3.3% in the previous year, below the market average for the period. The transactions rated at risk levels AA, A, B and C accounted for 93.7% of portfolio, against the 92.7% verified in the Banking Industry (SFN).

In 2010, Banco do Brasil intensified its supply of credit in operations with risk mitigators, such as payroll loans, mortgage, operations backed by the Operations Guarantee Fund – FGO and by mitigators of price and bad weather conditions in agribusiness loans, thus improving the quality of the loan portfolio.

Accordingly, expenses with Allowance for Loan Losses decreased in comparison with the prior year, even with growth of 19.1% of the loan portfolio, which would naturally increase the stocks of provision. The efficient management of the process to collect and recover loans enabled a reduction of R$1 billion with provision expenses in the year.

Additionally, BB implemented a system that identifies behavioral profiles of clients that might default and began to offer the rescheduling of the debit balance preventatively, before the client delays the payment of the installments. Measures such as this reflect the Bank’s effort to avoid over-indebtedness.

FOREIGN TRADE
In the foreign trade, the Bank maintained its leadership of the export and import exchange market, with volumes of US$57.1 billion and US$42.7 billion, respectively, and market shares of 31% and 24%, respectively. Of the total volume of foreign exchange, 36.5% refers to the companies from the Large Corporate, Corporate and Business segments. BB’s activities in the financial exchange market also presented a significant increase, reaching US$89.6 billion in purchase and sale transactions, which means growth of 27.7% over 2009.

In export financing, ACC/ACE operations stand out with disbursements of US$12.6 billion, which maintains BB’s position as market leader with market share of 33.6%. Of the total volume outlaid, 36.1% refers to companies from the Large Corporate, Corporate and Businesses segments. Special emphasis is also placed on the Export Financing Program (Proex), where outlays in Financing amounted to US$432.5 million, best figure in the last five years. Regarding the imports, the financed volume increased 29.1% as compared to the previous year, totaling US$4.3 billion.

Exchange and foreign trade online services continue to post records: 66.5% of such export exchange contracts and 44.2% of import contracts were agreed on through the internet. The Bank also offers international business training services. In 2010, 19.4 thousand people were trained across the whole country.

CARDS
In 2010, BB obtained a turnover of R$111.2 billion in the segment, an increase of 23.2% as compared to 2009. This performance enabled an advance in its market share to 20.7%, maintaining the leadership for the turnover in the Brazilian market of debit cards and in Visa flag cards.

The total card base, including credit and debit cards besides those issued through partnerships and for non-account holders, reached 88.3 million plastic issued in December, recording an increase of 9.7% on 2009.

In 2010, Cartão Ourocard Agronegócio (agribusiness card), in the Platinum Agronegócio and Empresarial Agronegócio categories, reached disbursements of R$5.1 billion, consolidating its position as a payment method in this segment.

In 2010, BB signed a Memorandum of Understanding with Bradesco to operate in the area of credit, debit and prepaid cards. The agreement is aimed at integrating part of the card operations of the two companies and at launching a Brazilian flag card, ELO, for account holders and non-account holders.
INSURANCE, PRIVATE PENSION FUND AND SAVING BONDS

The insurance, private pension fund and saving bonds business added R$1,354.2 million to the Bank's income, in 2010, considering equity in the earnings and revenues from services, which represented an increase of 36.5% if compared to 2009. This result may be expressed by the insurance ratio, which represents the insurance share in Banco do Brasil's recurring net income, reaching 12.7% in 2010.

In 2010 BB made progress with the restructuring process of the insurance area, based on the following assumptions: (i) the companies from the insurance area will be subject to private law, with BB Seguros holding the largest percentage of shares possible in these companies; (ii) the partners of BB Seguros cannot be competitors; and (iii) the insurance products will enjoy exclusivity in the distribution network of BB.

On 4.30.2010, BB Seguros' interest in Brasilprev increased from 49.9892% to 74.995%. This movement reflected positively on BB's result from the second quarter of the year on.

Over 14 million of the management fee of saving bonds and insurance products were transferred to socio-environmental projects in 2010.

CAPITAL MARKET AND TREASURY

Banco do Brasil operates in the domestic capital market through BB Banco de Investimento S.A. – BB-BI. In 2010, 44 issuances of fixed-income securities were made, adding up to R$13.8 billion, placing the Bank on position number 3 in the consolidated Anbima ranking, with 19.3% of market share. In the securitization segment, the Bank made 4 issuances of Credit Rights Investment Fund – FIDC, 1 of Real Estate Receivables Certificates – CRI and 2 of Real Estate Funds, adding up to R$957 million.

In the stock market, BB-BI coordinated 2 offerings of shares that amounted R$327 million. In terms of distribution, BB reached the 1st place in the Anbima ranking, with 60.5% of market share.

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In the custody of assets in the domestic market, the Bank occupies 3rd place in the Anbima ranking, with R$461.9 billion under custody, representing 22.1% of market share, and operates as a real estate asset depository institution.

In the international capital market, BB, through its brokers abroad BB Securities Ltd (London) and Banco do Brasil Securities LLC (New York), took part in 30 of the 69 foreign funding operations carried out by companies, banks and the Brazilian government, of which 17 had lead manager status and 13 co-manager status. Of the total sum of approximately US$40 billion issued in the year, BB participated in around US$21.6 billion.

In the market of mergers and acquisitions, BB-BI took part in 5 consummated operations, which amounted to R$8.5 billion, coming in 7th place in the Anbima ranking, with 12% of market share.

BB offers stocks purchase and sale service by means of the network of branches, internet (home broker) and cellular phone. The volume brought in by the Bank was R$22.4 billion in 2010, 10% higher than the volume recorded in 2009. Revenues with the share purchase and sale service on the internet grew 13% in relation to the prior year.

SERVICES

BB Administradora de Consórcios ended the year 2010 with 208.9 thousand active quotas, growth of 48.3% in 12 months. The automobile segment, which grew 80%, reaching 168.4 thousand quotas in 2010, merits special emphasis. In November 2010, BB, which already operated in the segments of real estate and personal property, became the first financial institution to offer a complete consortium portfolio, with penetration in the segment of services.

In tax collection, BB accounts for 25.2% of the market at federal level and 35.4% at state level, corresponding to R$321.5 billion collected. R$14.2 billion were collected in the municipal level.

By means of the bank collection, tax deposit form collection and standing order services, Banco do Brasil provides services to over 565.7 thousand companies, which brought in R$709.3 billion in 2010, with a total of 917,987,046 securities. These services added R$1.9 billion in revenue, growth of 15.8% in relation to 2009.

The new electronic payment collection solution, called Authorized Direct Debit (DDA), had 1.2 million electronic drawees and 24% market share, and over 70.5 bank payment forms were electronically processed. That new service avoids payment form printing, a measure that contributes to reduce paper use, and thus benefits the environment.

The bank processed credits originating from payroll agreements, totaling 177.5 million, involving corporate clients and the public sector in the year. All told, BB served to 12 million civil servants and private company employees, having brought in 276.9 billion.
ENVIRONMENTALLY ANDSOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

Banco do Brasil has an extensive portfolio of financial products and services with socio-environmental appeal, presented in the table below, which ranges from premium bonds, which set aside part of the management fee for socio-environmental projects, to lines of credit that support the modernization of industrial parks by means of the financing of eco-efficient machinery and equipment.

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Portfolio/investments in socio-environmental responsible companies</th>
<th>Saving Bonds 1</th>
<th>Insurance 2</th>
<th>Investment Fund 3</th>
<th>Credit Lines 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ourocap Estilo Prêmio/Ourocap Estilo Flex/Ourocap Multichance/Ourocap 200 anos/Ourocap Estilo Prêmio Cartão de Crédito/Ourocap 200 anos Cartão</td>
<td>% of management fee to socio-environmental projects</td>
<td>395.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB Diferenciado DI Social 200</td>
<td>Portfolio/investments in socio-environmental responsible companies</td>
<td>485.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB Ações ISE</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>FIP Brasil Gov. Corporativa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Brasil Sustentabilidade FIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Brasil Agronegócios FIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brasil de Internac. Empresas FIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB Microcrédito DRS/Cred. Imob. Minha casa Minha Vida/Microcrédito/FCO Pronatureza/BNDES (Propflora, Produza, Moderagro, Proesco)/Pronaf (Florestal, Agroecologia, Ecol)/CDC Veículo Ecoeficiente/BB</td>
<td>Credit Lines with socio-environmental character</td>
<td>20,680.6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Sold amount  
2 Shareholder’s Equity  
3 Portfolio balance

SOCIAL INVESTMENT

Fundação Banco do Brasil social investments – FBB, reached R$118.6 million in terms of initiatives, programs and structured actions in education, generation of jobs and income, and application of social technologies. The amount invested was geared mainly toward communities of family farmers, agricultural extractivists, settlers, quilombolas (slave descendants), indigenous peoples and waste pickers that collect recyclable materials across the country, especially in regions with low rates of human development and communities with a greater risk of social exclusion.

Banco do Brasil has been contributing to the Fund for Children and Adolescents – FIA since 2003 and encourages its employees and clients to make their own donations, by means of communication campaigns. At the end of 2010, BB paid R$11.6 million to the Fund. Part of the sum donated to FIA is set aside for the projects of voluntary work of the Bank’s employees focused on children’s and adolescents’ rights, with support to 33 projects this year.

The actions of BB and of FBB currently in progress that merit special emphasis are:

- **Projeto Voluntários BB (BB Volunteer Project)** – R$3.5 million were set aside to support 46 socio-environmental projects indicated by more than 2 thousand volunteer employees of BB;

- **Programa Aprendiz Banco do Brasil e Estágio de Estudantes (Student Internship and Apprentice Program)** – 5,534 low income adolescents trained in 2010 and 9,853 trainees in 2010 developing curricular activities on the premises of BB;

- **Fundo dos Direitos da Criança e do Adolescente (Fund for the Rights of Children and Adolescents)** – R$11.6 million set aside in 2010 for projects managed by the Councils of Children’s and Adolescents’ Rights;

- **Bibliotecas Rurais Arca das Letras** – 250 Arcas (Rural Libraries) set up in 2010 in partnership with the Ministry of Agrarian Development – MDA, benefiting 20,211 families;

- **Digital Inclusion Program** – over 1.2 thousand digital inclusion points installed, 2,239 computers donated in 2010;

- **Centros Culturais Banco do Brasil (Cultural centers)** – 295,373 students took part in guided visits in 2010 for the promotion and disclosure of culture by means of a wide variety of artistic manifestations;

- **Sponsorship of Sport** – social projects and participative promotional actions; collection of foodstuffs in sports’ events; and volleyball and tennis schools for the local community from the venues of the events;

- **Social Technology Bank** – 571 technologies certified in 2010;

- **BB Educar program** – over 2 thousand youths and adults were taught to read and write;

- **AABB-Community Program** – broadcasting sport and culture to approximately 50 thousand children and youths catered to annually.

CORPORATE MANAGEMENT

CORPORATE GOVERNANCE

Banco do Brasil’s corporate governance structure is comprised by: the Board of Directors, advised by the Board of Auditors and Internal Audit, and the Executive Board, made up of the Management Board (president and 9 vice-presidents) and by 26 statutory directors. The Bank also has a permanent Fiscal Council.

Decisions are taken collectively at all levels of the Bank. With the purpose of involving the executives in the definition of strategies and approval of proposals for BB’s different businesses, the Management uses committees, subcommittees and commissions at a strategic level, which ensure the agility and security for the decision making. Among the instruments used to assure good governance, it is also worth highlighting the Corporate Governance Code and the Code of Ethics.
As a good initiative of corporate governance practice, the Bank has introduced tools to evaluate the performance of the Board of Directors, Board of Auditors and Executive Board, in order to support the preparation of internal diagnoses and the identification of measures to improve performance.

Banco do Brasil is signatory of the Anbima Code of Regulation and Best Practices for the Private Banking Activity in the Domestic Market, ensuring high ethical standards, maximum transparency, qualification of professionals and commitment in the quality of the recommendation of products and services.

Moreover, Banco do Brasil, its Shareholders, the Officers, and the members of the Audit Committee undertake to resolve all and any dispute or controversy related with the New Market Listing Regulation by means of the Arbitration Chamber of the Bovespa Market, in conformity with a commitment clause contained in the By-laws of Banco do Brasil.

In relation to related companies, BB has searched to improve the governance of these companies. For example, developments were implemented in the governance of Banco Votorantim, including the reformulation of the Board of Auditors, Audit Committee and of the Board of Directors, with the implementation of three committees that provide advice to the Board of Directors (Finance, Human Resources and Products and Marketing).

**MARKET RELATIONS**

In business administration, BB has concerned itself with disclosing its activities to the market in as much detail as possible, on a timely basis and without losing quality in the information provided. In addition to the wide range of reports and information made available at the Brazilian Securities Commission (CVM) and on the Investor Relations website, Association of Capital Market Investment Analysts and Professionals (APIMEC) meetings and other events with shareholders, the Bank has been inviting the market to attend conferences whenever management finds it necessary to clarify specific topics concerning the company.

With this intention, in 2010, BB took part in 76 meetings with investors and analysts in the country and in 13 conferences, and organized 8 results’ conference calls with analysts and investors, besides responses to telephone inquiries, which totaled over 600. Due to the Bank’s public share offering, held in the first half of this year, roadshows were organized in Asia, Europe and South and North America, totaling 164 meetings with 249 investors.

In addition, in November 2010, BB held its II Panel of Stakeholders in São Paulo with the presence of employees, clients, shareholders, suppliers, specialists in corporate reports and government and society representatives. The event was an opportunity to render accounts to the relationship audiences of BB that took part in the I Panel of Stakeholders, held in 2009. In 2010, BB also held the I Panel of Stakeholders of the credit area – Panel on Socio-environmental Factors in Credit.

This practice follows the guidelines of the reporting model adopted by Banco do Brasil (Global Report Initiative - GRI) and allows the review of information made available by the Bank according to what its audiences consider important and relevant in the relationship with the Company, adding value to the BB brand.

BB provides up-to-date information to the market at the Investor Relations site (bb.com.br/ri).

**EXTERNAL OMBUDSMAN SERVICE**

BB’s External Ombudsman Service was created to, among other duties, receive and deal with complaints from its clients and users that were not resolved by the habitual customer service provided by the branches or by the call center or electronic inquiry response services. Involves all the premises of Banco do Brasil and the subsidiary, associated and managed companies that entered into an agreement for a single ombudsman service component.

This mechanism does not substitute the conventional customer service channels. On the contrary, it exists to address issues of clients and users that have already called upon the branches and the customer care services of BB and that desired a review of the case as they were dissatisfied with the outcome.

BB offers its clients with various channels to contact the External Ombudsman service. Besides a toll free phone number there is also a number for the hard of hearing and people with speech impediments, BB’s website and an address for contact by mail.

The BB Ombudsman Service proposes to the Board of Directors, after preliminary examination by the Executive Board, corrective measures and steps for the refinement of procedures and routines.

In 2010, BB’s Ombudsman Service dealt with claims and used the information as an input for the proposition of 36 actions of improvements of processes, products and services.

Over and above complying with legal determinations, the BB Ombudsman Service represents the commitment of Banco do Brasil to good market practices, in respect of consumer rights and the constant pursuit of refinement and improvement of its relationship with the various audiences served.

**INTERNAL PROCEDURES**

**Risk Management**

At Banco do Brasil, risk management is carried out on a joint and segregated basis in relation to its business units. Risk and credit policies are specified by the Bank’s Board of Directors. These policies are expressed by global risk exposure limits, which are defined by the Global Risk Committee (CRG), which is a forum composed of its president and vice-presidents. The measures for implementing and monitoring the guidelines issued by the CRG are carried out by the Credit Risk, Marked and Liquidity and Operating Subcommittees.

Under the scope of the market risk, a review was carried out on the global and specific limit structure and the Program of Stress Testing on the Required Capital for Market Risks, both in conformity with the provisions set forth by the Central Bank of Brazil (BACEN) Circular 3478/2009, which addresses internal market risks models. In connection with liquidity risks, the Bank’s exposure is minimum as it is the owner of an expressive position in highly liquid public federal bonds.

In relation to credit risk, Banco do Brasil uses its own methodologies to rate customer credit risks. Developed concurrently with best market practices and the concepts introduced by the Basel Accord, these statistical models consider customer past performance (credit score), their credit performance (behaviour score) with the Bank and the market, and the use of bank products.

BB’s strategy of action in the concession of credit intended for agricultural funding operations was geared toward the improvement of the portfolio and conjugation with climatic and price risk mitigators, according to the risk to which producers are exposed.
In order to manage operational risk, Banco do Brasil, following the best market practices, monitors operational loss through a systemized internal database, exposure limits and key risk indicators, besides risk matrices to assess relevant outsourced services.

Aiming at the ongoing improvement of the operating risk management, in 2010, BB implemented specific limits to operating losses related to “Labor Issues”, “Faults in Businesses”, “Faults in Processes” and “External Fraud and Theft”, with the purpose of providing more expeditious proposals for mitigating measures.

With the objective of preventing, correcting or inhibiting weak points that may generate risks for BB, and of reducing losses and strengthening the culture of risks, the bank created the Technical Risk Recommendation (RTR), issued to the process or product management areas when the need for adoption of loss mitigation actions is identified, besides guaranteeing the fulfillment of the responsibilities defined in the risk management phases.

Banco do Brasil also issues a Technical Security Recommendation – RTS, upon the identification of any external threat or weak point considered relevant in the security aspects of products, services and business.

The issuance of the RTS is based on the reading of scenarios and on the continuous relationship with other financial institutions and intelligence and security bodies in Brazil and abroad, as well as on the permanent evaluation, by the Bank, of the losses of losses with internal and external fraud, external theft and preventive intelligence work.

Regarding capital management, during 2010, the Bank upgraded and consolidated the supervision and monitoring process, with the creation of a specific forum where it evaluates the potential impacts of alterations in the market and regulatory environments on the projections performed, also covering the strategic decisions of the Financial Group and their budget stages, focusing on the optimization of the management and adaptation of exposure to risk.

It is recorded that BB continued with the consolidation of the simplified standardized approach of Basel II, and with the preparation process for adoption of advanced models.

In relation to Pillar III of the Basel II Accord, related to transparency in the disclosure of information to the market, actions were implemented over the course of 2010 for BB to satisfy the requirements of the New Accord, as well as of Bacen Circular n° 3477/2009, which refers to the same topic.

To find out more on Banco do Brasil’s risk management policies, go to bb.com.br/ri.

Internal Controls

In 2010 new practices of evaluation of the efficacy of BB's Internal Controls were incorporated, based on criteria of material relevance, both in terms of impacts on financial statements, and in relation to operational risk aspects.

With the purpose of strengthening the processes related to the generation and disclosure of information to the market, some mechanisms were developed to ensure control efficiency, in conformity with CVM Instruction No. 480/09.

The validation is a process aimed at evaluating, in an independent manner, the models involved in risk management, in order to enable financial institutions, against prior authorization from the Central Bank, to use internal models for the determination of market, credit and operational risks, and to define the capital to be allocated to withstand these risks. At Banco do Brasil, the validation process has been conducted by the Internal Control Directorate since 2010, in conformity com the candidature schedule for use of proprietary market, credit and operational risk models.

Prevention and Avoidance of Money Laundering

For Banco do Brasil, preventing and fighting against money laundering is a legal obligation and a commitment to the Country. In its internet website, the Bank discloses the policies adopted to prevent and avoid money laundering, and provides suggestions to customers on how to avoid being used by criminals in schemes of this nature.

Moreover, the Bank permanently invests in the education of its employees. On-site training and internal certification in the Bank’s Prevention and Avoidance of Money Laundering are certified with Seal by Enccla – National Strategy for the Avoidance of Corruption and Money Laundering. The Enccla seal is granted by the Ministry of Justice to trainings which should meet the requisites as defined in Programa Nacional de Capacitação e Treinamento para o Combate à Lavagem de Dinheiro (National Training Program against Money Laundering).

Additionally, from 2009 on, BB has addressed this issue in its external hiring selections.

TECHNOLOGY

Nevertheless the work of the Technology Directorate to improve the service provided to the millions of Banco do Brasil clients, in 2010, BB incorporated the service to millions of clients of Banco Nossa Caixa (BNC). Essential for the success of this takeover was the work of its technology area, which guaranteed that BNC was taken over in just nine months. A takeover in such a short period and in such an efficient manner is a unique case in the world and a reference for other banks. In the takeover period, basing its actions on respect for the clients of the Bank taken over, Banco do Brasil developed a hybrid automatic teller machine solution to prevent the clients of BNC from feeling the impact of the migration.

To guarantee this efficiency in its information technology (IT) area in future decades, Banco Brasil expanded its technological infrastructure. For this purpose, besides expanding the building of its datacenter in the Central Technology Complex, in Brasilia, by almost 3 thousand square meters, BB also concluded the bidding process for the choice of the consortium that will be building its new datacenter in the capital of the federal district.

To refine the governance of all these processes, in the year 2010, BB started the deployment of a new IT Governance model, adapted to present and future needs of the Financial Group.

The concept of IT Governance adopted by Banco do Brasil was coined by ITGI (Information Technology Governance Institute and proclaims that “IT governance refers to the processes, organizational structures and leaders that ensure that Corporate IT supports and extends the strategies and objectives of the organization”. For this reason, the main focus of this new model is the upgrading of the management processes of BB’s Information Technology area, in order to guarantee alignment between IT and the Corporate Strategy.

BB’s new IT Governance model also allows it to improve the alignment of the architecture, infrastructure and IT applications to business needs; to make the rules clearer for responsibilities, decisions and actions relating to IT; to guarantee the adherence of IT processes to the laws, standards and rules of internal and external regulators, and
increase transparency in the Organization’s IT management.

With the conclusion of its implementation scheduled for the year 2011, BB’s new IT Governance was prepared with a basis on the best practices and standards, in order to increase the efficiency of the IT area and also the control of its processes, thus guaranteeing the sustainability and continuous technological presence of Banco do Brasil.

LOGISTICS
In 2010, Banco do Brasil implemented various measures to upgrade the logistics of its business. With the purpose of obtaining economies of scale by means of the centralization and standardization of services, part of the routines conducted by the branches was absorbed by premises specialized in operating support.

The intention with this measure is to assign responsibility for the execution of more complex routes to the operating support units, and to provide the branches with greater agility in customer service, reducing the response time to inquiries from clients.

Continuing with the customer service improvement process, Banco do Brasil is currently implementing a system of fortnightly assessment of the ATMs. In this manner, BB intends to raise the level of availability of the equipment, guaranteeing the satisfaction and loyalty of its clients.

One of the actions of the Retail Transformation Program includes the new setting of the branches. In 2010, BB adapted 45 branches to the new visual standard. It is a pilot project designed to modernize the physical facilities of the branches, to offer greater comfort to clients, to install customer service environments with greater privacy and modern security devices. In 2011 it is expected that the new layout design will be expanded to as many as 400 branches.

ECOEFFICIENCY
Banco do Brasil emphasizes the Eco-efficiency Program, the objective of which is to produce more with less, using fewer natural resources and less energy in the productive process, reducing waste and production and operation costs.

It is worth mentioning that BB is a founding member of the Companies for Climate Program and of the Brazilian GHG Protocol Program, both targeting reflection on and proposition of actions to combat climatic changes.

Banco do Brasil has also put in place a number of steps to reduce the use of paper. Corporate systems were adapted to print preferably on both sides, there were employee awareness campaigns, and customers are encouraged more and more to employ automated channels not involving the use of paper.

BB carries out initiatives geared toward the rationalization of input consumption and responsible disposal of waste. One of the divisions of the program provides for the reduction of 25% in water consumption of headquarters buildings.

Banco do Brasil has invested in new channels for processing transactions and for doing business with its customers. There is growing trend to employ channels that do not involve printing and, therefore, do not consume paper. Among such channels, we may point out the internet, Customer Assistance, and Mobile Banking.

It is worth emphasizing the consolidation of the DDA – Authorized Direct Debit initiative, an option that allows the client to register as an electronic drawee, doing away with the need for issuance of paper bank payment slips. BB is a leader in the DDA service, and reached this position because it started providing this service for customers even before it was launched by the Brazilian Bank Federation (Febraban).

PEOPLE
BB ended the year of 2010 with 109,026 employees, as compared to 103,971 in 2009. Out of this staff, are included 3,856 new employees hired as a result of the increase in the staff, thus reinforcing the Bank’s commitment with its employees (improved working conditions and organizational climate), with its clients (improved customer service) and the country’s development (generation of jobs and income).

In 2010, Universidade Corporativa do Banco do Brasil – UniBB (corporate university) responded to 604,804 requests for training in the onsite, self-instructional or on-the-job categories, totaling 7,337 thousand hours. In 2010, the average hours of training per employee was 67.4 hours.

In 2010, the Bank had 9,323 scholarship employees, as graduation and post-graduation students. Regarding training in general, BB recorded 12,296 thousand training hours in the end of 2010.

The scholarship program contributed to improve employees’ educational level. By the end of 2010 the breakdown of educational degree of Banco do Brasil’s employees were: 22.5% held an specialization, masters’ or doctors' degree, 48.7% an undergraduate one, 28.3% high school and 0.5% elementary school.

In addition, BB allowed its employees to take part in the Program for Internal Certification of Knowledge, as a training and professional qualification strategy. At the end of 2010, 36.8 thousand employees have been certified.

BB encourages the obtaining of legal Money Laundering Prevention and Investment certifications – CPA 10 and 20. By late 2010, 61.4 thousand employees had such certifications. BB is the financial institution with the highest number of certified employees.

The remuneration and the benefits granted to the employees were distributed according to the table below:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>Δ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>11,867</td>
<td>9,925</td>
<td>19.6</td>
</tr>
<tr>
<td>Supplementary Pension Plans1</td>
<td>235.4</td>
<td>231.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Health care plans2</td>
<td>693.9</td>
<td>639.8</td>
<td>8.5</td>
</tr>
<tr>
<td>Profit-Sharing Plan3</td>
<td>1,756</td>
<td>1,385</td>
<td>26.8</td>
</tr>
<tr>
<td>Training</td>
<td>86</td>
<td>73</td>
<td>16.8</td>
</tr>
</tbody>
</table>

1 Expenses with salaries, benefits, social charges and personnel provisions.
2 Funding of supplementary pension and health care plans, pursuant to note 27.
3 Amount set aside for Profit and Gain Sharing, as Statement of income for the year.
The Bank’s structure includes the Area of Quality of Life at Work, which develops and manages several programs aimed at improvement in the quality of life of employees, such as PCMSO (Program for Medical Control of Occupational Health), Sesmt (Specialized Services in Safety Engineering and in Occupational Medicine of BB), Tabas (Program for the Control of Smoking), Pavas (Program for Assistance to Holdup and Kidnapping Victims), Program for Recognition of Employees and the Quality of Life at Work Program.

One of the actions undertaken by BB in the Recognition Program is the Cultural Festival. The Festival was created to value the artistic talents of current and retired employees of the Bank. In 2010, the second edition of the festival was held. The total of employees and retirees that entered in writing, ballroom dancing and photography categories were 892.

Since 2005, Banco do Brasil has had an internal institutional channel called Internal Ombudsman Service that receives praise, accusations and complaints from the employees on people management and socio-environmental responsibility policies, practices and processes.

In 2010, BB advanced in the management of ethics by means of the installation of specific structures, responsible for the expansion of the dissemination of ethical precept actions and for the evaluation of cases of deviation from ethical conduct that occurred at the Company.

Banco do Brasil maintains a process of transparent and respectful dialogue with the representatives of its employees. It maintains a Collective Labor Agreement of national sphere, holds permanent negotiations with the trade unions and organizes theme groups with the bankers’ representatives to discuss in detail topics of interest to the workers and to the company.

Moreover, the Bank launched both a “collective bargaining” website on the intranet and a specific blog on the topic, aiming at the refinement of the internal communication process in favor of the consolidation and dissemination of the culture of dialogue with the trade union entities, building up interaction and serious debate on the topics involved in the process between the company and its employees.

As a result of its good people management practices, in 2010 BB won an award as one of the best among the top companies to work for in Brazil, according to an evaluation performed by Great Place to Work, and received for the second time running the Pro-Equity of Gender Seal, granted by the Federal Government.

LEGAL INFORMATION

In compliance with CVM Instruction Nº 381, Banco do Brasil reports that KPMG Auditores Independentes has not provided, to the Bank and subsidiaries, any services that could affect its independence in relation to audit work in 2010.

In the engagement of services not related to external audits, Banco do Brasil adopts procedures based on the applicable legislation and on internationally accepted principles that preserve the independence of the auditor. These principles consist of: (i) the auditor should not audit his own work and (ii) the auditor should not act managerially before his client nor promote the interests of his client.

In compliance with article 8 of Bacen Circular 3068/2001, Banco do Brasil confirms that it has the intention and financial capacity to hold until maturity the securities classified in the “Securities Held to Maturity” category. The financial capacity is backed by a cash flow forecast that does not take into consideration the possibility of selling these securities.

In compliance with art. 14, of CVM Instruction 319/99, BB informs the finalization of the integration process of the branches of the BB-BNC network, which allowed the delivery of services to new clients with the use of the applications and systems of Banco do Brasil. The takeover of Banco Nossa Caixa was part of the expansion process of BB’s businesses in the state of São Paulo and the concomitant creation of a statutory directorate for the management of business strategies relating to that state.

According to the provisions of CVM Resolution 488/05, BB explains that there was an increase of 31.2% in investments in relation to the year 2009, emphasizing the sum of investment in real estate (renovations and constructions), in the amount of R$634.8 million, in information technology, R$1,052 million and in equipment, R$83.2 million.

In compliance with Article 243 of Law 6404/76, BB reports that investments in subsidiary and associated companies totaled R$17.6 billion as of December 31, 2010.

In accordance with criteria defined by the Brazilian Statute of Micro and Small Businesses (General Law of Micro and Small Businesses), 93.2% of BB’s business clients are classified as micro and small businesses. The volume of funds used by SMEs reached R$35.5 billion in the 2010, representing a 11.1% increase as compared to the previous year. The balance of working capital operations contracted by very small companies totaled R$4.9 billion, and of small companies totaled R$20.5 billion. Investment operations aimed at very small companies reached R$2.2 billion; for small companies, investments reached R$7.5 billion.

MAIN AWARDS RECEIVED IN THE PERIOD

• GRI Readers’ Choice Awards – Engagement, Investor Prize and General Winner categories;
• Deutsche Bank’s Straight Through Processing (STB) Excellence Award;
• Winner of the e-finance 2010 Awards, with 35 cases granted awards in 12 categories;
• Prêmio Abrasca de Criação de Valor (Value creation award), for the performance and liquidity of listed shares in 2009;
• Prêmio SM Awards 2010, as a company of Prominence in Growth - Banks and Financial Services;
• Elected best Latin American bank of 2010, in an award offered by Latin Finance magazine;
• 2010 Best Companies to Work for in” by the Great Place to Work Institute;
• Elect the “Bank of the Year in Brazil” by The Banker magazine;
• National Accessibility Campaign – CONADE;
• Finalists of the Financial Times Award of Sustainable Finance;
• Winner of the Alide Award of Recognition of Good Practices at Financial Institutions of Development;
• Época Award of Climatic Changes;
• Selo Empresa Amiga da Criança (Children Friendly Company Seal);
• Seal in Favor of Gender Equity;
• Top 10 – Companies of Greatest Prestige in Brazil 2010/2011 – Época Negócios;
• Silver medal at the XVI Exhibition of ABMR&Agribusiness (Brazilian Association of Rural Marketing and Agribusiness) for Communication in Rural Marketing and Agribusiness - Agribusiness Bank in the Advertising Campaign category.

ACKNOWLEDGMENTS

We thank the dedication and diligence of our employees and collaborators, who are Banco do Brasil’s greatest wealth, as well as the trust of shareholders, clients and society. Further information: Investor Relations Website (www.bb.com.br/ri).
## 1 – Calculation Base

<table>
<thead>
<tr>
<th></th>
<th>2010 (R$ thousand)</th>
<th>2009 (R$ thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (NI)(1)</td>
<td>26,334,600</td>
<td>18,232,858</td>
</tr>
<tr>
<td>Operation Income (OI)(2)</td>
<td>18,410,195</td>
<td>13,591,802</td>
</tr>
<tr>
<td>Gross Payroll (GPR)(3)</td>
<td>13,019,591</td>
<td>11,838,434</td>
</tr>
<tr>
<td>Total Value Added (TVA)</td>
<td>11,703,165</td>
<td>10,147,522</td>
</tr>
</tbody>
</table>

## 2 – Internal Social Indicators

<table>
<thead>
<tr>
<th></th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>957,871</td>
<td>7.4</td>
<td>3.6</td>
<td>8.2</td>
<td>804,140</td>
<td>6.8</td>
<td>4.4</td>
<td>7.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compulsory Social Contributions</td>
<td>2,698,964</td>
<td>20.7</td>
<td>10.2</td>
<td>23.1</td>
<td>2,512,606</td>
<td>21.2</td>
<td>13.8</td>
<td>24.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Pension Plan(4)</td>
<td>1,004,182</td>
<td>7.7</td>
<td>3.8</td>
<td>8.6</td>
<td>1,089,673</td>
<td>9.2</td>
<td>6.0</td>
<td>10.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health(4)</td>
<td>693,913</td>
<td>5.3</td>
<td>2.6</td>
<td>5.9</td>
<td>639,801</td>
<td>5.4</td>
<td>3.5</td>
<td>6.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational Health and Care(5)(6)</td>
<td>33,609</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>26,360</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td></td>
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<tr>
<td>Education(4)</td>
<td>44,755</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td>37,150</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td></td>
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<tr>
<td>Professional Training and Development(5)</td>
<td>73,353</td>
<td>0.6</td>
<td>0.3</td>
<td>0.6</td>
<td>59,705</td>
<td>0.5</td>
<td>0.3</td>
<td>0.6</td>
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<tr>
<td>Daycare or Daycare Assistance</td>
<td>62,706</td>
<td>0.5</td>
<td>0.2</td>
<td>0.5</td>
<td>51,988</td>
<td>0.4</td>
<td>0.3</td>
<td>0.5</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Transport</td>
<td>23,042</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>18,416</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Profit Sharing</td>
<td>1,756,900</td>
<td>13.5</td>
<td>6.7</td>
<td>15.0</td>
<td>1,384,532</td>
<td>11.7</td>
<td>7.6</td>
<td>13.6</td>
<td></td>
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<tr>
<td>Others</td>
<td>117,575</td>
<td>0.9</td>
<td>0.4</td>
<td>1.0</td>
<td>102,172</td>
<td>0.9</td>
<td>0.6</td>
<td>1.0</td>
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<tr>
<td>Total – Internal Social Indicators</td>
<td>7,466,159</td>
<td>57.3</td>
<td>28.4</td>
<td>63.8</td>
<td>6,726,543</td>
<td>56.8</td>
<td>36.9</td>
<td>66.3</td>
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</table>

## 3 – External Social Indicators

<table>
<thead>
<tr>
<th></th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education(4)</td>
<td>27,881</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>20,587</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture(4)</td>
<td>43,074</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td>44,783</td>
<td>0.4</td>
<td>0.2</td>
<td>0.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>13,118</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>N/D</td>
<td>N/D</td>
<td>N/D</td>
<td>N/D</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sports</td>
<td>54,421</td>
<td>0.4</td>
<td>0.2</td>
<td>0.5</td>
<td>63,493</td>
<td>0.5</td>
<td>0.3</td>
<td>0.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat of Hunger and Food Safety(4)</td>
<td>947,084</td>
<td>7.1</td>
<td>3.6</td>
<td>10.7</td>
<td>415,064</td>
<td>3.3</td>
<td>1.9</td>
<td>5.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation of Jobs and Income</td>
<td>61,394</td>
<td>0.5</td>
<td>0.2</td>
<td>0.5</td>
<td>33,352</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others(5)</td>
<td>16,113</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>17,641</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td></td>
<td></td>
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<tr>
<td>Total Contributions to Society</td>
<td>216,948</td>
<td>1.7</td>
<td>0.8</td>
<td>1.9</td>
<td>180,272</td>
<td>1.5</td>
<td>1.0</td>
<td>1.8</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Taxes (Excluding Social Contributions)(4)</td>
<td>6,894</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>8,030</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total – External Social Indicators</td>
<td>223,842</td>
<td>1.7</td>
<td>0.8</td>
<td>1.9</td>
<td>188,303</td>
<td>1.6</td>
<td>1.0</td>
<td>1.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## 4 – Environmental Indicators

<table>
<thead>
<tr>
<th></th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>R$ thousand</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
<th>% over GDP</th>
<th>% over NI</th>
<th>% over TVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 – Investments Related to Company Production/Operation(5)</td>
<td>70,458</td>
<td>0.5</td>
<td>0.3</td>
<td>0.6</td>
<td>42,862</td>
<td>0.4</td>
<td>0.2</td>
<td>0.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 – Investments in External Programs and/or Projects(5)</td>
<td>1,305</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>302</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Investments in the Environment (4.1 + 4.2)</td>
<td>71,763</td>
<td>0.6</td>
<td>0.3</td>
<td>0.6</td>
<td>45,164</td>
<td>0.4</td>
<td>0.2</td>
<td>0.4</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

## 5 – Workforce Indicators

<table>
<thead>
<tr>
<th></th>
<th>2010 – units</th>
<th>2009 – units</th>
</tr>
</thead>
<tbody>
<tr>
<td># of employees at the end of period</td>
<td>109,026</td>
<td>103,971</td>
</tr>
<tr>
<td># of hirings during period</td>
<td>10,048</td>
<td>14,999</td>
</tr>
<tr>
<td># of dismissals during period</td>
<td>4,505</td>
<td>2,786</td>
</tr>
<tr>
<td># of outsourced employees(6)</td>
<td>35,007</td>
<td>35,368</td>
</tr>
<tr>
<td># of interns</td>
<td>9,853</td>
<td>9,917</td>
</tr>
<tr>
<td># of apprentices</td>
<td>5,534</td>
<td>5,336</td>
</tr>
<tr>
<td># of employees over 45 years of age</td>
<td>31,705</td>
<td>30,509</td>
</tr>
<tr>
<td># of employees by age group:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>under 26</td>
<td>8,158</td>
<td>8,230</td>
</tr>
<tr>
<td>from 26 to 35</td>
<td>39,829</td>
<td>35,974</td>
</tr>
<tr>
<td>from 36 to 45</td>
<td>29,344</td>
<td>29,258</td>
</tr>
<tr>
<td>over 45</td>
<td>31,705</td>
<td>30,509</td>
</tr>
<tr>
<td># of employees by education level:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary education</td>
<td>579</td>
<td>696</td>
</tr>
<tr>
<td>Secondary/vocational education</td>
<td>30,835</td>
<td>31,207</td>
</tr>
<tr>
<td>Higher education</td>
<td>53,073</td>
<td>50,163</td>
</tr>
<tr>
<td>Postgraduate study</td>
<td>24,539</td>
<td>21,905</td>
</tr>
<tr>
<td># of women working at the Company</td>
<td>44,921</td>
<td>42,330</td>
</tr>
</tbody>
</table>
## 6 – Relevant Corporate Citizenship Information

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

## 7 – Other Information

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

For explanations concerning declared information: Gilberto Lourenço da Aparecida – (+55 61) 3310.3990 – ri@bb.com.br

This company does not use child or slave labor, is not involved with prostitution or sexual exploit and is not involved in corruption. Our company values and respect the internal and external diversity. The Social Report was held by KPMG Auditores Independentes and assurance report will be published in the Annual Report 2010.

Notes:

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