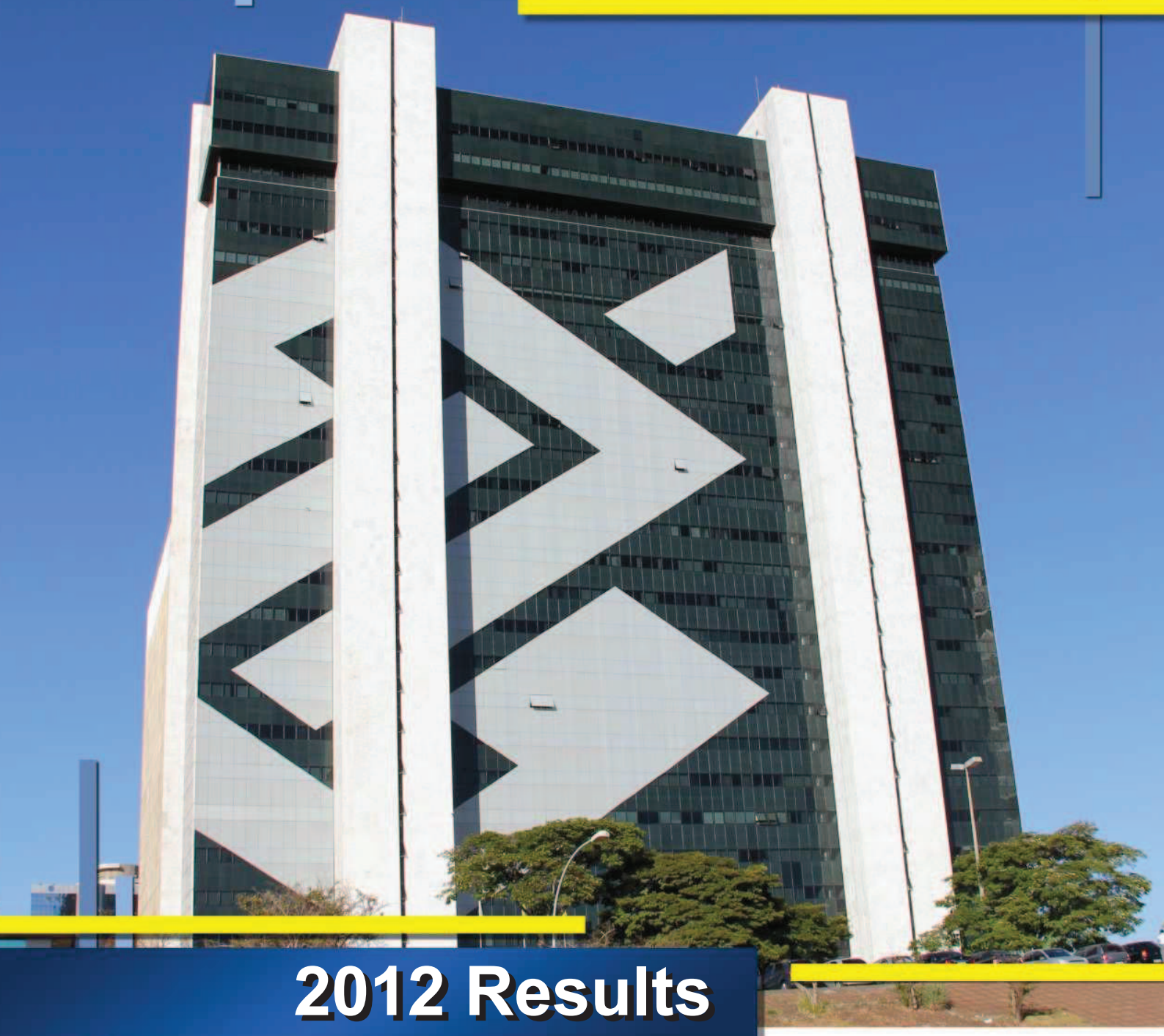
Financial Statements



2012 Results

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Dear Shareholders,

We present the Management Report of Banco do Brasil (BB) for 2012, in conformity with the requirements of the Brazilian Corporate Law, the National Monetary Council (CMN), the Central Bank of Brazil (Bacen), the Brazilian Securities and Exchange Commission of Brazil (CVM) and BB's By-laws.

1. Macroeconomic Environment

The year 2012 was marked by an increase in the global aversion to risk. The cooling of major emerging economies (particularly the Chinese) influenced the drop of commodity prices, potentializing adverse effects on exports and economic activity of the emerging world.

The Brazilian economy, although acknowledged as being more resilient in the face of external problems, did not escape unscathed from the deceleration of global growth, requiring the Government to implement fiscal, monetary and credit measures to stimulate the economy.

In this scenario, inflation decreased in comparison with the previous year, and the 12-month accumulated Expanded Consumer Price Index variation was within the target interval. The reduction of the SELIC interest rate to a historical threshold of 7.25% per year and the decline in bank spreads led to a significant reduction in the cost of borrowings for the final borrower.

2. Highlights of the Period

We present below a chronological list of some events that merit special emphasis in the period:

i) the starting of activities of the Banco Postal (Postal Bank) in BB's service network, on January 2, 2012;

ii) on January 19,2012, acquisition of the total shares of EuroBank (currently Banco do Brasil Americas), a North-American financial institution;

iii) authorization by the Central Bank of Brazil for the classification as tier-I capital, in the category of a hybrid capital instruments, for the Perpetual Bonds issuances made in January (US$ 950 million) and March (US$ 725 million) of 2012;

v) the launch of "BOMPRATODOS", a new form of relationship between BB and its customers, on April 4, 2012;

v) authorization from the Central Bank of Brazil for reclassifying as tier II capital R$ 1.490 billion related to the June issuance of Subordinate Debts Instruments;

vi) in June, participation of BB in the Rio+20 Conference as one of the main official partners;

vii) in September, Banco do Brasil was selected for the Dow Jones Sustainability World Index (DJSI) of the New York Stock Exchange for the first time, in relation to the 2012/2013 period;

viii) execution of a contract between BB and the Federal Government in September, under which a loan was granted in the form of a Hybrid Debt Capital Instrument, for funding the 2012/2013 crop, amounting to R$ 8.1 billion, classified as tier I and II capital, as authorized by the Central Bank of Brazil;

ix) creation, in October, of the Management of Businesses with Cooperatives, by the Bank’s Board of Officers, in line with the “International Year of Cooperatives” established by the United Nations Organization (UNO);

x) in October, BB carried out its largest funding transaction in the foreign market, through the issue of ten-year debt securities totaling US$ 1.925 billion;

xi) launch of the BB Progressivo II - Mortgage Investment Fund on November 13, 2012, with a bid price of R$ 1.59 billion;

xii) moving forward with the corporate restructuring of the Bank’s insurance, open-end private pension and premium bonds, in November the Board of Directors authorized the start of studies that will enable the incorporation of a company named BB Seguridade S.A.

3. Strategic Plan for the Period of 2013/2017

For the 2013/2017 period, Banco do Brasil gave priority to two main objectives: to significantly increase its efficiency and productivity, and to generate sustainable results through businesses which have a strong social orientation.

In order to achieve increased efficiency and productivity, the Company will undergo a significant review and simplification of its main processes, which will result in more innovative, convenient and efficient channels, products and services, thus contributing to a reduction in expenses and the generation of better results for the stockholders.

Businesses with a strong social orientation, such as the Minha Casa, Minha Vida Program and the Oriented Productive Microcredit programs will remain in the Bank's strategy and play a key role in its corporate mission of "fostering sustainable development in Brazil".

4. Economic-Financial Performance

4.1 Overview

Banco do Brasil closed 2012 with a net income of R$ 12.2 billion and an annualized return on equity of 19.8%. Earnings per share was R$ 4.30 for the period.

Assets amounted to R$ 1.2 trillion, an increase of 17.2% in twelve months, with a return on assets of 1.1% in 2012, giving the Bank the leading position in the Brazilian Financial System at the end of the year, particularly in loan operations, with a 20.4% market share. Shareholders' equity reached R$ 66.1 billion, an increase of 13.1% in 12 months.

Table 1. Highlights

			R$ million
Earnings[1]	**2011**	**2012**	**Δ 2011 (%)**
Net Income	12,126	12,205	0.7
Gross Income from Financial Intermediation	26,107	27,707	6.1
Fee Income	18,242	21,071	15.5
Income from Insurance, Pension Plans e Savings Bonds	2,265	2,349	3.7
Administrative Expenses[2]	(28,335)	(32,516)	14.8
			R$ billion
Equity	**Dec/11**	**Dec/12**	**Δ Dec/11 (%)**
Assets	981	1,150	17.2
Loan Portfolio - Broad Concept[3]	465	581	24.9
Deposits and Market Funding[4]	654	742	13.5
Total Deposits	442	472	6.7
Shareholders Equity	58	66	13.1
BIS Ratio %	**13.98**	**14.83**	

Indicators	**2011**	**2012**	**Δ 2011 (%)**
Earnings per Share (R$)	4.28	4.30	0.5
Return on Assets %	1.4	1.1	
Return on Equity %	22.4	19.8	
			thousand
Structural Information	**2011**	**2012**	**Δ 2011 (%)**
Base Customers	56,001	58,551	4.6
Total Checking Account	36,121	37,418	3.6
Individuals	33,875	35,049	3.5
Companies	2,247	2,369	5.5
Branches	5,263	5,362	1.9
Employees	113,810	114,182	0.3
Asset Management (R$ billion)	416	444	6.8

1 - Items based on Consolidated Financial Statements;
2 - Refers to the sum of Personnel Expenses and Other Administrative Expenses;
3 - Includes Private Securities and Guarantees Offered;
4 -Time and Demand Deposits, Savings Deposits, Interbank Deposits, Money Market Borrowings, Agribusiness Letters of Credit and Commercial Papers.

See further information about the economic-financial performance of BB in the Management Discussion and Analysis Report at www.bb.com.br/ir.

4.2 Stock Performance

BB's market value totaled R$ 73.0 billion at the end of December 2012. In the theoretical portfolio of Ibovespa in force for the next four months (Jan/2013–Apr/2013), the Bank occupies 8th place, with a market share of 2.934%.

BBAS3 was traded in all BM&FBovespa's sessions, in the daily mid amount of R$ 156.3 million in 2012, as opposed to R$ 155.2 million in the same period of previous year, and continues to be listed in the theoretical portfolios of the major São Paulo Stock Exchange indexes: Ibovespa, Ibrx50, IGC, ISE and Itag.

At the end of 2012, the American Depositary Receipt - ADR Level I Program of Banco do Brasil recorded 19.9 million receipts in circulation.

Banco do Brasil, aligned with its profit reinvestment and dividend distribution policy, keeps the payout of 40% of the earned in the form of dividends and interest on own equity with quarterly periodicity. Thus, in 2012 an amount of R$ 4.9 billion was paid to shareholders, of which R$ 1,570.2 million was paid as dividends and R$ 3,353.8 million was paid as interest on own capital. The 60% of the remaining income were used as legal and statutory reserves.

4.3 Informations of Subsidiaries and Affiliates

Table 2. Interest in the Capital of Subsidiaries and Affiliates of the BB Banco Múltiplo

R$ thousand	Activity		Share - % Dec/12	Book Value Dec/11	Book Value Dec/12	Equity Income 2012
Consolidated Equity Interests						
Banking Segment						
Banco do Brasil – AG. Viena	Banking	(1)	100.00	213,083	260,921	16,067
BB Leasing S.A. – Arrendamento Mercantil	Leasing	(1)	100.00	3,453,732	3,550,675	127,139
BB Leasing Company Ltd.	Leasing	(1)	100.00	83,157	92,126	1,518
BB Securities Asia Pte. Ltd.	Brokerage	(1)	100.00	8,891	9,200	(482)
BB Securities LLC.	Brokerage	(1)	100.00	37,096	55,919	15,425
BB Securities Ltd.	Brokerage	(1)	100.00	70,305	86,170	9,517
BB USA Holding Company, Inc.	Banking	(1)	100.00	2,734	2,127	(853)
Brasilian American Merchant Bank	Holding	(1)	100.00	816,428	915,829	8,144
Besc DTVM S.A.	Asset Management	(1)	99.62	7,127	7,133	100
Banco Patagonia S.A.	Multiple Bank	(1)	58.96	637,770	825,133	224,218
Banco Votorantim S.A.	Multiple Bank	(2)	50.00	3,504,357	3,811,149	(877,731)
EuroBank	Banking	(1)	100.00	-	57,001	(12,897)
Investment Segment						
BB Banco de Investimento S.A.	Investment Bank	(1)	100.00	1,815,300	2,676,091	1,124,347
Segment of Fund Management						
BB DTVM S.A.	Asset Management	(1)	100.00	125,829	131,494	617,481
Segment of Insurance, Private Pension Fund, and Capitalization[1]						
BB Seguros Participações S.A.	Holding	(1)	100.00	3,887,002	-	856,656
BB Corretora de Seg. e Adm. de Bens S.A.	Brokerage	(1)	100.00	33,513	-	287,102
BB Seguridade S.A.	Holding	(1)	100.00	-	4,468,031	-
Segment of Payment Methods						
BB Adm. de Cartões de Crédito S.A.	Service Rendering	(1)	100.00	19,326	19,124	15,097
BB Elo Cartões Participações S.A.	Holding	(1)	100.00	18,843	15,031	(3,812)
BB Elo Participações S.A.	Holding	(2)				
Elo Serviços S.A.	Service Rendering	(2)				
Other Segments						
BB Administradora de Consórcios S.A.	Consortiums	(1)	100.00	49,960	98,539	135,887
BB Tur Viagens e Turismo Ltda.	Tourism	(1)	100.00	11,579	10,497	(1,188)
BB Money Transfers Inc.	Service Rendering	(1)	100.00	2,903	2,464	(934)
Cobra Tecnologia S.A.	IT	(1)	99.97	124,388	141,563	17,934
BV Participações S.A.	Holding	(2)	50.00	105,119	52,186	(38,237)

1 - On 12/17/2012 was approved the creation of the BB Seguridade, Holding that control Insurance business at the Bank. Up to the end of 2012 was held in the Multiple Bank the equivalence result of BB Seguros e Participações SA and BB Corretora de Seg. e Adm. De Bens S.A, having been migrated to the new Holding just the investment balances.
(1) Subsidiaries fully included in the accounting consolidation;
(2) Joint ventures proportionately included in the accounting consolidation;
(3) Affiliates companies proportionately included in the accounting consolidation as defined by Central Bank of Brazil.

Table 3. Non-Consolidates Interest in the Capital of Subsidiaries and Affiliates

R$ thousand	Activity		Share - % Dec/12	Book Value Dec/11	Book Value Dec/12	Equity Income 2012
Equity Interest						
Mapfre Nossa Caixa Vida e Previdência S.A[1]	Insurance Company /Pension	(4)	74.99	11,074	-	998
Cadam S.A.	Mining	(4)	21.64	22,216	27,999	5,783
Cia. Hidromineral Piratuba	Sanitation	(4)	15.56	2,305	2,311	6
Itapebi Geração de Energia	Energy	(4)	19.00	75,259	75,719	30,972
Estruturadora Brasileira de Projetos - EBP	Service Rendering	(4)	11.11	406	1,827	1,421

1 - Consolidated - see note 2 on December 2012.
(4) Affiliates accounted by equity method.

5. Service Network and Channels

Banco do Brasil closed 2012 with 64.2 thousand service points, including its own network, shared distribution channel correspondents, covering 97.5% of the Brazilian municipalities (5,425).

The Bank's own network featured 5,362 branches, 13,782 points of service and 44,393 automatic teller machines BB has the largest branches chain of the Country, with a market share of 24.1%.

The network of correspondents, identified by the MaisBB brand, closed the period with 11,719 points of service and agreements with other establishments, and 6,195 points of the Banco Postal (Postal Bank).

The self-service through the Internet closed 2012 with the mark of 1,752.5 million transactions performed by individuals, corresponding to 19.7% of the total number of transactions. More than 13.6 million clients are authorized to use the channel.

Through cell phones 138.8 million transactions. The public sector self-service through the Internet and cell phones recorded 313.7 million transactions performed by 21.4 thousand users and Call Center 258.3 million transactions by 11.1 million customers.

In the period the Bank also released access to the Financial Manager through mobile devices iPad and Blackberry, which were added to the other already available mobile connection platforms, such as the iPod Touch, iPhone and smartphones with the Android operating system. The Financial Manager reached 301.5 million operations, being used for more than 727.3 thousand companies, mainly small businesses.

The Bank has opened eco-efficient branches in the district of Pirituba in São Paulo, and in the district of Messejana in Fortaleza. The project reduces environmental impacts and generates savings of up to 20% in electric power and 30% in water consumption, thus contributing for the rational use of natural resources.

Abroad, Banco do Brasil conducts operations in 24 countries, and in 21 of them it is present by means of own units. Also, it operates through 1,124 correspondent banks in 139 countries. Moreover, in Argentina, the Patagonia Bank closed 2012 with 187 service points and an area specialized in business with corporate clients. Banco do Brasil Americas, based in the United States, continued to operate the three existing branches and implemented 48 thousand shared automatic teller machines, in addition to Internet and Mobile Banking services.

6. Businesses

6.1 BOMPRATODOS

The release of BOMPRATODOS (GOOD FOR ALL) offered many benefits to Banco do Brasil's clients. More than 9 million clients have used products or services with lower fees or prices and over 5 million have taken out loans with lower interest rates.

It is noted that 12% of the clients who took out loans had no previous loan transactions with BB. The auto loan was the highlight, once that percentage grew 17%.

In addition, the Bank attracted more than 1.5 million new current account holders. It was recorded that 208 thousand clients chose to receive their salaries at BB through the Free Bank Option and 26% of this total obtained a loan or financing after the transfer of the earnings.

The disbursement in Direct Consumer Credit operations grew 42.1%, reaching a total of R$ 65.8 billion. With the grant of loans with lower interest rates, coupled with the encouragement of the conscious use of loans, which is based on the right choice of the line(s) of credit to be contracted, Banco do Brasil helped to reduce the indebtedness and default of its clients.

The main results provided by the BOMPRATODOS in the end of the year were:

i) R$ 9.9 billion of disbursement in vehicle financing transactions. (397.2% above the daily average before the BOMPRATODOS);

ii) R$ 62.5 billion total disbursements in credit lines giving priority to micro and small companies, a 19.9% increase in relation to the same period in 2011.

With the new BOMPRATODOS strategic positioning, Banco do Brasil has reduced its fees by up to 34%, and the interest rates of a number of loan facilities by up to 64%, enabling the carrying out of new businesses, mainly by attracting new clients, retaining the clients which are the target public of the Free Bank Option and increasing the profits from clients which had few businesses with BB. With the results achieved, the Bank was able to further improve its business conditions, achieving perpetuity and sustainability in the relationships with its clients, which are based on mutual trust and business ethics.

For further information, please check out the website: www.bb.com.br/bompratodos.

6.2 Loan Portfolio

The loan portfolio of BB in broad concept, comprising provided guarantees and private securities, has reached R$ 580.8 billion in December 2012, with expansion of 24.9% within 12 months, which corresponded to the Bank's domestic credit market share of 20.4%.

At the end of December 2012, the credit portfolio in broad concept and formed by transactions with individuals totaled R$ 152.6 billion. The credit portfolio in broad concept and formed by transactions with companies totaled R$ 273.8 billion.

Agribusiness portfolio is highlighted in the broad concept ended the year with a history balance of R$ 108.0 billion in agricultural loan and agroindustrial transactions.

The delinquency ratio remained under control. The indicator that measures the non-performing loans for more than 90 days (ratio between loans over 90 days past due and the loan portfolio) ended the period in 2.1%. Comparing that indicator with that observed in the Brazilian Banking Industry (BI), of 3.6%, it can be noted that the delinquency ratio in BB remains at low levels. BB also presents a better credit structure than BI. Operations classified at risk levels AA-C closed December 2012 at 94.5% of the total portfolio, against 92.4% observed in BI.

6.2.1 Individual Customers

The main credit lines comprising the portfolio are highlighted as follows:

Payroll Loan

Payroll loan deduction lending remains as the mode with greater representation in the portfolio for individuals, with 38.6% of the total, already considering portfolio acquisitions and ownership interest in Banco Votorantim. With the customers base qualification strategy and a focus on lines of lower risk, payroll loan portfolio exhibited growth of 14.3% in the last 12 months, which reinforces the Bank's leadership in this segment, with 31.2% market share. The loans granted to civil servants were the most representative of this portfolio, accounting for 86.35% of the total loans. The portfolio is still comprised loans were granted to INSS's retirees and pensioners (8.75%) and employees from the private sector (4.90%).

Auto Loans

The balance of auto loans transactions, including acquisition of portfolios and ownership interest in Banco Votorantim, reached R$ 35.9 billion, an increase of 14.5% in relation to December 2011.

We emphasize the growth of the operations originated in Banco do Brasil's branches with account-keeping customers, which reached the balance of R$ 11.0 billion, showing a progress of 134.9% in relation to the same period of the prior year, boosted by the relationship strategy BOMPRATODOS. Although the disbursement increased, the profile of the new operations continued within the criteria adopted over the last few years, thus assuring the portfolio's quality within the historical series of performance.

Mortgage Bonds

At the end of 2012, mortgage bonds to individuals recorded a balance of R$ 10.2 billion, an increase of 69.0% in comparison with December 2011. Disbursements in the year totaled R$ 5.1 billion, an increase of 69.2% in comparison with the same period of 2011.

The increase in the number of contracts under the Programa Minha Casa, Minha Vida (Housing Financing Program) is concentrated in the household income range from R$ 1,600 to R$ 3,100, using funds from the Government Severance Indemnity Fund. This year the Bank also started to serve the household income range of up to R$ 1,600 as an agent of the Fundo de Arrendamento Residencial (Residential Lease Fund).

In 2012, the Bank substantially increased its Minha Casa, Minha Vida operations, achieving a growth of 385,3% in comparison with the previous year.

In the second half of 2012, BB also started to operate in the Programa Nacional de Habitação Rural (National Rural Mortgage Program), the aim of which is to reduce the housing deficit in rural areas.

Accessibility Credit

In February, the Bank launched the BB Crédito Acessibilidade (Accessibility Credit Financing line), in combination with the governmental program Viver sem Limites (Living Without Limit), a national plan for the rights of the handicapped. The new product is intended for customers with a monthly income of up to 10 minimum salaries, for acquisition of assistive technology products, with the interest rate of 0.57% per month and exemption of financial transaction tax.

Banco do Brasil operates with exclusivity in granting this type of credit in the manner proposed by the Government, and, in little more than 11 months of contracting, the portfolio reached R$ 14.7 million.

FIES

In 2012, as a financial agent of the Fundo de Financiamento Estudantil (Student Financing Fund) - FIES, BB carried out 183 thousand operations. The excellent service provided by Banco do Brasil made it possible for the portfolio originated by BB to reach a balance of R$ 6.3 billion, a growth of 276.3% in comparison with the same period of 2011.

6.2.2 Companies Customers

The main amounts which comprise the balance of the corporate portfolio are presented below, segregated between the Micro and Small Enterprises and the Wholesale segments.

In the year, highlighting the disbursement of R$ 24.0 billion in onlending operations of BNDES, which represented a share of 28.6% of interest and guaranteed the leadership in the ranking for the period.

Micro and Small Companies

At the end of 2012, BB had 2.25 million customers that are micro and small companies (SME's) (2.34 million accounts), holding its position as the main partner of the segment and reinforcing its positioning as the "Bank for Micro and Small Companies".

The balance of transactions in favor of SMEs was of R$ 88.9 billion, an 30.7% increase as compared to December 2011. It is worth emphasizing the allocation of R$ 61.0 billion for working capital, which represented growth of 27.5% in relation to the same period of the prior year. Only one credit line, BB Giro Empresa Flex (BB Working Capital Corporate), showed a balance of R$ 19.2 billion, corresponding to 31.5% of the working capital portfolio.

The balance of micro and small enterprise investment financing operations reached R$ 25.9 billion in December, an increase of 40.9% in relation to the same period of 2011. One of the highlights is the BNDES card, which reached the balance of R$ 8.9 billion, corresponding to 49.5% of growth in comparison to December 2011. Banco do Brasil maintains the leadership of the BNDES Card in the market in amounts disbursed, quantity of cards issued and quantity of transactions.

In operations to micro and small-sized companies, Banco do Brasil made full use of the Fundo de Garantia de Operações (Operaction Guarantee Fund) - FGO. At the end of December, there were 461.3 thousand operations with Fundo de Garantia de Operações (Operaction Guarantee Fund) - FGO coverage, totaling the invested balance of R$ 13.9 billion.

Another highlight is BNDES Capital de Giro Progeren (BNDES Working Capital), which is part of the BNDES Progeren (Program for Strengthening Employment and Income Generation Capacity). In

2012, the funds released totaled R$ 5.8 billion, an increase of 169.8% in comparison with the same period of 2011.

At the end of 2012, BB supported 248 Local Productive Arrangements, delivering services to 23.247 thousand ventures. The balance of operations with micro and small companies participating in Local Productive Arrangements reached R$ 3.2 billion. BB's partnership in Local Productive Arrangements aims at expanding credit granting, foster entrepreneurship training, expansion and technological innovation, contributing for access to the markets.

In its Directed Productive Microcredit, the Bank's action is aligned to a Federal Government's microcredit program called Crescer. At the end of 2012 the Oriented Productive Microcredit reached R$ 729.95 million in credit operations for working capital and investments for individual entrepreneurs and micro companies with annual revenues up to R$ 120 thousand. More than 534 thousand customers were benefited throughout the country.

Wholesale Clients

The service model in four segments, Middle, Upper Middle, Corporate and Large Corporate, allowed an expressive improvement in negotiation relationship, especially in what concerns rates and terms, and allowed the provision of more competitive conditions to customers.

In December, the loan portfolio of wholesale customers in the broad concept, which includes private securities and guarantees provided by the Bank showed a balance of R$ 184.9 billion, a 30.1% growth in 12 months.

The main Structured Operations totaled over R$ 41.8 billion in new contracts in 2012. Out of that total, BB's share was R$ 21.4 billion, of which R$ 6.7 billion in long-term financing operations such as with the BNDES, the Fundo Constitucional do Centro-Oeste (Center-West Region Constitutional Fund) – FCO and the Fundo da Marinha Mercante (Merchant Marine Fund) - FMM, and R$ 14.7 billion in Capital Market, through debentures, promissory note issuances and quotas of receivables investment funds – FDIC's, in addition to receivables, facilities and long-term working capital operations.

6.2.3 Agribusiness

BB continues to act as the main partner of the Brazilian agribusiness with a market share of 62.5% in the National Rural Credit System. Agribusiness portfolio in the broad concept ended the year with a balance of R$ 108.0 billion in agricultural loan and agroindustrial transactions. This sum represents an increase of 20.8% in relation to December/2011. Of the total agribusiness portfolio, R$ 24.2 billion refers to loans under the Programa Nacional de Fortalecimento da Agricultura Familiar (National Program for Strengthening Family Agriculture) - Pronaf, R$ 11.9 billion under the Programa Nacional de Apoio ao Médio Produtor Rural (National Program for Supporting Medium-Sized Rural Producers) - Pronamp, R$ 39.1 billion refers to loans to other producers, R$ 26.6 billion refers to loans to agribusiness companies and R$ 6.3 billion refers to loans to agricultural cooperatives.

In the contracting of rural credit loans, special emphasis is placed on the use of risk mitigation mechanisms (bad weather and prices). In December, 53.0% of the agricultural costing operations contracted in the harvest of 2012/2013 were covered with production insurance (Agricultural Insurance or Proagro), price insurance (options contracts).

Credit support for agribusiness sustainability is present in the Pronaf Agroecologia (Agroecology), Pronaf Eco (Ecology), Pronaf Florestal (Forestry) and the Programa de Agricultura de Baixo Carbono (Low Carbon Agricultural Program) - ABC Program. The ABC Program program encourages rural producers to use agriculture and livestock raising techniques that reduce the issue of greenhouse gases and deforestation. It was a highlight in 2012, with over 7,126 loans contracted, reaching a total of R$ 2.7 billion. From July to December 2012, BB had invested R$ 1.6 billion in the ABC program, of a total of R$ 1.5 billion forecast for the entire 2012/2013 crop.

Plantation financing under the Direct Planting System, one of the technologies included in the voluntary commitments assumed by Brazil in the COP-15, has an expressive volume, corresponding to 50.3% of the total amount financed for agricultural costs by BB in the 2012/2013 crop.

6.3 Funding

BB's funding reached R$ 690.4 billion at the end of December 2012, including domestic and international markets.

The following were the highlights in domestic funding:

i) R$ 34.0 billion in agribusiness credit letters;

ii) R$ 4.0 billion in onlendings of funds and programs and R$ 86.3 billion in judicial deposits and in bonds covering court-ordered government payments;

iii) R$ 8.1 billion allocated to the financing of operations in the agriculture and livestock raising segment related to the 2012/2013 crop, through a contract entered into between BB and the Federal Government, granting credit in the form of a Hybrid Debt Capital Instrument, the amount of which is eligible as Tier I and II capital;

iv) R$ 5.21 billion in Subordinate Debts Financial that are classifiable as tier II capital. Considering that issuance, the balance of operations classified as subordinate debt in the domestic market, totaled R$ 10.3 billion in nominal amounts.

In the international market, BB conducted 5 issuances, 2 of which supported by perpetual subordinate debt securities classifiable as tier I capital and in conformity with Basel III guidelines, 1 issuance of subordinate securities classifiable as tier II capital and 2 issuances of senior notes. Considering those issuances, the total volume of current operations at nominal amounts is US$ 12.798 billion;

Marking its return to the Japanese market in September, Banco do Brasil executed government funding of senior debt in Japan ("Euro-Yen operation") in the amount of JPY 24.7 billion, equivalent to approximately US$ 317 million.

BB's largest funding transaction in the foreign market was carried out in October, through the issue of ten-year debt securities totaling US$ 1.925 billion. Because of the demand, which exceeded US$ 11.4 billion, the transaction's rate was one of the lowest rates ever contracted by a financial institution in Brazil.

6.4. Asset Management

Banco do Brasil, through BB Gestão de Recursos - BB DTVM, is the leader in investment fund national industry since 1994. At the end of 2012 reached R$ 444.0 billion in assets under management, with a market share of 20.0%. The highlights in the period are:

i) the volume of funds invested in Extra-Market Funds, not considered in the Anbima ranking, totaled R$ 75.4 billion;

ii) the volume of funding of R$ 1.5 billion achieved by the group of Allocation Funds, in the Private Banking segment;

iii) the launch, in February, of a public offering for shares of the Bank's first Office Income Mortgage Investment Fund, for acquisition of commercial properties from Previ and generating monthly income for shareholders from the rental paid by renters;

iv) the launch, in March, of the first Fundo de Investimentos em Participações (equity investment fund) - FIP in its portfolio, called Brazil Ports and Logistical Assets Fund, which obtained funding in the amount of R$ 571.5 million as subscribed capital.

In relation to funding transactions with a social and/or environmental focus, the Bank offers the following funds in its portfolio: (i) BB Referenciado Social 50; (ii) BB Ações Índice de Sustentabilidade Empresarial Jovem; (iii) BB Multimercado Balanceado LP Jovem; (iv) BB Multimercado Global Acqua LP Private; (v) BB Ações Carbono Sustentabilidade FIA and BB Ações Carbono Sustentabilidade com Opção de Venda FIA.

The BB DTVM is a signatory of the Principles for Responsible Investment issued by the United Nations and is developing a method for integrating environmental social and corporate governance themes in investment decision-making.

Funds management in Banco do Brasil is directed to all market segments and, since 2006, received from Moody's, the maximum score (MQ1) in Management Quality Excellence.

In the Private Banking segment, Banco do Brasil closed 2012 with R$ 66.4 billion in managed funds. In credit this segment presented the balance of R$ 6.4 billion at the end of December, an increase of 70.0% in 12 months.

6.5 Government Clients

Banco do Brasil is the main financial agent in 16 states, 16 capitals, and over 433 municipalities, and is in charge of centralizing the business between them. Its participation in the federal, state, and local

governments in the implementation of public policies, projects, and programs turns the bank into a developer of social businesses and the propeller of the Country's development.

Proinveste (Program for Supporting Investments in the Brazilian States and Federal District) is a line of credit whose objective is to increase the investment capacity of the Brazilian States and Federal District through transfer of funds by the National Bank for Social and Economic Development - BNDES. In 2012, Banco do Brasil carried out nine operations.

6.6 Cards

Revenues from credit cards increased 23.0% in comparison with the previous year. The intense use of cards as means of payment and an instrument that grants access to the traditional credit facilities has increased the revenues from these products, especially in the corporate segments and among BNDES card clients, which together grew 33.9% in the year.

In 2012, BB increased the number of businesses with the Ourocard Crediário cards, reinforcing its strategy of offering consumer loans through the BB Crediário line, which increased the disbursement of this line of credit by 271% in comparison with the previous year. Furthermore, in November 2012, BB started to offer BB Crediário loans to the holders of cards with the Elo brand.

6.7 Insurance, Pension Plans and Premium Bonds

The BB Mapfre Group maintained the 1st position in the collection of insurance premiums in the Brazilian market. BB Mapfre SH1, the company that concentrates the insurance companies of the life, housing and rural segments, recorded revenues of R$ 4.7 billion and an income of R$ 635.5 million at the end of 2012. Mapfre BB SH2, the company that brings together the insurance companies of the auto, property and affinity segments recorded revenues of R$ 6.6 billion and a net income of R$ 264,2 million.

In the open private pension segment, Brasilprev obtained a managed portfolio of R$ 67.6 billion, recorded a growth of 37.4% over the last twelve months, holding a market share of 26.0% in collection at the end of 2012.

With regard to closed-end private pension plans, BB Previdência ended the year with R$ 2.226 billion in equity, 41 corporate plans by 54 sponsoring companies, 2 plans created by 2 trade and professional entities, and 77 thousand participants. In 2012, another highlight was the increase of R$ 3.3 billion in the private pension inventory of the private business model, whose current volume is R$ 10.8 billion.

Brasilcap presented revenue 17.6% higher than in the year 2011, totaling R$ 3.9 billion. Its technical provisions exceeded the amount of R$ 6.5 billion, which represents growth of 29.4% and consolidates the leadership position in the market.

6.8 Capital Market

In the domestic capital market, BB offers share purchase and sale services through its network of branches, the Internet (home broker) and mobile devices. The amount traded was R$ 21.25 billion and 827 thousand businesses were carried out, R$ 19.55 billion of which through the new home broker.

In November, the BB Progressivo II - Mortgage Investment Fund was established, with assets consisting of 64 rented properties in all regions of Brazil, and to own Banco do Brasil. The properties will continue to be used by the Bank and have been leased for an initial period of ten years. In the public share offering held in the same month, 15,919,690 shares were subscribed and paid up in the amount of R$ 100.00 each.

According to the *ranking* of the Anbima (Brazilian Financial and Capital Markets Association), in 2012, with the intermediation of BB-Banco de Investimento - BB-BI:

i) coordinated 82 issues of fixed-income securities, totaling a volume of R$ 21,279 million, holding the 3rd position in the consolidated origination ranking , with a market share of 19.5%;

ii) coordinated 78 issues of debentures and promissory notes, with a total origination volume of R$ 20,806 million;

iii) carried out transactions involving Mortgage Backed Securities - CRIs and Receivables Investments Founds - FIDCs which generated a total of R$ 473.17 million in the securitization market;

iv) coordinated 7 public share offerings totaling R$ 10.15 billion in the variable income market. In terms of distribution, BB reached the 5th position in ranking, representing 9.3% of market share;

v) took part in 4 mergers and acquisitions, which totaled R$ 2,251 million, holding the 11th position in Anbima's consolidated ranking accumulated up to September, 30 , the latest available data.

6.9 Services

By means of the bank collection, tax deposit form collection and standing order services, Banco do Brasil provides services to over 590 thousand companies, which brought in R$ 926 billion in 2012, with a total of 1.071 billion in securities. These services added R$ 2.155 billion in revenue, growth of 2.18% in relation to 2011.

Authorized Direct Debit had 1.23 million electronic drawees and 13% market share, and over 23.7 million bank payment forms were electronically processed.

In the payroll agreement segment, the Bank processed R$ 348.6 billion. BB served a total of 12 million public officers and employees from private enterprises with this service.

As far as benefit payments are concerned, which were carried out through a specific card and credited to the beneficiary's bank account, more than R$ 7.8 billion/month of benefits related to a several government programs were paid.

In relation to tax collection, the amount raised in 2012 was R$ 552.6 billion, an increase of R$ 5.8 billion or 2.1% in comparison with the previous year. The Bank's outstanding product was DARF, which grew 14.5%, totaling R$ 162 billion.

In the cooperative sector, BB has made available the Compe (Centralized Check Clearance System) and SPB (Brazilian Payment System) Integration Services. By the end of 2012, the service had been rendered to 325 credit cooperatives, involving 463,799 cooperative members.

By means of the Licitações-e portal, 51 thousand bidding processes in the total amount of R$ 23.16 billion.

BB Administradora de Consórcios ended 2012 with 401 thousand active quotas, growth of 15.6% in 12 months. The automobile segment, which grew 18.4%, reaching 369 thousand quotas in December, merits special emphasis. There were 130 thousand new consortium quotas sold in the period, representing R$ 4.0 billion in letters of credit.

6.10 Pension Institutes

Banco do Brasil is the leading financial institution in terms of revenues from Private Social Security Regimes, with total managed funds of R$ 24.4 billion in December, and fee generation of R$ 49.2 million in 2012.

In 2012, the Bank increased its development and sustainability of the civil servant service social security system, in support of the government's policies. The Bank has promoted and actively participated in events held in partnership with the Ministry of Social Security and in specific training and social security governance programs for managers, directors and employees of Private Social Security Regimes.

6.11 Internationalization

In the US, the release of the brand Banco do Brasil Americas in October marked BB’s 204th anniversary and the start-up of the operations of the bank acquired in Florida (formerly Eurobank), laying the grounds for the expansion of the Bank’s operations in the North-American market.

In addition to the brokerage houses based in London and New York, Banco do Brasil has opened BB Securities Asia in Singapore and started to serve the main investment markets.

In Europe, the Bank is continuing to improve the existing governance framework and consolidating the implementation of the business support center in Portugal - BB Europa Servicing Center.

Banco Patagonia in Argentina presented an increase of 48.6% in its result for 2012 in comparison with 2011, which reflects the impact of the BB governance on this subsidiary. Loan operations increased by 42.0%.

6.12 Foreign Trade

In the foreign trade, BB maintained its leadership of the export and import exchange market, with volumes of US$ 63,640.5 million and US$ 46,894.1 million, and market shares of 27.1% and 21.8%, respectively.

BB reached the milestone of US$ 36,787.9 million and US$ 34,084.3 million in purchase and sale transactions, respectively, in exchange market. A special highlight is the prepaid foreign currency card called Ourocard Visa Travel Money, which has reached 56.3% of the total foreign currency sales for international traveling (cash exchange).

Export operations (advances before and after exports) stood out with concessions of US$ 15.3 billion and a market share of 32.1%. In relation to imports, the financed volume was US$ 988 million. In on-lending from governmental programs, financing disbursements under the Programa de Financiamento as Exportações (Export Financing Program) - Proex totaled US$ 447,064 thousand and other disbursements in the BNDES-Exim line reached US$ 924,810 thousand.

Online exchange and foreign trade services conducted through the Internet represented 68% of exchange contracts for exports and 49% for imports. BB also offers international business training services. In 2012, 8,652 people were trained throughout the country, exceeding by 36.55% the result obtained in 2011.

To permit import, export and drawback operations in all Brazilian regions, through an operation agreement between Banco do Brasil and the Ministério de Desenvolvimento, Indústria e Comércio Exterior (Ministry of Development, Industry and Foreign Trade) - MDIC, 785,644 documents were analyzed in 2012.

7. Corporate Management

7.1 Corporate Governance

Banco do Brasil's corporate governance structure consists of the Board of Directors (made up of eight members), advised by the Audit Committee, the Compensation Committee and the Internal Audit Department; and the Executive Board, which is made up of the Board of Officers (President and nine Vice-Presidents) and 27 statutory officers. BB also maintains, on a permanent basis, a Board of Auditors made up of five full members and five substitute members.

As a good corporate governance practice, the Bank has implemented instruments to assess the performance of the Board of Directors, the Audit Committee and the Executive Board, which enables the mapping and identification of opportunities for the improvement of their actions. In addition to the Bylaws, the Code of Corporate Governance and the Code of Ethics are documents that provide support for Banco do Brasil's best corporate governance practices.

In compliance with Central Bank of Brazil Resolution 3,921/2010, Banco do Brasil has created a model for evaluating the performance of Statutory Directors and the Compensation Committee, which is the body responsible for proposing variable compensation policies for Managers of the Conglomerate to the Board of Directors.

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 Banco do Brasil's different businesses. The Management uses committees, subcommittees and commissions at a strategic level, which ensure the agility and security for the decision making.

7.2 Market Relations

Banco do Brasil makes available a wide range of reports and information to the Brazilian Securities and Exchange Commission and on its Investor Relations website. Banco do Brasil also adopts the practice of inviting the market to conferences whenever its Management finds necessary to provide clarification on specific topics related to the Bank. In 2012, Banco do Brasil took part in 104 meetings with investors and analysts in the country, 9 non-deal roadshows abroad, 11 conferences in the country and abroad, and organized 8 teleconferences on net income with analysts and investors, besides responses to customized service to investor and market analysts.

In 2012, in order to strengthen its relationship with individual investors, Banco do Brasil, together with the Association of Capital Markets Analysts and Investment Professionals (APIMEC), held meetings in

six Brazilian capitals: Porto Alegre, Brasília, Belo Horizonte, Fortaleza, São Paulo and Rio de Janeiro. Altogether, these events brought together over 1,000 people.

7.4 Corporate Controls

Risk Management

In 2012, Banco do Brasil approved its internal model for capital calculation to cover operational risk: actively participated in discussions about the new banking regulations established under the Basel III Accord and the review exercises promoted by the Basel Committee for Banking Supervision; approved its policy and reviewed the capital management processes and procedures; and converted its explanatory notes on risk management into IFRS format.

Further information can be found in the Risk Management Report available on the Investor Relations website. www.bb.com.br/ir.

Internal Controls

The main aim of the various internal control activities carried out in 2012 was to segregate functions to achieve the goal of assessing the compliance of the processes carried out by the Bank with external and internal laws and regulations, with a review, validation and certification of the controls defined by managers for products, services and processes. Accordingly, we highlight the high level of security observed in the processes for the preparation of the Financial Statements and Reference Form disclosed in 2012.

Prevention and Avoidance of Money Laundering and Financing of Terrorism

The Bank supports and actively contributes to the actions taken within the National System for Prevention and Fight Against Money Laundering through its participation in the meetings for the preparation and implementation of the Enncla (National Strategy for the Fight Against Corruption and Money Laundering) , and formalization of Technical Cooperation Agreements with institutions such as the Ministério da Justiça (Ministery of Justice), the Coaf (Council for Financial Activities Control), linked to the Ministério da Fazenda (Ministry of Finance), and the Ministério Público do Estado de São Paulo (São Paulo State Public Prosecution Office). Banco do Brasil also promotes a number of events which provide training for employees on Prevention of Money Laundering Prevention/Terrorism Financing, including training courses, seminars and certifications. In 2012, more than 64.5 thousand employees underwent training.

Security of Environments, Service Channels and Information

The investments in technology, together with the ongoing training of professionals, contribute to the protection of customers, employees and society. In 2012, the investments in the modernization of the units' security apparatus totaled R$ 873 million.

The expansion of BB Token and the implementation of the BB Code for clients who own smartphones stood out. The BB Code uses the QR two-dimensional bar code and cryptographic techniques in the transactions carried out on the Internet. It also continued to implement biometrics on automated teller machines and cashiers.

In 2012, BB started the migration from Secure Sockets Layer digital certificates (SSL - *Secure Sockets Layer*) to the ICP-Brasil standard. It also increased the use of ICP-Brasil standard digital certificates in the operating processes, as they are not only an excellent security tool, but also increase operating efficiency.

249.2 thousand foreign exchange contracts were signed using digital certificates, accounting for 57.5% of the total contracts signed in Banco do Brasil, leading to savings of approximately R$ 1,707.1 thousand in the period.

In May, the Banco do Brasil Citizen Information Service was opened, in line with the provisions of Law 12,527/11 - Information Access Act. According to the Information Access Act, Banco do Brasil is the tenth entity most strictly supervised by the Brazilian Federal Government.

BB Eco Eficiente Program

The BB Eco Eficiente (BB Eco-efficiency Program) approved in 2012 developed a set of coordinated actions covering the entire organization, the purpose of which is to generate sustainable profit gains. The program, which has a permanent nature, addresses topics related to the main variables which comprise the Bank's results, from the point of view of efficiency and productivity, and is in line with the supply of global demands for a reduction of the environmental impact of operations.

7.5 Technology

As far as strategic projects are concerned, we highlight the project for the modernization of the technological infrastructure on the Bank's premises abroad and the development of a new solution for the processes of the financial area and treasury department, as well as human resources and logistics.

The construction of a new Data Processing Center in Brasília, Distrito Federal, is at the conclusion stage. This center will support the safe continuity of businesses with very high availability, even in the event of extreme disasters.

In 2012, BB has also heavily invested in the preparation of a strong corporate technological environment to comply with the various regulatory requirements, such as the solutions in progress to ensure alignment with the Basel II standards in the segments of market, credit and operational risk.

8. People

8.1 Talents, Performance and Career

In 2012, the Bank held 3 public contests and hired 4,969 new employees.

Approximately 15 thousand employees selected from the Talent and Opportunities Database advanced in their careers in 2012 through internal professional development programs.

In order to make a follow-up of professional performance, about 113 thousand employees had their performance individually assessed by means of the instrument called "Competency-based Performance Management".

With a view to consolidating information on a number of people management and managerial performance indicators, the "People Management Radar" and the "Manager Radar" were launched, which enable the mapping of the profiles of approximately 6,415 units and 5,266 managers. Such tools provide the Bank with subsidies to make diagnoses, monitor performance and establish strategies for the development of managers and their teams.

In line with the Bank's internationalization strategy, in April 2012, the Career Advancement Program - Managers of Foreign Units was approved, which will be used to identify and develop career employees to work for Banco do Brasil abroad.

8.2 Compensation and Benefits

The Bank improved its variable compensation policy through the implementation of the *Programa de Desempenho Gratificado* (Rewarded Performance Program) - PDG, which recognizes the branch managers and regional superintendents of the Bank's Business Network who achieved the highest performance. Of these employees, the 30% which achieved the best rating in the second half of 2011 received a bonus in June 2012. In addition, Profit Sharing for the 2nd half of 2011 and the 1st half of 2012, paid in February and October 2012, respectively.

The table below shows the remuneration and the benefits granted to the employees:

Table 4. Compensation and Benefits

R$ million

	2011	2012	Δ 2011 (%)
Payroll[1]	13,503	15,322	13.5
Supplementary Pension[2]	306	337	10.3
Health Care Plans[2]	895	928	3.7
Statutory Profit Sharing[3]	1,791	1,835	2.5
Training[4]	77	55	(27.7)

1 - Expenses with salaries, benefits, social charges and personnel provisions 22.c (Personnel Expenses);
2 - Funding of supplementary pension and health care plans, pursuant to Note 22.c and 27 (Bank's contributions table to benefit plans);
3 - Amount set aside for Profit and Gain Sharing, as Statement of income for the year;
4 - According to Note 22.c.

8.3 Corporate Education

In 2012, instructor-led training programs reached 50,850 employees. Bank's new concept implementation - BOMPRATODOS - was preceded by distance trainings using video classes and training monitoring system, with 10,415 employees trained in the Strategic module, 52,565 in the

Negotiation course, and 61,762 in the Mortgage Credit and Vehicle course. In partnership with Banco Postal (Postal Bank), 8,579 multipliers were formed and they trained 12,000 employees. As regards *Minha Casa Minha Vida* project, 5,469 employees were trained to develop specific knowledge on mortgage credit. Also, 4,100 agents were prepared to work in the Guided Productive Microcredit and training actions were started to transform sales force. The Bank also provided training on Operational Efficiency and Strategic Planning for 160 Executives and 1,153 Managers of Divisions and Support Units, with a view to spreading the concept and culture of productivity and efficiency.

Through the Knowledge Internal Certification Program, 28,655 employees were certified, fact that shows the high interest of employees to be up to date with matters related to the exercise of their job.

In line with the BB Corporate Strategy, in 2012, R$ 103.5 million were invested in entrepreneurial education, and Universidade Corporativa do Banco do Brasil (Banco do Brasil Corporate University) - UniBB celebrated its tenth anniversary.

9. Sustainability

In relation to BB's actions in the social and environmental spheres during the year, the following stand out:

i) were one of the main official partners in Rio+20 Conference, carried out in June, which included more than 45,000 accredited participants, with broad participation of foreign delegations, heads of state and civil society representatives. The Banco do Brasil Foundation also participated with a focus on civil society and actions concentrated in the People's Summit;

ii) during Rio+20, it joined the Green Municipalities Program, which fosters development in the State of Pará;

iii) in August, the Social Businesses Workshop was held with representatives from Yunus Social Business (YSB) on the main experiences related to this topic, with a view to identifying new ways of operating in the low income segment;

iv) the Business Pact for Integrity and Against Corruption was signed, whereby the Bank made a public commitment to spread the best business ethics practices;

v) for the first time, the Bank was selected for the Dow Jones Sustainability World Index (DJSI) of the New York Stock Exchange in relation to the 2012/2013 period, consolidating its international reputation as a sustainability-driven company;

vi) was ranked by the Brazilian GHG Protocol Program, for the second consecutive year, in the "Gold Category" for its inventory of Greenhouse Gas Emissions;

vii) selected, in partnership with Fundação Banco do Brasil (Banco do Brasil Foundation) and the Cooperforte Institute, 62 third-sector projects supported by volunteer employees throughout Brazil. The funds, which amount to more than R$ 3.6 million, are allocated to actions that create jobs and preserve the environment. In addition, in the third quarter, the fourth 4th public bid to support projects aimed at the promotion and protection of children's and adolescents' rights, using funds arising from tax relief, was opened.

viii) selected, in partnership with Fundação Banco do Brasil (Banco do Brasil Foundation) and Brazilian Development Bank, 39 projects of cooperatives/associations supported by the Sustainable Regional Development Strategy all over Brazil. The funds provided were invested in projects that create jobs and income, totaling R$ 8.8 million from Fundação Banco do Brasil (Banco do Brasil Foundation) and R$ 12 million approved by BNDES (Brazilian Development Bank);

ix) had its sustainable performance recognized once again by being listed on the BM&FBovespa Corporate Sustainability Index for the 2012/2013 period, a position the Bank has maintained since the disclosure of the first portfolio in 2005;

xi) updated its BB – Agenda 21 Sustainability Plan for the 2013/2015 period, with a view to supporting the improvement of the BB sustainability practices and helping the Bank become a world reference in this area;

xii) participated in the 18th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 18) held in Qatar.

In 2012, the Sustainable Development Strategy, which seeks to foster sustainable growth in the areas where the Bank operates, recorded a total of 4.1 thousand Business Plans under implementation,

benefiting 1.5 million people in 4.1 thousand Brazilian municipalities. The balance of the operations contracted reached R$ 14.9 billion, R$ 9.4 billion (63.3%) of which refers to the Pronaf (National Program for the Strengthening of Family Agriculture).

Under the Programa Água Brasil (Brazilian Water Program), in March 2012, BB, in partnership with the Equator Principles Association, WWF/EUA and the Business and Biodiversity Offsets Program – B2B, held the workshop "Biodiversity for Banks", which was attended by the main Brazilian banks, and whose purpose was to provide guidance for banks on the process of including the risks related to biodiversity and ecosystem services in their financing and investment decision-making. Also in 2012, BB issued specific social and environmental guidelines for the grant of loans to the agribusiness and electricity sectors, and, moving forward with this initiative, suggested guidelines for the grant of loans to the construction industry and mining sectors, which were submitted to the analysis of the stakeholders at a panel held for this specific purpose in November 2012.

For more information on BB's sustainable development actions, please visit the website www.bb.com.br/sustentabilidade.

10. Legal Information

In accordance with criteria defined by the Brazilian Statute of Micro and Small Businesses (General Law of Micro and Small Businesses), 96.3% of BB's business clients are classified as micro and small businesses. The volume of funds used by SMEs reached R$ 59.1 billion in 2012, representing a 27.8% increase as compared to the previous year. The balance of working capital operations contracted by micro companies totaled R$ 9.95 billion, and of small companies totaled R$ 30.4 billion. Investment operations aimed at micro companies reached R$ 4.0 billion; for small companies, investments reached R$ 13.8 billion.

In compliance with CVM (Securities and Exchange Commission of Brazil) number 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 2012.

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 2012, Banco do Brasil contracted KPMG Auditores Independentes to render other services not related to the Bank's and its subsidiaries' external audit, in the amount of R$ 1,753.5 thousand, which represent 16.8% of fees for audit external services. The contracted services were:

Hire Date	End date of hiring	Type of service	Amount of pay (R$)
11/14/2011	12/31/2012	Corporate income tax and advisory services	15,054.30
11/27/2012	11/29/2012	Risk Based Capital Requirements analysis	10,036.20
01/01/2012	01/01/2013	Tax Consulting / Tributary	149,616.00
10/24/2012	12/23/2013	Review of the deductibility of losses on receivables	90,000.00
01/31/2012	12/31/2013	Permanent Tax Advisory	177,008.72
05/20/2012	12/31/2012	Revision of the Declaration Integrated Economic and Fiscal Information of Legal Entities (DIPJ)	84,000.00
04/20/2012	12/31/2012	Diagnosis and risk matrices segregation of functions in systems	1,002,500.00
10/26/2012	03/31/2013	Assessment ICAAP	102,312.00
07/23/2012	12/31/2012	Working revision Income Tax Declaration Companies 2012	8,000.00
07/26/2012	12/31/2012	Payroll tax relief arising from Medida Provisória 563	4,000.00
07/27/2012	12/31/2012	Advice - Consultation capital reduction	20,799.12
09/18/2012	07/31/2012	Tax Revisions, DIPJ, Statement of Verification of Social Contributions (DACON)	61,300.00
09/29/2012	11/20/2012	Cost of the final product	28,900.00

According to rules that govern external audit services, KPMG Auditores Independentes presents to Banco do Brasil, on a periodic basis an Independence Letter.

In Banco do Brasil, contracting of services related to the external audit should be preceded by an opinion of the Audit Committee.

According to the provisions of Securities Exchange Commission of Brazil Resolution 488/05, BB explains that:

i) Fixed investments in 2012 totaled R$ 2,086.0 thousand, with emphasis on investments in new service locations and on branches environment improvement (R$ 1,301 million), as well as on information technology (R$ 705 million);

ii) has R$ 549.5 million non-active tax credits arising from requirements defined by National Monetary Council Resolutions 3,059 of December 20, 2002 and March 31, 2006, and presented in a financial statement note for 2012;

iii) records in a memorandum account, according to rules provided for in Cosif (Financial Institutions Accounting Plan), the amount of R$ 20.8 billion deriving from Co-obligations and Risks in Guarantees Provided to clients and companies of the BB Conglomerate;

iv) in 2009 was entered contract Interbank Revolving Credit Line to release with Banco Votorantim, by the limit equivalent to the value of equity of that institution. Transaction was accounted for in memorandum accounts, in accordance with rules provided for in the Cosif (Financial Institutions Accounting Plan) and is published in Note 'Related Parties' of Financial Statements for 2012.

In compliance with article 8 of Central Bank of Brazil Circular 3,068/2001, 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.

Moreover, Banco do Brasil, its Shareholders, the Officers, and the members of the Board of Auditors 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 compliance with a commitment clause contained in the By-laws of Banco do Brasil.

11. Main Awards Received in the Period

i) Licitações-e Portal was again the great winner of the VI Award, granted during the VII Congresso Brasileiro de Pregoeiros (VII Brazilian Barkers Congress), held in March, under categories: “Best Electronic Trading Session System 2011” and ‘Best Interaction with Supplier 2011” and “Greater number of trading sessions performed and completed in 2011”;

ii) in April, BB's President, Aldemir Bendine, received from Minas Gerais State governor, Antonio Anastasia, the Inconfidência Medal, the greatest commendation granted by Minas Gerais state, which is annually granted to personalities and entities that contributed to Minas Gerais state development;

iii) in the annual publication “The Banker’s Deals of The Year 2012”, released in April, Banco do Brasil, which issued US$ 1 billion in subordinated debt abroad in January, was the winner in the "most impressive funding transactions" category;

iv) in May, BB was chosen as the bank that provided the best service to its customers and the country in 2011, thus receiving the diploma of "Quality in Banks ", granted by magazine Banco Hoje;

v) in May, BB reached the first position in equity sales ranking of Bloomberg, one of the main world agencies that provide information to the financial market;

vi) also in May, Banco do Brasil received a recognition plate on the important role it performs in disclosing and contributing to the achievement of Millennium Objectives in Brazil;

vii) Banco do Brasil leads world ranking of the most robust bank of the planet, according to survey conducted by the US independent risk classification agency - Weiss Ratings. The survey was published in BankingMyWay website, specialized in the international bank market;

viii) in September, the BB External Ombudsman’s Office was recognized as one of ten best ombudsman’s offices in Brazil by the *Ouvidorias Brasil* Award, a joint initiative of the Associação Brasileira de Ouvidores (Brazilian Association of Ombudsmen), the Associação Brasileira das Relações Empresa/Cliente (Brazilian Association of Customer/Enterprise Relationships) and the Consumidor Moderno (Modern Consumer) magazine.

ix) in September, BB was acknowledged as a leading company by the Época Green Company Award;

x) in September, Banco do Brasil was the winner of the 2012 Brazil Intangibles Award (PIB) in the special category “Brazil Top Intangibles” for the Banking sector, and held the first position in the general ranking for the first time in September;

xi) in September, Banco do Brasil received, for the second consecutive year, the Corporate Architecture Award, this time for the project developed by the Estilo 2.0 Santa Maria (Rio Grande do Sul State) Agency in the category “Inland Professionals – Projects Completed”;

xii) in September, BB held the third position in the Brand Finance ranking of the most valuable brands in Brazil and Latin America in 2012;

xiii) Banco do Brasil held the first position in the “Banks” category and the third position in the 2012 general ranking of Reliable Brands of Reader’s Digest;

xiv) also in September, BB was considered the favorite brand of the new Brazilian middle class according to a survey conducted by Data Popular;

xv) BB has been the top of mind brand in the "Banks” category of the Folha Top of Mind award since its very first edition. It was also the top of mind brand in the “Finance” category and, among financial institutions, it is also the first brand to be mentioned when it comes to the Soccer World Cup and Olympic Games;

xvi) in October, the 2012 issue of the Guide to Responsible Banking of the Instituto Brasileirode Defesa do Consumidor (Brazilian Consumer Defense Institute), where BB stood out as the only bank among its peers to achieve a performance classified as “good”;

xvii) also in October, BB was considered as the largest bank in Latin America by the AméricaEconomia Intelligence magazine*;*

xviii) in a survey disclosed in November by the CVA Solutions consulting firm, the Bank held the first position in the ranking of the “institutions that most appeal to account holders";

xix) also in November, the BB’s BOMPRATODOS (GOOD FOR ALL) campaign was one of the winners at the 25th edition of Marketing Best award, which is annually held by the Referência Publishing House through the Marketing magazine and Madia Mundo Marketing;

xx) the Universidade Corporativa do Banco do Brasil (Banco do Brasil Corporate University) achieved the following public recognition in 2012: Best Corporate Education Program in Brazil, National Benchmark in Learning & Performance in Brazil in 2012, and was listed as one of the Best Brazilian Corporate Universities by the Brazilian CUBIC (Corporate University Best-in-Class) Award.

Acknowledgments

We thank the dedication and diligence of our employees and collaborators, as well as the trust of shareholders, customers and society.

For more information, visit the Investor Relations Website: www.bb.com.br/ir.

BALANCE SHEET

A S S E T S		Banco do Brasil		BB-Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
CURRENT ASSETS		**585,819,632**	**518,716,710**	**625,488,140**	**582,945,119**
Cash and Cash Equivalents	(Note 6)	**11,189,103**	**9,227,217**	**12,310,731**	**10,034,370**
Short-term Interbank Investments	(Note 7.a)	**220,109,792**	**160,955,700**	**205,206,911**	**149,233,680**
Open market investments		181,609,120	132,234,087	189,224,949	139,032,202
Interbank deposits		38,500,672	28,721,613	15,981,962	10,201,478
Securities and Derivative Financial Instruments	(Note 8)	**38,257,904**	**38,595,673**	**59,447,613**	**83,570,189**
Own portfolio		21,520,600	21,749,007	40,160,278	65,381,143
Subject to repurchase agreements		15,598,409	16,208,777	17,298,906	16,599,145
Deposits with Banco Central do Brasil		16	16	16	16
Pledged in guarantee		830,017	84,496	1,437,168	522,801
Derivative financial instruments		308,862	553,377	551,245	1,067,084
Interbank Accounts		**82,619,938**	**93,272,906**	**83,274,821**	**96,289,363**
Payments and receipts pending settlement	(Note 9.a)	14,211	27,327	14,211	27,327
Restricted deposits	(Note 9.b)	81,708,213	92,785,842	82,296,773	95,709,307
Banco Central do Brasil deposits		79,509,305	90,736,391	80,097,865	93,659,856
National Treasury - rural credits resources		156,002	123,644	156,002	123,644
National Housing Finance System		2,042,906	1,925,807	2,042,906	1,925,807
Interbank onlendings		508	12,881	49,874	91,643
Correspondent banks		897,006	446,856	913,963	461,086
Interdepartmental Accounts		**467,615**	**335,167**	**467,615**	**335,167**
Internal transfers of funds		467,615	335,167	467,615	335,167
Loan Operations	(Note 10)	**157,763,669**	**152,464,403**	**174,365,484**	**167,930,020**
Public sector		1,224,240	5,633,082	1,263,598	6,210,366
Private sector		164,543,109	154,626,514	182,447,865	170,451,280
(Allowance for loan losses)		(8,003,805)	(7,795,193)	(9,346,104)	(8,731,626)
Loan operations linked to assignment		125	--	125	--
Leasing transactions	(Note 10)	**11,811**	**18,942**	**1,129,562**	**1,537,076**
Public sector		11,811	18,942	11,811	19,282
Private sector		--	--	1,204,836	1,640,691
(Allowance for leasing transactions losses)		--	--	(87,085)	(122,897)
Other Receivables		**74,259,209**	**62,322,583**	**86,693,097**	**71,291,703**
Receivables from guarantees honored		107,456	76,698	107,503	76,698
Foreign exchange portfolio	(Note 12.a)	15,381,834	17,169,064	17,275,866	17,615,404
Receivables		2,610,369	2,015,615	1,781,222	1,383,895
Securities trading		14,193	97,264	313,161	317,141
Insurance, pension plans and capitalization	(Note 21.a)	--	--	2,191,786	1,738,997
Sundry	(Note 11.b)	56,977,892	43,831,069	65,948,206	51,189,006
(Allowance for other losses)		(832,535)	(867,127)	(924,647)	(1,029,438)
Other Assets	(Note 13)	**1,140,591**	**1,524,119**	**2,592,306**	**2,723,551**
Assets not for own use and stock materials		333,183	289,523	557,201	468,465
(Allowance for impairment)		(175,237)	(170,279)	(195,286)	(188,463)
Prepaid expenses		982,645	1,404,875	2,230,391	2,443,549

BALANCE SHEET

A S S E T S		Banco do Brasil		BB-Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
NON-CURRENT ASSETS		**463,463,992**	**371,635,547**	**524,998,049**	**398,284,788**
LONG-TERM RECEIVABLES		**426,906,721**	**336,701,838**	**501,342,131**	**374,854,442**
Short-term Interbank Investments	(Note 7.a)	**22,199,005**	**16,617,249**	**14,116,523**	**17,054,126**
Short-term Interbank Investments		284,479	--	289,004	--
Interbank deposits		21,914,526	16,617,249	13,827,519	17,054,126
Securities and Derivative Financial Instruments	(Note 8)	**63,219,786**	**66,446,845**	**124,909,554**	**84,659,684**
Own portfolio		33,602,337	24,302,592	87,403,656	39,439,392
Subject to repurchase agreements		26,597,913	38,598,302	32,233,089	40,002,383
Deposits with Banco Central do Brasil		51,443	47,406	51,443	47,406
Pledged in guarantee		2,712,130	3,353,143	4,359,666	4,840,887
Derivative financial instruments		255,963	145,402	863,335	329,616
(Allowance for securities losses)		--	--	(1,635)	--
Interbank Accounts		**125,681**	**52,584**	**125,681**	**52,584**
Restricted deposits	(Note 9.b)	23,282	550	23,282	550
National Treasury - rural credits resources		23,282	550	23,282	550
Interbank onlendings		102,399	52,034	102,399	52,034
Loan Operations	(Note 10)	**278,615,286**	**195,612,261**	**295,347,202**	**211,115,025**
Public sector		11,570,315	2,782,299	11,634,221	2,342,407
Private sector		277,297,948	201,715,407	294,799,408	218,262,979
(Allowance for loan losses)		(10,342,265)	(8,885,445)	(11,175,715)	(9,490,361)
Loan operations linked to assignment		89,288	--	89,288	--
Leasing transactions	(Note 10)	**477**	**11,039**	**753,191**	**1,313,803**
Public sector		477	11,039	3,730	11,324
Private sector		--	--	790,290	1,392,785
(Allowance for leasing transactions losses)		--	--	(40,829)	(90,306)
Other Receivables		**61,514,911**	**55,349,386**	**64,773,046**	**58,262,545**
Foreign exchange portfolio	(Note 12.a)	266	--	266	--
Receivables		32,555	31,151	36,727	25,927
Securities trading		247,298	--	287,902	--
Specific credits	(Note 11.a)	1,263,075	1,146,328	1,263,571	1,146,328
Insurance, pension plans and capitalization	(Note 21.a)	--	--	2,162	2,511
Sundry	(Note 11.b)	60,502,795	54,798,755	63,733,942	57,722,862
(Allowance for other losses)		(531,078)	(626,848)	(551,524)	(635,083)
Other Assets	(Note 13)	**1,231,575**	**2,612,474**	**1,316,934**	**2,396,675**
Prepaid expenses		1,231,575	2,612,474	1,316,934	2,396,675
PERMANENT ASSETS		**36,557,271**	**34,933,709**	**23,655,918**	**23,430,346**
Investments		**21,973,121**	**20,241,221**	**7,639,982**	**7,973,024**
Investments in subsidiaries and associated companies	(Note 14.a)	21,953,608	20,222,750	6,174,615	6,840,943
Domestic		19,346,074	18,034,933	5,774,010	6,440,660
Abroad		2,607,534	2,187,817	400,605	400,283
Other Investments	(Note 14.b)	68,764	67,717	1,556,260	1,216,279
(Accumulated impairment)		(49,251)	(49,246)	(90,893)	(84,198)
Property, plant and equipment	(Note 15)	**5,760,635**	**5,062,238**	**6,636,978**	**5,589,086**
Land and buildings		3,996,388	4,232,214	4,504,260	4,367,549
Other property, plant and equipment		8,666,137	7,437,965	9,663,518	8,344,291
(Accumulated depreciation)		(6,901,890)	(6,607,941)	(7,530,800)	(7,122,754)
Intangible	(Note 16)	**8,769,543**	**9,515,802**	**9,308,569**	**9,736,024**
Intangible assets		13,249,326	14,539,108	13,976,338	14,947,352
(Accumulated amortization)		(4,479,783)	(5,023,306)	(4,667,769)	(5,211,328)
Deferred		**53,972**	**114,448**	**70,389**	**132,212**
Organization and expansion costs		1,649,247	2,003,489	1,686,535	2,035,551
(Accumulated amortization)		(1,595,275)	(1,889,041)	(1,616,146)	(1,903,339)
TOTAL ASSETS		**1,049,283,624**	**890,352,257**	**1,150,486,189**	**981,229,907**

BALANCE SHEET

LIABILITIES/STOCKHOLDERS' EQUITY		Banco do Brasil		BB-Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
CURRENT LIABILITIES		**670,456,746**	**572,481,618**	**725,824,397**	**620,776,955**
Deposits	(Note 17.a)	**342,814,617**	**291,937,609**	**353,051,671**	**302,505,147**
Demand deposits		72,958,427	60,371,172	74,759,878	62,016,372
Savings deposits		117,744,043	100,109,839	117,744,043	100,109,839
Interbank deposits		16,730,889	16,242,031	14,272,152	11,918,965
Time deposits		135,381,258	115,214,567	146,275,598	128,459,971
Securities sold under repurchase agreements	(Note 17.c)	**200,237,562**	**172,149,993**	**214,649,038**	**184,926,104**
Own portfolio		40,867,670	51,969,513	56,385,430	62,006,581
Third-party portfolio		159,369,892	120,180,480	158,016,969	122,919,523
Free movement portfolio		--	--	246,639	--
Funds from Acceptance and Issuance of Securities	(Note 19)	**23,026,715**	**14,210,883**	**24,846,154**	**15,246,923**
Funds from real state, mortgage, credit and similar bonds		14,573,365	10,082,293	14,581,314	10,135,836
Funds from debentures		--	--	--	809,898
Foreign securities		8,453,350	4,128,590	10,264,840	4,301,189
Interbank Accounts		**24,456**	**24,275**	**24,456**	**24,275**
Receipts and payments pending settlement	(Note 9.a)	339	24	339	24
Correspondent banks		24,117	24,251	24,117	24,251
Interdepartmental Accounts		**5,160,084**	**3,757,975**	**5,179,603**	**3,819,452**
Thrid-party funds in transit		5,157,790	3,755,254	5,177,054	3,816,622
Internal transfers of funds		2,294	2,721	2,549	2,830
Borrowings	(Note 18.a)	**13,784,386**	**8,368,049**	**12,972,062**	**9,505,975**
Domestic loans - other institutions		--	--	404,753	92,647
Foreign borrowing		13,784,386	8,368,049	12,567,309	9,413,328
Domestic Onlending – Official Institutions	(Note 18.b)	**16,710,092**	**16,089,557**	**17,756,624**	**17,474,727**
National Treasury		--	--	77,354	60,737
BNDES		11,279,551	10,074,353	11,952,855	10,864,791
Caixa Econômica Federal		895,482	338,253	895,482	338,253
Finame		3,882,007	3,233,785	4,177,881	3,764,544
Other institutions		653,052	2,443,166	653,052	2,446,402
Foreign Onlending	(Note 18.b)	**804**	**13,114**	**481**	**13,114**
Foreign onlendings		804	13,114	481	13,114
Derivative Financial Instruments	(Note 8.d)	**646,621**	**1,510,251**	**1,325,523**	**3,089,880**
Derivative financial instruments		646,621	1,510,251	1,325,523	3,089,880
Other Liabilities		**68,051,409**	**64,419,912**	**96,018,785**	**84,171,358**
Billing and collection of taxes and contributions		350,729	290,338	418,640	360,074
Foreign exchange portfolio	(Note 12.a)	12,075,195	16,044,850	13,576,002	16,134,916
Stockholders and statutory distributions		1,648,250	2,044,016	1,817,691	2,122,374
Taxes and social security	(Note 20.b)	19,016,935	17,444,318	24,030,336	20,689,746
Securities trading		326,172	337,664	625,465	835,717
Technical provisions for insurance, pension plans and capitalization	(Note 21.b)	--	--	15,179,674	12,384,381
Financial and development funds	(Note 20.a)	3,121,529	2,002,989	3,121,529	2,002,989
Subordinated debts	(Note 20.c)	--	--	108,244	568,288
Equity and debt hybrid securities	(Note 20.d)	242,577	48,479	242,577	48,479
Other liabilities	(Note 20.e)	31,270,022	26,207,258	36,898,627	29,024,394

BALANCE SHEET

LIABILITIES/STOCKHOLDERS' EQUITY		Banco do Brasil		BB-Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
NON-CURRENT LIABILITIES		**313,050,082**	**259,721,949**	**358,591,827**	**302,036,582**
LONG-TERM LIABILITIES		**312,678,713**	**259,393,319**	**358,204,536**	**301,690,008**
Deposits	(Note 17.a)	**117,886,156**	**136,867,133**	**119,033,730**	**139,880,409**
Interbank deposits		2,240,244	1,897,876	2,296,504	2,531,389
Time deposits		115,645,912	134,969,257	116,737,226	137,349,020
Securities sold under repurchase agreements	(Note 17.c)	**9,277,362**	**8,052,259**	**11,137,834**	**10,249,172**
Own portfolio		1,735,163	2,276,226	3,608,690	4,468,906
Third-party portfolio		7,542,199	5,776,033	7,529,144	5,776,033
Free movement portfolio		--	--	--	4,233
Funds from Acceptance and Issuance of Securities	(Note 19)	**35,066,493**	**7,928,806**	**45,823,969**	**17,076,367**
Funds from real state, mortgage, credit and similar bonds		21,894,575	352,199	28,546,998	5,391,394
Funds from debentures		--	--	799,306	838,925
Foreign securities		13,171,918	7,576,607	16,477,665	10,846,048
Borrowings	(Note 18.a)	**18,769,719**	**15,117,096**	**1,108,971**	**2,751,099**
Domestic loans - other institutions		--	--	3,780	28,347
Foreign borrowing		18,769,719	15,117,096	1,105,191	2,722,752
Domestic Onlending – Official Institutions	(Note 18.b)	**44,241,940**	**31,732,731**	**45,762,002**	**33,516,317**
National Treasury		633,638	1,643,963	635,925	1,660,770
BNDES		29,004,561	17,153,628	29,809,896	18,113,663
Finame		14,603,741	12,935,140	15,316,181	13,741,884
Foreign Onlending	(Note 18.b)	**3,503,966**	**274,294**	**87,009**	**89,239**
Foreign onlendings		3,503,966	274,294	87,009	89,239
Derivative Financial Instruments	(Note 8.d)	**1,522,373**	**330,224**	**2,113,959**	**530,775**
Derivative financial instruments		1,522,373	330,224	2,113,959	530,775
Other Liabilities		**82,410,704**	**59,090,776**	**133,137,062**	**97,596,630**
Foreign exchange portfolio	(Note 12.a)	12,827,792	12,281,341	12,827,792	12,281,341
Taxes and social security	(Note 20.b)	6,119,049	5,477,282	6,883,049	7,366,946
Securities trading		1,150,106	1,139,599	605,683	--
Technical provisions for insurance, pension plans and capitalization	(Note 21.b)	--	--	45,053,852	32,638,556
Financial and development funds	(Note 20.a)	1,967,079	1,999,266	1,967,079	1,999,266
Special operations		2,126	2,117	2,126	2,117
Subordinated debts	(Note 20.c)	37,184,155	27,189,053	40,567,935	30,316,395
Equity and debt hybrid securities	(Note 20.d)	14,819,786	2,799,522	14,818,494	2,797,313
Other liabilities	(Note 20.e)	8,340,611	8,202,596	10,411,052	10,194,696
DEFERRED INCOME		**371,369**	**328,630**	**387,291**	**346,574**
STOCKHOLDERS' EQUITY	(Note 24)	**65,776,796**	**58,148,690**	**66,069,965**	**58,416,370**
Capital		**48,400,000**	**33,122,569**	**48,400,000**	**33,122,569**
Local residents		39,467,977	27,984,894	39,467,977	27,984,894
Domiciled abroad		8,932,023	5,137,675	8,932,023	5,137,675
Capital Reserves		**1**	**--**	**1**	**--**
Revaluation Reserves		**4,645**	**4,730**	**4,645**	**4,730**
Profit Reserves		**16,413,044**	**24,297,550**	**16,132,046**	**24,121,302**
Accumulated Other Comprehensive Income	(Note 8.f)	**1,420,354**	**723,842**	**1,420,354**	**723,842**
(Treasury Shares)		**(461,248)**	**(1)**	**(461,248)**	**(1)**
Noncontrolling interests		**--**	**--**	**574,167**	**443,928**
TOTAL LIABILITIES		**1,049,283,624**	**890,352,257**	**1,150,486,189**	**981,229,907**

STATEMENT OF INCOME

		Banco do Brasil			BB-Consolidated		
		2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
INCOME FROM FINANCIAL INTERMEDIATION		**43,619,776**	**90,745,179**	**90,080,002**	**50,013,006**	**103,761,871**	**103,329,631**
Loan Operations	(Note 10.b)	29,180,126	58,982,243	55,075,090	32,391,100	66,100,359	61,997,797
Lease transactions	(Note 10.i)	9,942	19,961	21,996	903,487	1,871,395	2,249,071
Securities	(Note 8.b)	11,921,097	26,142,978	28,598,042	12,878,468	27,982,048	30,848,662
Derivative financial instruments	(Note 8.e)	(347,369)	(482,309)	(515,152)	(614,075)	(1,434,485)	(1,461,020)
Foreign exchange transactions	(Note 12.b)	174,941	4,242	--	283,290	147,273	--
Compulsory investments	(Note 9.b)	2,471,783	5,799,435	6,900,026	2,504,816	5,924,965	7,231,314
Sale and transfer of financial assets		209,256	278,629	--	213,599	283,506	--
Financial income from insurance, pension plans and capitalization	(Note 21.e)	--	--	--	1,452,321	2,886,810	2,463,807
EXPENSES FROM FINANCIAL INTERMEDIATION		**(30,659,110)**	**(65,601,453)**	**(66,871,903)**	**(35,389,802)**	**(76,055,055)**	**(77,222,725)**
Deposits and securities sold under repurchase agreements	(Note 17.d)	(22,193,058)	(46,623,129)	(49,106,244)	(24,164,614)	(51,112,132)	(54,369,517)
Borrowings and onlendings	(Note 18.c)	(2,827,891)	(7,951,070)	(6,963,995)	(2,345,481)	(7,376,206)	(7,209,828)
Lease transactions	(Note 10.i)	(9,132)	(17,692)	(17,058)	(827,656)	(1,525,315)	(1,633,241)
Foreign exchange transactions	(Note 12.b)	--	--	(582,944)	--	--	(374,217)
Sale and transfer of financial assets		(1,407)	(1,407)	--	(37,290)	(37,290)	--
Financial expenses from technical provisions of insurance, pension plans and capitalization	(Note 21.e)	--	--	--	(1,077,102)	(2,132,244)	(1,660,831)
Allowance for loan losses	(Notes 10.f and 10.g)	(5,627,622)	(11,008,155)	(10,201,662)	(6,937,659)	(13,871,868)	(11,975,091)
INCOME FROM FINANCIAL INTERMEDIATION		**12,960,666**	**25,143,726**	**23,208,099**	**14,623,204**	**27,706,816**	**26,106,906**
OTHER OPERATING INCOME/EXPENSES		**(4,916,998)**	**(9,557,192)**	**(5,935,959)**	**(5,672,500)**	**(10,480,044)**	**(7,600,139)**
Service fee income	(Note 22.a)	4,659,715	9,318,869	8,273,102	7,374,892	14,485,551	12,213,287
Bank fee income	(Note 22.b)	3,055,508	5,924,711	5,452,195	3,388,694	6,585,614	6,028,289
Personnel expenses	(Note 22.c)	(7,705,347)	(14,798,015)	(13,610,639)	(8,589,601)	(16,503,443)	(14,912,575)
Other administrative expenses	(Note 22.d)	(7,159,360)	(14,407,208)	(12,028,035)	(8,080,348)	(16,012,952)	(13,422,420)
Tax expenses	(Note 25.c)	(1,645,150)	(3,249,378)	(3,214,770)	(2,262,499)	(4,416,434)	(4,259,475)
Equity in associated and subsidiary companies	(Note 14)	1,345,544	2,881,500	3,020,730	(84,324)	263,603	454,879
Insurance, pension plans and capitalization results	(Note 21.e)	--	--	--	1,224,833	2,349,113	2,264,977
Other operating income	(Note 22.e)	5,451,582	10,521,311	11,784,868	5,971,295	11,734,849	12,977,559
Other operating expenses	(Note 22.f)	(2,919,490)	(5,748,982)	(5,613,410)	(4,615,442)	(8,965,945)	(8,944,660)
OPERATING INCOME		**8,043,668**	**15,586,534**	**17,272,140**	**8,950,704**	**17,226,772**	**18,506,767**
NON-OPERATING INCOME	(Note 23)	**1,168,853**	**1,237,541**	**176,187**	**1,159,108**	**1,209,972**	**225,352**
Incomes		1,228,798	1,338,482	276,320	1,268,926	1,412,900	439,519
Expenses		(59,945)	(100,941)	(100,133)	(109,818)	(202,928)	(214,167)
PROFIT BEFORE TAXATION AND PROFIT SHARING		**9,212,521**	**16,824,075**	**17,448,327**	**10,109,812**	**18,436,744**	**18,732,119**
INCOME TAX AND SOCIAL CONTRIBUTION	(Note 25.a)	**(1,588,987)**	**(2,934,518)**	**(3,637,836)**	**(2,347,926)**	**(4,240,584)**	**(4,722,455)**
EMPLOYEE AND DIRECTORS PROFIT SHARING		**(869,604)**	**(1,579,687)**	**(1,563,161)**	**(985,588)**	**(1,835,262)**	**(1,790,543)**
NONCONTROLLING INTEREST		**--**	**--**	**--**	**(81,294)**	**(155,778)**	**(93,131)**
NET INCOME	(Note 24.g)	**6,753,930**	**12,309,870**	**12,247,330**	**6,695,004**	**12,205,120**	**12,125,990**
EARNINGS PER SHARE	(Note 24.e)						
Weighted average number of shares - basic		2,857,109,880	2,861,260,055	2,861,404,718			
Basic earnings per share (R$)		2.36	4.30	4.28			
Weighted average number of shares - diluted		2,857,109,880	2,861,260,055	2,869,849,797			
Diluted earnings per share (R$)		2.36	4.30	4.27			

See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Banco do Brasil					Profit reserves		Accumulated other comprehensive income			Retained earnings (loss) in the parent company	Total
EVENTS		Realized capital	Capital reserves	Revaluation reserves	Legal reserve	Statutory reserves	Banco do Brasil	Associated and subsidiary companies	Treasury shares		
Balances at 12.31.2010		**33,077,996**	**--**	**6,241**	**2,884,196**	**14,060,128**	**353,686**	**113,749**	**(255)**	--	**50,495,741**
Capital increase - "C" Bonus subscription	(Note 24.l)	44,573	--	--	--	--	--	--	--	--	44,573
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	264,870	(8,463)	--	--	256,407
Disposal of treasury shares		--	--	--	--	(254)	--	--	254	--	--
Expired dividends and interest on own capital		--	--	--	--	--	--	--	--	4,755	4,755
Realization of revaluation reserve in subsidiary/associated companies		--	--	(328)	--	--	--	--	--	328	--
Write-off of revaluation reserve in subsidiary/associated companies	(Note 24.c)	--	--	(1,183)	--	--	--	--	--	--	(1,183)
Net income for the period		--	--	--	--	--	--	--	--	12,247,330	12,247,330
Allocation - Reserves		--	--	--	612,366	7,550,852	--	--	--	(8,163,218)	--
- Dividends	(Note 24.f)	--	--	--	--	(809,738)	--	--	--	(1,037,887)	(1,847,625)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(3,051,308)	(3,051,308)
Balances at 12.31.2011		**33,122,569**	**--**	**4,730**	**3,496,562**	**20,800,988**	**618,556**	**105,286**	**(1)**	**--**	**58,148,690**
Changes in the period		**44,573**	**--**	**(1,511)**	**612,366**	**6,740,860**	**264,870**	**(8,463)**	**254**	**--**	**7,652,949**
Balances at 06.30.2012		**33,122,569**	**1**	**4,551**	**3,774,359**	**23,859,049**	**812,263**	**425,986**	**(2)**	**--**	**61,998,776**
Capital increase – capitalization of reserves	(Note 24.b)	15,277,431	--	--	--	(15,277,431)	--	--	--	--	--
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	219,017	(36,912)	--	--	182,105
Treasury shares acquisition	(Note 24.k)	--	--	--	--	--	--	--	(461,246)	--	(461,246)
Expired dividends and interest on own capital		--	--	--	--	--	--	--	--	4,803	4,803
Realization of revaluation reserve in subsidiary/associated companies		--	--	(41)	--	--	--	--	--	41	--
Adjustment of revaluation reserve in subsidiary/associated companies		--	--	135	--	--	--	--	--	(135)	--
Net income for the period		--	--	--	--	--	--	--	--	6,753,930	6,753,930
Allocation - Reserves		--	--	--	337,697	4,023,614	--	--	--	(4,361,311)	--
- Dividends	(Note 24.f)	--	--	--	--	(304,244)	--	--	--	(734,230)	(1,038,474)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(1,663,098)	(1,663,098)
Balances at 12.31.2012		**48,400,000**	**1**	**4,645**	**4,112,056**	**12,300,988**	**1,031,280**	**389,074**	**(461,248)**	**--**	**65,776,796**
Changes in the period		**15,277,431**	**--**	**94**	**337,697**	**(11,558,061)**	**219,017**	**(36,912)**	**(461,246)**	**--**	**3,778,020**
Balances at 12.31.2011		**33,122,569**	**--**	**4,730**	**3,496,562**	**20,800,988**	**618,556**	**105,286**	**(1)**	**--**	**58,148,690**
Capital increase – capitalization of reserves	(Note 24.b)	15,277,431	--	--	--	(15,277,431)	--	--	--	--	--
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	412,724	283,788	--	--	696,512
Share-based payment transactions		--	1	--	--	--	--	--	(1)	--	--
Treasury shares acquisition	(Note 24.k)	--	--	--	--	--	--	--	(461,246)	--	(461,246)
Expired dividends and interest on own capital		--	--	--	--	--	--	--	--	6,918	6,918
Realization of revaluation reserve in associated/subsidiary companies	(Note 24.c)	--	--	(85)	--	--	--	--	--	85	--
Net income for the period		--	--	--	--	--	--	--	--	12,309,870	12,309,870
Allocation - Reserves		--	--	--	615,494	7,263,083	--	--	--	(7,878,577)	--
- Dividends	(Note 24.f)	--	--	--	--	(485,652)	--	--	--	(1,084,504)	(1,570,156)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(3,353,792)	(3,353,792)
Balances at 12.31.2012		**48,400,000**	**1**	**4,645**	**4,112,056**	**12,300,988**	**1,031,280**	**389,074**	**(461,248)**	**--**	**65,776,796**
Changes in the period		**15,277,431**	**1**	**(85)**	**615,494**	**(8,500,000)**	**412,724**	**283,788**	**(461,247)**	**--**	**7,628,106**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

BB-Consolidated					Profit reserves		Accumulated other comprehensive income					
EVENTS		Realized capital	Capital reserves	Revaluation reserves	Legal reserve	Statutory reserves	Banco do Brasil	Associated and subsidiary companies	Treasury shares	Retained earnings (loss) in the parent company	noncontrolling interest	Total
Balances at 12.31.2010		**33,077,996**	**--**	**6,241**	**2,884,196**	**14,005,220**	**353,686**	**113,749**	**(452)**	**--**	**47**	**50,440,683**
Capital increase - "C" Bonus subscription	(Note 24.l)	44,573	--	--	--	--	--	--	--	--	--	44,573
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	264,870	(8,463)	--	--	--	256,407
Disposal of treasury shares		--	--	--	--	(254)	--	--	254	--	--	--
Expired dividends/interest on own capital		--	--	--	--	--	--	--	--	4,755	--	4,755
Realization of revaluation reserve in subsidiary/associated companies		--	--	(328)	--	--	--	--	--	328	--	--
Write-off of revaluation reserve in subsidiary/associated companies	(Note 24.c)	--	--	(1,183)	--	--	--	--	--	--	--	(1,183)
Reciprocal participation in subsidiaries		--	--	--	--	--	--	--	197	--	--	197
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	443,881	443,881
Net income for the period		--	--	--	--	--	--	--	--	12,125,990	--	12,125,990
Realization of unrealized results		--	--	--	--	(121,340)	--	--	--	121,340	--	--
Allocation - Reserves		--	--	--	612,366	7,550,852	--	--	--	(8,163,218)	--	--
- Dividends	(Note 24.f)	--	--	--	--	(809,738)	--	--	--	(1,037,887)	--	(1,847,625)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(3,051,308)	--	(3,051,308)
Balances at 12.31.2011		**33,122,569**	**--**	**4,730**	**3,496,562**	**20,624,740**	**618,556**	**105,286**	**(1)**	**--**	**443,928**	**58,416,370**
Changes in the period		**44,573**	**--**	**(1,511)**	**612,366**	**6,619,520**	**264,870**	**(8,463)**	**451**	**--**	**443,881**	**7,975,687**
Balances at 06.30.2012		**33,122,569**	**1**	**4,551**	**3,774,359**	**23,636,977**	**812,263**	**425,986**	**(2)**	**--**	**531,642**	**62,308,346**
Capital increase – capitalization of reserves	(Note 24.b)	15,277,431	--	--	--	(15,277,431)	--	--	--	--	--	--
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	219,017	(36,912)	--	--	--	182,105
Treasury shares acquisition	(Note 24.k)	--	--	--	--	--	--	--	(461,246)	--	--	(461,246)
Expired dividends/interest on own capital		--	--	--	--	--	--	--	--	4,803	--	4,803
Realization of revaluation reserve in subsidiary/associated companies		--	--	(41)	--	--	--	--	--	41	--	--
Adjustment of revaluation reserve in subsidiary/associated companies		--	--	135	--	--	--	--	--	(135)	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	42,525	42,525
Net income for the period		--	--	--	--	--	--	--	--	6,695,004	--	6,695,004
Unrealized results		--	--	--	--	(58,926)	--	--	--	58,926	--	--
Allocation - Reserves		--	--	--	337,697	4,023,614	--	--	--	(4,361,311)	--	--
- Dividends	(Note 24.f)	--	--	--	--	(304,244)	--	--	--	(734,230)	--	(1,038,474)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(1,663,098)	--	(1,663,098)
Balances at 12.31.2012		**48,400,000**	**1**	**4,645**	**4,112,056**	**12,019,990**	**1,031,280**	**389,074**	**(461,248)**	**--**	**574,167**	**66,069,965**
Changes in the period		**15,277,431**	**--**	**94**	**337,697**	**(11,616,987)**	**219,017**	**(36,912)**	**(461,246)**	**--**	**42,525**	**3,761,619**
Balances at 12.31.2011		**33,122,569**	**--**	**4,730**	**3,496,562**	**20,624,740**	**618,556**	**105,286**	**(1)**	**--**	**443,928**	**58,416,370**
Capital increase – capitalization of reserves	(Note 24.b)	15,277,431	--	--	--	(15,277,431)	--	--	--	--	--	--
Asset valuation adjustments	(Note 8.f)	--	--	--	--	--	412,724	283,788	--	--	--	696,512
Share-based payment transactions		--	1	--	--	--	--	--	(1)	--	--	--
Treasury shares acquisition	(Note 24.k)	--	--	--	--	--	--	--	(461,246)	--	--	(461,246)
Expired dividends/interest on own capital		--	--	--	--	--	--	--	--	6,918	--	6,918
Realization of revaluation reserve in subsidiary/associated companies	(Note 24.c)	--	--	(85)	--	--	--	--	--	85	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	130,239	130,239
Net income for the period		--	--	--	--	--	--	--	--	12,205,120	--	12,205,120
Unrealized results		--	--	--	--	(104,750)	--	--	--	104,750	--	--
Allocation - Reserves		--	--	--	615,494	7,263,083	--	--	--	(7,878,577)	--	--
- Dividends	(Note 24.f)	--	--	--	--	(485,652)	--	--	--	(1,084,504)	--	(1,570,156)
- Interest on own capital	(Note 24.f)	--	--	--	--	--	--	--	--	(3,353,792)	--	(3,353,792)
Balances at 12.31.2012		**48,400,000**	**1**	**4,645**	**4,112,056**	**12,019,990**	**1,031,280**	**389,074**	**(461,248)**	**--**	**574,167**	**66,069,965**
Changes in the period		**15,277,431**	**1**	**(85)**	**615,494**	**(8,604,750)**	**412,724**	**283,788**	**(461,247)**	**--**	**130,239**	**7,653,595**

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

		Banco do Brasil			BB-Consolidated		
		2nd half 2012	2012	2011	2nd half 2012	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES							
Income before income tax and social contribution		9,212,521	16,824,075	17,448,327	10,109,812	18,436,744	18,732,119
Adjustments to income (loss) before tax and social contribution		3,508,480	8,274,615	5,760,758	15,734,501	31,831,198	21,485,696
Provision for credits, lease and other credits	(Notes 10.f and 10.g)	5,627,622	11,008,155	10,201,662	6,937,659	13,871,868	11,975,091
Depreciation and amortization	(Note 22.d)	1,573,708	3,297,547	3,255,128	1,737,621	3,509,170	3,343,603
Impairment test results of assets	(Notes 15 and 16)	(2,265)	2,255	(3,274)	(823)	4,174	(2,959)
Equity in subsidiaries and associated companies	(Note 14.a)	(1,345,544)	(2,881,500)	(3,020,730)	84,324	(263,603)	(454,879)
(Gain)/Loss on the disposal of assets	(Note 23)	(1,150,728)	(1,168,680)	(11,354)	(1,119,230)	(1,101,185)	71,552
(Gain)/Loss on the disposal of investments	(Note 23)	(1,189)	(1,236)	(104,653)	(19,301)	(25,692)	(192,396)
Capital (gain)/loss	(Note 23)	6,094	21,551	22,198	4,297	16,267	(3,757)
Foreign currency exchange results	(Note 14.a)	60,055	260,993	267,786	12,103	357,502	433,284
Provision/(reversal) for impairment of other assets	(Note 23)	20,058	12,583	4,507	21,778	15,437	7,786
Amortization of goodwill	(Note 14.c)	300,049	589,361	291,526	408,508	832,526	574,805
Expenses with civil, labor and tax provisions	(Note 28.a)	1,279,812	2,668,104	811,724	1,982,317	3,617,165	1,183,610
Technical provisions for insurance, pension plans and capitalization	(Note 21.e)	--	--	--	8,546,260	16,682,632	10,768,270
Adjustment of actuarial assets/liabilities and surplus allocation funds	(Note 27)	(2,481,316)	(3,896,665)	(3,773,425)	(2,481,316)	(3,896,665)	(3,773,425)
Effect of changes in foreign exchange rates in cash and cash equivalents		(377,876)	(1,637,853)	(2,183,655)	(298,402)	(1,632,620)	(2,355,099)
Noncontrolling interests		--	--	--	(81,294)	(155,778)	(93,131)
Other adjustments		--	--	3,318	--	--	3,341
Income adjusted before income tax and social contribution		**12,721,001**	**25,098,690**	**23,209,085**	**25,844,313**	**50,267,942**	**40,217,815**
Equity variations		(11,486,537)	(24,169,366)	(5,492,801)	(18,792,900)	(45,572,066)	(8,123,833)
(Increase) Decrease in short-term interbank investments		(23,040,272)	(51,391,405)	(52,386,541)	(20,729,533)	(41,358,310)	(39,618,707)
(Increase) Decrease in trading securities and derivative financial instruments		(602,268)	5,173,484	(3,282,238)	(9,620,559)	(11,644,478)	(13,039,525)
(Increase) Decrease in interbank and interdepartmental accounts		2,116,762	622,627	(131,768)	2,093,728	607,337	(130,358)
(Increase) Decrease in compulsory deposits with Banco Central do Brasil		10,140,995	11,227,086	(6,807,544)	10,970,332	13,561,991	(6,624,742)
(Increase) Decrease in loan operations		(64,287,657)	(99,373,647)	(66,515,124)	(67,268,088)	(104,461,499)	(70,097,363)
(Increase) Decrease in leasing transactions		9,132	17,693	14,492	372,453	867,427	986,337
(Increase) Decrease in other receivables net of deferred taxes		(6,669,785)	(12,487,214)	(7,551,267)	(7,719,267)	(15,079,734)	(8,871,230)
(Increase) Decrease in other assets		2,008,423	2,920,525	(583,345)	1,784,719	2,296,734	(1,287,546)
Income tax and social contribution paid		(1,060,946)	(2,892,868)	(3,408,970)	(1,957,580)	(5,069,354)	(4,927,873)
(Decrease) Increase in deposits		7,083,557	31,896,031	60,117,974	5,126,534	29,699,845	61,252,419
(Decrease) Increase in securities sold under repurchase agreements		25,880,041	29,312,672	53,943,425	31,250,981	30,611,596	53,000,321
(Decrease) Increase in funds from acceptance and issuance of securities		22,646,486	35,953,519	15,108,130	23,238,563	38,346,833	18,837,183
(Decrease) Increase in borrowings and onlendings		15,956,561	25,416,066	8,426,275	12,130,288	14,336,678	3,633,981
(Decrease) Increase in other liabilities		(1,724,669)	(606,674)	(2,482,694)	1,473,029	1,672,151	(1,283,785)
(Decrease) Increase in deferred income		57,103	42,739	46,394	61,500	40,717	47,055
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**1,234,464**	**929,324**	**17,716,284**	**7,051,413**	**4,695,876**	**32,093,982**
CASH FLOWS FROM INVESTING ACTIVITIES							
(Increase) Decrease in securities available for sale		(8,695,321)	(3,882,222)	(7,694,098)	(10,566,561)	(6,248,363)	(12,986,285)
(Increase) Decrease in securities held to maturity		3,713,817	3,377,406	2,489,726	2,983,342	2,280,886	1,465,195
Dividends received from subsidiaries and associated companies		724,761	1,623,953	1,297,688	--	--	--
(Acquisition)/disposal of property, plant and equipment in use		(973,773)	(1,605,080)	(1,383,286)	(1,352,634)	(2,016,987)	(1,589,267)
(Acquisition)/ disposal of investments		(19,928)	(1,509,548)	(861,647)	(373,454)	(583,958)	(198,808)
Acquisition of intangible assets/ deferred assets		(1,383,352)	(1,586,384)	(4,852,871)	(1,812,654)	(2,054,971)	(4,974,936)
Net cash of assets and liabilities from ownership interest in Banco Patagonia		--	--	(764,819)	--	--	(327,356)
CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(6,633,796)**	**(3,581,875)**	**(11,769,307)**	**(11,121,961)**	**(8,623,393)**	**(18,611,457)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Change in noncontrolling interests		--	--	--	42,525	130,239	443,881
(Decrease) Increase in subordinated debts		2,736,201	9,995,102	7,228,431	2,310,535	9,791,496	7,472,567
(Decrease) Increase in equity and debt hybrid securities		8,207,945	12,214,362	(523,282)	8,206,652	12,215,278	(515,601)
Disposal of treasury shares		(461,246)	(461,247)	254	(461,246)	(461,247)	254
Dividends paid		(654,519)	(1,278,492)	(2,322,470)	(654,519)	(1,278,492)	(2,322,470)
Interest on own capital paid		(2,513,426)	(4,148,698)	(2,256,401)	(2,513,426)	(4,148,698)	(2,256,401)
C Subscription bonuses		--	--	44,572	--	--	44,572
CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**7,314,955**	**16,321,027**	**2,171,104**	**6,930,521**	**16,248,576**	**2,866,802**
Net variation of cash and cash equivalents		**1,915,623**	**13,668,476**	**8,118,081**	**2,859,973**	**12,321,059**	**16,349,327**
At the beginning of the period		55,890,925	42,878,095	32,576,359	54,647,443	43,852,139	25,147,713
Effect of changes in foreign exchange rates in cash and cash equivalents		377,876	1,637,853	2,183,655	298,402	1,632,620	2,355,099
At the end of the period		58,184,424	58,184,424	42,878,095	57,805,818	57,805,818	43,852,139
Increase (Decrease) in cash and cash equivalents		**1,915,623**	**13,668,476**	**8,118,081**	**2,859,973**	**12,321,059**	**16,349,327**

See the accompanying notes to the financial statements.

STATEMENT OF VALUE ADDED

		Banco do Brasil						BB-Consolidated					
		2 nd half/2012 Balance	%	2012 Balance	%	2011 Balance	%	2 nd half/2012 Balance	%	2012 Balance	%	2011 Balance	%
Income		**48,666,648**		**99,199,558**		**99,014,214**		**56,641,340**		**115,121,349**		**114,919,185**	
Income from Financial Intermediation		43,619,776		90,745,179		90,080,002		50,013,006		103,761,871		103,329,631	
Income from service and bank fees		7,715,223		15,243,580		13,725,297		10,763,586		21,071,165		18,241,576	
Allowance for loan losses		(5,627,622)		(11,008,155)		(10,201,662)		(6,937,659)		(13,871,868)		(11,975,091)	
Other income/expenses		2,959,271		4,218,954		5,410,577		2,802,407		4,160,181		5,323,069	
Expense from Financial Intermediation		**(25,031,488)**		**(54,593,298)**		**(56,670,241)**		**(28,452,143)**		**(62,183,187)**		**(65,247,634)**	
Inputs Purchased from Third Parties		**(4,467,142)**		**(8,601,499)**		**(7,234,544)**		**(4,947,737)**		**(9,467,355)**		**(8,144,138)**	
Materials, electric power and other		(249,038)		(498,875)		(466,412)		(268,885)		(535,432)		(495,336)	
Expenses with outsourced services		(941,402)		(1,763,637)		(1,211,325)		(951,119)		(1,766,910)		(1,294,143)	
Communication	(Note 22.d)	(666,561)		(1,311,483)		(1,245,217)		(717,538)		(1,410,206)		(1,354,235)	
Data processing	(Note 22.d)	(507,692)		(1,046,378)		(903,392)		(399,345)		(813,517)		(667,731)	
Transportation	(Note 22.d)	(605,274)		(1,171,361)		(814,798)		(627,500)		(1,214,679)		(857,868)	
Security services	(Note 22.d)	(428,121)		(817,675)		(747,377)		(440,671)		(840,936)		(763,813)	
Financial system services	(Note 22.d)	(326,045)		(583,181)		(493,813)		(405,376)		(743,601)		(661,529)	
Advertising and marketing	(Note 22.d)	(200,376)		(356,237)		(304,457)		(269,146)		(473,791)		(420,337)	
Other		(542,633)		(1,052,672)		(1,047,753)		(868,157)		(1,668,283)		(1,629,146)	
Gross Added Value		**19,168,018**		**36,004,761**		**35,109,429**		**23,241,460**		**43,470,807**		**41,527,413**	
Depreciation and amortization	(Note 22.d)	(1,573,708)		(3,297,547)		(3,255,128)		(1,737,621)		(3,509,170)		(3,343,603)	
Value Added produced by the Entity		**17,594,310**		**32,707,214**		**31,854,301**		**21,503,839**		**39,961,637**		**38,183,810**	
Value Added received through transfer		**1,345,544**		**2,881,500**		**3,020,730**		**(84,324)**		**263,603**		**454,879**	
Equity in subsidiary and associated companies		1,345,544		2,881,500		3,020,730		(84,324)		263,603		454,879	
Added Value to Distribute		**18,939,854**	**100.00**	**35,588,714**	**100.00**	**34,875,031**	**100.00**	**21,419,515**	**100.00**	**40,225,240**	**100.00**	**38,638,689**	**100.00**
Value Added distributed		**18,939,854**	**100.00**	**35,588,714**	**100.00**	**34,875,031**	**100.00**	**21,419,515**	**100.00**	**40,225,240**	**100.00**	**38,638,689**	**100.00**
Personnel		**7,489,289**	**39.54**	**14,353,059**	**40.33**	**13,354,157**	**38.29**	**8,396,319**	**39.20**	**16,134,489**	**40.11**	**14,721,248**	**38.10**
Salaries and fees		4,815,026		9,252,998		8,601,544		5,417,938		10,401,537		9,444,814	
Employee and directors profit sharing		869,604		1,579,687		1,563,161		985,588		1,835,262		1,790,543	
Benefits and training programs		1,060,043		2,052,148		1,841,280		1,159,070		2,255,337		2,013,294	
FGTS (Government Severance Indemnity Fund for Employees)		306,178		585,402		536,370		350,784		672,519		606,662	
Other charges		438,438		882,824		811,802		482,939		969,834		865,935	
Taxes, Rates and Contributions		**4,319,799**	**22.81**	**8,208,539**	**23.07**	**8,672,248**	**24.87**	**5,789,296**	**27.03**	**10,861,235**	**27.00**	**10,963,798**	**28.38**
Federal		3,992,063		7,538,292		8,022,032		5,280,258		9,845,064		10,033,785	
State		283		715		971		308		788		2,739	
Municipal		327,453		669,532		649,245		508,730		1,015,383		927,274	
Interest on Third Parties' Capital		**376,836**	**1.99**	**717,246**	**2.02**	**601,296**	**1.72**	**457,602**	**2.14**	**868,618**	**2.16**	734,522	**1.90**
Rent	(Note 22.d)	376,836		717,246		601,296		457,602		868,618		734,522	
Interest on Own Capital	(Note 24.e)	**6,753,930**	**35.66**	**12,309,870**	**34.59**	**12,247,330**	**35.12**	**6,776,298**	**31.64**	**12,360,898**	**30.73**	**12,219,121**	**31.62**
Federal Government's interest on own capital		982,697		1,981,700		1,804,385		982,697		1,981,700		1,804,385	
Interest on own capital of other stockholders		680,401		1,372,092		1,246,923		680,401		1,372,092		1,246,923	
Federal Government dividends		613,617		927,779		1,092,745		613,617		927,779		1,092,745	
Dividends from other stockholders		424,857		642,377		754,880		424,857		642,377		754,880	
Retained earnings		4,052,358		7,385,922		7,348,397		3,993,432		7,281,172		7,227,057	
Non-controlling interest in retained earnings		--		--		--		81,294		155,778		93,131	

See the accompanying notes to financial statements.

1 – The Bank and its Operations

Banco do Brasil S.A. ("Banco do Brasil" or the "Bank") is a publicly traded company established under private law, with both public and private stockholders, and is subject to the requirements of Brazilian corporate legislation. It is headquartered in Setor Bancário Sul, Quadra 1, Lote 32, Bloco C, Edifício Sede III, Brasília, Distrito Federal, Brazil. Its purpose is to carry out all asset, liability and accessory banking operations, to provide banking services, to promote financial intermediation and originate financial transactions in various forms, including foreign exchange transactions and supplementary activities, with an emphasis on insurance, private pension, capitalization, securities brokerage, administration of credit/debit cards, consortiums, investment funds and management portfolios, and to practice any activities permitted for the institutions that are part of the National Finance System. It is also the main financial agent of the Brazilian Federal Government and is therefore required to carry out the functions attributed to it by law, specifically those of article 19 of Law 4,595/1964.

2 – Company Restructuring

a) Acquisitions

BB Americas (successor of EuroBank)

On 01.19.2012, the Bank concluded the acquisition, through cash payment of US$ 6 millions, of the entire capital stock and voting capital of BB Americas, a north-american financial institution, corresponding to 835,855 common shares.

Investment and goodwill balances were measured based on adjusted equity of BB Americas, on December 2011, converted at the exchange rate of 01.17.2012.

	R$ thousand
Amount paid	10,651
Adjusted equity value on 12.31.2011	(27,203)
Value of goodwill [(1)]	**37,854**
Goodwill	18,058
Goodwill of assets fair value	19,796
Capital investment	90,098

BB Americas, a close corporation headquartered in the state of Florida (United States), has a network of three branches located in the cities of Coral Gables, Pompano Beach and Boca Raton.

The BB Americas acquisition is expected to contribute to Banco do Brasil's expansion of business in the United States, through its operations in the North-American retail market, focusing on Brazilian and Hispanic people that live in the USA.

b) Partnership

Elo Serviços S.A.

The Bank, Banco Bradesco S.A. (Bradesco) and Caixa Econômica Federal (Caixa) concluded the negotiations to maintain Caixa Participações S.A. (Caixa Participações) as an Elo Serviços S.A. (Elo Serviços) shareholder, through the Stockholders' Agreement between Elo Participações S.A. (Elo Participações) and Caixa Participações.

Elo Serviços is a private operating company that has development and management functions related to Bandeira Elo, which went into the national market on 03.30.2011. The agreed equity structure has the following composition:

	Elo Serviços
	% of Total Share
Elo Participações	66,665
Caixa Participações	33,335

Elo Participações is the company which equity interest held by the Bank and by Bradesco are 49.99% and 50.01% of the entire capital, respectively.

c) Corporate reorganization in the area of insurance, private pension plans, capitalization and reinsurance

BB Cor Participações S.A.

On 12.27.2012, the Bank established the company BB Cor Participações S.A. (BB Cor), which now holds 100% of the equity of BB Corretora de Seguros e Administradora de Bens S.A. (BB Corretora).

The Bank´s objective is to increase the market share of BB Corretora, which will commercialize, inside and outside of the Bank's distribution channels, third-party products in the branches where the Bank doesn't have exclusivity agreements with partners companies.

BB Cor will also hold equity interest in other companies which operates as brokers in the sale of insurance, open pension funds, capitalization and/or health insurance and dental plans in which the Bank may participate in the future.

BB Seguridade Participações S.A.

On 12.27.2012, the Bank established the company BB Seguridade Participações S.A. (BB Seguridade), which now holds the following equity interests:

a) 100% of the shares issued by BB Cor.
b) 100% of the shares issued by BB Seguridade Participações S.A., which in turn holds the following equity interests:

   (i) 74.9% of the total shares (of which 49.9% are common shares) issued by BB Mapfre SH1 Participações S.A., which operates in the field of life insurance in partnership with Grupo Mapfre.
   (ii) 50.0% of the total shares (of which 49.0% are common shares) issued by Mapfre BB SH2 Participações S.A., which operates in the field of property insurance also in partnership with Grupo Mapfre.
   (iii) 74.9% of the total shares (of which 49.9% are common shares) issued by Brasilprev Seguros e Previdência Privada S.A., which operates in the field of open pension fund in partnership with Principal Financial Group;
   (iv) 66.7% of the total shares (of which 49.9% are common shares) issued by Brasilcap Capitalização S.A.,which operates in the field of capitalization in partnership with Icatu Seguros S.A. e a Cia de Seguros Aliança da Bahia; and
   (v) 100.0% of the shares issued by Nossa Caixa Capitalização S.A., which operates in the field of capitalization.

The Bank has the following objectives in setting up the BB Seguridade:

a) to consolidate, under a single company, all Banco do Brasil activities in the field of insurance, capitalization, open pension funds and related activities, including any other future expansions of these activities, in Brazil or abroad, organic or otherwise;
b) to provide economies of scale in these operations; and
c) to obtain cost and expenses reduction in the security segment.

The Bank intends to do a public offering of the shares of BB Seguridade and make sure that its management will be independent and committed to concepts of transparency, accountability, equality and social and environmental responsibility. The administration of BB Seguridade, supported by monitoring tools that align the executives behavior with the interests of shareholders and society, will be conducted in conformity with the best corporate governance practices, so that BB Seguridade may be listed in the special segment (Novo Mercado) of the stock market of BM&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros.

Brasilprev Seguros e Previdência S.A.

On 12.19.2011, the Stock Purchase Agreement to the acquisition, by Brasilprev, of the entire capital stock and voting capital from Brasilprev Nosso Futuro Seguros e Previdência S.A. (successor of Mapfre Nossa Caixa Vida e Previdência - MNCVP), that was owned by BB Seguros (49%) and Mapfre Brasil Participações S.A. (51%), was formalized. The adjusted amount to the transaction totalized R$157,974 thousand, adjusted by CDI rate until the settlement date.

On 07.31.2012, the agreement was settled by the amount of R$166,958 thousand.

Operation summary:

R$ thousand

	Position at 31 July, 2012
Amount paid	**166,958**
MNCVP's equity	24,637
Goodwill recorded on Brasilprev Seguros e Previdência S.A.	142,321
Percentage of Brasilprev Seguros e Previdência S.A. total share	74.995%
Proportionate goodwill	**106,734**
Unrealized results elimination, impacting goodwill	52,486
Remaining goodwill – consolidated position	54,248

3 – Presentation of Financial Statements

The Financial Statements have been prepared in accordance with the accounting guidelines derived from Brazilian corporation law, the rules and instructions issued by the Conselho Monetário Nacional (CMN), Banco Central do Brasil (Bacen), the Conselho Nacional de Seguros Privados (CNSP), the Superintendência de Seguros Privados (Susep), and Comissão de Valores Mobiliários (CVM), as applicable.

The preparation of financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management use judgment in the determination and recording of accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: the residual value of fixed assets, the allowance for loan losses, deferred tax assets, provision for labor, civil and tax demands, appreciation of financial instruments, assets and liabilities relating to post-employment benefits and other provisions. The final amounts of transactions involving these estimates are only known upon their settlement.

The financial statements include operations of Banco do Brasil in Brazil and abroad (Banco do Brasil), and the consolidated financial statements also include operations of financial and non-financial subsidiaries in Brazil and abroad, Jointly Controlled entities, Special Purpose Entity - Dollar Diversified Payment Rights Finance Company, including the Investment Funds which the Bank controls directly or indirectly, and investments in subsidiaries and associated companies, in accordance with Bacen requirements (BB-Consolidated).

In the preparation of these consolidated financial statements, amounts resulting from transactions between consolidated companies, including the ownership interest held by one in another, balances of balance sheet accounts, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in net equity and in income were separately disclosed in the financial statements. The balances of balance sheet and income accounts of ownership interest which control is shared with other stockholders were consolidated proportionally to the ownership held in the capital. Leasing operations were considered based on the financial method, and the amounts were reclassified from the heading of leased assets to the heading of leasing operations, after deduction of residual amounts received in advance.

The Accounting Pronouncements Committee (CPC) is responsible for issuing accounting standards and interpretations, based on international accounting standards, approved by the CVM. Bacen adopted the following pronouncements of the CPC, applied by the Bank, as applicable: CPC 00 - Statement Basic Conceptual, CPC 01 – Reduction in Recoverable Value of Assets, CPC 03 - Statement of Cash Flows (DFC), CPC 05 – Related Party Disclosures, CPC 10 – Share-Based Payment, CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors, CPC 24 – Events After the Reporting Period and CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

Additionally, the Banco Central do Brasil issued CMN Resolution 3,533/2008, which became effective in January, 2012, which established procedures for classification, accounting and disclosure of sale and transfer transactions related to financial assets. This Resolution establishes the criteria for the write-off of financial assets as specified in the CPC 38 – Financial Instruments: Recognition and Measurement.

The Bank has also applied the following pronouncements which do not conflict with the Bacen rules, as established by Article 22, § 2 of Law 6,385/1976: CPC 09 – Value Added Statement, CPC 12 – Adjustment at Present Value, CPC 22 – Information by segment, CPC 33 – Employee Benefits and CPC 41 – Income per share.

Pronouncements CPC 07 - Government Grants and Assistance, CPC 17 - Construction Contracts, CPC 29 - Biological Assets and Agricultural Produce and CPC 35 - Separate Statements, which do not conflict with the Bacen rules, may be applied by the Bank as events or transactions covered by the aforementioned CPCs take place.

The application of other standards, which depend on Bacen's regulations, results primarily in immaterial adjustments or in changes in disclosure, except the following pronouncements, that may result in significant impacts on the financial statements:

CPC 04 - Intangible Assets and CPC 15 - Business Combinations - a) reclassification of intangible assets identified in acquisitions of controlling interest of Banco Nossa Caixa and of Banco Votorantim, in 2009, as well as on acquisition of controlling interest of Banco Patagonia, in 2011, and BB Americas in 2012, from the investment account to the account of intangible assets, in the group of Non-Current Assets – Permanent; b) derecognition of goodwill amortization expenses from acquisitions; and c) recognition of amortization expenses of intangible assets with definite useful lives, identified in the acquisitions.

CPC 19 – Investment in Joint Ventures - in accordance with CPC 19, in the formation of joint ventures SH1 and SH2, in 06.30.2011, the equity interests received in the formation of the partnership are recorded at fair value; the carrying amount of contributed assets by the Banco do Brasil, including any goodwill, is written off and the result of the transaction is recognized in proportion to the equity of new companies incorporated by Mapfre.

CPC 38 - Financial Instruments: Recognition and Measurement - adjustment in the allowance for loan losses, due to the adoption of the incurred loss criterion.

These financial statements were approved by the Executive Board of Directors on 02.19.2013.

Shareholding interest included in the consolidated financial statements, segregated by business segments

				% of Total Share	
				12.31.2012	12.31.2011
Banking segment			**Activity**		
Banco do Brasil – Ag. Viena	(1)	(4)	Banking	100%	100%
BB Leasing Company Ltd.	(1)	(4)	Leasing	100%	100%
BB Leasing S.A. – Arrendamento Mercantil	(1)	(4)	Leasing	100%	100%
BB Securities Asia Pte. Ltd.	(1)	(4)	Broker	100%	100%
BB Securities LLC.	(1)	(4)	Broker	100%	100%
BB Securities Ltd.	(1)	(4)	Broker	100%	100%
BB USA Holding Company, Inc.	(1)	(4)	Holding	100%	100%
Brasilian American Merchant Bank	(1)	(4)	Banking	100%	100%
BB Americas	(1)	(4)	Bank	100%	--
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	(1)	(4)	Asset Management	99.62%	99.62%
Banco Patagonia S.A.	(1)	(4)	Bank	58.96%	58.96%
Banco Votorantim S.A.	(2)	(4)	Bank	50%	50%
Investment segment			**Activity**		
BB Banco de Investimento S.A.	(1)	(4)	Investment Bank	100%	100%
Kepler Weber S.A.	(2)	(4)	Industry	17.56%	17.56%
Companhia Brasileira de Securitização – Cibrasec	(3)	(5)	Credits Acquisition	12.12%	12.12%
Neoenergia S.A.	(2)	(4)	Energy	11.99%	11.99%
Segment of Fund Management			**Activity**		
BB Gestão de Recursos – Distribuidora de Títulos e Valores Mobiliários S.A.	(1)	(4)	Asset Management	100%	100%
Segment of Insurance, Private Pension Fund and Capitalization			**Activity**		
BB Seguridade Participações S.A.	(1)	(4)	Holding	100%	--
BB Cor Participações S.A.	(1)	(4)	Holding	100%	--
BB Corretora de Seguros e Administradora de Bens S.A.	(1)	(4)	Broker	100%	100%
BB Seguros Participações S.A.	(1)	(4)	Holding	100%	100%
Nossa Caixa Capitalização S.A.	(1)	(4)	Capitalization	100%	100%
BB Mapfre SH1 Participações S.A.	(2)	(4)	Holding	74.99%	74.99%
Aliança Participações S.A.	(2)	(6)	Holding	--	74.99%
Mapfre Participações Ltda.	(2)	(6)	Holding	--	74.99%
Companhia de Seguros Aliança do Brasil	(2)	(4)	Insurance Company	74.99%	74.99%
Mapfre Vida S.A.	(2)	(4)	Company/Pension	74.99%	74.99%
Vida Seguradora S.A.	(2)	(4)	Insurance Company	74.99%	74.99%
Brasilprev Seguros e Previdência S.A.	(2)	(4)	Pension/Insurance	74.99%	74.99%
Brasilprev Nosso Futuro Seguros e Previdência S.A.	(2)	(4)	Pension/Insurance	74.99%	49%
Brasilcap Capitalização S.A.	(2)	(4)	Capitalization	66.66%	66.66%
Mapfre BB SH2 Participações S.A.	(2)	(4)	Holding	50%	50%
Aliança Rev Participações S.A.	(2)	(6)	Holding	--	50%
Aliança do Brasil Seguros S.A.	(2)	(4)	Insurance Company	50%	50%
Brasilveículos Companhia de Seguros	(2)	(4)	Insurance Company	50%	50%
Mapfre Seguros Gerais S.A.	(2)	(4)	Insurance Company	50%	50%
Mapfre Affinity Seguradora S.A.	(2)	(4)	Insurance Company	50%	50%
Mapfre Assistência S.A.	(2)	(4)	Service Rendering	50%	50%
Votorantim Corretora de Seguros S.A.	(2)	(4)	Broker	50%	50%
Seguradora Brasileira de Crédito à Exportação – SBCE	(3)	(4)	**Insurance** Company	12.09%	12.09%
Segment of Payment Methods			Activity		
BB Administradora de Cartões de Crédito S.A.	(1)	(4)	Service Rendering	100%	100%
BB Elo Cartões Participações S.A.	(1)	(4)	Holding	100%	100%
Elo Participações S.A.	(2)	(4)	Holding	49.99%	49.99%
Companhia Brasileira de Soluções e Serviços CBSS	(2)	(4)	Service Rendering	49.99%	49.99%
Elo Serviços S.A.	(2)	(4)	Service Rendering	33.33%	33.33%
Cielo S.A.	(2)	(4)	Service Rendering	28.68%	28.72%
Tecnologia Bancária S.A. – Tecban	(3)	(4)	**Service** Rendering	13.53%	13.53%
Other Segments			Activity		
Ativos S.A. Securitizadora de Créditos Financeiros	(1)	(4)	Credit Acquisition	100%	100%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	(1)	(4)	Credit Acquisition	100%	100%
BB Administradora de Consórcios S.A.	(1)	(4)	Consortium	100%	100%
BB Tur Viagens e Turismo Ltda.	(1)	(5)	Tourism	100%	100%
BB Money Transfers Inc.	(1)	(4)	Service Rendering	100%	100%
Cobra Tecnologia S.A.	(1)	(4)	IT	99.97%	99.97%
BV Participações S.A.	(2)	(4)	Holding	50%	50%

(1) Subsidiaries.
(2) Joint venture, proportionately included in consolidation.
(3) Associated companies, proportionately included in consolidation, as Bacen's Regulation.
(4) Financial Statements for consolidation on Dezember/2012.
(5) Financial Statements for consolidation on November/2012.
(6) Companies discontinued during the fiscal year 2012.

The following investment funds, which are directly or indirectly controlled by the Bank, were also consolidated: BV Financeira FIDC V, BVIA Fundo de Investimento em Participações and Fundo de

Investimento Nióbio I as well as Dollar Diversified Payment Rights Finance Company, a special-purpose entity located abroad.

For comparison purposes, due to changes in accounting policies, the following reclassifications were made at Banco do Brasil and BB-Consolidated in 2011:

a) R$ 1,290,781 thousand, from the grouping of Other Operating Expenses – Negotial Relationship Bonus to the grouping of Expenses with Deposits and with Securities Sold Under Repurchase Agreements – Judicial Deposits, in order to better reflect the nature of the operation;
b) R$ 23,741 thousand, from the grouping of Other Operating Expenses – Other to the grouping of Expenses with Deposits and with Securities Sold Under Repurchase Agreements – Other, to reflect better the nature of the operation;
c) R$ 34,480 thousand, from the grouping of Other Operating Expenses – INSS to the grouping of Expenses of Borrowings and Onlendings - Other, in order to better reflect the nature of the operation; and
d) R$ 57,156 thousand, from the grouping of Other Operating Expenses - Expenses with funds to be returned to the Federal Treasury - Law n.º 9,138/1995, to the grouping of Expenses of Borrowings and Onlendings - National Treasury, in order to better reflect the nature of the operation.

4 – Description of Significant Accounting Policies

The accounting policies adopted by Banco do Brasil are applied consistently in all periods presented in these financial statements and applied to all the entities of the Conglomerate.

a) Statement of income

In accrual basis accounting, revenues and expenses are reported in the closing process of the period in which they are incurred, regardless of receipt or payment. The operations with floating financial charges are adjusted *pro rata die*, based on the variation of the indexes agreed, and operations with fixed financial charges are recorded at redemption value, adjusted for unearned income or prepaid expenses for future periods. The operations indexed to foreign currencies are adjusted up to the reporting date using current rates.

b) Present value measurement

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by contingent liabilities and legal obligations, for which the disbursement date is uncertain and is not under the Bank control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

c) Cash and cash equivalents

Cash and cash equivalents comprise available funds in local currency, foreign currency, investments in gold, investments in repurchase agreements – own resources, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity not exceeding 90 days.

d) Short-term interbank investments

Short-term interbank investments are recorded at their investment or acquisition amount, plus income accrued up to the balance sheet date and adjustment to allowance for losses.

e) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management’s intention, in one of three categories, according to Bacen Circular 3,068/2001:

Trading Securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to market value. The increases and decreases in value are recorded in income and expense accounts for the period;

Securities available for sale: these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated Other Comprehensive Income in Stockholders' Equity.

Securities held to maturity: these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The financial capacity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The mark-to-market methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the daily adjustment of future market transactions reported by Anbima, BM&FBovespa or the net expected realizable value obtained through pricing models, using future interest rate curves, foreign exchange rates, and price and currency index, all consistent with prices adopted during the year.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a *pro rata die* basis on an accrual basis until the date of maturity or final sale, according to the exponential or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

f) Derivative financial instruments

Derivative financial instruments are adjusted to market value at each monthly trial balance and balance sheet date. Increases or decreases in value are recorded in income or expense accounts of the respective financial instruments.

The mark-to-market methodology used for derivative financial instruments was established following consistent and verifiable criteria, which consider the average price of trading on the date of calculation or, if not available, pricing models that estimate the expected net realizable value.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in financial asset or liability market values are considered hedge instruments and are classified according to their nature:

Market Risk Hedge - increases or decreases in value of the financial instruments, as well as of the hedged item, are recorded in income/expenses accounts for the period; and

Cash Flow Hedge - the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category are recorded, net of tax effects, in Accumulated Other Comprehensive Income in Stockholders' Equity. The effective amount is that in which the variation of the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for the hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in the statement of income/expenses for the period.

g) Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

Loans, leases, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration market conditions, past experience and specific risks in relation to the operation, to borrowers and guarantors, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic analyses of the portfolio and its classification into nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of operations more than 15 days overdue as non-performing.

Income from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as income when effectively received.

Operations classified at level H, which remain in this classification for 180 days, are written off against the existing allowance.

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. The renegotiations of loans already written off against the allowance are rated as H level and any gains from renegotiation are recognized as income when effectively received.

Allowance for loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforementioned CMN Resolution 2,682/1999 (Note 10.e).

h) Taxes

Taxes are calculated based on the rates shown in the table below:

Taxes	Rate
Income Tax (15% + additional 10%)	25%
Social Contribution on Net Income (CSLL) (1)	15%
Social Integration Program/Public servant fund program (PIS/Pasep) (2)	0.65%
Contribution to Social Security Financing – (Cofins) (2)	4%
Tax on services of any kind – (ISSQN)	Up to 5%

(1) Rate applied to financial companies and to non-financial companies in the areas of insurance, private pension plans and capitalization. For others non-financial companies, the CSLL rate is 9%.

(2) For non-financial firms that have opted for the non-cumulative regime of calculation, the PIS/PASEP rate is 1.65% and the Cofins rate is 7.6%.

Deferred tax assets (tax credits) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. For recording, maintaining, and writing off tax credits the Bank follows the established criteria by CMN Resolution 3,059/2002, and amended by CMN Resolution 3,355/2006 and 3,655/2008, and they are supported by a study of their realizability.

i) Prepaid expenses

These expenses refer to the application of payments made in advance, for which the benefits or the services will occur in subsequent periods. Prepaid expenses are recorded at cost and amortized as incurred.

j) Permanent assets

Investments: investments in subsidiaries and associated companies in which the Bank has significant influence or an ownership interest of 20% or more of the voting shares, and in other companies which are part of a group or are under common control are accounted for by the equity method based on the stockholders' equity of the subsidiary or associated company.

Goodwill, the premium paid over the book value of the investment acquired due a future profitability expectation, is based on financial economic evaluations which substantiate the purchase price of the business and is amortized based on annual income projections of those evaluations. Goodwill is tested for impairment annually.

The statements of the branches and subsidiaries abroad are adapted to the prevailing accounting criteria in Brazil and translated into Brazilian Reais using current exchange rates, in conformity with Bacen Circulars 2,397/1993 and 2,571/1995, and their impacts are recorded in the statement of income for the period.

Other permanent investments are valued at acquisition cost, less allowance for impairment losses, as applicable.

Property and equipment: property and equipment are stated at cost less depreciation, calculated using the straight-line method at the following annual rates: buildings and improvements - 4%; vehicles - 20%; data processing systems - 20% and others - 10% (Note 15).

Deferred: deferred assets are recorded at cost of acquisition or formation, net of accrued amortization. They are composed mainly of restructuring costs, and the expenditures, up to 09.30.2008, with third party properties, as a result of opening branches, which are amortized according to rates based on rental terms, as well as expenditures on the acquisition and development of information systems, which are amortized at 20% per annum (p.a.).

Intangible: intangible assets consist of rights that have as their object intangible assets intended for the maintenance of the company or that are exercised for that purpose, including acquired goodwill.

An asset meets the criteria for identification as an intangible asset, when it is separable, i.e, it can be separated from the entity and sold, transferred or licensed, rented or exchanged, individually or jointly

with a contract, related assets or liabilities, regardless of the intention for use by the entity; or results from contractual rights or other legal rights, regardless of whether these rights are transferable or separable from the entity or other rights and obligations.

The intangible assets have finite useful lives and compromises disbursements for the acquisition of: (i) rights to provide banking services (rights to managing payrolls), amortized over the terms of contracts; (ii) software, amortized on a straight-line basis at a rate of 20% per year from the date it is available for use; and (3) in the right to use the Banco Postal network (included in Other Intangible Assets), which is amortized according to the contractual period. Intangible assets are adjusted by allowance for impairment losses, if applicable (Note 16). The amortization of intangible assets is recorded in Other Administrative Expenses account.

k) Impairment of non-financial assets

At the end of each reporting period, the Bank assesses whether there is any indication that a non-financial asset may be impaired based on internal and external sources of information. If there is an indication that an asset may be impaired, the Bank estimates the recoverable amount of the asset. The recoverable amount of the asset is the higher of: i) its fair value less costs to sell it; and ii) its value in use.

The Bank tests, at least annually, the recoverable amount of intangible assets not yet available for use and goodwill on acquisition of investments, regardless whether there is an indication of impairment or not. This test can be applied any time during the year, provided it is performed at the same period every year.

If the recoverable amount of the asset is less than its carrying amount, the asset's carrying amount is reduced to its recoverable amount through a provision for impairment, which is recognized in the Income Statement.

Methodologies in assessing the recoverable amount of the main non-financial assets:

Property and Equipment in Use:

Land and buildings - in determining the recoverable amount of land and buildings, technical assessments are carried out in accordance with the rules of the Brazilian Association of Technical Standards - ABNT.

Data processing systems - in determining the recoverability, the market value is considered, if it is available, or the recoverable value for use in the operations of the Bank. Otherwise the calculation considers the projection of cash flows arising from the use of each asset during its useful life, discounted to present value based on the rate of the Interbank Deposit Certificate - CDI.

Other assets - although they are subject to impairment testing, other assets have little value individually and, given the cost-effectiveness, the Bank does not assess the recoverable value of these items individually. However, the Bank conducts inventory each year, and lost or damaged goods are properly derecognized.

Investments and Goodwill on acquisition of investments

The methodology for calculating the recoverable amount of goodwill and investments for future profitability consists of measuring the expected result of the investment using discounted cash flow (DCF). To measure this result, the assumptions made are based on (i) operational projections, results and investment plans, (ii) macroeconomic scenarios developed by the Bank, and (iii) internal methodology for calculating the cost of capital based on the Capital Asset Pricing Model - CAPM.

Specifically in the acquisition of Banco Nossa Caixa, which was merged into the Banco do Brasil in November 2009, the methodology is to compare the goodwill paid, less the accumulated amortization, with the present value of the results of the Bank designed for the State of São Paulo, minus assets with finite lives. The projections are based initially on results and progress based on growth assumptions of profitability for Banco do Brasil and they are discounted using the cost of capital rate, which is calculated using an internal methodology based on the Capital Asset Pricing Model – CAPM.

Intangible

Rights to Managing Payrolls - The model for assessing the recoverable amount of the rights to managing payroll involves monitoring contracts performance, that are calculated from the contribution margins of customer relationship related to each contract in order to check if the projections that

justified the acquisition of assets match the observed performance. For the contracts that do not achieve the expected performance levels, a provision for impairment loss is recognized.

Software - Software, substantially developed by the Bank in accordance with its needs constantly receive investments for modernization and adaptation to new technologies and business requirements. Considering that there are no similar products on the market and considering the high cost to deploy metrics that allow calculation of its value in use, the impairment test for software evaluates its usefulness to the company so that when software is retired, its value is derecognized.

Other Intangible Assets - Right to use the Banco Postal network - The methodology to evaluate the recoverable amount of the right to use the network of the Banco Postal involves the calculation of the present value of income flows from operations contracted through Banco Postal, that are projected based on realized values and assumptions defined in the business plan, and are discounted based on the weighted average cost of capital (WACC).

The losses recorded on the result to adjust the recoverable value of these assets, if any, are stated in the respective notes.

l) Employee benefits

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by CVM Resolution 600/2009 (Note 27). As of 06.30.2010, the evaluations are performed twice a year and not per year as on 12.31.2009.

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either partially or fully on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to record a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or refundable in future.

The portion of actuarial gains or losses recognized in income of the Bank corresponds to the excess of the Bank that did not fit in the corridor divided by the average remaining working time of the employees who participate in the plan. The corridor is the greater of:

1- 10% of the total actuarial obligation present value of the defined benefit, and
2- 10% of the fair value of plan assets.

The Bank, as permitted by CVM Resolution 600/2009, adopted the procedure of recognizing actuarial gains/losses in the period in which the service was performed.

Contributions to be paid by the Bank to medical assistance plans in some cases will endure after the employee’s retirement. Therefore, the Banks obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period when the plan participants and beneficiaries will be linked to the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

The actuarial asset recognized in the balance sheet (Note 27) refers to the actuarial gains and its implementation must occur by the end of the plan. There may be partial completion of actuarial assets, conditioned upon satisfying the requirements of the Supplementary Law 109/2001 and Resolution CGPC 26/2008.

m) Deposits and Securities Sold Under Repurchase Agreements

Deposits and securities sold under repurchase agreements are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily *pro rata die* basis.

n) Operations related to insurance, pension plan and capitalization activities

Statement of Income/Expenses

Insurance premiums and selling expenses are recorded upon the issuance of policies or billings and are recognized in income/expenses, according to the elapsed coverage period. Revenues from premiums and the corresponding selling expenses, related to present risks without the issuing of respective policies are recognized in the statement of income/expenses based on estimates.

Income from insurance premiums of unelapsed risks is deferred for the validity period of the insurance policies, by means of the formation of provision for unearned premiums, based on the earned premiums issued.

Accepted coinsurance, retrocession and Dpvat convention (Personal injuries caused by motor vehicles) operations are recorded based on information received from similar companies, IRB Brasil Resseguros S.A. and the Seguradora Lider - Dpvat, respectively.

The revenue from pension plans, life insurance plans with living benefits and capitalization plans are recognized in the statement of income when effectively received, as a contra-entry to the recognition of technical provisions, except the revenue to cover risks in cases of combined pension plans, which must be recognized by the duration of the risk, regardless of its receipt. The selling costs are deferred on the issuing of the contract or policy and allocated to income/expenses on a straight-line basis, over the average estimated period for their recovery, except the ones related to capitalization.

Other income and expenses are determined on the accrual basis of accounting.

Technical Provisions

Rules and procedures for the formation of technical provisions are regulated by the Resolution 162/2006 of the National Council of Private Insurance (CNSP) and Resolutions n^{o} 181/2007, n^{o} 195/2008 and n^{o} 204/2009 of CNSP.

Insurance

Provision for Unearned Premiums (PUP) is constituted (i) to cover the loss claims that might occur considering compensations and expenses related to risks on the date of calculation and (ii) to record the installments of premiums that will be allocated to income during the term of insurance policies, calculated on a *pro rata die* basis, using the start date and the insured risk expiry date as base.

Provision for Unearned Premiums for Present Risks but Not Yet Issued (PUP-PRNI) represents the adjustment for the Provision for Unearned Premiums given the existence of assumed risks, whose policy has not been formally issued. It is calculated using a methodology based on construction of triangles of "run-off", which considers the time period between the start date of the effectiveness of the risk and the date of the issuance of the policy on a retrospective basis, in the period of 24 months.

Provision for Premium Deficiency (PPD) represents the need for coverage of possible deficiencies of the provisions of premiums, to cover future obligations related to insurance contracts.

Provision for Unsettled Loss Claims (PULC) represents the estimate of probable payments of reinsurance compensation, net of ceded coinsurance recoveries, determined based on claims notices received up to the reporting date. The PULC includes allowance for claims under litigation, determined according to criteria defined and documented in the Actuarial Technical Note. The provisioned values are monetarily restarted including the estimated costs to be incurred with costs of loss of suit.

Provision for Claims Incurred but not Reported (IBNR) represents the amount expected of claims incurred but not reported until the base date of the financial statements. It is calculated using an actuarial method which determines the best estimate based on the history of each business branch in relation to claims incurred but not reported and as defined in each Actuarial Technical Note.

Premium Complementary Provision (PCP) has as object to maintain the company protected in monthly transitions, keeping the amount of the technical premium provisions (PUP and PUP-PRNI) higher than or equal to the daily average of the month of calculation. It is calculated to complement the PUP, the value of PCP is the positive difference between the daily average PUP and the PUP on the last day of the month. In this calculation, all the current risks must be considered, issued or not.

Pension plan

Mathematical Provision for Future Benefit Payments represents the sum of the premiums and contributions transferred by the participants, net of the loading rate, plus the financial income earned

from the investments of the resources. This provision refers to participants whose perception of the benefits has not yet started.

Provision for benefits granted refers to those already receiving the benefits.

Provisions for a Deficiency in Contributions and in Premiums are formed to meet the possible adverse changes in the technical risks made in the mathematical provisions of benefits granted and to be granted, resulting from the trend for a higher survival rate of participants and the calculation is made using the Mitigated AT 2000 Male/Female mortality table and related assumptions, considering all the effective plans.

Provision for Financial Fluctuation is formed to account for the potential impacts of unfavorable variations in future rates of funds earmarked for the payment of benefits and redemptions to participants, considering the minimum remuneration guaranteed in existing contracts.

Provision of Benefits to Settle (PBAR) corresponds to the total value of annuities and income earned, not paid as a result of incurred events, including the updating of appropriate value, and the estimated values relating to lawsuits and the outcomes of final judgment.

Capitalization

Mathematical Reserve for Redemption is calculated on the face value of the notes, restated based on actuarial technical notes approved by Susep.

Provisions for Redemption of Overdue and Prepaid Notes are recorded at the values of the notes with finalized and rescinded capitalization periods, restated in the period between the date of the right to redemption and effective settlement.

Provision for Unrealized Draws for Premiums are calculated on the face value of the notes, based on actuarial technical notes approved by Susep. The write-off of the provision for unrealized draws for premiums is recorded by the amount equivalent to the lapsed risk, i.e., the balance of provision for unrealized draws for premiums represents the defrayed amounts of premiums draws not yet executed.

Provision for Draws for Premiums Payable is formed at the amounts of the notes payable from draws for premiums restated for the period between the date of the draw and the effective settlement.

Liability adequacy test – LAT

The Bank conducts the liability adequacy test, according to Circular Susep 457/2012, for the insurance, reinsurance and pension plan operations. This test is performed semiannually to check the adequacy of provisions, and uses current estimations of contracts' future cash flows.

The methodology takes into account the best estimation of all future cash flows, considering premises of cancellation, claim, longevity, annuitization, other expenses related to the operations, and business revenues.

Cash flows are discounted to present value, according to the Term Structure of the Interest Rates - ETTJ published by Susep, as the respective guarantees provided on the effective contracts.

The test related to the baseline date 12.31.2012 has shown no insufficiency in any of the groups of insurance, reinsurance and private pension plan contracts.

o) Contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are made in accordance with the criteria defined by CPC 25 – Provisions, Contingent Assets and Contingent Liabilities, approved by CMN Resolution 3,823/2009 (Note 28).

Contingent assets are only recognized in the financial statements upon the existence of evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisor and Management, the risk of loss of legal or administrative proceedings is considered probable, with a probable outflow of financial resource for the settlement of the obligation and when the amounts involved are measurable with sufficient assurance, being quantified when judicial noticed and revised monthly as follows:

Aggregated – cases that are similar and recurring in nature and whose values are not considered relevant. Provisions are based on statistical data for groups of cases, type of judicial body (Special Civil Court or Common Court) and plaintiff. For labor claims, provisions are based on the average payments for cases closed in the last 24 months, adjusted for the change in the National Wide Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo or IPCA). For civil claims, provisions are based on the average payments for cases closed in the last 24 months, and for those related to economic plans, provisions are based on the average payments made in the last 24 months.

Individual – cases considered unusual or whose value is considered relevant by our legal counsel. Provisions are based on: the amount claimed; probability of an unfavorable decision; evidence presented; evaluation of legal precedents; other facts raised during the process; judicial decisions made during the course of the case; and the classification and the risk of loss of legal actions.

Contingent liabilities, individually measured, considered as possible losses are not recognized in the balance sheet and only need to be disclosed in the notes to the financial statements, while those classified as remote do not require provisioning or disclosure.

Legal obligations (fiscal and social security) are derived from tax obligations provided in the legislation, regardless of the probability of success of lawsuits in progress, which have their amounts recognized in full in the financial statements.

p) Funding Expenses

Expenses related to funding transactions involving the issuance of securities are capitalized and presented as reduction of the corresponding liability. The expenses are recognized in the income statement over the term of the transaction.

q) Other Assets and Liabilities

Assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations on a daily *pro rata die* basis, and allowance for losses, when deemed appropriate. Liabilities comprise known or measurable amounts, including related charges and monetary and exchange variations on a daily *pro rata die* basis.

r) Earnings per share

The disclosure of earnings per share is done according to the criteria defined in Resolution CVM 636/2010. The Bank's basic earnings per share were calculated by dividing the net profit attributable to stockholders by the weighted average number of total shares, excluding treasury shares (Note 24.e).

s) Recently issued accounting statements

Through Resolution 695/2012, dated 12.13.2012, the CVM adopted the CPC 33 (R1). The main changes are: i) elimination of the corridor method; ii) actuarial gains and losses are now entirely recognized as actuarial assets or liabilities, and creating a corresponding credit or debit in a stockholder's equity account, called Accumulated Other Comprehensive Income. The measurements of the net value of the actuarial asset or liability which are recognized against adjustments to equity valuation should not be reclassified to income statement in the following period; iii) the financial expense/income of the plan is now recognized at its net value based on the discount rate; iv) new disclosure requirements are included in the financial statements and v) the standard must be applied retrospectively in accordance with CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors.

The adoption of this standard is applied for fiscal years beginning on or after 01.01.2013.

Had the standard been effective on 12.31.2012, it would have impacted the financial statements as follows:

R$ thousand

	Plano 1 - Previ	Plano Informal - Previ	Plano de Associados - Cassi	Other Plans	Total
Increase/(decrease) in actuarial assets	(4,441,209)	--	--	23,649	(4,417,560)
(Increase)decrease in deferred tax liabilities	1,900,393	--	--	(10,119)	1,890,274
(Increase) in actuarial liabilities	--	(109,101)	(2,577,272)	(719,062)	(3,405,435)
Increase in deferred tax assets	--	43,640	1,030,909	287,625	1,362,174
Effect in Shareholders' Equity	**(2,540,816)**	**(65,461)**	**(1,546,363)**	**(417,907)**	**(4,570,547)**

5 – Information by Segment

The information by segment was compiled with a basis on the reports used by Management in the appraisal of the segment's performance, decision making regarding the allocation of funds for investment and other purposes, the regulatory environment and the similarities between goods and services.

The operations of Banco do Brasil are basically divided into five segments: banking, investments, fund management, insurance (insurance, pension and capitalization) and payment methods. In addition, the Bank participates in other business activities, such as consortium and operating support, that were aggregated in "Other Segments".

Intersegment transactions are conducted under normal market conditions, substantially under the terms and conditions for comparable transactions, including interest rates and collateral. These transactions do not involve abnormal payment risks.

a) Banking Segment

Responsible for the most significant portion of Banco do Brasil results, predominantly from operations in Brazil, this segment involves a large diversity of products and services, such as deposits, loans and services that are made available to customers by means of a wide variety of distribution channels, located in the country and abroad.

The operations of the banking segment include business with the retail, wholesale and government markets, carried out by network and customer service teams, and business with micro-entrepreneurs and the informal sector, performed through banking correspondents.

b) Investments Segment

In this segment, deals are performed in the domestic capital market, with activity in the intermediation and distribution of debts in the primary and secondary markets, as well as equity interest and the rendering of financial services.

The operations income of the segment is obtained by means of revenues accrued in investments in securities minus expenses with funding to third parties. The existing equity interests are concentrated at associated and subsidiary companies. Financial service fee income results from economic/financial advisory services, underwriting, fixed and variable income.

c) Segment of Fund Management

Responsible for operations inherent to the purchase, sale and custody of securities, portfolio management, institution, organization and management of investment funds and clubs. Revenues mainly derived from commissions and management fees charged to investors for services rendered.

d) Segment of Insurance, Private Pension Plan, and Capitalization

In this segment, products and services offered are related to life, property and automobile insurance, complementary private pension plans and capitalization plans.

Income is derived mainly from revenues from insurance premiums issued, contributions for private pension plans, capitalization bonds and investments in securities, net of commercialization expenses, technical provisions and expenses related to benefits and redemptions.

e) Segment of Payment Methods

Such segment is responsible for funding, transmission, processing services and financial settlement of operations in electronic means.

Revenues are derived mainly from commissions and management fees charged to commercial and banking establishments for the services rendered described in the previous paragraph, as well as income from rent, installation and maintenance of electronic terminals.

f) Other segments

Other segments comprise the operational support and consortium segments, which have not been aggregated as they are not individually significant.

Their revenues are originated mainly from rendering services not covered in previous segments, such as: credit recovery, consortium administration, development, manufacture, commercialization, rent and integration of digital electronic systems and equipment, peripherals, programs, inputs and computing supplies, intermediation of air tickets, lodging and organization of events.

R$ thousand

BB-Consolidated	2nd Half 2012							
	Banking	Investment	Fund Management	Insurance and Related	Payment methods	Other Segments	Intersegment transactions	Total
Income	**63,536,553**	**653,748**	**625,695**	**3,306,771**	**1,367,145**	**814,852**	**(1,147,442)**	**69,157,322**
Income from loans and leases	33,652,876	--	--	--	--	--	(144,690)	33,508,186
Income from operations with securities and derivative financial instruments	12,074,990	139,286	31,096	41,045	149,432	11,456	(182,912)	12,264,393
Income from exchange operations and Compulsory	2,788,115	--	--	--	(9)	11	(11)	2,788,106
Financial results from insurance operations, pension plans and capitalization	--	--	--	1,421,332	--	--	30,989	1,452,321
Income from service fees	5,077,749	277,651	410,820	542,766	1,191,410	543,035	(668,539)	7,374,892
Income from tariffs, rates and commissions	3,193,601	16,562	178,531	--	--	--	--	3,388,694
Equity in the earnings/(loss) of subsidiary and associated companies	(95,427)	11,103	--	--	--	--	--	(84,324)
Results from Insurance, Pension Plan and Capitalization Operations	--	--	--	1,228,193	--	--	(3,360)	1,224,833
Other Income	6,844,649	209,146	5,248	73,435	26,312	260,350	(178,919)	7,240,221
Expenses	**(55,944,069)**	**(378,476)**	**(111,202)**	**(2,182,238)**	**(767,925)**	**(704,712)**	**1,041,112**	**(59,047,510)**
Expenses of Market funding	(24,225,997)	(106,917)	--	--	(1,222)	(15,310)	184,832	(24,164,614)
Loans, assignments, transfers and leases	(3,173,084)	--	--	--	(15)	(38)	--	(3,173,137)
Allowance for loan losses	(6,938,015)	367	(6)	--	13	(18)	--	(6,937,659)
Interest and inflation adjustment of technical reserves	--	--	--	(1,077,102)	--	--	--	(1,077,102)
Personnel Expenses	(8,166,040)	(26,412)	(29,933)	(185,222)	(82,294)	(102,728)	3,028	(8,589,601)
Other administrative expenses	(6,168,127)	(71,228)	(13,437)	(500,905)	(125,680)	(98,636)	635,287	(6,342,726)
Depreciation	(396,983)	(1,306)	--	(7,370)	(8,753)	(3,497)	--	(417,909)
Amortization of deferred	(133,252)	--	--	(13,547)	(4,147)	(1,548)	--	(152,494)
Amortization of intangible assets	(1,166,996)	(3)	--	--	(170)	(50)	--	(1,167,219)
Operations of Sale or Transfer of Financial Assets	(37,290)	--	--	--	--	--	--	(37,290)
Revenues / (Expenses) from impairment	2,026	--	--	--	(1,203)	--	--	823
Other expenses[1]	(5,540,311)	(172,977)	(67,826)	(398,092)	(544,454)	(482,887)	217,965	(6,988,582)
Profit before tax and profit sharing[2]	**7,592,484**	**275,272**	**514,493**	**1,124,533**	**599,220**	**110,140**	**(106,330)**	**10,109,812**
Income tax and social contribution[3]	(1,513,045)	(54,770)	(205,092)	(386,976)	(201,955)	(31,167)	45,079	(2,347,926)
Profit sharing	(963,033)	--	(259)	(16,584)	(1,084)	(4,628)	--	(985,588)
Non-controlling interest)	(81,292)	--	--	--	--	(2)	--	(81,294)
Net Income[4]	**5,035,114**	**220,502**	**309,142**	**720,973**	**396,181**	**74,343**	**(61,251)**	**6,695,004**
Balance Sheets								
Assets	1,084,778,159	6,180,755	921,453	69,427,954	4,654,755	4,095,177	(19,572,066)	1,150,486,189
Investment in subsidiaries and associate companies	12,689,935	2,559,159	72	522,588	--	--	(9,597,139)	6,174,615
Liabilities	1,018,427,232	3,502,307	789,959	64,755,850	3,707,762	1,577,854	(8,344,742)	1,084,416,224

(1) According to Banco Central do Brasil standards, since January 2011, the goodwill amortization is recognized (note 14.c). In the semester, R$ 67,128 thousand were amortized in the segments of Insurance, Pension Plans and Capitalization.

(2) In Intersegment transactions, the amount of R$ 106,330 thousand refers to the elimination of unrealized results, as follows: R$ 103,000 thousand related to Ativos S.A. and R$ 3,330 thousand from Cobra Tecnologia.

(3) In BB-Consolidated, the amount of R$ 45,079 thousand (highlighted in intersegment transactions), related to the tax credit on unrealized results.

(4) In intersegment transactions, the amount of R$ 61,251 thousand, refers to the elimination of unrealized gains net of tax effects.

R$ thousand

BB-Consolidated	2012							
	Banking	Investment	Fund Management	Insurance and Related	Payment methods	Other segments	Intersegment transactions	Total
Income	**129,810,332**	**1,165,787**	**1,250,870**	**6,414,990**	**2,533,195**	**1,553,089**	**(2,134,762)**	**140,593,501**
Income from loans and leases	68,498,146	--	--	--	--	--	(242,886)	68,255,260
Income from operations with securities and derivative financial instruments	26,285,618	218,692	57,423	72,423	288,461	23,556	(398,610)	26,547,563
Income from exchange operations and Compulsory	6,072,385	--	--	--	(115)	(10)	(22)	6,072,238
Financial results from insurance operations, pension plans and capitalization	--	--	--	2,829,919	--	--	56,891	2,886,810
Income from service fees	10,102,472	507,699	815,613	998,288	2,197,747	1,033,561	(1,169,829)	14,485,551
Income from tariffs, rates and commissions	6,187,671	33,353	364,590	--	--	--	--	6,585,614
Equity in the earnings/(loss) of subsidiary and associated companies	230,212	32,393	--	998	--	--	--	263,603
Results from Insurance, Pension Plan and Capitalization Operations	--	--	--	2,361,964	--	--	(12,851)	2,349,113
Other Income	12,433,828	373,650	13,244	151,398	47,102	495,982	(367,455)	13,147,749
Expenses	**(116,178,034)**	**(726,372)**	**(215,422)**	**(4,318,896)**	**(1,364,703)**	**(1,301,663)**	**1,948,333**	**(122,156,757)**
Expenses of Market funding	(51,230,961)	(255,303)	--	--	(1,222)	(33,441)	408,795	(51,112,132)
Loans, assignments, transfers and leases	(8,901,417)	--	--	--	(31)	(73)	--	(8,901,521)
Allowance for loan losses	(13,873,844)	356	551	--	(64)	1,133	--	(13,871,868)
Interest and inflation adjustment of technical reserves	--	--	--	(2,132,244)	--	--	--	(2,132,244)
Personnel Expenses	(15,709,857)	(50,089)	(57,970)	(354,273)	(135,452)	(201,587)	5,785	(16,503,443)
Other administrative expenses	(12,218,571)	(98,902)	(24,912)	(964,112)	(214,592)	(205,890)	1,223,199	(12,503,780)
Depreciation	(924,750)	(2,613)	--	(14,611)	(13,886)	(6,944)	--	(962,804)
Amortization of deferred	(173,456)	--	--	(23,359)	(5,097)	(3,634)	--	(205,546)
Amortization of intangible assets	(2,336,780)	(8)	--	--	(3,914)	(120)	--	(2,340,822)
Operations of Sale or Transfer of Financial Assets	(37,290)	--	--	--	--	--	--	(37,290)
Revenues / (Expenses) from impairment	2,117	--	--	--	(6,291)	--	--	(4,174)
Other expenses[1]	(10,773,225)	(319,813)	(133,091)	(830,297)	(984,154)	(851,107)	310,554	(13,581,133)
Profit before tax and profit sharing[2]	**13,632,298**	**439,415**	**1,035,448**	**2,096,094**	**1,168,492**	**251,426**	**(186,429)**	**18,436,744**
Income tax and social contribution[3]	(2,595,261)	(84,581)	(417,468)	(752,462)	(397,558)	(72,608)	79,354	(4,240,584)
Profit sharing	(1,776,606)	--	(505)	(36,634)	(1,894)	(19,623)	--	(1,835,262)
Non-controlling interest	(156,050)	--	--	--	--	272	--	(155,778)
Net Income[4]	**9,104,381**	**354,834**	**617,475**	**1,306,998**	**769,040**	**159,467**	**(107,075)**	**12,205,120**
Balance Sheets								
Assets	1,084,778,159	6,180,755	921,453	69,427,954	4,654,755	4,095,177	(19,572,066)	1,150,486,189
Investment in subsidiaries and associate companies	12,689,935	2,559,159	72	522,588	--	--	(9,597,139)	6,174,615
Liabilities	1,018,427,232	3,502,307	789,959	64,755,850	3,707,762	1,577,854	(8,344,742)	1,084,416,224

(1) According to Banco Central do Brasil standards, since January 2011, the goodwill amortization is recognized (note 14.c). In 2012, R$ 160,504 thousand were amortized in the segment of Insurance, Pension Plans and Capitalization.

(2) In Intersegment transactions, the amount of R$ 186,429 thousand refers to the elimination of unrealized results, as follows: R$ 183,099 thousand related Ativos S.A. and R$ 3,330 thousand from Cobra Tecnologia.

(3) In BB-Consolidated, the amount of R$ 79,354 thousand (highlighted in intersegment transactions), related to the tax credit on unrealized results, was recorded as assets.

(4) In intersegment transactions, the amount of R$ 107,075 thousand, refers to the elimination of unrealized gains net of tax effects.

R$ thousand

BB-Consolidated	2011							
	Banking	Investment	Fund Management	Insurance and Related	Payment methods	Other segments	Intersegment transactions	Total
Income	**128,222,668**	**1,240,772**	**1,151,629**	**5,341,223**	**2,050,591**	**1,429,425**	**(2,311,930)**	**137,124,378**
Income from loans and leases	64,458,664	300	--	--	--	--	(212,096)	64,246,868
Income from operations with securities and derivative financial instruments	29,301,292	273,856	87,223	44,319	228,996	27,407	(575,451)	29,387,642
Income from exchange operations and Compulsory	6,857,220	--	--	--	(66)	(64)	7	6,857,097
Financial results from insurance operations, pension plans and capitalization	--	--	--	2,404,644	--	--	59,163	2,463,807
Income from service fees	9,042,305	373,072	891,180	495,767	1,739,525	980,614	(1,051,657)	12,470,806
Income from tariffs, rates and commissions	5,579,578	34,399	156,793	--	--	--	--	5,770,770
Equity in the earnings/(loss) of subsidiary and associated companies	436,007	20,631	490	(2,249)	--	--	--	454,879
Results from Insurance, Pension Plan and Capitalization Operations	--	--	--	2,237,199	--	--	27,778	2,264,977
Other Income	12,757,148	538,514	15,943	161,543	82,136	421,468	(559,674)	13,417,078
Expenses	**(113,730,369)**	**(794,750)**	**(220,901)**	**(3,759,638)**	**(1,128,120)**	**(1,067,861)**	**2,099,834**	**(118,601,805)**
Expenses of Market funding	(54,430,764)	(382,356)	--	--	--	(44,033)	487,636	(54,369,517)
Loans, assignments, transfers and leases	(8,842,864)	--	--	--	(83)	(122)	--	(8,843,069)
Allowance for loan losses	(11,976,368)	(15)	(104)	--	91	1,305	--	(11,975,091)
Interest and inflation adjustment of technical reserves	--	--	--	(1,660,831)	--	--	--	(1,660,831)
Personnel Expenses	(14,272,512)	(45,133)	(52,581)	(267,576)	(96,446)	(184,612)	6,285	(14,912,575)
Other administrative expenses	(9,771,831)	(55,205)	(24,138)	(968,267)	(219,490)	(208,853)	1,168,966	(10,078,818)
Depreciation	(948,365)	(2,427)	--	(11,736)	(11,192)	(6,590)	--	(980,310)
Amortization of deferred	(119,974)	--	--	(22,514)	(2,406)	(5,045)	--	(149,939)
Amortization of intangible assets	(2,213,194)	--	--	--	--	(159)	--	(2,213,353)
Revenues / (Expenses) from impairment	3,119	--	--	--	(160)	--	--	2,959
Other expenses[1]	(11,157,616)	(309,614)	(144,078)	(828,714)	(798,434)	(619,752)	436,947	(13,421,261)
Profit before tax profit sharing[2]	**14,701,845**	**446,022**	**930,728**	**1,581,585**	**922,471**	**361,564**	**(212,096)**	**18,732,119**
Income tax and social contribution[3]	(3,382,131)	(66,818)	(370,866)	(566,901)	(305,956)	(120,539)	90,756	(4,722,455)
Profit sharing	(1,740,848)	(21)	(432)	(22,793)	(1,534)	(24,915)	--	(1,790,543)
Non-controlling interest	(93,133)	--	--	--	--	2	--	(93,131)
Net Income[4]	**9,485,733**	**379,183**	**559,430**	**991,891**	**614,981**	**216,112**	**(121,340)**	**12,125,990**
Balance Sheets								
Assets	931,760,537	7,034,312	1,073,470	52,216,493	2,997,253	4,491,293	(18,343,451)	981,229,907
Investment in subsidiaries and associate companies	11,289,612	3,681,638	68	484,240	--	--	(8,617,573)	6,837,985
Liabilities	873,167,951	3,832,020	947,641	48,293,129	2,368,896	1,984,794	(7,780,894)	922,813,537

(1) According to Banco Central do Brasil standards, since January 2011, the goodwill amortization is recognized (note 14.c). The goodwill amortization in the amount of R$ 188,879 thousand was recognized in 2011 in the segment of Insurance, Pension Plans and Capitalization.

(2) In Intersegment transactions, the amount of R$ 212,096 thousand refers to the elimination of unrealized results to Ativos S.A.

(3) In BB-Consolidated, the amount of R$ 90,756 thousand (highlighted in intersegment transactions), related to the tax credit on unrealized results, was recorded as assets.

(4) In intersegment transactions, the amount of R$ 121,340 thousand, refers to the elimination of unrealized gains net of tax effects.

6 – Cash and Cash Equivalents

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Cash and Cash Equivalents	**11,189,103**	**9,227,217**	**12,310,731**	**10,034,370**
Local currency	7,911,931	7,907,973	8,713,507	8,462,693
Foreign currency	3,277,172	1,319,244	3,577,404	1,554,778
Investments in gold	--	--	19,820	16,899
Interbank Investments (1)	**46,995,321**	**33,650,878**	**45,495,087**	**33,817,769**
Open market investments – sales pending settlement – held position	16,228,931	9,486,246	20,760,206	10,051,955
Interbank deposits	30,766,390	22,786,426	24,517,998	22,259,298
Foreign currency	--	1,378,206	216,883	1,506,516
Total Cash and Cash Equivalents	**58,184,424**	**42,878,095**	**57,805,818**	**43,852,139**

(1) Investments whose maturity is less than or equal to 90 days.

7 – Short-term Interbank Investments

a) Breakdown

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Open Market Investments	**181,893,599**	**132,234,087**	**189,513,953**	**139,032,202**
Sales Pending Settlement – Own Resources	**16,228,931**	**9,486,246**	**22,009,970**	**13,543,025**
Treasury Financial Bills	--	286	3,145,040	704,394
National Treasury Bills	11,352,573	1,651,681	12,692,699	2,870,134
National Treasury Notes	4,876,358	7,834,279	5,727,161	9,622,482
Other Securities	--	--	445,070	346,015
Sales Pending Settlement – Financed Position	**165,664,668**	**122,747,841**	**167,261,653**	**125,489,177**
Treasury Financial Bills	107,322,605	106,114,287	104,449,107	106,931,871
National Treasury Bills	44,809,832	15,766,156	48,362,285	17,590,708
National Treasury Notes	13,163,392	848,332	14,081,422	947,532
Other Securities	368,839	19,066	368,839	19,066
Sales Pending Settlement – Short Position	**--**	**--**	**242,330**	**--**
Federal Government bonds – National Treasury	--	--	242,330	--
Interbank Deposits	**60,415,198**	**45,338,862**	**29,809,481**	**27,255,604**
Total	**242,308,797**	**177,572,949**	**219,323,434**	**166,287,806**
Current assets	220,109,792	160,955,700	205,206,911	149,233,680
Non-current assets	22,199,005	16,617,249	14,116,523	17,054,126

b) Income from Short-term Interbank Investments

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half 2012	2012	2011	2nd half 2012	2012	2011
Income from Open Market Investment	**6,851,793**	**14,134,309**	**13,713,582**	**7,151,460**	**14,753,915**	**14,572,708**
Own resources	559,673	892,735	207,672	623,106	1,084,660	478,870
Financed position	6,292,120	13,241,574	13,505,910	6,521,329	13,652,899	14,003,370
Short position	--	--	--	7,025	16,356	90,468
Income from Investiments in Interbank Deposits	**962,906**	**1,887,440**	**1,392,409**	**225,664**	**504,605**	**546,255**
Total	**7,814,699**	**16,021,749**	**15,105,991**	**7,377,124**	**15,258,520**	**15,118,963**

8 – Securities and Derivative Financial Instruments

a) Securities

R$ thousand

Maturity in days	Banco do Brasil										
	12.31.2012								12.31.2011		
	Market Value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to Market	Cost	Market value	Mark to Market
1– Trading securities	**--**	**1,926,036**	**1,393,079**	**2,333,872**	**9,838,871**	**15,318,467**	**15,491,858**	**173,391**	**20,027,918**	**20,202,869**	**174,951**
Federal Government Bonds	**--**	**1,926,036**	**1,380,194**	**2,304,567**	**9,838,871**	**15,276,361**	**15,449,668**	**173,307**	**19,944,448**	**20,119,421**	**174,973**
Treasury financial bills	--	--	937,540	231,644	3,110,815	4,279,920	4,279,999	79	4,541,051	4,540,848	(203)
National treasury bills	--	262,472	442,654	2,072,923	6,138,837	8,769,437	8,916,886	147,449	8,147,166	8,277,711	130,545
National treasury notes	--	1,663,564	--	--	589,219	2,227,004	2,252,783	25,779	7,256,231	7,300,862	44,631
Corporate bonds	**--**	**--**	**12,885**	**29,305**	**--**	**42,106**	**42,190**	**84**	**83,470**	**83,448**	**(22)**
Debentures	--	--	12,885	29,305	--	42,106	42,190	84	82,979	82,956	(23)
Shares	--	--	--	--	--	--	--	--	491	492	1
2– Securities available for sale	**169,205**	**1,276,864**	**8,472,818**	**8,497,385**	**62,470,370**	**79,959,346**	**80,886,642**	**927,296**	**75,653,601**	**76,229,099**	**575,498**
Federal Government Bonds	**--**	**593,638**	**4,184,079**	**7,969,298**	**33,985,034**	**45,659,453**	**46,732,049**	**1,072,596**	**50,868,728**	**51,523,299**	**654,571**
Treasury financial bills	--	--	3,352,568	5,830,322	18,800,072	27,982,783	27,982,962	179	37,882,160	37,878,949	(3,211)
National treasury bills	--	364,900	831,205	1,115,774	4,264,142	6,569,061	6,576,021	6,960	3,947,646	3,941,706	(5,940)
National treasury notes	--	209,704	--	--	3,230,392	3,424,312	3,440,096	15,784	2,355,233	2,355,842	609
Agricultural debt securities	--	31	306	1,561	5,823	8,004	7,721	(283)	9,870	8,948	(922)
Brazilian foreign debt securities	--	--	--	--	3,792,818	2,927,616	3,792,818	865,202	2,740,420	3,312,955	572,535
Foreign Government bonds	--	19,003	--	1,021,641	3,300,731	4,191,926	4,341,375	149,449	3,598,264	3,697,663	99,399
Other	--	--	--	--	591,056	555,751	591,056	35,305	335,135	327,236	-7,899
Corporate bonds	**169,205**	**683,226**	**4,288,739**	**528,087**	**28,485,336**	**34,299,893**	**34,154,593**	**(145,300)**	**24,784,873**	**24,705,800**	**-79,073**
Debentures	--	--	2,059,194	30,553	23,411,101	25,498,378	25,500,848	2,470	18,083,554	18,156,296	72,742
Promissory notes	--	331,545	1,202,829	202,157	--	1,738,009	1,736,531	(1,478)	3,133,697	3,129,503	(4,194)
Credit Notes	--	--	--	--	--	--	--	--	20,308	20,179	(129)
Shares in investment funds	168,334	--	--	--	817,729	1,107,374	986,063	(121,311)	1,050,867	921,921	(128,946)
Shares	871	--	--	--	--	857	871	14	79	42	(37)
Rural Product Bills - Commodities	--	45,270	586,402	295,377	5,859	932,261	932,908	647	550,620	548,803	(1,817)
Certificate of deposit	--	306,411	408,473	--	--	714,642	714,884	242	646,514	646,815	301
Certificates of Agribusiness Credit Rights	--	--	--	--	43,856	43,082	43,856	774	--	--	--
Financial bills	--	--	--	--	1,966,732	2,100,316	1,966,732	(133,584)	--	--	--
Other	--	--	31,841	--	2,240,059	2,164,974	2,271,900	106,926	1,299,234	1,282,241	-16,993

R$ thousand

Maturity in days	Banco do Brasil										
	12.31.2012								12.31.2011		
	Market value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to Market	Cost	Market value	Mark to Market
3–Securities held to maturity	**--**	**--**	**59,468**	**3,980,058**	**388,912**	**4,534,365**	**4,428,438**	**(105,927)**	**7,911,771**	**7,743,430**	**(168,341)**
Federal Government Bonds	**--**	**--**	**59,468**	**3,980,058**	**211,120**	**4,245,359**	**4,250,646**	**5,287**	**7,610,557**	**7,615,908**	**5,351**
Treasury financial bills	--	--	--	3,980,058	142,806	4,123,983	4,122,864	(1,119)	7,469,498	7,466,589	(2,909)
National treasury notes	--	--	26,643	--	--	26,842	26,643	(199)	25,224	24,323	(901)
Brazilian foreign debt securities	--	--	32,825	--	68,314	94,534	101,139	6,605	115,835	124,996	9,161
Corporate bonds	**--**	**--**	**--**	**--**	**177,792**	**289,006**	**177,792**	**(111,214)**	**301,214**	**127,522**	**(173,692)**
Other	--	--	--	--	177,792	289,006	177,792	(111,214)	301,214	127,522	(173,692)
Total	**169,205**	**3,202,900**	**9,925,365**	**14,811,315**	**72,698,153**	**99,812,178**	**100,806,938**	**994,760**	**103,593,290**	**104,175,398**	**582,108**

R$ thousand

Maturity in days	Banco do Brasil										
	12.31.2012								12.31.2011		
	Market value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to Market	Cost	Market value	Mark to Market
Total by portfolio	**169,205**	**3,202,900**	**9,925,365**	**14,811,315**	**72,698,153**	**99,812,178**	**100,806,938**	**994,760**	**103,593,290**	**104,175,398**	**582,108**
Own portfolio	169,205	3,202,900	5,865,660	5,409,405	40,369,309	54,348,104	55,016,479	668,375	45,795,878	45,883,998	88,120
Subject to repurchase agreements	--	--	4,059,704	8,583,489	29,553,737	41,870,650	42,196,930	326,280	54,311,273	54,806,339	495,066
Deposits with the Banco Central do Brasil	--	--	--	16	51,443	51,490	51,459	(31)	47,490	47,422	(68)
Pledged in guarantee	--	--	1	818,405	2,723,664	3,541,934	3,542,070	136	3,438,649	3,437,639	(1,010)

R$ thousand

Maturity in years	Banco do Brasil								
	12.31.2012							12.31.2011	
	Market value					Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost	Market value	Cost	Market value
Total by category	**169,205**	**27,939,580**	**53,805,409**	**14,349,118**	**4,543,626**	**99,812,178**	**100,806,938**	**103,593,290**	**104,175,398**
1 – Trading securities	--	5,652,985	9,735,073	103,799	--	15,318,467	15,491,858	20,027,918	20,202,869
2 – Available for sale securities	169,205	18,247,069	43,846,607	14,242,758	4,381,004	79,959,346	80,886,642	75,653,601	76,229,099
3 – Held to maturity securities	--	4,039,526	223,729	2,561	162,622	4,534,365	4,428,438	7,911,771	7,743,430

R$ thousand

	Banco do Brasil					
	12.31.2012			12.31.2011		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	**37,949,042**	**62,963,823**	**100,912,865**	**38,042,296**	**66,301,443**	**104,343,739**
Own portfolio	21,520,600	33,602,337	55,122,937	21,749,007	24,302,592	46,051,599
Subject to repurchase agreements	15,598,409	26,597,913	42,196,322	16,208,777	38,598,302	54,807,079
Deposits with Banco Central do Brasil	16	51,443	51,459	16	47,406	47,422
Pledged in guarantee	830,017	2,712,130	3,542,147	84,496	3,353,143	3,437,639

R$ thousand

	Banco do Brasil			
	12.31.2012		12.31.2011	
Total by category				
1 – Trading securities	15,491,858	15%	20,202,869	19%
2 – Available for sale securities	80,886,642	80%	76,229,099	73%
3 – Held to maturity securities	4,534,365	5%	7,911,771	8%
Portfolio book value	**100,912,865**	**100%**	**104,343,739**	**100%**
Mark to market – held to maturity	(105,927)		(168,341)	
Portfolio market value	**100,806,938**		**104,175,398**	

R$ thousand

Maturity in days	BB-Consolidated										
	12.31.2012								12.31.2011		
	Market value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to Market	Cost	Market value	Mark to Market
1 - Trading securities	**4,499,617**	**7,750,681**	**6,755,559**	**4,567,766**	**51,137,694**	**72,401,254**	**74,711,317**	**2,310,063**	**61,652,443**	**63,257,425**	**1,604,982**
Federal Government Bonds	**121,024**	**6,556,796**	**5,778,747**	**3,767,328**	**40,787,004**	**54,950,295**	**57,010,899**	**2,060,604**	**47,821,152**	**48,771,949**	**950,797**
Treasury financial bills	--	385,938	3,190,016	591,874	6,689,617	10,859,168	10,857,445	(1,723)	11,124,859	11,126,040	1,181
National treasury bills	--	619,940	1,118,809	2,769,578	18,653,982	22,556,667	23,162,309	605,642	13,073,931	13,317,793	243,862
National treasury notes	--	2,696,347	1,342,708	--	14,728,714	17,322,364	18,767,769	1,445,405	19,582,402	20,059,523	477,121
Agricultural debt securities	--	87	825	1,087	122,457	124,457	124,456	(1)	230,447	230,933	486
Brazilian foreign debt securities	--	--	9,792	20,052	62,421	92,731	92,265	(466)	61,236	62,265	1,029
Foreign Government bonds	2,136	63,163	80,480	1,486	457,540	557,993	604,805	46,812	419,552	527,209	107,657
Other	118,888	2,791,321	36,117	383,251	72,273	3,436,915	3,401,850	(35,065)	3,328,725	3,448,186	119,461
Corporate bonds	**4,378,593**	**1,193,885**	**976,812**	**800,438**	**10,350,690**	**17,450,959**	**17,700,418**	**249,459**	**13,831,291**	**14,485,476**	**654,185**
Debentures	6,918	195,470	135,041	232,825	4,622,913	5,085,316	5,193,167	107,851	3,578,465	4,028,063	449,598
Promissory notes	--	--	122,772	--	--	122,772	122,772	--	84,330	84,330	--
Certificate of banking credit	--	--	--	--	--	--	--	--	5,170,748	5,172,907	2,159
Shares	1,997,071	603	--	--	--	1,944,733	1,997,674	52,941	1,607,857	1,476,955	(130,902)
Shares in investment funds	2,347,774	685,705	7,499	13	153,127	3,127,306	3,194,118	66,812	2,078,705	2,299,756	221,051
Rural Product Bills - Commodities	--	9,678	61,564	30,830	83,423	182,332	185,495	3,163	200,993	208,303	7,310
Certificate of deposit	--	302,409	606,682	386,531	737,349	2,025,777	2,032,971	7,194	256,264	279,937	23,673
Eurobonds	--	16	22,447	31,499	139,970	193,235	193,932	697	94,965	93,032	(1,933)
Financial bills	--	--	--	37,052	179,358	216,294	216,410	116	--	--	--
Others	26,830	4	20,807	81,688	4,434,550	4,553,194	4,563,879	10,685	758,964	842,193	83,229

R$ thousand

Maturity in days	BB-Consolidated										
	12.31.2012								12.31.2011		
	Market Value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to Market	Cost	Market value	Mark to Market
2 – Securities available for sale	**997,713**	**1,951,390**	**9,079,022**	**9,108,574**	**74,184,718**	**93,906,515**	**95,321,417**	**1,414,902**	**87,718,978**	**88,385,009**	**666,031**
Federal Government Bonds	**52,652**	**1,212,468**	**4,331,663**	**8,334,301**	**41,983,950**	**54,534,638**	**55,915,034**	**1,380,396**	**57,249,922**	**57,987,459**	**737,537**
Treasury financial bills	--	127,426	3,352,568	5,830,322	18,801,136	28,111,273	28,111,452	179	37,899,363	37,896,131	(3,232)
National treasury Bills	--	777,174	904,960	1,236,600	9,692,324	12,525,695	12,611,058	85,363	6,521,962	6,505,823	(16,139)
National treasury notes	--	288,322	72,272	--	5,647,692	5,856,605	6,008,286	151,681	5,382,028	5,405,085	23,057
Agricultural debt securities	--	543	918	4,817	17,355	22,928	23,633	705	16,309	15,726	(583)
Brazilian foreign debt securities	--	--	945	--	3,923,846	2,997,832	3,924,791	926,959	2,804,722	3,422,109	617,387
Foreign Government bonds	--	19,003	--	1,262,562	3,301,738	4,430,206	4,583,303	153,097	4,262,119	4,364,639	102,520
Other	52,652	--	--	--	599,859	590,099	652,511	62,412	363,419	377,946	14,527
Corporate bonds	**945,061**	**738,922**	**4,747,359**	**774,273**	**32,200,768**	**39,371,877**	**39,406,383**	**34,506**	**30,469,056**	**30,397,550**	**(71,506)**
Debentures	--	--	2,181,812	34,014	24,894,910	27,072,620	27,110,736	38,116	19,312,246	19,387,871	75,625
Promissory notes	--	349,684	1,402,269	212,913	--	1,966,340	1,964,866	(1,474)	3,264,269	3,260,067	(4,202)
Credit Notes	--	--	--	--	--	--	--	--	92,566	92,438	(128)
Shares in investment funds	172,647	--	--	--	2,263,761	2,405,101	2,436,408	31,307	3,745,464	3,672,635	(72,829)
Shares	770,339	--	--	--	--	769,166	770,339	1,173	882,916	872,974	(9,942)
Rural Product Bills - Commodities	--	76,128	649,266	364,335	17,326	1,106,304	1,107,055	751	550,620	548,803	(1,817)
Certificate of deposit	--	306,411	414,348	1,200	22,419	744,097	744,378	281	646,514	646,815	301
Certificates of Agribusiness Credit Rights	--	--	--	--	43,856	43,082	43,856	774	--	--	--
Financial bills	--	--	--	58,191	2,026,926	2,218,730	2,085,117	(133,613)	--	--	--
Eurobonds	--	--	--	25,510	425,083	445,278	450,593	5,315	416,328	399,728	(16,600)
Other	2,075	6,699	99,664	78,110	2,506,487	2,601,159	2,693,036	91,877	1,558,133	1,516,219	(41,914)
3 – Securities held to maturity	**--**	**146,855**	**214,939**	**4,014,198**	**8,576,689**	**12,909,853**	**12,952,681**	**42,828**	**15,190,739**	**15,051,003**	**(139,736)**
Federal Government Bonds	**--**	**119,922**	**214,939**	**4,014,198**	**8,243,618**	**12,440,041**	**12,592,677**	**152,636**	**14,802,618**	**14,836,574**	**33,956**
Treasury financial bills	--	--	--	3,980,058	148,664	4,129,837	4,128,722	(1,115)	7,469,498	7,466,589	(2,909)
National treasury notes	--	110,144	158,753	--	7,396,059	7,520,837	7,664,956	144,119	7,114,983	7,140,757	25,774
National treasury bills	--	9,778	23,360	34,133	630,580	694,825	697,851	3,026	102,285	104,215	1,930
Agricultural debt securities	--	--	--	7	--	7	7	--	--	--	--
Brazilian foreign debt securities	--	--	32,826	--	68,315	94,535	101,141	6,606	115,835	124,996	9,161
Other	--	--	--	--	--	--	--	--	17	17	--
Corporate bonds	**--**	**26,933**	**--**	**--**	**333,071**	**469,812**	**360,004**	**(109,808)**	388,121	**214,429**	**(173,692)**
Debentures	--	--	--	--	18,690	17,282	18,690	1,408	--	--	--
Certificate of deposit	--	26,933	--	--	136,589	163,523	163,522	(1)	--	--	--
Other	--	--	--	--	177,792	289,007	177,792	(111,215)	388,121	214,429	(173,692)
Total	**5,497,330**	**9,848,926**	**16,049,520**	**17,690,538**	**133,899,101**	**179,217,622**	**182,985,415**	**3,767,793**	**164,562,160**	**166,693,437**	**2,131,277**

R$ thousand

Maturity in days	BB–Consolidated										
	12.31.2012								12.31.2011		
	Market Value					Total			Total		
	Without maturity	0-30	31-180	181-360	More than 360	Cost	Market value	Mark to market	Cost	Market value	Mark to market
Total by portfolio	**5,497,330**	**9,848,926**	**16,049,520**	**17,690,538**	**133,899,101**	**179,217,622**	**182,985,415**	**3,767,793**	**164,562,160**	**166,693,437**	**2,131,277**
Own portfolio	5,497,330	9,788,207	10,569,207	7,462,304	94,323,449	124,479,982	127,640,497	3,160,515	101,318,515	102,934,070	1,615,555
Subject to repurchase agreements	--	4,523	5,173,138	9,166,031	35,154,644	48,913,095	49,498,336	585,241	57,834,094	58,348,256	514,162
Deposits with the Banco Central do Brasil	--	--	--	16	51,443	51,490	51,459	(31)	47,490	47,422	(68)
Pledged in guarantee	--	56,196	307,175	1,062,187	4,371,200	5,773,055	5,796,758	23,703	5,362,061	5,363,689	1,628
Allowance for securities losses	--	--	--	--	(1,635)	--	(1,635)	(1,635)	--	--	--

R$ thousand

Maturity in days	BB-Consolidated								
	12.31.2012							12.31.2011	
	Market value					Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost	Market value	Cost	Market value
Total by category	**5,497,330**	**43,588,984**	**109,213,325**	**18,001,026**	**6,684,750**	**179,217,622**	**182,985,415**	**164,562,160**	**166,693,437**
1 – Trading securities	4,499,617	19,074,006	49,281,725	1,762,534	93,435	72,401,254	74,711,317	61,652,443	63,257,425
2 – Available for sale securities	997,713	20,138,986	51,888,092	16,081,574	6,215,052	93,906,515	95,321,417	87,718,978	88,385,009
3 – Held to maturity securities	--	4,375,992	8,043,508	156,918	376,263	12,909,853	12,952,681	15,190,739	15,051,003

R$ thousand

	BB-Consolidated					
	12.31.2012			12.31.2011		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	**58,896,368**	**124,046,219**	**182,942,587**	**82,503,105**	**84,330,068**	**166,833,173**
Own portfolio	40,160,278	87,403,656	127,563,934	65,381,143	39,439,392	104,820,535
Subject to repurchase agreements	17,298,906	32,233,089	49,531,995	16,599,145	40,002,383	56,601,528
Deposits with Banco Central do Brasil	16	51,443	51,459	16	47,406	47,422
Pledged in guarantee	1,437,168	4,359,666	5,796,834	522,801	4,840,887	5,363,688
Allawance for securities losses	--	(1,635)	(1,635)	--	--	--

R$ thousand

	BB-Consolidated			
	12.31.2012		12.31.2011	
Total by category				
1 – Trading securities	74,711,317	41%	63,257,425	38%
2 – Available for sale securities	95,321,417	52%	88,385,009	53%
3 – Held to maturity securities	12,909,853	7%	15,190,739	9%
Portfolio book value	**182,942,587**	**100%**	**166,833,173**	**100%**
Mark to market – held to maturity	42,828		(139,736)	
Portfolio market value	**182,985,415**		**166,693,437**	

b) Income from operations with securities

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Short-term Interbank Investments (Note 7.b)	7,814,699	16,021,749	15,105,991	7,377,124	15,258,520	15,118,963
Fixed-income securities	3,892,882	8,475,403	10,999,120	5,160,139	10,829,235	12,873,139
Variable-income securities	213,516	1,645,826	2,492,931	341,205	1,894,293	2,856,560
Total	**11,921,097**	**26,142,978**	**28,598,042**	**12,878,468**	**27,982,048**	**30,848,662**

c) Reclassification of securities

There was no reclassification of securities in the years ended 12.31.2012 and 12.31.2011.

d) Derivative financial instruments

The Bank uses derivative financial instruments to manage, at the consolidated level, its positions and to meet clients' needs, classifying its own positions as hedge (market risk and risk of cash flow) and trading, both with limits and approved by committees at the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses and is approved by the Executive Board of Directors.

In the options market, active or long positions have the Bank as holder, while passive or short positions have the Bank as writer.

The models used to manage risks with derivatives are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses tools and systems to manage the derivatives. Trading in new derivatives, standardized or not, is subject to a prior risk analysis.

Risk analysis of the subsidiaries is undertaken on an individual basis and its risk management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using models of values at risk sensibility and stress analysis.

Risks

The main risks inherent to derivative financial instruments, resulting from the business dealings of the bank and its subsidiaries are credit, market, liquidity and operating risks.

Credit risk is the exposure to loss in the event of default by a counterparty to a transaction. The credit exposure in futures contracts is minimized due to daily settlement in cash. The swap contracts, recorded in Cetip are subject to credit risk if the counterparty is not able or willing to perform its contractual obligations, while the swap contracts registered in the BM&FBovespa are not subject to the same risk, given that the Bank operations in Brazil have the same stock exchange as guarantor.

Total credit exposure in swaps is R$ 683,971 thousand (R$ 989,363 thousand at 12.31.2011). The swap operations in negotiations associated with the funding and/or investing operation in the amount of R$ 114,172 thousand (R$ 131,172 thousand at 12.31.2011) are recorded at values updated as changes incurred from their indexes (curve), and are not valuated at market value, as allowed by Circular n.º 3.150/2002 from Banco Central do Brasil.

Market risk is the possibility of losses caused by changes in the behavior of interest rates and exchange rates, on stock prices and commodities.

Market liquidity risk is the possibility of loss resulting from the inability to perform a transaction within a reasonable time and without significant loss of value due to the size of the transaction in the volume usually negotiated.

Operational risk denotes the probability of financial losses resulting from failures or inadequacy of people, processes and systems, or factors such as catastrophes or criminal activities.

Breakdown of the Portfolio of Derivatives for Trading by Index

R$ thousand

By Index	Banco do Brasil						BB-Consolidated					
	12.31.2012			12.31.2011			12.31.2012			12.31.2011		
	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value
Futures contracts												
Purchase commitments	**12,298,127**	--	--	**10,820,921**	**--**	**--**	**25,829,761**	--	--	**48,657,214**	**--**	**--**
Interbank deposits	3,151,687	--	--	1,061,535	--	--	8,235,604	--	--	31,920,368	--	--
Currencies	9,009,438	--	--	9,270,291	--	--	10,122,399	--	--	9,412,815	--	--
T-Note	--	--	--	--	--	--	--	--	--	--	--	--
Index	--	--	--	--	--	--	129,028	--	--	26,289	--	--
Foreign exchange coupon	130,879	--	--	--	--	--	7,219,578	--	--	6,629,056	--	--
Libor	--	--	--	113,703	--	--	--	--	--	374,882	--	--
Commodities	6,123	--	--	374,882	--	--	21,055	--	--	4,953	--	--
SCC [1]	--	--	--	510	--	--	102,097	--	--	288,851	--	--
Sales commitments	**7,824,835**	--	--	**16,929,787**	**--**	**--**	**46,314,994**	--	--	**56,534,961**	**--**	**--**
Interbank deposits	6,083,688	--	--	14,802,495	--	--	35,202,008	--	--	47,328,215	--	--
Currencies	519,964	--	--	57,330	--	--	2,717,229	--	--	384,140	--	--
T-Note	--	--	--	--	--	--	172,242	--	--	165,294	--	--
Index	5,661	--	--	--	--	--	11,918	--	--	17,997	--	--
BGI [2]	--	--	--	--	--	--	--	--	--	48	--	--
Foreign exchange coupon	391,527	--	--	121,403	--	--	7,264,532	--	--	6,385,422	--	--
Libor	775,919	--	--	1,900,317	--	--	775,919	--	--	1,900,317	--	--
Commodities	48,076	--	--	48,242	--	--	69,416	--	--	65,198	--	--
SCC [1]	--	--	--	--	--	--	101,730	--	--	288,330	--	--
Forward operations												
Asset position	**4,956,386**	**126,937**	**144,917**	**4,396,569**	**313,507**	**406,283**	**4,976,836**	**147,389**	**165,468**	**4,408,996**	**314,288**	**407,388**
Term securities	**--**	**--**	**--**	--	--	--	**--**	**--**	**--**	--	--	--
Term currencies	4,932,949	125,674	144,173	4,395,087	313,417	406,090	4,953,396	146,121	164,720	4,407,514	314,198	407,195
Term commodities	23,437	1,263	744	1,482	90	193	23,440	1,268	748	1,482	90	193
Liability position	**5,033,403**	**(254,151)**	**(112,251)**	**3,895,747**	**(401,673)**	**(218,134)**	**5,053,850**	**(274,598)**	**(133,121)**	**3,908,174**	**(402,141)**	**(371,496)**
Term securities	**--**	**--**	**--**	--	--	--	**--**	**--**	**--**	--	--	--
Term currencies	5,012,151	(251,465)	(108,742)	3,876,452	(396,463)	(214,262)	5,032,598	(271,912)	(129,612)	3,888,879	(396,931)	(367,624)
Term commodities	21,252	(2,686)	(3,509)	19,295	(5,210)	(3,872)	21,252	(2,686)	(3,509)	19,295	(5,210)	(3,872)

(1) Foreign exchange swap with periodic adjustments.

(2) Live cattle futures contract.

R$ thousand

By Index	Banco do Brasil						BB-Consolidated					
	12.31.2012			12.31.2011			12.31.2012			12.31.2011		
	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value
Option market [1]	**3,011,309**	**(1,218,030)**	**(1,309,199)**	**2,221,406**	**(692,676)**	**(765,525)**	**28,331,053**	**(1,258,135)**	**(1,345,157)**	**237,550,891**	**(1,699,950)**	**(1,751,209)**
Purchase - Purchase options	**--**	**--**	**--**	**156,370**	**5,231**	**13,516**	**2,616,595**	**54,999**	**35,042**	**95,686,518**	**145,528**	**237,983**
Foreign currency	--	--	--	156,370	5,231	13,516	2,374,145	27,799	10,576	1,776,275	92,221	191,575
Interbank Market	--	--	--	--	--	--	--	--	--	12	67	--
Interbank deposit	--	--	--	--	--	--	--	--	--	93,063,775	15,722	3
Flexible Currency Options	--	--	--	--	--	--	127,284	8,918	5,066	805,996	36,475	45,593
Shares	--	--	--	--	--	--	83,000	2,471	2,419	12,255	256	274
Commodities	--	--	--	--	--	--	--	--	--	385	12	1
Other	--	--	--	--	--	--	32,166	15,811	16,981	27,820	775	537
Sold – Purchase options	**--**	--	--	**156,556**	**5,503**	**159**	**9,308,148**	**18,005**	**25,281**	**32,660,372**	**26,815**	**16,967**
Foreign currency	--	--	--	156,370	5,500	159	1,576,416	3,773	8,223	1,381,121	16,244	2,303
Interbank Market	--	--	--	--	--	--	--	--	--	6	56	550
Interbank deposits	--	--	--	--	--	--	7,300,000	5,051	7,763	31,149,000	7,238	13,254
Flexible Currency Options	--	--	--	--	--	--	96,040	2,583	3,386	25,031	508	197
Shares	--	--	--	--	--	--	330,249	6,570	5,890	76,657	2,532	398
Commodities	--	--	--	186	3	--	243	3	4	186	3	--
Other	--	--	--	--	--	--	5,200	25	15	28,371	234	265
Purchase – Sales options	**1,324,902**	**(70,661)**	**(198,119)**	**224,406**	**(43,036)**	**(106,928)**	**5,349,227**	**(158,713)**	**(268,322)**	**66,835,621**	**(529,172)**	**(624,645)**
Foreign currency	6,362	(369)	(71)	187,255	(6,390)	(14,724)	3,361,794	(38,546)	(17,792)	3,213,968	(103,160)	(188,062)
Interbank Market	--	--	--	--	--	--	--	--	--	173	(3,082)	--
Pre-fixed	1,318,001	(70,214)	(198,033)	36,579	(36,579)	(92,175)	1,318,001	(70,214)	(198,032)	341,433	(363,888)	(419,484)
Interbank deposit	--	--	--	--	--	--	--	--	--	62,706,550	(7,011)	(2)
Flexible Currency Options	--	--	--	--	--	--	392,478	(42,450)	(44,400)	515,284	(50,425)	(16,039)
Shares	--	--	--	--	--	--	259,250	(6,444)	(6,857)	48,363	(863)	(585)
Commodities	539	(78)	(15)	572	(67)	(29)	539	(78)	(15)	4,090	(484)	(264)
Other	--	--	--	--	--	--	17,165	(981)	(1,226)	5,760	(259)	(209)
Sold – Sales options	**1,686,407**	**(1,147,369)**	**(1,111,080)**	**1,684,074**	**(660,374)**	**(672,272)**	**11,057,083**	**(1,172,426)**	**(1,137,158)**	**42,368,380**	**(1,343,121)**	**(1,381,514)**
Foreign currency	7,152	(123)	(161)	166,304	(5,805)	(179)	1,665,321	(7,596)	(12,594)	2,135,010	(19,752)	(932)
Interbank Market	--	--	--	--	--	--	--	--	--	170	(1,869)	(27,128)
Pre-fixed	1,318,001	(1,138,412)	(1,107,965)	642,201	(642,201)	(669,108)	1,318,001	(1,138,412)	(1,107,965)	1,203,083	(1,279,274)	(1,299,343)
Interbank deposit	--	--	--	--	--	--	7,299,000	(4,674)	(7,019)	37,534,200	(5,166)	(41,783)
Flexible Currency Options	--	--	--	--	--	--	153,404	(6,145)	(1,813)	527,454	(22,793)	(7,553)
Shares	--	--	--	--	--	--	254,050	(6,664)	(4,751)	13,000	(129)	(169)
Commodities	361,254	(8,834)	(2,954)	875,569	(12,368)	(2,985)	361,807	(8,874)	(2,980)	881,935	(13,052)	(3,574)
Other	--	--	--	--	--	--	5,500	(61)	(36)	73,528	(1,086)	(1,032)

(1) The variation of the notional value found in BB-Consolidated is due to the expiration of options contracts and negotiating with clients of Banco Votorantim.

R$ thousand

By Index	Banco do Brasil						BB-Consolidated					
	12.31.2012			12.31.2011			12.31.2012			12.31.2011		
	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value	Notional value	Cost	Market value
Swap contracts												
Asset position	**10,609,346**	**186,844**	**353,327**	**6,701,476**	**135,438**	**243,722**	**18,420,272**	**651,860**	**1,055,188**	**13,062,879**	**597,538**	**586,395**
Interbank Deposit	3,586,875	84,766	85,664	655,188	61,836	80,870	4,341,764	126,744	128,608	2,142,200	148,970	105,012
Foreign currency	3,866,850	28,909	93,639	1,213,604	38,840	44,766	5,932,540	293,855	344,943	3,117,221	246,810	155,595
Pre-fixed	3,122,623	70,498	168,792	4,813,230	31,629	113,959	4,740,658	90,318	196,447	5,609,269	102,891	193,808
IPCA	32,998	2,671	5,232	19,454	3,133	4,127	2,564,763	53,472	244,207	1,145,831	25,378	47,747
IGPM	--	--	--	--	--	--	394,552	59,514	110,472	533,702	53,303	65,835
Commodities	--	--	--	--	--	--	1,246	4	161	501	8,217	19
Other	--	--	--	--	--	--	444,749	27,953	30,350	514,155	11,969	18,379
Liability position	**9,374,401**	**(418,890)**	**(679,220)**	**11,087,323**	**(485,385)**	**(664,715)**	**15,714,678**	**(601,099)**	**(1,278,313)**	**17,932,498**	**(756,780)**	**(1,030,868)**
Interbank Deposit	2,879,964	(51,334)	(51,989)	382,305	(48,577)	(57,518)	3,035,137	(65,814)	(64,510)	1,555,655	(77,685)	(86,700)
Foreign currency	2,940,202	(181,162)	(274,150)	5,631,972	(375,879)	(428,098)	3,558,735	(115,185)	(217,616)	6,054,431	(399,665)	(390,030)
Pre-fixed	3,546,697	(186,206)	(352,956)	4,794,242	(57,564)	(175,754)	5,446,677	(217,599)	(442,458)	6,607,473	(66,181)	(211,733)
TMS	--	--	--	278,804	(3,365)	(3,345)	--	--	--	278,804	(3,365)	(3,345)
TR	7,538	(188)	(125)	--	--	--	13,490	(1,297)	(1,769)	5,952	(679)	(1,150)
IGPM	--	--	--	--	--	--	266,650	(50,081)	(88,323)	393,635	(45,454)	(57,719)
IPCA	--	--	--	--	--	--	3,323,836	(150,303)	(460,973)	2,316,169	(161,053)	(251,758)
Commodities	--	--	--	--	--	--	369	(4)	(10)	1,211	(6)	(169)
Other	--	--	--	--	--	--	69,784	(816)	(2,654)	719,168	(2,692)	(28,264)
Other derivative financial instruments												
Asset position												
Foreign currency	5,449,357	60,598	66,581	747,487	25,830	35,099	8,251,772	51,583	126,618	2,032,592	25,827	125,359
Liability position												
Foreign currency	3,353,018	(57,912)	(68,325)	3,466,916	(169,264)	(178,426)	4,613,640	(58,263)	(618,265)	3,999,095	(164,651)	(194,059)

Breakdown of the credit derivatives portfolio by maturity (notional value)

R$ thousand

	Banco do Brasil						BB-Consolidated					
	0 – 30	31-180	181-360	More than 360	12.31.2012	12.31.2011	0 – 30	31-180	181-360	More than 360	12.31.2012	12.31.2011
Futures	1,409,860	9,892,122	695,440	8,125,540	20,122,962	27,750,708	8,159,411	20,398,253	9,498,125	34,088,966	72,144,755	105,192,175
Fowards	2,358,994	5,127,902	1,835,099	667,794	9,989,789	8,292,316	2,360,981	5,154,621	1,846,875	668,209	10,030,686	8,317,170
Option	3,458	568,763	193,768	2,245,320	3,011,309	2,221,406	19,800,588	5,233,824	805,557	2,491,084	28,331,053	237,550,891
Swap	1,104,965	7,660,404	2,551,355	8,667,023	19,983,747	17,788,799	1,680,396	11,779,069	3,684,524	16,990,961	34,134,950	30,995,377
Credit derivatives	--	--	--	--	--	--	1,917,836	-	-	-	1,917,836	2,039,539
Other [1]	6,234,285	1,079,382	1,225,778	262,930	8,802,375	4,214,403	7,270,623	3,150,239	1,864,748	579,802	12,865,412	6,031,687

(1) Related, essentially, to Non Deliverable Forwards (NDF) which are traded in the over-the-counter (OTC) market and have as their object an exchange rate of a specific currency.

Breakdown of the credit derivative portfolio by notional value, trading market and counterpart (12.31.2012)

R$ thousand

	Banco do Brasil					BB-Consolidated					
	Futures contracts	Foward operations	Option market	Swap contracts	Other	Futures contracts	Foward operations	Option market	Swap contracts	Credit derivatives	Other
BM&FBovespa	19,347,043	--	3,011,309	--	--	71,368,836	--	28,331,053	--	--	--
Over-the-counter											
Financial Institutions	775,919	--	--	11,678,592	8,802,375	775,919	40,894	--	22,632,381	1,917,836	9,627,136
Client	--	9,989,789	--	8,305,155	--	--	9,989,792	--	11,502,569	--	3,238,276

Breakdown of the credit derivative portfolio

R$ thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2012		12.31.2011		12.31.2012		12.31.2011	
	Notional value	Market value	Notional value	Market value	Notional value	Market value	Notional value	Market value
Asset position - transferred risk	--	--	--	--	**1,563,278**	**6,983**	**1,861,338**	**22,608**
Credit swaps – Derivatives with Banks	--	--	--	--	1,563,278	6,983	1,861,338	22,608
Liability position - received risk	--	--	--	--	**354,558**	**(4,303)**	**178,201**	**(18,073)**
Credit swaps – Derivatives with Banks	--	--	--	--	354,558	(4,303)	178,201	(18,073)

The portfolio of credit derivatives is composed exclusively of purchases and sales carried out by Banco Votorantim. Currently the portfolio is composed of customers whose risk is rated as investment grade and, as counterparty, contains the main international market leaders for this product. For the sale of protection is approved credit limit, for both the risk client and for the counterparty, according to the approval of the committees and forums of credit. The credit limit risk allocation is made to the client by the reference value (notional) of derivatives, considering the amounts deposited as collateral.

For the purpose of mitigating the risk, transactions are performed in portfolio trading with client sovereign risk, especially Brazil. In this case, we consider the potential future exposure to allocate credit limit to the counterparty. The portfolio of credit derivatives did not generate impacts in the PEPR - Portion related to the exposures weighted by risk factor for calculating the BIS Ratio, since information from Banco Votorantim were not included in the calculation, according to determination of the Banco Central do Brasil (Note 29.f).

Breakdown of margin given as guarantee for transactions with derivative financial instruments

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Treasury financial bills	1,638,888	2,553,252	1,682,541	2,575,122
National treasury notes	--	--	822,035	337,150
National treasury bills	--	--	904,178	895,916
Foreign government bonds	--	--	240,922	666,279
Eurobonds	--	--	56,196	4,836
Other	--	--	187,703	--
Total	**1,638,888**	**2,553,252**	**3,893,575**	**4,479,303**

Portfolio of derivatives designated as hedge accounting

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Hedge Market Risk				
Hedging instruments				
Assets	**387,089**	**352,295**	**5,663,119**	**10,776,038**
Future	--	--	3,811,931	6,991,760
Swap	387,089	352,295	1,851,188	2,068,382
Options	--	--	--	1,715,896
Liabilities	**--**	**--**	**23,334,672**	**26,580,744**
Future	--	--	21,277,102	24,451,844
Swap	--	--	2,057,570	1,195,548
Options	--	--	--	933,352
Hedged items				
Assets	**--**	**--**	**25,306,775**	**22,368,654**
Loan Operations	--	--	22,023,528	19,359,558
Securities	--	--	2,173,596	224,204
Lease transactions	--	--	927,891	1,827,441
Foreign Investments	--	--	181,760	360,021
Other assets	--	--	--	597,430
Liabilities	**387,261**	**352,199**	**5,014,884**	**4,040,513**
Other liabilities	387,261	352,199	5,014,884	4,040,513
Cash Flow Hedge				
Hedging instruments				
Assets	--	--	--	--
Swap	--	--	--	--
Liabilities	--	--	**(275,376)**	--
Borrowing – Bonds (Principal)	--	--	(275,376)	--
Hedged items				
Assets	--	--	**181,760**	--
Foreign Investments	--	--	181,760	--

The Bank, in order to hedge against possible fluctuations in interest and exchange rates of its securities, contracted derivative operations to offset the exposure to the market value changes. The hedge was assessed as effective, in accordance with the Circular n.º 3.082/2002 from Banco Central do Brasil, which require evidence of hedge effectiveness between 80% and 125%.

Income gains and losses with hedging instruments and hedged items

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Hedged items losses	(12,536)	(36,253)	(22,779)	(1,948,797)	(2,682,508)	(2,416,199)
Hedging instruments gains	--	18,932	25,615	1,913,130	2,659,181	2,420,493
Net effect	**(12,536)**	**(17,321)**	**2,836**	**(35,667)**	**(23,327)**	**4,294**
Hedged items gains	--	--	4,285	1,679,877	2,991,250	2,457,216
Hedging instruments losses	(10,351)	(10,351)	(6,208)	(1,691,928)	(2,947,269)	(2,372,996)
Net effect	**(10,351)**	**(10,351)**	**(1,922)**	**(12,052)**	**43,980**	**84,220**

Derivative financial instruments segregated by current and non-current

R$ thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2012		12.31.2011		12.31.2012		12.31.2011	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Assets								
Forward	129,535	15,382	384,210	22,073	149,879	15,589	385,292	22,096
Options	--	--	13,675	--	60,167	156	249,220	5,730
Swap	113,429	239,898	120,393	123,329	239,819	815,369	315,432	270,963
Credit derivatives	--	--	--	--	6,983	--	22,608	--
Other derivatives	65,898	683	35,099	--	94,397	32,221	94,532	30,827
Total	**308,862**	**255,963**	**553,377**	**145,402**	**551,245**	**863,335**	**1,067,084**	**329,616**
Liabilities								
Forward	(100,550)	(11,701)	(191,565)	(26,569)	(121,221)	(11,900)	(344,927)	(26,569)
Options	(184,542)	(1,124,656)	(779,200)	--	(259,585)	(1,145,895)	(1,984,894)	(21,265)
Swap	(296,216)	(383,004)	(366,335)	(298,380)	(326,893)	(951,420)	(553,594)	(477,274)
Credit derivatives	--	--	--	--	(4,303)	--	(18,073)	--
Other derivatives	(65,313)	(3,012)	(173,151)	(5,275)	(613,521)	(4,744)	(188,392)	(5,667)
Total	**(646,621)**	**(1,522,373)**	**(1,510,251)**	**(330,224)**	**(1,325,523)**	**(2,113,959)**	**(3,089,880)**	**(530,775)**

e) Income from derivative financial instruments

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Swap	810	(46,771)	(594,112)	(14,535)	(114,805)	(754,955)
Forward	(17,049)	158,167	35,748	(18,502)	165,754	39,282
Options	(55,995)	(130,375)	(101,374)	(63,627)	(99,060)	(58,785)
Futures	(308,107)	(333,390)	214,348	(488,215)	(1,220,599)	(489,760)
Credit derivatives	--	--	--	6,870	18,575	20,303
Other	32,972	(129,940)	(69,762)	(36,066)	(184,350)	(217,105)
Total	**(347,369)**	**(482,309)**	**(515,152)**	**(614,075)**	**(1,434,485)**	**(1,461,020)**

f) Asset Valuation Adjustment of securities and derivatives recognized in Stockholders' equity

R$ thousand

	2012				2011			
	Opening balance	Net change	Tax effects	Closing balance	Opening balance	Net change	Tax effects	Closing balance
Avaiable for sale securities								
Banco do Brasil	(60,124)	(141,730)	61,493	(140,361)	(27,161)	(54,938)	21,975	(60,124)
Branches and subsidiaries abroad (1)	741,662	527,402	(1,981)	1,267,083	385,068	355,830	764	741,662
Associated and subsidiary companies	42,304	416,500	(166,600)	292,204	109,528	(112,040)	44,816	42,304
Cash Flow Hedge								
Associated and subsidiary companies	-	1,914	(486)	1,428	--	--	--	--
Total	**723,842**	**804,086**	**(107,574)**	**1,420,354**	**467,435**	**188,852**	**67,555**	**723,842**

(1) It does not contain tax effect on the mark-to-market of securities from branches and subsidiaries abroad, due to the tax exemption of Grand Cayman branch.

9 – Interbank Accounts

a) Restricted deposits

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Compulsory Deposits at Banco Central do Brasil	**79,509,305**	**90,736,391**	**80,097,865**	**93,659,856**
Additional reserve requirements on deposits	27,451,495	34,766,271	27,618,289	36,003,271
Time deposits	16,305,833	23,265,337	16,660,511	24,886,309
Savings deposits	20,361,605	17,291,294	20,361,605	17,291,294
Demand deposits	15,152,436	13,421,937	15,216,673	13,484,505
Resources for rural credit (1)	--	1,991,552	--	1,991,552
Resources for microfinance	237,936	--	240,787	2,925
Real State	**2,042,906**	**1,925,807**	**2,042,906**	**1,925,807**
Compensation of wage changes fund	2,153,301	2,038,805	2,153,301	2,038,805
Provision for losses	(117,467)	(117,587)	(117,467)	(117,587)
Other	7,072	4,589	7,072	4,589
National Treasury - Rural credit	**179,284**	**124,194**	**179,284**	**124,194**
Total	**81,731,495**	**92,786,392**	**82,320,055**	**95,709,857**
Current assets	81,708,213	92,785,842	82,296,773	95,709,307
Non-current assets	23,282	550	23,282	550

(1) Refers to funds deposited in the Banco Central do Brasil, because of non transferring to rural credits (Note10.a), according to Resolution CMN nº 3745/2009. The funds were subject to special supply by the Banco Central do Brasil and maintained by the Bank, and recorded in borrowings and onlendings (Note18.b).

b) Income on compulsory deposits

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
Income Credit Linked to Banco Central do Brasil	**2,404,571**	**5,665,803**	**6,735,294**	**2,437,604**	**5,791,333**	**7,066,582**
Additional reserve requirements on deposits	1,154,788	2,768,794	3,435,153	1,167,837	2,821,995	3,576,244
Requirements over time resources	683,346	1,751,003	2,100,507	703,330	1,823,332	2,290,704
Savings deposits	566,437	1,146,006	1,149,675	566,437	1,146,006	1,149,675
Resources for rural credit	--	--	49,959	--	--	49,959
Income Credit Linked to Real State	**55,476**	**112,401**	**144,010**	**55,476**	**112,401**	**144,010**
Income Credit Linked to National Treasury – Rural Credit	**11,736**	**21,231**	**20,722**	**11,736**	**21,231**	**20,722**
Total	**2,471,783**	**5,799,435**	**6,900,026**	**2,504,816**	**5,924,965**	**7,231,314**

10 – Loan Operations

a) Portfolio by modality

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Loan Operations	**454,725,025**	**364,757,302**	**490,234,505**	**397,267,032**
Loans and securities discounted	205,452,570	163,356,402	221,272,727	175,977,806
Financing	124,302,502	100,983,128	143,435,719	120,279,127
Rural and agribusiness financing	112,092,156	92,769,092	112,263,199	93,207,757
Real estate financing	12,787,651	7,647,830	13,157,380	7,801,492
Financing of Infrastructure and development	733	850	16,067	850
Loan operations linked to cessions	89,413	--	89,413	--
Other receivables with loan characteristics	**32,980,668**	**22,146,945**	**33,426,898**	**22,657,460**
Credit card operations	16,084,427	12,473,666	16,084,427	12,473,666
Advances on exchange contracts (1)	10,905,389	9,399,692	11,351,558	9,773,934
Other Receivables linked to acquired operations	5,673,953	--	5,673,953	--
Guarantees honored	107,456	76,698	107,503	76,698
Other	209,443	196,889	209,457	333,162
Lease transactions	**12,288**	**29,981**	**2,010,667**	**3,064,082**
Total Loan Portfolio	**487,717,981**	**386,934,228**	**525,672,070**	**422,988,574**
Allowance for loan losses	**(18,867,399)**	**(17,236,001)**	**(21,210,060)**	**(19,014,978)**
(Allowance for loan losses)	(18,346,070)	(16,680,638)	(20,521,819)	(18,221,987)
(Allowance for other losses)	(521,329)	(555,363)	(560,327)	(579,788)
(Allowance for lease losses)	--	--	(127,914)	(213,203)
Total Loan Portfolio Net of Provisions	**468,850,582**	**369,698,227**	**504,462,010**	**403,973,596**

(1) Advances on exchange contracts are classified as a deduction to other liabilities.

b) Loan operations income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Loan operations income	**29,180,126**	**58,982,243**	**55,075,090**	**32,391,100**	**66,100,359**	**61,997,797**
Loans and securities discounted	18,893,523	38,376,962	35,291,190	20,231,033	41,020,567	37,626,250
Financing	4,128,117	8,308,722	8,468,184	5,675,495	12,001,244	12,457,722
Rural and agribusiness financing	3,436,468	6,838,370	6,238,552	3,447,669	6,863,885	6,293,490
Recovery of loans previously written-off as loss	1,713,150	3,405,429	3,416,496	1,889,276	3,747,662	3,644,134
Income from foreign currency financing	344,128	803,098	760,169	354,515	832,168	789,669
Income from housing financing	460,702	847,106	514,601	463,718	852,581	517,802
Advances on exchange contracts	159,746	324,385	317,052	285,063	683,069	644,018
Guarantees honored	7,738	12,183	11,397	7,813	12,278	11,436
Other	36,554	65,988	57,449	36,518	86,905	13,276
Lease transactions income (Note 10.i)	**9,942**	**19,961**	**21,996**	**903,487**	**1,871,395**	**2,249,071**
Total	**29,190,068**	**59,002,204**	**55,097,086**	**33,294,587**	**67,971,754**	**64,246,868**

c) Breakdown of the loan portfolio by sector

R$ thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2012	%	12.31.2011	%	12.31.2012	%	12.31.2011	%
Public sector	**12,794,555**	**2.4**	**8,407,541**	**2.0**	**12,897,819**	**2.1**	**8,552,773**	**1.8**
Government	**5,525,808**	**1.0**	**2,622,326**	**0.6**	**5,525,808**	**0.9**	**2,622,436**	**0.5**
Direct administration	5,162,687	1.0	2,246,205	0.5	5,162,687	0.9	2,246,315	0.5
Indirect administration	363,121	--	376,121	0.1	363,121	--	376,121	-
Business activities	**7,268,747**	**1.4**	**5,785,215**	**1.4**	**7,372,011**	**1.2**	**5,930,337**	**1.3**
BB Group	--	--	27,971	--	--	--	--	--
Industry	3,000,276	0.6	3,851,259	1.0	3,075,975	0.5	3,993,601	0.9
Financial intermediaries	187,291	--	115,824	--	201,729	--	119,866	--
Other services	4,081,180	0.8	1,790,161	0.4	4,094,307	0.7	1,816,870	0.4
Private sector	**474,923,426**	**97.6**	**378,526,687**	**98.0**	**512,774,251**	**97.9**	**414,435,801**	**98.2**
Rural	86,444,098	17.8	67,637,241	17.6	86,615,273	16.5	68,075,906	16.2
Industry	149,117,457	30.6	120,174,341	31.2	156,878,959	29.9	126,983,669	30.2
Commerce	56,117,868	11.6	43,766,553	11.3	59,820,066	11.4	47,120,937	11.3
Financial intermediaries	6,686,888	1.4	777,872	0.2	7,076,867	1.4	796,931	0.1
Individuals	100,634,343	20.7	91,342,604	23.6	120,195,271	22.9	111,154,868	26.2
Housing	10,105,762	2.1	6,003,224	1.5	10,187,997	2.0	6,073,590	1.4
Other services	65,817,010	13.4	48,824,852	12.6	71,999,818	13.8	54,229,900	12.8
Total	**487,717,981**	**100.0**	**386,934,228**	**100.0**	**525,672,070**	**100.0**	**422,988,574**	**100.0**

d) Loan portfolio by risk level and maturity

R$ thousand

Banco do Brasil											
Normal operations											
	AA	A	B	C	D	E	F	G	H	12.31.2012	12.31.2011
Installments falling due											
01 to 30	11,415,733	8,210,959	14,641,307	2,756,538	625,568	106,131	22,451	25,332	108,535	37,912,554	28,978,557
31 to 60	9,934,675	5,417,756	8,273,320	1,615,771	311,337	90,669	16,500	16,696	72,801	25,749,525	18,968,317
61 to 90	10,176,045	3,570,456	5,916,644	934,985	190,620	50,690	23,606	11,184	50,057	20,924,287	15,302,656
91 to 180	19,357,378	9,998,177	17,626,405	3,844,958	701,304	208,983	49,808	46,404	224,223	52,057,640	40,341,939
181 to 360	22,592,543	17,462,232	31,510,694	6,184,079	1,211,092	394,275	108,116	88,496	388,677	79,940,204	68,438,414
More than 360	88,866,984	60,526,535	82,097,741	16,431,120	4,196,601	1,653,136	448,374	510,460	3,383,633	258,114,584	202,969,680
Installments overdue											
Up to 14 days	115,825	123,536	230,227	106,648	39,187	20,773	5,860	5,091	18,816	665,963	575,726
Other [1]	753,042	--	--	--	--	--	--	--	--	753,042	972,236
Subtotal	**163,212,225**	**105,309,651**	**160,296,338**	**31,874,099**	**7,275,709**	**2,524,657**	**674,715**	**703,663**	**4,246,742**	**476,117,799**	**376,547,525**

(1) Operations with third party risk linked to government funds and programs, primarily Pronaf, Procera, FAT, BNDES and FCO. They include the amount of overdue installments in the total amount of R$ 60,214 thousand, which comply with rules defined in each program for reimbursement with the managers and do not imply a credit risk for the Bank.

R$ thousand

Abnormal operations											
	AA	A	B	C	D	E	F	G	H	12.31.2012	12.31.2011
Installments falling due											
01 to 30	--	--	64,499	97,889	54,937	41,086	37,271	53,523	266,777	615,982	508,949
31 to 60	--	--	30,494	43,444	25,924	32,297	29,604	42,232	170,064	374,059	290,069
61 to 90	--	--	19,920	31,039	21,486	25,354	23,908	32,905	130,688	285,300	265,223
91 to 180	--	--	58,446	92,072	62,611	73,218	72,989	96,214	383,636	839,186	738,815
181 to 360	--	--	94,153	139,214	103,042	136,999	113,234	154,427	665,644	1,406,713	1,369,451
More than 360	--	--	189,342	274,863	295,554	360,621	350,711	411,614	2,364,040	4,246,745	3,813,031
Installments overdue											
01 to 14	--	--	5,505	17,087	12,097	11,053	10,303	16,650	60,205	132,900	117,636
15 to 30	--	--	88,326	53,601	16,157	22,517	17,288	29,902	98,425	326,216	335,304
31 to 60	--	--	4,558	137,006	34,610	43,162	35,026	64,792	203,032	522,186	460,885
61 to 90	--	--	2	2,136	65,564	50,996	45,156	50,552	214,930	429,336	361,491
91 to 180	--	--	--	1,217	3,854	68,950	109,820	120,982	542,018	846,841	646,393
181 to 360	--	--	--	1	2,711	5,495	9,234	80,602	898,169	996,212	980,108
More than 360	--	--	--	--	--	1	2,735	4,455	571,315	578,506	499,348
Subtotal	**--**	**--**	**555,245**	**889,569**	**698,547**	**871,749**	**857,279**	**1,158,850**	**6,568,943**	**11,600,182**	**10,386,703**
Total	**163,212,225**	**105,309,651**	**160,851,583**	**32,763,668**	**7,974,256**	**3,396,406**	**1,531,994**	**1,862,513**	**10,815,685**	**487,717,981**	**386,934,228**

R$ thousand

BB-Consolidated											
Normal operations											
	AA	A	B	C	D	E	F	G	H	12.31.2012	12.31.2011
Installments falling due											
01 to 30	11,556,169	12,214,226	14,912,059	2,871,292	644,648	111,808	25,645	27,500	119,821	42,483,168	30,980,179
31 to 60	10,282,109	6,429,171	8,697,147	1,688,353	330,803	96,875	17,854	18,639	76,941	27,637,892	20,544,143
61 to 90	10,529,425	4,370,222	6,068,535	1,011,873	206,051	53,290	24,761	12,886	53,951	22,330,994	16,810,701
91 to 180	20,169,614	12,499,716	18,143,820	4,297,424	743,745	217,424	57,501	51,000	234,013	56,414,257	44,507,211
181 to 360	23,455,115	20,488,097	32,357,067	6,473,750	1,325,985	410,328	115,753	100,173	407,366	85,133,634	73,826,615
More than 360	91,663,674	69,465,407	85,603,950	17,237,796	4,298,011	1,861,907	476,118	537,738	3,427,285	274,571,886	219,530,645
Installments overdue											
Up to 14 days	125,662	155,217	236,332	109,145	43,377	21,488	5,950	5,230	22,243	724,644	1,274,057
Other [1]	**753,273**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**753,273**	**973,219**
Subtotal	**168,535,041**	**125,622,056**	**166,018,910**	**33,689,633**	**7,592,620**	**2,773,120**	**723,582**	**753,166**	**4,341,620**	**510,049,748**	**408,446,770**

(1) Operations with third party risk linked to government funds and programs, primarily Pronaf, Procera, FAT, BNDES and FCO. They include the amount of overdue installments in the total amount of R$ 60,214 thousand, which comply with rules defined in each program for reimbursement with the managers and do not imply a credit risk for the Bank.

R$ thousand

Abnormal operations											
	AA	A	B	C	D	E	F	G	H	12.31.2012	12.31.2011
Installments falling due											
01 to 30	--	--	100,202	128,008	72,004	51,070	43,955	61,592	306,158	762,989	646,826
31 to 60	--	--	65,490	73,469	42,714	42,374	36,373	50,275	206,754	517,449	422,135
61 to 90	--	--	51,892	59,818	37,221	34,757	30,208	40,387	164,661	418,944	393,221
91 to 180	--	--	152,347	170,325	107,343	99,833	90,656	116,741	479,642	1,216,887	1,096,468
181 to 360	--	--	256,077	274,946	179,915	182,761	144,144	189,389	829,999	2,057,231	1,997,344
More than 360	--	--	580,448	583,695	457,626	465,035	427,806	489,747	2,760,094	5,764,451	5,659,019
Installments overdue											
01 to 14	--	--	12,639	36,551	26,649	21,613	18,498	24,365	103,688	244,003	251,690
15 to 30	--	--	155,801	84,342	33,866	35,258	30,057	45,128	130,857	515,309	437,915
31 to 60	--	--	11,951	182,457	53,875	53,116	42,339	73,075	242,652	659,465	594,737
61 to 90	--	--	20	8,388	87,860	61,538	52,101	58,379	254,731	523,017	456,147
91 to 180	--	--	1,109	3,587	13,732	87,684	128,826	150,238	666,397	1,051,573	826,181
181 to 360	--	--	34	83	3,733	9,384	16,681	92,219	1,125,492	1,247,626	1,202,980
More than 360	--	--	4	20	37	92	2,917	4,627	635,681	643,378	557,141
Subtotal	**--**	**--**	**1,388,014**	**1,605,689**	**1,116,575**	**1,144,515**	**1,064,561**	**1,396,162**	**7,906,806**	**15,622,322**	**14,541,804**
Total	**168,535,041**	**125,622,056**	**167,406,924**	**35,295,322**	**8,709,195**	**3,917,635**	**1,788,143**	**2,149,328**	**12,248,426**	**525,672,070**	**422,988,574**

e) Allowance for loan losses by risk level

R$ thousand

		Banco do Brasil							
		12.31.2012				12.31.2011			
Level of risk	% Provision	Value of loans	Value of allowance	Additional allowance[1]	Existent Allowance	Value of loans	Minimum required provision	Additional allowance[1]	Existent Allowance
AA	0	163,212,225	--	--	--	112,730,571	--	--	--
A	0.5	105,309,651	526,548	87,116	613,664	81,453,282	407,266	72,325	479,591
B	1	160,851,583	1,608,516	13	1,608,529	138,786,166	1,387,862	49	1,387,911
C	3	32,763,668	982,910	90,361	1,073,271	31,016,579	930,497	198,431	1,128,928
D	10	7,974,256	797,426	83,728	881,154	7,545,984	754,598	172,766	927,364
E	30	3,396,406	1,018,922	384,887	1,403,809	3,148,988	944,696	747,614	1,692,310
F	50	1,531,994	765,997	226,245	992,242	1,461,928	730,964	356,606	1,087,570
G	70	1,862,513	1,303,759	175,286	1,479,045	1,475,298	1,032,709	184,186	1,216,895
H	100	10,815,685	10,815,685	--	10,815,685	9,315,432	9,315,432	--	9,315,432
Total		**487,717,981**	**17,819,763**	**1,047,636**	**18,867,399**	**386,934,228**	**15,504,024**	**1,731,977**	**17,236,001**

(1) Refers to the additional provision to the minimum required by CMN Resolution nº. 2,682/1999. This provision is established based on the experience of Management, by simulating the loan portfolio, considering the history of default of operations and in accordance with good banking practice.

R$ thousand

		BB-Consolidated							
		12.31.2012				12.31.2011			
Level of risk	% Provision	Value of loans	Value of allowance	Additional allowance[1]	Existent Allowance	Value of loans	Minimum required provision	Additional allowance[1]	Existent Allowance
AA	0	168,535,041	--	--	--	118,935,314	--	--	--
A	0.5	125,622,056	628,110	172,058	800,168	102,693,791	513,469	74,523	587,992
B	1	167,406,924	1,674,069	13	1,674,082	142,909,626	1,429,096	1,212	1,430,308
C	3	35,295,322	1,058,860	90,361	1,149,221	32,610,628	978,319	198,485	1,176,804
D	10	8,709,195	870,920	90,333	961,253	8,299,338	829,934	176,676	1,006,610
E	30	3,917,635	1,175,291	401,486	1,576,777	3,724,019	1,117,206	763,390	1,880,596
F	50	1,788,143	894,072	226,245	1,120,317	1,762,626	881,313	357,465	1,238,778
G	70	2,149,328	1,504,530	175,286	1,679,816	1,811,761	1,268,233	184,186	1,452,419
H	100	12,248,426	12,248,426	--	12,248,426	10,241,471	10,241,471	--	10,241,471
Total		**525,672,070**	**20,054,278**	**1,155,782**	**21,210,060**	**422,988,574**	**17,259,041**	**1,755,937**	**19,014,978**

(1) Refers to the additional provision to the minimum required by CMN Resolution nº. 2,682/1999. This provision is established based on the experience of Management, by simulating the loan portfolio, considering the history of default of operations and in accordance with good banking practice.

f) Changes in allowance for loan losses

Includes loans, leases and other receivables with characteristics of credit.

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Opening balance	**17,938,957**	**17,236,001**	**16,499,018**	**20,340,145**	**19,014,978**	**17,314,731**
Provision/(reversal)	5,625,803	11,110,720	10,065,243	6,922,752	13,952,236	11,827,192
Minimum required allowance	6,060,973	11,795,061	10,099,080	7,287,755	14,552,391	11,837,069
Additional allowance	(435,170)	(684,341)	(33,837)	(365,003)	(600,155)	(9,877)
Exchange fluctuation – foreign allowances	2,417	7,041	4,332	(3,416)	14,115	1,241
Write-Off	(4,699,778)	(9,486,363)	(9,332,592)	(6,049,421)	(11,786,561)	(10,183,060)
Added values[1]	--	--	--	--	15,292	54,874
Closing balance	**18,867,399**	**18,867,399**	**17,236,001**	**21,210,060**	**21,210,060**	**19,014,978**

(1) Refers to the balance from Banco Patagonia in 2011 and from Eurobank in 2012.

g) Changes in allowance for other loan losses

Includes provisions for other receivables without characteristics of credit.

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Opening balance	**840,549**	**938,612**	**808,015**	**1,007,310**	**1,084,733**	**881,992**
Provision/(reversal)	1,819	(102,565)	136,419	14,907	(80,368)	147,899
Exchange fluctuation – foreign allowances	70	239	133	(2,421)	(1,641)	1,684
Write-Off / Other settings	(154)	5,998	(5,955)	(103,953)	(86,881)	51,625
Added values[1]	--	--	--	--	--	1,533
Closing balance	**842,284**	**842,284**	**938,612**	**915,844**	**915,844**	**1,084,733**

(1) Refers to the balance from Banco Patagonia.

h) Leasing portfolio by maturity

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Up to 1 year [1]	11,811	18,942	1,216,647	1,659,973
More than 1 year and up to 5 years	477	11,039	788,012	1,395,455
Over 5 years	--	--	6,008	8,654
Total Present Value	**12,288**	**29,981**	**2,010,667**	**3,064,082**

(1) Includes amounts related to installments overdue.

i) Income from leasing transactions

R$ thousand

	Banco do Brasil			BB- Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Lease revenue	**9,942**	**19,961**	**21,996**	**903,487**	**1,871,395**	**2,249,071**
Leasing	9,942	19,961	21,996	903,487	1,871,395	2,249,071
Lease expenses	**(9,132)**	**(17,692)**	**(17,058)**	**(827,656)**	**(1,525,315)**	**(1,633,241)**
Leasing	(9,132)	(17,692)	(17,058)	(825,133)	(1,520,838)	(1,630,642)
Operating leases	--	--	--	(58)	(116)	(116)
Loss on disposal of leased assets	--	--	--	(2,465)	(4,361)	(2,483)
Total	**810**	**2,269**	**4,938**	**75,831**	**346,080**	**615,830**

j) Concentration of loans

R$ thousand

	Banco do Brasil			
	12.31.2012	% of credit portfolio	12.31.2011	% of credit portfolio
10 largest debtors	34,666,327	7.1	29,837,569	7.7
Next 50 largest debtors	44,172,624	9.1	33,549,790	8.7
Next 100 largest debtors	28,708,264	5.9	23,769,858	6.1

k) Renegotiated credits

R$ thousand

	Banco do Brasil			BB- Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Credits renegotiated during the period [1]	**16,228,324**	**32,276,944**	**24,312,877**	**18,207,261**	**36,006,290**	**29,313,212**
Renegotiated by delay [2]	1,047,789	2,380,155	2,174,333	1,334,771	2,817,198	2,656,501
Renovated [3]	15,180,535	29,896,789	22,138,544	16,872,490	33,189,092	26,656,711
Changes on credits renegotiated by delay						
Opening balance	**5,629,820**	**5,223,638**	**4,507,020**	**6,473,222**	**6,039,018**	**4,973,546**
Contracts [2]	1,047,789	2,380,155	2,174,333	1,334,771	2,817,198	2,656,501
Interest received and appropriated	211,830	(6,863)	(40,623)	151,828	(112,673)	(112,131)
Write-Off	(628,725)	(1,336,216)	(1,417,092)	(694,146)	(1,477,868)	(1,478,898)
Closing balance	**6,260,714**	**6,260,714**	**5,223,638**	**7,265,675**	**7,265,675**	**6,039,018**

	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Amount of credits renegotiated by delay [4]	**6,260,714**	**5,223,638**	**7,265,676**	**6,039,018**
Allowance for loan losses of the portfolio renegotiated by delay	4,329,824	3,774,167	4,553,265	3,924,637
(%) Allowance for loan losses on the portfolio	69.2%	72.3%	62.7%	65.0%
90 days default of the portfolio renegotiated by delay	988,573	846,719	1,114,266	954,282
(%) Portfolio default	15.8%	16.2%	15.3%	15.8%

(1) Represents the balance renegotiated, during the period of the loan operations, falling due or overdue, using internet, automated teller machines (ATM) network or branches.

(2) Renegotiated credit for composition of debts due to payment delay by clients.

(3) Renegotiated credits of non-matured operations for the extension, renewal, granting new operation for partial or full settlement of previous operation or any other type of agreement that changes the maturity or the payment terms, originally agreed.

(4) Includes the amount of R$ 24.643 thousand in Banco do Brasil (R$22,503 thousand as of 12.31.2011) related to the renegotiated rural credits. The amount of R$ 5.250.608 thousand (R$ 5,671,920 thousand as of 12.31.2011), related to deferred credits from rural portfolio supported in specific legislation, is not included.

l) Supplementary information

R$ thousand

	Banco do Brasil		BB- Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Releasable contracted credits	141,468,432	119,395,981	138,611,766	111,974,517
Guarantees provided [1]	10,974,691	7,345,903	15,927,569	12,604,492
Confirmed export credits	1,604,942	1,032,833	1,634,685	1,037,372
Contracted credit opened for import	604,173	437,833	713,220	505,697
Linked resources [2]	1,307,462	628,848	1,352,710	1,093,251
Linked credit operations [2]	1,219,553	901,043	1,219,553	969,511

(1) For these operations, the Bank maintains an allowance recorded in Other Liabilities - Sundry, (Note 20,e) totaling R$ 139,787 thousand in Banco do Brasil (R$ 111,760 thousand, on 12.31.2011) and R$ 115,624 thousand in BB-Consolidated (R$ 115,624 thousand, on 12.31.2011), calculated in accordance with Resolution CMN nº 2,682/1999.

(2) On 12.31.2012, there are no operations in default and no judicial questioning on active operations or linked to the funds raised to implement these operations.

In accordance with Resolution nº 680/2011 of the Executive Council of Fund for Workers' Assistance - CODEFAT, Banco do Brasil had applied, on 12.31.2012, resources from the Fund for Workers' Assistance - FAT in the amount of R$ 3,625,759 thousand in Loans and securities discounted, R$ 410,495 thousand in Financing and R$ 1,675,141 thousand in Rural and agribusiness financing.

11 – Other Receivables

a) Specific credits

In the Banco do Brasil, refer to National Treasury credits – extension of the terms of rural financing - in the amount of R$ 1,263,075 thousand (R$ 1,146,328 thousand on 12.31.2011), as established by Law 9,138/1995.

b) Sundry

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Deferred tax asset - tax credit (Note 25.e)	21,101,751	19,748,466	24,981,086	22,753,544
Actuarial assets - Previ (Note 27.d)	16,249,057	13,372,004	16,249,057	13,372,004
Credit card operations (Note 10.a)	16,084,427	12,473,666	16,084,427	12,473,666
Sundry debtors from escrow deposits - lawsuit (Note 28.d)	13,986,906	13,348,256	13,986,906	13,348,256
Sundry debtors from escrow deposits - contingencies (Note 28.c)	11.928.602	10,496,135	13.912.147	12,187,865
Income tax and social contribution to offset	9,372,247	7,700,142	10,650,417	8,788,727
Fund of allocation of surplus - Previ (Note 27.e)	9,198,717	9,638,387	9,198,717	9,638,387
Credit linked to acquired operations (1) (Note10.a)	5,673,953	--	5,673,953	--
Receivables acquisition	3,755,228	2,880,844	3,755,228	2,880,844
National Treasury - interest rate equalization – agricultural crop	3,203,305	3,519,364	3,203,305	3,519,364
Notes and credits receivable - other	1,196,549	1,035,859	3,099,274	2,286,374
Receivables - non-financial companies	--	--	2,793,935	2,387,450
Sundry debtors - domestic	1,492,499	1,391,821	1,871,714	1,819,216
Premiums on credits linked to operations acquired in assignment	1,290,778	--	1,290,778	--
Receivables - National Treasury	1,149,609	1,047,434	1,149,609	1,047,434
Advances to cards transactions processing's companies	439,809	544,904	439,809	544,904
Salary advances and other advances	272,870	228,621	285,213	238,757
Advances to Credit Guarantee Fund (FGC)	223,673	467,679	223,673	467,679
Sundry debtors from escrow deposits - other	137.586	12,406	183.153	47,737
Sundry debtors - foreign	90,288	83,090	148,763	511,334
Sundry debtors for purchasing assets	85,195	128,381	85,213	128,383
Rights for acquisition of royalties and government credits	31,253	59,948	31,253	59,948
Other	516,385	452,417	384,518	409,995
Total	**117,480,687**	**98,629,824**	**129,682,148**	**108,911,868**
Current assets	56,977,892	43,831,069	65,948,206	51,189,006
Non-current assets	60,502,795	54,798,755	63,733,942	57,722,862

(1) Refer to the payroll loans and vehicle financing portfolios granted to individuals, acquired by the Bank with assignment of the transferor, accounted for in accordance with CMN Resolution 3.533/2008.

12 – Exchange Portfolio

a) Breakdown

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Other Receivables				
Exchange purchases pending settlement	13,226,152	14,931,009	14,365,123	15,362,484
Bills of exchange and time drafts in foreign currency	25,434	79,730	25,434	79,730
Receivables from sales of foreign exchange	19,952,335	21,667,265	20,702,935	21,672,632
(Advances received in National/foreign currency)	(17,988,498)	(19,629,278)	(17,997,703)	(19,631,530)
Foreign currency receivables	5,903	5,549	5,903	5,549
Income receivable on advances granted and financed imports	160,774	114,789	174,440	126,539
Total	**15,382,100**	**17,169,064**	**17,276,132**	**17,615,404**
Current assets	15,381,834	17,169,064	17,275,866	17,615,404
Non-current assets	266	--	266	--
Other Liabilities				
Exchange sales pending settlement	22,452,554	23,448,449	23,203,204	23,453,654
(Financed imports)	(20,274)	(5,569)	(20,274)	(5,569)
Exchange purchase liabilities	12,954,530	13,967,565	14,084,421	14,360,893
(Advances on exchange contracts)	(10,491,956)	(9,091,438)	(10,923,409)	(9,453,929)
Foreign currency payables	5,009	5,175	56,728	59,199
Unearned income on advances granted	3,124	2,009	3,124	2,009
Total	**24,902,987**	**28,326,191**	**26,403,794**	**28,416,257**
Current liabilities	12,075,195	16,044,850	13,576,002	16,134,916
Non-current liabilities	12,827,792	12,281,341	12,827,792	12,281,341
Net Exchange Portfolio	**(9,520,887)**	**(11,157,127)**	**(9,127,662)**	**(10,800,853)**
Memorandum Accounts				
Credit opened for imports	933,731	860,272	1,094,253	942,877
Confirmed export credit	1,604,942	1,032,833	1,634,685	1,037,372

b) Exchange Results

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Exchange income	2,725,828	9,724,027	11,627,681	3,140,605	10,670,803	13,113,223
Exchange expenses	(2,550,887)	(9,719,785)	(12,210,625)	(2,857,315)	(10,523,530)	(13,487,440)
Exchange result	**174,941**	**4,242**	**(582,944)**	**283,290**	**147,273**	**(374,217)**

13 – Other Assets

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Non-operating Assets[1]	**299,147**	**266,868**	**482,803**	**409,124**
Assets in special regime	162,471	162,588	162,557	162,674
Vehicles	372	578	143,266	107,999
Property	105,541	76,893	134,554	96,006
Housing property	23,457	18,675	23,457	18,675
Machinery and equipment	7,234	8,056	8,158	8,980
Other	72	78	10,811	14,790
Materials in stock	**34,036**	**22,655**	**74,398**	**59,341**
Subtotal Other Assets	**333,183**	**289,523**	**557,201**	**468,465**
(Impairment)	(175,237)	(170,279)	(195,286)	(188,463)
Prepaid Expenses	**2,214,220**	**4,017,349**	**3,547,325**	**4,840,224**
Insurance and capitalization selling expenses	--	--	1,305,045	982,521
Premiums for purchased credits payroll (2)	1,538,305	3,265,592	1,027,801	2,370,968
Right on the custody of judicial deposits	446,365	514,948	446,365	514,948
Commissions paid to tradesmen – financing of vehicles	3,471	11,361	376,266	376,671
Personnel expenses – meal program	100,500	92,751	100,500	92,751
Premium paid to costumers – partnerships retailers	56,070	63,590	56,070	63,590
Other	69,509	69,107	235,278	438,775
Total Other Assets	**2,372,166**	**4,136,593**	**3,909,240**	**5,120,226**
Current assets	1,140,591	1,524,119	2,592,306	2,723,551
Non-current assets	1,231,575	2,612,474	1,316,934	2,396,675

(1) The Bank recognized impairment losses of assets not in use in the amount of R$ 38,636 thousand (R$ 41,380 thousand as of 12.31.2011) in the Banco do Brasil and the amount of R$ 40,820 thousand (R$ 46,891 thousand as of 12.31.2011) in the BB-Consolidated.

(2) The amounts are amortized over the maturity of the installments of loans acquired from other financial institutions.

14 – Investments

a) Changes in Subsidiaries, Associated Companies and Joint Ventures

R$ thousand

	Banco do Brasil						BB-Consolidated					
	Book value	Changes in the year/2012			Book value	Equity income	Book value	Changes in the year/2012			Book value	Equity income
	12.31.2011	Dividends	Other Events	Equity income	12.31.2012	2011	12.31.2011	Dividends	Other Events	Equity income	12.31.2012	2011
Domestic	**18,034,933**	**(1,709,669)**	**750,939**	**2,269,871**	**19,346,074**	**2,425,518**	**6,440,660**	**--**	**(571,099)**	**(95,551)**	**5,774,010**	**(11,672)**
BB Seguros Participações S.A. [1]	3,887,002	(337,596)	(4,406,062)	856,656	--	788,612	--	--	--	--	--	--
BB Seguridade Participações S.A. [1]	--	--	4,468,031	--	4,468,031	--	--	--	--	--	--	--
Banco Votorantim S.A. [2] [3]	3,504,357	--	1,184,523	(877,731)	3,811,149	(321,734)	--	--	--	--	--	--
BB Leasing S.A. - Arrendamento Mercantil	3,453,732	(30,196)	--	127,139	3,550,675	180,936	--	--	--	--	--	--
BB Banco de Investimento S.A.	1,815,300	(319,235)	55,679	1,124,347	2,676,091	919,049	--	--	--	--	--	--
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	125,829	(617,481)	5,665	617,481	131,494	559,455	--	--	--	--	--	--
Cobra Tecnologia S.A. [3]	124,387	--	(758)	17,934	141,563	(8,725)	--	--	--	--	--	--
BV Participações S.A.	105,119	(14,696)	--	(38,237)	52,186	44,947	--	--	--	--	--	--
BB Administradora de Consórcios S.A.	49,960	(87,308)	--	135,887	98,539	111,026	--	--	--	--	--	--
BB Corretora de Seguros e Administradora de Bens S.A. [1]	33,512	(287,785)	(32,829)	287,102	--	147,610	--	--	--	--	--	--
Cadam S.A.	22,216	--	--	5,783	27,999	(25,841)	22,216	--	--	5,783	27,999	(25,841)
BB Administradora de Cartões de Crédito S.A.	19,326	(15,097)	(202)	15,097	19,124	17,961	--	--	--	--	--	--
BB-Elo Cartões Participações S.A.	18,843	--	--	(3,812)	15,031	(8,428)	--	--	--	--	--	--
Besc Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval	7,127	(94)	--	100	7,133	5,843	--	--	--	--	--	--
Tecnologia Bancária S.A. - Tecban	6,807	--	--	1,946	8,753	(829)	--	--	--	--	--	--
Cia. Hidromineral Piratuba	2,305	--	--	6	2,311	94	2,305	--	--	6	2,311	94
Companhia Brasileira de Securitização – Cibrasec [4]	2,286	(181)	8	173	2,286	212	--	--	--	--	--	--
Cia. Catarinense de Assessoria e Serviços – CCA [5]	228	--	--	--	228	--	228	--	--	--	228	--
Itapebi	--	--	--	--	--	--	75,259	--	(30,512)	30,972	75,719	23,506
Brasilprev Nosso Futuro Seguros e Previdência S.A.[6]	--	--	--	--	--	--	11,074	--	(12,072)	998	--	(2,250)
Estruturadora Brasileira de Projetos - EBP	--	--	--	--	--	--	406	--	--	1,421	1,827	(2,875)
BB Aliança Participações S.A.[7]	--	--	--	--	--	15,311	--	--	--	--	--	--
Nossa Caixa Capitalização S.A.[8]	--	--	--	--	--	19	--	--	--	--	--	--
Pronor	--	--	--	--	--	--	--	--	--	--	--	490
Other equity [9]	--	--	--	--	--	--	64,045	--	75,517	(134,731)	4,831	(4,796)
Goodwill/bargain purchase on acquisition of investiments	4,856,597	--	(523,116)	--	4,333,481	--	6,265,127	--	(604,032)	--	5,661,095	

R$ thousand

	Banco do Brasil						BB-Consolidated					
	Book value	Changes in the year/2012			Book value	Equity income	Book value	Changes in the year/2012			Book value	Equity income
	12.31.2011	Dividends	Other Events	Equity income	12.31.2012	2011	12.31.2011	Dividends	Other Events	Equity income	12.31.2012	2011
Abroad	**2,187,817**	**--**	**(191,912)**	**611,629**	**2,607,534**	**595,212**	**400,283**	**--**	**(358,832)**	**359,154**	**400,605**	**466,551**
Brasilian American Merchant Bank	816,428	--	91,257	8,144	915,829	5,253	--	--	--	--	--	--
Banco Patagonia	637,770	--	(36,855)	224,218	825,133	112,515	--	--	--	--	--	--
Banco do Brasil AG. Viena (Áustria)	213,083	--	31,771	16,067	260,921	4,703	--	--	--	--	--	--
BB Leasing Company Ltd	83,157	--	7,451	1,518	92,126	994	--	--	--	--	--	--
BB Americas	--	--	69,898	(12,897)	57,001	--	--	--	--	--	--	--
BB Securities LLC	37,096	--	3,398	15,425	55,919	5,062	--	--	--	--	--	--
Other equity abroad	43,474	--	2,739	1,547	47,760	33,267	43,474	--	2,739	1,547	47,760	33,267
Goodwill on acquisition of investiments	356,809	--	(3,964)	--	352,845	--	356,809	--	(3,964)	--	352,845	--
Profit/(loss) with exchange in the branches	--	--	(260,993)	260,993	--	267,786	--	--	(260,993)	260,993	--	267,786
Profit/(loss) with exchange in the subsidiaries and associated	--	--	(96,509)	96,509	--	165,498	--	--	(96,509)	96,509	--	165,498
Increase/decrease in equity resulting from other changes	--	--	(105)	105	--	134	--	--	(105)	105	--	--
Total Investments in Subsidiaries, Associated and Joint Ventures	**20,222,750**	**(1,709,669)**	**559,027**	**2,881,500**	**21,953,608**	**3,020,730**	**6,840,943**	**--**	**(929,931)**	**263,603**	**6,174,615**	**454,879**
(Accumulated Impairment)	(4,267)	--	--	--	(4,267)	(228)	(6,998)	--	--	--	(6,998)	(2,958)

(1) The control of BB Seguros Participações S.A and BB Corretora de Seguros e Administradora de Bens S.A. have been transferred to BB Seguridade Participações S.A.(Note 2.c)
(2) Includes Capital increase in the amount of R$ 1,000,000 thousand.
(3) Excluded unrealized result arising from transactions with the Banco do Brasil.
(4) The information refers to the period from December/2011 to November/2012.
(5) Company in liquidation process, not valued by the equity method.
(6) Company acquired by Brasilprev in July/2012, and consolidated from this date.
(7) Investment transferred to holding BB-Mapfre SH1 Participações S.A.
(8) Investment transferred to subsidiary BB-Seguros Participações S.A. in the 1st half of 2011.
(9) Refers to investments on non-financial associated companies.

R$ thousand

	Realized capital stock	Adjusted Stockholders' Equity	Net income (loss) for 2012	Quantity of Shares (in thousands)		Ownership interest in the total capital %
				Common	Preferred	
Domestic						
Banco Votorantim S.A.	7,026,842	8,210,436	(1,987,774)	42,524,745	9,449,943	50
BB Seguros Participações S.A.	3,103,201	4,432,988	856,656	278,863	--	100
BB Leasing S.A. - Arrendamento Mercantil	3,261,860	3,550,675	127,139	3,000	--	100
BB Banco de Investimento S.A.	1,743,112	2,676,091	1,124,347	3,249	--	100
Itapebi	105,000	398,514	185,743	19,950	--	19
BV Participações S.A.	90,422	104,372	(76,474)	15,106	15,106	50
Tecnologia Bancária S.A. – Tecban (1)	166,408	194,072	42,912	508,185	--	13.53
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	109,698	131,494	617,481	100,000	--	100
Cobra Tecnologia S.A.	119,564	143,925	16,168	248,460	248,586	99.97
Cadam S.A.	183,904	129,388	29,287	--	4,762	21.64
Companhia Brasileira de Securitização – Cibrasec (2)	68,482	75,429	6,057	8	--	12.12
BB Administradora de Consórcios S.A.	49,960	98,539	135,887	14	--	100
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	33,424	287,102	--	--	--
BB Administradora de Cartões de Crédito S.A.	9,300	19,123	15,097	398,158	--	100
BB-Elo Cartões Participações S.A.	26,500	15,031	(3,812)	10,000	--	100
Cia. Hidromineral Piratuba	4,070	14,856	552	633	--	15.56
Besc Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval	6,336	7,186	100	10,168,639	--	99.62
Estruturadora Brasileira de Projetos – EBP	100,000	16,438	12,789	3,859	1,217	11.11
Cia. Catarinense de Assessoria e Serviços - CCA	780	474	--	260	520	48.13
Abroad						
Banco Patagonia	298,926	1,399,237	380,277	424,101,958	--	58.96
Brasilian American Merchant Bank	492,386	915,830	8,144	241,023	--	100
Banco do Brasil AG. Viena (Áustria)	50,698	260,921	16,066	188	--	100
BB Leasing Company Ltd.	--	92,126	1,518	1,000	--	100
BB Securities LLC	10,215	55,919	15,424	5,000	--	100
BB Americas	101,124	57,001	(12,896)	835,855	--	100

(1) Banco do Brasil's direct interest of 4.51%.
(2) Banco do Brasil's direct interest of 3.03%.

b) Other Investments

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Tax incentive investments	11,386	11,386	91,121	84,403
Equity securities	58	58	146	146
Stocks and shares	53,796	52,738	58,261	56,789
Other investments (1)	3,206	3,232	1,406,414	1,074,638
Other investments abroad	318	303	318	303
Total	**68,764**	**67,717**	**1,556,260**	**1,216,279**
Accumulated Impairment	(44,984)	(44,979)	(83,895)	(77,200)

(1) Includes, in BB-Consolidated, the amount of R$ 996,686 thousand (R$ 914,059 thousand in 12.31.2011), relating to the investments of Neoenergia S.A., a jointly-owned subsidiary.

c) Goodwill on acquisition of investments

R$ thousand

Changes of Goodwill	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Opening Balance	**5,005,131**	**5,213,406**	**5,134,967**	**6,388,517**	**6,623,497**	**6,887,332**
Acquisitions	--	37,854	369,965	54,248	200,103	556,355
Amortizations (1)	(300,049)	(589,361)	(291,526)	(408,508)	(832,526)	(574,805)
Exchange Variation (2)	(18,756)	24,427	--	(18,756)	24,427	--
Other (3)	--	--	--	--	--	(245,385)
Closing Balance	**4,686,326**	**4,686,326**	**5,213,406**	**6,015,501**	**6,015,501**	**6,623,497**

(1) Recorded in Other Operating Expenses.

(2) Refers to the goodwill from Banco Patagonia and BB Americas.

(3) Includes the decrease of the ownership interest in Brasilveículos Companhia de Seguros and Companhia de Seguros Aliança do Brasil, in the amounts of R$ 123,645 thousand and R$ 121,740 thousand, respectively.

d) Expected Goodwill Amortization

R$ thousand

	2013	2014	2015	2016	2017	2018	2019	After 2019	Total
Banco do Brasil	**700,660**	**816,990**	**914,475**	**1,007,709**	**1,112,997**	**45,539**	**46,442**	**41,514**	**4,686,326**
Banco Nossa Caixa	617,845	709,394	807,756	900,156	1,007,459	--	--	0--	4,042,610
Banco Votorantim	54,569	56,722	57,981	60,466	61,133	**--**	**--**	**--**	290,871
Banco Patagonia	21,614	45,752	46,394	44,003	40,063	40,838	41,651	35,301	315,616
BB Americas	6,632	5,122	2,344	3,084	4,342	4,701	4,791	6,213	37,229
Tax effects (1)	(280,264)	(326,796)	(365,789)	(403,083)	(445,199)	(18,216)	(18,577)	(16,606)	(1,874,530)
Net total	**420,396**	**490,194**	**548,685**	**604,625**	**667,798**	**27,323**	**27,865**	**24,908**	**2,811,797**
Other Equity									
BB-BI	**95,816**	**110,541**	**107,125**	**122,272**	**139,588**	**159,386**	**182,028**	**--**	**916,756**
Cielo	84,084	96,394	93,857	107,670	123,517	141,696	162,550	**--**	809,768
Alelo	11,732	14,147	13,268	14,602	16,071	17,690	19,478	**--**	106,988
BB Mapfre SH1 Participações S.A.	**102,404**	**18,781**	**22,254**	**24,050**	**25,314**	**--**	**--**	**--**	**192,803**
Aliança do Brasil	87,336	--	--	--	--	--	--	--	87,336
Vida Seguradora	15,068	18,781	22,254	24,050	25,314	--	--	--	105,467
Mapfre BB SH2 Participações S.A.	**14,266**	**16,482**	**18,297**	**20,134**	**22,124**	**--**	**--**	**--**	**91,303**
Brasilveículos	14,266	16,482	18,297	20,134	22,124	--	--	--	91,303
BB Seguros	**18,308**	**15,505**	**11,022**	**9,154**	**8,593**	**8,780**	**7,659**	**--**	**79,021**
Brasilcap	18,308	15,505	11,022	9,154	8,593	8,780	7,659	--	79,021
Brasilprev	**122**	**91**	**122**	**274**	**427**	**670**	**914**	**46,672**	**49,292**
Brasilprev Nosso Futuro Seguros e Previdência S.A.	122	91	122	274	427	670	914	46,672	49,292
BB Consolidated	**931,576**	**978,390**	**1,073,295**	**1,183,593**	**1,309,043**	**214,375**	**237,043**	**88,186**	**6,015,501**
Tax effects (1)	(364,531)	(388,309)	(426,223)	(470,236)	(520,256)	(85,224)	(94,358)	(35,275)	(2,384,412)
Net total	**567,045**	**590,081**	**647,072**	**713,357**	**788,787**	**129,151**	**142,685**	**52,911**	**3,631,089**

(1) 25% of income tax and 15% of social contribution for financial companies and for non-financial companies of insurance, private pension plan and capitalization, and 25% of income tax and 9% of social contribution for others non-financial companies.

The expected amortization of goodwill generated by acquisitions of equity is based on projections of results that supported the business, prepared by specialized firms or technical area of the Bank, contemplating the timing of the estimates and discount rates used in calculating the net present value of expected cash flows.

e) Goodwill Impairment test

Recoverable amount of goodwill on acquisition of investment is determined based on value in use, which is evaluated at discounted cash flow method, that is based on cash flow projections of the invested entity (cash-generating unit) and on measurement of the discount rate of this flow.

Assumptions adopted to measure this flow are based on public information, on budget and on business plan of evaluated entities. These assumptions consider current and past performance, as well as expected market and macroeconomic growth.

The cash flow of the entities below were designed for ten years, perpetuating from the eleventh year, with growth rate established. For the periods of excess cash flow to the terms of budget and business plan, the growth estimates are in line with those adopted by the entities. The nominal discount rate was measured, annually, based on the CAPM (Capital Asset Pricing Model) adjusted to the Brazilian market and referenced in Reais (R$), with the exception of Banco Patagonia, which model was adjusted to Argentine market and referenced in Argentine Pesos (ARS).

Entities (cash-generating units)	Growth rate(1)	Discount rate(2)
Banco Votorantim	3.60%.	11.58%
Banco Patagonia	14.20%	24.52%
Alelo	3.20%	11.93%
Aliança do Brasil	0.00%	12.17%
Brasilveículos	0.00%	12.17%
Brasilcap	2.85%	9.16%
Vida Seguradora	0.00%	12.17%

(1) Nominal growth in perpetuity.
(2) Geometric mean of ten years of projection.

The impairment test of goodwill on acquisition of Banco Nossa Caixa, which was incorporated by Banco do Brasil, considers the value in use of Banco do Brasil in the state of São Paulo (cash-generating unit). Cash flows are based on cash-generating unit results in 2012, with increase of PIB (Gross Domestic Product) and IPCA (National Consumer Price Index) designed for ten years. Cash flows were discounted by ETTJ (Term Structure of Interest Rates), collected at the BM&FBovespa.

Entity (cash-generating unit)	Growth rate (1)	Discount rate (1)
Banco do Brasil – State of São Paulo – Goodwill of Banco Nossa Caixa	9.22%	11.82%

(1) Geometric mean of ten years of projection.

According to the sensitivity analysis performed, there is no indication that changes in assumptions can make the book value of cash-generating units exceed the recoverable amount.

The recoverable amount of goodwill on acquisition of Cielo is determined by the net value of sale, based on the share price issued by the company on BM&FBovespa.

Entity (cash-generating unit)	Share price CIEL3(1)
Cielo	R$ 50.59

(1) Closing price of share on 09/28//2012 .

In 2012 and 2011, there was no impairment loss on goodwill generated in the acquisition of investments.

15 – Property and Equipment

R$ thousand

	Banco do Brasil							
	12.31.2011	2012			12.31.2012			
	Book Balance	Changes[1]	Depreciation	Provision for Impairment	Cost	Accumulated Depreciation	Accumulated Impairment	Book Balance[1]
Buildings	2,083,939	13,810	(165,868)	(4,407)	3,815,742	(1,883,861)	(4,407)	1,927,474
Data processing systems	1,550,849	544,075	(541,429)	(960)	4,712,039	(3,158,544)	(960)	1,552,535
Furniture and equipment in use	617,629	231,805	(117,512)	--	1,550,590	(818,668)	--	731,922
Constructions in progress	219,962	774,044	--	--	994,006	--	--	994,006
Land	208,267	(23,213)	--	--	185,054	--	--	185,054
Facilities	182,643	6,291	(32,892)	--	843,722	(687,680)	--	156,042
Security systems	128,709	46,276	(27,836)	--	351,533	(204,384)	--	147,149
Communication systems	64,368	11,419	(15,528)	--	207,135	(146,876)	--	60,259
Furniture and equipment in stock	4,192	(1,172)	--	--	3,020	--	--	3,020
Transport systems	1,680	1,745	(251)	--	5,051	(1,877)	--	3,174
Total	**5,062,238**	**1,605,080**	**(901,316)**	**(5,367)**	**12,667,892**	**(6,901,890)**	**(5,367)**	**5,760,635**

(1) Includes write-offs R$ 20,465 thousand for Land, R$ 40,523 thousand for Facilities and R$ 238,489 thousand for Buildings due to the transfer 64 properties to BB Progressivo Fundo de Investimento Imobiliário (FII) (Note 31.d).

R$ thousand

	BB-Consolidated							
	12.31.2011	2012			12.31.2012			
	Book Balance	Changes[1]	Depreciation	Provision for Impairment	Cost	Accumulated Depreciation	Accumulated Impairment	Book Balance[1]
Buildings	2,175,027	43,078	(169,629)	(4,407)	3,961,117	(1,912,641)	(4,407)	2,044,069
Data processing systems	1,706,433	530,204	(556,912)	(960)	5,002,092	(3,322,367)	(960)	1,678,765
Furniture and equipment in use	790,383	291,950	(149,620)	(924)	2,106,451	(1,173,738)	(924)	931,789
Constructions in progress	252,258	761,238	--	--	1,013,496	--	--	1,013,496
Land	228,533	319,019	--	--	547,552	--	--	547,552
Facilities	220,932	10,910	(38,945)	--	926,756	(733,859)	--	192,897
Security systems	130,576	47,265	(28,320)	--	356,727	(207,206)	--	149,521
Communication systems	70,277	11,763	(16,766)	--	220,995	(155,721)	--	65,274
Transport systems	10,475	2,732	(2,612)	--	35,863	(25,268)	--	10,595
Furniture and equipment in stock	4,192	(1,172)	--	--	3,020	--	--	3,020
Total	**5,589,086**	**2,016,987**	**(962,804)**	**(6,291)**	**14,174,069**	**(7,530,800)**	**(6,291)**	**6,636,978**

(1) Includes write-offs R$ 20,465 thousand for Land, R$ 40,523 thousand for Facilities and R$ 238,489 thousand for Buildings due to the transfer 64 properties to BB Progressivo Fundo de Investimento Imobiliário (FII) (Note 31.d).

16 – Intangible Assets

a) Changes and breakdown

R$ thousand

	Banco do Brasil								
	12.31.2011	2012				12.31.2012			
	Book value	Acquisitions	Write-offs	Amortization	Provision for impairment [1]	Cost	Accumulated amortization	Accumulated impairment	Book value
Rights to manage payroll[2] [3]	6,027,015	2,179,202	(840,919)	(1,949,915)	3,112	9,266,042	(3,797,759)	(49,788)	5,418,495
Softwares	664,931	241,220	(26)	(203,595)	--	1,204,554	(502,024)	--	702,530
Other intangible assets [4]	2,823,856	4,662	--	(180,000)	--	2,828,518	(180,000)	--	2,648,518
Total	**9,515,802**	**2,425,084**	**(840,945)**	**(2,333,510)**	**3,112**	**13,299,114**	**(4,479,783)**	**(49,788)**	**8,769,543**

(1) Recorded in Other Operating Expenses.

(2) Impairment reversal valued at R$ 3,112 thousand.

(3) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is recorded and the past contract value is written-off without effects on Statement of Income.

(4) Refers mainly to the right to use the structure of the Postal Bank to correspondent banking services (Note 31.b).

R$ thousand

	BB-Consolidated								
	12.31.2011	2012				12.31.2012			
	Book value	Acquisitions	Write-offs	Amortization	Provision for impairment [1]	Cost	Accumulated amortization	Accumulated impairment	Book value
Rights to manage payroll [2] [3]	6,027,015	2,179,202	(840,919)	(1,949,915)	3,112	9,266,042	(3,797,759)	(49,788)	5,418,495
Softwares	871,462	563,669	(311)	(210,471)	--	1,913,342	(688,993)	--	1,224,349
Other intangible assets [4]	2,837,547	9,733	(125)	(180,435)	(995)	2,847,737	(181,017)	(995)	2,665,725
Total	**9,736,024**	**2,752,604**	**(841,355)**	**(2,340,821)**	**2,117**	**14,027,121**	**(4,667,769)**	**(50,783)**	**9,308,569**

(1) Recorded in Other Operating Expenses.

(2) Impairment reversal valued at R$ 3,112 thousand.

(3) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is recorded and the past contract value is written-off without effects on Statement of Income.

(4) Refers mainly to the right to use the structure of the Postal Bank to correspondent banking services (Note 31.b).

b) Estimate for Amortization

R$ thousand

	Banco do Brasil					
Year	2013	2014	2015	2016	2017	Total
Amounts to be amortized	2,155,288	2,122,326	2,063,466	2,057,867	370,597	**8,769,543**

R$ thousand

	BB-Consolidated					
Year	2013	2014	2015	2016	2017	Total
Amounts to be amortized	2,263,093	2,230,131	2,171,271	2,165,672	478,402	**9,308,569**

17 – Deposits and Securities Sold under Repurchase Agreements

a) Deposits

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Demand Deposits	**72,958,427**	**60,371,172**	**74,759,878**	**62,016,372**
Individuals	30,583,585	24,720,856	30,651,601	24,779,124
Companies	26,932,192	22,063,307	28,789,127	23,728,405
Restricted	7,555,584	6,522,029	7,566,356	6,528,126
Government	3,774,800	3,530,600	3,774,800	3,530,600
Foreign currency	1,178,480	759,764	1,178,480	759,684
Special from Federal Treasury	824,699	702,242	824,699	702,242
Financial system institutions	573,878	625,785	512,500	594,732
Related companies	896,232	864,420	824,249	811,726
Domiciled abroad	29,272	38,570	28,361	38,134
Other	609,705	543,599	609,705	543,599
Savings Deposits	**117,744,043**	**100,109,839**	**117,744,043**	**100,109,839**
Individuals	110,270,220	93,778,940	110,270,220	93,778,940
Companies	7,212,425	6,056,292	7,212,425	6,056,292
Related companies	244,793	257,435	244,793	257,435
Financial system institutions	16,605	17,172	16,605	17,172
Interbank Deposits	**18,971,133**	**18,139,907**	**16,568,656**	**14,450,354**
Time Deposits	**251,027,170**	**250,183,824**	**263,012,824**	**265,808,991**
National currency	140,394,785	153,957,218	145,937,903	164,801,983
Judicial	86,261,246	77,591,835	86,346,242	77,666,810
Foreign currency	17,620,533	10,018,819	23,978,073	14,724,246
Workers Assistance Fund – FAT (Note 17.e)	5,952,981	7,924,910	5,952,981	7,924,910
Funproger (Note 17.f)	198,610	147,175	198,610	147,175
Other	599,015	543,867	599,015	543,867
Total	**460,700,773**	**428,804,742**	**472,085,401**	**442,385,556**
Current liabilities	342,814,617	291,937,609	353,051,671	302,505,147
Non-current liabilities	117,886,156	136,867,133	119,033,730	139,880,409

b) Segregation of deposits by deadline chargeability

R$ thousand

	Banco do Brasil							
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	12.31.2012	12.31.2011
Time deposits [1]	95,370,613	18,174,206	21,836,439	42,373,814	73,164,138	107,960	251,027,170	250,183,824
Savings deposits	117,744,043	--	--	--	--	--	117,744,043	100,109,839
Demand deposits	72,958,427	--	--	--	--	--	72,958,427	60,371,172
Interbank deposits	149,908	9,662,369	6,918,612	1,942,413	287,788	10,043	18,971,133	18,139,907
Total	286,222,991	27,836,575	28,755,051	44,316,227	73,451,926	118,003	460,700,773	**428,804,742**

(1) Includes the amounts of R$ 138,021,226 thousand (R$ 151,015,003 thousand on 12.31.2011), relating to time deposits with early repurchase clause (liquidity commitment), considering the original maturity dates.

R$ thousand

	BB-Consolidated							
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	12.31.2012	12.31.2011
Time deposits [1]	95,392,491	24,952,081	25,931,026	43,286,774	73,340,281	110,171	263,012,824	265,808,991
Savings deposits	117,744,043	--	--	--	--	--	117,744,043	100,109,839
Demand deposits	74,759,878	--	--	--	--	--	74,759,878	62,016,372
Interbank deposits	35,193	7,487,177	6,749,782	1,622,920	294,328	379,256	16,568,656	14,450,354
Total	**287,931,605**	**32,439,258**	**32,680,808**	**44,909,694**	**73,634,609**	**489,427**	**472,085,401**	**442,385,556**

(1) Includes the amounts of R$ 143,123,684 thousand (R$ 156,117,461 thousand, on 12.31.2011), relating to time deposits with early repurchase clause (liquidity commitment), considering the original maturity dates.

c) Securities sold under repurchase agreements

R$ thousand

	Banco do Brasil		BB-Consolidated	
	09.30.2012	12.31.2011	09.30.2012	12.31.2011
Own Portfolio	**42,602,833**	**54,245,739**	**59,994,120**	**66,475,487**
Corporate bonds	9,553,997	663,897	19,642,180	10,966,500
Treasury Financial Bills	30,307,570	42,442,652	30,341,365	41,684,702
Securities abroad	1,316,578	2,376,421	1,838,920	2,805,225
National Treasury Notes	--	329,210	2,165,001	2,431,697
National Treasury Bills	1,424,688	8,433,559	5,740,101	8,137,004
Other	--	--	266,553	450,359
Third-Party Portfolio	**166,912,091**	**125,956,513**	**165,546,113**	**128,695,556**
Treasury Financial Bills	107,311,069	106,124,154	103,044,579	107,356,969
National Treasury Notes	13,165,189	848,333	14,086,398	947,549
National Treasury Bills	44,659,712	15,765,106	46,641,515	17,181,358
Securities abroad	1,776,121	3,218,920	1,773,621	3,209,680
Free movement portfolio	**--**	**--**	**246,639**	**4,233**
Total	**209,514,924**	**180,202,252**	**225,786,872**	**195,175,276**
Current liabilities	200,237,562	172,149,993	214,649,038	184,926,104
Non-current liabilities	9,277,362	8,052,259	11,137,834	10,249,172

d) Expenses with deposits and with securities sold under repurchase agreements

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half 2012	2012	2011	2nd half 2012	2012	2011
Deposits	**(13,092,190)**	**(27,899,510)**	**(29,745,796)**	**(13,735,797)**	**(29,298,352)**	**(31,238,929)**
Time deposits	(6,043,334)	(13,692,272)	(15,398,314)	(6,618,701)	(15,019,897)	(17,037,407)
Judicial deposits	(3,467,729)	(6,871,449)	(6,485,085)	(3,467,682)	(6,870,821)	(6,484,844)
Savings deposits	(3,378,765)	(6,867,289)	(6,908,451)	(3,378,765)	(6,867,289)	(6,908,451)
Interbank deposits	(202,362)	(468,500)	(953,946)	(270,649)	(540,345)	(808,227)
Securities sold under repurchase agreements	**(7,279,945)**	**(15,659,707)**	**(17,664,283)**	**(7,859,182)**	**(16,891,272)**	**(19,701,431)**
Third-party portfolio	(6,312,398)	(13,281,503)	(13,638,792)	(6,430,849)	(13,564,923)	(14,132,852)
Own portfolio	(967,533)	(2,369,696)	(4,023,843)	(1,413,629)	(3,279,504)	(5,424,202)
Free movement portfolio	(14)	(8,508)	(1,648)	(14,704)	(46,845)	(144,377)
Other	**(1,820,923)**	**(3,063,912)**	**(1,696,165)**	**(2,569,635)**	**(4,922,508)**	**(3,429,157)**
Total	**(22,193,058)**	**(46,623,129)**	**(49,106,244)**	**(24,164,614)**	**(51,112,132)**	**(54,369,517)**

e) Workers Assistance Fund (FAT)

R$ thousand

Program	Resolution TADE [1]	Return of FAT funds			12.31.2012			12.31.2011		
		Type[2]	Initial date	Final date	Available TMS [3]	TJLP Applied [4]	Total	Available TMS [3]	TJLP Applied [4]	Total
Proger Rural and Pronaf					**325,502**	**1,536,768**	**1,862,270**	**372,533**	**2,635,836**	**3,008,369**
Pronaf Custeio	04/2005	RA	11/2005	--	6,910	5,844	12,754	7,571	31,489	39,060
Pronaf Investimento	05/2005	RA	11/2005	--	277,831	1,269,113	1,546,944	250,326	1,809,716	2,060,042
Giro Rural – Aquisição de Títulos	03/2005	SD	01/2008	01/2014	5,773	128,905	134,678	--	509,546	509,546
Giro Rural Fornecedores	14/2006	RA	08/2006	--	19,219	63,248	82,467	94,033	132,442	226,475
Rural Custeio	02/2006	RA	11/2005	--	324	2,956	3,280	896	5,868	6,764
Rural Investimento	13/2005	RA	11/2005	--	15,445	66,702	82,147	19,707	146,775	166,482
Proger Urbano					**218,136**	**3,415,019**	**3,633,155**	**583,644**	**4,050,543**	**4,634,187**
Urbano Investimento	18/2005	RA	11/2005	--	217,587	3,414,695	3,632,282	235,207	4,042,844	4,278,051
Urbano Capital de Giro	15/2005	RA	11/2005	--	545	320	865	346,717	4,460	351,177
Empreendedor Popular	01/2006	RA	11/2005	--	4	4	8	1,720	3,239	4,959
Other					**58,264**	**399,292**	**457,556**	**52,455**	**229,899**	**282,354**
Exports	27/2005	RA	11/2005	--	116	--	116	556	510	1,066
Integrar Área Urbana	25/2005	RA	11/2005	--	102	--	102	68	319	387
FAT Giro Setorial Micro e Pequenas Empresas	08/2006	RA	09/2007	--	7,850	8,866	16,716	526	48,800	49,326
FAT Giro Setorial Veículos MGE	09/2006	RA	02/2009	--	--	--	--	100	118	218
FAT Giro Setorial Veículos MPE	08/2006	RA	02/2009	--	--	--	--	3,505	3,844	7,349
FAT Fomentar Micro e Pequenas Empresas	11/2006	RA	08/2006	--	1,222	3,898	5,120	1,173	7,958	9,131
FAT Fomentar Médias e Grandes Empresas	12/2006	RA	07/2006	--	9,986	24,993	34,979	8,292	57,065	65,357
FAT Taxista	02/2009	RA	09/2009	--	11,791	141,551	153,342	28,890	77,463	106,353
FAT Turismo Investimento	01/2012	RA	08/2012	--	16,124	9,069	25,193	--	--	--
FAT Turismo Capital de Giro	02/2012	RA	08/2012	--	11,073	210,915	221,988	--	--	--
FAT Encargos a capitalizar	--	--	--	--	--	--	--	9,345	33,822	43,167
Total					**601,902**	**5,351,079**	**5,952,981**	**1,008,632**	**6,916,278**	**7,924,910**

(1) TADE – Allocation Term of Special Deposits.
(2) RA - Automatic Return (monthly, 2% on the balance) and SD - Available Balance.
(3) Funds remunerated by the Average Selic Rate (TMS).
(4) Funds remunerated by the Long Term Interest Rate (TJLP).

FAT is a special accounting and financial fund, established by Law 7,998/1990, attached to the Ministry of Labor and Employment and managed by the Executive Council of the Workers Assistance Fund (Codefat). Codefat is a collective, tripartite, equal level organization, composed of representatives of workers, employers and government.

The main actions to promote employment using FAT funds are structured around the Programs for the Generating Employment and Earnings (Proger), which resources are allocated through special deposits, established by Law 8,352/1991, in official federal financial institutions, including, among others, Proger in the urban program - Investment and Working Capital - and rural program, the National Program for Strengthening Family Farming - Pronaf**,** in addition to the special lines such as FAT Integrar – Rural e Urbano, FAT Giro Setorial – Micro e Pequenas Empresas (micro and small-sized companies), FAT Giro Setorial – Médias e Grandes Empresas (medium and large-sized companies), FAT Giro Setorial Veículos – Micro e Pequenas Empresas (micro and small-sized companies), FAT Giro Setorial Veículos – Médias e Grandes Empresas (medium and large-sized companies), FAT Fomentar – Micro e Pequenas Empresas (micro and small-sized companies), FAT Fomentar – Médias e Grandes Empresas (medium and large-sized companies), FAT Giro Agropecuário, FAT Inclusão Digital (digital inclusion), FAT Taxista (taxi), FAT Turismo Investimento and FAT Turismo Capital de Giro.

The FAT special deposits, allocated with Banco do Brasil, while available, incur interest on a daily *pro rata die* basis using the Average Selic Rate (TMS). As they are applied on loans, the interest rate is changed to the Long-term Interest Rate (TJLP) during the effective period of the loans. The earnings on the Bank's funds are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005 and 489/2006.

f) Guarantee Fund for Generation of Employment and Earnings (Funproger)

The Guarantee Fund for Generation of Employment and Earnings (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat/MTE and the balance is R$ 198,610 thousand (R$ 147,175 thousand as of 12.31.2011).

The objective of Funproger is to provide guarantees to entrepreneurs who do not have the necessary guarantees of their own to contract financing by Proger Urbano and Programa Nacional de Microcrédito Produtivo Orientado, through the payment of a commission. The net assets of Funproger are accumulated through funds arising from the difference between the Average Selic Rate (TMS) and the Long-Term Interest Rate (TJLP) in respect of the remuneration of the special deposit balances available in FAT. Other sources of funds are the earnings from its operations and the income on its cash resources paid to Banco do Brasil, the fund manager.

18 – Borrowings and Onlendings

a) Borrowings

R$ thousand

	Banco do Brasil					
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	12.31.2012	12.31.2011
Abroad						
Borrowings from BB Group companies abroad	1,049,819	3,062,325	17,645,937	--	21,758,081	13,908,697
Borrowings from bankers abroad	2,027,947	7,124,218	657,915	46,248	9,856,328	8,399,183
Linked to public sector borrowings (1)	--	254,709	368,442	--	623,151	800,453
Imports	97,781	140,534	44,847	6,330	289,492	365,816
Exports	3,000	24,053	--	--	27,053	10,996
Total	**3,178,547**	**10,605,839**	**18,717,141**	**52,578**	**32,554,105**	**23,485,145**
Current liabilities					13,784,386	8,368,049
Non-current liabilities					18,769,719	15,117,096

(1) Maturity date as of April 2015 at the rate of 6.92% p.a.

R$ thousand

	BB-Consolidated					
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	12.31.2012	12.31.2011
Domestic						
Borrowing from non financial companies	402,826	--	--	--	402,826	113,354
Other borrowings	--	1,927	3,780	--	5,707	7,640
Abroad						
Borrowings from bankers abroad	2,933,501	8,843,084	658,071	63,318	12,497,974	10,878,923
Linked to public sector borrowings (1)	--	254,709	368,442	--	623,151	800,453
Imports	74,795	95,518	15,360	--	185,673	177,380
Exports	205,294	160,408	--	--	365,702	279,324
Total	**3,616,416**	**9,355,646**	**1,045,653**	**63,318**	**14,081,033**	**12,257,074**
Current liabilities					12,972,062	9,505,975
Non-current liabilities					1,108,971	2,751,099

(1) Maturity date as of April 2012 at the rate of 6.92% p.a.

b) Onlendings

Domestic – Official institutions

R$ thousand

Programs	Finance charges	Banco do Brasil		BB-Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
National Treasury - Rural Credit		**633,638**	**1,643,963**	**713,279**	**1,721,507**
Pronaf	TMS (if available) or 0.5% p.a. to 4% p.a. (if applied)	475,613	1,424,918	475,613	1,424,918
Recoop	5.75% p.a. to 8.25% p.a. or IGP-DI + 1% p.a. or IGP-DI + 2% p.a.	69,955	96,511	69,955	96,511
Cacau	IGP-M + 8% p.a. or TJLP + 0.6% p.a. or 6.35% p.a.	86,715	103,007	86,715	103,007
Other	--	1,355	19,527	80,996	97,071
BNDES		**40,284,112**	**27,227,981**	**41,762,751**	**28,978,454**
Banco do Brasil	0% p.a. to 11% p.a. or TJLP/exch. var. + 0% p.a. to 6% p.a.	40,284,112	27,227,981	40,284,112	27,227,981
Banco Votorantim	Pre/TJLP/IPCA/exch. var. + 0.5% p.a. to 9.91% p.a.	--	--	1,478,639	1,750,473
Caixa Econômica Federal	--	**895,482**	**338,253**	**895,482**	**338,253**
Finame		**16,485,748**	**16,168,925**	**19,494,062**	**17,506,428**
Banco do Brasil	0% p.a. to 11% p.a. or TJLP/exch. var. + 0.5% p.a. to 5.5% p.a.	16,485,748	16,168,925	18,489,696	16,176,962
Banco Votorantim	TJLP/ Pre + 0.3% p.a. to 11.5% p.a.	--	--	1,004,366	1,329,466
Other official institutions		**653,052**	**2,443,166**	**653,052**	**2,446,402**
Special supply - Rural savings	TR	--	1,991,552	--	1,991,552
Funcafé	TMS (if available) or 6.75% p.a. (if applied up to 06/2012) or 5.5% p.a. (if applied from 07/2012)	652,912	451,475	652,912	451,475
Other	--	140	139	140	3,375
Total		**60,952,032**	**47,822,288**	**63,518,626**	**50,991,044**
Current liabilities		16,710,092	16,089,557	17,756,624	17,474,727
Non-current liabilities		44,241,940	31,732,731	45,762,002	33,516,317

Foreign

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Funds obtained under the terms of Resolution CMN 3844/2010	3,504,292	286,931	87,012	101,876
Special fund for support to small and medium manufacturing companies	477	477	477	477
Total	**3,504,770**	**287,408**	**87,490**	**102,353**
Current liabilities	804	13,114	481	13,114
Non-current liabilities	3,503,966	274,294	87,009	89,239

c) Expense of borrowings and onlendings

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Borrowings expenses	**(1,027,981)**	**(3,170,360)**	**(2,562,073)**	**(491,416)**	**(2,410,077)**	**(2,552,815)**
Onlendings expenses	**(1,446,635)**	**(2,927,330)**	**(2,645,933)**	**(1,496,502)**	**(3,057,469)**	**(2,845,223)**
BNDES	(1,039,872)	(2,004,278)	(1,655,383)	(1,087,467)	(2,111,620)	(1,785,195)
Finame	(300,309)	(689,079)	(638,948)	(324,604)	(743,347)	(716,019)
National Treasury	(44,103)	(123,135)	(159,462)	(46,183)	(126,943)	(162,725)
Foreign	(24,105)	(35,279)	(68,942)	--	--	(58,086)
Caixa Econômica Federal	(11,022)	(20,388)	(11,552)	(11,022)	(20,388)	(11,552)
Other	(27,225)	(55,171)	(111,646)	(27,225)	(55,171)	(111,646)
Expenses for financial and development funds liabilities	**(190,172)**	**(654,532)**	**(648,696)**	**(190,172)**	**(654,532)**	**(648,696)**
Expenses for obligations with bankers abroad	**(163,102)**	**(1,198,847)**	**(1,107,293)**	**(167,392)**	**(1,254,129)**	**(1,163,094)**
Total	**(2,827,891)**	**(7,951,070)**	**(6,963,995)**	**(2,345,481)**	**(7,376,206)**	**(7,209,828)**

19 – Resources from Acceptances and Securities Issues

R$ thousand

Borrowings		Issued Value	Remuneration p.a.	Date of Funding	Maturity	12.31.2012	12.31.2011
Banco do Brasil							
Global Medium - Term Notes Program						**6,303,172**	**5,198,652**
	R$	350,000	9.75%	07/2007	07/2017	387,261	352,199
	USD	100,000	Libor 6m+2.55%	07/2009	07/2014	206,658	188,595
	USD	950,000	4.50%	01/2010	01/2015	1,978,662	1,819,507
	USD	500,000	6.00%	01/2010	01/2020	1,044,118	957,919
	EUR	750,000	4.50%	01/2011	01/2016	2,098,921	1,880,432
	JPY	24,700,000	1.80%	09/2012	09/2015	587,552	--
Senior Notes						**4,952,108**	**934,260**
	USD	500,000	3.87%	11/2011	01/2017	1,033,277	934,260
	USD	1,925,000	3.87%	10/2012	01/2022	3,918,831	--
Structured Notes	USD	332,620	0.85 a 2.15%			**688,797**	--
Certificates of Deposits - Long Term						**1,926,853**	**1,795,894**
	USD	2,000	3.19%	05/2010	(1)05/2013	--	3,750
	USD	100,000	2.78%	01/2011	(1)01/2013	--	187,510
	USD	99,000	2.87%	02/2011	(1)01/2013	--	185,635
	USD	100,000	2.72%	03/2011	(1)03/2013	--	187,441
	USD	200,000	2.02%	03/2011	(1)03/2013	--	371,867
	USD	10,000	3.00%	08/2011	(1)08/2016	--	18,652
	USD	30,000	2.55%	09/2011	(1)09/2013	--	56,253
	USD	233,900	2.25%	10/2011	(1)02/2014	--	438,586
	USD	25,630	1.95%	11/2011	(1)02/2013	--	48,059
	USD	150,000	2.93%	11/2011	(1)12/2013	--	281,265
	USD	2,000	2.48%	12/2011	(1)06/2013	--	3,750
	USD	2,000	1.79%	12/2011	(1)04/2014	--	3,750
	USD	5,000	1.74%	12/2011	(1)04/2013	--	9,376
	USD	10,000	3.27%	08/2012	08/2016	20,429	--
	USD	230,695	2.52%	08/2012	02/2014	471,286	--
	USD	35,000	2.40%	08/2012	08/2014	71,501	--
	USD	1,700	1.75%	09/2012	09/2014	3,455	--
	USD	11,000	1.88%	09/2012	09/2014	22,355	--
	USD	50,000	2.11%	10/2012	04/2014	102,145	--
	USD	26,674	3.50%	10/2012	07/2014	54,207	--
	USD	5,000	1.90%	10/2012	10/2015	10,215	--
	USD	25,709	3.50%	10/2012	10/2014	52,248	--
	USD	48,205	3.80%	10/2012	10/2015	97,965	--
	USD	32,137	3.80%	11/2012	11/2015	65,310	--
	USD	2,000	1.56%	12/2012	04/2014	4,086	--
	USD	199,000	2.42%	12/2012	12/2015	406,537	--
	USD	48,205	3.98%	12/2012	12/2015	97,965	--
	USD	215,000	2.42%	12/2012	12/2015	436,934	--
	USD	5,000	1.30%	12/2012	12/2013	10,215	--

R$ thousand

Borrowings		Issued Value	Remuneration p.a.	Date of Funding	Maturity	12.31.2012	12.31.2011
Certificates of Deposits - Short Term[2]	USD					**7,754,338**	**4,128,590**
Certificates of Deposits - Short Term[2]						**32,898,221**	**6,595,550**
Short Term	R$					11,037,065	1,095,276
Long Term[3]	R$					21,861,156	5,500,667
Issuance costs	R$					--	(393)
Financial Letters						**3,569,719**	**3,486,743**
Short Term	R$					3,536,300	--
Long Term[4]	R$					33,419	3,486,743
Total Banco do Brasil						**58,093,209**	**22,139,689**
Banco Patagonia							
Bonds GPAT Series I	ARS	50,000	14.30%	03/2011	03/2012	--	19,648
Bonds GPAT Series II	ARS	94,310	14.12%	05/2011	05/2012	--	28,287
Bonds GPAT Series III	ARS	71,000	15.27%	08/2011	08/2012	--	31,886
Bonds GPAT Series IV	ARS	50,200	23.87%	11/2011	11/2012	--	19,660
Bonds GPAT Series V	ARS	100,000	19.34%	01/2012	01/2013	40,505	--
Bonds GPAT Series VI	ARS	150,000	15.64%	03/2012	03/2013	53,504	--
Bonds GPAT B Series VII	ARS	150,000	BADLAR + 200 ptos.	04/2012	04/2013	59,714	--
Bonds GPAT A Series VIII	ARS	33,500	16.75%	07/2012	03/2013	15,085	--
Bonds GPAT B Series VIII	ARS	58,205	BADLAR + 350 ptos.	07/2012	12/2013	24,215	--
Bonds GPAT A Series IX	ARS	27,400	18.00%	08/2012	05/2013	9,880	--
Bonds GPAT B Series IX	ARS	110,100	BADLAR + 399 ptos.	08/2012	02/2014	44,471	--
Bonds GPAT A Series X	ARS	50,000	18.90%	11/2012	08/2013	21,372	--
Bonds GPAT B Series X	ARS	97,611	BADLAR + 429 ptos.	11/2012	05/2014	41,769	--
Bonds Banco Patagonia Clase I Series 1	ARS	200,000	BADLAR + 400 PB	12/2012	06/2014	83,154	--
Total Banco Patagonia						**393,669**	**99,481**
Special Purpose Entities Abroad [5]							
Securitization of future flow of payment orders from abroad							
	USD	250,000	6.55%	12/2003	12/2013	88,174	156,772
	USD	250,000	Libor 3m+0.55%	03/2008	03/2014	255,454	422,116
	USD	200,000	Libor 3m+1.20%	09/2008	09/2015	223,917	280,310
	USD	150,000	5.25%	04/2008	06/2018	270,253	281,962
Total Special Purpose Entities Abroad						**837,797**	**1,141,160**
Banco Votorantim							
Debentures						**748,029**	**1,565,574**
Post-fixed	R$		0.35% + DI	06/2006	07/2012	--	809,898
Post-fixed	R$		100 a 111% DI	06/2006	07/2027	748,029	755,676
Letters of Credit - Real Estate	R$		93.00 a 97.36% DI	11/2011	07/2015	**66,265**	**3,490**
Letters of Credit - Agribusiness						**1,106,694**	**825,979**
Post-fixed	R$		80.00 a 97.50% DI	12/2007	03/2020	1,104,110	817,712
Pre-fixed	R$		8.48 a 12.35%	05/2008	04/2013	2,584	8,267
Financial Letters						**5,483,544**	**3,572,168**
Pre-fixed	R$		8.27 a 14.00%	07/2010	11/2022	90,269	28,443
Post-fixed	R$		100 a 112.02% DI	09/2010	12/2017	5,159,520	3,446,800
Post-fixed	R$		3.42 a 7.81% + IPCA	01/2011	09/2019	135,100	69,980
Post-fixed	R$		108 a 109.30% Selic	02/2011	04/2015	97,159	25,625
Post-fixed	R$		5.05 a 5.99%+IGPM	08/2011	09/2013	1,496	1,320

R$ thousand

Borrowings		Issued Value	Remuneration p.a.	Date of Funding	Maturity	12.31.2012	12.31.2011
Global Medium - Term Notes Program						**4,005,727**	**2,966,110**
Short Term[6]						1,497,964	73,118
Long-Term						**2,507,763**	**2,892,992**
	R$	100,000	9.25%	12/2005	12/2012	--	44,476
	USD	47,666	3.91%	09/2006	09/2016	98,443	89,691
	R$	94,796	10.63%	04/2007	04/2014	104,851	104,721
	USD	250,000	4.25%	02/2010	[1]08/2013	--	471,976
	USD	37,500	4.25%	04/2010	[1]02/2013	--	71,329
	CHF	125,000	2.75%	12/2010	[1]12/2013	--	255,268
	USD	2,555	3.32%	02/2011	02/2016	2,557	2,236
	USD	625,000	5.25%	02/2011	02/2016	1,288,682	1,189,180
	USD	37,500	3.00%	03/2011	03/2014	74,571	68,159
	USD	2,044	4.27%	04/2011	03/2014	2,102	1,884
	R$	10,000	14.19%	05/2011	01/2015	19,627	17,368
	USD	1,022	3.29%	05/2011	05/2016	1,016	890
	R$	309,253	6.25%	05/2011	05/2016	550,584	518,959
	USD	29,800	3.50%	07/2011	[1]07/2013	--	56,855
	R$	125	12.40%	01/2007	01/2017	131	--
	R$	250	18.30%	01/2008	01/2015	478	--
	R$	1,595	7.50%	02/2008	02/2015	2,151	--
	USD	5,109	8.90%	06/2009	07/2014	7,085	--
	USD	5,824	7.50%	07/2009	07/2014	6,434	--
	USD	6,039	6.90%	07/2009	07/2014	6,599	--
	USD	500	5.04%	07/2009	07/2014	1,041	--
	USD	700	No Coupon	10/2009	07/2014	1,331	--
	R$	1,309	19.77%	10/2009	01/2017	1,935	--
	USD	500	2.36%	12/2009	12/2014	1,022	--
	R$	125	6.11%	03/2010	03/2014	170	--
	R$	133	6.66%	06/2010	06/2014	179	--
	R$	176	5.45%	07/2010	07/2014	19	--
	R$	175	11.75%	08/2010	02/2016	182	--
	R$	913	88.54% DI	01/2011	12/2013	1,077	--
	R$	125	99.78% DI	02/2011	01/2014	149	--
	R$	425	13.00%	03/2011	02/2014	517	--
	R$	457	94.82% DI	03/2011	02/2014	537	--
	R$	825	12.80%	03/2011	02/2014	1,001	--
	R$	314	12.00%	03/2011	02/2014	374	--
	R$	232	11.87%	03/2011	03/2014	276	--
	R$	1,208	12.00%	03/2011	03/2014	1,438	--
	R$	168	11.50%	03/2011	03/2014	197	--
	USD	605	4.25%	04/2011	04/2014	1,248	--
	R$	250	12.00%	04/2011	03/2014	296	--
	R$	4,818	13.00%	04/2011	03/2014	5,909	--
	USD	128	4.24%	04/2011	04/2014	263	--
	USD	100	3.75%	04/2011	04/2014	205	--
	USD	200	3.80%	06/2011	06/2014	410	--
	USD	100	3.96%	06/2011	06/2014	205	--
	R$	246	85.25% DI	07/2011	06/2014	274	--
	R$	125	11.50%	07/2011	06/2014	142	--
	USD	100	3.51%	07/2011	07/2014	208	--
	USD	100	4.11%	07/2011	07/2014	209	--
	R$	1,250	91.00% DI	01/2012	01/2014	1,339	--
	R$	515	101.40% DI	02/2012	02/2017	552	--
	R$	125	10.17%	03/2012	02/2014	135	--
	R$	250	10.60%	03/2012	02/2016	271	--
	USD	1,000	5.53%	03/2012	03/2019	2,129	--

R$ thousand

Borrowings		Issued Value	Remuneration p.a.	Date of Funding	Maturity	12.31.2012	12.31.2011
	R$	750	19.09%	04/2012	12/2019	854	--
	R$	150	9.14%	04/2012	04/2014	159	--
	R$	211	8.27%	05/2012	04/2014	221	--
	R$	1,000	9.56%	05/2012	05/2015	1,058	--
	R$	150	7.78%	07/2012	06/2014	156	--
	USD	25,000	4.40%	07/2012	07/2016	52,068	--
	USD	160	2.66%	08/2012	08/2014	331	--
	USD	550	2.70%	09/2012	09/2015	1,116	--
	USD	100	2.69%	09/2012	09/2015	202	--
	USD	500	3.00%	09/2012	09/2015	1,024	--
	USD	500	2.05%	09/2012	09/2014	1,027	--
	USD	250	4.24%	10/2012	10/2017	516	--
	R$	249	8.63%	10/2012	09/2015	255	--
	R$	365	9.20%	10/2012	10/2017	373	--
	USD	50,000	3.50%	10/2012	10/2015	103,020	--
	USD	250	2.35%	10/2012	10/2015	508	--
	USD	125	2.94%	11/2012	11/2015	257	--
	R$	125	6.22%	11/2012	05/2014	126	--
	USD	50,000	4.20%	11/2012	11/2017	102,700	--
	USD	25,000	4.00%	12/2012	12/2016	51,241	--
Total Banco Votorantim						**11,410,259**	**8,933,321**
Non-Financial Corporations							
Cibrasec							
Real Estate Receivables Certificates [7]	R$					3,869	5,577
Kepler Weber S,A,							
Debentures	R$		TJLP+3.80%	09/2007	09/2020	13,465	15,194
Ativos S,A, Securitizadora de Créditos Financeiros							
Debentures	R$		DI + 1.50%	03/2010	03/2014	37,812	68,053
Total Non-Financial Corporations						**55,146**	**88,824**
Eliminated Amount on Consolidation [8]						**(119,956)**	**(79,185)**
Total BB-Consolidated						**70,670,123**	**32,323,290**
Current liabilities						24,846,154	15,246,923
Non-current liabilities						45,823,969	17,076,367

(1) Operations settled in advance during the year 2012.

(2) Securities maturing in less than 360 days and interest rates of the certificate issued between 0.23% p.a. and 9.40% p.a.

(3) Operations with maturity between 360 and 718 days.

(4) Operations with a maturity of more than 360 days and rates between 100% and 107% Interbank Deposit.

(5) The Special Purpose Entity (SPE) - "Dollar Diversified Payment Rights Finance Company" was organized under the laws of the Cayman Islands for the following purposes: (a) the issuance and sale of securities in the international market; (b) use of resources obtained by issuing securities to pay for the purchase, with the BB, the rights to payment orders issued by banking correspondents located in the U.S. and by the agency of BB New York in U.S. dollars, for any agency for Brazil ("Rights on Consignment"); and (c) making payments of principal and interest on securities and other payments payable on the issuance of these securities. The SPE declares that it has no relevant asset or liability other than the rights and duties originating from the contracts for issue of securities, Bank does not hold the control, is not a shareholder, the owner, or is a beneficiary of any of the results of operations of the SPE. The liabilities arising from the issued securities are paid by the SPE using the funds accumulated in its account.

(6) Securities with a maturity of less than 360 days.

(7) Reference Rate - TR, General Market Price Index - IGP-M, IPCA and average maturity of 134 months.

(8) Refers to securities issued by BB-Consolidated, in possession of subsidiary abroad.

20 – Other Liabilities

a) Financial and Development Funds

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Merchant Navy	2,250,825	1,352,310	2,250,825	1,352,310
Pasep[1]	1,969,767	1,983,929	1,969,767	1,983,929
Funds from the State Government of São Paulo	761,189	563,911	761,189	563,911
Consolidation of Family Farming – CAF	25,840	26,424	25,840	26,424
Special Lending Program for Agrarian Reform – Procera	25,007	27,705	25,007	27,705
Combating Rural Poverty – Our First Land – CPR/NPT	11,296	6,405	11,296	6,405
Land and Agrarian Reform – BB Banco da Terra	4,735	1,812	4,735	1,812
Other	39,949	39,759	39,949	39,759
Total	**5,088,608**	**4,002,255**	**5,088,608**	**4,002,255**
Current liabilities	3,121,529	2,002,989	3,121,529	2,002,989
Non-current liabilities	1,967,079	1,999,266	1,967,079	1,999,266

(1) The Bank is administrator of the Public Servant Heritage Formation Program - Pasep, guaranteeing a minimum return corresponding Long-Term Intrest Rate - TJLP.

b) Taxes and Social Security

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Legal liabilities (Note 28.d)	13,073,718	12,754,899	13,881,845	13,516,326
Deferred tax liabilities (Note 25.d)	6,789,199	6,090,342	7,442,774	7,095,787
Taxes and contributions on net income payable	3,842,067	2,705,225	4,641,641	3,476,176
Provision for tax litigation (Note 28.a)	140,580	164,943	2,020,124	1,400,444
Provision for taxes and contributions on net income	123,421	93,045	1,156,167	961,808
Taxes and contributions payable	850,144	796,747	647,905	529,820
Other	316,855	316,399	1,122,929	1,076,331
Total	**25,135,984**	**22,921,600**	**30,913,385**	**28,056,692**
Current liabilities	19,016,935	17,444,318	24,030,336	20,689,746
Non-current liabilities	6,119,049	5,477,282	6,883,049	7,366,946

c) Subordinated Debt

R$ thousand

Funding		Issued Value	Remuneration p.a.	Funding Date	Maturity	12.31.2012	12.31.2011
Banco do Brasil							
FCO – Resources from Fundo Constitucional do Centro-Oeste						**16,602,973**	**14,771,005**
Funds applied[1]						15,938,342	13,811,498
Resources available [2]						627,940	924,167
Charges to capitalize						36,691	35,340
Subordinated CDB Issued in the Country						**4,711,053**	**4,305,067**
		900,000	113.80% from CDI	03/2009	09/2014	1,344,943	1,227,011
		1,335,000	115.00% from CDI	03/2009	03/2015	2,000,773	1,823,569
		1,000,000	105.00% from CDI	11/2009	11/2015	1,365,337	1,254,487
Subordinated Debt Abroad						**6,673,140**	**4,683,538**
	USD thousand	300,000	8.50%	09/2004	09/2014	619,378	576,210
	USD thousand	660,000	5.38%	10/2010	01/2021	1,382,336	1,260,310
	USD thousand	1,500,000	5.88%	05/2011	01/2022	3,105,980	2,847,018
	USD thousand	750,000	5.88%	06/2012	01/2023	1,565,446	--
Subordinated Letters of Credit						**9,196,989**	**3,429,443**
		1,000,000	108.50% from CDI	03/2010	03/2016	1,331,338	1,219,800
		1,006,500	111.00% from CDI	03/2011	03/2017	1,210,944	1,107,259
		335,100	111.00% from CDI	04/2011	04/2017	401,218	366,864
		13,500	111.00% from CDI	05/2011	05/2017	15,997	14,627
		700,000	111.00% from CDI	09/2011	10/2017	788,399	720,893
		512,500	111.50% from CDI	05/2012	05/2018	537,769	--
		215,000	112.00% from CDI	05/2012	05/2019	225,565	--
		115,000	112.50% from CDI	05/2012	06/2020	120,632	--
		35,500	IPCA+5.45%	05/2012	06/2020	37,771	--
		12,000	111.50% from CDI	06/2012	06/2018	12,564	--
		100,000	IPCA+5.40%	06/2012	06/2018	105,833	--
		500,000	IPCA+5.53%	06/2012	06/2018	528,771	--
		7,200	IPCA+5.30%	06/2012	06/2018	7,615	--
		184,800	CDI+1.11%	06/2012	05/2018	193,503	--
		315,300	IPCA+5.56%	06/2012	06/2018	333,642	--
		308,400	CDI+1.10%	06/2012	04/2018	322,795	--
		20,000	IPCA+5.50%	06/2012	06/2018	21,154	--
		52,500	111.50% from CDI	06/2012	04/2018	54,852	--
		300	IPCA+5.32%	06/2012	01/2018	316	--
		49,800	111.50% from CDI	06/2012	01/2018	51,846	--
		873,600	IPCA+5.40%	06/2012	02/2018	921,522	--
		690,900	CDI+1.06%	06/2012	01/2018	720,162	--
		17,400	IPCA+5.33%	07/2012	06/2018	18,324	--
		27,000	IPCA+5.24%	07/2012	04/2018	28,413	--
		40,800	111.50% from CDI	07/2012	06/2018	42,446	--
		100,000	111.50% from CDI	07/2012	02/2018	103,998	--
		22,200	111.50% from CDI	07/2012	07/2018	23,088	--
		10,200	111.50% from CDI	07/2012	04/2018	10,604	--
		1,000,000	Pré 10.51%	09/2012	07/2018	1,025,908	--
Total Subordinated Debt from Banco do Brasil						**37,184,155**	**27,189,053**
Banco Votorantim							
Subordinated CDB Issued in the Country						**1,081,280**	**1,544,061**
		312,500	CDI+0,49%	11/2007	11/2012	--	486,988
		8,500	CDI+0,49%	12/2007	12/2012	--	13,223
		7,929	CDI+0,54%	12/2007	12/2012	--	12,359
		32,500	IGPM+7,22%	12/2007	12/2012	--	55,718
		57,500	IPCA+7,93%	03/2008	03/2013	108,244	94,825
		7,500	IPCA+7,86%	08/2009	08/2014	11,713	10,269
		5,250	IPCA+7,92%	08/2009	08/2014	8,217	7,199
		19,500	IPCA+8,00%	08/2009	08/2014	30,599	26,787
		2,500	IPCA+7,95%	08/2009	08/2014	3,915	3,429
		260,000	CDI+1,67%	08/2009	08/2014	377,837	342,697
		250,000	CDI+1,64%	12/2009	12/2014	351,056	318,518
		135,000	CDI+1,67%	12/2009	12/2014	189,699	172,049
Subordinated Notes	USD thousand	575,000	7,38%	01/2010	01/2020	**1,346,054**	**1,099,873**
Subordinated Letters of Credit						**1,068,271**	**1,054,722**
		5,000	IPCA+7.25%	11/2010	11/2020[3]	--	5,422
		94,950	CDI+1.30%	11/2010	11/2016	95,587	95,964
		30,000	CDI+1.60%	12/2010	12/2016	30,020	30,042
		324,900	CDI+1.94%	05/2011	05/2017	328,186	329,887
		35,550	IGPM+7.55%	05/2011	05/2017	45,900	38,042
		1,400	IPCA+7.76%	05/2011	05/2017	1,719	1,510
		4,650	IPCA+7.85%	05/2011	05/2017	5,718	5,020
		7,500	IPCA+7.95%	05/2011	05/2017	9,206	8,079
		45,000	IPCA+7.95%	07/2011	07/2016	54,314	47,648
		15,000	IGPM+7.70%	07/2011	07/2017	19,148	15,813
		6,922	IPCA+8.02%	07/2011	07/2019	8,320	7,300
		25,000	IPCA+7.90%	08/2011	08/2016	30,137	26,420
		25,000	IPCA+7.93%	08/2011	08/2017	30,053	26,352
		20,000	IPCA+7.76%	08/2011	08/2017	23,902	21,002
		11,000	IPCA+7.85%	08/2011	08/2017	13,196	11,581
		10,050	IGPM+7.70%	08/2011	08/2017	12,861	10,571
		1,250	115.00% from CDI	08/2011	08/2017	1,446	1,317
		33,000	117.00% from CDI	09/2011	09/2017	33,645	34,034
		15,000	IGPM+6.74%	09/2011	09/2017	18,655	15,525
		250,000	119.00% from CDI	10/2011	10/2017	254,208	256,467
		215	IPCA+5.45%	10/2011	10/2014[3]	--	220
		18,000	IGPM+6.71%	10/2011	10/2017	22,266	18,454
		16,046	IPCA+7.10%	11/2011	11/2016[3]	--	17,392
		25,000	109.00% from CDI	11/2011	12/2013[3]	--	25,247
		5,349	IPCA+7.20%	11/2011	11/2016[3]	--	5,413
		16,920	IPCA+7,10%	11/2010	11/2016	17,207	--
		5,640	IPCA+7,20%	11/2010	11/2016	5,710	--
		5,640	IPCA+7,25%	11/2010	11/2020	5,719	--
		1,128	IPCA+7%	11/2010	11/2016	1,148	--
Total Subordinated Debt from Banco Votorantim						**3.495.605**	**3,698,656**
Subordinated debt issued by the Banco do Brasil, in the possession of subsidiary abroad, eliminated in the BB-Consolidated						(3,581)	(3,026)
Total Subordinated Debt from BB-Consolidated [4]						**40,676,179**	**30,884,683**

(1) Contracted charges are paid by borrowers, with less the *del credere* of the financial institution, according to article 9 of Law n.º 7,827/1989.

(2) Remunerated based on extra-rate announced by the Banco Central do Brasil (Bacen), according to article 9 of Law n.º 7,827/1989.

(3) Operations paid in advance.

(4) The amount of R$ 32,400,578 thousand (R$ 24,522,493 thousand as of 12.31.2011) compose the tier II of the Referential Equity (RE), in compliance with CMN Resolution n.º 3,444/2007. As determined by Bacen, subordinated debts issued by Banco Votorantim do not compose the Bank's RE (Note 29.f).

d) Equity and Debt Hybrid Securities

R$ thousand

Raising	Banco do Brasil and BB-Consolidated				
	Issued Value	Remuneration p.a.	Raising Date	12.31.2012	12.31.2011
Perpetual Bonds					
USD thousand	1,750,000	9.25%	01 and 03/2012	3,743,315	--
USD thousand	1,500,000	8.5%	10/2009	3,104,493	2,848,001
R$ thousand	8,100,000	5.5%	09/2012	8,214,555	--
Total Banco do Brasil				**15,062,363**	**2,848,001**
Values eliminated in the BB-Consolidated				(1,292)	(2,209)
Total BB-Consolidated				**15,061,071**	**2,845,792**
Non-current liabilities				14,818,494	2,797,313
Current liabilities				242,577	48,479

In the Perpetual Bonds, the amount of R$ 14,484,062 thousand compose the Referential Equity (R$ 2,718,895 thousand as of 12.31.2011), according to CMN Resolution n.º 3,444/2007 (Note 29.f).

The bonus of USD 1,500,000 thousand, issued in October 2009, has the option of redemption at the initiative of the Bank from 2020 or on each semiannual payments of interest thereafter, provided by prior authorization of Bacen. If the Bank does not exercise the option to redeem on October 2020, the interest on the bonds will be fixed on this date for 7.782% over the trading price of 10 years North American Treasury bonds. Thereafter, every 10 years, the interest on the bonds will be corrected by taking into account the trading price of 10 years North American Treasury bonds.

The bonds issued in January and March (reopening), 2012, in the amounts of USD 1,000,000 thousand and USD 750 million, respectively, may have changed its terms and conditions, without the prior permission of the bondholders, in order to maintain or manage securities as tier I capital or tier II capital, due to the implementation of Basel III rules, provided that the modifications do not adversely affect the interests of the bondholders. If the Bank does not exercise the redemption option in April 2023, the rate of bond interest is reset on that date and every 10 years according to the U.S. Treasury for 10 years in force at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of the Banco Central do Brasil:

(i) the Bank may, at its option redeem the bonds in whole but not in part in April 2023 and on each subsequent interest payment every six months, at the base price of redemption;
(ii) the Bank may, at its option redeem the bonds in whole but not in part, on any date prior to April 2023, according to tax event, at the base price of redemption;
(iii) the Bank may, at its option redeem the bonds in whole but not in part, on any date prior to April 2023, according to regulatory event, at the higher value between the base price of redemption and the Make-whole amount.

The bonds issued in October 2009 and in January and March 2012 determine that the Bank suspend semiannual payments of interest and / or accessories on those securities issued (which will not be due or accrued) if:

(i) the Bank is not framed or payment of such charges do not allow the Bank complies with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
(ii) the Banco Central do Brasil or the regulatory authorities determine the suspension of payment of such charges;
(iii) any event of insolvency or bankruptcy occurs;
(iv) a default occurs; or
(v) the Bank has not distributed dividends or interest on equity to common stockholders for the period of calculation of such interest and / or accessories.

The bonus issued in September 2012, totaling R$ 8,100,000 thousand, will have interest paid semi-annually adjusted by the Selic rate, within thirty calendar days (i) from the payment of dividends or interest on capital of the respective period, or (ii) from the capital increase provided by the shareholders profit, whichever is earlier.

There will be no payment of financial charges for a particular semester until (i) the payment or crediting of dividends (including interest on equity), or (ii) the capital increase provided by the

shareholders. Unpaid financial charges do not accumulate. If the payment or crediting of dividends, or the capital increase don't occur until June 30 or December 31 of the following fiscal year, the unpaid financial charges may cease to be required.

The payments will be postponed if the Bank is not framed in the operational limits established by regulations or if this payment do not allow the Bank complies with those limits. In such cases the payment will be *pro rata* updated by Selic rate.

Amortization or redemption of debt, partial or full, agreed between the parties, can occur only if the dividends were being paid duly and authorized by the Banco Central do Brasil. The redemption of the obligation, even partial, is conditioned upon the Bank meet the requirements regarding operational limits established by regulation, and also that the redemption does not involve noncompliance situation. The amount due will be *pro rata temporis* updated by the agreed rate. The debt can not be redeemed by State initiative.

In the event of dissolution or liquidation of the Bank, the payment of principal and charges debt will be subordinated to the other liabilities payment. This funding was authorized by the Banco Central do Brasil to integrate the Tier I capital to the regulatory limit (CMN n.º 3,444/2007), and the remaining to integrate Tier II capital, starting on September 2012.

e) Sundry

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Credit/debit card operations	15,054,758	11,641,835	15,054,758	11,641,835
Actuarial liabilities (Note 27.d)	6,714,372	7,141,907	6,714,372	7,141,907
Provisions for pending payments	3,760,688	3,349,150	5,376,719	4,657,605
Sundry creditors – domestic	1,873,475	1,562,062	4,912,992	3,838,316
Provisions for civil claims (Note 28.a)	3,945,650	3,244,433	4,208,172	3,473,970
Provision for labor claims (Note 28.a)	2,496,821	2,340,058	2,945,490	2,514,536
Liabilities for operations linked to loan operations	89,413	--	1,844,135	--
Funds linked to loan operations	1,307,462	628,848	1,352,710	1,093,251
Liabilities for official agreements	1,011,941	727,697	1,011,941	727,697
Liabilities for premiums granted to customer for loyalty	800,262	1,240,521	800,262	1,240,521
Liabilities for assets acquisition	721,253	995,920	732,021	1,004,336
Liabilities for rendering payment services	647,850	688,304	647,850	688,304
Sundry creditors – abroad	84,292	31,485	554,799	350,447
Provision for losses with the Compensation Fund of Wages Variations – FCVS	217,028	204,118	217,028	204,118
Provisions for guarantees provided	139,787	111,760	144,244	115,624
Guarantees on credit assignments	2,610	--	2,610	--
Other	742,971	501,756	789,576	526,623
Total	**39,610,633**	**34,409,854**	**47,309,679**	**39,219,090**
Current liabilities	31,270,022	26,207,258	36,898,627	29,024,394
Non-current liabilities	8,340,611	8,202,596	10,411,052	10,194,696

21 – Operations of Insurance, Pension Plan and Capitalization

a) Operation credits

R$ thousand

BB-Consolidated	12.31.2012	12.31.2011
Direct insurance premiums to receive	1,454,249	1,244,809
Credit of insurance business with insurers	80,808	58,944
Credit of insurance transactions with reinsurers	656,213	435,023
Credit of pension plans	2,678	2,732
Total	**2,193,948**	**1,741,508**
Current assets	2,191,786	1,738,997
Non-current assets	2,162	2,511

b) Technical provisions

R$ thousand

BB-Consolidated	12.31.2012	12.31.2011
Insurance	**5,393,434**	**4,121,294**
Provision for unearned premiums	3,159,605	2,227,821
Provision for unsettled claims	1,474,351	1,310,803
Provision for claims incurred but not reported	445,662	337,402
Provision for premium insufficiency	190,828	147,830
Other provisions	122,988	97,438
Pension plan	**50,545,598**	**37,576,720**
Mathematical provision for future benefits	48,334,700	35,590,671
Mathematical provision for vested benefits	870,870	774,039
Provision for financial surplus	428,331	418,493
Provision for contribution insufficiency	415,477	359,213
Provision for premium insufficiency	44,473	34,123
Provision for claims incurred but not reported	15,624	7,464
Other provisions	436,123	392,717
Capitalization	**4,294,494**	**3,324,923**
Mathematical provision for redemptions	4,077,525	3,160,764
Provision for prize draws and redemptions	150,443	113,227
Other provisions	66,526	50,932
Total	**60,233,526**	**45,022,937**
Current liabilities	15,179,674	12,384,381
Non-current liabilities	45,053,852	32,638,556

c) Technical provisions by product

R$ thousand

BB-Consolidated	12.31.2012	12.31.2011
Insurance	**5,393,434**	**4,121,294**
Auto	1,571,647	1,053,107
Life	2,278,323	1,614,310
Property/casualty	1,300,378	1,261,397
Dpvat	243,086	192,480
Pension plan	**50,545,598**	**37,576,720**
Free benefit generating plan - PGBL	14,096,010	12,519,440
Living benefits life insurance - VGBL	30,827,149	19,902,250
Traditional plans	5,622,439	5,155,030
Capitalization	**4,294,494**	**3,324,923**
Total	**60,233,526**	**45,022,937**

d) Guarantee of technical provisions

R$ thousand

BB-Consolidated	12.31.2012				12.31.2011			
	Insurance	Pension plan	Capitalization	Total	Insurance	Pension plan	Capitalization	Total
Shares in Investment Funds (VGBL and PGBL)	--	44,593,171	--	44,593,171	--	32,110,668	--	32,110,668
Shares in Investment Funds (except VGBL and PGBL)	3,249,862	4,190,789	2,206,084	9,646,735	2,062,447	3,888,047	2,055,333	8,005,827
Federal Government securities	627,578	2,052,271	1,224,747	3,904,596	1,305,715	1,891,871	433,098	3,630,684
Corporate bonds	609,168	160,376	999,971	1,769,515	431,318	25,218	944,228	1,400,764
Credit rights	1,116,250	--	68,338	1,184,588	637,575	--	88,693	726,268
Property	10,806	--	--	10,806	12,330	--	--	12,330
Deposits held at IRB and deposits in court	1,363	--	--	1,363	4,234	--	--	4,234
Total	**5,615,027**	**50,996,607**	**4,499,140**	**61,110,774**	**4,453,619**	**37,915,804**	**3,521,352**	**45,890,775**

e) Financial and operational results per segment

R$ thousand

BB–Consolidated	2nd Half 2012				2012				2011			
	Insurance	Pension plan	Capitalization	Total	Insurance	Pension plan	Capitalization	Total	Insurance	Pension plan	Capitalization	Total
Financial results	**211,853**	**1,040,961**	**199,507**	**1,452,321**	**494,766**	**1,991,352**	**400,692**	**2,886,810**	**423,569**	**1,699,334**	**340,904**	**2,463,807**
Financial income	267,231	2,222,236	203,875	2,693,342	606,884	4,256,810	406,322	5,270,016	495,678	3,064,007	343,158	3,902,843
Financial expenses	(55,378)	(1,181,275)	(4,368)	(1,241,021)	(112,118)	(2,265,458)	(5,630)	(2,383,206)	(72,109)	(1,364,673)	(2,254)	(1,439,036)
Interest and inflation adjustment of technical reserves	**(10,277)**	**(898,087)**	**(168,738)**	**(1,077,102)**	**(98,904)**	**(1,712,648)**	**(320,692)**	**(2,132,244)**	**(45,330)**	**(1,431,745)**	**(183,756)**	**(1,660,831)**
Operating income	**1,086,205**	**5,261**	**133,367**	**1,224,833**	**2,026,790**	**68,586**	**253,737**	**2,349,113**	**1,977,950**	**137,227**	**149,800**	**2,264,977**
Retained premiums and contributions (Note 21.f)	3,288,634	6,960,607	1,352,159	11,601,400	6,238,435	13,820,627	2,563,440	22,622,502	4,758,355	9,051,576	1,931,345	15,741,276
Change in technical provisions	(545,546)	(6,870,606)	(53,006)	(7,469,158)	(912,488)	(13,610,865)	(27,035)	(14,550,388)	(314,944)	(8,758,582)	(33,913)	(9,107,439)
Retained claims	(1,239,273)	--	--	(1,239,273)	(2,481,325)	--	--	(2,481,325)	(2,104,517)	--	--	(2,104,517)
Selling expenses	(417,610)	(64,978)	(85,682)	(568,270)	(817,832)	(103,782)	(173,469)	(1,095,083)	(360,944)	(126,459)	(77,941)	(565,344)
Expenses with prize draws and redemptions of financial bonds	--	--	(1,080,104)	(1,080,104)	--	--	(2,109,199)	(2,109,199)	--	--	(1,669,691)	(1,669,691)
Expenses with benefits and redemptions of pension plans	--	(19,762)	--	(19,762)	--	(37,394)	--	(37,394)	--	(29,308)	--	(29,308)
Total	**1,287,781**	**148,135**	**164,136**	**1,600,052**	**2,422,652**	**347,290**	**333,737**	**3,103,679**	**2,356,189**	**404,816**	**306,948**	**3,067,953**

f) Retained premiums of insurance, pension plan contributions and capitalization certificates

R$ thousand

BB–Consolidated	2nd Semester/2012	Financial year/2012	Financial year/2011
Insurance	**3,288,634**	**6,238,435**	**4,758,355**
Premiums issued	3,648,542	6,855,229	5,354,295
Coinsurance premiums ceded	(33,355)	(45,371)	(119,991)
Reimbursed premiums	(9,699)	(17,237)	(17,416)
Reinsurance premiums ceded, consortiums and funds	(316,854)	(554,186)	(458,533)
Pension plan	**6,960,607**	**13,820,627**	**9,051,576**
Premiums issued	5,873,054	11,883,137	7,283,078
Supplementary pension contributions (includes VGBL)	1,094,138	1,970,805	1,801,338
Reimbursed premiums	(6,585)	(33,315)	(32,840)
Capitalization	**1,352,159**	**2,563,440**	**1,931,345**
Revenues from capitalization certificates	1,352,159	2,563,440	1,931,345
Total	**11,601,400**	**22,622,502**	**15,741,276**

22 – Other Operating Income/Expense

a) Service fee income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Credit/debit card	970,076	2,083,301	1,657,135	2,065,214	4,130,904	3,296,989
Fund Management	866,322	1,751,358	1,649,996	1,622,495	3,216,787	3,040,218
Billing	649,298	1,290,488	1,221,741	662,285	1,316,430	1,241,237
Collection	427,828	835,610	725,241	425,826	831,649	725,241
Interbank	353,714	697,444	639,994	353,714	697,444	639,994
Loans and provided guarantees	343,417	590,389	299,635	386,301	673,147	370,772
By non-financial associated/subsidiaries companies	--	--	--	354,277	624,215	324,071
Insurance, pension and capitalization	301,204	616,180	499,083	301,204	616,180	499,083
Capital market income	10,876	21,261	20,648	219,778	453,849	349,516
Account fee	171,863	348,481	361,580	173,707	351,961	363,788
National Treasury and official funds management	149,334	263,714	412,136	149,334	263,714	412,136
Consortium management fees	--	--	--	124,771	253,140	201,972
Provided to related companies	177,704	337,327	453,280	23,807	67,855	123,975
Other services	238,079	483,316	332,633	512,179	988,276	624,295
Total	**4,659,715**	**9,318,869**	**8,273,102**	**7,374,892**	**14,485,551**	**12,213,287**

b) Bank fee income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Service package	1,751,957	3,548,646	3,243,848	1,752,431	3,549,685	3,245,485
Loans and customer information file	622,467	1,234,805	1,092,874	744,392	1,467,892	1,451,406
Card income	390,515	587,525	616,769	402,291	607,687	629,066
Investment funds management	37	37	--	178,670	364,898	157,033
Deposit account	123,823	259,115	293,672	124,147	259,759	294,076
Funds transfer	102,433	193,977	168,875	102,760	194,675	173,413
Other	64,276	100,606	36,157	84,003	141,018	77,810
Total	**3,055,508**	**5,924,711**	**5,452,195**	**3,388,694**	**6,585,614**	**6,028,289**

c) Personnel expenses

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Salaries	(3,682,028)	(7,048,184)	(6,310,077)	(4,264,683)	(8,157,337)	(7,117,073)
Social charges	(1,352,892)	(2,529,111)	(2,177,070)	(1,529,151)	(2,872,138)	(2,455,755)
Personnel administrative provisions	(1,058,466)	(2,146,522)	(2,019,056)	(1,058,466)	(2,146,522)	(2,019,056)
Benefits	(1,012,004)	(1,956,434)	(1,750,454)	(1,103,825)	(2,145,931)	(1,911,015)
Provisions for labor claims [1]	(377,394)	(724,978)	(969,096)	(377,806)	(726,667)	(969,096)
Pension Plans	(184,593)	(326,608)	(297,787)	(190,649)	(337,281)	(305,754)
Directors' and advisors' fees	(12,602)	(24,543)	(21,986)	(32,445)	(62,238)	(58,260)
Training	(25,368)	(41,635)	(65,113)	(32,576)	(55,329)	(76,566)
Total	**(7,705,347)**	**(14,798,015)**	**(13,610,639)**	**(8,589,601)**	**(16,503,443)**	**(14,912,575)**

(1) Includes the positive amounts of R$ 244,826 thousand for the 2nd half/2012 and R$ 309,829 thousand for 2012 fiscal year, related to the reimbursement to the Bank by the government of the state of São Paulo of values paid in advance by the Bank to former employees from Banco Nossa Caixa (BNC), groups A and B, as a retirement complementation.

d) Other administrative expenses

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Amortization	(1,188,973)	(2,396,231)	(2,323,773)	(1,319,712)	(2,546,366)	(2,363,293)
Outsourcing Services	(941,402)	(1,763,637)	(1,211,324)	(951,119)	(1,766,910)	(1,294,143)
Communications	(666,561)	(1,311,483)	(1,245,217)	(717,538)	(1,410,206)	(1,354,235)
Lawsuit	(501,015)	(1,349,674)	(559,204)	(503,936)	(1,357,334)	(562,656)
Transport	(605,274)	(1,171,361)	(814,798)	(627,500)	(1,214,679)	(857,868)
Depreciation	(384,735)	(901,316)	(931,355)	(417,909)	(962,804)	(980,310)
Rent	(376,836)	(717,246)	(601,296)	(457,602)	(868,618)	(734,522)
Security services	(428,121)	(817,675)	(747,377)	(440,671)	(840,936)	(763,813)
Data processing	(507,692)	(1,046,378)	(903,392)	(399,345)	(813,517)	(667,731)
Financial system services	(326,045)	(583,181)	(493,813)	(405,376)	(743,601)	(661,529)
Specialized technical services	(85,845)	(188,265)	(217,125)	(337,122)	(669,115)	(679,824)
Maintenance and upkeep	(276,145)	(526,898)	(452,339)	(313,415)	(594,627)	(499,907)
Marketing	(200,376)	(356,237)	(304,457)	(269,146)	(473,791)	(420,337)
Water, electricity and gas	(184,985)	(372,043)	(341,729)	(193,758)	(389,606)	(355,222)
Promotion	(116,578)	(208,905)	(224,202)	(139,563)	(250,147)	(263,049)
Domestic travel	(64,064)	(128,602)	(154,085)	(78,058)	(154,395)	(186,366)
Materials	(64,053)	(126,833)	(124,683)	(75,127)	(145,825)	(140,115)
Other	(240,660)	(441,243)	(377,866)	(433,451)	(810,475)	(637,500)
Total	**(7,159,360)**	**(14,407,208)**	**(12,028,035)**	**(8,080,348)**	**(16,012,952)**	**(13,422,420)**

e) Other operating income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
Equalization of rates – Agricultural crop	1,813,842	3,388,971	2,487,737	1,813,842	3,388,971	2,487,737
Previ – defined benefit plan income (Note 27.c)	574,577	1,355,234	2,981,314	574,577	1,355,234	2,981,314
Surplus allocation update – Plan 1 (Note 27.e)	596,660	1,081,756	1,014,421	596,660	1,081,756	1,014,421
Collateral deposits update	556,648	1,142,777	1,500,521	550,054	1,129,716	1,500,521
Recovery of charges and expenses	716,791	1,158,541	866,046	594,757	908,200	796,989
Reversal of provisions – actuarial liabilities	396,157	500,990	--	396,157	500,990	--
Negative exchange readjustment/ Reclassification of liabilities balances	--	75,671	567,937	12,640	500,912	957,415
From non-financial associated/subsidiaries companies	--	--	--	248,136	500,665	449,191
Receivables income	213,628	391,250	316,622	213,628	391,250	316,622
Cards transactions	170,616	344,487	332,548	170,828	344,925	333,434
Reversal of provisions – administrative expenses	62,719	121,988	175,622	62,719	121,988	175,622
Reversal of provisions – labor, civil and tax claims	25	70,626	569,529	25	70,626	569,529
Dividends received	11,074	36,623	27,150	9,701	30,884	27,150
Reversal of provisions - personnel expenses	2,915	7,799	13,379	2,915	7,799	13,379
Other	335,930	844,598	932,042	724,656	1,400,933	1,354,235
Total	**5,451,582**	**10,521,311**	**11,784,868**	**5,971,295**	**11,734,849**	**12,977,559**

f) Other operating expenses

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half/2012	2012	2011	2nd Half/2012	2012	2011
From non-financial associated/subsidiaries companies	--	--	--	(941,784)	(1,794,195)	(1,442,557)
Cards transactions	(528,785)	(1,329,379)	(1,260,254)	(528,481)	(1,328,663)	(1,260,254)
Amortization of goodwill	(300,049)	(589,361)	(291,526)	(408,508)	(832,526)	(574,805)
Actuarial liabilities update	(509,200)	(825,449)	(997,770)	(509,200)	(825,449)	(997,770)
Hybrid capital and debt instruments update	(413,134)	(680,974)	(226,783)	(413,134)	(680,974)	(226,783)
Discounts granted on renegotiations	(117,767)	(223,450)	(212,885)	(249,091)	(396,459)	(289,749)
Business partners [1]	(3,273)	(7,519)	(12,784)	(209,368)	(389,416)	(538,520)
Collateral deposits update [2]	(124,380)	(274,870)	(424,633)	(124,380)	(274,870)	(424,633)
Negotial relationship bonus	(107,684)	(214,626)	(156,060)	(107,684)	(214,626)	(156,060)
ATM Network	(100,395)	(210,272)	(160,117)	(100,395)	(210,272)	(160,117)
Failures/frauds and other losses	(88,158)	(196,194)	(459,735)	(88,158)	(196,194)	(459,735)
Life insurance premium - consumer credit	(70,932)	(149,179)	(165,180)	(70,932)	(149,179)	(165,180)
Negative exchange readjustment/ Reclassification of liabilities balances	(7,164)	(7,164)	(798,957)	(17,090)	(104,232)	(1,075,131)
Update of interest own capital/dividends	(9,090)	(25,056)	(41,133)	(9,090)	(25,056)	(41,133)
INSS – Social Security	(12,562)	(23,983)	(7,483)	(12,562)	(23,983)	(7,483)
Fees for the use of Sisbacen – Banco Central do Brasil System	(15,097)	(23,860)	(16,823)	(15,097)	(23,860)	(16,823)
Previ – actuarial adjustment	(11,119)	(20,216)	(23,709)	(11,119)	(20,216)	(23,709)
Proagro Expenses	(8,601)	(15,947)	(13,018)	(8,601)	(15,947)	(13,018)
Other	(492,100)	(931,483)	(344,560)	(790,768)	(1,459,828)	(1,071,200)
Total	**(2,919,490)**	**(5,748,982)**	**(5,613,410)**	**(4,615,442)**	**(8,965,945)**	**(8,944,660)**

(1) Refers mainly to commission for loans originated by partners and commercial agreements with tenants.

(2) Refers to the adjustment of the provision for deposit in court regarding the lawsuit (Income Tax and Social Contribution Tax on Net Income) as Note 28.d.

23 – Non-operating Income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
Non-operating income	**1,228,798**	**1,338,482**	**276,320**	**1,268,926**	**1,412,900**	**439,519**
Profit on disposal of assets	1,157,919	1,178,604	25,378	1,167,973	1,200,788	37,315
Reversal of provision for devaluation of other assets	18,578	41,423	36,873	19,042	42,019	39,105
Profit on disposal of investments / equity interest	1,189	1,236	104,653	19,301	25,692	192,396
Capital gains	6,653	12,672	21,796	10,645	20,943	48,806
Rental income	8,797	17,908	15,774	9,353	18,909	16,561
Interest and inflation adjustment of debtors for disposal of property	7,350	15,272	19,201	7,350	15,272	19,201
Other non-operating income	28,312	71,367	52,645	35,262	89,277	86,135
Non-operating expenses	**(59,945)**	**(100,941)**	**(100,133)**	**(109,818)**	**(202,928)**	**(214,167)**
Loss on disposal of assets	(7,191)	(9,924)	(14,024)	(48,743)	(99,603)	(108,867)
Other assets devaluation	(38,636)	(54,006)	(41,380)	(40,820)	(57,456)	(46,891)
Capital losses	(12,747)	(34,223)	(43,994)	(14,942)	(37,210)	(45,049)
Other non-operating expenses	(1,371)	(2,788)	(735)	(5,313)	(8,659)	(13,360)
Total	**1,168,853**	**1,237,541**	**176,187**	**1,159,108**	**1,209,972**	**225,352**

24 - Stockholders' Equity

a) Book value and market value per common share

	12.31.2012	12.31.2011
Stockholders' equity - Banco do Brasil (R$ thousand)	65,776,796	58,148,690
Book value per share (R$)	23.12	20.29
Market value per common share (R$)	25.60	23.70
Stockholders' equity - BB-Consolidated[(1)] (R$ thousand)	66,069,965	58,416,370

(1) Reconciled with the equity of Banco do Brasil (Note 24.g)

Book value per share is calculated based on the equity of Banco do Brasil.

b) Capital

The capital, entirely subscribed and paid-in, of R$ 48,400,000 thousand (R$ 33,122,569 thousand as of December 31, 2011) of Banco do Brasil is divided into 2,865,417,020 book-entry common shares without par value. The Federal Government is the largest shareholder, holding control of the majority of our voting shares.

The increase of the capital in 2012, in the amount of R$ 15,277,431 thousand, resulted from the use of Statutory Reserve to Operating Margin, approved by the Special Meeting of Stockholders held on 12.18.2012 and by the Banco Central do Brasil on 02.14.2013.

The Bank may, even without amending its by-laws, if approved by the Meeting of Stockholders, and in the conditions established therein, increase its capital up to the limit of R$ 80,000,000 thousand, by issuing common shares, granting stockholders preference for subscribing the capital increase proportionally to the number of held shares.

c) Revaluation reserves

The revaluation reserves, totalling R$ 4,645 thousand (R$ 4,730 thousand as of December 31, 2011), refer to revaluations of assets made by the associated/subsidiary companies.

In the fiscal year of 2012, there was a reserve realization in the amount of R$ 85 thousand, due to depreciation, trasferred to Retained Earnings (Accumulated Losses) in the amount of R$ 1,511 thousand in 2011, in which R$ 1,183 thousand resulted from the write-off from the disposal of the equity interest of the BB Banco de Investimento in the Pronor Petroquímica and R$ 328 thousand due to depreciation. In accordance with CMN Resolution 3,565/2008, the remaining amount will be kept until the date of its effective realization.

d) Capital and profit reserves

R$ thousand

	12.31.2012	12.31.2011
Capital reserves	1	--
Profit Reserves[1]	16,413,044	24,297,550
Legal Reserve	4,112,056	3,496,562
Statutory Reserves [1]	12,300,988	20,800,988
Operating margin	8,025,178	16,765,834
Equalization of dividends	4,275,810	4,035,154

(1) In the BB-Consolidated, figures of profit reserve and statutories reserves are R$ 16,132,046 thousand and R$ 12,019,990 thousand, respectively, due to the R$ 280,998 thousand elimination of subsidiary company unrealized results.

The Statutory reserve for operating margin aims to guarantee an operating margin consistent with the development of the Bank's operations and consists of up to 100% of net income, after the legal destinations, including dividends, limited to 80% of the capital.

Statutory reserve for dividend equalization provides funds for the payment of dividends, the portion consisting of up 50% of the net income, after legal distributions, including dividends, up to 20% of the capital.

e) Earnings per share

	2nd half/2012	2012	2011
Net profit attributable to stockholders (R$ thousand)	6,753,930	12,309,870	12,247,330
Weighted average number of shares			
Basic	2,857,109,880	2,861,260,055	2,861,404,718
Diluted	2,857,109,880	2,861,260,055	2,869,849,797
Earnings per share			
Basic earnings per share (R$)	2.36	4.30	4.28
Diluted earnings per share (R$)	2.36	4.30	4.27

f) Interest on own capital / Dividends

	Amount (R$ thousand)	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2012				
Dividends paid	181,408	0.063	05.10.2012	05.22.2012
Interest on own capital paid	840,366	0.293	03.22.2012	05.22.2012
2st quarter/2012				
Dividends paid	350,274	0.122	08.21.2012	08.31.2012
Interest on own capital paid	850,328	0.297	06.21.2012	07.23.2012
3st quarter/2012				
Dividends payable	304,244	0.106	11.16.2012	11.26.2012
Interest on own capital paid	817,566	0.286	09.11.2012	09.20.2012
4st quarter/2012				
Dividends payable	734,230	0.258	03.01.2013	03.14.2013
Interest on own capital paid	845,532	0.297	12.12.2012	12.28.2012
Total destined to shareholders in 2012	**4,923,948**	**1.722**		
Dividends	1,570,156	0.549		
Interest on own capital[1]	3,353,792	1.173		
Net income for the period	12,309,870			

	Amount (R$ thousand)	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2011				
Dividends paid	449,024	0.157	05.19.2011	05.27.2011
Interest on own capital paid	723,921	0.253	03.22.2011	05.27.2011
2nd quarter/2011				
Dividends paid	595,322	0.208	08.18.2011	08.26.2011
Interest on own capital paid	736,680	0.258	06.21.2011	08.26.2011
3rd quarter/2011				
Dividends paid	360,714	0.126	11.17.2011	11.25.2011
Interest on own capital paid	795,800	0.278	09.21.2011	11.25.2011
4st quarter/2011				
Dividends paid	442,565	0.154	02.17.2012	02.29.2012
Interest on own capital paid	794,907	0.277	12.21.2011	02.07.2012
Total destined to shareholders in 2011	**4,898,933**	**1.711**		
Dividends	1,847,625	0.645		
Interest on own capital[(1)]	3,051,308	1.066		
Net income for the period	12,247,330			

(1) Amounts subject to the rate of 15% Income Tax Withholding

In accordance with Laws 9,249/1995 and 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its stockholders, imputed to the value of the dividends, plus additional dividends, equivalent to 40% of the net income.

The interest on own capital is calculated based on adjusted net equity accounts and is limited on a *pro rata* basis to the variation of long-term interest rate, as long as there is profit computed before its deduction or reserve for retained earnings and profit reserves at least twice its amount.

To comply with the Income Tax legislation, the amount of interest on own capital was recorded as corresponding entries against "Financial expenses" and, for purposes of disclosure of these financial statements, reclassified to "Retained earnings". The total interest on own capital during 2012, provided an expense reduction on tax charges totaling R$ 1,341,517 thousand (R$ 1,220,523 thousand in 2011).

g) Reconciliation of Net Income and Stockholders' Equity

R$ thousand

	Net Income			Stockholders' equity	
	2nd half/2012	2012	2011	2012	2011
Banco do Brasil	**6,753,930**	**12,309,870**	**12,247,330**	**65,776,796**	**58,148,690**
Unrealized results	(58,926)	(104,750)	(121,340)	(280,998)	(176,248)
Noncontrolling interests	--	--	--	574,167	443,928
BB-Consolidated	**6,695,004**	**12,205,120**	**12,125,990**	**66,069,965**	**58,416,370**

(1) Refers to results from credit assignment operations from Banco do Brasil to Ativos S.A.

h) Noncontrolling Interests

R$ thousand

	Stockholders' equity	
	2012	2011
Banco Patagonia S,A,	574,103	443,869
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	27	27
Cobra Tecnologia S.A.	37	32
Noncontrolling Interests	**574,167**	**443,928**

i) Stockholdings (Number of shares)

Gradual development of shares held by the Bank's stockholders, directly or indirectly, of more than 5% and by the directors and members of the Fiscal Council and Audit Committee:

Acionistas	2012		2011	
	Shares	%Total	Shares	% Total
Federal Government	1,693,127,780	59.1	1,693,127,780	59.1
Ministério da Fazenda	1,453,487,115	50.7	1,483,727,780	51.8
Fundo Fiscal de Investimento e Estabilização	110,650,000	3.9	62,500,000	2.2
Caixa F1 Garantia Construção Naval	105,663,567	3.7	--	--
FGO Fundo de Investimento em Ações	9,466,808	0.3	--	--
Fundo Garantidor para Investimentos	7,500,000	0.3	7,500,000	0.2
FGEDUC Fundo de Investimento Multimercado	6,360,290	0.2	--	--
Fundo de Garantia à Exportação	--	--	139,400,000	4.9
Caixa de Previdência dos Funcionários do Banco do Brasil – Previ (1)	297,523,314	10.4	296,773,911	10.4
BNDES Participações S.A. – BNDESPar (1)	5,522,648	0.2	3,696,348	0.1
Treasury Shares	20,200,047	0.7	32	--
Other Stockholders	849,043,231	29.6	871,818,949	30.4
Total	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**
Resident Stockholders	2,336,615,977	81.5	2,420,960,547	84.5
Non Resident Stockholders	528,801,043	18.5	444,456,473	15.5

(1) Connected to the Controller.

	Common shares (ON) (1)	
	12.31.2012	12.31.2011
Board of Directors (Except for Bank's CEO, listed in the Bank's Steering Committee)	8	11
Executive Committee	112,821	27,463
Audit Committee	75	823

(1) The shareholding interest of the Board of Directors, Executive Committee and Audit Committee represents approximately 0,004% of the Bank's capital stock.

j) Movement of shares outstanding/Free Float

	12.31.2012		12.31.2011	
	Quantidade	%	Quantidade	%
Free Float at the start date	871,791,466	30.4	870,752,058	30.4
Acquisition of shares - repurchase program (Note 24.k)	(20,200,000)		--	
Acquisition of shares – payment based on shares (Note 24.m)	(130,146)		--	
Acquisition of shares by Previ	(1,826,300)		(3,461,229)	
Sale of shares by Federal Government	(749,403)		(209,000)	
Subscription of Bonus Shares	--		6,283	
Acquisition of shares (repurchase program)	--		4,687,773	
Other Changes (1)	44,776		15,581	
Free Float at the end date (2)	848,930,393	29.6	871,791,466	30.4
Outstanding shares	2,865,417,020	100.0	2,865,417,020	100.0

(1) Refers mainly to changes coming from Technical and Advisory Bodies.

(2) According to the Law n,º 6,404/1976 and the regulation of BM&FBovespa's New Market, The shares held by the Board of Directors and Executive committee are not included.

k) Treasury shares

On July 13, 2012, the Board of Directors approved the repurchase program of up to 50 million shares within 180 days from that date, aiming at the acquisition of shares to hold in treasury for subsequent sale or withdrawal without capital reduction, aiming at generating value for stockholders. Until December 31, 2012, 20,200,000 shares were acquired, in the amount of R$ 461,246 million, related to the repurchase program. Minimum, average and maximum cost per stock are respectively R$ 18.28, R$ 22.83 e R$ 26.78. The market value for each of these stocks as of December 31, 2012, was R$ 25.60.

On 01.08.2013, the Bank communicated the closing of the shares repurchase program.

l) C subscription bonuses

On 03.30.2011 the Bank announced the conditions to convert the "C" subscription bonuses (BBAS13) issued gratuitously to stockholders of the record on 06.17.1996. The conversion period was established as being between 03.31.2011 and 06.30.2011 (up to 06.28.2011 to the holders of bonuses custodied on stock exchange). Each bonus had the right to be converted into 3.131799 common shares at the price of R$ 8.50 per Bonus, adjusted for inflation based on the Fundação Getúlio Vargas index, from 06.17.1996 to the date of the record of subscription right exercise request. The holders of 1,496,831 Bonuses exercised their right to convert their Bonuses into common shares resulting in the issuance of 4,687,773 common shares on 10.27.2011, upon the approval of the Banco Central do Brasil. The non converted Bonuses in the amount of 2,831,873 expired on 06.30.2011.

m) Share-Based Payment

As of November 2011, the Bank approved variable compensation payment in stocks or stock-based instruments to the members of the Executive Board. They received, as a 2011 annual bonus, and according to the global amount approved at the Annual Meeting of Stockholders as of April 27, 2011, an amount between two and four salaries, according to the achievement of the Return on Equity - ROE target, set at 20%. For performances between 100% and 105% of target achievement, each member of the Executive Board would receive two additional salaries; for performances between 105% and 115%, the compensation would be proportionately calculated, and for greater performances above 115 %, each member would receive four salaries.

In 2011 the Return on Equity - ROE was 22,6%. Depending on the percentage of achieving the goal, the Bank allocated R$ 3,593 thousand for share-based payment to be made in three annual installments.

As of February 2012, the Bank reacquired 130,146 shares, placed in treasury, of which 130,131 were transferred to members of the Executive Board as of March 08, 2012. The shares transferred were blocked for trading, and the release will occur in three annual installments, according to the schedule presented in the table below.

Share-Based Payment **- Schedule of release**	**Number of shares**	**Release Date**
First installment	43,409	03,08,2013
Second installment	43,361	03,10,2014
Third installment	43,361	03,09,2015
Total	**130,131**	

Minimum, average and maximum cost per stock are respectively R$ 27.38, R$ 27.61 and R$ 27.88, The market value for each of these stocks as of December 31, 2012, was R$ 25.60.

The CMN Resolution 3,921 as of November 25, 2010, which deals with the remuneration policy for financial institutions executives, requires that, at least 50% of variable remuneration shall be paid in stocks or stock-based instruments, of which at least 40% should be deferred for future payment, with a minimum period of three years, set by the risks and the executive activity.

Due to the related Resolution, the Bank approved a new policy of variable remuneration for the Executive Board, valid from 2012. Such policy covers, besides the Return of Equity – ROE recurrent, the achievement of several requirements which are still being calculated, i.e., individual evaluation and performance agreement of the Unit which the Manager is linked. Therefore, the closing process of all requirements and the calculation of the exact value to be paid to the Executive Board will be done at an opportune time.

For the financial year 2012, in accordance with the global amount approved by the Annual Meeting of Stockholders, on 04.26.2012, the Bank accrued R$ 16,324 thousand, which is equivalent to 10 fees per beneficiary, for the payment of variable remuneration to the members of the Executive Board.

Based on the result of the 1st half of 2012, on 10.04.2012, an advance of 2.5 fees was carried out for each member of the Executive Board. If the constraints set out in the remuneration policy for the year 2012 are not achieved, the anticipated value will be reverted in favor of the Bank.

25 – Taxes

a) Breakdown of income tax and social contribution expenses

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
Present values	**(1,614,192)**	**(4,122,519)**	**(2,741,136)**	**(3,199,252)**	**(6,854,101)**	**(4,789,543)**
Domestic income tax and social contribution	(1,580,218)	(4,050,534)	(2,705,774)	(3,007,246)	(6,501,872)	(4,621,313)
Foreign income tax	(33,974)	(71,985)	(35,362)	(192,006)	(352,229)	(168,230)
Deferred values	**25,205**	**1,188,001**	**(896,700)**	**851,326**	**2,613,517**	**67,088**
Deferred tax liabilities	**(314,795)**	**(827,122)**	**(1,533,784)**	**(153,710)**	**(745,059)**	**(1,339,271)**
Leasing transactions – portfolio adjustment and accelerated depreciation	892	1,048	(641)	892	(76,601)	150,450
Mark to Market (MTM)	325	(5,840)	81,387	161,410	153,872	124,809
Actuarial gains	(219,144)	(516,887)	(1,137,073)	(219,144)	(516,887)	(1,137,073)
Interest and inflation adjustment of judicial deposits	(107,927)	(243,581)	(329,147)	(107,927)	(243,581)	(329,147)
Foreign profits	33,732	--	--	33,732	--	--
Transactions carried out on the futures market	--	--	3,903	--	--	3,903
Recovered credits [1]	(22,673)	(61,862)	(152,213)	(22,673)	(61,862)	(152,213)
Deferred tax assets	**340,000**	**2,015,123**	**637,084**	**1,005,036**	**3,358,576**	**1,406,359**
Temporary differences	342,243	1,992,903	789,640	1,006,684	3,335,679	1,550,983
Tax losses/CSLL negative bases	44,794	(1,255)	(46,861)	44,794	(1,255)	(37,231)
Mark to Market (MTM)	(57,365)	43,184	(141,839)	(56,769)	43,861	(143,537)
Transactions carried out on the futures market	10,328	(19,709)	36,144	10,327	(19,709)	36,144
Total Income Tax and Social Contribution	**(1,588,987)**	**(2,934,518)**	**(3,637,836)**	**(2,347,926)**	**(4,240,584)**	**(4,722,455)**

(1) According to article 12 of Law 9,430/96.

b) Reconciliation of income tax and social contribution charges

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
Profit before tax and profit sharing	**9,212,521**	**16,824,075**	**17,448,327**	**10,109,812**	**18,436,744**	**18,732,119**
Total charges of IR (25%) and CSLL (15%)	(3,685,008)	(6,729,630)	(6,979,331)	(4,043,925)	(7,374,698)	(7,492,848)
Charges upon Interest on Own Capital	665,239	1,341,516	1,220,523	665,239	1,341,516	1,220,523
Equity in subsidiaries and associated companies	538,218	1,152,600	1,208,292	(33,730)	105,441	181,952
Employee profit sharing	343,271	625,345	621,701	389,196	726,066	711,597
Tax credits recorded – previous periods	--	52,871	386,438	--	52,871	386,438
Other amounts	549,294	622,780	(95,459)	675,294	908,220	269,883
Income Tax and Social Contribution	**(1,588,987)**	**(2,934,518)**	**(3,637,836)**	**(2,347,926)**	**(4,240,584)**	**(4,722,455)**

c) Tax Expenses

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd Half 2012	2012	2011	2nd Half 2012	2012	2011
Cofins	(1,133,264)	(2,218,609)	(2,206,068)	(1,502,115)	(2,912,362)	(2,852,105)
ISSQN	(286,551)	(580,474)	(563,480)	(370,355)	(742,470)	(721,066)
PIS/Pasep	(184,150)	(360,521)	(358,486)	(250,351)	(485,959)	(476,088)
Other	(41,185)	(89,774)	(86,736)	(139,678)	(275,643)	(210,216)
Total	**(1,645,150)**	**(3,249,378)**	**(3,214,770)**	**(2,262,499)**	**(4,416,434)**	**(4,259,475)**

d) Deferred tax liabilities

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Arising from actuarial gains [1]	5,904,974	5,325,069	5,904,974	5,325,069
Arising from interest and inflation adjustment of judicial deposits	386,239	356,541	386,239	356,541
Arising from mark-to-market	266,428	236,384	338,604	266,458
Arising from recovered credit[2]	214,075	152,213	214,075	152,213
Entities abroad	12,865	14,470	14,570	14,480
Arising from leasing portfolio adjustment	2,568	3,615	551,816	768,556
Other	2,050	2,050	32,496	212,470
Total deferred tax liabilities	**6,789,199**	**6,090,342**	**7,442,774**	**7,095,787**
Income tax	3,639,986	3,263,580	4,240,172	4,050,295
Social contribution	2,181,246	1,954,775	2,226,793	2,170,237
Cofins	832,660	750,096	839,406	752,907
PIS/Pasep	135,307	121,891	136,403	122,348

(1) The realization of deferred tax liabilities on actuarial gains is related to the achievement of the values of actuarial asset (Note 27).

(2) According to article 12 of Law 9,430/96.

e) Deferred tax assets (Tax Credit)

Recorded

R$ thousand

	Banco do Brasil			
	12.31.2011	2012		12.31.2012
	Balance	Constitution	Write-off	Balance
Temporary differences	**17,214,542**	**7,497,086**	**(5,641,343)**	**19,070,285**
Allowance for loan losses	7,226,100	4,622,538	(4,022,295)	7,826,343
Passive reserves	6,163,373	1,434,884	(1,392,829)	6,205,428
Loan Operations – effects of Law 9,430/96	3,463,297	1,215,795	(110,711)	4,568,381
Mark to market	211,865	192,315	(95,499)	308,681
Other provisions	149,907	31,554	(20,009)	161,452
CSLL written to 18% (MP 2,158/2001)	2,487,845	--	(456,423)	2,031,422
Tax losses/ negative bases	46,079	1,901	(47,936)	44
Total tax credits recorded	**19,748,466**	**7,498,987**	**(6,145,702)**	**21,101,751**
Income tax	10,778,046	4,684,674	(3,549,296)	11,913,424
Social contribution	8,947,408	2,793,512	(2,586,024)	9,154,896
Cofins	19,805	17,884	(8,931)	28,758
PIS/Pasep	3,207	2,917	(1,451)	4,673

R$ thousand

	BB-Consolidated			
	12.31.2011	2012		12.31.2012
	Balance	Constitution	Write-off	Balance
Temporary differences	**19,474,111**	**8,891,920**	**(6,051,004)**	**22,315,027**
Allowance for loan losses	8,086,873	5,068,312	(4,127,903)	9,027,282
Passive reserves	6,540,682	2,052,136	(1,520,879)	7,071,939
Loan Operations – effects of Law 9,430/96	3,463,297	1,215,795	(110,711)	4,568,381
Mark to market	284,178	323,443	(98,620)	509,001
Other provisions	1,099,081	232,234	(192,891)	1,138,424
CSLL written to 18% (MP 2,158/2001)	2,487,845	--	(456,423)	2,031,422
Tax losses/ negative bases	175,213	5,004	(94,649)	85,568
Excess depreciation	616,375	--	(67,306)	549,069
Total tax credits recorded	**22,753,544**	**8,896,924**	**(6,669,382)**	**24,981,086**
Income tax	12,835,645	5,634,773	(3,904,122)	14,566,296
Social contribution	9,893,077	3,240,993	(2,754,383)	10,379,687
PIS/Pasep	21,362	18,191	(9,357)	30,196
Cofins	3,460	2,967	(1,520)	4,907

Not Recorded

R$ thousand

	Banco do Brasil		BB-Consolidated	
	2012	2011	2012	2011
Tax credit abroad	420,262	232,192	420,262	232,192
Temporary differences	--	--	125,231	49,224
Portion of Tax losses / negative bases	--	--	3,654	--
Portion of mark to market negative ajustment	--	--	329	18,064
Total tax credits not recorded	**420,262**	**232,192**	**549,476**	**299,480**
Income tax	262,664	145,120	344,771	177,514
Social contribution	157,598	87,072	204,705	121,966

Realization expectative

The expectation of realization of the deferred tax assets (tax credits) is based on technical study, prepared in 12.31.2012, and the present value is determined based on the average rate of funding of Banco do Brasil.

R$ thousand

	Banco do Brasil		BB-Consolidated	
	Par value	Present value	Par value	Present value
In 2013	4,400,517	4,220,319	5,227,268	4,769,913
In 2014	4,527,334	4,202,831	5,144,829	4,529,498
In 2015	3,526,227	3,171,511	3,978,247	3,376,935
In 2016	3,372,641	2,941,214	3,906,384	3,177,678
In 2017	5,252,258	4,437,679	5,950,381	4,703,021
In 2018	22,774	18,877	70,674	47,981
In 2019	--	--	50,710	29,020
In 2020	--	--	42,963	23,009
In 2021	--	--	39,118	19,225
In 2022	--	--	387,311	152,259
In 2023	--	--	183,201	65,944
Total tax credits – 12.31.2012	**21,101,751**	**18,992,431**	**24,981,086**	**20,894,483**

In 2012 it was possible to observe the realization of tax credits at Banco do Brasil in the amount of R$ 6,145,702 thousand, corresponding to 153.64 % of the respective projection of use for the period of 2012, contained in the technical study prepared on 12.31.2011.

The realization of the nominal value of tax credit recorded, considering the recovery of those issued during the processing of the lawsuit (70%), based on a technical study conducted by the Banco do Brasil on 12.31.2012, is designed for 5.5 years in following proportions:

	Banco do Brasil		BB-Consolidated	
	Tax losses/CSLL recoverable (1)	Intertemporary differences (2)	Tax losses/CSLL recoverable(1)	Intertemporary differences (2)
In 2013	51%	18%	48%	18%
In 2014	49%	18%	46%	18%
In 2015	--	18%	1%	18%
In 2016	--	18%	1%	18%
In 2017	--	27%	1%	28%
From 2018	--	1%	3%	--

(1) Projected consumption linked to the capacity to generate IRPJ and CSLL taxable amounts in subssequent periods.

(2) The consumption capacity results from the movements of provisions (expectation of reversals, write-offs and uses).

26 – Related Party Transactions

The costs of salaries and other benefits granted to key management personnel of the Banco do Brasil Group (Board of Directors, Executive Board, Audit Committee and Tax Council):

R$ thousand

	2nd half 2012	2012	2011
Short-term benefits	**16,430**	**37,157**	**28,126**
Fees	**12,007**	**22,953**	**19,107**
Executive Board	10,709	20,321	16,940
Audit Committee	998	2,057	1,603
Board of Directors	138	284	302
Fiscal Council	162	291	262
Profit sharing	3,986	8,393	6,863
Other	437	5,811	2,156
Benefits for employment termination	3,872	9,109	3,501
Total	**20,302**	**46,266**	**31,627**

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank, which participate in the Pension Plan for Employees of the Banco do Brasil (Previ).

The Bank does not grant loans to key management personnel, pursuant to the prohibition to all financial institutions established by the Banco Central do Brasil.

The balances referring to transactions between the consolidated companies of the Bank are eliminated in the Consolidated Financial Statements. Regarding to majority shareholder, the transactions with National Treasury and with agencies of the direct administration of the Federal Government that maintain banking operations with the Bank are included.

The Bank has banking transactions with these related parties, such as interest bearing and non-interest bearing deposits, loans, and sale and repurchases transactions, except for key management personnel. There are also service render and guarantee agreements.

These transactions are conducted under terms and rates consistent with those applied with outsourced when applicable. These transactions do not involve payment risks. On 09.26.2012, the Bank signed a loan agreement with the Federal Government in the amount of R$ 8.1 billion whose terms and conditions are described in note 20.d.

The funds invested in government securities and in federal funds and programs from onlendings of the Official Institutions are listed as notes 8 and 18, respectively.

The Bank sponsors the Banco do Brasil Foundation which goals are the promotion, support, encouragement and sponsorship of actions at the educational, cultural, social, philanthropic, recreational/sports and promote scientific and technological research activities and assistance to

urban or rural communities. In 2012, The Bank made contributions to the FBB in the amount of R$ 38,289 thousand (R$ 42,527 thousand in 2011).

The information related to onlending and other transactions with other sponsored entities are disclosed in Note 27.

Acquisition of Portfolio of Loans Transferred by Banco Votorantim

R$ thousand

	2nd half 2012	2012	2011
Assignment with substantial retention of risks and benefits (with coobligation)	2,257,964	2,257,964	10,643,782
Assignment with substantial transfer of risks and benefits (without coobligation)	89,258	105,828	--
Result unrealized net of tax effects	639,635	1,549,240	516,357

Summary of related party transations

R$ thousand

	12.31.2012						
	Controller (1)	Subsidiaries (2)	Jointly controlled (3)	Associated companies (4)	Key Management personnel (5)	Other related parties (6)	Total
Assets							
Interbank deposits	--	33,617,623	--	--	--	--	**33,617,623**
Securities	--	43,741	170,460	--	--	--	**214,201**
Loan operations	651,090	37,130	7,029	38	--	2,024,255	**2,719,542**
Receivables from related companies	--	62,183	15,045	--	--	--	**77,228**
Other assets	--	271,871	1,023,276	411	--	--	**1,295,558**
Liabilities							
Demand deposits	836,011	59,756	205,880	739	1,034	897,966	**2,001,386**
Saving deposits	--	--	--	--	1,233	--	**1,233**
Remunerated time deposits	--	3,733,051	971,031	1,025	2,218	6,087,695	**10,795,020**
Securities sold under repurchase agreements	--	5,309,356	--	--	--	6,570,501	**11,879,857**
Borrowings and onlendings	633,638	25,320,236	--	--	--	59,665,342	**85,619,216**
Other liabilities(7)	8,214,555	987,295	7,902	--	--	14,934	**9,224,686**
Guarantees and Other Coobligations (8)	--	907,966	6,800,000	--	--	--	**7,707,966**
	2nd half 2012						
Income from interest and render of services	36,588	1,251,909	78,755	343	--	157,933	**1,525,528**
Expenses from raising funds	(44,103)	(1,117,324)	(87,252)	(2,208)	(452)	(1,989,245)	**(3,240,584)**
	2012						
Income from interest and render of services	82,514	2,416,549	101,243	1,086	--	316,527	**2,917,919**
Expenses from raising funds	(69,462)	(2,112,547)	(130,993)	(4,923)	(740)	(3,144,660)	**(5,463,325)**

(1) National Treasury and agencies of the direct administration of the Federal Government,

(2) Includes related companies in Note 3 as identified in item (1),

(3) Includes related companies in Note 3 as identified in item (2),

(4) Includes related companies in Note 3 as identified in item (3),

(5) Board of Directors, Executive Board, Audit Committee and Tax Council,

(6) Includes public and party-state owned companies controlled by the Federal Government and entities linked to employees,

(7) Includes the Contract Hybrid Capital Instrument Debt with the Federal Government (Note 20,d),

(8) Includes Opening Contract Interbank Revolving Credit Line to release with Banco Votorantim, equivalent to the value of equity of that institution,

R$ thousand

	12.31.2011						
	Controller (1)	Subsidiaries (2)	Jointly controlled (3)	Associated companies (4)	Key Management personnel (5)	Other related parties(6)	Total
Assets							
Interbank deposits	--	20,590,919	18,434	--	--	--	**20,609,353**
Securities	--	61,940	94,313	--	--	--	**156,253**
Loan operations	836,224	49,612	7,861	--	--	523,750	**1,417,447**
Receivables from related companies	--	68,442	--	--	--	--	**68,442**
Other assets	--	113,130	--	--	--	--	**113,130**
Liabilities							
Demand deposits	717,309	89,547	45,639	33,884	695	896,535	**1,783,609**
Saving deposits	--	--	--	--	1,151	--	**1,151**
Remunerated time deposits	--	5,247,775	378,958	221,357	4,696	5,132,867	**10,985,653**
Securities sold under repurchase agreements	--	1,680,647	830,169	--	--	1,113,044	**3,623,860**
Borrowings and onlendings	1,643,963	14,326,735	--	--	--	43,735,159	**59,705,857**
Other liabilities	--	1,251,984	70,248	31	--	1,125,124	**2,447,387**
Guarantees and Other Coobligation(7)	--	629,116	7,474,911	--	--	--	**8,104,027**
	2nd half 2011						
Income from interest and render of services	79,224	1,188,008	13,550	77,098	--	361,129	**1,719,009**
Expenses from raising funds	(31,632)	(858,044)	(2,170)	(3,044)	(648)	(1,769,594)	**(2,665,132)**
	2011						
Income from interest and render of services	113,931	1,982,470	47,264	132,130	--	423,145	**2,698,940**
Expenses from raising funds	(97,341)	(1,192,412)	(50,671)	(3,306)	(1,014)	(2,986,825)	**(4,331,569)**

(1) National Treasury and agencies of the direct administration of the Federal Government,

(2) Includes related companies in Note 3 as identified in item (1),

(3) Includes related companies in Note 3 as identified in item (2),

(4) Includes related companies in Note 3 as identified in item (3),

(5) Board of Directors, Executive Board, Audit Committee and Tax Council,

(6) Includes public and party-state owned companies controlled by the Federal Government and entities linked to employees,

(7) Includes Opening Contract Interbank Revolving Credit Line to release with Banco Votorantim, equivalent to the value of equity of that institution.

27 – Employee Benefits

Banco do Brasil sponsors the following private pension and complementary health plan entities that provide for complementation of retirement and healthcare benefits for its employees:

	Plans	Benefits	Classification
Previ - Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and Pension	Defined contribution
	Plano de Benefícios 1	Retirement and Pension	Defined benefit
	Plano Informal	Retirement and Pension	Defined benefit
Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil	Plano de Associados	Health Care	Defined benefit
Economus – Instituto de Seguridade Social	Prevmais	Retirement and Pension	Defined contribution
	Regulamento Geral	Retirement and Pension	Defined benefit
	Regulamento Complementar 1	Retirement and Pension	Defined benefit
	Grupo B'	Retirement and Pension	Defined benefit
	Plano Unificado de Saúde - PLUS	Health Care	Defined benefit
	Plano Unificado de Saúde - PLUS II	Health Care	Defined benefit
	Plano de Assistência Médica Complementar - PAMC	Health Care	Defined benefit
Fusesc - Fundação Codesc de Seguridade Social	Multifuturo I	Retirement and Pension	Defined contribution
	Plano de Benefícios 1	Retirement and Pension	Defined benefit
SIM - Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc	Plano de Saúde	Health Care	Defined contribution
Prevbep - Caixa de Previdência Social	Plano BEP	Retirement and Pension	Defined benefit

Number of participants covered by benefit plans sponsored by the Bank

	12.31.2012			12.31.2011		
	# of participants			# of participants		
	Actives	Retired/Users	Total	Actives	Retired/Users	Total
Retirement and Pension Plans	**116,867**	**101,994**	**218,861**	**115,842**	**106,149**	**221,991**
Plano de Benefícios 1 – Previ	28,826	84,964	113,790	30,659	83,825	114,484
Plano Previ Futuro	70,609	544	71,153	67,507	443	67,950
Plano Informal	--	4,182	4,182	--	7,649	7,649
Other plans	17,432	12,304	29,736	17,676	14,232	31,908
Health Care Plans	**118,534**	**94,253**	**212,787**	**117,376**	**92,481**	**209,857**
Cassi	104,824	84,867	189,691	103,293	83,202	186,495
Other plans	13,710	9,386	23,096	14,083	9,279	23,362

Bank's contributions to benefit plans

R$ thousand

	2nd half 2012	2012	2011
Retirement and Pension Plans	**1,679,589**	**2,243,701**	**1,164,046**
Plano de Benefícios 1 – Previ [1]	1,288,647	1,521,578	495,401
Plano Previ Futuro	168,498	299,276	240,647
Plano Informal	155,392	297,589	297,618
Other plans	67,052	125,258	130,380
Health Care Plans	**501,334**	**927,960**	**894,943**
Cassi	446,319	817,542	799,390
Other plans	55,015	110,418	95,553
Total	**2,180,923**	**3,171,661**	**2,058,989**

(1) Refers to the contributions from participants comprised by Agreement 97 and Plan 1, considering that these contributions occurred respectively by the realization of the Parity Fund (Note 27.e.1) and the Contribution Fund (Note 27.e.3). Agreement 97 aims to regulate the way funding is required to achieve a portion equivalent to 53.7% of guarantee amount concerning the payment of supplement retirement due to the participants who joined the Bank up to 04.14.1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Plano Informal.

The Bank's contributions to benefit plans during the 1st half 2013 are estimated in R$ 1,804,873 thousand.

Values recognized in income

R$ thousand

	2nd half 2012	2012	2011
Retirement and Pension Plans	**686,194**	**1,453,449**	**2,327,438**
Plano de Benefícios 1 – Previ	574,577	1,355,234	2,981,314
Plano Previ Futuro	(168,498)	(299,276)	(240,647)
Plano Informal	384,131	463,240	(244,809)
Other plans	(104,016)	(65,749)	(168,420)
Health Care Plans	**(707,720)**	**(1,302,529)**	**(1,132,022)**
Cassi	(618,693)	(1,151,709)	(998,483)
Other plans	(89,027)	(150,820)	(133,539)
Total	(21,526)	150,920	1,195,416

a) Retirement and pension plans

Previ Futuro (Previ)

Participants in this plan are the Bank's employees hired as from 12.24.1997. The active participants contribute to Previ an amount between 7% and 17% of their contribution salary, which varies based on time of service and the amount of the contribution salary. There is no contribution for retired participants. The sponsor contributes an amount equal to the contributions of the participants, limited to 14% of the total contribution payroll of these participants.

Plano de Benefícios 1 (Previ)

The participants of this plan are the Bank's employees who were enrolled up to 12.23.1997. Due to the establishment of parity between the Bank's and participants' contributions, in December 2000, a parity fund was set up, and its resources are being used for the purpose of offsetting contributions to the plan. Due to the accumulated surplus, the contributions of participants, beneficiaries (retirees and pensioners) and of the sponsor (Banco do Brasil) were suspended, since January 2007. According to the Memorandum of Understanding signed between the Bank, Previ and entities representing the beneficiaries, it was proposed to amend the Rules of the Plan 1, which includes the suspension of contributions for the years 2011, 2012 and 2013, and its maintenance must be linked to the existence of the Special Reserve of the plan.

Plano Informal (Previ)

This responsibility of this plan is exclusive of Banco do Brasil whose contractual obligations include: (a) retirement pensions to founder participants and pension payments to beneficiaries of participants deceased up to 04.14.1967; (b) payment of retirement supplements to the other participants employed by Banco do Brasil who retired up to 04.14.1967 or who, on that date, would have the right through length of service to retire and who had at least 20 years of effective service with the Bank; and (c) increase in the amount of retirement benefits and of pensions beyond the provided in the benefit plan of Previ, resulting from judicial decisions and from administrative decisions due to restructuring of the job and salary plan and of incentives created by the Bank. On 12.31.2012, Banco do Brasil and Previ formalized an agreement whereby the Banco do Brasil paid up, with Fundo Paridade funds, 100% of the mathematical reserves relating to the Grupo Especial, that is Banco do Brasil's exclusive liability, of which operations had migrated from Plano Informal to Plano de Benefícios 1 of Previ. The Grupo Especial includes participants from Plano de Benefícios 1 - Previ, listed in the first paragraph of the first clause of the contract of 12.24.1997, which received additional supplemental retirement arising from administrative decisions and/or judicial decisions. (Notes 27.e and 27.f)

Prevmais (Economus)

The participants of this plan are the employees from Banco Nossa Caixa (merged into Banco do Brasil on 11.30.2009) enrolled after 08.01.2006, and the participants previously linked to the Regulamento Geral benefit plan who opted for the distribution of their vested account balances. The funding for income benefits is equally provided by employees and employer, not exceeding 8% of the participants' salary. The plan also provides risk benefits, such as complementation of sickness aid, work - related accident, disability benefits and death pension.

Regulamento Geral (Economus)

The participants of this plan are the employees from Banco Nossa Caixa enrolled up to 07.31.2006. This plan is closed to new members. Employees and the sponsor contribute equally, on average, with 12.11% of participation salary.

Regulamento Complementar 1 (Economus)

The participants of this plan are the employees from Banco Nossa Caixa. This plan offers the benefits of supplemental sickness benefit and annuity for death and disability. The cost of the plan is the responsibility of the sponsor, participants and retired/users.

Grupo B' (Economus)

The participants of this plan are the employees from Banco Nossa Caixa admitted between 01.22.1974 to 05.13.1974 and their beneficiaries. This plan is closed to new members. The level of benefit to be granted when the implementation of all the conditions laid down in regulation is known *a priori*.

Multifuturo I (Fusesc)

The participants of this plan are the employees from Banco do Estado de Santa Catarina - Besc (merged into Banco do Brasil on 09.30.2008) enrolled after 01.12.2003 and the employees previously linked to Fusesc's Benefit Plan 1 who opted for this plan. Employees and sponsor equally contribute from 2.33% to 7% of participation salary to that plan, as determined by each participant.

Plano de Benefícios 1 (Fusesc)

The participants of this plan are the employees from Besc enrolled until 01.11.2003. This plan is closed to new members. Employees and the sponsor contribute equally, on average, with 9.89% of participation salary.

Plano BEP (Prevbep)

Participants of this plan are the employees from Banco do Estado do Piauí – BEP (merged in to Banco do Brasil on 11.30.2008). Employees and the sponsor contribute equally, on average, with 3.58% of participation salary.

b) Health Care Plans

Plano de Associados (Cassi)

The Bank is the sponsor of a health plan managed by Cassi which the main objective is to provide coverage for expenses related to the promotion, protection, recovery and rehabilitation of a member's health and of his/her enrolled beneficiaries. Each month, the Bank contributes with a sum equivalent to 4.5% of the total payroll or of the total retirement or pension plan benefit. Monthly contributions from members and pension beneficiaries amount to 3% of the payroll or the total retirement or pension plan benefits and co-participation in some hospital procedures.

Plano Unificado de Saúde - PLUS (Economus)

The participants of this plan are the employees from Banco Nossa Caixa. Participation in this plan takes place by means of a 1.5% contribution of gross salary, without limitation, covering the owner and his/her preferred dependants, deducted from the owner's payroll and 10% as a co-participation in the price of each medical visit and low-cost exams, made by the owner and his/her dependants (preferred and non-preferred).

Plano Unificado de Saúde - PLUS II (Economus)

For employees from Banco Nossa Caixa. Participation in this plan takes place by means of a 1.5% contribution of gross salary, without limitation, covering the owner and his/her preferred dependants, deducted from the owner's payroll and 10% as a co-participation in the price of each medical visit and low-cost exams, made by the owner and his/her preferred dependants and children of age. The plan does not provide for non-preferred dependants.

Plano de Assistência Médica Complementar - PAMC (Economus)

The participants of this plan are the employees from Banco Nossa Caixa stationed in the State of São Paulo. The plan owners are those employees retired due to disability in Groups "B" and "C", and their

dependants, who participate in costs in as much as they use it, and according to the salary range progressive table.

Plano de Saúde (SIM)

The participants of this plan are the employees from Besc. Monthly contributions from members amount to 3% of the total payroll.

c) Actuarial valuations

The actuarial valuations are prepared every six months and the information contained in the tables below refers to those carried out on the base dates of 12.31.2012 and 12.31.2011.

Changes in present value of defined benefit actuarial obligations

R$ thousand

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados – Cassi		Other plans	
	2012	2011	2012	2011	2012	2011	2012	2011
Initial Balance	**(98,849,541)**	**(90,805,477)**	**(1,905,370)**	**(1,994,759)**	**(6,046,932)**	**(5,297,173)**	**(5,622,610)**	**(5,189,411)**
Interest cost	(10,235,720)	(9,798,080)	(177,875)	(204,672)	(625,078)	(577,040)	(573,868)	(540,832)
Current service cost	(514,081)	(517,332)	--	--	(95,589)	(84,607)	(38,113)	(49,031)
Benefits paid net of contributions retirees	7,502,104	6,718,424	297,318	297,618	487,418	503,816	403,496	371,864
Liabilities transferred from other plans	--	--	--	--	--	--	--	(6,576)
Reductions / settlements [1]	--	--	1,217,263	--	--	--	130,640	--
Actuarial gain / (loss) on actuarial obligation [2]	(26,316,202)	(4,447,076)	(522,353)	(3,557)	(1,437,674)	(591,928)	(1,249,223)	(208,624)
Closing Balance	**(128,413,440)**	**(98,849,541)**	**(1,091,017)**	**(1,905,370)**	**(7,717,855)**	**(6,046,932)**	**(6,949,678)**	**(5,622,610)**
Present value of actuarial liabilities with surplus	(128,413,440)	(98,849,541)	--	--	--	--	(4,921,429)	(4,477,749)
Present value of actuarial liabilities without surplus	--	--	(1,091,017)	(1,905,370)	(7,717,855)	(6,046,932)	(2,028,249)	(1,144,861)

(1) In Plano Informal, it refers mainly to the migration of Grupo Especial to Plano de Benefícios 1 – Previ. (Notes 27.e and 27.f)

(2) The actuarial loss in 2012 is due mainly to the decrease in the discount rate, that was 10.56% p.a. on 12.31.2011 and 8.71% p.a. on 12.31.2012.

Changes in fair value of plan assets

R$ thousand

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados – Cassi		Other plans	
	2012	2011	2012	2011	2012	2011	2012	2011
Initial Balance	**133,079,396**	**141,566,322**	**--**	**--**	**--**	**--**	**4,477,749**	**4,339,122**
Estimated yield on plan assets	13,460,271	14,934,610	--	--	--	--	474,934	478,661
Contributions received	1,521,818	495,904	297,318	297,618	487,418	503,816	157,399	155,699
Benefits paid net of contributions retirees	(7,502,104)	(6,718,424)	(297,318)	(297,618)	(487,418)	(503,816)	(403,496)	(371,864)
Equity transfer	--	--	--	--	--	--	--	6,576
Actuarial gain / (loss) on plan assets	11,469,755	(17,199,016)	--	--	--	--	214,843	(130,445)
Closing Balance	**152,029,136**	**133,079,396**	**--**	**--**	**--**	**--**	**4,921,429**	**4,477,749**

Amounts recognized in the balance sheet

R$ thousand

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados – Cassi		Other plans	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
1) Fair value of the plan assets	152,029,136	133,079,396	--	--	--	--	4,921,429	4,477,749
2) Present value of actuarial liabilities	(128,413,440)	(98,849,541)	(1,091,017)	(1,905,370)	(7,717,855)	(6,046,932)	(6,949,678)	(5,622,610)
3) Surplus/(deficit) (1+2)	23,615,696	34,229,855	(1,091,017)	(1,905,370)	(7,717,855)	(6,046,932)	(2,028,249)	(1,144,861)
4) Surplus/(deficit) – plot sponsor	11,807,848	17,114,928	(1,091,017)	(1,905,370)	(7,717,855)	(6,046,932)	(1,287,286)	(863,246)
5) Unrecognized actuarial gains/(losses)	(4,441,209)	3,742,924	(109,101)	(162,896)	(2,577,272)	(1,240,517)	(695,413)	(270,228)
6) Net actuarial (liability)/asset (4-5)[1]	**16,249,057**	**13,372,004**	**(981,916)**	**(1,742,474)**	**(5,140,583)**	**(4,806,415)**	**(591,873)**	**(593,018)**

(1) The actuarial assets recorded in other receivables (Note 11.b) will be realized before the end of the plan. The end of the plan is understood as the date in which the last commitment will be paid.

Amounts recognized in statement of income relating to defined benefit plans

R$ thousand

	Plano 1 – Previ			Plano Informal – Previ			Plano de Associados – Cassi			Other plans		
	2nd half 2012	2012	2011	2nd half 2012	2012	2011	2nd half 2012	2012	2011	2nd half 2012	2012	2011
Current service cost	(131,537)	(257,040)	(258,666)	--	--	--	(52,205)	(95,589)	(84,608)	(6,351)	(13,653)	(24,592)
Interest cost	(2,597,226)	(5,117,860)	(4,899,040)	(81,946)	(177,875)	(204,672)	(317,269)	(625,078)	(577,041)	(44,248)	(91,889)	(298,536)
Expected yield on plan assets	3,303,340	6,730,134	7,467,305	--	--	--	--	--	--	--	--	238,942
Amortization of net actuarial gains/(losses)	--	--	671,715	(238,560)	(259,387)	(40,137)	(62,999)	(91,006)	(31,347)	(85,696)	(106,314)	(77,356)
Unrecognized past service cost	--	--	--	--	--	--	(4,956)	(9,912)	(9,913)	--	--	--
Expense with active employees	--	--	--	--	--	--	(181,264)	(330,124)	(295,574)	(69,786)	(131,300)	--
Effect of unrecognized assets/liabilities	--	--	--	--	--	--	--	--	--	--	--	(92)
Other adjustments/reversals	--	--	--	704,637	900,502	--	--	--	--	13,038	126,587	(134)
(Expense)/income recognized in Statement of Income	**574,577**	**1,355,234**	**2,981,314**	**384,131**	**463,240**	**(244,809)**	**(618,693)**	**(1,151,709)**	**(998,483)**	**(193,043)**	**(216,569)**	**(161,768)**

Composition of the plan assets, shown as a percentage of the total

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Fixed Revenue	31.5%	30.2%	--	--	--	--	88.9%	90.9%
Floating Revenue	59.6%	62.2%	--	--	--	--	6.4%	4.3%
Real estate investments	5.2%	4.0%	--	--	--	--	2.1%	1.8%
Loans and financing	3.3%	3.2%	--	--	--	--	2.0%	1.8%
Other	0.4%	0.4%	--	--	--	--	0.6%	1.2%
Amounts listed in fair value of plan assets								
In the entity's own financial instruments	8.1%	5.5%	--	--	--	--	--	--
In properties or other assets used by the entity	0.1%	0.1%	--	--	--	--	--	0.1%

Comparative table showing expected and actual return from plan assets

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados – Cassi		Other plans	
	2012	2011	2012	2011	2012	2011	2012	2011
Expected yield nominal rate on plan assets at the beginning of the fiscal year (p.a.)	10.56%	10.96%	--	--	--	--	10.56%	10.96%
Expected yield on assets for the period (R$ thousand) [(1)]	13,460,271	14,934,610	--	--	--	--	474,934	478,661
Effective yield (R$ thousand) [(2)]	24,930,026	(2,264,406)	--	--	--	--	689,777	354,792

(1) 01.01.2012 to 06.30.2012 – Real rate 6.10% p.a. and Inflation rate 4.20% p.a.; 07.01.2012 to 12.31.2012 – Real rate 5.70% p.a. and Inflation rate 4.20% p.a.
01.01.2011 to 06.30.2011 – Real rate 6.30% p.a. and Inflation rate 4.38% p.a.; 07.01.2011 to 12.31.2011 – Real rate 6.30% p.a. and Inflation rate 4.38% p.a.

(2) Considers the effects of floating income investments.

Main actuarial assumptions adopted in each period

	Plano 1 – Previ		Plano Informal – Previ		Plano de Associados – Cassi		Outros Planos [1]	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Inflation rate (p.a.)	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Real discount rate (p.a.)	4.33%	6.10%	4.33%	6.10%	4.33%	6.10%	4.33%	6.10%
Nominal rate of return on investments (p.a.)	8.71%	10.56%	--	--	--	--	8.71%	10.56%
Real rate of expected salary growth (p.a.)	0.14%	--	--	--	--	--	0.52%	0.65%
Average remaining work period (years)	1.92	2.35	--	--	14.24	14.12	6.18	6.73
Table actuarial survival [2]	AT-83		AT-83		AT-83		AT-83	
Capitalization method	Projected credit unit		Projected credit unit		Projected credit unit		Projected credit unit	

(1) Grouped actuarial assumptions are expressed as weighted averages.
(2) Prevmais, Multifuturo I and Plano de Benefícios 1 (Fusesc) plans used the AT-2000.

In order to determine the values for the defined benefit plans, the Bank uses methods and assumptions different from those submitted by entities sponsored. The most significant differences are concentrated on the definition of the figures relating to Plano 1 – Previ.

Differences in assumptions of the Plano 1 - Previ

	Bank	Previ
Real discount rate (p.a.)	4.33%	5%
Table actuarial survival	AT-83	AT-2000
Evaluation of assets – Exclusive funds	Market value or discounted cash flow	Discounted cash flow
Capitalization method	Projected credit unit	Aggregate Method

Reconciliation of amounts calculated in Plan 1 - Previ/Bank

R$ thousand

	Plan assets		Actuarial liabilities		Effect in surplus	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Value determined - Previ	133,295,942	121,969,218	(105,150,551)	(97,420,089)	28,145,391	24,549,129
Incorporation of values from agreement 97	13,198,959	13,188,500	(13,198,959)	(13,188,500)	--	--
Adjustment in the value of plan assets [1]	5,534,235	(2,078,322)	--	--	5,534,235	(2,078,322)
Adjustment in the liabilities –discount rate/ capitalization method	--	--	(10,063,930)	11,759,048	(10,063,930)	11,759,048
Value determined - Bank	**152,029,136**	**133,079,396**	**(128,413,440)**	**(98,849,541)**	**23,615,696**	**34,229,855**

(1) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel, Neoenergia and in securities held to maturity.

Actuarial amounts for the current period and for the last four years

R$ thousand

	12.31.2012	12.31.2011	12.31.2010	12.31.2009	12.31.2008
Plano 1 (Previ) – Surplus/(deficit)	**23,615,696**	**34,229,855**	**50,760,845**	**57,543,364**	**28,669,191**
Defined benefit obligation	(128,413,440)	(98,849,541)	(90,805,477)	(80,270,786)	(76,109,637)
Plan assets	152,029,136	133,079,396	141,566,322	137,814,150	104,778,828
Actuarial gain / (loss) on actuarial obligation	(26,316,202)	(4,447,076)	(9,185,047)	(2,877,957)	(5,403,784)
Actuarial gain / (loss) on plan assets	11,469,755	(17,199,016)	11,929,947	28,727,461	30,071,523
Experience adjustment on plan liabilities (p.a.)	(20.5%)	(2.6%)	(8.4%)	(3.6%)	(7.1%)
Experience adjustment on plan assets (p.a.)	7.5%	(6.9%)	16.7%	20.8%	(28.7%)
Plano Informal (Previ) – Surplus/(deficit)	**(1,091,017)**	**(1,905,370)**	**(1,994,759)**	**(1,743,386)**	**(1,739,592)**
Defined benefit obligation	(1,091,017)	(1,905,370)	(1,994,759)	(1,743,386)	(1,739,592)
Actuarial gain / (loss) on actuarial obligation	(522,353)	(3,557)	(344,304)	(106,081)	(198,313)
Experience adjustment on plan liabilities (p.a.)	(22.6%)	(2.2%)	(3.7%)	(6.1%)	(11.4%)
Plano de Associados (Cassi) – Surplus/(deficit)	**(7,717,855)**	**(6,046,932)**	**(5,297,172)**	**(4,943,220)**	**(4,677,766)**
Defined benefit obligation	(7,717,855)	(6,046,932)	(5,297,172)	(4,943,220)	(4,677,766)
Actuarial gain / (loss) on actuarial obligation	(1,437,674)	(591,928)	(116,304)	(13,974)	(4,678)
Experience adjustment on plan liabilities (p.a.)	(14.8%)	(5.3%)	(2.9%)	(0.3%)	0.1%
Other Plans – Surplus/(deficit)	**(2,028,249)**	**(1,144,861)**	**(850,289)**	**(489,570)**	**171,899**
Defined benefit obligation	(6,949,678)	(5,622,610)	(5,189,411)	(4,432,673)	(446,280)
Plan assets	4,921,429	4,477,749	4,339,122	3,943,103	618,179
Actuarial gain / (loss) on actuarial obligation	(1,249,223)	(208,624)	(515,228)	(802,924)	(21,867)
Actuarial gain / (loss) on plan assets	214,843	(130,445)	52,660	(118,451)	2,472
Experience adjustment on plan liabilities (p.a.)	(13.3%)	(4.7%)	(6.9%)	(17.6%)	(4.9%)
Experience adjustment on plan assets (p.a.)	2.0%	(2.5%)	(0.5%)	(3.2%)	0.4%

d) Overview of actuarial asset/(liability) recorded by the Bank

R$ thousand

	Actuarial assets		Actuarial liabilities	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Plano 1 (Previ)	16,249,057	13,372,004	--	--
Plano Informal (Previ)	--	--	(981,916)	(1,742,474)
Plano de Associados (Cassi)	--	--	(5,140,583)	(4,806,415)
Regulamento Geral (Economus)	--	--	(115,616)	(163,932)
Regulamento Complementar 1 (Economus)	--	--	(2,299)	--
Plus I e II (Economus)	--	--	(352,724)	(313,822)
Grupo B' (Economus)	--	--	(121,234)	(115,264)
Total	**16,249,057**	**13,372,004**	**(6,714,372)**	**(7,141,907)**

e) Allocations of the Surplus – Plano 1

R$ thousand

	2nd half 2012	2012	2011
Fundo Paridade			
Initial Balance	**1,669,259**	**1,608,379**	**1,524,374**
Interest and inflation adjustment	101,770	183,275	167,125
Contributions to the Plano 1 – Agreement 97 (1)	(16,632)	(37,257)	(83,120)
Contribuição amortizante antecipada – Grupo Especial (2)	(1,013,754)	(1,013,754)	--
Closing Balance	**740,643**	**740,643**	**1,608,379**
Fundo de Destinação			
Initial Balance	**3,191,666**	**3,684,325**	**7,594,993**
Interest and inflation adjustment	161,457	331,001	489,911
Transfers to Fundo de Contribuição and Fundo de Utilização	(979,598)	(1,641,801)	(4,400,579)
Closing Balance	**2,373,525**	**2,373,525**	**3,684,325**
Fundo de Contribuição			
Initial Balance	**934,906**	**1,096,433**	--
Constitution (3)	--	--	1,398,467
Adjustment for inflation	49,840	100,619	110,247
Contributions to the Plano 1	(258,109)	(470,415)	(412,281)
Closing Balance	**726,637**	**726,637**	**1,096,433**
Fundo de Utilização			
Initial Balance	**4,094,721**	**3,249,250**	--
Constitution (3)	979,598	1,641,801	3,002,112
Interest and inflation adjustment	283,593	466,861	247,138
Closing Balance	**5,357,912**	**5,357,912**	**3,249,250**

(1) Includes the positive amount of R$ 185 thousand in the 2nd half (R$ 392 thousand in 2012 and R$ 503 thousand in 2011) related to partial reversals for adjustments in prior periods.

(2) Refers to the payment of 100% of mathematical reserves guarantors of additional supplemental retirement of the Special Group.

(3) Funds setted up in the first half 2011.

e.1) Fundo Paridade

The plan was funded, up to 12.15.2000, through a contribution of 2/3 (two thirds) from the Bank and another of 1/3 (one third) from participants. As from 12.16.2000, in order to adjust to the provisions of Constitutional Amendment N.°20, both the Bank and the participants started to make a contribution of 1/2 (one half), and an agreement was signed by the parties involved and duly approved by the Supplementary Pension Plan Secretariat.

The cost for the implementation of the equal contributions was defrayed by using the Plan's surplus at the time. As a result of this agreement, the Bank, yet, was entitled to recognize the amount of R$ 2,227,254 thousand, which was recorded in Fundos de Destinação Superávit - Previ. This Asset is monthly adjusted based on the actuarial goal (INPC + 5% per year) and, since January 2007, has been used to offset any financial imbalance in the ratio between the Unamortized Reserve and Advanced Amortization arising from the agreement entered into with Previ in 1997, which granted

supplementary benefits to the participants of Plano 1 who joined the Plan up to 04.14.1967 and had not retired up to that date.

e.2) Fundo de Destinação

On 11.24.2010, Banco do Brasil signed a Memorandum of Understanding with the entities that represents current and retired employees, the aim of which was to allocate and use a share of the Plan's surplus, as determined by Supplementary Law N.° 109/2001 and CGPC Resolution N.° 26/2008.

In view of the approval of the measures provided for in the Memorandum of Understanding by Previ's Decision-Making Council, the Bank recorded, as of November 30, 2010, under "Fundos de Destinação - Previ", the amount of R$ 7,519,058 thousand against the write-off of the amount from "Other receivables - Actuarial assets", adjusted by the actuarial target (INPC + 5% p.a.).

e.3) Fundo de Contribuição

The fund is composed of resources transferred from the Fundo de Destinação to support the interruption of contribution payments for a period of three years, as established in the Memorandum of Understanding. The amount related to the Bank's contributions is transferred to Previ, in a monthly basis. The Fundo de Contribuição is updated by an actuarial goal (INPC + 5% p.a.).

e.4) Fundo de Utilização

The fund is composed of resources transferred from the Fundo de Destinação and it can be used by the Bank after fulfilling the requirements established by applicable law. The Fundo de Utilização is updated by an actuarial goal (INPC + 5% p.a.).

f) Effects, in Plano Informal, of the migration of Grupo Especial from Plano Informal to Plano de Benefícios 1 – Previ:

R$ thousand

	Before reduction	Gain with reduction	After reduction
Net present value of obligation	2,090,104	(999,087)	1,091,017
Fair value of plan assets	--	--	--
Subtotal	**2,090,104**	**(999,087)**	**1,091,017**
Non recongnized actuarial gain / (loss)	(403,550)	294,449	(109,101)
Net liability recognized in the balance sheet	**1,686,554**	**(704,638)**	**981,916**

28 – Contingent Liabilities and Legal Obligations – Taxes and Pension Plan

Labor Lawsuits

The Bank is a party to labor litigations mainly filed by former employees or trade unions of the banking industry. Allowance for probable losses represent various claimed requests, such as: compensation, overtime, distortion of the working day, additional function and representation, and others.

Tax Lawsuits

The Bank is subject to challenges by the tax authorities in relation to taxes, which can give rise to notice assessments with the subject matter of jurisdiction or the sum of taxable income or deductible expense. Most of the lawsuits originating from tax assessment notices relate to ISSQN (Service tax), CPMF (Temporary Contribution on Financial Transactions), CSLL (Social Contribution on Net Income), IRPJ (Corporation Income Tax), IOF (Tax on credit, exchange and insurance operations or transactions related to securities) and welfare contributions to INSS (National Institution of Social Insurance). As guarantee for some of them, there are attachments in cash or in properties, when necessary.

Civil Lawsuits

Among the civil litigations, those which are related to the collection of the difference between inflation correction of financial investments and judicial deposits related to the period of economic plans (Bresser, Verão and Collor I and II Plans) can be detached.

Through the judgment of the ADPF 165 (Arguição de Descumprimento de Preceito Fundamental – Complaint of noncompliance of fundamental precept), Supremo Tribunal Federal (STF, the Supreme

Court) has adjourned the actions involving these economic plans on the financial investments which are at the appeal stage.

a) Contingent Liabilities – Probable

In compliance with the CMN Resolution No. 3,823/2009, the Bank makes allowance for labor, civil and tax lawsuits that have risk of probable losses.

Changes in the provisions for civil, tax and labor claims classified as probable

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Labor lawsuits						
Initial Balance	**2,339,205**	**2,340,058**	**2,462,390**	**2,603,883**	**2,514,536**	**2,538,036**
Addition	617,679	1,038,938	462,435	797,901	1,315,862	511,084
Reversal of the provision	(53,799)	(140,999)	(224,698)	(58,714)	(149,451)	(227,447)
Written off due payment	(464,285)	(876,575)	(551,527)	(465,221)	(881,044)	(552,213)
Price level correction	58,021	135,399	191,458	58,583	136,529	191,611
Amounts added/merged [1]	--	--	--	9,058	9,058	53,465
Closing Balance	**2,496,821**	**2,496,821**	**2,340,058**	**2,945,490**	**2,945,490**	**2,514,536**
Tax lawsuits						
Initial Balance	**110,924**	**164,943**	**195,377**	**1,460,755**	**1,400,444**	**1,260,923**
Addition	68,904	125,048	32,453	564,503	714,335	202,367
Reversal of the provision	(35,859)	(138,192)	(56,162)	(36,927)	(151,281)	(66,047)
Written off due payment	(7,962)	(18,814)	(13,077)	(7,962)	(18,814)	(13,077)
Price level correction	4,573	7,595	6,352	26,738	62,423	71,656
Change in equity interest held in associated companies [2]	--	--	--	--	--	(237,556)
Amounts added/merged [1]	--	--	--	13,017	13,017	182,178
Closing Balance	**140,580**	**140,580**	**164,943**	**2,020,124**	**2,020,124**	**1,400,444**
Civil lawsuits						
Initial Balance	**3,724,973**	**3,244,433**	**3,464,569**	**3,987,095**	**3,473,970**	**3,594,694**
Addition	763,982	1,968,684	650,905	800,271	2,050,643	770,108
Reversal of the provision	(268,816)	(546,636)	(433,245)	(296,341)	(585,653)	(456,787)
Written off due payment	(399,616)	(939,098)	(620,022)	(409,156)	(954,546)	(635,995)
Price level correction	125,127	218,267	182,226	126,303	223,758	187,065
Amounts added/merged [1]	--	--	--	--	--	14,885
Closing Balance	**3,945,650**	**3,945,650**	**3,244,433**	**4,208,172**	**4,208,172**	**3,473,970**
Total Labor, Tax and Civil	**6,583,051**	**6,583,051**	**5,749,434**	**9,173,786**	**9,173,786**	**7,388,950**

(1) In the first half 2011, it refers to the balance from Banco Patagonia and from companies that make up the BB-Mapfre partnership in the line of insurance, and, in the third quarter 2012, it refers to the balance from IBI Promotora.

(2) Related to changes in equity interest held in non-financial associated companies.

b) Contingent Liabilities – Possible

The labor, tax and civil lawsuits classified as "possible" risk are dispensed from making allowance, according to the CMN Resolution No. 3,823/2009.

The balances of contingent liabilities classified as possible

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Labor claims	54,905	107,530	90,720	140,115
Tax Claims (1)	3,987,389	2,914,842	5,032,809	4,092,203
Civil claims	2,874,457	3,754,877	3,434,338	4,294,798
Total	**6,916,751**	**6,777,249**	**8,557,868**	**8,527,116**

(1) The main contingencies originate from (i) notices of labor infraction drawn by the INSS, aiming at the payment of contributions applicable on year-end bonuses paid in the collective agreements in the period from 1995 to 2006, in the amount of R$ 1,226,136 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R$ 178,789 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R$ 29,271 thousand and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, aiming at the collection of ISSQN, which amounts R$ 469,355 thousand.

c) Deposits in Guarantee of Funds

Deposits in guarantee balances recorded for contingencies

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Labor claims	2,656,350	2,488,543	2,716,708	2,522,179
Tax claims	4,887,934	4,433,333	6,514,284	5,915,700
Civil claims	4,384,318	3,574,259	4,681,155	3,749,986
Total	**11,928,602**	**10,496,135**	**13,912,147**	**12,187,865**

d) Legal Obligations

The Bank has a record in Other Liabilities - Tax and Social Security, of the amount of R$ 13,073,718 thousand (R$ 12,754,899 thousand on 12.31.2011) at Banco do Brasil and R$ 13,881,845 thousand (R$ 13,516,326 thousand on 12.31.2011) in BB-Consolidated, relating to the following actions:

Judicial Proceeding: Income and Social Contribution Taxes

In February 1998, the Bank applied for a writ of mandamus, in progress at the 16th Federal Court of Federal District claiming full compensation of accumulated losses of income tax and negative basis for the calculation of Social Contribution on Net Income (CSLL). Since then, the Bank has been fully offsetting tax loss and negative basis of social contribution against income tax and social contribution, by making judicial deposits of the amount due (70% of the compensated amount). These deposits prompted the 16th Federal Court of Federal District to issue an order recognizing the suspension of chargeability of these taxes until final judgment of the Bank's request, based on article 151, item II, of the Código Tributário Nacional (CTN). The case was dismissed in a first instance and an appeal brought by the Bank was denied by the Tribunal Regional Federal (TRF) of the 1st Region. The decision was challenged by extraordinary appeal filed by the Bank on 10.01.2002. Today, the appeal is pending in the TRF of the 1st Region, the judgment by the Supreme Court of another extraordinary feature (RE No 591,340), which was recognized by the Supreme Court because the general impact.

The offsetting of tax loss carry forward and recoverable CSLL has resulted in the write-off of deferred tax credits, observing the limitation of 30%.

Deferred taxes including corporate income tax (IRPJ) and social contribution on net income (CSLL) on the interest and inflation adjustment of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in compliance with paragraph 2, item II, article 1 of CMN Resolution n.º 3,059/2002, with no impact on income.

Based on the hypothesis of a successful outcome to its lawsuit, observed as of September 2005 and January 2009, the Bank would have consumed the entire stock of tax loss carry forward and recoverable social contribution, respectively. Therefore, since the accrual period of October 2005 and

February 2009, the amount of IRPJ and CSLL are being paid in full. Moreover, there would be a transfer of resources from the account used to record judicial deposits to that of cash and cash equivalents. Tax credits for the judicial deposits (principal) would be written off against the allowance of IRPJ and CSLL and would be reversed against income, the provision for tax risks related to the interest and inflation adjustment of the deposits, amounting to R$ 4,597,399 thousand.

If the Bank were unsuccessful in its lawsuit (situation in which the amounts deposited judicially would be converted into income in favor of the National Treasury), the portions of IRPJ tax credits on tax losses and CSLL to offset would be reclassified to the representative asset account "IRPJ recoverable" and "CSLL recoverable", respectively, that could be used since the accrual period of October 2005 and February 2009, observing the limitation of 30%. These taxes recoverable, which would result from the adjustments of Statements of Economic-Fiscal Information of Businesses, corresponds to R$ 4,615,127 thousand on 12.31.2012 and its updating by the Selic Rate corresponds to R$ 1,355,256 thousand. This sum adjusts the provision for tax risks with respect to the updating of judicial deposits so that it will be sufficient to fully cancel the risk of a likely loss.

The amounts related to this matter

R$ thousand

	12.31.2012	12.31.2011
Legal Obligations - Provision for lawsuit	**12,428,627**	**12,153,757**
Judicial Deposits	**13,986,906**	**13,348,256**
Amount realized	7,817,011	7,817,011
Interest and inflation adjustment	6,169,895	5,531,245
The amount of tax credits corresponding to the 70% portion	**6,585,045**	**6,585,045**
Tax losses of IRPJ	3,002,033	3,002,033
CSLL negative bases/ CSLL recoverable	3,583,012	3,583,012

Judicial Proceeding: PIS/Pasep and Cofins

Provision for lawsuit relating to the writ of mandamus intended to achieve recognition of the right of Banco do Brasil, BB Corretora, Ativos S.A. and Banco Votorantim to pay PIS/Pasep and Cofins according to the calculation bases set out in Complementary Laws nº. 7/1970 and nº. 70/1991, recorded in Banco do Brasil the amount of R$ 645,091 thousand (R$ 601,142 thousand on 12.31.2011) and R$ 1,453,218 thousand in BB-Consolidated (R$ 1,362,569 thousand on 12.31.2011), considering R$ 806,068 thousand from Banco Votorantim. Since the injunctions were suspended on 08.12.2010, Banco do Brasil and BB Corretora returned to collect the PIS/Pasep and Cofins from the event of July 2010 as provided for in Law nº. 9,718/1998. The legal actions of Banco Votorantim, which concerns only to Cofins, had favorable judgments. The opposing party presented the necessary appeals, that now depend on decision of the Courts, especially STF decision.

29 - Risk Management and Regulatory Capital

a) Risk Management Process

Banco do Brasil considers the management of risks one of the main vectors for the decision-making process.

In the Banco do Brasil, collegiate risk management is performed completely apart from the business units. Risk management policies are approved by the Bank's Board of Directors. The Global Risk Committee (CRG), which is a discussion group composed by the President and by Vice-Presidents, is responsible for implementing and monitoring of these policies. The guidelines issued by the CRG are directed at specific sub-committees (Credit, Market and Liquidity and Operational), which are groups formed by Directors.

To find out more about the risk management process at Banco do Brasil, access the website bb.com.br/ri.

b) Credit Risk

Credit Risk is associated with the possibility of loss resulting from uncertainty regarding the receipt of amounts agreed upon with borrowers, counterparts of contracts or issues of securities.

In order to comply with the best practices of credit risk management and to increase efficiency in the economic capital management, Banco do Brasil uses risk and return metrics, present throughout its loan process, as a mechanism of risk management culture at the Institution.

c) Liquidity Risk

Liquidity risk takes two forms: market liquidity risk and cash flow liquidity risk (funding). The first is the possibility of loss resulting from the incapacity to perform a transaction in a reasonable period of time and without significant loss of value. The second is associated with the possibility of a shortage of funds to honor commitments assumed on account of the mismatching between assets and liabilities.

d) Operational Risk

Operational risk reflects the possibility of loss resulting from faults, deficiencies, or the inadequacy of internal processes, personnel and systems, or external events. This concept includes legal risks.

e) Market Risk

Market Risk reflects the possibility of loss that can be caused by changes in the behavior of interest and exchange rates and of prices of shares and commodities.

Financial Instruments – Fair Value

Financial instruments recorded in balance-sheet accounts, compared to fair value:

R$ thousand

	BB- Consolidated							
	12.31.2012		12.31.2011		Unrealized gain/(loss), net of tax effects			
					On Income		On Stockholders´ Equity	
	Book Value	Fair Value	Book Value	Fair Value	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Assets								
Short-term interbank investments	219,323,434	219,239,963	166,287,806	166,287,194	(83,471)	(612)	(83,471)	(612)
Securities	182,942,587	182,985,415	166,833,173	166,693,437	1,457,730	526,295	42,828	(139,736)
Adjustment of securities available for sale (Note 8.a)	--	--	--	--	1,414,902	666,031		--
Adjustment of securities held to maturity (Note 8.a)	--	--	--	--	42,828	(139,736)	42,828	(139,736)
Derivative financial instruments	1,414,580	1,414,580	1,396,700	1,396,700	--	--	--	--
Loan operations	469,712,686	468,589,925	379,045,045	379,158,229	(1,122,761)	113,184	(1,122,761)	113,184
Liabilities								
Interbank deposits	16,568,656	16,629,535	14,450,354	14,673,099	(60,879)	(222,745)	(60,879)	(222,745)
Time deposits	263,012,824	262,911,255	265,808,991	265,922,145	101,569	(113,154)	101,569	(113,154)
Liabilities related to repurchase agreement	225,786,872	225,402,847	195,175,276	195,155,509	384,025	19,767	384,025	19,767
Borrowings and onlendings	77,687,149	77,729,376	63,350,471	63,280,538	(42,227)	69,933	(42,227)	69,933
Derivative financial instruments	3,439,482	3,439,482	3,620,655	3,620,655	--	--	--	--
Other liabilities	229,155,847	228,277,272	181,767,988	181,761,619	878,575	6,369	878,575	6,369
Unrealized gain/(loss), net of tax effects					**1,512,561**	**399,037**	**97,659**	**(266,994)**

Determination of Fair Value of Financial Instruments

Short-term interbank investments: The fair value was obtained by discounted future cash flows, using interest rates exercised by the market in similar operations in the balance sheet date.

Securities: Securities are accounted for by market value, as provided for in Bacen Circular nº 3,068/2001, except for securities held to maturity. The securities fair value, including those held to maturity, were obtained according to rates collected at the market.

Loan operations: Fixed rate operations have been estimated through the future cash flow discount method, considering the interest rates utilized by the Bank for contracting of similar operations at the balance sheet date. For these operations that are remunerated by floating rates, the fair value was equivalent to the book value itself.

Interbank deposits: The fair value has been calculated through discount of the difference between future cash flows and rates currently applicable in the fixed operations market. In case of floating operations which maturities did not exceed 30 days, the book value was deemed equivalent to the fair value.

Time deposits: The same criteria adopted for interbank deposits were utilized in the determination of the fair value.

Money Market Borrowing: For operations at fixed rates, the fair value was determined calculating the discount of the estimated cash flows adopting a discount rate equivalent to the rates applicable in contracting of similar operations in the last market day. For floating operations, book values have been deemed equivalent to market value.

Borrowing and onlendings: Such operations are exclusive to the Bank, without similarity in the market. In face of their specific characteristics, exclusive rates for each fund entered, inexistence of an active market and similar instrument, the fair values of such operations were considered equivalent to the book value.

Other liabilities: Fair values have been determined by the discounted cash flow method, which takes into account interest rates offered in the market for obligations for which maturities, risks and terms are similar.

Other financial instruments: Included or not in the balance sheet, fair value was approximately equivalent to the correspondent book value.

Derivatives: According to Bacen Circular nº 3,082/2002, derivatives are recorded at market value. Derivatives' market value was estimated in accordance with an internal pricing model, with the use of the rates disclosed for transactions with similar terms and indices on the fiscal years' last business day.

Level of information regarding assets and liabilities measured at fair value in the balance sheet

According to the level of information in the measurement at fair value, the assessment techniques used by the Bank are the following:

Level 1 – Prices used are quoted in active markets for identical financial instruments. A financial instrument is considered quoted in an active market if the quoted prices are readily and regularly available and these prices represent real market transactions which occur regularly on an arm's length basis.

Level 2 – Other available information, excepted that from Level 1, is used, in which the prices are quoted in non-active markets or for similar assets and liabilities, or other available information is used or that can be corroborated by information observed in the market to support the assessment of the assets and liabilities.

Level 3 – Information that is not available in the market is used in the definition of the fair value. If the market for the financial instrument is not active, the Bank establishes the fair value using the valuation technique which takes into account internal data that is consistent with the economic methodologies accepted for pricing of financial instruments.

Assets and liabilities measured at fair value in the balance sheet

R$ thousand

	Balance at 12.31.2012	Level 1	Level 2	Level 3
Assets	**171,447,313**	**114,356,266**	**56,289,672**	**801,375**
Trading securities, measured by market value	74,711,317	55,657,463	19,053,854	-
Derivative financial instruments	1,414,579	-	1,413,641	938
Available-for-sale securities, measured by market value	95,321,417	58,698,803	35,822,177	800,437
Liabilities	**8,454,365**	**-**	**8,454,313**	**52**
Hedge funding	5,014,884	-	5,014,884	-
Derivative financial instruments	3,439,481	-	3,439,429	52

R$ thousand

	Balance at 12.31.2011	Level 1	Level 2	Level 3
Assets				
Trading securities, measured by market value	63,257,425	46,662,817	16,594,608	--
Derivative financial instruments	1,396,700	--	1,396,462	238
Available-for-sale securities, measured by market value	88,385,009	59,415,292	28,125,499	844,218
Liabilities				
Hedge funding	4,040,513	2,591,380	1,449,133	--
Derivative financial instruments	3,620,655	--	3,615,931	4,724

Changes on financial assets and liabilities measured at fair value in the balance sheet, classified as Level 3

R$ thousand

	2012				
	Opening balance	Acquisitions	Write-offs	Income	Closing balance
Assets					
Trading securities, measured by market value	--	--	--	--	--
Derivative financial instruments	821	--	--	117	938
Available-for-sale securities, measured by market value	1,306,537	61,744	(529,579)	(38,265)	800,437
Liabilities					--
Derivative financial instruments	16,282	--	--	(16,230)	52

R$ thousand

	2011				
	Opening balance	Acquisitions	Write-offs	Income	Closing balance
Assets					
Trading securities, measured by market value	206,140	--	(206,140)	--	--
Derivative financial instruments	186,618	--	(186,380)	--	238
Available-for-sale securities, measured by market value	941,760	272,040	(340,530)	(29,052)	844,218
Liabilities					
Derivative financial instruments	152,040	--	(149,056)	1,740	4,724

Sensitivity analysis (CVM Instruction nº 475/2008)

The Banco do Brasil manages its risks in a dynamic process, identifying, assessing, monitoring, and controlling market risk exposure in its own position. In this context, the Bank takes into account the risk limits defined by the Strategic Committees and possible scenarios, to act in a timely manner in reversing any occasional adverse results.

In accordance with CMN Resolution nº 3,464/2007 and with Bacen Circular nº 3,354/2007, to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions, including derivative financial instruments, as follows:

1) Trading Book*:* consisting of own positions held for trading or as a hedge for its trading portfolio, for which there is an intention of trading prior to their contractual expiry, subject to normal market conditions and that do not have a non-trading clause.

2) Banking Book: consisting of transactions not classified in the Trading Book whose feature is held to maturity.

The sensitivity analysis for all the operations with assets and liabilities of the Balance Sheet, in compliance with CVM Instruction nº 475/2008 does not adequately reflect the market risk management process and the best practices adopted by the Institution

In order to determine the sensitivity of the Bank's capital to the impacts of market volatility (except Banco Votorantim capital), simulations were performed with three likely scenarios, two of which with an adverse effect for the Bank. The scenarios used are listed below:

Scenario I: Likely situation, which reflects the perception of the Bank's senior management, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (BM&FBovespa, Andima, etc.). Assumptions: exchange rate real/dollar of R$ 2.02 and raising the Selic rate to 7.25% per annum based on market conditions observed at 12.31.2012.

Scenario II: Possible situation. Assumptions employed: parallel shock of 25.0% in the risk variables, based on market conditions observed on 12.31.2012 considering the worst losses by risk factor and, therefore, ignoring the relation dynamics of macroeconomic factors;

Scenario III: Possible situation. Assumptions employed: parallel shock of 50.0% in the risk variables, based on market conditions observed on 12.31.2012 considering the worst losses by risk factor and thus ignoring the relation dynamics of macroeconomic factors.

The tables below summarize the results for the Trading Portfolio (Trading), excluding Banco Votorantim's positions, composed of public and private securities, derivative financial instruments and funds obtained through commitment operations.

R$ thousand

Risk Factor	Concept	Scenario I			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Decrease	3,619
TMS and CDI coupons	Risk of variation of interest rate coupons	Decrease	101	Increase	(39)
IPCA coupon	Risk of variation of price index coupons	Maintenance	--	Decrease	1,064
Foreign currency coupons (US Dollars)	Risk of variation of foreign currency coupons	Increase	102	Increase	--
Exchange rates variation	Risk of variation of exchange rates	Decrease	(1,830)	Decrease	(283)

R$ thousand

Risk Factor	Concept	Scenario II			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(25,630)	Increase	(7,354)
TMS and CDI coupons	Risk of variation of interest rate coupons	Increase	(4)	Increase	(29)
IPCA coupon	Risk of variation of price index coupons	Increase	(643)	Increase	(1,014)
Foreign currency coupons (US Dollars)	Risk of variation of foreign currency coupons	Decrease	(36)	Decrease	--
Exchange rates variation	Risk of variation of exchange rates	Decrease	(46,676)	Decrease	(22,918)

R$ thousand

Risk Factor	Concept	Scenario III			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(50,692)	Increase	(14,871)
TMS and CDI coupons	Risk of variation of interest rate coupons	Increase	(7)	Increase	(58)
IPCA coupon	Risk of variation of price index coupons	Increase	(1,263)	Increase	(1,981)
Foreign currency coupons (US Dollars)	Risk of variation of foreign currency coupons	Decrease	(73)	Decrease	--
Exchange rates variation	Risk of variation of exchange rates	Decrease	(93,351)	Decrease	(45,837)

For transactions classified in the Banking Book, appreciations or depreciations resulting from changes in interest rates practiced in the market do not imply in a significant financial and accounting impact on the Bank's income. It's a result of the portfolio quality that is composed on large scale of loan operations (consumer credit, agribusiness, working capital, etc.); retail funding (demand, time, and savings deposits), and securities, which are recorded in the books according to the agreed on rates when contracting these operations. In addition, it should be pointed out that these portfolios have as their key feature the intention of holding the respective positions to maturity, and hence they are not subject to the effects of fluctuating interest rates, or the fact that such transactions are naturally related to other instruments (natural hedge), hence minimizing the reflexes of a stress scenario.

The tables below show a summary of the Trading Portfolio (Trading) and Non Trading (Banking), except from Banco Votorantim:

R$ thousand

Risk Factor	Concept	Scenario I			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Decrease	1,787,692
TR coupon	Risk of variation of interest rate coupons	Maintenance	--	Decrease	(2,928,968)
TBF coupon		Decrease	(203)	Decrease	(671)
TJLP coupon		Increase	251,946	Decrease	(248,336)
TMS and CDI coupons		Decrease	(415,910)	Increase	71,001
IGP-M coupon	Risk of variation of price index coupons	Maintenance	--	Decrease	170,715
IGP-DI coupon		Maintenance	--	Decrease	280
INPC coupon		Maintenance	--	Decrease	405,481
IPCA coupon		Maintenance	--	Decrease	46,853
Foreign Currency Coupon	Risk of variation of foreign currency coupons	Increase	652,328	Increase	519,294
Exchange rate	Risk of variation of exchange rates	Decrease	(13,634)	Decrease	(5,236)

R$ thousand

Risk Factor	Concept	Scenario II			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(6,451,975)	Increase	(3,562,867)
TR coupon	Risk of variation of interest rate coupons	Decrease	(5,238,026)	Decrease	(5,154,022)
TBF coupon		Decrease	(137)	Decrease	(290)
TJLP coupon		Decrease	(252,037)	Decrease	(205,023)
TMS and CDI coupons		Decrease	(32,793)	Decrease	(102,427)
IGP-M coupon	Risk of variation of price index coupons	Increase	(120,834)	Increase	(168,062)
IGP-DI coupon		Increase	(53)	Increase	(323)
INPC coupon		Increase	(89,503)	Increase	(418,739)
IPCA coupon		Increase	(17,295)	Increase	(45,617)
Foreign Currency Coupon	Risk of variation of foreign currency coupons	Decrease	(424,401)	Decrease	(710,749)
Exchange rate	Risk of variation of exchange rates	Decrease	(347,656)	Decrease	(423,350)

R$ thousand

Risk Factor	Concept	Scenario III			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(12,346,186)	Increase	(6,877,667)
TR coupon	Risk of variation of interest rate coupons	Decrease	(10,732,274)	Decrease	(10,669,317)
TBF coupon		Decrease	(275)	Decrease	(582)
TJLP coupon		Decrease	(509,781)	Decrease	(418,286)
TMS and CDI coupons		Decrease	(65,597)	Decrease	(204,955)
IGP-M coupon	Risk of variation of price index coupons	Increase	(233,218)	Increase	(316,569)
IGP-DI coupon		Increase	(106)	Increase	(643)
INPC coupon		Increase	(177,352)	Increase	(821,008)
IPCA coupon		Increase	(25,394)	Increase	(87,822)
Foreign Currency Coupon	Risk of variation of foreign currency coupons	Decrease	(860,419)	Decrease	(1,446,248)
Exchange rate	Risk of variation of exchange rates	Decrease	(695,312)	Decrease	(846,700)

The scenarios used for preparing the framework of sensitivity analysis must use situations of deterioration of at least 25% and 50% for variable risk, in a individuallized basis, as determined by CVM Instruction nº 475/2008. Thus, the combined analysis of the results is impaired. For example, simultaneous shocks of increase in the prefixed interest rate and reduction of TR Coupon are not consistent from the macroeconomic perspective.

The derivative transactions classified in the Banking Book, don't represent a relevant market risk to Banco do Brasil, as these positions originated mainly to fulfill the following situations:

- Changing the index of funding and lending transactions performed to meet customer needs;
- Market risk hedge, which purpose and effectiveness are described in Note 8.d. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

On 12.31.2012, the Banco do Brasil did not enter into any transaction classified as an exotic derivative, as described in CVM Instruction nº 475/2008 - Attachment II.

Interest in Banco Votorantim

Banco Votorantim, in the first half of 2011, revised the criteria for classification of operations, which resulted in the migration of part of its trading book positions for non-trading. Thus, the sensitivity analysis of the positions regarding to the participation of Banco do Brasil in Banco Votorantim considers the trading and non-trading book together and the trading book in a segregated way.

Simulations were also made with three possible scenarios, two of which with consequent adverse result, as follows:

Scenario I: Likely situation, which reflects the perception of the Banco Votorantim' senior management in the scenario most likely to occur. Assumptions employed: exchange rates real/dollar from R$ 2.07 and the Selic rate of interest 6.50% per year to 2012.

Scenario II: Assumptions: parallel shock of 25% in the risk variables, based on market conditions observed on 12.31.2012 and considering the worst losses by risk factor and, therefore, ignoring the relation dynamics of macroeconomic factors;

Scenario III: Assumptions: employed parallel shock of 50% in the risk variables, based on market conditions observed on 12.31.2012 and considering the worst losses by risk factor and therefore ignoring the relation dynamics of macroeconomic factors.

In the tables below are presented the results for the positions of the Bank for its participation in Banco Votorantim:

R$ thousand

Risk Factor	Concept	Scenario I			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Decrease	8,508	Decrease	16,682
Foreign currency coupons	Risk of variation of foreign exchange coupon	Maintenance	--	Maintenance	--
Foreign exchange fluctuation	Risk of variation of exchange rates	Decrease	3,986	Increase	1,395
Price Indexes	Risk of variation of price index coupons	Increase	1,177	Increase	130
Other	Risk of variation of other coupons	Maintenance	--	Decrease	(487)

R$ thousand

Risk Factor	Concept	Scenario II			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(13,281)	Increase	(37,944)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	(2,830)	Increase	(923)
Foreign exchange fluctuation	Risk of variation of exchange rates	Increase	(116,098)	Increase	(91,152)
Price Indexes	Risk of variation of price index coupons	Decrease	--	Decrease	(315)
Other	Risk of variation of other coupons	Increase	(12,731)	Increase	(13,204)

R$ thousand

Risk Factor	Concept	Scenario III			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(35,578)	Increase	(87,694)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	(5,518)	Increase	(1,813)
Foreign exchange fluctuation	Risk of variation of exchange rates	Increase	(245,147)	Increase	(428,656)
Price Indexes	Risk of variation of price index coupons	Decrease	(9)	Decrease	(741)
Other	Risk of variation of other coupons	Decrease	(27,622)	Increase	(47,152)

In the tables below are presented the results for the positions of the Bank for its participation in Banco Votorantim of the trading and non-trading book:

R$ thousand

Risk Factor	Concept	Scenario I			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Decrease	134,287	Decrease	188,936
Foreign currency coupons	Risk of variation of foreign exchange coupon	Maintenance	--	Increase	(4,044)
Foreign exchange fluctuation	Risk of variation of exchange rates	Decrease	(1,702)	Increase	2,190
TJLP	Risk of variation of TJLP coupons	Increase	--	Maintenance	--
TR/TBF	Risk of variation of TR/TBF coupons	Maintenance	--	Maintenance	--
Price Index	Risk of variation of price index coupons	Maintenance	(4,178)	Increase	1,255

R$ thousand

Risk Factor	Concept	Scenario II			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(199,726)	Increase	(431,632)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	(4,896)	Increase	(16,839)
Foreign exchange fluctuation	Risk of variation of exchange rates	Decrease	(65,478)	Increase	(96,182)
TJLP	Risk of variation of TJLP coupons	Decrease	(3,614)	Decrease	(1,987)
TR/TBF	Risk of variation of TR/TBF coupons	Decrease	(38)	Decrease	(605)
Price Index	Risk of variation of price index coupons	Increase	(5,579)	Decrease	(2,649)

R$ thousand

Risk Factor	Concept	Scenario III			
		12.31.2012		12.31.2011	
		Variation of rates	Income	Variation of rates	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(512,460)	Increase	(1,003,137)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	(9,550)	Increase	(29,240)
Foreign exchange fluctuation	Risk of variation of exchange rates	Decrease	(133,102)	Increase	(441,553)
TJLP	Risk of variation of TJLP coupons	Decrease	(7,316)	Decrease	(4,100)
TR/TBF	Risk of variation of TR/TBF coupons	Decrease	(77)	Decrease	(1,206)
Price Index	Risk of variation of price index coupons	Increase	(6,894)	Decrease	(5,880)

f) Regulatory Capital

The BIS Ratio was determined in accordance with the criteria established by CMN Resolutions n.º 3,444/2007 and n.º 3,490/2007, which refer to the calculation of the Referential Equity (RE) and of the Required Referential Equity (RRE), respectively, without considering the information relating to Banco Votorantim as determined by Bacen.

R$ thousand

	12.31.2012		12.31.2011	
	Economic and Financial	Financial	Economic and Financial	Financial
RE - Referential equity	**107,925,146**	**109,285,842**	**80,481,841**	**82,154,035**
Tier I	**76,769,399**	**77,099,943**	**60,615,163**	**60,791,381**
Shareholders' equity	66,069,965	66,350,927	58,416,370	58,592,587
Revaluation reserves	(4,645)	(4,644)	(4,731)	(4,730)
Deferred Assets	(110,795)	(110,795)	(164,671)	(164,671)
Mark-to-market	(700,536)	(700,536)	(350,594)	(350,594)
Tax credits excluded from Tier I	--	--	(106)	(106)
Hybrid Capital and Debt Instruments (1)	11,515,410	11,564,991	2,718,895	2,718,895
Tier II	**36,074,411**	**36,024,829**	**24,877,818**	**24,877,817**
Mark-to-market	700,536	700,536	350,594	350,594
Hybrid Capital and Debt Instruments (1)	2,968,652	2,919,071	--	--
Revaluation reserves	4,645	4,644	4,731	4,730
Subordinated Debt Qualifying as Capital	**32,400,578**	**32,400,578**	**24,522,493**	**24,522,493**
Funds obtained from the FCO	16,602,973	16,602,973	14,771,005	14,771,005
Funds obtained abroad	6,001,028	6,001,028	4,228,367	4,228,367
Funds obtained from the CD	1,615,433	1,615,433	2,337,638	2,337,638
Funds raised in Financial Bills	8,181,144	8,181,144	3,185,483	3,185,483
Deduction from the RE	**(4,918,664)**	**(3,838,930)**	**(5,011,140)**	**(3,515,163)**
Financial instruments excluded from RE	(4,918,664)	(3,838,930)	(5,011,140)	(3,515,163)
RRE - Required Referential Equity	**80,034,881**	**79,435,474**	**63,326,079**	**62,528,344**
Credit risk	76,076,547	75,730,245	59,802,205	59,260,188
Market Risk	207,377	207,377	90,442	90,442
Operational Risk	3,750,957	3,497,852	3,433,432	3,177,714
Sufficiency of RE: (RE – RRE)	**27,890,265**	**29,850,368**	**17,155,762**	**19,625,691**
BIS Ratio: (RE x 100) / (RRE / 0.11)	**14.83%**	**15.13%**	**13.98%**	**14.45%**

(1) According to CMN Resolution n.º 3,444/2007, Hybrid Capital and Debt Instruments authorized by Bacen to compose Tier I of the RE are limited to 15% (fifteen percent) of the total of Tier I, including the value of the Hybrid Capital and Debt Instruments itself. The values of the Hybrid Capital and Debt Instruments that may exceed that limit are added to Tier II of the RE.

g) Fixed asset ratio

The Fixed Asset Ratio is 25.85% of the Referential Equity-RE (27.19% on 12.31.2011) for the Consolidated Financial Report, and 21.64% (22.11% on 12.31.2011) for the Consolidated Economic and Financial Report, in compliance with CMN Resolution n.º 2,669/1999. The difference between the Fixed Assets Ratio of Consolidated Financial and Economic-Financial is the result of the inclusion of non-financial subsidiaries / affiliates that have high liquidity and low level of restraint, wich consequently reduces the Fixed Assets Ratio of Consolidated Financial and Economic.

30 – Statement of Comprehensive Income

R$ thousand

	Banco do Brasil			BB-Consolidated		
	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Net income presented in the Statement of Income	**6,753,930**	**12,309,870**	**12,247,330**	**6,695,004**	**12,205,120**	**12,125,990**
Other comprehensive income / (loss)						
Accumulated other comprehensive income (Note 8.f)	**103,551**	**804,086**	**188,852**	**103,551**	**804,086**	**188,852**
Own	(106,587)	(141,730)	(54,938)	(106,587)	(141,729)	(54,938)
Branches and subsidiaries abroad	302,752	527,402	355,830	302,752	527,402	355,830
Subsidiaries and affiliates	(92,614)	418,414	(112,040)	(92,614)	418,414	(112,040)
Income and social contribution taxes related to unrealized (gains) / losses (Note 8.f)	**78,554**	**(107,574)**	**67,555**	**78,554**	**(107,574)**	**67,555**
Other comprehensive profit / (loss), net of income and social contribution taxes	**182,105**	**696,512**	**256,407**	**182,105**	**696,512**	**256,407**
Comprehensive income – Banco do Brasil	**6,936,035**	**13,006,382**	**12,503,737**	**6,877,109**	**12,901,632**	**12,382,397**
Comprehensive income – Non-controlling interests	**--**	**--**	**--**	**(81,294)**	**(155,778)**	**(93,131)**

31 – Other Information

a) Distribution of Dividends and Interest on Own Capital

During a meeting held on 03.12.2012, the Board of Directors approved the setting of the *payout* rate equivalent to the minimum 40% of net income, for the year 2012, fulfilling the policy for payment of dividends yield and/or interest on own capital on a quarterly basis, pursuant to art. 43 of the Bank's By-Laws.

b) Banco Postal

Since 01.01.2012, the Bank has had access to Correios (Brazilian Postal and Telegraph Corporation) agencies chain, with about 6.3 thousand service points located at 95% of Brazilian municipalities. Through this investment, the Bank anticipated its strategic plan of increasing its service points to achieve all the Brazilian municipalities.

c) Investment Funds Management

Position of investment funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.

	N° of Funds/Portfolios		Balance (R$ thousand)	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Managed funds	**548**	**521**	**444,022,933**	**415,792,780**
Investment Funds	538	507	430,833,490	403,844,665
Managed Portfolios	10	14	13,189,443	11,948,115

d) Constitution of Real Estate Investment Fund

In August 2012, the Bank subscribed 100% of the shares from BB Progressivo II Fundo de Investimento Imobiliário (FII), managed by Votorantim Asset Management (VAM). The Bank paid these shares by cash payment and by property transfer of 64 real estate, with substantial transfer of the risks and rewards.

In November 2012, through Secondary Public Offering of Distribution of FII shares, the Bank disposed all the fund shares. The result obtained in this negotiation was achieved and recognized on the date of

the shares' sale, occasion that Banco do Brasil was no longer the main holder of the Fund's risks and rewards.

Effects of the real estate transfer to FII in the Bank's result:

R$ thousand

Banco do Brasil and BB-Consolidated	
Market value of real estate transferred to FII	1,402,469
Carrying amount of real estate transferred to FII	(299,477)
Profit before taxation	**1,102,992**
Income tax and social contribution	(441,197)
Net income	**661,795**

e) Details of branches, subsidiaries and associated abroad

R$ thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Assets				
BB Group	42,469,895	26,302,917	37,168,271	23,535,468
Third parties	72,412,267	51,529,172	87,178,714	62,051,334
Total assets	**114,882,162**	**77,832,089**	**124,346,985**	**85,586,802**
Liabilities				
BB Group	26,662,409	14,927,245	22,991,955	12,325,721
Third parties	83,453,373	59,457,189	93,863,535	67,619,119
Stockholders' equity	**4,766,380**	**3,447,655**	**7,491,495**	**5,641,962**
Attributable to parent company	4,766,380	3,447,655	6,917,391	5,198,093
Non-controlling interest	--	--	574,104	443,869
Total liabilities	**114,882,162**	**77,832,089**	**124,346,985**	**85,586,802**

	2nd half/2012	2012	2011	2nd half/2012	2012	2011
Income (loss)	**323,600**	**564,632**	**278,475**	**535,050**	**957,731**	**495,051**
Attributable to parent company	323,600	564,632	278,475	453,759	801,682	401,939
Non-controlling interest	--	--	--	81,291	156,049	93,112

f) Consortium funds

R$ thousand

	12.31.2012	12.31.2011
Monthly forecast of Purchase Pool Members receivable funds	138,854	122,458
Obligations of the group due to contributions	7,454,133	7,450,510
Purchase Pool Members - assets to be contemplated	6,941,366	7,026,937
	(In units)	
Quantity of groups managed	465	426
Quantity of active purchase pool members	400,975	346,990
Quantity of assets deliverable to members (drawn or winning offer)	22,205	16,307
Quantity of assets delivered in the period	70,419	55,680

g) Assignment of Employees to Outside Agencies

Federal government assignments are regulated by Law 10,470/2002 and Decree 4,050/2001.

	2nd half/2012		2012		2011	
	Employees Ceded [1]	Cost in the Period (R$ thousand)	Employees Ceded [1]	Cost in the Period (R$ thousand)	Employees Ceded [1]	Cost in the Period (R$ thousand)
With costs for the Bank						
Federal Government	1	217	1	731	5	1,854
Labor unions	224	14,945	224	29,442	234	27,489
Other organizations/entities	2	329	2	1,427	5	2,036
Subsidiary and associated companies	3	695	3	1,206	2	867
Without cost to the Bank						
Federal, state and municipal governments	275	--	275	--	273	--
External organizations (Cassi, FBB, Previ and Economus)	586	--	586	--	769	--
Employee entities	84	--	84	--	84	--
Subsidiary and associated companies	330	--	330	--	345	--
Total	**1,505**	**16,186**	**1,505**	**32,806**	**1,717**	**32,246**

(1) Balance in the last day of the period.

h) Remuneration of Employees and Managers

Monthly wages paid to employees and Directors of the Banco do Brasil

R$

	12.31.2012	12.31.2011
Lowest salary	1,892.00	1,760.00
Highest salary	31,802.11	29,583.36
Average salary	5,334.04	4,869.19
Management		
President	55,264.68	52,513.00
Vice-President	49,465.96	47,003.00
Director	41,923.41	39,836.00
Councilmembers		
Fiscal Council	4,411.87	4,192.19
Board of Directors	4,411.87	4,192.19
Audit Committee - Member	37,731.07	35,852.40

i) Insurance Policy of Assets

Despite the reduced level of risk to which its assets are subject, the Bank contracts insurance cover for its assets in amounts considered sufficient to cover any losses.

Insurance contracted by the Bank in force on 12.31.2012

R$ thousand

Covered Risks	Amounts Covered	Value of the Premium
Property insurance for the relevant fixed assets	925,195	3,315
Life insurance and collective personal accident for the Executive Board [1]	885	118
Other	16,608	189
Total	**942,688**	**3,622**

(1) Refers to individual coverage for members of the Executive Board.

j) Fundo Nacional de Aviação Civil (FNAC)

Through Provisional Measure n^{o} 600, dated 12.28.2012, the federal government established that the FNAC resources for modernization, construction, expansion and renovation of public aerodromes can be managed by the Bank, directly or through its subsidiaries, as it was established in the act of Civil Aviation Secretariat of the Presidency of the Republic.

The way to transfer the resources from FNAC to Banco do Brasil as well as its investments will be defined in a regulation.

As a manager of the resources of FNAC, the Bank will hold a bidding process, and it can contract, on its own name or for the account of third parties, works and engineering services or any other specialized technical services.

The Bank will be remunerated by its provided services, under the terms to be fixed in a joint act of ministers of Finance and Civil Aviation Secretariat of the Presidency of the Republic.

Banco do Brasil S.A.

Financial Statements
December 31, 2012

(a free translation of the original report in Portuguese containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by Banco Central do Brasil)

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Report of Independent Auditors for Financial Statements

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

We have audited the accompanying, individual and consolidated financial statements of Banco do Brasil S.A., which comprise the balance sheet as of December 31, 2012 and the related statements of income, of changes in stockholders' equity and of cash flows for the year and semester then ended, as well as the summary of significant accounting policies and other notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by Banco Central do Brasil, and for designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Bank's preparation and fair presentation of the financial statements of Banco do Brasil S.A. in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Banco do Brasil S.A.. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco do Brasil S.A. at December 31, 2012, the financial performance of its operations and its cash flows for the year and semester then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by Banco Central do Brasil.

Statement of value added

We have also audited the individual and consolidated statement of value added (DVA), elaborated under the responsibility of the management of Banco do Brasil S.A., for the year and semester ended December 31, 2012, submission of which publicly-held companies are required to make according to Brazilian corporate law. This statement was subjected to the same audit procedures described above and, in our opinion, is presented fairly in all material respects in relation to the financial statements taken as a whole.

Brasília, February 20, 2013

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Giuseppe Masi
Accountant CRC 1SP176273/O-7

Carlos Massao Takauthi
Accountant CRC 1SP206103/O-4

Summary of the Audit Committee Report

Introduction

The Audit Committee of Banco do Brasil, statutory advisory body of the Board of Directors, has the following main duties: to revise the set of financial statements prior to publication and to assess the effectiveness of the internal control system and of the internal audit department and independent auditors. The Audit Committee's regulation is available at the website *www.bb.com.br/ri*.

The Committee's field of activity comprises the Banco do Brasil Universal Bank and the following subsidiaries: BB DTVM Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A., BB Banco de Investimento S.A., BB Leasing S.A. – Arrendamento Mercantil; BB Administradora de Cartões de Crédito S.A., BB Administradora de Consórcios S.A. e Besc Distribuidora de Títulos e Valores Mobiliários S.A.

The administrators of Banco do Brasil and its subsidiaries are responsible for preparing and assuring the integrity of the financial statements, for managing risks, for maintaining an effective internal control system and for monitoring compliance with applicable legal and regulatory requirements.

The Internal Audit is independently accountable for the performance of systematic activities with the objective of contributing to the improvement of the business and risk management processes and to the effectiveness of the internal control system.

KPMG Auditores Independentes is responsible for auditing the financial statements and for issuing an opinion on their adequacy in relation to the financial position in all the material respects, according to accounting practices adopted in Brazil applicable to institutions licensed to operate by the Brazilian Central Bank. It also evaluates, in the context of the audit work on the financial statements, the quality and adequacy of the internal control system and compliance with the legal and regulatory requirements.

Operations

Over the course of 2012, the Audit Committee held regular meetings, in compliance with its work plan approved by the Board of Directors, with the participation of representatives of management, the internal audit department and independent auditors, and with executives from the main areas of business, internal controls, risk management, accounting, legal, technology and treasury, besides internal work.

At these meetings, the attention was focused on subjects related to the internal control system, accounting, risk and capital management processes, Basel Accords, technological solutions, asset management, contingencies, provisions, communication channel, External Ombudsman, external branches, and recommendations issued by the internal audit, independent auditors and by external inspection bodies.

Maintained a dialogue with the internal audit and independent audit teams, on which occasions it considered their planning, learned the results of the main work and examined their conclusions and recommendations.

The Committee revised the management reports, financial statements, notes to the financial statements and the independent auditor's reports. Where suggestions for improvement were observed, recommendations for improvement were made.

Conclusions

Based on the activities developed in the period and having the duties and limitations inherent to the scope of its activities present, the Audit Committee concluded that:

a. the internal control system is appropriate for the size and complexity of the Conglomerate's business and is subject to permanent attention from management;

b. the internal auditor is effective and independent, as well as adequately reported to the Committee's request;

c. the external auditors is effective and nothing was noted that would indicate non-compliance with applicable independence rules and regulations;

d. the financial statements of the year ended at December 31, 2012 were prepared in compliance with the rules of law and with accounting practices adopted in Brazil, applicable to the institutions licensed to operate by the Brazilian Central Bank, and reflect, in all material respects, the financial situation on that date.

Brasília-DF, February 20, 2013.

Egidio Otmar Ames

Coordinator

Antônio Carlos Correia Henrique Jäger José Danúbio Rozo

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors of the Banco do Brasil S.A. declares that, in a meeting performed at this date, approved the summary of the Audit Commitee Report and, in compliance with the item V of Art. 142 of Law 6,404 of December 15, 1976, became aware and recommended the approval of the Director's accounts and of the Management's Report related to the fiscal year ended 2012.

February 20, 2013.

_____
Nelson Henrique Barbosa Filho

_____ _____
Aldemir Bendine Adriana Queiroz de Carvalho

_____ _____
Bernardo Gouthier Macedo Henrique Jäger

_____
Sergio Eduardo Arbulu Mendonça

BANCO DO BRASIL

Conselho Fiscal

FISCAL COUNCIL REPORT

THE FISCAL COUNCIL OF BANCO DO BRASIL S.A., according to its legal and statutory duties, have reviewed the management report and the financial statements, including the proposal concerning to result distribution related to the fiscal year ended December 31, 2012, which were approved by the Board of Directors at this date.

Based on the exams performed, on information provided throughout the year and on the unqualified Independent Auditor's Report issued by KPMG Auditores Independentes, at this date, the Fiscal Council understand that the aforementioned documents are eligible to be submitted to the appreciation and approval of the Annual Meeting of Stockholder's.

Brasília (DF), February 20, 2013.

Anelize Lenzi Ruas de Almeida
Member

Clóvis Ailton Madeira
Member

Marcos Machado Guimarães
Member

Pedro Carvalho de Mello
Member

Paulo José dos Reis Souza
President

Declaration of the Executive Board members about the Financial Statements

According to the Art. 25 of CVM Instruction no. 480 of December 07, 2009, we declare that the Financial Statements of the Banco do Brasil related to the fiscal year ended December 31, 2012 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), February 19, 2013.

Aldemir Bendine
President

Alexandre Corrêa Abreu
Vice-president of Retail Business

César Augusto Rabello Borges
Vice-president of Government

Geraldo Afonso Dezena da Silva
Vice-president of Technology

Ivan de Souza Monteiro
Vice-president of Financial Management and Investors Relations

Osmar Fernandes Dias
Vice-president of Agribusiness and Small and Micro Companies

Paulo Roberto Lopes Ricci
Vice-president of Retail, Distribution and Operations

Paulo Rogério Caffarelli
Vice-president of Wholesale, International Business and Private Bank

Robson Rocha
Vice-president of Human Resources and Sustainable Development

Walter Malieni Junior
Vice-president of Internal Controls and Risk Management

Declaration of the Executive Board members about the Report of Independent Auditors

According to Art. 25 of CVM Instruction no. 480 of December 07, 2009, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements of February 20, 2013.

Brasília (DF), February 20, 2013.

Aldemir Bendine
President

Alexandre Corrêa Abreu
Vice-president of Retail Business

César Augusto Rabello Borges
Vice-president of Government

Geraldo Afonso Dezena da Silva
Vice-president of Technology

Ivan de Souza Monteiro
Vice-president of Financial Management and Investors Relations

Osmar Fernandes Dias
Vice-president Agribusiness and Small and Micro Companies

Paulo Roberto Lopes Ricci
Vice-president of Retail, Distribution and Operations

Paulo Rogério Caffarelli
Vice-president of Wholesale, International Business and Private Bank

Robson Rocha
Vice-president of Human Resources and Sustainable Development

Walter Malieni Junior
Vice-president of Internal Controls and Risk Management

MEMBERS OF THE MANAGEMENT BODIES

PRESIDENT
Aldemir Bendine

VICE-PRESIDENTS
Alexandre Corrêa Abreu
César Augusto Rabello Borges
Geraldo Afonso Dezena da Silva
Ivan de Souza Monteiro
Osmar Fernandes Dias
Paulo Roberto Lopes Ricci
Paulo Rogério Caffarelli
Robson Rocha
Walter Malieni Junior

DIRETORS
Adilson do Nascimento Anisio
Admilson Monteiro Garcia
Adriano Meira Ricci
Antonio Mauricio Maurano
Antonio Pedro da Silva Machado
Carlos Alberto Araujo Netto
Carlos Eduardo Leal Neri
Clenio Severio Teribele
Gueitiro Matsuo Genso
Hayton Jurema da Rocha
Hideraldo Dwight Leitão
Ives Cézar Fülber
Janio Carlos Endo Macedo
José Carlos Reis da Silva
José Mauricio Pereira Coelho
Luiz Henrique Guimarães de Freitas
Marcelo Augusto Dutra Labuto
Márcio Hamilton Ferreira
Marco Antonio Ascoli Mastroeni
Marco Antonio da Silva Barros
Marcos Ricardo Lot
Nilson Martiniano Moreira
Raul Francisco Moreira
Sandro José Franco
Sandro Kohler Marcondes

ACCOUNTING DEPT.
Eduardo Cesar Pasa
Contador Geral
Contador CRC-DF 017601/O-5
CPF 541.035.920-87

Daniel André Stieler
Contador CRC-DF 013931/O-2
CPF 391.145.110-53

BOARD OF DIRECTORS
Nelson Henrique Barbosa Filho (Presidente)
Aldemir Bendine
Adriana Queiroz de Carvalho
Bernardo Gouthier Macedo
Henrique Jäger
Sérgio Eduardo Arbulu Mendonça

FISCAL COUNCIL
Paulo José dos Reis Souza
Anelize Lenzi Ruas de Almeida
Clóvis Ailton Madeira
Marcos Machado Guimarães
Pedro Carvalho de Mello

AUDIT COMMITTEE
Egídio Otmar Ames
Antônio Carlos Correia
Henrique Jäger
José Danúbio Rozo

Banco do Brasil S.A.
Setor Bancário Sul
Brasília - DF
CNPJ - 00.000.000/0001-91

