FINANCIAL STATEMENTS

2010 RESULTS

Todo seu



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FINANCIAL STATEMENTS

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Dear Shareholders,

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

ECONOMIC ENVIRONMENT

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

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

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

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

In the last quarter of the year, the Brazilian Central Bank announced a package of macroprudential measures, involving, among other aspects, the rise of compulsory deposits and the increase of the risk weighting

factor for credit operations intended for individual clients, except some operations such as mortgage. . These measures should produce, in practice, raising of credit cost and consequently reduction in the new operations rate growth. As emphasized by the Brazilian Central Bank, these actions are consistent with the objective of maintaining the stability of the currency, acting as complementary instruments of the monetary policy.

HIGHLIGHTS OF THE PERIOD

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

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

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

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

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

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

- ✓ achievement of Financial Holding Company status, granted by the US Federal Reserve Bank - FED, which allows BB, either directly or through its subsidiaries, to carry out banking activities in North American territory on equal terms with local banks;
- ✓ signature of agreement for acquisition of the shareholding control of Banco Patagonia in Argentina;
- ✓ increase of interest in the companies Cielo and Companhia Brasileira de Soluções e Serviços-CBSS, by acquiring the interest of Banco Santander;
- ✓ signing of a Memorandum of Understanding with Bradesco for operations in the area of credit, debit and prepaid cards (card of the Brazilian flagship brand ELO);
- ✓ reestructuring of the insurance area, with the review of the partnership with the Principal Group at Brasilprev, the signing of an agreement to form a strategic alliance with the Mapfre Gruop, the acquisition of all the shares of Sul América Companhia Nacional de Seguros in Brasilveículos by BB Seguros, and the sale of all the shares of BB Seguros in Brasilsaúde to Sul América Seguro Saúde S.A;
- ✓ completion of a primary and secondary public offering of shares of BB, aiming to strengthen its capital base and to increase the liquidity of the shares in the secondary market, attaining the free float of 30.4% and anticipating one year the deadline agreed with BM&FBovespa to reach minimum 25%;
- ✓ adhesion to the PRI - Principles for Responsible Investment, by BB-DTVM, the purpose of which is to prepare for the incorporation of social, environmental and corporate governance issues into the practices of analysis, decision and management of investments;
- ✓ adhesion to "The CEO Water Mandate", a proposal of the United Nations - UN, for the Global Compact signatory companies to start to address the matter of water and the management of this resource in their corporate strategies;

- ✓ adhesion to the Soy Moratorium Workgroup - GTS, under which BB agrees not to finance soy production in deforested areas in the Amazon biome after July 2006;
- ✓ signing of a Memorandum of Understanding with Bradesco and Banco Espírito Santo de Portugal for operations in African territory;
- ✓ signing of a Memorandum of Understanding with BB Seguros, OdontroPrev S.A., Bradesco Seguros and ZNT Empreendimentos, Comércio e Participações Ltda. with the objective of forming a strategic alliance for the development and sale of dental plans;
- ✓ signing of a Service Agreement with OdontoPrev, initiating the delivery of dental plans to around 260 thousand beneficiaries, including active employees of BB and their direct dependents;
- ✓ signing of a business partnership agreement with the telephony carrier Oi for expansion of the Oi Paggo solution, a mobile payment functionality for Ourocard clients, and the sale of a co-branded credit card to the Oi client base;
- ✓ approval, by the Executive Board and by the Deliberative Council of Previ, of a proposal for the allocation and use of part of the surplus of the Defined Benefit Plan of Previ, as determined by the current legislation. The allocation proposal was subsequently approved by the members.

STRATEGIC PLAN FOR THE 2011–2015 PERIOD

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

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

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

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

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

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

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

SUSTAINABILITY

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

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

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

BB'S AGENDA 21

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

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

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

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

Several new actions were proposed as a result of this meeting, observing the three focal points of activity of the agenda.



The results achieved are monitored on a semi-annual basis by the Executive Board and published in the annual report, using the internationally recognized standard of the Global Reporting Initiative.

Sustainable Business Sphere

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

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

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

Processes and Management Sphere

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

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

Private Social Investment Sphere

This sphere involves the Entrepreneurial Citizenship actions where BB's social investments in favor of the improvement of the quality of life of the Brazilian population are encouraged.

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

ÁGUA BRASIL (WATER BRAZIL) PROGRAM

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

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

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

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

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

- Watershed of Ribeirão do Guariroba (Mato Grosso do Sul) and of rivers Sepotuba (Mato Grosso), Pipiripau and São Bartolomeu (Goiás), and Pereaçú (Minas Gerais), in the Cerrado /Pantanal biomes;
- Micro-watersheds of the rivers Lençóis, Cancã and Moinho (São Paulo), Beneventes (Espírito Santo) and Rio das Pedras (Rio de Janeiro), in the Atlantic Forest biome;

- Micro-watersheds of the rivers Acre (Acre) and Alto Teles Pires (Mato Grosso), in the Amazon biome;
- Micro-watershed of the Longá river (Piauí), in the Caatinga biome;
- Micro-watershed of the Camaquã river (Rio Grande do Sul), in the Pampa biome.

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

- Pirenópolis (Goiás) - small city category, representing the Midwest region;
- Caxias do Sul (Rio Grande do Sul) - mid-sized city category, in the southern region;
- Rio Branco (Acre), representing the northern region in the category of mid-sized city;
- Natal (Rio Grande do Norte) in the category of large city, representing the northeast region;
- Belo Horizonte (Minas Gerais) - metropolis category, representing the southeast region.

Going from the understanding that the topic of sustainability permeates the management of the organization, the results related to the topic can be identified throughout this Report.

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

ECONOMIC-FINANCIAL PERFORMANCE

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

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

R$ million

Highlights			
Income[1]	**2010**	**2009**	**Δ 2009 (%)**
Net Income	11,703	10,148	15.3
Recurring net income	10,664	8,506	25.4
Gross financial intermediation income	26,335	18,233	44.4
Revenues from loans	51,733	40,515	27.7
Fee Income	16,125	13,511	19.3
Insurance, pension plan and saving bonds income[2]	1,354	992	36.5
Administrative expenses[3]	26,066	23,050	13.1
Net Income per Share (in R$)	4.32	3.95	9.4
Return on Assets	1.5%	1.7%	-
Return on Equity	27.0%	30.7%	(3.7 p.p)

R$ billion

Equity	Dec/10	Dec/09	Δ 2009 (%)
Assets	811.2	708.5	14.5
Loan portfolio	358.4	300.8	19.1
Market borrowings[4]	519.0	498.4	4.1
Assets under Management	360.2	306.7	17.4

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

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

STOCK PERFORMANCE

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

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

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

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

In addition to the above mentioned indexes, BBAS3 also appeared on the *Dow Jones* Amplified Sustainability Index, created by the New York Stock Exchange and by SAM - Sustainable Asset Management, a

Swiss organization focused on sustainable investments. According to these organizations, the new index was created to cater to the growing demand for investment portfolios formed by companies that evidence the incorporation of socio-environmental variables in their management and in their business.

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

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

With the public offering of shares held in June/2010, Banco do Brasil attained the free float of 30.4%, ending 2010 with 389.7 thousand shareholders, surpassing the minimum limit of 25% required by the New Market Listing Regulation. BB is the only bank to participate in this segment of BM&FBovespa.

BUSINESS PERFORMANCE

CUSTOMER RELATIONSHIP

BB ended 2010 with a base of 54.4 million customers and 35.9 million checking accounts (33.8 million customer checking accounts and 2.1 million business checking accounts), a growth of 2.7% in 12 months.

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

The main actions in progress in the Program include:

- ✓ hiring of about 10 thousand new employees to work directly in customer service;
- ✓ training and up-skilling of more than 40 thousand employees from the branch network in business practices and customer service

(further information on training can be found in the "People" chapter of this report);

- ✓ integration and modernization of the various customer service channels, including a new architecture and setting of the branches, with enhanced comfort and convenience for clients;
- ✓ development and implementation of advanced Customer Relationship Management - CRM, systems;
- ✓ simplification of the customer service and sales processes, with integration of the systems in a new business platform and refinement of planning and budget, expanding the focus on the consumption potential of clients.

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

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

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

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

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

BB has the largest quantity of branches in Brazil, with 5,087 units, besides having 10,145 correspondents, more than 8 thousand service points and the largest collection of automatic teller machines in Latin America, with 44,954 its own machines. Of the branches and of the

Bank Service Points - PAB of BB, 87.3% are already adapted for physically handicapped people.

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

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

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

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

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

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

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

- ✓ Saque Sem, which allows clients to withdraw money without their magnetic card - a practical and safe solution for situations in which the client has lost or forgotten their card;
- ✓ option for the client to choose the values of the bank notes of their withdrawal at the BB automatic teller machines; and

- ✓ simplification of access to transactions on the Internet, with reinforcement of security, by means of the use of the newest technologies in this area.

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

BB's webpage launched a space exclusively dedicated to financial and banking education in July 2010. This initiative is part of an extensive set of actions that the Bank has been undertaking, aiming the sustainability and the shaping of increasingly conscious citizens.

The commitment to consumer rights and to good customer service is shown by transparency and objectiveness in relations with clients. BB informs the rates and fees practiced in a clear and direct manner. The employees receive specific training to improve customer service, such as "Brazilian Sign Language - Libras" and "Consumer Defense Code".

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

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

FUNDING

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

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

From the issuance performed in October, the Central Bank considered the sum of US$ 650 million as eligible as tier II capital, in the subordinated debt category. This corresponds, with a basis on the

figures of September 2010, to an increase of approximately 21 basis points in the BIS ratio of BB.

ASSET MANAGEMENT

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

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

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

LOAN PORTFOLIO

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

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

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

The businesses portfolio ended the year with a balance of R$ 149.8 billion, already including the operations of BV. The businesses portfolio

accounted for 41.8% of the total loan portfolio of BB in 2010, against 41.7% in 2009. Together, the working capital and investments lines represented 72.5% of the total businesses portfolio. Special emphasis is placed on the investment line, which grew 31.3% in the year.

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

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

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

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

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

disbursed R$ 7.8 billion, corresponding to 42.6% of the total released by BNDES in 2010.

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

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

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

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

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

Equator Principles[1]

R$ milion

Sector	Risk Level	Amount Financed	Number of Projects
Transport	Medium	955	3

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

Quality of the Loan Portfolio

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

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

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

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

FOREIGN TRADE

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

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

financed volume increased 29.1% as compared to the previous year, totaling US$ 4.3 billion.

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

CARDS

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

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

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

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

INSURANCE, PRIVATE PENSION FUND AND SAVING BONDS

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

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

insurance products will enjoy exclusivity in the distribution network of BB.

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

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

CAPITAL MARKET AND TREASURY

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

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

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

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

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

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

SERVICES

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

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

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

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

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

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

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

R$ million

			Volume
Saving Bonds[1]	Ourocap Estilo Prêmio / Ourocap Estilo Flex / Ourocap Multichance / Ourocap 200 anos / Ourocap Estilo Prêmio Cartão de Crédito / Ourocap 200 anos Cartão	% of management fee to socio-environmental projects	395.8
Insurance[1]	Ouro Vida / Ouro Vida Empresa / Ouro Vida Estilo / BB Seguro Vida Mulher / BB Seguro Vida Agricultura Familiar / Ouro Residencial e Residencial Estilo / Ouro Máquinas e Máquinas Novo - ALS / BB Seguro Auto Estilo /		
Investment Funds[2]	BB Diferenciado DI Social 200	Portfolio/ Investments in socio-environmental responsible companies	485.8
	BB Ações ISE		
	FIP Brasil Gov. Corporativa		
	Brasil Sustentabilidade FIP		
	Brasil Agronegócios FIP		
	Brasil de Internac. Empresas FIP		
Credit Lines[3]	BB Microcrédito DRS/ Cred. Imob. Minha casa Minha Vida/ Microcrédito/ FCO Pronatureza/ BNDES (Propflora, Produza, Moderagro, Proesco)/ Pronaf (Florestal, Agroecologia, Eco)/ CDC Veículo Ecoeficiente/ BB Crediário/ FAT Taxista/ BB Leasing Outros Bens	Credit Lines with socio-environmental character	20,680.6

[1] Sold amount

[2] Shareholder's Equity

[3] Portfolio balance

SOCIAL INVESTMENT

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

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

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

- ✓ ***Projeto Voluntários BB* (BB Volunteer Project)** - R$ 3.5 million were set aside to support 46 socio-environmental projects indicated by more than 2 thousand volunteer employees of BB;
- ✓ ***Programa Aprendiz Banco do Brasil e Estágio de Estudantes* (Student Internship and Apprentice Program)** – 5,534 low income adolescents trained in 2010 and 9,853 trainees in 2010 developing curricular activities on the premises of BB;

- ✓ ***Fundo dos Direitos da Criança e do Adolescente*** **(Fund for the Rights of Children and Adolescents)** - R$ 11.6 million set aside in 2010 for projects managed by the Councils of Children's and Adolescents' Rights ;
- ✓ ***Bibliotecas Rurais Arca das Letras*** - 250 Arcas (Rural Libraries) set up in 2010 in partnership with the Ministry of Agrarian Development - MDA, benefiting 20,211 families;
- ✓ ***Digital Inclusion Program*** - over 1.2 thousand digital inclusion points installed. 2,239 computers donated in 2010;
- ✓ ***Centros Culturais Banco do Brasil*** **(Cultural centers)** – 295,373 students took part in guided visits in 2010 for the promotion and disclosure of culture by means of a wide variety of artistic manifestations;
- ✓ **Sponsorship of Sport** - social projects and participative promotional actions; collection of foodstuffs in sports' events; and volleyball and tennis schools for the local community from the venues of the events;
- ✓ **Social Technology Bank** - 571 technologies certified in 2010;
- ✓ **BB Educar program** - over 2 thousand youths and adults were taught to read and write;
- ✓ **AABB-Community Program** - broadcasting sport and culture to approximately 50 thousand children and youths catered to annually.

CORPORATE MANAGEMENT

CORPORATE GOVERNANCE

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

Decisions are taken collectively at all levels of the Bank. With the purpose of involving the executives in the definition of strategies and approval of proposals for BB's different businesses, the Management uses committees, subcommittees and commissions at a strategic level, which ensure the agility and security for the decision making. Among the instruments used to assure good governance, it is also worth highlighting the Corporate Governance Code and the Code of Ethics.

As a good initiative of corporate governance practice, the Bank has introduced tools to evaluate the performance of the Board of Directors, Board of Auditors and Executive Board, in order to support the preparation of internal diagnoses and the identification of measures to improve performance.

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

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

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

MARKET RELATIONS

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

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

organized in Asia, Europe and South and North America, totaling 164 meetings with 249 investors.

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

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

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

EXTERNAL OMBUDSMAN SERVICE

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

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

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

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

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

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

INTERNAL PROCEDURES

Risk Management

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

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

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

BB's strategy of action in the concession of credit intended for agricultural funding operations was geared toward the improvement of the portfolio and conjugation with climatic and price risk mitigators, according to the risk to which producers are exposed.

In order to manage operational risk, Banco do Brasil, following the best market practices, monitors operational loss through a systemized internal database, exposure limits and key risk indicators, besides risk matrices to assess relevant outsourced services.

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

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

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

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

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

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

In relation to Pillar III of the Basel II Accord, related to transparency in the disclosure of information to the market, actions were implemented over the course of 2010 for BB to satisfy the requirements of the New Accord, as well as of Bacen Circular nº 3477/2009, which refers to the same topic.

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

Internal Controls

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

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

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

Prevention and Avoidance of Money Laundering

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

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

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

TECHNOLOGY

Notwithstanding the work of the Technology Directorate to improve the service provided to the millions of Banco do Brasil clients, in 2010, BB

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

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

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

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

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

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

LOGISTICS

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

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

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

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

ECOEFFICIENCY

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

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

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

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

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

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

PEOPLE

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

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

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

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

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

BB encourages the obtainment of legal Money Laundering Prevention and Investment certifications- CPA 10 and 20. By late 2010, 61.4

thousand employees had such certifications. BB is the financial institution with the highest number of certified employees.

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

R$ million

	2010	2009	Δ (%)
Payroll[1]	11,867	9,925	19.6
Supplementary Pension Plans[2]	235.4	231.9	1.5
Health care plans[2]	693.9	639.8	8.5
Profit-Sharing Plan[3]	1,756	1,385	26.8
Training	86	73	16.8

[1] Expenses with salaries, benefits, social charges and personnel provisions.
[2] Funding of supplementary pension and health care plans, pursuant to Note 27.
[3] Amount set aside for Profit and Gain Sharing, as Statement of income for the year.

The Bank's structure includes the Area of Quality of Life at Work, which develops and manages several programs aimed at improvement in the quality of life of employees, such as PCMSO (Program for Medical Control of Occupational Health), Sesmt (Specialized Services in Safety Engineering and in Occupational Medicine of BB), Tabas (Program for the Control of Smoking), Pavas (Program for Assistance to Holdup and Kidnapping Victims), Program for Recognition of Employees and the Quality of Life at Work Program.

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

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

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

Banco do Brasil maintains a process of transparent and respectful dialogue with the representatives of its employees. It maintains a Collective Labor Agreement of national sphere, holds permanent negotiations with the trade unions and organizes theme groups with the

bankers' representatives to discuss in detail topics of interest to the workers and to the company.

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

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

LEGAL INFORMATION

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

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

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

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

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

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

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

MAIN AWARDS RECEIVED IN THE PERIOD

- GRI Readers´Choice Awards- Engagement, Investor Prize and General Winner categories;
- Deutsche Bank’s Straight Through Processing (STB) Excellence Award;
- Winner of the e-finance 2010 Awards, with 35 cases granted awards in 12 categories;
- Prêmio Abrasca de Criação de Valor (Value creation award), for the performance and liquidity of listed shares in 2009;
- *Prêmio SM Awards 2010*, as a company of Prominence in Growth - Banks and Financial Services;
- Elected best Latin American bank of 2010, in an award offered by *Latin Finance* magazine;
- 2010 Best Companies to Work for in” by the Great Place to Work Institute;
- Elect the "Bank of the Year in Brazil" by The Banker magazine;
- National Accessibility Campaign - CONADE;

- Finalists of the Financial Times Award of Sustainable Finance;
- Winner of the Alide Award of Recognition of Good Practices at Financial Institutions of Development;
- Época Award of Climatic Changes;
- Selo Empresa Amiga da Criança (Children Friendly Company Seal);
- Seal in Favor of Gender Equity;
- Top 10 - Companies of Greatest Prestige in Brazil 2010/2011 - Época Negócios;
- Silver medal at the XVI Exhibition of ABMR&A (Brazilian Association of Rural Marketing and Agribusiness) for Communication in Rural Marketing and Agribusiness - Agribusiness Bank in the Advertising Campaign category.

ACKNOWLEDGMENTS

We thank the dedication and diligence of our employees and collaborators, who are Banco do Brasil's greatest wealth, as well as the trust of shareholders, clients and society.

Further information: Investor Relations Website (www.bb.com.br/ri).

2010 Annual Social Balance Sheet

1 – Calculation Base	2010 – R$ thousand				2009 – R$ thousand			
Net Income (NI) (1)	26.334.600				18.232.858			
Operation Income (OI) (2)	18.410.195				13.591.802			
Gross Payroll (GPR) (3)	13.019.591				11.838.434			
Total Value Added (TVA)	11.703.165				10.147.522			
2 – Internal Social Indicators	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**
Food	957.871	7,4	3,6	8,2	804.140	6,8	4,4	7,9
Compulsory social contributions (4)	2.698.964	20,7	10,2	23,1	2.512.606	21,2	13,8	24,8
Private pension plan	1.004.182	7,7	3,8	8,6	1.089.673	9,2	6,0	10,7
Health (4)	693.913	5,3	2,6	5,9	639.801	5,4	3,5	6,3
Occupational health and care (2)	33.609	0,3	0,1	0,3	26.360	0,2	0,1	0,3
Education (2)	44.755	0,3	0,2	0,4	37.150	0,3	0,2	0,4
Professional training and development(2)	73.353	0,6	0,3	0,6	59.705	0,5	0,3	0,6
Daycare or Daycare Assistance	62.706	0,5	0,2	0,5	51.988	0,4	0,3	0,5
Transporte	23.042	0,2	0,1	0,2	18.416	0,2	0,1	0,2
Profit sharing	1.756.190	13,5	6,7	15,0	1.384.532	11,7	7,6	13,6
Others	117.575	0,9	0,4	1,0	102.172	0,9	0,6	1,0
Total - Internal Social Indicators	7.466.159	57,3	28,4	63,8	6.726.543	56,8	36,9	66,3
3 - External Social Indicators	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**
Education (2)	27.881	0,2	0,1	0,2	20.587	0,2	0,1	0,2
Culture (2)	43.074	0,3	0,2	0,4	44.783	0,4	0,2	0,4
Health and sanitation	13.118	0,1	0,0	0,1	N/D	N/D	N/D	N/D
Sports	54.421	0,4	0,2	0,5	63.493	0,5	0,3	0,6
Combat of hunger and food safety (2)	947,08	0,0	0,0	0,0	415,06	0,0	0,0	0,0
Generation of jobs and income	61.394	0,5	0,2	0,5	33.352	0,3	0,2	0,3
Others(2)	16.113	0,1	0,1	0,1	17.641	0,1	0,1	0,2
Total contributions to society	216.948	1,7	0,8	1,9	180.272	1,5	1,0	1,8
Taxes (excluding social contributions) (2)	6.894	0,1	0,0	0,1	8.030	0,1	0,0	0,1
Total - External Social Indicators	223.842	1,7	0,8	1,9	188.303	1,6	1,0	1,9
4 - Environmental Indicators	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**	**R$ thousand**	**% over GDP**	**% over NI**	**% over TVA**
4.1 - Investments related to Company production / operation(2)	**70.458**	**0,5**	**0,3**	0,6	**42.862**	**0,4**	**0,2**	0,4
4.2 – Investiments in external programs and/or projects (2)	**1.305**	**0,0**	**0,0**	0,0	**302**	**0,0**	0,0	0,0
Total investmens in the environment (4.1 + 4.2)	**71.763**	**0,6**	**0,3**	0,6	**43.164**	0,4	0,2	0,4
5 - Workforce Indicators	**2010 - units**				**2009 - units**			
# of employees at the end of period	109.026				103.971			
# of hirings during period	10.048				14.999			
# of dismissals during period	4.505				2.786			
# of outsouced employees (2)	35.007				35.368			
# of interns	9.853				9.917			
# of apprentices	5.534				5.336			
# of employees over 45 years of age	31.705				30.509			
# of employees by age group:								
under 26	8.158				8.230			
from 26 to 35	39.829				35.974			
from 36 to 45	29.334				29.258			
over 45	31.705				30.509			
# of employees by education level:								
Primary education	579				696			
Secondary/vocational education	30.835				31.207			
Higher education	53.073				50.163			
Postgraduate study	24.539				21.905			

# of women working at the Company	44921	42.330
% of management positions held by women	34,6	36,5
# of men working at the Company	64.105	61.641
% management positions held by mens	65,4	63,50
# of Afro and Indian descendents whose works at the Company	20.807	19.551
# of management positions held by Afro and Indian descendents (5)	6.016	5.332
# of handicapped employees or those with special needs	882	807
Gross compensation broken down by:	**R$ 6.909.940.075,31**	**R$ 5.518.211.409,32**
Employees	R$ 6.892.104.257,81	R$ 5.500.969.713,19
Management	R$ 17.835.817,50	R$ 17.241.696,13
Difference between the lowest salary paid in the Company and the Minimum Wage (national or regional)		
Difference between the lowest salary paid by the Company and the minimum wage	1090,13	951,00

6 – Relevant corporate citizenship information	**2010**	**2009**
Ratio between highest and lowest salary at the Company	17,0	17,8
Total number or work accidents	983	628
Social and environmental projects developed by the Company were defined by:	(x) Senior Managment ( ) Senior and middle management ( ) All employees	(x) Senior Managment ( ) Senior and middle management ( ) All employees
Safety and health standards in the worplace were defined by:	(X) Senior and middle management ( ) All employees ( ) All + CIPA	( ) Senior and middle management ( ) All employees (X) All + CIPA
With regard to union freedom, the right to collective bargaining and the in-house representation of employees, the Company:	( ) Does not get envolved ( ) Follows ILO norms (X) Encourages and follows ILO	( ) Does not get envolved ( ) Follows ILO norms (X) Encourages and follows ILO
The private pension plan covers:	( ) Senior Managment ( ) Senior and middle management (X) All employees	( ) Senior Managment ( ) Senior and middle management (X) All employees
Profit/results sharing program covers:	( ) Senior Managment ( ) Senior and middle management (X) All employees	( ) Senior Managment ( ) Senior and middle management (X) All employees
In the selection or suppliers, the same ethical, social responsability and environmental standards adopted by the Company:	( ) Are not considered ( ) Are suggested (x) Are required	( ) Are not considered ( ) Are suggested (x) Are required
About the volunteer work by employees, the Company:	( ) Does not get envolved ( ) Supports it (X) Organizes and encourages it	( ) Does not get envolved ( ) Supports it (X) Organizes and encourages it
Total number of consumer complaints and criticism: (7)	at the companhy: 15.324 at procon: 9.853 in court: 94.629	at the company: 19.344 at procon: 4.788 in court: 121.773
% of complaints and criticisms attended to or solved:	at the company: 100% at procon: 100%	at the company: 100% at procon: 99,8%
Actions taken by the entity to remedy or minimize the causes of complaints:	Transformation and awareness of employees in customer service.	Transformation and awareness of employees in customer service.
Total added value to distribute (in thousand R$)	**36.179.833**	**31.116.269**
Distribution of Value Added (DVA)	**% of total**	**% of total**
Government	29,9%	27,8%
Associates	36,1%	37,9%
Shareholders	13%	13,1%
Third parties	1,70%	1,6%
Retianed	19,30%	19,6%

7 – Other Information

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

For explantaions concerning declared information: Gilberto Lourenço da Aparecida - (61) 3310.3990 - ri@bb.com.br

This company does not use child labor, is not involved with prostitution or sexual exploit and is not involved in corruption. Our company values and

The Social Report was held by KPMG SA and assurance report will be published in the Annual Report 2010.

Notes:

(1) Gross Financial Intermediation Income. As Net Income, was considered the Gross Financial Intermediation Income. That changed the published value in

(2) The methodology of data collection was changed. Because of this, the published values in 2009 were changed.

(3) Personnel Expenses. Due to changes of methodology the published values in 2009 were changed.

(4) All sponsored entities employer's contributions were considered, including the merged (BNC, BESC, BEP) and the own companies. Due to changes of

(5) The data consider the number of afro and indians descendants in management positions. In 2009 was considered the percentage for publication,

(6) BB's External Ombudsman Service numbers were considered. Due to changes of data collection methodology, the published values in 2009 were

Banco do Brasil S.A.
Financial Statements
In thousands of Reais

Balance Sheets

		Banco do Brasil		BB-Consolidated	
ASSETS		**12.31.2010**	**12.31.2009**	**12.31.2010**	**12.31.2009**
Current Assets		423.727.363	380.900.268	477.063.790	414.966.881
Available Funds	(Note 6)	9.397.247	7.596.546	9.744.688	7.842.770
Short-term interbank investments	(Note 7a)	109.929.317	166.919.021	106.615.633	166.070.192
Money market		78.628.740	134.937.621	85.060.184	144.173.860
Interbank deposits		31.300.577	31.981.400	21.555.449	21.896.332
Securities and derivative financial instruments	(Note 8)	40.722.362	39.370.590	76.342.346	59.297.166
Internal portfolio		17.355.563	29.778.301	46.402.185	47.295.209
Repurchase agreements		22.532.857	5.239.743	26.465.657	5.956.127
Deposits with the Brazilian Central Bank		15	3.713.112	15	3.817.049
Pledged in guarantee		130.860	19.300	2.217.127	1.147.243
Derivative financial instruments		703.067	620.134	1.257.362	1.081.538
Interbank Accounts		86.287.448	26.421.167	89.442.660	26.574.438
Payments and receipts pending settlement		129.007	153.232	129.007	153.258
Restricted deposits	(Note 9a)	85.796.265	25.950.674	88.902.532	26.063.340
Brazilian Central Bank deposits		83.928.847	24.167.099	87.035.114	24.279.765
National Treasury - rural credits receivable		74.520	148.158	74.520	148.158
National Housing Financing System (SFH)		1.792.898	1.635.417	1.792.898	1.635.417
Interbank onlendings		2.718	1.254	38.828	7.746
Correspondent banks		359.458	316.007	372.293	350.094
Interdepartmental accounts		258.144	293.950	258.144	295.152
Internal transfers of funds		258.144	293.950	258.144	295.152
Loan operations	(Note 10)	120.368.657	102.016.228	129.099.180	110.606.691
Public sector		3.229.361	2.432.592	880.256	2.794.701
Private sector		124.363.469	107.102.607	135.727.663	115.763.862
(Allowance for loan losses)		(7.224.173)	(7.518.971)	(7.508.739)	(7.951.872)
Lease operations	(Note 10)	18.227	23.195	1.800.632	1.858.258
Public sector		18.227	23.195	18.787	23.883
Private sector		--	--	1.816.614	1.951.468
(Allowance for lease losses)		--	--	(34.769)	(117.093)
Other receivables		55.245.556	36.984.668	61.658.370	40.891.756
Receivables on guarantees honored		75.303	36.938	75.303	39.588
Foreign exchange portfolio	(Note 12a)	9.936.710	8.480.791	10.291.956	8.671.052
Income receivable		1.431.206	1.464.119	913.332	533.393
Negotiation and intermediation of securities		78.741	16.017	382.996	436.005
Insurance, pension plan and capitalization	(Note 21a)	--	--	1.086.548	885.945
Sundry	(Note 11b)	44.611.607	27.747.589	49.880.444	31.167.539
(Provision for other losses)		(888.011)	(760.786)	(972.209)	(841.766)
Other assets	(Note 13)	1.500.405	1.274.903	2.102.137	1.530.458
Other assets		291.787	290.210	388.071	363.989
(Provision for devaluations)		(169.506)	(166.105)	(177.233)	(175.968)
Prepaid expenses		1.378.124	1.150.798	1.891.299	1.342.437

ASSETS		Banco do Brasil		BB-Consolidated	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
NON CURRENT ASSETS		313.769.814	279.708.708	334.108.418	293.581.962
LONG-TERM RECEIVABLES		284.935.139	257.489.129	314.338.917	276.572.359
Interbank Investments	(Note 7a)	4.785.325	7.248.277	963.157	2.327.768
Interbank deposits		4.785.325	7.248.277	963.157	2.327.768
Securities and derivative financial instruments	(Note 8)	56.542.795	57.501.256	67.524.388	65.039.715
Internal portfolio		30.617.318	21.131.525	39.315.949	27.638.367
Subject to repurchase agreements		23.145.800	20.584.267	24.860.036	20.929.518
Deposits with the Brazilian Central Bank		42	14.527.621	42	14.590.558
Pledged in guarantee		2.648.397	1.110.340	2.982.132	1.499.726
Derivative financial instruments		131.238	147.503	366.229	381.546
Interbank transactions		83.378	17.071	83.378	17.071
Restricted deposits	(Note 9a)	46.644	--	46.644	--
National Treasury - rural credits receivable		46.644	--	46.644	--
Interbank transfers		36.734	17.071	36.734	17.071
Loan operations	(Note 10)	170.927.298	140.826.236	188.627.319	151.176.406
Public sector		3.921.148	3.801.538	6.380.810	3.593.364
Private sector		175.609.950	146.444.106	191.171.151	157.315.829
(Allowance for loan losses)		(8.603.800)	(9.419.408)	(8.924.642)	(9.732.787)
Lease operations	(Note 10)	26.246	37.580	2.055.899	2.842.305
Public sector		26.246	37.580	27.034	38.967
Private sector		--	--	2.185.322	2.917.455
(Allowance for lease losses)		--	--	(156.457)	(114.117)
Other receivables		50.524.101	51.223.436	53.303.233	54.341.422
Receivables on guarantees honored		--	51.384	--	51.384
Exchange portfolio	(Note 12a)	1.585.804	--	1.585.804	--
Income receivable		30.228	31.069	30.305	30.051
Specific credits	(Note 11a)	1.029.638	931.845	1.029.638	931.845
Insurance, pension plan and capitalization	(Note 21a)	--	--	22.022	22.265
Sundry	(Note 11b)	48.469.480	51.031.510	51.235.371	54.145.893
(Provision for other losses)		(591.049)	(822.372)	(599.907)	(840.016)
Other assets	(Note 13)	2.045.996	635.273	1.781.543	827.672
Prepaid expenses		2.045.996	635.273	1.781.543	827.672
PERMANENT ASSETS		28.834.675	22.219.579	19.769.501	17.009.603
Investments		17.641.326	12.182.867	8.127.754	6.645.339
Investments in subsidiary and associated companies	(Note 14a)	17.606.546	12.143.602	7.115.534	5.775.953
Domestic		16.598.375	11.177.506	7.115.534	5.775.953
Foreign		1.008.171	966.096	--	--
Other investments	(Note 14b)	86.135	109.093	1.096.635	947.225
(Provision for losses)		(51.355)	(69.828)	(84.415)	(77.839)
Land and buildings in use	(Note 15)	4.610.729	4.006.745	4.903.927	4.214.484
Land and buildings in use		3.687.187	3.167.766	3.707.685	3.335.698
Other property and equipment in use		6.823.602	6.232.263	7.394.339	6.631.918
(Accumulated depreciation)		(5.900.060)	(5.393.284)	(6.198.097)	(5.753.132)
Lease assets	(Note 15)	--	--	--	1.223
Leased assets		--	--	--	3.640
(Accumulated depreciation)		--	--	--	(2.417)
Intangible	(Note 16)	6.327.609	5.625.845	6.451.532	5.676.879
Intangible Assets		10.099.437	7.607.239	10.259.044	7.659.321
(Accumulated amortization)		(3.771.828)	(1.981.394)	(3.807.512)	(1.982.442)
Deferred charges		255.011	404.122	286.288	471.678
Organization and expansion costs		2.061.656	2.083.036	2.154.516	2.246.822
(Accumulated amortization)		(1.806.645)	(1.678.914)	(1.868.228)	(1.775.144)
TOTAL		737.497.177	660.608.976	811.172.208	708.548.843

LIABILITIES/STOCKHOLDERS' EQUITY		Banco do Brasil		BB-Consolidated	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
CURRENT LIABILITIES		505.211.636	478.981.403	532.710.235	503.741.878
Deposits	(Note 17a)	284.318.438	252.490.505	290.696.257	258.676.108
Demand deposits		63.295.580	56.211.678	63.502.759	56.458.787
Savings deposits		89.287.840	75.741.590	89.287.840	75.741.590
Interbank deposits		19.664.373	13.543.548	17.434.462	10.437.440
Time deposits		111.660.899	106.765.221	120.061.375	115.808.988
Sundry		409.746	228.468	409.821	229.303
Deposits received under security repurchase agreements	(Note 17c)	120.389.184	142.412.717	134.252.629	153.699.462
Internal portfolio		43.663.028	24.462.905	52.879.938	30.819.656
Third-party portfolio		76.726.156	117.949.812	80.107.269	122.719.587
Subject to repurchase agreements within free movement		--	--	1.265.422	160.219
Funds from acceptance and issue of securities	(Note 19)	1.772.857	758.810	2.621.208	1.406.912
Mortgage Notes		483.439	--	838.765	407.929
Foreign securities		1.289.418	758.810	1.782.443	998.983
Interbank accounts		18.109	21.332	18.109	21.350
Receipts and payments pending settlement	(Note 9a)	486	602	486	615
Correspondent banks		17.623	20.730	17.623	20.735
Interdepartmental accounts		3.671.766	3.209.295	3.687.786	3.229.088
Third-party funds in transit		3.667.418	3.197.791	3.683.438	3.214.643
Internal transfers of funds		4.348	11.504	4.348	14.445
Borrowings	(Note 18a)	13.103.563	6.274.611	6.957.419	4.810.915
Domestic borrowings - Official institutions		--	--	--	70.976
Domestic borrowings - Other institutions		--	--	48.585	86.221
Foreign borrowings		13.103.563	6.274.611	6.908.834	4.653.718
Local onlendings - official institutions	(Note 18b)	20.487.941	11.676.087	21.821.275	12.609.667
National Treasury		--	2.100.693	25.419	2.100.693
National Bank for Economic and Social Development (BNDES)		9.129.773	6.078.474	9.896.077	6.731.990
Federal Bank (CEF)		147.079	21.935	147.079	21.935
National Industrial Financing Authority (FINAME)		3.168.319	2.138.406	3.709.930	2.418.470
Other institutions		8.042.770	1.336.579	8.042.770	1.336.579
Foreign onlendings		112.178	868	11.238	576
Foreign onlendings		112.178	868	11.238	576
Derivative financial instruments	(Note 8d)	2.426.655	1.996.875	3.979.755	2.617.011
Derivative financial instruments		2.426.655	1.996.875	3.979.755	2.617.011
Other liabilities		58.910.945	60.140.303	68.664.559	66.670.789
Collection and payment of taxes and social contributions		232.021	335.641	296.980	376.523
Foreign exchange portfolio	(Note 12a)	11.458.085	12.106.915	11.905.011	12.173.988
Social and statutory		1.826.050	2.470.489	1.991.682	2.625.183
Taxes and social security contributions	(Note 20b)	19.041.535	16.568.631	21.085.197	18.315.213
Negotiation and intermediation of securities		185.325	95.006	1.675.612	528.226
Technical provisions - insurance, pension plan and capitalization	(Note 21b)	--	--	5.152.564	4.123.164
Financial and development funds	(Note 20a)	1.469.280	2.050.776	1.469.280	2.050.776
Subordinated debt	(Note 20c)	14.941	--	740.479	--
Hybrid capital and debt instruments	(Note 20d)	55.746	13.260	55.746	13.260
Sundry	(Note 20e)	24.627.962	26.499.585	24.292.008	26.464.456

LIABILITIES/STOCKHOLDERS' EQUITY		Banco do Brasil		BB-Consolidated	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
NON CURRENT LIABILITIES		181.789.800	145.508.308	228.021.290	168.687.559
LONG-TERM LIABILITIES		181.507.564	145.259.396	227.721.771	168.421.960
Deposits	(Note 17a)	84.368.330	77.614.251	86.154.411	78.887.719
Interbank deposits		2.358.347	2.012.595	1.563.640	1.181.133
Time deposits		82.009.983	75.601.656	84.590.771	77.706.586
Deposits received under security repurchase agreements	(Note 17c)	5.869.643	7.108.094	7.922.326	7.121.725
Internal portfolio		1.896.616	1.082.487	3.915.215	1.082.045
Third-party portfolio		3.973.027	6.025.607	3.973.027	6.025.607
Subject to repurchase agreements within free movement		--	--	34.084	14.073
Funds from acceptance and issue of securities	(Note 19)	5.258.702	1.812.687	10.864.899	5.955.407
Features letters Real estate, mortgage, credit and similar		--	--	1.852.461	860.822
Debentures		--	--	1.623.056	1.496.353
Foreign Securities		5.258.702	1.812.687	7.389.382	3.598.232
Borrowings	(Note 18a)	2.285.851	4.776.034	1.640.255	1.559.348
Domestic borrowings - Official institutions		--	--	44.865	93.859
Foreign borrowings		2.285.851	4.776.034	1.595.390	1.465.489
Local onlendings - official institutions	(Note 18b)	26.765.071	17.422.445	28.942.750	18.984.508
National Treasury		1.512.821	--	1.524.071	--
National Bank for Economic and Social Development (BNDES)		15.807.991	11.799.391	17.082.350	12.897.512
Federal Bank (CEF)		--	124.297	--	124.297
National Industrial Financing Authority (FINAME)		9.444.259	5.498.757	10.336.329	5.962.699
Foreign onlendings		413.962	1.457.949	85.897	98.555
Foreign onlendings		413.962	1.457.949	85.897	98.555
Derivative financial instruments	(Note 8d)	466.762	187.908	1.316.885	2.107.025
Derivative financial instruments		466.762	187.908	1.316.885	2.107.025
Other liabilities		56.079.243	34.880.028	90.794.348	53.707.673
Exchange portfolio		17.600.976	--	17.600.976	--
Taxes and social security	(Note 20b)	4.049.364	4.123.099	6.527.922	5.981.486
Negotiation and intermediation of securities		1.191.321	1.320.070	--	--
Technical provisions - insurance, pension plan and capitalization	(Note 21b)	--	--	27.216.851	13.216.012
Financial and development funds	(Note 20a)	2.099.107	2.083.838	2.099.107	2.083.838
Subordinated debt	(Note 20c)	19.945.681	16.387.569	22.671.637	18.553.240
Hybrid capital and debt instruments	(Note 20d)	3.315.537	3.503.525	3.305.647	3.502.544
Sundry	(Note 20e)	7.877.257	7.461.927	11.372.208	10.370.553
DEFERRED INCOME		282.236	248.912	299.519	265.599
STOCKHOLDERS' EQUITY	(Note 24)	50.495.741	36.119.265	50.440.683	36.119.406
Capital		33.077.996	18.566.919	33.077.996	18.566.919
Domestic		27.427.230	17.236.823	27.427.230	17.236.823
Foreign		5.650.766	1.330.096	5.650.766	1.330.096
Capital reserves		--	5.188	--	5.188
Revaluation Reserves		6.241	6.746	6.241	6.746
Reserve for Retained Earnings		16.944.324	17.301.439	16.889.416	17.301.439
Assets Valuation Adjustments	(Note 8f)	467.435	270.164	467.435	270.164
(Treasury Shares)		-255	-31.191	-452	-31.191
MINORITY INTEREST IN SUBSIDIARIES		--	--	47	141
Total		737.497.177	660.608.976	811.172.208	708.548.843

The accompanying notes are an integral part of these financial statements

Banco do Brasil S.A
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Statements of Income

		Banco do Brasil			BB-Consolidated		
		2S2010	2010	2009	2S2010	2010	2009
INCOME FROM FINANCIAL INTERMEDIATION		38.401.954	72.173.904	55.998.281	43.893.466	82.458.831	65.729.138
Loans	(Note 10b)	25.095.693	47.391.099	36.425.296	27.416.170	51.733.150	40.515.241
Leases	(Note 10i)	18.495	40.372	50.880	1.441.243	3.032.523	2.310.112
Securities	(Note 8b)	11.389.511	21.574.907	19.392.839	12.399.373	23.238.429	21.349.624
Derivative financial instruments	(Note 8e)	-1.356.985	-1.231.410	-1.179.684	-1.977.824	-2.239.364	-1.222.621
Net foreign exchange	(Note 12b)	979.245	977.066	658.721	1.029.589	1.082.831	685.917
Compulsory deposits	(Note 9b)	2.275.995	3.421.870	650.229	2.394.680	3.586.245	816.273
Insurance, pension plans and capitalization	(Note 21e)	--	--	--	1.190.235	2.025.017	1.274.592
EXPENSES FROM FINANCIAL INTERMEDIATION		-25.474.217	-48.409.415	-41.183.190	-29.455.343	-56.124.231	-47.496.279
Deposits and funds obtained in the money market	(Note 17d)	-19.408.111	-35.437.679	-27.383.700	-21.208.179	-38.756.358	-30.145.928
Borrowings and onlendings	(Note 18c)	-1.479.928	-3.391.835	-2.340.688	-1.572.573	-3.472.666	-2.509.969
Leases	(Note 10i)	-15.550	-34.487	-44.342	-1.071.952	-2.218.481	-1.663.342
Insurance, pension plans and capitalization	(Note 21e)	--	--	--	-842.805	-1.432.686	-780.779
Allowance for loan losses	Notes 10f and 10g	-4.570.628	-9.545.414	-11.414.460	-4.759.834	-10.244.040	-12.396.261
GROSS FINANCIAL INTERMEDIATION INCOME		12.927.737	23.764.489	14.815.091	14.438.123	26.334.600	18.232.859
OTHER OPERATING INCOME/EXPENSES		-3.563.229	-6.715.881	-1.262.177	-4.240.093	-7.924.405	-4.641.058
Banking service fees	(Note 22a)	4.244.631	8.241.046	7.365.842	6.041.334	11.641.330	10.171.717
Banking Fees	(Note 22b)	2.008.176	3.824.185	2.829.816	2.238.420	4.226.578	3.339.464
Personnel expenses	(Note 22c)	-6.427.736	-12.155.360	-10.024.943	-6.894.118	-13.019.591	-11.838.434
Other administrative expenses	(Note 22d)	-5.927.388	-11.572.155	-9.245.535	-6.724.894	-13.039.969	-11.211.953
Tax Expenses	(Note 22e)	-1.557.228	-2.960.769	-2.560.633	-1.942.213	-3.749.945	-3.332.678
Equity in the (earnings)/loss of subsidiary and associated companie	(Note 14)	1.451.871	2.873.966	1.849.552	-125.032	-46.323	-989.350
Insurance, pension plan and capitalization	(Note 21e)	--	--	--	978.858	1.887.722	1.574.123
Other operating income	(Note 22f)	6.716.533	12.004.722	15.870.347	7.962.479	14.092.757	16.972.954
Other operating expenses	(Note 22g)	-4.072.088	-6.971.516	-7.346.623	-5.774.927	-9.916.964	-9.326.901
OPERATING INCOME		9.364.508	17.048.608	13.552.914	10.198.030	18.410.195	13.591.801
NON-OPERATING INCOME	(Note 23)	17.895	190.504	176.312	24.325	370.349	1.843.628
Income		71.117	286.060	246.452	118.649	544.949	1.971.297
Expenses		-53.222	-95.556	-70.140	-94.324	-174.600	-127.669
PROFIT BEFORE TAXATION AND PROFIT SHARING		9.382.403	17.239.112	13.729.226	10.222.355	18.780.544	15.435.429
INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME	(Note 25)	-1.910.845	-3.980.792	-2.286.422	-2.606.410	-5.321.189	-3.902.787
PROFIT SHARING		-844.649	-1.500.227	-1.295.282	-989.036	-1.756.190	-1.384.531
NET INCOME	(Note 24f)	6.626.909	11.758.093	10.147.522	6.626.909	11.703.165	10.148.111
PROFIT ATTRIBUTABLE TO PARENT		6.626.909	11.758.093	10.147.522	6.626.909	11.703.185	10.147.522
MINORITY INTEREST		--	--	--	--	-20	589
EARNINGS PER SHARE	(Note 24e)						
Número médio ponderado de ações - básico		2.711.976.359	2.711.976.359	2.567.313.946	2.711.976.359	2.711.976.359	2.567.313.946
Basic earnings per share (R$)		2,44	4,34	3,95	2,44	4,32	3,95
Número médio ponderado de ações - diluído		2.727.868.423	2.727.868.423	2.585.730.437	2.727.868.423	2.727.868.423	2.585.730.437
Lucro diluído por ação (R$)		2,43	4,31	3,92	2,43	4,29	3,92

The accompanying notes are an integral part of these financial statements

Banco do Brasil S.A
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Statements of Changes in Stockholders' Equity

Banco do Brasil		Capital	Capital Reserves	Revaluation Reserves in Subsidiary and Associated Companies	Reserve for Retained Earnings			Assets Valuation Adjustments		Treasury shares	Retained earnings	Total
EVENTS			Tax Incentives		Legal Reserves	Statutory Reserves	Expansion Reserves	Bank	Subsidiary and associated companies			
Balances at 12.31.2008		13.779.905	5.188	7.286	1.788.916	9.419.711	4.768.706	(31.422)	230.151	(31.191)	--	29.937.250
Capital increase - the capitalization of reserves		4.768.706	--	--	--	--	(4.768.706)	--	--	--	--	--
Capital increase - incorporation of subsidiaries and affiliates		18.308	--	--	--	--	--	--	--	--	--	18.308
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	(5.463)	76.898	--	--	71.435
Net Income		--	--	--	--	--	--	--	--	--	10.147.522	10.147.522
Appropriantions: - Reserves		--	--	--	507.375	6.119.393	--	--	--	--	(6.626.768)	--
- Dividends	(Note 24f)	--	--	--	--	(533.956)	--	--	--	--	(1.667.187)	(2.201.143)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(1.857.866)	(1.857.866)
Prior year adjustments in associated companies - adequacy Law 11.638/2007		--	--	--	--	--	--	--	--	--	3.759	3.759
Realization of revaluation reserves in subsidiary and associated companies	(Note 24c)	--	--	(540)	--	--	--	--	--	--	540	--
Balance at 12.31.2009		18.566.919	5.188	6.746	2.296.291	15.005.148	--	(36.885)	307.049	(31.191)	--	36.119.265
Changes in the period		4.787.014	--	(540)	507.375	5.585.437	(4.768.706)	(5.463)	76.898	--	--	6.182.015
Balance at 06.30.2010		26.028.096	--	6.372	2.552.851	10.419.407	--	(17.975)	429.351	(31.191)	--	39.386.911
Capital increase - IPO	(Note 24b)	7.049.900	--	--	--	--	--	--	--	--	--	7.049.900
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	45.136	10.923	--	--	56.059
Disposal of treasury stock		--	--	--	--	--	--	--	--	30.936	--	30.936
Loss on disposal of treasury stock		--	--	--	--	(2.581)	--	--	--	--	--	(2.581)
Net Income		--	--	--	--	--	--	--	--	--	6.626.909	6.626.909
Appropriantions: - Reserves		--	--	--	331.345	4.019.272	--	--	--	--	(4.350.617)	--
- Dividends	(Note 24f)	--	--	--	--	(375.970)	--	--	--	--	(917.410)	(1.293.380)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(1.359.723)	(1.359.723)
Prescribed interest on own capital and dividends		--	--	--	--	--	--	--	--	--	710	710
Realization of revaluation reserves in subsidiary and associated companies		--	--	(131)	--	--	--	--	--	--	131	--
Balance at 12.31.2010		33.077.996	--	6.241	2.884.196	14.060.128	--	27.161	440.274	(255)	--	50.495.741
Changes in the period		7.049.900	--	(131)	331.345	3.640.721	--	45.136	10.923	30.936	--	11.108.830
Balances at 12.31.2009		18.566.919	5.188	6.746	2.296.291	15.005.148	--	(36.885)	307.049	(31.191)	--	36.119.265
Capital increase - the capitalization of reserves	(Note 24b)	7.418.087	(5.188)	--	--	(7.412.899)	--	--	--	--	--	--
Capital increase - IPO	(Note 24b)	7.049.900	--	--	--	--	--	--	--	--	--	7.049.900
Capital increase - subscription bonus of "C"	(Note 24b)	42.816	--	--	--	--	--	--	--	--	--	42.816
Capital increase - incorporation of subsidiaries and affiliates	(Note 24b)	274	--	--	--	--	--	--	--	--	--	274
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	64.046	133.225	--	--	197.271
Disposal of treasury stock		--	--	--	--	--	--	--	--	30.936	--	30.936
Loss on disposal of treasury stock		--	--	--	--	(2.581)	--	--	--	--	--	(2.581)
Net Income		--	--	--	--	--	--	--	--	--	11.758.093	11.758.093
Appropriantions: - Reserves		--	--	--	587.905	7.290.591	--	--	--	--	(7.878.496)	--
- Dividends	(Note 24f)	--	--	--	--	(820.131)	--	--	--	--	(1.482.195)	(2.302.326)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(2.403.250)	(2.403.250)
Prescribed interest on own capital and dividends		--	--	--	--	--	--	--	--	--	3.152	3.152
Realization of revaluation reserves in subsidiary and associated companies	(Note 24c)	--	--	(505)	--	--	--	--	--	--	505	--
Prior year adjustments in associated companies - adequacy Law 11.638/2007		--	--	--	--	--	--	--	--	--	2.191	2.191
Balance at 12.31.2010		33.077.996	--	6.241	2.884.196	14.060.128	--	27.161	440.274	(255)	--	50.495.741
Changes in the period		14.511.077	(5.188)	(505)	587.905	(945.020)	--	64.046	133.225	30.936	--	14.376.476

The accompanying notes are an integral part of these financial statements

Banco do Brasil S.A
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Statements of Changes in Stockholders' Equity

BB-Consolidated		Capital	Capital Reserves	Revaluation Reserves	Reserve for Retained Earnings			Assets Valuation Adjustments		Treasury shares	Retained earnings	Minority interest in Subsidiaries	Total
EVENTS					Legal Reserves	Statutory Reserves	Expansion Reserves	Bank	Subsidiary and associated companies				
Balances at 12.31.2008		13.779.905	5.188	7.286	1.788.916	9.419.711	4.768.706	(31.422)	230.151	(31.191)	--	--	29.937.250
Capital increase - the capitalization of reserves		4.768.706	--	--	--	--	(4.768.706)	--	--	--	--	--	--
Capital increase - incorporation of subsidiaries and affiliates		18.308	--	--	--	--	--	--	--	--	--	--	18.308
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	(5.463)	76.898	--	--	--	71.435
Net Income		--	--	--	--	--	--	--	--	--	10.147.522	589	10.148.111
Appropriantions: - Reserves		--	--	--	507.375	6.119.393	--	--	--	--	(6.626.768)	--	--
- Dividends	(Note 24f)	--	--	--	--	(533.956)	--	--	--	--	(1.667.187)	--	(2.201.143)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(1.857.866)	--	(1.857.866)
Prior year adjustments in associated companies - adequacy Law 11.638/2007		--	--	--	--	--	--	--	--	--	3.759	--	3.759
Realization of revaluation reserves in subsidiary and associated companies	(Note 24c)	--	--	(540)	--	--	--	--	--	--	540	--	--
Acquisition of subsidiary		--	--	--	--	--	--	--	--	--	--	(448)	(448)
Balance at 12.31.2009		18.566.919	5.188	6.746	2.296.291	15.005.148	--	(36.885)	307.049	(31.191)	--	141	36.119.406
Changes in the period		4.787.014	--	(540)	507.375	5.585.437	(4.768.706)	(5.463)	76.898	--	--	141	6.182.156
Balance at 06.30.2010		26.028.096	--	6.372	2.552.851	10.364.499	--	(17.975)	429.351	(31.355)	--	43	39.331.882
Capital increase - IPO	(Note 24b)	7.049.900	--	--	--	--	--	--	--	--	--	--	7.049.900
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	45.136	10.923	--	--	--	56.059
Disposal of treasury stock		--	--	--	--	--	--	--	--	30.936	--	--	30.936
Loss on disposal of treasury stock		--	--	--	--	(2.581)	--	--	--	--	--	--	(2.581)
Net Income		--	--	--	--	--	--	--	--	--	6.626.909	--	6.626.909
Appropriantions: - Reserves		--	--	--	331.345	4.019.272	--	--	--	--	(4.350.617)	--	--
- Dividends	(Note 24f)	--	--	--	--	(375.970)	--	--	--	--	(917.410)	--	(1.293.380)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(1.359.723)	--	(1.359.723)
Prescribed interest on own capital and dividends		--	--	--	--	--	--	--	--	--	710	--	710
Realization of revaluation reserves in subsidiary and associated companies	(Note 24c)	--	--	(131)	--	--	--	--	--	--	131	--	--
Reciprocal participation in subsidiaries		--	--	--	--	--	--	--	--	--	--	4	4
Outros ajustes		--	--	--	--	--	--	--	--	(33)	--	--	(33)
Balance at 12.31.2010		33.077.996	--	6.241	2.884.196	14.005.220	--	27.161	440.274	(452)	--	47	50.440.683
Changes in the period		7.049.900	--	(131)	331.345	3.640.721	--	45.136	10.923	30.903	--	4	11.108.801
Balances at 12.31.2009		18.566.919	5.188	6.746	2.296.291	15.005.148	--	(36.885)	307.049	(31.191)	--	141	36.119.406
Capital increase - the capitalization of reserves	(Note 24b)	7.418.087	(5.188)	--	--	(7.412.899)	--	--	--	--	--	--	--
Capital increase - IPO	(Note 24b)	7.049.900	--	--	--	--	--	--	--	--	--	--	7.049.900
Capital increase - subscription bonus of "C"	(Note 24b)	42.816	--	--	--	--	--	--	--	--	--	--	42.816
Capital increase - incorporation of subsidiaries and affiliates		274	--	--	--	--	--	--	--	--	--	--	274
Assets Valuation Adjustments	(Note 8f)	--	--	--	--	--	--	64.046	133.225	--	--	--	197.271
Disposal of treasury stock		--	--	--	--	--	--	--	--	30.936	--	--	30.936
Loss on disposal of treasury stock		--	--	--	--	(2.581)	--	--	--	--	--	--	(2.581)
Net Income		--	--	--	--	--	--	--	--	--	11.703.185	(20)	11.703.165
Unrealized results		--	--	--	--	(54.908)	--	--	--	--	54.908	--	--
Appropriantions: - Reserves		--	--	--	587.905	7.290.591	--	--	--	--	(7.878.496)	--	--
- Dividends	(Note 24f)	--	--	--	--	(820.131)	--	--	--	--	(1.482.195)	--	(2.302.326)
- Interest on own capital	(Note 24f)	--	--	--	--	--	--	--	--	--	(2.403.250)	--	(2.403.250)
Prescribed interest on own capital and dividends		--	--	--	--	--	--	--	--	--	3.152	--	3.152
Realization of revaluation reserves in subsidiary and associated companies	(Note 24c)	--	--	(505)	--	--	--	--	--	--	505	--	--
Prior year adjustments in associated companies - adequacy Law 11.638/2007		--	--	--	--	--	--	--	--	--	2.191	--	2.191
Reciprocal participation in subsidiaries		--	--	--	--	--	--	--	--	(197)	--	--	(197)
Change in minority interest in subsidiaries		--	--	--	--	--	--	--	--	--	--	(74)	(74)
Balances at 12.31.2010		33.077.996	--	6.241	2.884.196	14.005.220	--	27.161	440.274	(452)	--	47	50.440.683
Changes in the period		14.511.077	(5.188)	(505)	587.905	(999.928)	--	64.046	133.225	30.739	--	(94)	14.321.277

The accompanying notes are an integral part of these financial statements

Banco do Brasil S.A.
Financial Statements
In thousands of Reais

Statements of Cash Flow

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income before taxes	9.382.403	17.239.112	13.729.226	10.222.355	18.780.544	15.435.429
Adjustments to Net Income:	4.356.562	7.720.764	11.481.608	11.531.824	20.446.667	18.944.590
Provision for credit, leasing operations and other receivables (Notes 10f and 10g)	4.570.628	9.545.414	11.414.460	4.759.834	10.244.040	12.396.261
Depreciation and amortization (Note 22d)	1.577.817	3.136.697	1.993.106	1.610.786	3.196.517	2.405.841
Result of the assessment of the recoverable value of assets (Notes 15 and 16)	14.594	14.932	4.063	14.226	15.621	4.736
Result of participation in affiliates and subsidiaries (Note 14a)	(1.451.871)	(2.873.966)	(1.849.552)	125.032	46.323	989.350
(Profit)/ loss on the sale of assets (Note 23)	(11.742)	(43.912)	(32.129)	19.778	16.695	(17.205)
Profit on the sale of investments/equity interest (Note 23)	(816)	(117.166)	(76.696)	(7.853)	(221.568)	(1.765.663)
(Gain)/Loss on Capital (Note 23)	18.245	21.813	(17.187)	3.051	(91.508)	(14.799)
Results of changes in foreign exchange (Note 14a)	(108.935)	(111.534)	(762.200)	(162.170)	(166.972)	(1.041.839)
Provision/(reversal) for devaluation of other assets (Note 23)	7.244	8.913	2.679	7.251	8.969	2.074
Amortization of goodwill on investments (Note 14c)	96.306	186.719	65.055	134.165	304.967	135.510
Provision with civil, labor and tax provisions (Note 28b)	705.292	802.680	460.539	776.640	1.012.731	1.097.880
Changes in provision for Insurance, Pension Plans and Capitalization (Note 21e)	--	--	--	5.315.216	8.927.554	4.386.295
Actuarial Assets/Liabilities (Note 27)	(2.303.052)	(3.816.028)	(4.005.120)	(2.303.052)	(3.816.028)	(4.005.120)
Effect of exchange rate changes on cash and cash equivalents	1.244.722	963.164	4.280.831	1.240.633	966.275	4.368.099
Minority interest	--	--	--	--	20	(589)
Other adjustments	(1.870)	3.038	3.759	(1.713)	3.031	3.759
Changes						
Short-term interbank investments	18.016.602	40.525.803	(53.678.169)	13.404.976	46.189.983	(76.202.677)
Securities and derivative financial instruments	1.960.926	2.459.541	1.456.570	(3.990.464)	(11.786.094)	(3.137.994)
Interbank and interdepartmental accounts	(24.920.060)	(59.408.439)	(7.999.748)	(25.928.939)	(62.442.063)	1.247.715
Loan operations	(27.384.084)	(57.209.480)	(45.135.557)	(33.000.083)	(65.253.458)	(52.270.401)
Lease operations	6.886	16.302	8.502	485.131	690.323	(413.263)
Other claims net of deferred tax	(10.233.898)	(13.576.075)	5.264.381	(10.664.910)	(14.551.933)	7.248.825
Other assets	(1.304.873)	(1.601.226)	(556.829)	(1.411.026)	(1.552.232)	(626.390)
Income tax and social contribution	(3.483.275)	(4.992.276)	(3.850.980)	(4.032.251)	(6.468.349)	(5.441.203)
Deposits	32.781.396	38.582.012	13.841.022	32.889.842	39.286.841	16.897.899
Money Market	(26.100.089)	(23.261.984)	55.966.488	(24.427.614)	(18.646.232)	48.437.052
Repurchase agreements	23.674	4.460.062	1.370.970	1.253.944	6.123.788	818.837
Borrowing and onlendings	11.021.988	21.560.572	953.149	11.031.081	21.395.265	3.305.604
Other liabilities	13.978.001	14.128.599	288.613	14.880.777	22.240.729	(3.818.050)
Change Deferred Income	72.296	33.324	8.542	72.727	111.534	142.850
CASH PROVIDED/(USED IN) OPERATIONS	(1.825.545)	(13.323.389)	(6.852.212)	(7.682.630)	(5.434.687)	(29.431.177)
CASH FLOWS INVESTING ACTIVITIES						
Securities and Derivatives available for sale	(10.449.487)	(9.962.648)	(9.368.347)	(7.932.802)	(12.784.266)	(15.118.446)
Securities and Derivatives held to maturity	2.725.144	7.957.737	8.447.014	2.393.268	5.782.871	10.771.841
Dividends receivable from subsidiary/associated companies	879.618	2.040.902	2.504.030	--	--	--
(Acquisition) / disposal of fixed assets in use	(1.004.173)	(1.465.488)	(1.195.496)	(1.091.549)	(1.578.376)	(1.300.154)
(Acquisition) / Disposal of investment	(3.512.370)	(3.815.248)	(479.131)	(1.383.515)	(1.385.349)	1.595.639
Acquisition of intangible/deferred	(450.490)	(2.839.415)	(1.497.276)	(486.289)	(2.911.625)	(1.668.061)
Cash and Cash Equivalents Assets and Liabilities Arising from the merger of Banco Nossa Caixa	--	--	(4.810.665)	--	--	856.037
Cash and Cash Equivalents from the participation of Banco Votorantim	--	--	(3.750.000)	--	--	3.113.393
Cash received on the sale of Brasilsaude (Note 2c)	--	--	--	29.057	29.057	--
CASH PROVIDED/(USED IN) INVESTING ACTIVITIES	(11.811.758)	(8.084.160)	(10.149.871)	(8.471.830)	(12.847.688)	(1.749.751)
CASH FLOWS FROM FINANCING ACTIVITIES						
Change in minority interest	--	--	--	4	(94)	141
Subordinated debt	1.548.744	3.573.053	4.615.392	2.072.487	4.858.876	6.781.063
Hybrid capital instruments and debt	(272.109)	(145.501)	2.330.628	(281.656)	(154.410)	2.330.628
Capital increase	7.049.900	7.092.715	18.308	7.049.900	7.092.715	18.308
Disposal of treasury stock	30.936	30.936	--	30.936	30.936	--
Dividends and Interest on own capital paid	(2.825.850)	(5.306.642)	(3.718.268)	(2.825.850)	(5.306.642)	(3.718.268)
CASH PROVIDED/(USED IN) FINANCING ACTIVITIES	5.531.621	5.244.561	3.246.060	6.045.821	6.521.381	5.411.872
		--				
Net Cash and Cash Equivalents Variation	(8.105.682)	(16.162.988)	(13.756.023)	(10.108.639)	(11.760.994)	(25.769.056)
At the beginning of the period	41.926.763	49.702.511	67.739.365	36.496.985	37.874.982	68.012.137
Effect of exchange rate changes on cash and cash equivalents	(1.244.722)	(963.164)	(4.280.831)	(1.240.633)	(966.275)	(4.368.099)
At the end of the period	32.576.359	32.576.359	49.702.511	25.147.713	25.147.713	37.874.982
Increase (decrease) in cash and cash equivalents	(8.105.682)	(16.162.988)	(13.756.023)	(10.108.639)	(11.760.994)	(25.769.056)

The accompanying notes are an integral part of these financial statements

Banco do Brasil S.A.
Financial Statement
In Thousand of Reais

Statements of Added Value

		Banco do Brasil						BB-Consolidated					
		2S2010 Balance	%	2010 Balance	%	2009 Balance	%	2S2010 Balance	%	2010 Balance	%	2009 Balance	%
Income		42.119.791		78.786.617		62.202.168		49.849.673		93.152.636		76.463.226	
Financial Intermediation Income		38.401.954		72.173.904		55.998.281		43.893.466		82.458.831		65.729.138	
Banking and service fees		6.252.807		12.065.231		10.195.658		8.279.754		15.867.908		13.511.181	
Allowance for loans losses		(4.570.628)		(9.545.414)		(11.414.460)		(4.759.834)		(10.244.040)		(12.396.261)	
Other income/expenses		2.035.658		4.092.896		7.422.689		2.436.287		5.069.937		9.619.168	
Financial Intermediation Expense		-20.903.589		-38.864.001		-29.768.730		-24.695.509		-45.880.191		-35.100.018	
Third party materials and services		-3.462.327		-6.783.892		-5.573.635		-4.039.914		-7.849.772		-6.851.748	
Materials, energy and other		(218.653)		(443.480)		(395.819)		(227.292)		(459.434)		(421.965)	
Services provided		(562.067)		(1.077.466)		(793.347)		(617.589)		(1.206.847)		(960.148)	
Others		-2.681.607		-5.262.946		-4.384.469		-3.195.033		-6.183.491		-5.469.635	
Communications	(Note 22d)	(582.850)		(1.181.377)		(1.016.040)		(626.899)		(1.269.841)		(1.107.054)	
Data processing	(Note 22d)	(472.137)		(1.006.867)		(769.997)		(512.196)		(1.077.662)		(969.344)	
Transportation	(Note 22d)	(381.157)		(702.215)		(604.483)		(400.259)		(738.927)		(637.815)	
Security and surveillance services	(Note 22d)	(342.738)		(668.699)		(585.981)		(345.091)		(673.038)		(641.906)	
Services of the financial system	(Note 22d)	(246.268)		(513.155)		(444.561)		(324.372)		(629.219)		(706.601)	
Advertising and publicity	(Note 22d)	(146.338)		(278.514)		(229.320)		(187.684)		(375.994)		(336.254)	
Other		(510.119)		(912.119)		(734.087)		(798.532)		(1.418.810)		(1.070.661)	
Added Value		17.753.875		33.138.724		26.859.803		21.114.250		39.422.673		34.511.460	
Amortization / depreciation	(Note 22d)	(1.577.817)		(3.136.697)		(1.993.106)		(1.610.786)		(3.196.517)		(2.405.841)	
Net Value Added Produced by Entity		16.176.058		30.002.027		24.866.697		19.503.464		36.226.156		32.105.619	
Added Value Received in the Transfer		1.451.871		2.873.966		1.849.552		-125.032		-46.323		-989.350	
Equity in the (Gain)/Loss of subsidiary and associated companies		1.451.871		2.873.966		1.849.552		(125.032)		(46.323)		(989.350)	
Added Value to distribute		17.627.929	100,00	32.875.993	100,00	26.716.249	100,00	19.378.432	100,00	36.179.833	100,00	31.116.269	100,00
Distributed of Added Value		17.627.929	100,00	32.875.993	100,00	26.716.249	100,00	19.378.432	100,00	36.179.833	100,00	31.116.269	100,00
Personnel		6.415.515	36,39	12.057.658	36,68	10.118.498	37,87	6.956.856	35,90	13.048.428	36,07	11.799.456	37,92
Salaries and fees		4.099.568		7.694.473		6.437.910		4.390.939		8.234.776		7.529.479	
Profit sharing		844.649		1.500.227		1.295.282		989.036		1.756.190		1.384.531	
Benefits and training	(Note 22c)	885.056		1.716.280		1.315.641		955.206		1.845.990		1.559.377	
FGTS		278.003		502.139		386.336		305.042		551.520		527.295	
Others		308.239		644.539		683.329		316.633		659.952		798.774	
Income Taxes and Social Contribution		4.324.943	24,53	8.539.506	25,97	6.048.783	22,64	5.474.923	28,25	10.798.506	29,85	8.658.974	27,83
Federal		4.039.821		7.984.837		5.571.089		5.104.397		10.067.315		7.998.623	
State		297		853		699		305		872		733	
Municipal		284.825		553.816		476.995		370.221		730.319		659.618	
Remuneration of Third Party Capital		260.562	1,48	520.736	1,58	401.446	1,50	319.744	1,65	629.734	1,74	509.728	1,64
Rentals	(Note 22d)	260.562		520.736		401.446		319.744		629.734		509.728	
Remuneration of Equity	(Note 24e)	6.626.909	37,60	11.758.093	35,77	10.147.522	37,99	6.626.909	34,20	11.703.165	32,34	10.148.111	32,61
Interest on capital of the Union		806.316		1.487.739		1.215.612		806.316		1.487.739		1.215.612	
Interest on equity to other stockholders		553.407		915.511		642.254		553.407		915.511		642.254	
Dividends - main shareholder		766.974		1.425.815		1.439.002		766.974		1.425.815		1.439.002	
Dividends - other shareholder		526.406		876.511		762.141		526.406		876.511		762.141	
Retained earnings		3.973.806		7.052.517		6.088.513		3.973.806		6.997.609		6.088.513	
Minority interests in retained earnings		--		--		--		--		(20)		589	

The accompanying notes are an integral part of these financial statements

1 – The Bank and its Operations

Banco do Brasil S.A. is a publicly listed company established under private law with both public and private stockholders. It is subject to the requirements of Brazilian corporate legislation. Its purpose is to carry out all asset, liability and accessory banking operations, to provide banking services, to intermediate 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 4595/1964.

2 – Company Restructuring

a) Mergers

Besc S.A. Arrendamento Mercantil e Besc Financeira S.A. – Crédito, Financiamento e Investimento

On April 13, 2010, as approved by the Extraordinary General Meeting held on the same date, Banco do Brasil S.A. merged the subsidiaries Besc S.A. Arrendamento Mercantil (Bescleasing) and Besc Financeira S.A. - Crédito, Financiamento e Investimento (Bescredi). The justifications for the mergers are principally based on cost reduction by capturing operating synergies and consolidating the competitive advantages to be achieved due to the magnitude of Bank's network of branches.

The required valuations were performed of the Bank by the quotation of its shares in the securities market and of Bescleasing and Bescredi by their book values. Based on those valuations, the Bank's capital, was increased by R$ 274 thousand, due to the issue of 9,039 registered common shares without par value, arising from the transfer of 1% of the assets of Bescleasing and 0.41639% of the assets of Bescredi approved by the Bank at 05.28.2010.

Of the shares issued, 6,452 shares were assigned to Besc Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval, an entity controlled by Banco do Brasil and minority shareholder of Bescleasing, resulting in a reciprocal shareholding expected to be eliminated within 1 year.

Banco do Brasil took on the capacity of successor of Bescleasing and Bescredi, as regards all their assets, rights and obligations. As a natural outcome, both merged companies had their separate legal identities terminated.

Banco Popular do Brasil S.A.

On May 31, 2010, as approved by the Extraordinary General Meeting held on the same date, Banco do Brasil merged its wholly-owned subsidiary Banco Popular do Brasil S.A. under the terms of the Agreement and Plan of Merger, by transferring the net equity of the subsidiary into the parent company. The merger is justified as the most adequate and efficient to integrate the activities and simplify the operating structure, with the resulting reduction in operating costs, in addition to allowing the expansion of the offer of products and services to the customers and the public connected to Banco Popular do Brasil.

The net equity of Banco Popular do Brasil was valuated based on the book value as of December 31, 2009, with the addition of the equity variations between the date of the determination of book value and the merger date, as authorized by the Brazilian Securities Commission (CVM). As a natural outcome, Banco Popular do Brasil was extinguished pleno jure as a legal entity, and Banco do Brasil became the universal successor of Banco do Brasil's rights and obligations.

Assets and income in the period:

R$ Thousand

	Banco Popular	Bescleasing	Bescredi
Balances merged:			
- Assets	194,820	20,500	21,107
- Liabilities	171,265	780	1,860
- Equity	23,555	19,720	19,247
Net income to date of merger	1,768	142	373

Banco Nossa Caixa

On April 1, 2010, the Central Bank of Brazil (BACEN) approved the merger of Banco Nossa Caixa, which occurred on 30.11.2009 and cancelled the operating permit.

In connection with the Justification and Incorporation Protocol published on 10.29.2009, the shares of Banco Nossa Caixa have been converted in shares of Banco do Brasil on 04.09.2010.

b) Acquisitions

Banco Patagonia S.A.

On 04.21.2010, the Banco do Brasil and the controllers of Banco Patagonia SA entered into the Purchase and Sale Agreement for acquisition by Banco do Brasil, the controlling interest of Banco Patagonia, and authorized by the Central Bank of Brazil in 10.21.2010 and by the Central Bank of Argentina in 02.07.2911. The price tag for the acquisition of 366,825,016 shares (51% of the share capital and voting capital) is R$ 479,660 thousand, resulting in the value of US$ 1.3076 per share.

On 10.28.2010, the Central Bank of Brazil also has authorized the Banco do Brasil to increase its equity position from 51% to 75% of the total voting capital of Banco Patagonia, due to the Public Offering (OPA) under the Purchase and Sale Agreement. The Central bank of Argentina also has authorized the operation.

The operations are under review and other regulatory bodies of Argentina.

Cielo e Visavale - Increase of the participation

On 07.13.2010, the negotiation was completed where BB Banco de Investimento S.A. (BB BI) acquired from Grupo Santander Espanha a portion of the shares held by Companhia Brasileira de Soluções e Serviços – CBSS (Visa Vale) and in Cielo S.A. ("Cielo"). Participation of BB BI in Cielo increased from 23.61% to 28.75% and in Visa Vale 40.35% to 45%.

Summary of values involved in the transaction:

R$ Thousand

Cielo	
Share acquisition price on 07/13/2010	1,058,988
Book Value corresponding to the percentage acquired (5.04%)	56,864
Value of goodwill for the acquisition	1,002,124
VisaVale	
Share acquisition price on 07/13/2010	61,916
Book Value corresponding to the percentage acquired (4.655%)	8,005
Value of goodwill for the acquisition	53,911

In 01.24.2011 was signed by BB BI the purchase and sale of shares with Visa International Service Association (Visa International) the amount of R$ 85.5 million, for a portion of the shares held by Visa International's Visa Vale, corresponding to 4.99% of capital stock of the company.

Upon completion of the transaction, the participation of BI BB increase from 45.00% to 49.99%.

c) Corporate Reorganizations in the area of Insurance, Pension, Capitalization and Reinsurance

IRB - Instituto de Resseguros do Brasil - Negotiations for Acquisition of Equity Interest

On 10.15.2009, the Bank communicated the start of negotiations without binding effect, aiming at the acquisition of equity interest in IRB–Brasil Re S.A.. The deal is under review by the Administration.

Brasilcap Capitalizações S.A.

On January 6, 2010, the Bank announced that its wholly-owned subsidiary BB Seguros Participações S.A. (BB Seguros) and Grupo Icatu (Icatu), entered into a Memorandum of Understanding with a view to forming a strategic alliance in the Brazilian market to develop and sell capitalization products.

On 01.24.2011, BB Seguros signed Purchase and Sale Agreement to acquire all of the shareholding (16.67% ON) owned by Sul América Capitalização S.A. (Sulacap) in Brasilcap Capitalização S.A. (Brasilcap) by the amount of R$ 137 million. The deal is subject to approval by the respective regulatory bodies. Upon completion of the transaction, the participation of BB Seguros will increase from 49.99% to 66.66%.

Brasilprev Seguros e Previdência S.A.

On 04.30.2010, the Bank announced that BB Seguros Participações S.A. ("BB Seguros") and PFG do Brasil Ltda., member of the Principal Financial Group ("Principal"), renewed their strategic partnership in developing and marketing open-ended private pension plans in Brazil.

Principal acquired a 4% shareholding in Brasilprev Seguros e Previdência S.A. ("Brasilprev") held by Serviço Brasileiro de Apoio às Micro e Pequenas Empresas - SEBRAE.

The BB Seguros holds 74.995% of Brasilprev's total equity capital, in accordance with the following breakdown of equity interests:

	Common Shares		Preferred Shares		Total	
	%	N.º of Shares	%	N.º of Shares	%	N.º of Shares
Principal	50.01	572,634	--	--	25.005	572,634
BB Seguros	49.99	572,406	100.00	1,145,040	74.995	1,717,446
Total	100.00	1,145,040	100.00	1,145,040	100.00	2,290,080

The Mapfre Partnership

On 05.05.2010, Banco do Brasil announced that BB Seguros and the insurance Group Mapfre entered into a partnership agreement ("Agreement") to form a strategic alliance in the field of personal insurance, casualties, and vehicles effective for 20 years.

Pursuant to this Agreement, two privately owned holding companies will be organized, under the Mapfre group's control of the voting shares and jointly managed. In order to equalize the intended shareholding in both holding companies that will be organized, BB Seguros will pay in a sum of R$ 295 million.

Brasilveículos Companhia de Seguros

On 10.29.2010, after approval by the Superintendence of Private Insurance (Susep), BB Aliança REV Participações S.A. (BB Aliança REV), wholly owned subsidiary of BB Seguros, acquired by the amount of

R$ 359,361 thousand, the total shareholding by Sul America Companhia Nacional de Seguros (Sul America) in Brasilveículos Companhia de Seguros (Brasilveículos), under purchase and sale agreement signed on 05.05.2010 and its addendum.

	R$ Thousand
Price for the transaction on 10.29.2010	359.361
Book Value corresponding to the percentage acquired (30%)	111.803
Value of goodwill for the acquisition	247.558

On 11.17.2010, BB Seguros increased the share capital of BB Aliança REV totaling R$ 260,186 thousand. The form of payment occurred through the conference to BB Aliança REV of 26,018,646 shares and registered shares representing 70% of the share capital of Brasilveículos as Appraisal Report Annex to the Minutes of the Extraordinary General Meeting that approved the capital increase.

Thus, BB Aliança REV now holds a 100% share of the total capital of Brasilveículos, as shown below:

	Before Negotiation		Current	
	Shares ON	Shares PN	Shares ON	Shares PN
BB Seguros	40%	100%	--	--
BB Aliança REV	--	--	100%	100%
Sul América	60%	--	--	--

Brasilsaúde Companhia de Seguros

On 05.20.2010, the BB Seguros e a Sul América Seguro Saúde S.A. (SAS Saúde) signed a Sale and Purchase Agreement for the acquisition by SAS Saúde of all shares held by BB Seguros (49.92% of total capital) in Brasilsaúde Companhia de Seguros.

On 07.08.2010, after approval by the National Health Agency (ANS), the operation was completed by the amount of R$ 29,158 thousand.

Balance sheet and income:

	R$ Thousand
Assets	137,807
Liabilities	93,270
Stockholders' Equity	44,537
Income to Date of Disposal	(2,247)
Stockholders' Equity adjusted of Brasilsaúde	44,537
Value of Investment in Banco do Brasil (49.92%)	22,121
Amount Received from Sale	29,158
Gross Profit on Disposal	7,037

d) Partners

Partnership of Banco do Brasil, Bradesco and Caixa Economic Federal in the card segment

On 04.27.2010, the Banco do Brasil SA and Banco Bradesco SA signed a memorandum of understanding, without binding effect, for the preparation of a business model to integrate a portion of their card operations and, concurrently, launch a Brazilian flag Elo of credit, debit and prepaid cards for account holders and non-account holders. If the operation is concluded, the above mentioned companies intend to create a new holding which will integrate and manage the businesses.

On 08.09.2010, the Banco do Brasil, Banco Bradesco SA and Caixa Economica Federal signed a memorandum of understanding, without binding effect for development of business model in order (I) to

integrate the CEF for the release all of the Brazilian flag Elo credit cards, debit and prepaid to customers account holders and non-account holders of their banks and (ii) to evaluate the possibility to develop jointly, new business for prepaid cards through creation of enterprise payment methods or incorporation of existing businesses and aligned to this type of business.

Banks have also informed the intention of studying the possibility of expanding the participation of the Caixa Economica Federal in Cielo SA and proceed with negotiations on the possible participation of this financial institution in sharing project external self-service terminals.

The consummation of the transaction is subject to technical studies, legal, financial, to satisfactory negotiation of definitive documents and completion of legal formalities and regulatory requirements.

Strategic Partnership with Bradesco and Banco Espirito Santo

On 08.09.2010, the Banco do Brasil has signed with Banco Bradesco SA and Banco Espirito Santo SA (BES), a memorandum of understanding, without binding effect, in order to initiate dealings to establish strategic partnership ("financial holding") in order to performance in Africa.

If successful, the partnership would consolidate current operations in Africa BES. The financial holding also coordinates future investments involving the acquisition of shareholdings in other banks as well as establishing its own operations on the African continent. The three financial institutions consider the potential partnership an important means to support the movement towards the internationalization of Brazilian and Portuguese companies and to assist the growing trade with that continent.

The consummation of the transaction is subject to completion of technical studies, legal, financial, to satisfactory negotiation of definitive documents and completion of legal formalities and regulatory requirements in each country.

3 – Presentation of the 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), Brazilian Central Bank (BACEN), the National Council of Private Insurance (CNSP), the Superintendence of Private Insurance (SUSEP), the National Health Agency (ANS) and the Brazilian Securities Commission (CVM), when applied.

According to Brazilian practices some estimates require that Management use its judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property, plant and equipment, the allowance for loan losses and deferred income tax recorded in assets, contingencies, the appreciation of derivative financial instruments, and the assets and liabilities relating to benefits for employees. The final amounts for transactions involving these estimates are only known upon their settlement.

The financial statements include operations of Banco do Brasil S.A. in Brazil and abroad (Banco do Brasil), and financial and non-financial subsidiaries in Brazil and abroad, special purpose entities, including the Investment Funds in which the Bank controls directly or indirectly, and investments in subsidiaries and associated companies, in accordance with Central Bank requirements (BB-Consolidated).

In the preparation of these 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, reciprocal shareholding, and unrealized profits, net of tax effects, were eliminated. Minority interest in net equity and income was separately disclosed in the financial statements. The balances of balance sheet and income accounts of ownership interest where control is shared with other shareholders were consolidated proportionally to the ownership held in the investee's capital. Leasing operations were

considered from the funding method's standpoint, 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 Statement of Income of BB-Consolidated, for the year 2009, includes revenues and expenditures of Banco Nossa Caixa and Banco Votorantim, referring only to the period from 04.01 to 11.30.2009 and 10.01 to 12.31.2009, respectively.

Since 2008, the Committee for Accounting Pronouncements (CPC) has issued accounting standards and interpretations aligned with the international accounting standards approved by the Brazilian Securities and Exchange Commission (CVM). Bacen accepted the following pronouncements, applied in full by the Bank: CPC 01 – Reduction in Recoverable Value of Assets, CPC 03 - Statement of Cash Flows (DFC), CPC 05 – Disclosure on Related Parties and CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

The Bank has also applied, the following pronouncements which do not conflict with the Bacen rules, as established by Article 22, § 2 of Law 6385/1976: CPC 09 - Statement of Value Added, CPC 11 - Insurance Operations, CPC 12 – Adjustment at Present Value, CPC 19 - Investment in Joint Venture, CPC 22 – Information by Segment, CPC 24 - Subsequent Events, CPC 33 - Employee Benefits and CPC 41 - Income per Share

Pronouncements CPC 07 - Government Subsidies and Assistance, CPC 10 –Share-based Payment, CPC 17 - Construction Contracts, CPC 29 - Biological Assets and Agricultural Produce and CPC 35 - Separate Statements, which do not conflict with the Central Bank rules, may be applied by the Bank as events or transactions covered by the aforementioned CPCs take place.

The application of other provisions which depend on Bacen’s regulations reflects, basically, in immaterial adjustments or in changes in the way of disclosure, except the following pronouncements that may result in significant impacts on the financial statements:

CPC 04 - Intangible Assets and CPC 15 - Business Combination – a) reclassification of intangible assets identified on the acquisitions of Banco Nossa Caixa and Banco Votorantim, which occurred in March/2009 and September/2009, respectively, in the Investment Account to the account of intangible assets in the group of Noncurrent Assets – Permanent; b) derecognition of goodwill amortization expenses due to expectations of future profitability arising from the acquisitions; and c) recognition of amortization expenses of intangible assets with definite useful lives, identified in the acquisitions.

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

The Bank, as determined by the National Monetary Council (CMN) Resolution 3786/2009 and the Bacen Circular 3472/2009 and 3516/2010, will disclose, up to 04.29.2011, the consolidated financial statements in accordance with international accounting standards (IFRS) for the financial year ended 12.31.2010.

For purposes of comparability of the financial statements, a reclassification of the Noncurrent Liabilities - Minority Interest in Subsidiaries was made to Shareholders' equity - Minority interests in Subsidiaries, as of 12.31.2009, in the amount of R$ 141 thousand.

The issuance of these financial statements was authorized by the Executive Board of Directors, on 02.15.2011.

Shareholding interest included in the consolidated financial statements, segregated by business segments, according to exhibit in Note 5 - Information by Segment:

				% of Total Share	
				12.31.2010	12.31.2009
Banking Segment			**Activity**		
BB Leasing S.A. – Arrendamento Mercantil	(1)	(5)	Leasing	100%	100%
Banco do Brasil – AG. Viena	(1)	(5)	Banking	100%	100%
BB Leasing Company Ltd.	(1)	(5)	Leasing	100%	100%
BB Securities LLC.	(1)	(5)	Broker	100%	100%
BB Securities Ltd.	(1)	(5)	Broker	100%	100%
Brasilian American Merchant Bank – BAMB	(1)	(5)	Banking	100%	100%
BB USA Holding Company, Inc	(1)	(5)	*Holding*	100%	100%
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	(1)	(5)	Asset Management	99,62%	99,62%
Banco Votorantim S.A.	(3)	(5)	Banking	50%	50%
BB Banco Popular do Brasil S.A.	(2)		Banking	--	100%
Besc Financeira S.A. – Crédito, Financiamento e Investimentos	(2)		Loans and Financing	--	99,58%
Besc Leasing S.A. – Arrendamento Mercantil	(2)		Leasing	--	99%
Investment Segment					
BB Banco de Investimento S.A.	(1)	(5)	Investment Bank	100%	100%
Kepler Weber S.A.	(3)	(6)	Industry	17,56%	17,65%
Companhia Brasileira de Securitização – Cibrasec	(4)	(6)	Credit Acquisition	12,12%	12,12%
Neoenergia S.A.	(3)	(5)	Energy	11,99%	11,99%
Segment of Fund management					
BB Gestão de Recursos – Distribuidora de Títulos e Valores Mobiliários S.A.	(1)	(5)	Asset Management	100%	100%
Segment of Insurance, Private Pension Fund, and Capitalization					
BB Seguros Participações S.A.	(1)	(5)	*Holding*	100%	100%
BB Aliança Participações S.A.	(1)	(5)	*Holding*	100%	100%
BB Aliança Rev Participações S.A.	(1)	(5)	Insurance company	100%	--
BB Corretora de Seguros e Administradora de Bens S.A.	(1)	(5)	Broker	100%	100%
Cia. de Seguros Aliança do Brasil	(4)	(5)	Insurance company	100%	100%
Nossa Caixa Capitalização S.A.	(1)	(5)	Capitalization	100%	100%
Brasilveículos Companhia de Seguros	(4)	(5)	Insurance company	100%	70%
Brasilprev Seguros e Previdência S.A.	(4)	(5)	Insurance Company/Pension	74,99%	49,99%
Brasilcap Capitalizações S.A..	(4)	(5)	Capitalization	49,99%	49,99%
Seguradora Brasileira de Crédito à Exportação – SBCE	(4)	(5)	Insurance company	12,09%	12,09%
Brasilsaúde Companhia de Seguros			Insurance Company/Health	--	49,92%
Aliança do Brasil Seguros S.A.	(1)	(5)	Insurance company	100%	--
Segment of payment methods					
BB Administradora de Cartões de Crédito S.A.	(1)	(5)	Service Rendering	100%	100%
Nossa Caixa S.A. – Administradora de Cartões de Crédito	(1)	(5)	Service Rendering	100%	100%
Cia. Brasileira de Soluções e Serviços CBSS – Visa Vale	(4)	(6)	Service Rendering	45%	40,35%
Cielo S.A.	(3)	(5)	Service Rendering	28,74%	23,61%
Tecnologia Bancária S.A. – Tecban	(4)	(6)	Service Rendering	13,53%	13,53%
Other segments					
Ativos S.A.	(1)	(5)	Credit Acquisition	100%	100%
BB Administradora de Consórcios S.A.	(1)	(5)	Consortiums	100%	100%
BB Tur Viagens e Turismo Ltda.	(1)	(6)	Tourism	100%	100%
BB Money Transfers, Inc	(1)	(5)	Service Rendering	100%	100%
Cobra Tecnologia S.A.	(1)	(6)	IT	99,99%	99,94%
BV Participações S.A.	(3)	(5)	*Holding*	50%	50%

(1) Subsidiary companies.
(2) Subsidiary incorporated in 2010
(3) Financial company, with joint control included proportionately in the consolidation.
(4) Affiliates, including proportional consolidation as determined by the Bank.
(5) Financial statements for consolidation on December/2010.
(6) Financial statements for consolidation on November/2010.

The following investment funds were also consolidated: BV Financeira FIDC I, BV Financeira FIDC II, BV Financeira FIDC III, Fundo de Investimento Sedna Referenciado DI and Votorantim G&K Fundo de Investimento em Participações, as well as specific-purpose entity located abroad Dollar Diversified Payment Rights Finance Company, entities that are directly or indirectly controlled by the Bank.

4 – Summary of Main Accounting Practices

a) Statements of income

Income and expenses are recognized on the accrual basis. Transactions with fixed rates are recorded at their redemption value and deferred income and expenses are recorded as a discount to the corresponding assets or liabilities. Variable or foreign-currency-indexed transactions are adjusted to the balance sheet date based on agreed contractual indices.

b) Cash and cash equivalents

Cash and cash equivalents are represented by available funds in local currency, foreign currency, investments in gold, short-term investments with high liquidity and insignificant risk of change in value and limits, with maturity equal to or less than 90 days and do not include short-term interbank investments – financed position (Note 6).

c) 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 when applied.

d) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified in three separate categories according to management's intentions, According to Bacen 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 their value are recorded, respectively, 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 their value are recorded, net of tax effects, in a separate stockholders' equity account.

Securities held to maturity: these are securities that the Bank intends and has the financial ability to hold to maturity. These securities are not adjusted to market value but are held at cost plus accumulated interest. 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 the use of future interest rate curves, foreign exchange rates, and price and currency index charged in the settlement.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a daily pro-rata basis on the accrual basis of accounting 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.

Losses with 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 acquisition plus accrued income is recorded as a gain or loss on securities on the date of the transaction.

e) Derivative Financial Instruments

Derivative financial instruments are recorded at 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, 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, according to the characteristics of the derivatives.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in market values of financial assets or liabilities or future cash flows are considered hedge instruments and are classified according to their nature:

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

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

f) Loans, 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 2682/1999, 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.

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 and any gains from renegotiation are recognized as income when effectively received.

The allowance for loan losses is considered sufficient by management which satisfies the minimum requirements established by CMN Resolution 2682/1999 (Note 10.f).

g) Taxes

The taxes are calculated based on the rates shown in the table below:

Tax	Rate
Income Tax (15% + additional 10%)	25%
Social Contribution on Net Income	15%
Social Integration Program	0.65%
Contribution to Social Security Financing	4%
Tax Services of any kind - ISSQN	Up to 5%

As of May 1, 2008, Social Contribution is being calculated at the rate of 15% for financial and insurance companies and 9% for other companies.

For non-financial firms have opted for the non-cumulative regime of verification, the PIS rate PASEP is 1.65% and Cofins is 7.6%.

Deferred tax assets (tax credits) are recorded by applying the current tax rates to the difference between their respective fiscal and accounting bases. The Bank follows the criteria for recording, maintaining, and writing off the tax credits as established by CMN Resolution 3059/2002, and amended by CMN Resolution 3355/2006, and they are supported by a study of their capacity for realization.

The deferred tax liabilities are made by applying the current rates of taxes on their respective bases.

h) Prepaid Expenses

Refer to the application of funds in payments made in advance, and the benefits will be felt or the services will be rendered in subsequent periods.

i) Permanent assets

Investments – The investments in subsidiaries and associated companies with significant influence or with participation of 20% or more voting shares in other companies and which are part of a group or are under common control are evaluated by the equity method based on the value of the equity related or controlled.

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 2397/93 and 2571/95, and their impacts are recorded in the statement of income for the period.

Other permanent investments are stated at cost, less allowance for losses and the impairment, if 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 system – 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 expenditures with restructuring and leasehold improvements 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 goodwill acquired.

An asset meets the criteria for identification as an intangible asset, in accordance with CMN Resolution 3642/2008, when it is inseparable, 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.

Intangible assets have a defined useful life and refer to disbursements for acquisition of the right to provide bank services (payroll acquisitions), and are amortized over contracted periods, and acquisition/development of software, amortized on the straight-line basis at the rate of 20% per year starting from the date of availability for use, and adjusted by reducing them to their recoverable amounts (impairment), when applicable (Note 16). The amortization of intangible assets is recorded in "Other Administrative Expenses".

j) Decrease in the recoverable value of non-financial assets – impairment

A loss through impairment is recognized if the carrying value of an asset or its cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest identifiable group of assets that generates cash flows, which are largely independent of the cash flows from other assets or groups of assets. Losses through impairment are recognized in income for the period.

From 2008, the values of non-financial assets, excluding tax credits and other assets are reviewed at least annually to determine whether there is any indication of loss through impairment.

Taking into account the materiality and relevance of the involved amounts, the main assets that have their recoverable amounts tested are: Buildings, Data processing systems (property, plant and equipment) and Rights due to payroll acquisition (intangible assets) and Goodwill for expected future earnings generated in the purchasing entities

The calculation of the recoverable amounts of the tested items employs the following assumptions: (1) for the calculation of the recoverable amounts of buildings, appraisal reports (for properties of significant value) and estimates (for the other properties). (2) For information technology equipment (mainframes and automatic teller machines), both the market value and the amount recoverable over time by use in the entity's transactions were considered. The methods applied consider the cash flow projections of the economic benefits arising from the use of each asset over its useful life, discounted to present value. (3) The model for evaluating losses arising from the devaluation of the Negotiation Relationship Allowance (for rights resulting from payroll acquisition) is based on monitoring contract performance. That model was prepared starting from the contribution margins of relationships with individuals linked to each contract. (4) The goodwill, originated in the acquisitions of corporate interest, is supported by the economic and financial analyses that substantiated the purchase price of the business and by the interest acquired, the amortization of which is performed based on the annual income projections constant in the respective economic and financial studies. The imparity test methodology consists of the verification, at every year, of the reach of expectation of projected income in those studies. In the case of goodwill in the acquisition of Banco Nossa Caixa, merged in November 2009, the methodology consists of comparing the present value of the projected income of Banco do Brasil by the corporate and retail agencies of the State of São Paulo (cash generating unit), isolating the profitability compared with and without Banco Nossa Caixa. As from the difference identified, the amounts are projected based on the profitability growth premises to Banco do Brasil, discounted by the capital opportunity cost. If this present value is lower than the assets identified in the acquisition of Banco Nossa Caixa, recorded at the base date of the test, an imparity loss is recognized by the difference observed.

k) Benefits for employees

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, were accounted at December 31, 2010 in accordance with criteria established by CVM Resolution n.°600/2009 (Note 27). As of 06.30 .2010, the evaluations are performed twice a year.

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 sponsor'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 the actuarial risk and the investment risk 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 value of assets exceeds the benefit plan, 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 gains or losses recognized in income corresponds to the excess of the Bank that did not fit in the corridor divided by the average working time of the remaining employees who participate in the plan. The corridor that matches the greater of:

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

The Bank, as permitted by CVM Resolution n.° 600/20 09 , adopted the procedure of recognizing the fastest gains / losses in the very year in which we performed the actuarial calculation.

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 No 109/2001 and Resolution CGPC No 26/2008.

l) Operations related to insurance, pension and capitalization activities

Statement of income
Insurance premiums and selling expenses are recorded upon the issuing of policies or upon billing and are recognized in the statement of income, according to the elapsed period of coverage. 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 at the beginning of the coverage, based on estimates.

Income from insurance premiums covering future risks is deferred over the period of validity of the insurance policies, through the recording of provision for unearned premiums, based on the net withholding of earned premiums issued.

Accepted coinsurance, retrocession and DPVAT (Personal injuries caused by motor vehicles) convention 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 your receipt. The selling costs are deferred on the issuing of the contract or policy and allocated to results 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 according to the accrual basis of accounting.

Technical Provisions

Rules and procedures for the formation of technical provisions are regulated by Resolutions 162/2006, 181/2007, 195/2008 and 204/2009 of the National Council of Private Insurance (CNSP) and Regulatory Resolution 75/2004 and 160/2007of the National Health Agency (ANS), and calculated in accordance with

the specific actuarial technical notes approved by the Superintendence of Private Insurance (SUSEP) and the National Health Agency (ANS).

Insurance

Provision for Unearned Premiums represents the portions of premiums that will be allocated to income over the course of the insurance policies, as calculated on a daily pro rata basis.

Provision for Unearned Premiums for Present Risks but Not Yet Issued represents the adjustment for the Provision for Unearned Premiums given the existence of risks assumed by the insurance company where the policy covering the risk has not yet been formally issued, except for health plan insurance.

Provision for Premium Deficiency represents the need for coverage of possible deficiencies of the Provision for Unearned Premiums due to the expectations of payment and re-assessment of claims incurred.

Provision for Unsettled Loss Claims represents the estimated probable payments of claims, judicial or otherwise, gross and net of reinsurance recoveries of coinsurance ceded, determined based on notices received up to the balance sheet date, adjusted by the estimate for Claims Incurred but Not Enough Reported (IBNER).

Provision for Claims Incurred but not Reported [IBNR - Incurred but Not Reported and Provision for Events Occurred but not Reported - PEONA (of the health insurance segment)] represents the amount expected of claims incurred but not reported until the base date of the financial statements.

Premium Complementary Provision (PCP), has as object to maintain the company protected in monthly transactions, keeping the amount of the technical premium provisions (PPNG and PPNG-RVNE) higher or equal to the daily average of the month of calculation.

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 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 plans sold.

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.

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 Prizes are calculated on the face value of the notes, based on actuarial technical notes approved by Susep, and the write-off of the provision for unrealized draws for prizes is

recorded at the amount equivalent to the lapsed risk, i.e., the balance of the provision for unrealized draws for prizes represents the deferred amounts of draws for prizes not yet made.

Provision for Draws for Prizes Payable is formed at the amounts of the notes payable from draws for prizes, restated for the period between the date of the draw and the effective payment.

m) Contingent Assets and Liabilities and Legal Obligations

The recognition and disclosure of contingent assets and liabilities and legal obligations are made in accordance with the criteria defined in CVM Resolution 3823/2009 (Note 28).

Contingent assets are only recognized in the financial statements upon the existence of evidence guaranteeing 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 obligation and when the amounts involved are measurable with sufficient assurance, and judicial figures when reporting monthly and revised 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 and civil claims related to economic plans, provisions are based on the average payments for cases closed in the last 24 and 12 months respectively, for calculating the value of the obligations; and

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 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 (tax and social security) originate from tax obligations established in the legislation, and, regardless of the probability of success of lawsuits in progress, the amounts are recognized in full in the financial statements.

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, considering 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 Banco do Brasil participates in other economic activities, such as leasing and Operating Support, that were aggregated in "Other".

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 the Bank, preponderantly obtained in Brazil, involves a large diversity of products and services, such as deposits, loans and services that are made available to clients 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 Banco do Brasil by means of a network and customer service teams, and business with micro-entrepreneurs and the informal sector, performed through banking correspondents.

b) Investment Segment

Deals are performed in this segment in the domestic capital market, with activity in the intermediation and distribution of debts in the primary and secondary markets, besides 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 our 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 being their revenues mainly derived from commissions and management fees charged to investors for services rendered.

d) Segment of Insurance, Private Pension Fund, 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 comes 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 mainly responsible for funding, transmission, processing services and financial settlement of operations in electronic means (credit and debit cards).

Revenues thereof are originated mainly from commissions and management fees charged to commercial and banking establishments for the services rendered described in previous paragraph, including 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 by not being individually representative.

Their revenues are originated mainly from provision of 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

	2S2010							
BB-Consolidated	**Banking**	**Investment**	**Fund Management**	**Insurance and Related**	**Payment Methods**	**Other Segments**	**Intersegment transactions**	**Total**
Income	56,373,498	505,384	490,823	2,229,864	939,969	1,015,465	(446,829)	61,108,174
Income from loans and leases	28,857,413	--	--	--	--	--	--	28,857,413
Income from operations with securities and derivative financial instruments	10,201,349	80,822	32,123	6,466	92,032	20,622	(11,865)	10,421,549
Income from foreign exchange operations and Compulsory	3,424,269	--	--	--	--	--	--	3,424,269
Financial results from insurance operations, pension and capitalization	--	--	--	1,190,235	--	--	--	1,190,235
Income from service fees	4,386,030	216,205	458,307	(59,660)	641,024	780,967	(381,539)	6,041,334
Income from Banking Fees	2,238,420	--	--	--	--	--	--	2,238,420
Equity in subsidiaries	(136,803)	13,980	(2,209)	--	--	--	--	(125,032)
Income from insurance operations, pension and capitalization	--	--	--	978,858	--	--	--	978,858
Others Income	7,402,820	194,377	2,602	113,965	206,913	213,876	(53,425)	8,081,128
Expenses	(48,194,561)	(334,995)	(98,881)	(1,453,712)	(492,937)	(757,562)	446,829	(50,885,819)
Market funding	(21,012,827)	(175,146)	--	--	--	(20,206)	--	(21,208,179)
Loans, assignments, transfers and leases	(2,644,427)	--	--	--	(33)	(65)	--	(2,644,525)
Allowance for loan losses	(4,761,116)	13	88	--	--	1,181	--	(4,759,834)
Restatement and interest on technical provisions	--	--	--	(842,805)	--	--	--	(842,805)
Personnel expenses	(6,655,090)	(15,025)	(25,109)	(85,301)	(35,136)	(78,457)	--	(6,894,118)
Other administrative expenses	(4,738,534)	(24,284)	(10,806)	(140,410)	(95,302)	(395,543)	290,771	(5,114,108)
Depreciation	(437,995)	(373)	--	(2,465)	(3,245)	(3,830)	--	(447,908)
Amortization of deferred	(84,140)	--	--	(10,482)	(864)	(1,975)	--	(97,461)
Amortization of intangible assets	(1,065,293)	--	--	(44)	--	(80)	--	(1,065,417)
Expenses adjustment recoverable value	(14,226)	--	--		--	--	--	(14,226)
Other expenses	(6,780,913)	(120,180)	(63,054)	(372,205)	(358,357)	(258,587)	156,058	(7,797,238)
Profit before tax and participations	8,178,937	170,389	391,942	776,152	447,032	257,903	--	10,222,355
Income and social contribution on net income	(1,952,751)	(8,846)	(158,725)	(259,604)	(144,534)	(81,950)	--	(2,606,410)
Profit sharing	(951,681)	(116)	(154)	(10,177)	--	(26,908)	--	(989,036)
Net Income	5,274,505	161,427	233,063	506,371	302,498	149,045	--	6,626,909
Balance Sheets								
Assets	769,518,892	6,418,369	964,331	39,876,844	2,445,239	5,108,624	(13,160,091)	811,172,208
Investment in subsidiaries	7,432,063	6,250,391	133,647	2,587,965	31,976	162,333	(9,482,841)	7,115,534
Liabilities	720,270,153	4,015,511	830,685	34,698,267	1,922,548	2,848,410	(3,854,049)	760,731,525

R$ Thousand

BB-Consolidated	2010							
	Banking	Investment	Fund Management	Insurance and Related	Payment Methods	Other Segments	Intersegment transactions	Total
Income	106,343,040	984,398	942,808	4,316,013	1,649,278	1,570,790	(1,000,483)	114,805,844
Income from loans and leases	54,765,673	--	--	--	--	--	--	54,765,673
Income from operations with securities and derivative financial instruments	20,778,735	122,094	54,089	19,769	143,289	27,176	(146,087)	20,999,065
Income from foreign exchange operations and Compulsory	4,669,076	--	--	--	--	--	--	4,669,076
Financial results from insurance operations, pension and capitalization	--	--	--	2,025,017	--	--	--	2,025,017
Income from service fees	8,521,050	423,669	888,083	160,512	1,137,450	1,149,444	(638,878)	11,641,330
Income from Banking Fees	4,226,578	--	--	--	--	--	--	4,226,578
Equity in subsidiaries	(67,746)	25,708	(4,285)	--	--	--	--	(46,323)
Income from insurance operations, pension and capitalization	--	--	--	1,887,722	--	--	--	1,887,722
Others Income	13,449,674	412,927	4,921	222,993	368,539	394,170	(215,518)	14,637,706
Expenses	(91,409,842)	(557,909)	(182,696)	(2,841,732)	(841,731)	(1,191,873)	1,000,483	(96,025,300)
Market funding	(38,569,239)	(265,860)	--	--	--	(42,828)	121,569	(38,756,358)
Loans, assignments, transfers and leases	(5,690,970)	--	--	--	(61)	(116)	--	(5,691,147)
Allowance for loan losses	(10,246,011)	1	12	--	--	1,958	--	(10,244,040)
Restatement and interest on technical provisions	--	--	--	(1,432,686)	--	--	--	(1,432,686)
Personnel expenses	(12,566,371)	(30,285)	(48,843)	(173,790)	(63,748)	(139,027)	2,473	(13,019,591)
Other administrative expenses	(9,188,318)	(52,107)	(21,098)	(522,553)	(166,167)	(499,484)	606,275	(9,843,452)
Depreciation	(869,546)	(517)	--	(4,848)	(6,931)	(7,393)	--	(889,235)
Amortization of deferred	(173,018)	--	--	(17,032)	(1,864)	(3,432)	--	(195,346)
Amortization of intangible assets	(2,111,712)	--	--	(93)	--	(131)	--	(2,111,936)
Value adjustment expenses recoverable	(15,621)	--	--	--	--	--	--	(15,621)
Other expenses	(11,979,036)	(209,141)	(112,767)	(690,730)	(602,960)	(501,420)	270,166	(13,825,888)
Profit before tax and participations	14,933,198	426,489	760,112	1,474,281	807,547	378,917	--	18,780,544
Income and social contribution on net income	(4,044,445)	(90,905)	(308,699)	(482,910)	(269,242)	(124,988)	--	(5,321,189)
Profit sharing	(1,699,220)	(213)	(395)	(16,500)	--	(39,862)	--	(1,756,190)
Net Income	9,189,533	335,371	451,018	974,871	538,305	214,067	--	11,703,165
Minority participation	--	--	--	--	--	(20)	--	(20)
Balance Sheets								
Assets	769,518,892	6,418,369	964,331	39,876,844	2,445,239	5,108,624	(13,160,091)	811,172,208
Investment in subsidiaries	7,432,063	6,250,391	133,647	2,587,965	31,976	162,333	(9,482,841)	7,115,534
Liabilities	720,270,153	4,015,511	830,685	34,698,267	1,922,548	2,848,410	(3,854,049)	760,731,525

R$ Thousand

	2009							
BB-Consolidated	**Banking**	**Investment**	**Fund Management**	**Insurance and Related**	**Payment Methods**	**Other Segments**	**Intersegment transactions**	**Total**
Income	91,230,468	2,487,961	867,712	3,194,868	1,201,736	733,661	(947,063)	98,769,343
Income from loans and leases	42,825,974	--	--	--	--	--	(621)	42,825,353
Income from operations with securities and derivative financial instruments	20,084,614	87,783	48,472	18,151	93,269	12,417	(217,703)	20,127,003
Income from foreign exchange operations and Compulsory	1,502,037	--	--	--	122	--	31	1,502,190
Financial results from insurance operations, pension and capitalization	--	--	--	1,253,847	--	--	20,745	1,274,592
Income from service fees	7,835,885	409,209	763,593	234,132	869,000	543,402	(483,504)	10,171,717
Income from Banking Fees	3,339,464	--	--	--	--	--	--	3,339,464
Equity in subsidiaries	(1,018,500)	23,676	5,474	--	--	--	--	(989,350)
Income from insurance operations, pension and capitalization	--	--	--	1,574,123	--	--	--	1,574,123
Others Income	16,660,994	1,967,293	50,173	114,615	239,345	177,842	(266,011)	18,944,251
Expenses	(80,038,910)	(562,181)	(181,628)	(2,121,223)	(695,325)	(681,710)	947,063	(83,333,914)
Market funding	(30,164,474)	(126,072)	--	--	--	--	144,618	(30,145,928)
Loans, assignments, transfers and leases	(4,173,221)	(17)	(40)	--	(55)	(10)	32	(4,173,311)
Allowance for loan losses	(12,398,035)	3	49	--	--	1,722	--	(12,396,261)
Restatement and interest on technical provisions	--	--	--	(780,779)	--	--	--	(780,779)
Personnel expenses	(11,484,211)	(27,322)	(45,953)	(151,954)	(51,539)	(81,547)	4,092	(11,838,434)
Other administrative expenses	(8,161,984)	(142,749)	(18,864)	(698,084)	(128,744)	(174,157)	518,471	(8,806,111)
Depreciation	(690,725)	(245)	--	(5,640)	(4,546)	(4,967)	--	(706,123)
Amortization of deferred	(236,714)	--	--	(9,167)	(1,055)	(2,326)	--	(249,262)
Amortization of intangible assets	(1,450,435)	--	--	--	--	(22)	--	(1,450,457)
Value adjustment expenses recoverable	(4,736)	--	--	--	--	--	--	(4,736)
Other expenses	(11,274,375)	(265,779)	(116,820)	(475,599)	(509,386)	(420,403)	279,850	(12,782,512)
Profit before tax and participations	11,191,558	1,925,780	686,084	1,073,645	506,411	51,951	--	15,435,429
Income and social contribution on net income	(2,290,196)	(718,254)	(264,708)	(344,558)	(230,337)	(54,734)	--	(3,902,787)
Profit sharing	(1,349,292)	--	(4,335)	(18,379)	--	(12,525)	--	(1,384,531)
Net Income	7,552,070	1,207,526	417,041	710,708	276,074	(15,308)	--	10,148,111
Minority participation	638	--	--	--	--	(49)	--	589
Balance Sheets								
Assets	684,485,891	4,711,687	994,854	22,001,136	1,571,066	2,761,787	(7,977,578)	708,548,843
Investment in subsidiaries	3,745,078	5,503,190	130,143	1,665,586	31,689	101,820	(5,401,553)	5,775,953
Liabilities	649,757,506	2,553,385	630,211	19,142,112	1,247,236	1,150,635	(2,051,648)	672,429,437

6 – Cash and Cash Equivalents

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Total Cash	9,397,247	7,596,546	9,744,688	7,842,770
Local currency	8,559,836	6,676,414	8,848,327	6,799,390
Foreign currency	837,411	920,132	883,681	1,033,480
Investments in Gold	--	--	12,680	9,900
Interbank investments (1)	23,179,112	42,105,965	15,403,025	30,032,212
Subject to repurchase agreements	149,794	14,362,844	513,055	18,186,491
Interbank deposits	22,567,704	24,039,500	14,384,692	8,053,192
Investments in foreign currency	461,614	3,703,621	505,278	3,792,529
Total cash and cash equivalents	32,576,359	49,702,511	25,147,713	37,874,982

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

7 – Interbank Investments

a) Breakdown

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Money market	78,628,740	134,937,621	85,060,184	144,173,860
Sales pending settlement - held position	149,794	14,362,844	1,419,922	18,220,295
Financial Treasury Bills	--	1,772,231	3,193	1,878,624
National Treasury Bills	88,409	804,732	201,371	2,189,355
National Treasury Notes	--	11,785,881	1,135,054	14,118,511
Others securities	61,385	--	80,304	33,805
Sales pending settlement - financed position	78,478,946	120,574,777	82,375,105	125,793,918
Financial Treasury Bills	52,794,239	111,804,532	52,794,239	112,554,529
National Treasury Bills	19,735,808	8,303,407	22,644,595	9,851,852
National Treasury Notes	5,889,416	466,608	6,876,788	3,387,307
Others securities	59,483	230	59,483	230
Sales pending settlement - sold position	--	--	1,265,157	159,647
Federal securities – Treasury	--	--	1,265,157	159,647
Interbank deposits	36,085,902	39,229,677	22,518,606	24,224,100
Total	114,714,642	174,167,298	107,578,790	168,397,960
Current Assets	109,929,317	166,919,021	106,615,633	166,070,192
Non Current Assets	4,785,325	7,248,277	963,157	2,327,768

b) Income from short-term interbank deposits

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Income from Money Market	5,983,134	11,320,215	10,850,522	6,413,447	12,014,625	11,390,684
Held position	102,940	702,118	3,221,993	203,287	849,587	3,479,991
Financed position	5,880,194	10,618,097	7,628,529	6,184,827	11,127,780	7,896,618
Sold position	--	--	--	25,333	37,258	14,075
Income from interbank deposits	682,571	1,275,926	1,343,540	252,637	502,522	718,416
Total	6,665,705	12,596,141	12,194,062	6,666,084	12,517,147	12,109,100

8 – Securities and Derivative Financial Instruments

a) Securities

R$ Thousand

Maturity in days	Banco do Brasil										
	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
1 – Trading securities	278	2,033,185	2,262,711	3,254,566	10,287,306	17,866,247	17,838,046	(28,201)	19,606,486	19,655,622	49,136
Government bonds	--	2,033,185	2,242,100	3,203,386	10,192,914	17,699,142	17,671,585	(27,557)	19,466,189	19,511,891	45,702
Financial Treasury Bills	--	--	275,768	9,157	4,588,481	4,873,609	4,873,406	(203)	12,710,659	12,710,711	52
National Treasury Bills	--	1,854,959	1,966,332	3,194,229	3,308,303	10,347,881	10,323,823	(24,058)	4,052,388	4,052,631	243
National Treasury Notes	--	178,226	--	--	2,296,130	2,477,652	2,474,356	(3,296)	2,703,142	2,748,549	45,407
Corporate bonds	278	--	20,611	51,180	94,392	167,105	166,461	(644)	140,297	143,731	3,434
Debentures	--	--	20,611	51,180	94,392	166,820	166,183	(637)	135,918	134,043	(1,875)
Shares	278	--	--	--	--	285	278	(7)	4,379	9,688	5,309
2 - Securities available for sale	163,774	3,825,332	11,048,770	3,842,397	49,311,036	67,816,316	68,191,309	374,993	57,880,134	58,089,353	209,219
Government bonds	--	3,697,888	8,893,013	3,327,929	36,489,879	52,110,127	52,408,709	298,582	48,280,005	48,597,974	317,969
Financial Treasury Bills	--	744	8,501,580	2,175,110	25,485,970	36,166,255	36,163,404	(2,851)	35,459,266	35,457,957	(1,309)
National Treasury Bills	--	2,966,116	389,558	1,084,288	1,400,215	5,848,901	5,840,177	(8,724)	4,502,914	4,544,639	41,725
National Treasury Notes	--	730,114	361	35,249	3,064,896	3,843,060	3,830,620	(12,440)	5,017,154	5,070,229	53,075
Agricultural debt securities	--	31	473	1,447	7,528	10,883	9,479	(1,404)	11,572	10,912	(660)
Brazilian foreign debt securities	--	--	--	31,835	2,719,408	2,430,777	2,751,243	320,466	2,484,527	2,730,340	245,813
Foreign government bonds	--	883	1,041	--	3,730,756	3,732,128	3,732,680	552	592,647	593,549	902
Others	--	--	--	--	81,106	78,123	81,106	2,983	211,925	190,348	(21,577)
Corporate bonds	163,774	127,444	2,155,757	514,468	12,821,157	15,706,189	15,782,600	76,411	9,600,129	9,491,379	(108,750)
Debentures	--	--	625,228	2,967	11,731,120	12,300,926	12,359,315	58,389	7,424,945	7,302,808	(122,137)
Promissory notes	--	--	1,052,652	348,826	--	1,402,858	1,401,478	(1,380)	1,339,479	1,342,153	2,674
Credit Notes	--	--	--	--	25,150	25,384	25,150	(234)	30,385	29,674	(711)
Quotas in investment funds	109,818	--	--	5,866	215,155	327,121	330,839	3,718	48,969	42,450	(6,519)
Shares	53,956	--	--	--	--	9,182	53,956	44,774	33,122	56,504	23,382
Rural Product Bills -Commodities	--	46,351	243,966	156,809	105	449,498	447,231	(2,267)	508,429	510,370	1,941
Certificate of Deposits	--	66,703	233,911	--	--	299,933	300,614	681	83,419	83,722	303
Others	--	14,390	--	--	849,627	891,287	864,017	(27,270)	131,381	123,698	(7,683)

R$ Thousand

Maturity in days	Banco do Brasil										
	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
3 - Securities held to maturity	--	--	553	3,301,023	6,932,058	10,401,497	10,233,634	(167,863)	18,359,234	18,184,196	(175,038)
Government bonds	--	--	553	3,301,023	6,828,967	10,121,705	10,130,543	8,838	18,081,948	18,098,851	16,903
Financial Treasury Bills	--	--	553	3,286,975	6,691,830	9,979,376	9,979,358	(18)	12,331,114	12,331,193	79
National Treasury Notes	--	--	--	--	21,341	23,515	21,341	(2,174)	829,207	826,400	(2,807)
National Treasury Bills	--	--	--	--	--	--	--	--	4,795,191	4,795,871	680
Brazilian foreign debt securities	--	--	--	14,048	115,796	118,814	129,844	11,030	126,436	145,387	18,951
Corporate bonds	--	--	--	--	103,091	279,792	103,091	(176,701)	277,286	85,345	(191,941)
Others	--	--	--	--	103,091	279,792	103,091	(176,701)	277,286	85,345	(191,941)
Total	164,052	5,858,517	13,312,034	10,397,986	66,530,400	96,084,060	96,262,989	178,929	95,845,854	95,929,171	83,317

R$ Thousand

Maturity in days	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
Total by portfolio	164,052	5,858,517	13,312,034	10,397,986	66,530,400	96,084,060	96,262,989	178,929	95,845,854	95,929,171	83,317
Own portfolio	164,052	5,858,517	2,536,552	2,433,189	36,810,390	47,646,615	47,802,700	156,085	50,796,768	50,732,531	(64,237)
Subject to repurchase agreements	--	--	10,680,190	7,964,648	27,036,137	45,657,058	45,680,975	23,917	25,678,841	25,826,500	147,659
Deposits with the Brazilian Central Bank	--	--	--	15	42	102	57	(45)	18,239,914	18,240,500	586
Pledged in guarantee	--	--	95,292	134	2,683,831	2,780,285	2,779,257	(1,028)	1,130,331	1,129,640	(691)

R$ Thousand

Maturity in years	12.31.2010							12.31.2009	
	Market Value					Total		Total	
	With no maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost Value	Market to Market	Cost Value	Market to Market
Total by portfolio	164,052	29,568,537	57,721,652	6,113,209	2,695,539	96,084,060	96,262,989	95,845,854	95,929,171
1 - Trading securities	278	7,550,462	9,523,555	734,827	28,924	17,866,247	17,838,046	19,606,486	19,655,622
2 - Securities available for sale	163,774	18,716,499	41,351,690	5,378,382	2,580,964	67,816,316	68,191,309	57,880,134	58,089,353

3 - Securities held to maturity	--	3,301,576	6,846,407	--	85,651	10,401,497	10,233,634	18,359,234	18,184,196

R$ Thousand

	12.31.2010			12.31.2009		
	Book Value			Book Value		
	Current	Non Current	Total	Current	Non Current	Total
Total by portfolio	40,019,295	56,411,557	96,430,852	38,750,456	57,353,753	96,104,209
Own portfolio	17,355,563	30,617,318	47,972,881	29,778,301	21,131,525	50,909,826
Subject to repurchase agreements	22,532,857	23,145,800	45,678,657	5,239,743	20,584,267	25,824,010
Deposits with the Brazilian Central Bank	15	42	57	3,713,112	14,527,621	18,240,733
Pledged in guarantee	130,860	2,648,397	2,779,257	19,300	1,110,340	1,129,640

R$ Thousand

	12.31.2010		12.31.2009	
Total by category				
Trading Securities	17,838,046	18%	19,655,622	21%
Securities Available for Sale	68,191,309	71%	58,089,353	60%
Securities Held to Maturity (HTM)	10,401,497	11%	18,359,234	19%
Carrying value of portfolio	96,430,852	100%	96,104,209	100%
Mark-to-market - HTM	(167,863)		(175,038)	
Market value of portfolio	96,262,989		95,929,171	

R$ Thousand

Maturity in days	BB–Consolidated										
	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	Over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
1 - Trading securities	2,921,941	4,357,207	3,131,089	5,482,882	34,551,753	50,134,629	50,444,872	310,243	38,110,829	38,274,200	163,371
Government bonds	83,726	4,185,102	2,852,512	4,682,728	27,659,172	39,282,334	39,463,240	180,906	32,516,057	32,682,427	166,370
Financial Treasury Bills	23,279	78,978	348,997	89,560	9,655,367	10,198,197	10,196,181	(2,016)	16,132,667	16,131,253	(1,414)
National Treasury Bills	--	2,644,829	2,027,770	3,757,457	4,926,044	13,386,869	13,356,100	(30,769)	7,085,711	7,093,374	7,663
National Treasury Notes	--	261,024	358,838	6,039	12,931,379	13,345,239	13,557,280	212,041	7,533,019	7,663,677	130,658
Agricultural debt securities	--	8,363	1,597	2,387	15,461	27,232	27,808	576	47,492	50,374	2,882
Brazilian foreign debt securities	--	135,606	--	6,689	4,583	148,250	146,878	(1,372)	211,419	214,513	3,094
Foreign government bonds	41,981	35,617	115,075	773,228	--	965,407	965,901	494	626,320	624,925	(1,395)
Others	18,466	1,020,685	235	47,368	126,338	1,211,140	1,213,092	1,952	879,429	904,311	24,882
Corporate bonds	2,838,215	172,105	278,577	800,154	6,892,581	10,852,295	10,981,632	129,337	5,594,772	5,591,773	(2,999)
Debentures	3,975	24,006	51,006	281,346	2,395,053	2,735,435	2,755,386	19,951	1,369,764	1,376,790	7,026
Promissory Notes	--	--	15,560	--	--	15,569	15,560	(9)	319,116	320,106	990
Shares	1,735,521	178	--	--	--	1,596,607	1,735,699	139,092	582,190	696,545	114,355
Quotas in investment funds	1,087,631	672	--	2,843	222,543	1,316,704	1,313,689	(3,015)	550,141	550,141	--
Rural Product Bills - *Commodities*	--	100,617	32,460	37,433	62,681	228,948	233,191	4,243	192,056	193,094	1,038
Certificate of deposit	9,333	46,632	139,618	119,502	3,560,620	3,875,813	3,875,705	(108)	1,788,467	1,783,862	(4,605)
Eurobonds	--	--	1,183	7,678	42,360	52,479	51,221	(1,258)	13,317	13,424	107
Others	1,755	--	38,750	351,352	609,324	1,030,740	1,001,181	(29,559)	779,721	657,811	(121,910)

R$ Thousand

Maturity in days	BB–Consolidated										
	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	Over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
2 - Securities available for sale	1,818,177	3,875,654	11,158,190	4,138,934	54,151,382	74,697,382	75,142,337	444,955	62,035,094	62,160,792	125,698
Government bonds	40,633	3,743,600	8,893,013	3,362,298	39,503,586	55,218,970	55,543,130	324,160	49,758,712	50,087,641	328,929
Financial Treasury Bills	--	40,142	8,501,580	2,175,110	25,791,283	36,511,087	36,508,115	(2,972)	35,858,772	35,857,280	(1,492)
National Treasury Bills	--	2,966,116	389,558	1,084,288	1,452,731	5,901,449	5,892,693	(8,756)	4,528,295	4,569,977	41,682
National Treasury Notes	--	736,428	361	69,618	5,630,607	6,476,073	6,437,014	(39,059)	5,987,334	6,002,387	15,053
Agricultural debt securities	--	31	473	1,447	7,528	10,883	9,479	(1,404)	11,572	10,912	(660)
Brazilian foreign debt securities	--	--	--	31,835	2,808,908	2,487,934	2,840,743	352,809	2,545,937	2,822,402	276,465
Foreign government bonds	--	883	1,041	--	3,731,423	3,732,823	3,733,347	524	593,433	594,363	930
Others	40,633	--	--	--	81,106	98,721	121,739	23,018	233,369	230,320	(3,049)
Corporate bonds	1,777,544	132,054	2,265,177	776,636	14,647,796	19,478,412	19,599,207	120,795	12,276,382	12,073,151	(203,231)
Debentures	--	4,310	649,302	235,754	12,721,423	13,538,724	13,610,789	72,065	8,674,870	8,534,065	(140,805)
Promissory Notes	--	--	1,052,652	348,826	--	1,402,858	1,401,478	(1,380)	1,364,005	1,366,850	2,845
Credit Notes	--	--	--	--	25,150	25,384	25,150	(234)	30,385	29,674	(711)
Quotes of investment funds	672,285	--	--	5,866	742,133	1,385,856	1,420,284	34,428	381,049	376,254	(4,795)
Shares	1,102,641	--	--	--	--	1,033,506	1,102,641	69,135	206,924	212,718	5,794
Rural Product Bills - *Commodities*	--	46,351	243,966	156,809	105	449,498	447,231	(2,267)	508,429	510,370	1,941
Certificate of deposit	--	66,703	234,392	15,332	79,284	395,030	395,711	681	127,827	124,936	(2,891)
Eurobonds	--	--	--	--	--	--	--	--	38,955	38,955	--
Others	2,618	14,690	84,865	14,049	1,079,701	1,247,556	1,195,923	(51,633)	943,938	879,329	(64,609)
3 - Held to Maturity	--	65,215	248,437	3,419,855	12,762,693	16,655,934	16,496,200	(159,734)	22,438,805	22,279,681	(159,124)
Government bonds	--	65,215	248,437	3,419,855	12,659,602	16,376,142	16,393,109	16,967	22,161,519	22,194,336	32,817
Financial Treasury Bills	--	--	553	3,286,975	6,691,830	9,979,376	9,979,358	(18)	12,361,163	12,361,239	76
National Treasury Notes	--	15,235	247,884	43,076	5,811,926	6,111,845	6,118,121	6,276	4,670,990	4,682,819	11,829
National Treasury Bills	--	49,980	--	75,745	40,035	166,081	165,760	(321)	5,002,907	5,004,868	1,961
Agricultural debt securities	--	--	--	11	15	26	26	--	23	23	--
Brazilian foreign debt securities	--	--	--	14,048	115,796	118,814	129,844	11,030	126,436	145,387	18,951
Corporate bonds	--	--	--	--	103,091	279,792	103,091	(176,701)	277,286	85,345	(191,941)
Others	--	--	--	--	103,091	279,792	103,091	(176,701)	277,286	85,345	(191,941)
Total	4,740,118	8,298,076	14,537,716	13,041,671	101,465,828	141,487,945	142,083,409	595,464	122,584,728	122,714,673	129,945

R$ Thousand

Maturity in days	12.31.2010								12.31.2009		
	Market Value					Total			Total		
	With no maturity	0-30	31-180	181-360	over 360	Cost Value	Market Value	Market to Market	Cost Value	Market Value	Market to Market
Total by portfolio	4,740,118	8,298,076	14,537,716	13,041,671	101,465,828	141,487,945	142,083,409	595,464	122,584,728	122,714,673	129,945
Own portfolio	4,720,638	6,683,828	3,468,490	3,919,473	66,763,654	84,982,319	85,556,083	573,764	74,768,787	74,772,199	3,412
Subject to repurchase agreements	18,680	1,597,587	10,811,172	7,975,727	30,924,846	51,275,370	51,328,012	52,642	26,734,553	26,888,135	153,582
Deposits with the Brazilian Central Bank	--	--	--	15	42	102	57	(45)	18,413,608	18,407,373	(6,235)
Pledged in guarantee	800	16,661	258,054	1,146,456	3,777,286	5,230,154	5,199,257	(30,897)	2,667,780	2,646,966	(20,814)

R$ Thousand

Maturity in years	12.31.2010							12.31.2009	
	Market Value					Total		Total	
	With no maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost Value	Market Value	Cost Value	Market Value
Total by category	4,740,118	35,877,463	79,681,405	11,005,932	10,778,491	141,487,945	142,083,409	122,584,728	122,714,673
1 - Trading securities	2,921,941	12,971,178	28,583,175	3,427,084	2,541,494	50,134,629	50,444,872	38,110,829	38,274,200
2 - Securities available for sale	1,818,177	19,172,778	43,319,258	7,236,103	3,596,021	74,697,382	75,142,337	62,035,094	62,160,792
3 - Securities held to maturity	--	3,733,507	7,778,972	342,745	4,640,976	16,655,934	16,496,200	22,438,805	22,279,681

R$ Thousand

	12.31. 2010			12.31.2009		
	Book value			Book value		
	Current	Non Current	Total	Current	Non Current	Total
By Portfolio	75,084,984	67,158,159	142,243,143	58,215,628	64,658,169	122,873,797
Own portfolio	46,402,185	39,315,949	85,718,134	47,295,209	27,638,367	74,933,576
Subject to repurchase agreements	26,465,657	24,860,036	51,325,693	5,956,127	20,929,518	26,885,645
Deposits with the Brazilian Central Bank	15	42	57	3,817,049	14,590,558	18,407,607
Pledged in guarantee	2,217,127	2,982,132	5,199,259	1,147,243	1,499,726	2,646,969

R$ Thousand

	12.31.2010		12.31.2009	
Total by category				
Trading Securities	50,444,872	35%	38,274,200	31%
Securities Available for Sale	75,142,337	53%	62,160,792	51%
Securities Held to Maturity – HTM	16,655,934	12%	22,438,805	18%
Carrying value of portfolio	142,243,143	100%	122,873,797	100%
Mark-to-market - Category HTM	(159,734)		(159,124)	
Market value of portfolio	142,083,409		122,714,673	

b) Results from securities

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Applications of Interbank Liquidity (note 7b)	6,665,705	12,596,141	12,194,062	6,666,084	12,517,147	12,109,100
Fixed income securities	4,723,556	8,699,681	7,197,733	5,688,676	10,381,312	9,220,192
Equity income securities	250	279,085	1,044	44,613	339,970	20,332
Total	11,389,511	21,574,907	19,392,839	12,399,373	23,238,429	21,349,624

c) Reclassification of Securities

In the period of 2010, there has been no reclassification to marketable securities.

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 both Hedge (market risk and risk of cash flow) and trading, with both limits and approved by committees at the Bank. The hedging strategy of equity positions is in line with the macroeconomic analysis and is approved by the Board.

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

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

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

Risk analysis of the subsidiaries is undertaken on an individual basis and its management at the consolidated level.

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

Risks

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

Credit risk is reflected by the exposure to losses in the event of default by a counterparty to fulfill its part in the operation. Exposure to credit risk 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 that have the same stock market as guarantor.

Total credit exposure in swaps is R$ 1,004,041 thousand at December 31, 2010 (R$ 1,664,115 thousand at December 31, 2009). The swap operations in negotiations associated with the operation to capture and/or application of R$ 418,170 thousand (R$ 2,679,609 thousand on 12.31.2009) are recorded at values updated as changes incurred from their indices ("curve"), and are not at market value, as permitted by Bacen Circular No. 3.150/2002.

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

The operating risk is the probability of financial losses resulting from failures or inadequacy of people, processes and / or systems, or factors such as catastrophes or criminal activities.

Breakdown of the Portfolio of Derivatives for Trading by Index

R$ Thousand

By Index	Counter - party	Banco do Brasil						BB-Consolidated					
		12.31.2010			12.31.2009			12.31.2010			12.31.2009		
		Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Futures contracts													
Purchase commitments		16,135,641	--	--	9,456,074	--	--	38,023,623	--	--	14,533,469	--	--
Interbank deposit	B	2,350,234	--	--	266,247	--	--	18,277,199	--	--	2,180,381	--	--
Currencies	B	7,438,974	--	--	3,050,767	--	--	8,508,156	--	--	4,206,988	--	--
Treasury Note	B	--	--	--	--	--	--	27,059	--	--	--	--	--
Index	B	--	--	--	314	--	--	144,478	--	--	18,832	--	--
Foreign exchange coupon	B	96,899	--	--	167,933	--	--	4,371,617	--	--	1,299,024	--	--
Libor	IF	6,249,420	--	--	5,858,885	--	--	6,249,420	--	--	5,858,885	--	--
Commodities	B	114	--	--	238	--	--	114	--	--	238	--	--
SCC	B	--	--	--	111,690	--	--	445,580	--	--	969,121	--	--
Sales commitments		13,633,413	--	--	10,655,267	--	--	61,710,441	--	--	33,571,749	--	--
Interbank deposit	B	7,862,213	--	--	2,271,052	--	--	50,604,157	--	--	20,956,312	--	--
Currencies	B	74,736	--	--	231,663	--	--	584,523	--	--	938,605	--	--
T-Note	B	--	--	--	--	--	--	294,059	--	--	--	--	--
Index	B	--	--	--	142	--	--	--	--	--	142	--	--
Foreign exchange coupon	B	224,469	--	--	709,139	--	--	3,896,696	--	--	3,892,713	--	--
Libor	IF	5,455,137	--	--	6,571,602	--	--	5,455,137	--	--	6,571,602	--	--
Commodities	B	16,858	--	--	3,993	--	--	432,339	--	--	344,699	--	--
SCC	B	--	--	--	867,676	--	--	443,530	--	--	867,676	--	--
Forward operations													
Asset position		1,604,041	117,790	80,095	3,288,699	185,408	130,195	1,621,408	118,059	80,364	3,340,965	185,804	130,591
Term bonds	B	--	--	--	37,760	37,760	37,760	--	--	--	37,760	37,760	37,760
Currencies	C	1,604,041	117,790	80,095	3,250,939	147,648	92,435	1,604,041	117,790	80,095	3,250,939	147,648	92,435
Currencies	IF	--	--	--	--	--	--	17,367	269	269	52,266	396	396
Liability position		4,515,069	(453,906)	(261,984)	3,530,138	(365,811)	(237,453)	4,532,436	(453,991)	(262,069)	3,582,404	(366,031)	(237,673)
Term bonds	B	--	--	--	37,762	(37,762)	(37,762)	--	--	--	37,762	(37,762)	(37,762)
Currencies	C	4,515,069	(453,906)	(261,984)	3,492,376	(328,049)	(199,691)	4,515,069	(453,906)	(261,984)	3,492,376	(328,049)	(199,691)
Currencies	IF	--	--	--	--	--	--	17,367	(85)	(85)	52,266	(220)	(220)

R$ Thousand

By Index	Counter - party	Banco do Brasil						BB-Consolidated					
		12.31.2010			12.31.2009			12.31.2010			12.31.2009		
		Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Options market		55,135,530	(1,631,686)	(1,657,222)	1,347,192	(1,287,320)	(1,357,378)	562,698,675	(2,537,305)	(2,729,059)	453,766,989	(2,854,278)	(3,036,580)
Long position		26,015,428	771,159	328,272	348	4	5	287,109,956	965,731	591,433	228,483,867	222,805	194,375
Foreign currency	B	26,014,195	771,137	328,255	--	--	--	29,097,215	829,980	405,253	8,024,090	211,282	184,353
Interbank Market	IF	--	--	--	348	4	5	75	676	172,115	87,752	43	37
Interbank deposit	B	--	--	--	--	--	--	255,422,659	94,017	988	217,625,721	2,256	1,963
Flexible Currency Options	B	--	--	--	--	--	--	2,387,799	14,388	5,635	2,739,263	9,043	7,864
Shares	B	1,233	22	17	--	--	--	22,639	26,242	7,014	129	3	3
Commodities	B	--	--	--	--	--	--	179,569	428	428	6,912	178	155
Sales options		26,125,270	(833,951)	(382,245)	79,738	(56,577)	(19,603)	26,125,270	(833,951)	(381,156)	11,689,704	(190,628)	(152,048)
Foreign currency	B	26,062,984	(772,919)	(329,123)	21,755	(425)	(350)	26,062,984	(772,919)	(328,034)	10,668,583	(110,829)	(109,465)
Interbank Market	IF	--	--	--	--	--	--	--	--	--	955,207	(22,029)	(21,841)
Prefixed	B	61,020	(61,020)	(53,113)	56,102	(56,102)	(19,209)	61,020	(61,020)	(53,113)	56,102	(56,102)	(19,209)
Shares	B	1,266	(12)	(9)	1,881	(50)	(44)	1,266	(12)	(9)	1,881	(50)	(44)
Commodities	B	--	--	--	--	--	--	--	--	--	7,931	(1,618)	(1,489)
Over-the-counter trading		2,994,832	(1,568,894)	(1,603,249)	1,267,106	(1,230,747)	(1,337,780)	249,463,449	(2,669,085)	(2,939,336)	213,593,418	(2,886,455)	(3,078,907)
Foreign currency	B	722,743	(9,774)	--	--	--	--	6,733,259	(53,081)	(34,982)	--	--	--
Prefixed	B	1,549,346	(1,549,346)	(1,603,198)	1,229,741	(1,229,740)	(1,337,128)	1,549,346	(2,616,309)	(2,761,189)	2,997,590	(2,779,954)	(2,975,423)
Interbank deposit	B	--	--	--	--	--	--	236,843,565	(82,892)	(81,348)	210,558,463	(105,494)	(102,832)
Flexible Currency Options	B							3,336,174	26,137	(58,261)	--	--	--
Shares	B	--	--	--	--	--	--	195,700	66,808	(3,393)	--	--	--
Commodities	B	722,743	(9,774)	(51)	37,365	(1,007)	(652)	805,405	(9,748)	(163)	37,365	(1,007)	(652)

R$ Thousand

By Index		Banco do Brasil						BB-Consolidated					
		12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Counter - party	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Swap contracts													
Asset position		5,591,833	298,564	352,544	5,789,647	495,928	493,185	10,538,133	4,221,717	646,390	10,490,970	776,937	899,166
DI	C	3,104,179	69,388	113,558	1,966,082	105,134	104,885	3,291,367	256,593	172,132	2,481,497	182,948	178,016
DI	IF	1,154,663	210,049	209,235	2,276,302	360,965	351,317	1,874,475	931,292	284,697	3,026,790	415,493	419,866
Foreign currency	C	3,331	(58)	33	131,561	3,007	4,072	13,164	9,937	130	286,634	2,274	7,639
Foreign currency	IF	369,386	7,714	8,830	759,687	22,960	27,356	438,571	74,324	9,523	862,666	25,303	30,210
Prefixed	C	37,886	1,108	1,172	639,565	2,804	3,350	561,235	589,199	3,590	2,342,053	18,305	75,888
Prefixed	IF	902,000	8,242	14,809	--	--	--	2,049,255	1,183,247	68,564	698,947	55,338	87,041
IPCA	C	20,388	2,121	4,907	16,450	1,058	2,205	--	--	--	9,842	347	1,375
IPCA	IF	--	--	--	--	--	--	759,170	456,478	13,374	501,862	10,150	20,556
IGPM	C	--	--	--	--	--	--	25,596	26,037	28,159	17,004	26,847	31,350
IGPM	IF	--	--	--	--	--	--	404,691	461,028	48,401	240,104	30,070	37,363
Commodities	C	--	--	--	--	--	--	883,164	1,288	8,751	23,571	9,862	9,862
Others	IF	--	--	--	--	--	--	237,445	232,294	9,069	--	--	--

R$ Thousand

By Index	Counter - party	Banco do Brasil						BB-Consolidated					
		12.31.2010			12.31.2009			12.31.2010			12.31.2009		
		Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Liability position		12,058,868	(403,165)	(565,504)	8,422,593	(527,648)	(542,026)	21,209,610	7,775,421	(1,482,882)	14,218,331	(1,031,067)	(1,145,982)
Interbank deposit	C	542,790	(39,024)	(44,371)	1,729,248	(70,099)	(69,776)	1,911,957	1,975,010	(423,914)	1,699,597	(12,705)	(12,803)
Interbank deposit	IF	5,204,577	(343,371)	(367,801)	2,738,406	(297,057)	(292,126)	5,668,843	164,534	(408,348)	4,423,418	(378,626)	(420,064)
Foreign currency	C	1,136	6	(1)	543,643	(74,321)	(74,499)	78,630	77,211	(1,245)	734,496	(59,626)	(60,036)
Foreign currency	IF	1,343,911	109,388	(34,060)	1,184,106	9,070	(21,787)	1,403,584	168,181	(34,802)	2,908,508	(457,795)	(488,041)
Prefixed	C	4,608,961	(126,826)	(110,588)	1,411,272	(78,305)	(65,734)	4,665,840	(66,321)	(120,308)	2,189,594	(84,298)	(112,032)
Prefixed	IF	--	--	--	--	--	--	1,835,431	1,972,008	(250,039)	410,370	(4,340)	(24,466)
TMS	C	278,804	(93)	(5,438)	390,462	(5,253)	(6,421)	278,804	(93)	(5,438)	390,462	(5,253)	(6,421)
Referential rate	C	78,689	(3,245)	(3,245)	425,456	(11,683)	(11,683)	78,689	(3,245)	(3,244)	425,456	(11,683)	(11,683)
IGPM	IF	--	--	--	--	--	--	445,000	595,558	(57,103)	566,200	(15,738)	(7,707)
IPCA	IF	--	--	--	--	--	--	2,404,363	2,844,016	(160,459)	462,500	1,121	(516)
Commodities	C	--	--	--	--	--	--	2,395,441	625	(16,023)	7,730	(2,124)	(2,213)
Others	C	--	--	--	--	--	--	43,028	47,937	(1,959)	--	--	--
Others Securities													
Asset position		4,337,549	71,129	73,394	8,089,892	150,715	144,252	4,998,557	71,129	292,231	9,053,091	226,582	220,463
Foreign currency	IF	4,337,549	71,129	73,394	8,089,892	150,715	144,252	4,200,724	71,129	60,115	7,909,507	131,403	125,284
Foreign currency	C	--	--	--	--	--	--	797,833	--	232,116	1,143,584	95,179	95,179
Liability position		4,831,590	(71,448)	(80,435)	7,297,615	(47,316)	(47,921)	5,883,741	(74,259)	(214,423)	8,496,336	(105,199)	(105,831)
Foreign currency	IF	4,831,590	(71,448)	(80,435)	7,210,342	(47,016)	(47,621)	4,687,987	(74,259)	(60,743)	7,215,124	(48,236)	(48,868)
Foreign currency	C	--	--	--	--	--	--	1,195,754	--	(153,680)	1,193,939	(56,663)	(56,663)
Others	IF	--	--	--	87,273	(300)	(300)	--	--	--	87,273	(300)	(300)

Counterpart: (B) Stock Exchange, (IF) Financial Institution, (C) Client.

Breakdown of the portfolio of derivative by maturity

R$ Thousand

By Maturity	Banco do Brasil						BB-Consolidated					
	12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Notional value	Cost value	Market value	Notional value	Cost value	Market value	Notional value	Cost value	Market value	Notional value	Cost value	Market value
Futures contracts												
Purchase commitments	16,135,641	--	--	9,455,522	--	--	38,023,623	--	--	14,533,469	--	--
Up to 30 days	103,283	--	--	99,062	--	--	853,083	--	--	2,514,951	--	--
31 to 60 days	6,354,435	--	--	2,825,276	--	--	7,867,188	--	--	4,414,939	--	--
61 to 90 days	4,009,229	--	--	2,333,681	--	--	4,343,462	--	--	3,208,237	--	--
91 to 180 days	2,246,339	--	--	2,370,039	--	--	14,359,143	--	--	2,567,878	--	--
181 to 360 days	640,545	--	--	889,013	--	--	2,718,420	--	--	889,013	--	--
1 to 5 years	2,781,810	--	--	938,451	--	--	6,035,000	--	--	938,451	--	--
More than 5 years	--	--	--	--	--	--	1,847,327	--	--	--	--	--
Sales commitments	13,633,413	--	--	10,655,267	--	--	61,710,441	--	--	33,571,607	--	--
Up to 30 days	3,395,634	--	--	1,192,776	--	--	26,272,416	--	--	2,549,090	--	--
31 to 60 days	--	--	--	--	--	--	913,330	--	--	1,973,867	--	--
61 to 90 days	1,676,464	--	--	778,310	--	--	3,588,350	--	--	1,885,364	--	--
91 to 180 days	2,399,076	--	--	1,650,530	--	--	3,871,209	--	--	2,818,236	--	--
181 to 360 days	1,831,092	--	--	1,693,423	--	--	6,129,679	--	--	5,556,727	--	--
1 to 5 years	4,110,550	--	--	5,248,320	--	--	18,712,868	--	--	17,863,013	--	--
More than 5 years	220,597	--	--	91,908	--	--	2,222,589	--	--	925,310	--	--
Operations Term												
Term bonds												
Asset position	--	--	--	37,760	37,760	37,760	--	--	--	37,760	37,760	37,760
Up to 30 days	--	--	--	37,760	37,760	37,760	--	--	--	37,760	37,760	37,760
Liability position	--	--	--	37,762	(37,762)	(37,762)	--	--	--	37,762	(37,762)	(37,762)
Up to 30 days	--	--	--	37,762	(37,762)	(37,762)	--	--	--	37,762	(37,762)	(37,762)
31 to 60 days	--	--	--	--	--	--	--	--	--	52,266	(219)	(219)

R$ Thousand

By Maturity	Banco do Brasil						BB-Consolidated					
	12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Currency futures												
Asset position	1,604,041	117,790	80,095	3,250,939	147,647	92,435	1,621,408	118,059	80,364	3,250,939	147,647	92,433
Up to 30 days	659,021	25,305	23,951	563,903	49,088	46,656	659,021	25,305	23,951	563,903	49,088	46,654
31 to 60 days	259,157	17,535	15,155	416,544	25,073	18,425	259,157	17,535	15,155	416,544	25,073	18,425
61 to 90 days	111,781	8,212	6,877	390,667	11,020	4,469	114,399	8,253	6,918	390,667	11,020	4,469
91 to 180 days	184,657	16,602	11,943	697,857	29,848	13,879	192,595	16,728	12,069	697,857	29,848	13,879
181 to 360 days	304,333	32,764	15,492	592,319	25,943	8,493	305,685	32,841	15,585	592,319	25,943	8,493
1 to 5 years	85,092	17,372	6,677	589,649	6,675	513	90,551	17,397	6,686	589,649	6,675	513
Liability position	4,515,069	(453,906)	(261,984)	3,492,376	(328,049)	(199,691)	4,532,436	(453,991)	(262,069)	3,492,376	(328,049)	(199,692)
Up to 30 days	722,026	(31,575)	(30,621)	1,035,288	(39,904)	(38,867)	722,026	(31,575)	(30,621)	1,035,288	(39,904)	(38,868)
31 to 60 days	651,087	(34,708)	(29,581)	792,696	(37,568)	(34,437)	651,173	(34,737)	(29,610)	792,696	(37,568)	(34,437)
61 to 90 days	439,188	(25,996)	(21,272)	449,921	(25,577)	(19,608)	453,409	(26,048)	(21,324)	449,921	(25,577)	(19,608)
91 to 180 days	1,070,112	(86,937)	(61,838)	789,453	(65,491)	(50,478)	1,073,172	(86,941)	(61,842)	789,453	(65,491)	(50,478)
181 to 360 days	977,536	(133,133)	(75,491)	356,863	(67,160)	(36,365)	977,536	(133,133)	(75,491)	356,863	(67,160)	(36,365)
1 to 5 years	655,120	(141,557)	(43,181)	68,155	(92,349)	(19,936)	655,120	(141,557)	(43,181)	68,155	(92,349)	(19,936)
Option market	55,135,530	(1,631,686)	(1,657,222)	1,347,192	(1,287,320)	(1,357,378)	562,698,675	(2,537,305)	(2,729,059)	453,766,989	(2,854,279)	(3,036,577)
Purchase - Long position	26,015,428	771,159	328,272	348	4	5	287,109,956	965,731	591,433	228,483,867	222,803	194,376
Up to 30 days	1,233	22	33	174	2	2	125,385,268	71,970	156,439	104,729,387	47,921	19,450
31 to 60 days	41,237	1,808	188	174	2	3	317,909	(1,849)	2,059	310,294	51,694	57,301
61 to 90 days	7,502,995	99,453	2,021	--	--	--	9,773,155	151,998	12,568	10,723,926	88,973	90,283
91 to 180 days	18,469,963	669,876	326,030	--	--	--	88,006,923	693,954	346,637	53,442,711	27,952	20,504
181 to 360 days	--	--	--	--	--	--	44,742,731	44,443	53,648	42,998,163	2,649	1,863
1 to 5 years	--	--	--	--	--	--	18,883,970	5,215	20,082	16,279,387	3,614	4,975

R$ Thousand

By Maturity	Banco do Brasil						BB-Consolidated					
	12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Purchase sold Position	26,125,270	(833,951)	(382,245)	79,738	(56,577)	(19,603)	26,125,270	(833,951)	(381,156)	11,689,704	(190,628)	(152,047)
Up to 30 days	8,018	(5,338)	(1,036)	22,915	(5,627)	(1,255)	8,018	(5,338)	(1,036)	3,810,103	(45,895)	(14,984)
31 to 60 days	57,130	(15,219)	(5,698)	9,485	(7,994)	(1,315)	57,130	(15,219)	(4,609)	500,821	(12,314)	(3,870)
61 to 90 days	7,526,273	(102,722)	(3,827)	16,753	(15,847)	(3,502)	7,526,273	(102,722)	(3,827)	87,164	(16,622)	(3,944)
91 to 180 days	18,516,946	(696,090)	(345,116)	8,855	(8,063)	(938)	18,516,946	(696,090)	(345,116)	1,542,908	(9,886)	(10,147)
181 to 360 days	2,473	(153)	(112)	20,901	(18,594)	(11,734)	2,473	(153)	(112)	1,193,973	(49,347)	(62,538)
1 to 5 years	14,430	(14,429)	(26,456)	829	(452)	(859)	14,430	(14,429)	(26,456)	4,554,735	(56,564)	(56,564)
Sold position	2,994,832	(1,568,894)	(1,603,249)	1,267,106	(1,230,747)	(1,337,780)	249,463,449	(2,669,085)	(2,939,336)	213,593,418	(2,886,454)	(3,078,906)
Up to 30 days	182,019	(174,347)	(185,853)	164,699	(163,679)	(175,418)	101,004,102	(298,288)	(318,919)	60,279,487	(928,854)	(1,121,306)
31 to 60 days	418,661	(418,269)	(437,126)	192,704	(192,704)	(208,653)	1,066,068	(415,002)	(449,397)	24,277,132	(566,125)	(566,125)
61 to 90 days	1,171,188	(97,587)	(86,852)	378,794	(354,354)	(386,940)	3,417,210	(75,439)	(91,285)	25,960,746	(566,285)	(566,285)
91 to 180 days	942,726	(613,907)	(638,136)	176,392	(165,787)	(185,003)	68,671,756	(936,529)	(982,345)	44,827,640	(335,331)	(335,331)
181 to 360 days	15,865	(411)	(23)	347,926	(347,632)	(373,699)	55,062,267	(295,436)	(335,846)	34,887,074	(347,632)	(347,632)
1 to 5 years	264,373	(264,373)	(255,259)	6,591	(6,591)	(8,067)	20,242,046	(648,391)	(761,544)	23,361,341	(142,227)	(142,227)

R$ Thousand

By Maturity	Banco do Brasil						BB-Consolidated					
	12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Swap contracts												
Assets	5,591,833	298,564	352,544	5,789,647	495,928	493,185	10,538,133	4,221,717	646,390	10,490,970	776,937	899,166
Up to 30 days	701,188	65,383	65,625	816,923	214,905	214,444	1,273,892	470,888	106,302	964,466	244,138	243,669
31 to 60 days	303,175	14,948	15,955	215,593	7,779	7,516	410,087	119,780	24,291	464,018	19,492	25,478
61 to 90 days	302,231	10,147	11,312	558,971	27,267	27,584	349,288	58,525	14,274	646,323	29,286	30,674
91 to 180 days	637,774	57,277	61,688	663,783	78,798	78,396	2,399,956	818,240	100,981	1,191,456	125,483	141,899
181 to 360 days	368,424	73,380	73,403	1,245,192	27,944	26,921	1,052,395	694,350	152,394	2,918,254	125,691	181,151
1 to 5 years	3,279,041	77,429	124,561	2,071,635	137,884	132,812	4,827,194	1,812,067	215,608	3,666,093	206,277	226,939
5 to 10 years	--	--	--	217,550	1,351	5,512	225,321	247,867	32,540	640,360	26,570	49,356
Liabilities	12,058,868	(403,165)	(565,504)	8,422,593	(527,648)	(542,026)	21,209,610	7,775,421	(1,482,882)	14,218,331	(1,031,067)	(1,145,983)
Up to 30 days	1,052,896	(45,764)	(46,930)	1,440,843	(203,263)	(203,127)	1,202,671	128,331	(70,386)	1,657,482	(167,572)	(174,522)
31 to 60 days	608,148	(49,845)	(51,590)	573,491	(83,598)	(82,594)	747,796	138,247	(64,304)	942,997	(55,939)	(93,641)
61 to 90 days	320,112	(13,795)	(15,243)	343,006	(15,017)	(13,925)	348,552	20,217	(18,348)	662,929	(19,996)	(19,477)
91 to 180 days	1,701,908	(109,294)	(116,900)	1,282,452	(54,090)	(50,605)	2,332,844	622,569	(172,193)	1,619,461	(93,790)	(90,800)
181 to 360 days	3,035,589	(187,778)	(195,437)	2,649,000	(82,720)	(82,039)	7,268,137	2,292,061	(717,885)	3,748,092	(181,053)	(185,531)
1 to 5 years	4,990,216	(39,582)	(126,661)	2,003,271	(89,325)	(105,868)	8,289,026	3,803,687	(389,091)	5,233,890	(506,755)	(556,297)
5 to 10 years	349,999	42,893	(12,743)	130,530	365	(3,868)	1,020,584	770,309	(50,675)	353,480	(5,962)	(25,715)

R$ Thousand

By Maturity	Banco do Brasil						BB-Consolidated					
	12.31.2010			12.31.2009			12.31.2010			12.31.2009		
	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value	Notional value	Cost Value	Market Value
Other Derivative Financial Instruments												
Assets	4,337,549	71,129	73,394	8,089,892	150,715	144,252	4,998,557	71,129	292,231	9,053,091	226,582	220,463
Up to 30 days	637,318	20,370	20,919	2,258,411	28,867	25,878	817,548	20,370	47,011	2,483,818	37,581	34,936
31 to 60 days	1,316,507	11,594	12,191	951,439	25,822	24,574	1,432,664	11,594	27,788	1,410,188	38,145	36,897
61 to 90 days	1,437,376	20,019	20,056	3,309,171	54,985	53,900	1,493,904	20,019	70,759	3,316,649	55,792	54,707
91 to 180 days	661,341	11,962	11,880	570,194	29,634	28,650	798,556	11,962	31,465	655,529	31,990	31,006
181 to 360 days	285,007	7,184	8,348	390,176	2,741	2,584	375,911	7,184	23,895	451,178	4,466	4,309
1 to 5 years	--	--	--	540,683	8,387	8,387	79,974	--	91,313	665,911	58,329	58,329
5 to 10 years	--	--	--	69,818	279	279	--	--	--	69,818	279	279
Liabilities	4,831,590	(71,448)	(80,435)	7,297,615	(47,316)	(47,921)	5,883,741	(74,259)	(214,423)	8,496,336	(105,199)	(105,832)
Up to 30 days	1,430,450	(2,183)	(10,226)	951,444	(4,142)	(4,258)	1,589,125	(4,994)	(12,430)	1,515,405	(11,490)	(11,632)
31 to 60 days	457,857	(15,078)	(15,368)	49,361	(1,878)	(1,802)	596,391	(15,078)	(22,505)	134,164	(3,888)	(3,812)
61 to 90 days	1,018,122	(34,151)	(34,330)	842,354	(5,341)	(5,235)	1,104,399	(34,151)	(63,560)	1,030,640	(24,986)	(24,880)
91 to 180 days	895,666	(9,954)	(10,021)	1,534,281	(8,189)	(8,202)	1,064,091	(9,954)	(23,562)	1,651,684	(17,047)	(17,061)
181 to 360 days	1,009,325	(7,793)	(8,028)	1,281,570	(19,334)	(19,891)	1,136,050	(7,793)	(46,428)	1,457,563	(34,732)	(35,290)
1 to 5 years	20,170	(2,289)	(2,462)	2,638,605	(8,432)	(8,533)	393,685	(2,289)	(45,938)	2,706,880	(13,056)	(13,157)

Breakdown of the credit derivatives portfolio

R$ Thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2010		12.31.2009		12.31.2010		12.31.2009	
	Notional value	Market value	Notional value	Market value	Notional value	Market value	Notional value	Market value
Asset position - Transferred risk	--	--	--	--	1,012,217	13,173	4,460,954	18,489
Credit swaps - Derivatives with Banks	--	--	--	--	1,012,217	13,173	4,460,954	18,489
Liability position - Received risk	--	--	--	--	1,759,596	(16,774)	4,775,870	(3,595)
Credit swaps - Derivatives with Banks	--	--	--	--	1,759,596	(16,774)	4,775,870	(3,595)

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 client and for the counterparty risk, according to the approval of the committees and forums of credit. To limit credit 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 out of the counterparty. The portfolio of credit derivatives did not generate impacts in the PEPR - Portion related exposures weighted by risk factor for calculating the Basel index (Note 29.f).

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

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Government bonds				
Treasury Bills	2,040,492	589,281	2,061,512	594,669
Treasury Notes	--	--	960,706	755,078
National Treasury Bills	--	--	10,507	203,261
Foreign Government bonds	--	--	792,678	544,018
Eurobonds	--	--	517,672	--
Others	--	--	116,618	4,410
Total	2,040,492	589,281	4,459,693	2,101,436

Breakdown of the portfolio of derivatives designated as market risk hedge

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Hedge instrument				
Assets	337,107	318,471	11,705,985	5,821,138
Future	--	--	5,064,318	1,906,109
Swap	337,107	318,471	3,891,982	1,833,454
Options	--	--	2,749,685	2,081,575
Liabilities	--	--	39,601,301	31,769,932
Future	--	--	20,237,546	15,530,574
Swap	--	--	15,626,860	13,366,400
Options	--	--	3,736,895	2,872,958
Purpose of Hedge itens				
Assets	--	--	29,497,068	24,153,139
Loans	--	--	17,213,846	13,717,315
Securities	--	--	9,308,980	9,642,455
Leases	--	--	2,271,714	--
Foreign Investments	--	--	345,022	484,712
Other Assets	--	--	357,506	308,657
Liabilities	337,188	316,244	2,945,841	329,732
Other Liabilities	337,188	316,244	2,945,841	329,732

The Bank, in order to hedge against possible fluctuations in interest and exchange rates issued securities on the international capitals market, contracted derivative operations in the form off currency and interest rate swaps (Cross Currency Interest Rate Swaps), with the same volume, term and interest rates. The hedge was assessed as effective, in accordance with the provisions of Central Bank Circular 3082/2002, which require evidence of hedge effectiveness between 80% and 125%.

Derivative financial instruments segregated by current and long-term

R$ Thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2010		12.31.2009		12.31.2010		12.31.2009	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
ASSETS								
Forward operations	73,418	6,677	129,682	513	73,678	6,686	130,078	513
Options market	328,272	--	5	--	571,351	20,082	142,847	51,528
Swap contracts	227,983	124,561	354,861	138,324	398,242	248,148	622,871	257,806
Credit swaps	--	--	--	--	13,173	--	18,489	--
Others	73,394	--	135,586	8,666	200,918	91,313	167,253	71,699
Total	703,067	131,238	620,134	147,503	1,257,362	366,229	1,081,538	381,546
LIABILITIES								
Forward operations	(218,803)	(43,181)	(217,517)	(19,936)	(218,888)	(43,181)	(217,737)	(19,936)
Options market	(1,703,779)	(281,715)	(1,348,457)	(8,926)	(2,532,492)	(788,000)	(1,744,304)	(1,373,724)
Swap contracts	(426,100)	(139,404)	(391,513)	(109,736)	(1,043,116)	(439,766)	(526,788)	(582,012)
Credit swaps	--	--	--	--	(16,774)	--	(3,595)	--
Others	(77,973)	(2,462)	(39,388)	(49,310)	(168,485)	(45,938)	(124,587)	(131,353)
Total	(2,426,655)	(466,762)	(1,996,875)	(187,908)	(3,979,755)	(1,316,885)	(2,617,011)	(2,107,025)

e) Results from Derivatives

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Swap	(438,485)	(360,138)	312,220	(784,229)	(752,100)	255,337
Forward	27	(947)	(307,275)	2,285	(5,072)	(303,176)
Options	(48,581)	(80,939)	(145,104)	(40,592)	(59,813)	(157,663)
Future	(553,311)	(417,507)	(777,459)	(682,160)	(801,224)	(713,936)
Derivatives	--	--	--	(6,347)	2,023	3,579
Others	(316,635)	(371,879)	(262,066)	(466,781)	(623,178)	(306,762)
Total	(1,356,985)	(1,231,410)	(1,179,684)	(1,977,824)	(2,239,364)	(1,222,621)

f) Equity Valuation Adjustment – Securities and Derivatives recognized in the Stockholders' equity

R$ Thousand

	2S2010			2010			2009		
	Beginning Balance	Net change	Closing Balance	Beginning Balance	Net change	Closing Balance	Beginning Balance	Net change	Closing Balance
Securities available for sale									
Bank	(30,584)	78,857	48,273	(57,901)	106,174	48,273	(49,854)	(8,047)	(57,901)
Affiliates and subsidiaries	471,114	13,560	484,674	306,258	178,416	484,674	217,466	88,792	306,258
Tax effects	(29,154)	(36,358)	(65,512)	21,807	(87,319)	(65,512)	31,117	(9,310)	21,807
Total	411,376	56,059	467,435	270,164	197,271	467,435	198,729	71,435	270,164

9 – Interbank

a) Credit Linked

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31. 2010	12.31.2009	12.31. 2010	12.31.2009
Compulsory Deposits at the Central Bank of Brazil	83,928,847	24,167,099	87,035,114	24,279,765
Additional reserve requirements on deposits (1)	29,283,429	--	30,639,918	--
Demand deposits	17,308,041	11,878,270	17,367,209	11,919,022
Savings deposits	15,177,844	--	16,866,606	--
Term deposits (2)	14,760,321	11,941,111	14,760,321	11,941,111
Resources on rural credit (3)	7,399,212	204,007	7,399,212	204,007
Resources on microfinance	--	143,711	1,848	215,625
Housing Finance System	1,792,898	1,635,417	1,792,898	1,635,417
Fund for compensation of wage changes	1,926,986	1,757,711	1,926,986	1,757,711
Other	6,951	17,083	6,951	17,083
Provision for losses on loans tied	(141,039)	(139,377)	(141,039)	(139,377)
National Treasury - Rural Credit	121,164	148,158	121,164	148,158
Total	85,842,909	25,950,674	88,949,176	26,063,340
Current assets	85,796,265	25,950,674	88,902,532	26,063,340
Non Current assets	46,644	--	46,644	--

(1) As Bacen Circular 3486/2010, was amended in order to comply with the requirement for additional in-kind due to additional federal government securities.
(2) According to Central Bank Circular No. 3.485/2010, has changed the form of performance requirements over the long term deposits.
(3) Refers to funds deposited with Bank because of weakness in implementing rural credit, according to Resolution CMN 3.745/2009. The funds were subject to special supply and maintained by the Bank at the Bank, since the rural credit applied to 08/01/2011, and recorded in borrowings and Transfers (Note 18.b).

b) Income on Compulsory Deposits

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Income Credit Linked to Central Bank	2,140,496	3,223,671	628,865	2,259,181	3,388,046	730,210
Additional reserve requirements on deposits	1,090,114	1,581,880	--	1,139,145	1,651,278	--
Savings deposits	495,685	898,487	601,649	495,685	898,487	702,994
Requirements over the long term resources	526,463	715,069	--	596,116	810,046	--
Resources of rural credit	28,234	28,235	27,216	28,235	28,235	27,216
Income Credit Linked to SFH	127,429	177,802	10,083	127,429	177,802	74,782
Income Credit Linked to Rural Credit	8,070	20,397	11,281	8,070	20,397	11,281
Total	2,275,995	3,421,870	650,229	2,394,680	3,586,245	816,273

10 – Loans

a) Portfolio by modality

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Loans	307,123,928	259,780,843	334,159,880	279,467,756
Loans and bills discounted	141,461,847	124,255,540	149,036,753	129,828,585
Financing	85,267,041	67,023,572	104,006,325	80,858,134
Rural and agribusiness financing	76,972,710	66,887,223	77,639,334	67,166,529
Real estate financing	3,421,356	1,610,578	3,476,494	1,610,578
Financing of Infrastructure and development	974	3,930	974	3,930
Other receivables with loan characteristics	19,721,065	16,051,948	20,158,116	16,429,275
Credit card operations	10,623,969	7,747,968	10,623,969	7,747,968
Advances on foreign exchange contracts	8,785,982	7,967,810	9,054,882	8,192,660
Guarantees honored	75,303	88,322	75,303	90,972
Sundry	235,811	247,848	403,962	397,675
Lease operations	44,473	60,775	4,047,757	4,931,773
Total Loan Portfolio	326,889,466	275,893,566	358,365,753	300,828,804
Provision for Loan Losses	(16,499,018)	(17,611,907)	(17,314,731)	(18,617,380)
(Allowance for loan losses)	(15,827,973)	(16,938,379)	(16,433,381)	(17,684,659)
(Allowance for other receivables losses)	(671,045)	(673,528)	(690,124)	(701,511)
(Allowance for lease losses)	--	--	(191,226)	(231,210)
Total Loan Portfolio Net of Provisions	310,390,448	258,281,659	341,051,022	282,211,424

b) Loan operations income

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Loan operations income	25,095,693	47,391,099	36,425,296	27,416,170	51,733,150	40,515,241
Loans and bills discounted	15,616,791	29,728,429	21,838,644	16,566,618	31,243,601	25,024,527
Financing	4,419,318	8,257,473	6,393,804	5,496,813	10,711,346	7,027,890
Rural and agribusiness financing	2,802,711	5,166,896	4,614,922	2,828,177	5,204,631	4,662,144
Recovery of written-off loans (Note 10.k)	1,668,246	3,111,656	2,576,780	1,915,539	3,303,155	2,691,780
Advances on foreign exchange contracts	145,309	284,086	350,157	172,103	429,852	374,347
Guarantees honored	2,588	7,507	8,700	2,588	7,522	8,796
Other	440,730	835,052	642,289	434,332	833,043	725,757
Lease Operations Income (Note 10.i)	18,495	40,372	50,880	1,441,243	3,032,523	2,310,112
Total	25,114,188	47,431,471	36,476,176	28,857,413	54,765,673	42,825,353

c) Breakdown of the Loan Portfolio by Sector

R$ Thousand

	Banco do Brasil				BB-Consolidated			
	12.31.2010	%	12.31.2009	%	12.31.2010	%	12.31.2009	%
PUBLIC SECTOR	7,150,509	2.2	6,234,130	2.3	7,261,066	2.0	6,388,065	2.1
Government	2,772,577	0.9	2,716,210	1.0	2,772,577	0.8	2,716,210	0.9
Direct administration	2,449,398	0.8	2,556,027	0.9	2,449,398	0.7	2,556,027	0.8
Indirect administration	323,179	0.1	160,183	0.1	323,179	0.1	160,183	0.1
Business entities	4,377,932	1.3	3,517,920	1.3	4,488,489	1.2	3,671,855	1.2
BB Group	12,729	--	4,405	--	--	--	--	--
Industry	2,480,426	0.8	2,046,213	0.7	2,553,541	0.7	2,126,049	0.6
Financial services	114,766	--	151,226	0.1	126,428	--	151,288	0.1
Other services	1,770,011	0.5	1,316,076	0.5	1,808,520	0.5	1,394,518	0.5
PRIVATE SECTOR	319,738,957	97.8	269,659,436	97.7	351,104,687	98.0	294,440,739	97.9
Rural	57,331,133	17.5	54,489,403	19.8	57,987,817	16.2	54,768,700	18.3
Industry	98,973,789	30.3	79,466,709	28.8	105,234,145	29.4	84,798,895	28.2
Commerce	38,160,481	11.7	30,881,818	11.2	40,125,804	11.2	32,175,132	10.7
Financial services	1,425,713	0.4	1,044,364	0.4	1,172,864	0.3	1,010,506	0.3
Private Individuals	79,022,416	24.2	66,367,114	24.0	98,274,542	27.4	81,295,241	27.0
Housing	2,931,782	0.9	1,456,778	0.5	2,931,782	0.8	1,456,778	0.5
Other services	41,893,643	12.8	35,953,250	13.0	45,377,733	12.7	38,935,487	12.9
Total	326,889,466	100.0	275,893,566	100.0	358,365,753	100.0	300,828,804	100.0

d) Loan portfolio by risk level and maturity

R$ Thousand

Banco do Brasil											
Performing loans										12.31.2010	12.31.2009
	AA	A	B	C	D	E	F	G	H	Total portfolio	Total portfolio
Installments falling due											
01 to 30	5,471,367	4,898,926	7,674,503	2,092,661	519,404	49,936	17,281	10,710	102,152	20,836,940	22,146,248
31 to 60	4,792,084	3,891,511	5,283,664	1,526,083	244,692	149,819	12,318	9,047	70,761	15,979,979	16,170,441
61 to 90	3,841,808	2,629,305	3,605,853	1,185,117	175,309	27,571	10,723	13,921	58,557	11,548,164	13,319,159
91 to 180	10,215,381	6,963,575	12,243,036	4,129,629	661,825	123,032	50,145	27,301	228,852	34,642,776	32,052,930
181 to 360	9,640,334	11,578,085	22,539,031	7,848,144	1,186,307	195,602	89,881	44,291	479,424	53,601,099	46,627,198
Over 360	55,295,504	29,229,817	66,024,827	20,035,508	4,184,577	698,059	390,264	210,919	2,582,435	178,651,910	129,267,314
Installments overdue											
Up to 14 days	74,862	48,032	78,857	71,007	37,660	18,564	10,897	5,861	18,844	364,584	577,848
Others [1]	1,286,169	--	--	--	--	--	--	--	--	1,286,169	2,643,182
Subtotal	90,617,509	59,239,251	117,449,771	36,888,149	7,009,774	1,262,583	581,509	322,050	3,541,025	316,911,621	262,804,320

R$ Thousand

Non-performing loans											
										12.31.2010	12.31.2009
	AA	A	B	C	D	E	F	G	H	Total portfolio	Total portfolio
Installments falling due											
01 to 30	--	--	85,649	195,365	120,359	115,493	98,239	93,175	745,391	1,453,671	1,770,496
31 to 60	--	--	25,665	41,928	21,792	26,653	23,716	27,508	137,880	305,142	351,919
61 to 90	--	--	16,030	25,875	17,273	21,361	20,462	18,418	106,122	225,541	290,999
91 to 180	--	--	40,483	65,405	49,550	62,248	53,620	51,712	322,505	645,523	871,115
181 to 360	--	--	70,940	118,709	93,420	116,074	90,110	93,777	660,726	1,243,756	1,662,274
Over 360	--	--	152,236	209,317	207,353	305,762	219,400	265,965	1,681,592	3,041,625	3,752,986
Installments overdue											
01 to 14	--	--	4,492	15,315	10,119	9,712	7,503	8,151	42,167	97,459	115,147
15 to 30	--	--	43,922	31,558	18,336	19,450	13,621	13,974	90,393	231,254	422,474
31 to 60	--	--	3,375	73,104	36,651	39,994	28,644	27,821	229,814	439,403	536,958
61 to 90	--	--	85	2,820	62,982	46,462	32,814	33,124	178,169	356,456	465,093
91 to 180	--	--	333	1,244	5,231	79,562	92,962	85,900	406,844	672,074	1,245,803
181 to 360	--	--	--	--	3,010	10,717	4,177	62,692	654,917	735,511	1,588,510
Over 360	--	--	--	--	--	--	6,531	11,577	512,318	530,430	15,472
Subtotal	--	--	443,210	780,640	646,076	853,488	691,799	793,794	5,768,838	9,977,845	13,089,246
Total	90,617,509	59,239,251	117,892,981	37,668,789	7,655,850	2,116,071	1,273,308	1,115,844	9,309,863	326,889,466	275,893,566

R$ Thousand

BB-Consolidated											
Performing loans											
										12.31.2010	12.31.2009
	AA	A	B	C	D	E	F	G	H	Total portfolio	Total portfolio
Installments falling due											
01 to 30	5,945,960	5,820,263	7,826,339	2,123,451	529,375	51,240	17,699	11,219	107,347	22,432,893	23,486,901
31 to 60	5,067,675	4,678,664	5,384,158	1,537,391	251,557	150,780	14,082	9,260	72,607	17,166,174	17,225,210
61 to 90	4,209,690	3,321,043	3,703,837	1,197,472	180,808	28,430	11,102	14,107	60,586	12,727,075	14,184,551
91 to 180	10,986,525	8,941,331	12,527,211	4,152,939	680,511	125,515	52,554	34,250	233,616	37,734,452	34,364,270
181 to 360	10,867,061	15,008,104	23,005,156	7,887,685	1,216,640	199,949	95,277	47,632	487,709	58,815,213	50,595,870
Over 360	59,395,531	41,066,539	66,957,144	20,127,964	4,262,559	707,041	434,397	224,519	2,725,718	195,901,412	142,504,044
Installments overdue											
Up to 14 days	74,972	58,753	85,723	71,354	38,171	18,675	10,949	5,877	19,041	383,515	587,182
Other (1)	1,286,169	--	--	--	--	--	--	--	--	1,286,169	2,643,182
Subtotal	97,833,583	78,894,697	119,489,568	37,098,256	7,159,621	1,281,630	636,060	346,864	3,706,624	346,446,903	285,591,210

(1) Operations with third party risk tied 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$ 49,748 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

Non-performing loans											
										12.31.2010	12.31.2009
	AA	A	B	C	D	E	F	G	H	Total portfolio	Total portfolio
Installments falling due											
01 to 30	--	--	131,162	214,004	127,722	118,445	100,222	94,997	753,179	1,539,731	1,889,122
31 to 60	--	--	67,854	60,590	29,062	29,730	25,720	29,331	145,844	388,131	434,455
61 to 90	--	--	55,420	43,592	24,339	24,170	22,357	20,129	113,462	303,469	364,029
91 to 180	--	--	153,656	113,185	68,424	69,939	59,051	56,457	342,642	863,354	1,082,286
181 to 360	--	--	271,054	201,704	126,091	130,122	99,360	101,943	695,442	1,625,716	2,014,513
Over 360	--	--	357,494	435,095	303,830	354,194	254,491	289,746	1,772,279	3,767,129	4,632,154
Installments overdue											
01 to 14	--	--	12,640	24,501	13,726	10,888	8,234	8,940	45,240	124,169	140,088
15 to 30	--	--	87,193	42,859	21,766	21,084	14,861	15,032	95,131	297,926	489,028
31 to 60	--	--	14,236	96,603	45,950	43,075	31,180	29,745	237,968	498,757	609,217
61 to 90	--	--	85	11,195	74,610	50,547	35,961	36,095	186,188	394,681	513,310
91 to 180	--	--	333	3,472	11,150	88,304	100,540	94,416	440,954	739,169	1,336,198
181 to 360	--	--	--	--	3,010	13,273	7,461	66,269	706,224	796,238	1,703,448
Over 360	--	--	6,024	5,135	3,980	3,712	9,249	14,660	537,621	580,380	29,746
Subtotal	--	--	1,157,151	1,251,935	853,660	957,483	768,687	857,760	6,072,174	11,918,850	15,237,594
Total	97,833,583	78,894,697	120,646,719	38,350,191	8,013,281	2,239,113	1,404,747	1,204,624	9,778,798	358,365,753	300,828,804

e) Allowance for loan losses by risk level

R$ Thousand

		Banco do Brasil					
		12.31.2010				12.31.2009	
Level of Risk	% Provision	Value of loans	Value of allowance	Additional allowance[1]	Existent Allowance	Value of loans	Value of allowance
AA	0	90,617,509	--	--	--	71,237,973	--
A	0.5	59,239,251	296,196	41	296,237	80,417,215	402,086
B	1	117,892,981	1,178,930	3,740	1,182,670	76,040,439	760,404
C	3	37,668,789	1,130,064	298,111	1,428,175	24,434,854	733,046
D	10	7,655,850	765,585	262,434	1,028,019	8,578,979	857,898
E	30	2,116,071	634,821	626,205	1,261,026	2,735,148	820,544
F	50	1,273,308	636,654	368,390	1,005,044	1,597,386	798,693
G	70	1,115,844	781,091	206,893	987,984	1,295,454	906,818
H	100	9,309,863	9,309,863	--	9,309,863	9,556,118	9,556,118
Subtotal		326,889,466	14,733,204	1,765,814	16,499,018	275,893,566	14,835,607
Additional allowance [1]		--	--	--	--	--	2,776,300
Total		326,889,466	14,733,204	1,765,814	16,499,018	275,893,566	17,611,907

R$ Thousand

		BB-Consolidated					
		12.31.2010				12.31.2009	
Level of Risk	% Provision	Value of loans	Value of allowance	Additional allowance[1]	Existent Allowance	Value of loans	Value of allowance
AA	0	97,833,583	--	--	--	75,507,847	--
A	0.5	78,894,697	394,473	41	394,514	95,114,890	475,574
B	1	120,646,719	1,206,467	3,740	1,210,207	79,428,413	794,284
C	3	38,350,191	1,150,506	298,111	1,448,617	25,448,587	763,458
D	10	8,013,281	801,328	262,434	1,063,762	9,072,785	907,279
E	30	2,239,113	671,734	626,205	1,297,939	2,943,151	882,945
F	50	1,404,747	702,374	368,390	1,070,764	1,714,522	857,261
G	70	1,204,624	843,237	206,893	1,050,130	1,480,320	1,036,225
H	100	9,778,798	9,778,798	--	9,778,798	10,118,289	10,118,289
Subtotal		358,365,753	15,548,917	1,765,814	17,314,731	300,828,804	15,835,315
Additional allowance [1]		--	--	--	--	--	2,782,065
Total		358,365,753	15,548,917	1,765,814	17,314,731	300,828,804	18,617,380

(1) Refers to the additional provision to the minimum required by CMN Resolution No. 2682/1999, increased the experience of management, by simulating on the loan portfolio, considering the history of default of operations in accordance with the good banking practice.

f) Changes in allowance for doubtful accounts

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

R$ Thousand

	Banco do Brasil						
	2S2010			2010			2009
	Amount Allowance	Additional Provision	Existent Allowance	Amount Allowance	Additional Provision	Existent Allowance	Total
Opening balance	15,213,962	1,791,203	17,005,165	14,835,607	2,776,300	17,611,907	13,615,815
Provision/(reversal)	4,612,587	(25,389)	4,587,198	10,653,360	(1,010,486)	9,642,874	11,327,749
Exchange variation on allowances - foreign	(5,132)	--	(5,132)	(2,807)	--	(2,807)	(28,397)
Compensation as losses	(5,088,213)	--	(5,088,213)	(10,752,956)	--	(10,752,956)	(8,562,687)
Added Value [1]	--	--	--	--	--	--	1,259,427
Closing balance	14,733,204	1,765,814	16,499,018	14,733,204	1,765,814	16,499,018	17,611,907

R$ Thousand

	BB-Consolidated						
	2S2010			2010			2009
	Amount Allowance	Additional Provision	Existent Allowance	Amount Allowance	Additional Provision	Existent Allowance	Total
Opening balance	16,296,349	1,791,203	18,087,552	15,835,315	2,782,065	18,617,380	13,829,059
Provision/(reversal)	4,803,075	(25,389)	4,777,686	11,359,204	(1,016,251)	10,343,560	12,308,707
Exchange variation on allowances - foreign	(12,557)	--	(12,557)	(9,258)	--	(9,258)	(61,045)
Compensation as losses	(5,537,950)	--	(5,537,950)	(11,636,344)	--	(11,636,951)	(9,273,388)
Added Values [1]	--	--	--	--	--	--	1,814,047
Closing balance	15,548,917	1,765,814	17,314,731	15,548,917	1,765,814	17,314,731	18,617,380

(1) Refers to balances arising from the acquisition of Banco Nossa Caixa acquired in March 2009 and incorporated in November, 2009 (R$ 1,117,867 thousand) and due to participation in Banco Votorantim at September, 2009 (R$ 696,180 thousand).

g) Changes in allowance for other doubtful accounts

Includes provisions for other receivables without characteristics of credit.

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Opening balance	830,888	909,630	769,198	889,645	980,272	797,869
Provision/(reversal)	(16,570)	(97,460)	86,711	(17,852)	(99,520)	87,554
Exchange variation on allowances - foreign	47	(103)	(969)	47	(103)	(969)
Compensation as losses / Other settings	(6,350)	(4,052)	(1,671)	10,152	1,343	(1,732)
Added values[1]	--	--	56,361	--	--	97,549
Closing balance	808,015	808,015	909,630	881,992	881,992	980,271

(1) Refers to balances arising from the acquisition of Banco Nossa Caixa acquired in March 2009 and incorporated in November, 2009 (R$ 62,831 thousand) and due to participation in Banco Votorantim at September, 2009 (R$ 34,718 thousand).

h) Leasing portfolio by maturity

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Up 1 year [1]	18,227	23,195	1,835,401	1,975,351
1 to 5 Years	26,246	37,580	2,203,085	2,939,741
Over 5 years	--	--	9,271	16,681
Total Present Value	44,473	60,775	4,047,757	4,931,773

(1) Includes amounts related to installments overdue.

i) Income from Leasing Operations

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Lease revenue	18,495	40,372	50,880	1,441,243	3,032,523	2,310,112
Leasing	18,495	40,372	50,880	1,441,227	3,032,363	2,308,530
Operating leases	--	--	--	16	160	1,582
Lease expenses	(15,550)	(34,487)	(44,342)	(1,071,952)	(2,218,481)	(1,663,342)
Leasing	(15,550)	(34,487)	(44,342)	(1,071,122)	(2,214,538)	(1,646,300)
Operating leases	--	--	--	(107)	(479)	(1,500)
Loss on disposal of leased assets	--	--	--	(723)	(3,464)	(15,542)
Total	2,945	5,885	6,538	369,291	814,042	646,770

j) Concentration of credit

R$ Thousand

	Banco do Brasil			
	12.31.2010	% of credit portfolio	12.31.2009	% of credit portfolio
10 largest debtors	28,093,555	8.6	25,658,711	9.3
50 largest debtors	28,788,465	8.8	26,110,921	9.5
100 largest debtors	21,141,242	6.5	17,790,504	6.4

k) Supplementary information

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Renegotiated loans	14,248,771	26,195,922	20,127,897	16,822,573	30,624,001	20,355,896
Recovery of loans written off as loss	1,668,246	3,111,656	2,576,780	1,915,539	3,303,155	2,691,780
Amount of credits assigned to other financial institutions				--	1,251,357	--
Book value				--	1,131,506	--
Earnings on sales before taxes				--	119,851	--

	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Credits contracted to release	91,326,087	75,569,402	86,083,616	74,834,057
Guarantees given (1)	8,071,232	7,309,416	12,500,620	12,553,149
Confirmed export credits (1)	742,827	351,645	755,362	353,947
Credit opened for import (1)	463,154	904,384	463,424	908,827
Resources linked (2)	701,395	609,787	1,162,495	1,036,906
Credit operations linked (2)	805,419	826,790	890,628	854,862

(1) For these operations, the Bank maintains an allowance recorded in Other liabilities - Sundry, (note 20.e) totaling R$ 82,230 thousand (R$ 70,191 thousand on 12.31.2009) in Banco do Brasil R$ 85,510 thousand (R$ 70,204 thousand on 12.31.2009), calculated in accordance with Resolution CMN 2.682/1999
(2) On 12.31.2010, there are no operations in default and not judicial questioning on active operations or linked to the funds raised to implement these operations.

11 – Other Receivables

a) Specific credits

These are credits from the Federal Treasury of R$ 1,029,638 thousand (R$ 931,845 thousand at 12.31.2009), for the extension of terms of rural financing as determined by Law 9138/1995.

b) Sundry

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Deferred tax assets - Tax credits (Note 25.e)	19,751,902	20,206,935	21,969,538	21,909,801
Credit and debit card operations	14,121,902	9,340,769	14,121,902	9,340,769
Sundry debtors from escrow deposits – lawsuit (Note 28.e.1)	12,485,258	11,752,804	12,485,258	11,752,804
Sundry debtors from escrow deposits – contingencies (Note 28.d)	9,401,829	8,266,094	10,843,777	9,392,161
Income tax and social contribution on net income to offset	9,495,380	6,802,424	10,268,266	7,407,346
Actuarial Assets - Previ (Note 27.d)	9,894,787	12,655,346	9,894,787	12,655,346
Fund allocation of surplus - Previ (note 27.e)	9,119,367	1,778,366	9,119,367	1,778,366
Treasury - equalization of taxes	3,493,439	1,816,115	3,493,439	1,816,115
Receivables - non-financial companies	--	--	2,888,627	2,202,135
Sundry debtors - Brazil	1,391,406	2,342,653	1,740,272	2,722,568
Notes and credits receivable Federal Treasury	1,305,327	793,727	1,305,327	793,727
Purchase of assets receivable	887,161	583,701	1,265,895	1,052,989
Advances to Credit Guarantee or Fund (FGC)	711,686	955,693	711,686	955,693
Advances on and prepayment of salaries	247,735	222,970	256,385	229,878
Notes and credits receivable - other	177,806	223,576	177,806	223,576
Acquisition of rights arising from exploration and production of oil, natural gas and mineral resources	85,282	583,926	85,282	583,926
Sundry debtors from escrow deposits Others	56,899	58,084	58,494	64,375
Sundry debtors foreign	14,138	30,938	15,370	32,383
Other	439,783	364,978	414,337	399,474
Total	93,081,087	78,779,099	101,115,815	85,313,432
Current Assets	44,611,607	27,747,589	49,880,444	31,167,539
Non Current Assets	48,469,480	51,031,510	51,235,371	54,145,893

12 – Foreign Exchange Portfolio

a) Breakdown

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Other Receivables				
Forward foreign exchange purchases pending settlement	10,241,560	7,911,582	10,852,280	8,077,670
Bills of exchange and time drafts in foreign currency	72,340	79,758	72,340	79,758
Receivables from sales of foreign exchange	28,661,146	12,353,989	28,691,802	12,379,924
(Advances received in local/foreign currency)	(27,541,940)	(12,034,235)	(27,834,542)	(12,046,972)
Foreign currency receivables	5,269	5,629	5,269	5,629
Income receivable on advances granted and financed imports	84,139	164,068	90,611	175,043
Total	11,522,514	8,480,791	11,877,760	8,671,052
Current Assets	9,936,710	8,480,791	10,291,956	8,671,052
Non Current Assets	1,585,804	--	1,585,804	--
Other liabilities				
Forward foreign exchange sales pending settlement	27,631,836	11,372,666	27,661,366	11,398,606
(Financed imports)	(17,510)	(11,026)	(17,510)	(23,585)
Foreign exchange purchase liabilities	10,574,863	8,465,559	11,200,934	8,658,303
(Advances on foreign exchange contracts)	(9,144,263)	(7,737,233)	(9,406,691)	(7,938,549)
Foreign currency payables	10,408	11,025	64,161	73,289
Unearned income on advances granted	3,727	5,924	3,727	5,924
Total	29,059,061	12,106,915	29,505,987	12,173,988
Current Liabilities	11,458,085	12,106,915	11,905,011	12,173,988
Non Current Liabilities	17,600,976	--	17,600,976	--
Foreign exchange portfolio, net	(17,536,547)	(3,626,124)	(17,628,227)	(3,502,936)
Memorandum accounts				
Credit opened for imports	935,474	1,513,521	949,106	1,524,184
Confirmed export credit	742,827	351,645	755,362	353,947

b) Foreign exchange results

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Foreign exchange income	4,400,508	7,432,010	8,131,691	4,882,619	8,412,269	8,417,821
Foreign exchange expenses	(3,421,263)	(6,454,944)	(7,472,970)	(3,853,030)	(7,329,438)	(7,731,904)
Foreign exchange results	979,245	977,066	658,721	1,029,589	1,082,831	685,917

13 – Other Assets

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Assets not for own use	269,978	270,993	349,428	323,273
Assets in special regime	162,028	160,705	162,114	160,998
Buildings	78,865	80,073	80,212	80,507
Vehicles	648	612	77,445	51,281
Property	19,185	18,787	19,185	18,787
Machinery and Equipment	6,725	7,400	7,656	8,174
Others	2,527	3,416	2,816	3,526
Material in stock	21,809	19,217	38,643	40,716
Subtotal Other Assets	291,787	290,210	388,071	363,989
(Provision for devaluations)	(169,506)	(166,105)	(177,233)	(175,968)
Prepaid Expenses	3,424,120	1,786,071	3,672,842	2,170,109
Contracts for providing banking services	702,278	707,743	702,278	750,879
Premiums for purchased credits payroll [(1)]	2,557,495	794,091	2,046,909	658,283
Insurance selling expenses	--	--	389,024	307,048
Commissions for credit intermediation - financing of vehicles	27,668	52,893	101,720	175,296
Personnel expenses - Workers' Meal Program	82,068	72,911	82,068	72,911
Others	54,611	158,433	350,843	205,692
Total Other Assets	3,546,401	1,910,176	3,883,680	2,358,130
Current Assets	1,500,405	1,274,903	2,102,137	1,530,458
Non Current Assets	2,045,996	635,273	1,781,543	827,672

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

14 – Investments

a) Changes in subsidiaries

R$ thousand

Investments	Banco do Brasil						BB - Consolidated					
	Book Value	Movements			Book Value	Income of Equity	Book Value	Movements			Book Value	Income of Equity
	12.31.2009	2010			12.31.2010	2009	12.31.2009	2010			12.31.2010	2009
		Dividends	Others Events [1]	Income of Equity				Dividends	Others Events	Income of Equity		
Brazil	11,177,506	(1,314,984)	3,788,766	2,947,087	16,598,375	2,810,695	5,775,953	--	1,258,612	120,649	7,115,534	52,449
Banco Votorantim S.A.	3,560,205	(56,410)	146,556	305,287	3,955,638	46,999	--	--	--	39,680	--	--
BB Aliança Participações S.A.	1,031,928	(191,745)	(110)	518,914	1,358,987	89,792	--	--	--	--	--	--
BB Banco de Investimento S.A.	396,509	(257,519)	29,913	944,303	1,113,206	2,121,040	--	--	--	--	--	--
BB Seguros Participações S.A.	594,604	(161,029)	359,376	397,093	1,190,044	40,752	--	--	--	--	--	--
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	130,143	(450,130)	2,616	451,018	133,647	417,043	--	--	--	--	--	--
BB Corretora de Seguros e Administradora de Bens S.A.	33,578	(114,831)	(37)	114,830	33,540	94,660	--	--	--	--	--	--
Mapfre Nossa Caixa Vida e Previdência S.A.	43,879	--	--	58,472	102,351	4,798	43,879	--	--	58,472	102,351	4,798
Cobra Tecnologia S.A .[1]	44,744	--	70,009	(51,639)	63,114	(61,250)	--	--	--	--	--	--
BV Participações S.A.	40,156	(2,362)	--	29,346	67,140	1,818	--	--	--	--	--	--
BB Leasing S.A. - Arrendamento Mercantil [5]	25,842	(16,791)	3,200,000	106,717	3,315,768	(17,447)	--	--	--	--	--	--
Cadam S.A.	46,331	--	--	(2,312)	44,019	(6,851)	46,331	--	--	(2,312)	44,019	(6,851)
BB Administradora de Consórcios S.A.	16,920	(53,508)	--	61,031	24,443	43,095	--	--	--	--	--	--
BB Administradora de Cartões de Crédito S.A	21,325	(9,977)	(390)	10,247	21,205	7,538	--	--	--	--	--	--
Nossa Caixa S.A. - Administradora de Cartões de Crédito	10,364	(127)	--	534	10,771	51	--	--	--	--	--	--
BESC Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval	9,810	(271)	2,220	89	11,848	76	--	--	--	--	--	--
Tecnologia Bancária S.A. – Tecban[1]	--	--	7,166	470	7,636	--	--	--	--	--	--	--
Nossa Caixa Capitalização S.A.	5,476	(284)	--	202	5,394	25	--	--	--	--	--	--
Companhia Brasileira de Securitização – Cibrasec [1]	--	--	2,178	38	2,216	--	--	--	--	--	--	--
Cia. Hidromineral Piratuba	2,087	--	--	124	2,211	109	2,087	--	--	124	2,211	109
Cia. Catarinense de Assessoria e Serviços – CCA [2]	228	--	--	--	228	--	228	--	--	--	228	--
Banco Nossa Caixa S.A	--	--	--	--	--	39,207	--	--	--	--	--	--
BB Banco Popular do Brasil S.A.[3]	18,519	--	(20,287)	1,768	--	(12,436)	--	--	--	--	--	--
BESC Financeira S.A.- Bescredi [3]	18,795	--	(19,209)	414	--	787	--	--	--	--	--	--
BESC S.A. Arrendamento Mercantil - BESC Leasing[3]	19,382	--	(19,523)	141	--	252	--	--	--	--	--	--
Itapebi	--	--	--	--	--	--	54,621	--	(18,782)	27,468	63,307	24,138
Estruturadora Brasileira de Projetos – EBP	--	--	--	--	--	--	1,784	--	1,529	(1,760)	1,553	(462)
Pronor [1]	--	--	--	--	--	--	25,498	--	(2,604)	(4,288)	18,606	5,474
Other Participations [4]	--	--	--	--	--	637	9,750	--	(13,015)	3,265	--	25,243
Goodwill / burgain purchase on acquisition of investments	5,106,681	--	28,288	--	5,134,969	--	5,591,775	--	1,291,484	--	6,883,259	--

R$ thousand

Investments	Banco do Brasil						BB - Consolidated					
	Book Value	Movements			Book Value	Income of Equity	Book Value	Movements			Book Value	Income of Equity
	12.31.2009	2010			12.31.2010	2009	12.31.2009	2010			12.31.2010	2009
		Dividends	Others Events	Income of Equity				Dividends	Others Events	Income of Equity		
Abroad	966,096	--	--	93,692	1,008,171	80,618	--	--	--	--	--	--
BAMB-Brasilian American Merchant Bank	656,043	--	--	75,940	707,151	55,855	--	--	--	--	--	--
Banco do Brasil AG, Viena	218,620	--	--	4,463	200,628	7,708	--	--	--	--	--	--
BB Leasing Company Ltd,	74,781	--	--	1,373	72,878	1,872	--	--	--	--	--	--
BB Securities LLC	16,652	--	--	11,916	27,514	15,183	--	--	--	--	--	--
Profit / (loss) in the agencies	--	--	--	(111,534)	--	(762,200)	--	--	--	(111,534)	--	(762,200)
Profit / (loss) of subsidiaries	--	--	--	(55,438)	--	(279,639)	--	--	--	(55,438)	--	(279,639)
Increase / decrease in equity resulting from handling	--	--	--	160	--	78	--	--	--	--	--	40
Total Investments in Subsidiaries and Affiliates	12,143,602	(1,314,984)	3,788,766	2,873,966	17,606,546	1,849,552	5,775,953	--	1,258,612	(46,323)	7,115,534	(989,350)

(1) The information relates to the period of December 2009 to November/2010.
(2) Company in process of liquidation, not valued by the equity method.
(3) Companies merged by the Banco do Brasil in 1st half/2010 (Note 2a).
(4) Refers to holdings of non-financial related companies.
(5) Refers a capital increase held in October/2010.

R$ Thousand

Investments	Capital Held	Net Equity	Net Income (Loss) for the period	Numbers of Shares (in thousands)		Participation %
				Common	Preferred	
Brazil						
BB Aliança Participações S.A.	964,493	1,446,569	518,914	102,513	--	100.00
BB Banco de Investimento S.A.	367,029	1,227,979	944,303	3,249	--	100.00
BB Seguros Participações S.A.	951,611	1,240,495	397,093	53,221	--	100.00
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	109,698	365,483	451,018	100,000	--	100.00
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	148,370	114,830	1,000	--	100.00
BB Leasing S.A. - Arrendamento Mercantil	3,261,860	3,332,558	106,717	3,000	--	100.00
BB Administradora de Consórcios S.A.	14,100	51,116	61,030	14	--	100.00
BB Administradora de Cartões de Crédito S.A.	9,300	31,182	9,977	398,158	--	100.00
Nossa Caixa S.A. - Administradora de Cartões de Crédito	10,000	10,898	534	10,000	--	100.00
Nossa Caixa Capitalização S.A.	5,400	5,585	202	5,400	--	100.00
Cobra Tecnologia S.A .	83,153	40,614	(52,732)	22,654	22,680	99.9978
BESC Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval	6,312	11,993	105	10,168,625	--	99.6214
Banco Votorantim S.A.	3,994,931	8,517,236	1,015,237	33,356,791	7,412,620	50.00
BV Participações S.A.	60,423	134,280	58,692	15,105	15,106	50.00
Mapfre Nossa Caixa Vida e Previdência S.A.	50,000	208,880	107,927	20,000	--	49.00
Cia. Catarinense de Assessoria e Serviços - CCA	780	474	--	260	520	48.13
Cadam S.A.	183,904	203,414	(22,614)	--	4,762	21.64
Itapebi	105,000	333,193	144,568	19,950	--	19.00
Cia. Hidromineral Piratuba	2,047	13,653	652	63,931	--	16.19
Tecnologia Bancária S.A. - Tecban	158,179	179,728	11,500	169,395	--	13.53
Companhia Brasileira de Securitização - Cibrasec	68,475	73,130	1,277	2	--	12.12
Pronor	154,686	144,683	(35,671)	5,542	--	12.02
Estruturadora Brasileira de Projetos - EBP	34,733	13,977	(15,840)	3,083	--	11.11
Abroad						
BAMB-Brasilian American Merchant Bank	401,400	707,150	75,940	241,023	--	100.00
Banco do Brasil AG. Viena	41,896	200,628	4,462	188	--	100.00
BB Leasing Company Ltd.	--	72,878	1,374	1,000	--	100.00
BB Securities LLC	8,327	24,552	11,916	5,000	--	100.00

b) Others Investments

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Investment tax incentives	18,810	18,742	82,988	59,081
Equity securities	58	58	146	146
Stocks and shares	52,482	57,962	56,186	61,868
Other investments [1]	3,265	21,895	944,993	814,893
Other investments abroad	11,520	10,436	12,322	11,237
Total	86,135	109,093	1,096,635	947,225
Allowance for losses	(51,355)	(69,828)	(84,415)	(77,839)

(1) Includes the BB-Consolidated, the amount of R$ 866,917 thousand (R$ 732,687 thousand at 12.31.2009), on investment Neoenergia (jointly owned company).

c) Goodwill and negative goodwill on acquisition of investments

R$ Thousand

	Banco do Brasil			BB-Consolidated		
Goodwill	**2S2010**	**2010**	**2009**	**2S2010**	**2010**	**2009**
Balance	5,231,273	5,114,807	--	5,718,040	5,601,574	557,221
Acquisitions	--	206,879	5,179,862	1,303,457	1,590,725	5,179,863
Amortization [1]	(96,306)	(186,719)	(65,055)	(134,165)	(304,967)	(135,510)
Balance at the end of period	5,134,967	5,134,967	5,114,807	6,887,332	6,887,332	5,601,574

(1) Recorded in Other Operating Expenses..

The negative goodwill amounted, R$ 4,074 thousand in BB-Consolidated (R$ 9,799 thousand at 12.31.2009), which can result in low contrast, to the extent that the Bank assess that there is no economic rationale for maintaining their respective values.

d) Expected Goodwill Amortization

R$ Thousand

	2011	2012	2013	2014	2015	2016	2017	2018	Total
Banco do Brasil									
Banco Nossa Caixa	232,491	473,923	617,846	709,394	807,756	900,156	1,007,459	--	4,749,025
Banco Votorantim	45,883	49,191	54,570	56,722	57,981	60,466	61,131	--	385,944
Total gross	278,374	523,114	672,416	766,116	865,737	960,622	1,068,590	--	5,134,969
Tax effects [1]	(111,350)	(209,246)	(268,966)	(306,446)	(346,295)	(384,249)	(427,436)	--	(2,053,988)
Total net	167,024	313,868	403,450	459,670	519,442	576,373	641,154	--	3,080,981
Other participations									
BB-BI	88,703	101,893	117,310	134,446	154,009	176,424	202,109	43,280	1,018,174
Cielo	83,600	96,911	111,552	127,883	146,681	168,243	192,975	38,571	966,416
Visa Vale	5,103	4,982	5,758	6,563	7,328	8,181	9,134	4,709	51,758
BB Aliança Participações S.A.	184,247	160,452	142,068	--	--	--	--	--	486,767
Aliança do Brasil	184,247	160,452	142,068	--	--	--	--	--	486,767
BB-Aliança Rev	25,702	26,523	30,499	35,237	39,118	43,046	47,298	--	247,423
Brasil Veículos	25,702	26,523	30,499	35,237	39,118	43,046	47,298	--	247,423
Total gross	298,652	288,868	289,877	169,683	193,127	219,470	249,407	43,280	1,752,364
Tax effects [1]	(106,864)	(104,328)	(105,597)	(65,759)	(74,904)	(85,205)	(96,925)	(17,312)	(656,894)
Total net	191,788	184,540	184,280	103,924	118,223	134,265	152,482	25,968	1,095,470
BB-Consolidated									
Total gross	577,026	811,982	962,293	935,799	1,058,864	1,180,092	1,317,997	43,280	6,887,333
Tax effects [1]	(218,214)	(313,574)	(374,563)	(372,205)	(421,199)	(469,454)	(524,361)	(17,312)	(2,710,882)
Total net	358,812	498,408	587,730	563,594	637,665	710,638	793,636	25,968	4,176,451

(1) 25% of income tax and social contribution of 15% for financial companies and 25% of income tax and social contribution 9% for non-financial company.

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

15 – Premises and Equipment and Leased Assets

R$ Thousand

	Banco do Brasil							
	12.31.2009	2010			12.31.2010			
	Book Value	Movements	Depreciation	Provision Impairment (1)	Cost Value	Accumulated Depreciation	Accumulated impairment	Book Value
Premises and equipment								
Buildings	1,433,714	531,821	(198,065)	(174)	3,477,860	(1,707,286)	(3,278)	1,767,296
Data processing systems	1,245,543	775,662	(469,089)	(11)	3,961,229	(2,407,719)	(1,405)	1,552,105
Furniture and equipment for use	444,028	185,136	(95,324)	--	1,223,728	(689,888)	--	533,840
Land	231,970	(19,366)	--	--	212,604	--	--	212,604
Facilities	189,907	25,485	(38,472)	--	919,246	(742,326)	--	176,920
Furniture and equipment in stock	151,004	(135,115)	--	--	15,889	--	--	15,889
Communication systems	109,626	55,928	(36,344)	--	305,359	(176,149)	--	129,210
Fixed assets under construction	102,706	25,803	--	--	128,509	--	--	128,509
Security systems	98,118	20,136	(23,947)	--	270,489	(176,182)	--	94,307
Transport systems	129	(2)	(78)	--	559	(510)	--	49
Total	4,006,745	1,465,488	(861,319)	(185)	10,515,472	(5,900,060)	(4,683)	4,610,729

R$ Thousand

	BB-Consolidated							
	12.31.2009	2010			12.31.2010			
	Book Value	Movements	Depreciation	Provision Impairment (1)	Cost Value	Accumulated Depreciation	Accumulated impairment	Book Value
Premises and equipment	4,214,484	1,579,341	(889,235)	(663)	11,107,859	(6,198,097)	(5,835)	4,903,927
Buildings	1,474,422	500,021	(198,492)	(174)	3,491,969	(1,712,914)	(3,278)	1,775,777
Data processing systems	1,303,799	826,521	(477,547)	(11)	4,135,923	(2,481,756)	(1,405)	1,652,762
Furniture and equipment for use	533,309	230,937	(112,411)	(478)	1,546,162	(893,653)	(1,152)	651,357
Land	235,120	(16,126)	--	--	218,994	--	--	218,994
Facilities	194,464	45,439	(39,408)	--	950,966	(750,471)	--	200,495
Furniture and equipment in stock	151,004	(135,115)	--	--	15,889	--	--	15,889
Communication systems	113,971	56,606	(36,959)	--	313,192	(179,574)	--	133,618
Fixed assets under construction	107,096	49,305	--	--	156,401	--	--	156,401
Security systems	98,678	20,610	(24,073)	--	272,032	(176,817)	--	95,215
Transport systems	2,621	1,143	(345)	--	6,331	(2,912)	--	3,419
Leased fixed assets	1,223	(1,223)	--	--	--	--	--	--
Total	4,215,707	1,578,118	(889,235)	(663)	11,107,859	(6,198,097)	(5,835)	4,903,927

(1) Recorded in Other Operating Expenses.

16 – Intangible Assets

a) Changes and Breakdown of Intangible Assets

R$ Thousand

	Banco do Brasil								
	12.31.2009	2010				12.31.2010			
	Book Value	Acquisition	Written off	Amortization	Provision Impairment (1)	Cost Value	Accumulated Depreciation	Accumulated impairment	Book Value
Rights due to payroll acquisition	5,305,198	2,846,010	(318,161)	(2,014,839)	(14,747)	9,492,917	(3,632,860)	(56,596)	5,803,461
Acquisition/development of *software*	320,647	297,352	(47)	(93,804)	--	663,116	(138,968)	--	524,148
Total	5,625,845	3,143,362	(318,208)	(2,108,643)	(14,747)	10,156,033	(3,771,828)	(56,596)	6,327,609

R$ Thousand

	BB-Consolidated								
	12.31.2009	2010				12.31.2010			
	Book Value	Acquisition	Written off	Amortization	Provision Impairment (1)	Cost Value	Accumulated Depreciation	Accumulated impairment	Book Value
Rights due to payroll acquisition	5,305,198	2,846,010	(318,161)	(2,014,839)	(14,747)	9,492,917	(3,632,860)	(56,596)	5,803,461
Acquisition/development of *software*	371,681	398,974	(31,294)	(96,889)	(211)	816,916	(174,444)	(211)	642,261
Other Intangible assets (2)	--	6,018	--	(208)	--	6,018	(208)	--	5,810
Total	5,676,879	3,251,002	(349,455)	(2,111,936)	(14,958)	10,315,851	(3,807,512)	(56,807)	6,451,532

(1) Recorded in Other Expenses.
(2) Refer to the Commercial Cooperation Agreement between Banco Votorantim.

b) Estimate for Amortization of Intangible Assets

R$ Thousand

	Banco do Brasil					
For the year ending:	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Amounts to be amortized	2,107,525	1,751,128	1,367,589	895,995	205,372	6,327,609

R$ Thousand

	BB-Consolidated					
For the year ending:	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Amounts to be amortized	2,132,309	1,775,912	1,392,374	920,780	230,157	6,451,532

17 – Deposits and Money Market Borrowing

a) Deposits

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Demand deposits	63,295,580	56,211,678	63,502,759	56,458,787
Individuals	27,256,630	22,455,365	27,304,103	22,499,124
Corporate entities	24,730,542	22,351,731	24,925,483	22,563,646
Restricted	5,232,546	5,213,954	5,219,078	5,214,026
Government	3,311,606	3,858,059	3,311,606	3,858,059
Special from Federal Treasury	805,562	567,598	805,562	567,598
In foreign currencies	521,739	442,299	521,644	442,299
Related companies	468,532	505,424	469,831	505,424
Institutions of the financial system	364,871	378,812	342,328	370,394
Domiciled abroad	20,552	19,811	20,124	19,592
Others	583,000	418,625	583,000	418,625
Savings deposits	89,287,840	75,741,590	89,287,840	75,741,590
Individuals	83,636,945	71,159,163	83,636,945	71,159,163
Corporate entities	5,391,191	4,318,971	5,391,191	4,318,971
Related companies	251,709	255,963	251,709	255,963
Institutions of the financial system	7,995	7,493	7,995	7,493
Interbank deposits	22,022,720	15,556,143	18,998,102	11,618,573
Time deposits	193,670,882	182,366,877	204,652,146	193,515,574
Local currency	117,718,247	111,039,706	128,699,267	122,188,161
Remunerated deposits in court	64,687,761	57,479,585	64,688,005	57,479,827
Funds and programs – FAT (Note 17e)	10,234,642	12,667,714	10,234,642	12,667,714
Foreign currency	463,452	594,890	463,452	594,890
Funprogrer (note 17f)	111,968	227,376	111,968	227,376
Others	454,812	357,606	454,812	357,606
Deposits for investments	409,746	228,468	409,821	229,303
Total	368,686,768	330,104,756	376,850,668	337,563,827
Current Liabilities	284,318,438	252,490,505	290,696,257	258,676,108
Non Current Liabilities	84,368,330	77,614,251	86,154,411	78,887,719

b) Segregation of Deposits by deadline Chargeability

R$ Thousand

	Banco do Brasil							
	No expiration	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total 12.31.2010	Total 12.31.2009
Time deposits [1]	77,102,552	12,048,334	22,510,013	37,028,835	44,980,262	886	193,670,882	182,366,877
Savings deposits	89,287,840	--	--	--	--	--	89,287,840	75,741,590
Demand deposits	63,295,580	--	--	--	--	--	63,295,580	56,211,678
Interbank deposits	--	15,029,289	4,635,084	2,230,094	109,138	19,115	22,022,720	15,556,143
Investment deposits	409,746	--	--	--	--	--	409,746	228,468
Total	230,095,718	27,077,623	27,145,097	39,258,929	45,089,400	20,001	368,686,768	330,104,756

R$ Thousand

	BB-Consolidated							
	No expiration	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total 12.31.2010	Total 12.31.2009
Time deposits (1)	77,102,552	14,274,129	28,684,694	39,591,891	44,993,344	5,536	204,652,146	193,515,574
Savings deposits	89,287,840	--	--	--	--	--	89,287,840	75,741,590
Demand deposits	63,502,759	--	--	--	--	--	63,502,759	56,458,787
Interbank deposits	--	12,622,017	4,812,445	1,420,731	123,233	19,676	18,998,102	11,618,573
Investment deposits	409,821	--	--	--	--	--	409,821	229,303
Total	230,302,972	26,896,146	33,497,139	41,012,622	45,116,577	25,212	376,850,668	337,563,827

(1) Time deposits (with clause of anticipated repurchase (liquidity commitment), considering the terms established in funding) included R$ 72,371,360 thousand (R$ 41,838,483 thousand on December 31, 2009) at Banco do Brasil and R$ 82,387,902 thousand (R$ 52,682,710 thousand on December 31, 2009) at BB Consolidated.

c) Money market repurchases commitments

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Own Portfolio	45,559,644	25,545,392	56,795,153	31,901,701
Financial Treasury Bills	35,272,948	23,503,150	34,966,238	22,467,046
National Treasury Bills	9,557,645	--	9,137,821	22,897
Private equity	--	858,162	8,834,614	7,946,156
National Treasury Notes	--	--	2,677,992	147,744
Securities abroad	729,051	1,184,080	736,193	1,304,041
Other	--	--	442,295	13,817
Third-party portfolio	80,699,183	123,975,419	84,080,296	128,745,194
Financial Treasury Bills	52,793,688	111,805,277	52,793,688	112,555,277
National Treasury Bills	19,688,654	8,305,309	22,569,425	9,469,372
National Treasury Notes	5,881,601	466,563	6,381,943	3,322,275
Securities abroad	2,335,240	3,398,270	2,335,240	3,398,270
Free movement Portfolio	--	--	1,299,506	174,292
Total	126,258,827	149,520,811	142,174,955	160,821,187
Current Liabilities	120,389,184	142,412,717	134,252,629	153,699,462
Non Current Liabilities	5,869,643	7,108,094	7,922,326	7,121,725

d) Expenses with money market repurchase commitments

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Expenses borrowings with deposits	(11,692,633)	(21,602,404)	(17,646,964)	(12,584,730)	(23,393,861)	(19,507,059)
Time deposits	(5,517,645)	(10,301,408)	(9,724,960)	(6,199,512)	(11,539,326)	(10,165,988)
Savings deposits	(3,078,580)	(5,788,358)	(4,302,756)	(3,078,580)	(5,788,358)	(4,793,347)
Demand deposits	(2,158,897)	(4,010,190)	(2,487,302)	(2,158,897)	(4,010,190)	(3,286,474)
Interbank deposits	(562,073)	(806,337)	(771,081)	(555,184)	(804,802)	(788,114)
Others	(375,438)	(696,111)	(360,865)	(592,557)	(1,251,185)	(473,136)
Expenses with money market repurchase commitments	(7,715,478)	(13,835,275)	(9,736,736)	(8,623,449)	(15,362,497)	(10,638,869)
Third-party portfolio	(5,931,151)	(10,714,533)	(7,736,749)	(6,232,918)	(11,219,381)	(7,954,791)
Own portfolio	(1,782,803)	(3,116,591)	(1,980,323)	(2,346,314)	(4,079,803)	(2,612,057)
Subject to repurchase agreements with free movement	(1,524)	(4,151)	(19,664)	(44,217)	(63,313)	(72,021)
Expenses with money market	(19,408,111)	(35,437,679)	(27,383,700)	(21,208,179)	(38,756,358)	(30,145,928)

e) Fund for Workers' Assistance (FAT)

R$ Thousand

Banco do Brasil and BB-Consolidated										
Program	Resolution / TADE	Return of FAT funds			12.31.2010			12.31.2009		
		Type (1)	Opening Date	Closing Date	Available TMS (2)	Invested TJLP (3)	Total	Available TMS (2)	Invested TJLP (3)	Total
Proger Rural e Pronaf					269,114	4,223,643	4,492,757	254,282	5,603,916	5,858,198
Pronaf Custeio	04/2005	RA	11/2005	--	36,963	73,351	110,314	148,895	186,654	335,549
Pronaf Investimento	05/2005	RA	11/2005	--	84,368	2,581,667	2,666,035	--	3,205,371	3,205,371
Giro Rural – Aquisição de Títulos	03/2005	SD	01/2008	01/2014	--	1,019,428	1,019,428	--	1,241,887	1,241,887
Giro Rural Fornecedores	14/2006	RA	08/2006	--	114,269	310,209	424,478	35,856	520,301	556,157
Rural Custeio	02/2006	RA	11/2005	--	1,982	10,742	12,724	21,387	43,317	64,704
Rural Investimento	13/2005	RA	11/2005	--	31,532	228,246	259,778	48,144	406,386	454,530
Proger Urbano					214,352	5,193,775	5,408,127	82,925	6,120,472	6,203,397
Urbano Investimento	18/2005	RA	11/2005	--	169,514	4,686,928	4,856,442	74,258	5,434,647	5,508,905
Urbano Capital de Giro	15/2005	RA	11/2005	--	38,804	485,761	524,565	--	630,527	630,527
Empreendedor Popular	01/2006	RA	11/2005	--	6,034	21,086	27,120	8,667	55,298	63,965
Outros					62,916	270,842	333,758	282,976	323,143	606,119
Exportação	27/2005	RA	11/2005	--	--	2,145	2,145	89	2,647	2,736
Integrar Área Rural	26/2005	RA	11/2005	--	--	18	18	40	38	78
Integrar Área Urbana	25/2005	RA	11/2005	--	8,129	408	8,537	20	10,299	10,319
Inclusão Digital	09/2005	RA	11/2005	--	--	10	10	15	23	38
FAT Giro Setorial Micro e Pequenas Empresas	08/2006	RA	09/2007	--	17,183	31,748	48,931	14,755	6,959	21,714
FAT Giro Setorial Médias e Grandes Empresas	09/2006	RA	09/2007	--	--	--	--	30,654	5,627	36,281
FAT Giro Setorial Veículos MGE	09/2006	RA	02/2009	--	1,666	4,367	6,033	--	11,217	11,217
FAT Giro Setorial Veículos MPE	08/2006	RA	02/2009	--	19,033	50,005	69,038	80,358	97,160	177,518
FAT Giro Cooperativo Agropecuário	10/2006	RA	07/2006	--	--	--	--	11	73	84
FAT Fomentar Micro e Pequenas Empresas	11/2006	RA	08/2006	--	1,394	12,391	13,785	1,114	16,632	17,746
FAT Fomentar Médias e Grandes Empresas	12/2006	RA	07/2006	--	3,377	90,747	94,124	--	113,165	113,165
FAT Taxista	02/2009	RA	09/2009	--	5,382	31,731	37,113	150,000	--	150,000
FAT Encargos a capitalizar	--	--	--	--	6,752	47,272	54,024	5,920	59,303	65,223
Total					546,382	9,688,260	10,234,642	620,183	12,047,531	12,667,714

(1) RA - Auto Return (monthly, 2% on the balance) and SD - Available Balance.
(2) Funds remunerated by the Average Selic Rate (TMS).
(3) Funds remunerated by the long-term interest rate (TJLP).

FAT is a special accounting and financial fund, established by Law 7998/1990, attached to the Ministry of Labor and Employment (MTE) 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, which acts as the manager of FAT.

The main actions to promote employment using FAT funds are structured around the Programs for the Generating Employment and Earnings (PROGER), whose resources are allocated through special deposits, established by Law 8352/1991, 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, the program that allocates resources for the purchase of construction materials - FAT Housing, in addition to the special lines such as FAT Rural and Urban Integration, FAT Giro Setorial - Micro and Small-Sized Companies, FAT Giro Setorial - Medium and Large-Sized Companies, FAT Fomentar - Micro and Small-Sized Companies, FAT Fomentar - Medium and Large-Sized Companies, FAT Giro Agropecuário, FAT Digital Inclusion and FAT Taxi).

The FAT special deposits, allocated with Banco do Brasil, while available, incur interest on a daily pro rata 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 9872/1999, amended by Law 10360/2001 and by Law 11110/2005 and regulated by Codefat Resolution 409/2004, It is managed by Banco do Brasil under the supervision of Codefat/MTE, and the balance is R$ 111,968 thousand (R$ 227,376 thousand on December 31, 2009).

The purpose of FUNPROGER is provide guarantees to entrepreneurs who do not have the necessary guarantees of their own to contract PROGER Urbano and PNMPO financing, through payment of a fee, 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

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	from 5 to 15 years	Total 12.31.2010	Total 12.31.2009
Abroad							
Borrowings from BB Group abroad	4,427,820	3,510,159	908,221	--	--	8,846,200	5,783,779
Borrowings by bankers abroad	2,496,437	2,319,729	444,303	31,012	--	5,291,481	3,660,559
Public sector repass borrowing [1]	--	213,564	400,478	300,359	--	914,401	1,176,000
Imports	63,038	54,345	114,416	76,586	10,476	318,861	402,961
Exports	8,474	9,997	--	--	--	18,471	27,346
Total	6,995,769	6,107,794	1,867,418	407,957	10,476	15,389,414	11,050,645
Current Liabilities						13,103,563	6,274,611
Non Current Liabilities						2,285,851	4,776,034

R$ Thousand

	BB-Consolidated						
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	from 5 to 15 years	Total 12.31.2010	Total 12.31.2009
In Brazil							
Borrowing by non financial companies	37,906	--	44,865	--	--	82,771	157,761
Exports	--	--	--	--	--	--	70,976
Others	5,472	5,207	--	--	--	10,679	22,319
Abroad							
Borrowings by bankers abroad	3,152,692	3,260,309	735,748	31,012	--	7,179,761	4,507,182
Public sector repass borrowing [1]	--	213,564	400,478	300,359	--	914,401	1,176,000
Imports	54,310	49,867	64,611	57,466	5,716	231,970	248,659
Exports	62,610	115,482	--	--	--	178,092	187,366
Total	3,312,990	3,644,429	1,245,702	388,837	5,716	8,597,674	6,370,263
Current Liabilities						6,957,419	4,810,915
Non Current Liabilities						1,640,255	1,559,348

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

b) Repass Borrowings from official institutions – In Brazil

R$ Thousand

Programs	Financial Charges	Banco do Brasil		BB-Consolidated	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
National Treasury - Rural credit		1,512,821	2,100,693	1,549,490	2,100,693
Pronaf	TMS (if available) or 0.5%p.a. to 4.5%p.a. (if available)	1,274,161	1,840,672	1,274,161	1,840,672
Recoop	5.75%p.a. to 7.25%p.a.	117,353	150,041	117,353	150,041
Cocoa	TJLP + 0.6%p.a. or 6.35%p.a.	47,678	67,668	47,678	67,668
Farming/livestock breeding	TR or 3%p.a.	41,274	40,957	41,274	40,957
Others	--	32,355	1,355	69,024	1,355
BNDES		24,937,764	17,877,865	26,978,427	19,629,502
Banco do Brasil	0.6305% p.a. to 14.1% p.a. or TJLP / fx. variation + 0.5% p.a. to 8.18 % p.a.	24,937,764	17,877,865	24,937,764	17,877,865
Banco Votorantim	Pré / TJLP / var. camb. - 1.3% p.a. a 11 % p.a.	--	--	2,040,663	1,751,637
Caixa Econômica Federal	--	147,079	146,232	147,079	146,232
Finame		12,612,578	7,637,163	14,046,259	8,381,169
Banco do Brasil	1% p.a. to 11% p.a. or TJLP / fx. variation + 0.5% p.a. to 5.5% p.a.	12,612,578	7,637,163	12,625,745	7,656,392
Banco Votorantim	TJLP / Pré – 0.3% p.a. to 17.5% p.a.	--	--	1,420,514	724,777
Other	--	8,042,770	1,336,579	8,042,770	1,336,579
Special Supply - Rural Savings [1]	TR	7,399,212	204,007	7,399,212	204,007
Funcafé	TMS (if available) or 6.75% p.a.	643,419	1,132,409	643,419	1,132,409
Other	--	139	163	139	163
Total		47,253,012	29,098,532	50,764,025	31,594,175
Current Liabilities		20.487.941	11.676.087	21.821.275	12.609.667
Non Current Liabilities		26.765.071	17.422.445	28.942.750	18.984.508

(1) Refers to the supply available to the Bank's special bank for rural credit application 08.01.2011 up, according to Resolution CMN 3.745/2009. These resources come from loans tied to the Bank on account of disability in the application of rural credit (Note 9.a).

c) Expense of Borrowings and Transfers (official institutions)

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Cost of Borrowings	(69,669)	(450,140)	(169,021)	(75,733)	(344,932)	(199,882)
Expenses Onlendings	(1,237,671)	(2,361,495)	(1,712,578)	(1,323,737)	(2,534,100)	(1,771,166)
BNDES	(775,346)	(1,428,209)	(919,387)	(839,333)	(1,556,685)	(945,006)
Finame	(296,033)	(573,591)	(553,236)	(330,399)	(632,793)	(582,326)
Treasury	(104,963)	(170,672)	(165,932)	(105,712)	(171,421)	(165,932)
Foreign	(13,036)	(112,392)	--	--	(96,570)	--
CEF	(2,793)	(5,271)	(473)	(2,793)	(5,271)	(4,336)
Others	(45,500)	(71,360)	(73,550)	(45,500)	(71,360)	(73,566)
Expenses for Financial and Development liabilities	(172,588)	(454,830)	(459,089)	(172,588)	(454,830)	(530,281)
Expenditure obligations with foreign banks	--	(125,370)	--	(515)	(138,804)	(8,640)
Total	(1,479,928)	(3,391,835)	(2,340,688)	(1,572,573)	(3,472,666)	(2,509,969)

19 – Resources from Securities Issues

R$ Thousand

Resources	Currency	Amount Issued	Remuneration (p.a.)	Funding date	Maturity	12.31.2010	12.31.2009
Banco do Brasil							
Global Medium - Term Note Program						2,964,545	487,404
	R$	350,000	9,75%	07/2007	07/2017	332,768	316,244
	US$	100,000	Libor 6m+2,55%	07/2009	07/2014	159,776	171,160
	US$	950,000	4,50%	01/2010	01/2015	1,617,034	--
	US$	500,000	6,0%	01/2010	01/2020	854,967	--
Certificates of deposits - Long Term						2,286,150	1,324,360
	US$	200,000	3,34%	08/2010	06/2012	332,990	347,886
	US$	100,000	2,67%	08/2010	07/2012	164,918	170,742
	US$	5,000	2,69%	08/2010	06/2012	8,251	8,542
	US$	100,000	2,50%	08/2010	08/2012	164,830	170,734
	US$	10,000	3,40%	08/2010	08/2016	16,548	17,265
	US$	100,000	2,34%	08/2010	08/2012	164,807	170,780
	US$	99,941	3,36%	10/2009	10/2012	--	173,938
	US$	150,000	2,54%	10/2009	10/2012	--	255,771
	US$	4,000	3,80%	11/2009	11/2012	6,662	6,962
	US$	1,000	3,67%	12/2009	12/2012	1,665	1,740
	US$	99,000	3,03%	01/2010	01/2013	164,875	--
	US$	100,000	2,88%	01/2010	01/2013	166,540	--
	US$	200,000	2,12%	082010	03/2013	328,041	--
	US$	2,000	3,19%	05/2010	05/2013	3,331	--
	US$	4,806	2,02%	09/2010	09/2012	8,003	--
	US$	30,000	2,48%	09/2010	09/2013	49,962	--
	US$	150,000	2,07%	10/2010	10/2012	246,800	--
	US$	100,000	2,92%	11/2010	10/2012	166,482	--
	US$	25,000	2,20%	11/2010	11/2012	41,635	--
	US$	150,000	2,63%	12/2010	12/2013	249,810	--
Certificates of deposits - Short Term (1)						1,289,609	759,733
	US$	774,057	--	--	--	1,289,609	754,754
	EUR	1,991	--	--	--	--	4,979
Certificate of Credit	EUR	3,500	3,0 a 3,31%			7,816	--
Resources Letters of Credit - Agribusiness [2]	R$	270,806	--	--	--	275,445	--
Letters of Credit	R$	--	--	--	--	207,994	--
Total Banco do Brasil						7,031,559	2,571,497
Special purpose entities - EPE Abroad [3]							
Securitization of future flow of payment orders from abroad							
	US$	120,000	7,26%	03/2003	03/2010	--	12,362
	US$	250,000	6,55%	12/2003	12/2013	202,361	273,289
	US$	250,000	Libor 3m+0,55%	03/2008	03/2014	416,517	435,265
	US$	200,000	Libor 3m+1,20%	09/2008	09/2015	315,303	348,319
	US$	150,000	5,25%	04/2008	06/2018	250,429	261,707
Total Special purpose entities - EPE Abroad						1,184,610	1,330,942

Resources	Currency	Amount Issued	Remuneration (p.a.)	Data Capture	Maturity	12.31.2010	12.31.2009
Banco Votorantim							
Debentures						1506,784	1,475,559
Based on Foreign Exchange Variation	R$		PTAX+12,0436%	12/2006	12/2011	783,564	818,833
Based on Interbank Variation	R$		CDI + 0,35%	07/2007	07/2012	723,221	656,726
Real Estate Receivables Certificates	R$		90% do CDI	02/2009	01/2012	2,316	53,156
Letters of Credit - Agribusiness	R$		90% do CDI	07/2007	03/2020	894,759	909,132
Letters of Credit						1,303,480	--
Based on Fixed Rate Variation			12,17% a 12,58%	07/2010	01/2014	6,822	--
Based on Interbank Variation			107,0% a 108,1% do CDI	07/2010	09/2013	1,296,658	--
Liabilities for securities abroad - Program Global Medium - Term Notes						1,441,671	694,931
Short Term [5]	US$					478,224	219,177
Long Term						963,447	475,754
	US$	100.000	Libor 3m+2,0% p.a.	08/2005	08/2010	--	75,767
	US$	23.070	4,18% p.a.	02/2008	01/2010	--	1,338
	US$	9.990	4,0 % p.a.	07/2008	07/2010	--	379
	R$	111.000	16,2% p.a.	11/2005	11/2010	--	37,548
	US$	200.000	6,88% p.a.	10/2005	10/2015[5]	--	1,858
	EUR	1.000	5,26 % p.a.	05/2007	03/2012[5]	--	5
	US$	120.000	5,10 % p.a.	06/2008	06/2015[5]	--	104,679
	US$	19.500	3,91 % p.a.	07/2009	04/2012[5]	--	97
	US$	1.500	4,05 % p.a.	07/2009	05/2012[5]	--	9
	US$	5.000	8,90 % p.a.	07/2009	07/2014[5]	--	134
	EUR	19.000	4,05% p.a.	07/2009	05/2012[5]	--	104
	EUR	250	4,00% p.a.	08/2009	12/2011[5]	--	135
	US$	500.000	4,25%a.a	02/2010	02/2013	423,680	--
	US$	75.000	4,25 % p.a.	04/2010	02/2013	57,637	--
	CHF	250.000	2,75 % p.a.	12/2010	12/2013	216,696	--
	R$	200.000	9,25% p.a.	12/2005	12/2012	81,296	79,806
	US$	200.000	6,75 % p.a.	09/2006	09/2016	80,532	84,007
	R$	200.000	10,63% p.a.	04/2007	04/2014	103,606	89,888
Total Banco Votorantim						**5,149,010**	**3,132,778**
Non-Financial Corporations							
Cibrasec – Cia Brasileira de Securitização							
Real Estate Receivables Certificates [7]	R$	--	--	--	--	7,233	306,463
Kepler Weber S.A.							
Debentures	R$	--	TJLP+3,8%	09/2007	09/2020	17,977	20,794
Ativos S.A. Securitizadora de CrédItos Financeiros							
Debentures	R$	--	CDI+1,50%	03/2010	03/2014	98,294	--
Total Non-Financial Corporations						123,504	327,257
Eliminated amount on consolidation [8]						(2,577)	(155)
Total - BB Consolidated						13,486,107	7,362,319
Current Liabilities						2,621,208	1,406,912
Non Current Liabilities						10,864,899	5,955,407

(1) Securities maturing in less than 360 days and interest rates of the certificate issued in U.S. dollars between 0.25% and 1.815% p.a.
(2) Maturity of less than 360 days, with a refresh rate between 82.15% to 90% of inter-bank deposit rates (DI) p.a. pro rata to maturity.

(3) The Special Purpose Entity - EPE "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 an agency for BB Brazil ("Rights on Consignment") and (c) making payments of principal and interest on securities and other payments payable on the issuance of these securities. EPE did not claim to have no assets or liabilities other than the relevant rights and obligations from the contracts issue of securities. The BB has no control, is not a shareholder, it owns and participates in either the results of EPE. The obligations of the securities issued by EPE are paid with funds accumulated in your account.
(4) Securities with a maturity of less than 360 days and interest rates between 1.00% and 2.28% p.a.
(5) Transactions settled in advance during the 2010
(6) General Price Index-Market - IGP-M Index and Consumer Price Index - IPCA.
(7) Refers to securities issued by Banco do Brasil S.A., in possession of controlled company abroad.

20 – Other Liabilities

a) Financial and development funds

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
PIS/Pasep	2,027,901	1,916,461	2,027,901	1,916,461
Merchant Navy	901,393	750,151	901,393	750,151
Funds from the State Government of Sao Paulo	516,424	475,925	516,424	475,925
Special Lending Program for Agrarian Reform - Procera	36,634	181,594	36,634	181,594
Consolidation of Family Farming (CAF)	36,181	4,049	36,181	4,049
Combating Rural Poverty/Our First Plot of Land (CPR/NPT)	2,957	1,674	2,957	1,674
Land and Agrarian Reform - BB Banco da Terra	2,237	2,218	2,237	2,218
Judicial Deposit Reserve Fund [(1)]	--	755,281	--	755,281
Other	44,660	47,261	44,660	47,261
Total	3,568,387	4,134,614	3,568,387	4,134,614
Current Liabilities	1,469,280	2,050,776	1,469,280	2,050,776
Non Current Liabilities	2,099,107	2,083,838	2,099,107	2,083,838

(1) Refers to funds specific for guarantee of judicial deposits transferred to the State Treasury of São Paulo and to the City Councils of such State.

b) Taxes and social security

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Legal liabilities (Note 28)	12,241,776	11,245,230	12,942,257	11,768,441
Deferred tax liabilities (Note 25.d)	4,733,093	4,576,390	5,907,382	5,429,405
Provision for taxes and contributions on profits	4,748,986	3,677,933	5,257,069	4,038,001
Provision for tax litigation (Note 28.b)	195,377	174,696	1,260,923	1,138,706
Taxes payable	771,502	661,898	1,181,390	977,618
Taxes and contributions on net income payable	83,766	64,335	750,904	653,257
Others	316,399	291,248	313,194	291,271
Total	23,090,899	20,691,730	27,613,119	24,296,699
Current Liabilities	19,041,535	16,568,631	21,085,197	18,315,213
Non Current Liabilities	4,049,364	4,123,099	6,527,922	5,981,486

c) Subordinated debt

R$ Thousand

Resources		Amount Issued	Remuneration p.a.	Date Capture	Maturity	12.31.2010	12.31..2009
Banco do Brasil							
FCO - Recursos do Fundo Constitucional do Centro-Oeste		--	--	--	--	13,455,864	12,422,046
Funds applied (1)	R$	--	--	--	--	11,751,006	10,755,066
Resources available (2)	R$	--	--	--	--	1,492,488	1,446,763
Charges to capitalize	R$	--	--	--	--	212,370	220,217
Subordinated CDB issued in the country						3,807,875	3,432,246
	R$	900,000	113.8% do CDI	03/2009	09/2014	1,082,844	974,137
	R$	1,335,000	115% do CDI	03/2009	03/2015	1,607,190	1,444,230
	R$	1,000,000	105% do CDI	11/2009	11/2015	1,117,841	1,013,879
Subordinated debt Abroad						1,614,119	533,277
	US$	300,000	8.5%	09/2004	09/2014	500,519	533,277
	US$	660,000	5.375%	10/2010	01/2021	1,113,600	--
Subordinate Financing Bills	R$	1,000,000	108.5% do CDI	03/2010	03/2016	1,082,764	--
Total Subordinated debt Banco do Brasil						19,960,622	16,387,569
Banco Votorantim							
Subordinated CDB issued in the country						1,631,268	1,463,908
	R$	312,500	CDI+ 0.491417%	11/2007	11/2012	434,228	393,716
	R$	8,500	CDI+0.491417%	12/2007	12/2012	11,791	10,690
	R$	200,000	CDI+0.540556%	12/2007	12/2012	277,838	251,792
	R$	260,000	CDI+1.670229%	08/2009	08/2014	301,977	270,586
	R$	250,000	CDI+1.635268%	12/2009	12/2014	280,768	251,670
	R$	135,000	CDI+1.674668%	12/2009	12/2014	151,599	135,834
	R$	32,500	IGPM+7.219701%	12/2007	12/2012	49,360	41,352
	R$	57,500	IPCA+7.934241%	03/2008	03/2013	82,321	72,052
	R$	7,500	IPCA+7.855736%	08/2009	08/2014	8,921	7,814
	R$	5,250	IPCA+7.924428%	08/2009	08/2014	6,250	5,471
	R$	19,500	IPCA+8.002932%	08/2009	08/2014	23,239	20,326
	R$	2,500	IPCA+7.953867%	08/2009	08/2014	2,976	2,605
Subordinated Note	US$	575,000	7.38%	01/2010	01/2020	942,842	--
Subordinated Letters of Credit						152,483	--
	R$	1,000	IPCA+6.88494%	11/2010	11/2016	1,020	--
	R$	5,000	IPCA+7.25%	11/2010	11/2020	5,085	--
	R$	5,000	IPCA+7.2%	11/2010	11/2016	5,076	--
	R$	15,000	IPCA+7.1%	11/2010	11/2016	15,294	--
	R$	30,000	CDI+1.6%	12/2010	12/2016	30,026	--
	R$	94,950	CDI+1.3%	11/2010	11/2016	95,982	--
Debentures	R$	693,575	CDI+0.5% p. a.	04/2006	04/2016	725,538	703,621
Total Subordinated debt Banco Votorantim						3,452,131	2,167,529
Subordinated debt issued by the Banco do Brasil, in the possession of controlled Abroad, eliminated in the BB-Consolidated						(637)	(1,858)
Total Subordinated debt BB Consolidated (3)						23,412,116	18,553,240

(1) Contracted charges are paid by borrowers with less the del credere financial institution, according to article 9 of Law No. 7.827/1989.
(2) Remunerated based on extra-rate announced by the Central Bank of Brazil, pursuant to Article 9 of Law No. 7.827/1989.
(3) The amount of R$ 18,738,173 thousand (R$ 16,059,788 thousand on 12.31.2009) make up the Capital (PR), level II, in accordance with Resolution CMN n º 3.444 / 2007, 02.28.2007. As determined by the Bank, subordinated debt issued by Banco Votorantim ceased to compose the Reference Equity Bank (Note 29.f).

d) Hybrid capital and debt instruments

R$/US$ Thousand

Funding		Banco do Brasil e BB-Consolidated				
		Issued value	Remuneration (p.a.)	Date of funding	12.31.2010	12.31.2009
Perpetual Bonuses						
	US$	500,000	7.95%	01/2006	911,750	883,194
	US$	1,500,000	8.50%	10/2009	2,459,533	2,633,591
Total BB-Banco do Brasil		2,000,000			3,371,283	3,516,785
Values eliminated in the BB-Consolidated					(9,890)	(981)
Total BB-Consolidated					3,361,393	3,515,804
Current Liabilities					55,746	13,260
Long term Liabilities					3,305,647	3,502,544

The amount of R$ 2,414,830 thousand and R$ 816,046 thousand of Perpetual comprise, respectively, the level I and level II of the Referential Shareholders' Equity (PR), in conformity with CMN Resolution 3444/2007 (Note 29f).

In January 2011 the Bank exercised the redemption option of the operation of US$ 500,000 thousand, issued in January 2006. The terms of these Perpetual Bonuses allow the Bank to suspend quarterly payments of interest and/or accessory payments on the aforesaid securities issued (which will neither be due or accumulated) if: (i) the Bank determines that it is incapable or the payment of these charges does not allow the Bank to be in conformity with the capital adequacy levels then required by the Central Banco do Brasil or its financial indicators are below the minimum level required by the regulations applicable to Brazilian banks; (ii) the Central Banco do Brasil or the Regulatory Authorities determine the suspension of payments of the aforesaid charges; (iii) some insolvency or bankruptcy event occurs; (iv) some default occurs; or (v) the Bank decides to suspend these payments for any other reason. If the Bank decides to suspend the payment of interest and accessories due to the Perpetual Bonuses on account of the contents of item (v) above, the terms of the Perpetual Bonuses provide that, until such payments have been resumed for a period equivalent to 12 months, the Bank (a) cannot recommend to its stockholders and, and as established by the applicable legislation, will act in order to avoid the statement, payment or distribution of dividends or interest on own capital on its common stock and (b) will suffer restrictions on its capacity to redeem or otherwise acquire its common stock.

The transaction of US$ 1,500,000 thousand, issued in October 2009, has the option of redemption at the initiative of the Bank from 2020 and on each monthly payment of interest thereafter, provided by prior authorization of the Central Bank of Brazil. If the Bank does not exercise the option to redeem in October 2020, the interest on the bonds will be fixed on this date for 7.782% over the trading price of Treasuries North American 10 years. Thereafter, every 10 years, the interest on the bonds will be corrected by taking into account the trading price of North American Treasuries of 10 years. The terms of Perpetual determine that the Bank has suspended payments of monthly interest and / or accessories on those securities issued (which shall not be paid or accrued) if: (i) the Bank is not framed or such charges do not allow the Bank is in accordance with the levels of capital adequacy, operational limits or its financial indicators are below the minimum level required by the rules applicable to Brazilian banks, (ii) The Central Bank of Brazil or the Regulatory Authorities to determine the suspension of payments of these costs, (iii) any event of insolvency occurs, (iv) any default occurs, or (v) the Bank has not distributed dividend payments or interest on equity to common shareholders for the period corresponding to the period of calculation of such interest and / or accessories.

e) Sundry

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009		
Credit card operations	10,420,831	7,982,813	10,420,831	7,982,813
Actuarial Liability (Note 27.d)	6,906,736	6,373,767	6,906,736	6,373,767
Provisions for payments	3,102,822	3,028,675	3,707,256	3,452,755
Sundry creditors - Brazil	1,893,896	1,878,724	3,698,337	3,093,899
Provisions for civil claims (Note 28.b)	3,464,569	3,036,381	3,594,694	3,131,472
Provisions for labor grievances (Note 28.b)	2,462,390	3,242,208	2,538,036	3,300,748
Funds subject to loans	716,859	627,782	1,179,658	1,056,660
Obligations for premiums granted by the customer loyalty	1,088,368	1,170,060	1,088,368	1,170,060
Liabilities for official agreements	756,351	1,191,354	756,351	1,191,354
Liabilities for purchase of goods and rights	465,922	855,655	467,917	855,987
Accounts payable for payment services provided	389,253	280,874	389,253	280,874
Provision for losses with FCVS	289,274	269,309	289,274	269,309
Sundry creditors - abroad	142,065	61,661	150,779	70,098
Provisions for guarantees provided	82,230	70,191	85,510	70,204
Assumption of obligations - Securitization (Note 20.f)	35,869	109,288	35,869	109,288
Obligations for the acquisition of Banco Nossa Caixa	--	3,674,324	--	3,674,324
Other	287,784	108,446	355,347	751,397
Total	32,505,219	33,961,512	35,664,216	36,835,009
Current Liabilities	24,627,962	26,499,585	24,292,008	26,464,456
Long term Liabilities	7,877,257	7,461,927	11,372,208	10,370,553

f) Securitization

R$ Thousand

Funding	Banco do Brasil e BB-Consolidated						
		Issued value	Remuneration (p.a.)	Date of funding	Maturity	12.31.2010	12.31.2009
Future flow of credit card invoice receivables							
	US$	178,474	5.911%	07/2003	06/2011	28,822	88,418
	US$	44,618	4.777%	07/2003	06/2011	7,047	20,870
Total		223,092				35,869	109,288

The Special Purpose Company - SPC "Brazilian Merchant Voucher Receivables" was created under the laws of the Cayman Islands with the following purposes: (a) issue and sell securities in the international market; (b) to use funds raised with the issue of securities to pay for the purchase of current and future rights of Cielo S.A. (Visanet) against Visa International Service Association over the Receivables arising from: (i) credit or charge purchases made in Brazilian territory, in any currency processed by Visanet, with Visa cards issued by financial institutions located outside of Brazil, or (ii) credit or charge purchases processed by Cielo in foreign currency and made with Visa cards issued by financial institutions located in Brazil; and (c) to make payments of principal and interest with regard to securities and other payments provided in the agreements covering the issue of such securities. BB is the beneficiary of 44.618488% of the funds, calculated based on the equity interest held in Cielo, on the issuing date, and the remaining funds made available to the other Brazilian financial institution which holds an interest in Cielo. 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. BB 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 SPC using the funds accumulated in its account.

21 – Insurance, Pension and Capitalization Operations

a) Credit Operations

R$ Thousand

BB-Consolidated	12.31.2010	12.31.2009
Direct insurance premiums receivable	977,155	612,282
Credit insurance business with insurers	7,097	9,447
Credit insurance transactions with reinsurers	122,771	286,481
Credits reinsurance pension	1,547	--
Total	1,108,570	908,210
Current assets	1,086,548	885,945
Noncurrent assets	22,022	22,265

b) Technical Provisions

R$ Thousand

BB–Consolidated	12.31.2010				12.31.2009			
	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total
Mathematical provision for future benefits	4,173	25,858,592	--	25,862,765	8,984	12,271,198	--	12,280,182
Mathematical provision for vested benefits	--	643,665	--	643,665	222	358,872	--	359,094
Mathematical provision for redemptions	--	42,183	2,028,909	2,071,092	--	14,862	1,743,419	1,758,281
Mathematical provision for unearned premiums	1,465,400	--	--	1,465,400	1,041,045	--	--	1,041,045
Provision for unsettled claims	888,751	--	--	888,751	858,902	--	--	858,902
Provision for financial surplus	--	395,635	--	395,635	--	255,445	--	255,445
Provision for insufficiency of contributions	--	301,435	--	301,435	--	154,005	--	154,005
Provision for financial fluctuation	--	254,698	--	254,698	--	151,937	--	151,937
Provision for IBNR	181,251	6,065	--	187,316	232,495	3,441	--	235,936
Provision for premiums deficiency	139,403	31,371	--	170,774	92,689	26,777	--	119,466
Provision for draws for prizes and redemptions	--	--	35,256	35,256	--	--	56,430	56,430
Other provisions	33,704	33,463	25,461	92,628	33,913	24,669	9,871	68,453
Total	2,712,682	27,567,107	2,089,626	32,369,415	2,268,250	13,261,206	1,809,720	17,339,176
Current	2,344,851	718,087	2,089,626	5,152,564	1,940,475	372,969	1,809,720	4,123,164
Non-Current	367,831	26,849,020	--	27,216,851	327,775	12,888,237	--	13,216,012

c) Technical Provisions by product

R$ Thousand

BB–Consolidated	12.31.2010				12.31.2009			
	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total
Automotive	1,067,363	--	--	1,067,363	654,000	--	--	654,000
Life	857,975	--	--	857,975	755,536	--	--	755,536
Property/casualty	676,712	--	--	676,712	781,925	--	--	781,925
Dpvat	110,632	--	--	110,632	59,879	--	--	59,879
Health	--	--	--	--	16,910	--	--	16,910
Capitalization	--	--	2,089,626	2,089,626	--	--	1,809,720	1,809,720
PGBL Free benefit generating plan	--	9,858,613	--	9,858,613	--	5,391,560	--	5,391,560
VGBL Living benefits life insurance	--	13,083,869	--	13,083,869	--	5,091,497	--	5,091,497
Traditional plans	--	4,624,625	--	4,624,625	--	2,778,149	--	2,778,149

Total	2,712,682	27,567,107	2,089,626	32,369,415	2,268,250	13,261,206	1,809,720	17,339,176

d) Guarantee of Technical Provisions

R$ Thousand

BB–Consolidated	**12.31.2010**				**12.31.2009**			
	Insurance	**Pension**	**Capitalization**	**Total**	**Insurance**	**Pension**	**Capitalization**	**Total**
Shares in Investment Funds (VGBL and PGBL)	--	22,693,391	--	22,693,391	--	10,331,995	--	10,331,995
Shares in Investment Funds (except VGBL and PGBL)	1,464,706	3,387,192	--	4,851,898	886,671	2,021,878	1,250,781	4,159,330
Government bonds	814,204	1,788,979	1,670,016	4,273,199	665,987	1,087,281	241,904	1,995,172
Corporate bonds	239,104	27,523	523,906	790,533	197,670	33,337	410,494	641,501
Credit rights	578,124	--	--	578,124	364,346	--	--	364,346
Real estate properties	1,709	--	--	1,709	1,338	--	--	1,338
Deposits held at IRB and deposits in court	96	--	--	96	416	--	--	416
Total	3,097,943	27,897,085	2,193,922	33,188,950	2,116,428	13,474,491	1,903,179	17,494,098

e) Results of Insurance, Pension Plan and Capitalization Operations

R$ Thousand

BB–Consolidated	2S2010				2010				2009			
	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total
Financial results	179,924	892,168	118,143	1,190,235	293,203	1,507,344	224,470	2,025,017	224,870	827,474	222,248	1,274,592
Financial income	185,199	1,488,588	118,248	1,792,035	318,275	2,343,104	224,989	2,886,368	292,220	1,273,783	230,208	1,796,211
Financial expenses	(5,275)	(596,420)	(105)	(601,800)	(25,072)	(835,760)	(519)	(861,351)	(67,350)	(446,309)	(7,960)	(521,619)
Restatement and interest on technica reserves	(295)	(775,208)	(67,302)	(842,805)	(33,888)	(1,274,169)	(124,629)	(1,432,686)	(14,127)	(649,346)	(117,306)	(780,779)
Operating results	940,013	(8,520)	47,365	978,858	1,813,850	(18,695)	92,567	1,887,722	1,537,251	(19,309)	56,181	1,574,123
Retained premiums and contribution (Note 21.f)	1,919,736	4,287,006	709,683	6,916,425	3,596,849	7,274,269	1,365,310	12,236,428	3,150,833	3,350,226	1,220,654	7,721,713
Change in technical provisions	(213,769)	(4,247,240)	(11,402)	(4,472,411)	(271,844)	(7,201,321)	(21,703)	(7,494,868)	(269,295)	(3,323,021)	(13,200)	(3,605,516)
Retained claims	(747,133)	--	--	(747,133)	(1,447,625)	--	--	(1,447,625)	(1,266,711)	--	--	(1,266,711)
Selling expenses	(18,821)	(30,861)	(35,575)	(85,257)	(63,530)	(55,665)	(77,348)	(196,543)	(77,576)	(30,722)	(82,163)	(190,461)
Expenses with draws for prize & redemptions o capitalization certificates	--	--	(615,341)	(615,341)	--	--	(1,173,692)	(1,173,692)	--	--	(1,069,110)	(1,069,110)
Expenses with pension plans benefits and redemptions	--	(17,425)	--	(17,425)	--	(35,978)	--	(35,978)	--	(15,792)	--	(15,792)
Total	1,119,642	108,440	98,206	1,326,288	2,073,165	214,480	192,408	2,480,053	1,747,994	158,819	161,123	2,067,936

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

R$ Thousand

BB–Consolidated	2S2010				2010				2009			
	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total	Insurance	Pension	Capitalization	Total
Premiums issued (VGBL retirement)	2,131,725	3,386,440	--	5,518,165	3,898,020	5,692,167	--	9,590,187	3,583,473	2,243,955	--	5,827,428
Supplementary pension contributions (includes VGBL risk portion)	--	918,678	--	918,678	--	1,616,927	--	1,616,927	--	1,118,239	--	1,118,239
Revenues from capitalization certificates	--	--	709,683	709,683	--	--	1,365,310	1,365,310	--	--	1,220,654	1,220,654
Coinsurance premiums ceded	(2,306)	--	--	(2,306)	(10,324)	--	--	(10,324)	(21,074)	--	--	(21,074)
Reimbursed premiums (return of VGBL contribution)	(6,700)	(18,112)	--	(24,812)	(11,454)	(34,825)	--	(46,279)	(16,388)	(11,968)	--	(28,356)
Premiums issued net (premium issued - premium reimbursed)	2,122,719	4,287,006	709,683	7,119,408	3,876,242	7,274,269	1,365,310	12,515,821	3,546,011	3,350,226	1,220,654	8,116,891
Reinsurance premiums ceded, consortiums and funds	(202,983)	--	--	(202,983)	(279,393)	--	--	(279,393)	(395,178)	--	--	(395,178)
Retained insurance premiums, pension plans and capitalization	1,919,736	4,287,006	709,683	6,916,425	3,596,849	7,274,269	1,365,310	12,236,428	3,150,833	3,350,226	1,220,654	7,721,713

22 – Other Income / Expenses

a) Service fees income

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Income from cards	1,112,352	2,101,213	1,668,034	1,709,026	3,147,787	2,483,296
Fund Management	727,315	1,400,513	1,177,042	1,198,230	2,309,975	2,023,542
Collections	603,365	1,192,126	1,106,376	605,747	1,196,552	1,138,111
Current Account	446,189	857,312	753,460	447,229	859,287	772,421
Insurance, pension and capitalization	154,846	285,368	206,755	351,883	647,494	401,805
Collection	330,593	614,399	485,531	330,593	614,399	512,470
Services provided by non-financial associated companies	--	--	--	273,750	612,659	435,625
Interbank	282,731	549,423	491,011	282,731	549,423	519,780
Brokerage and custody	11,057	20,316	21,600	232,068	436,455	361,202
Loans and guarantees provided	125,826	265,232	610,348	157,152	337,238	660,940
National Treasury and Management of official Funds	122,450	234,588	290,560	122,450	234,588	290,560
Provided to the related	183,130	373,020	298,623	98,830	182,485	163,865
Consortium administration fees	--	--	--	62,767	112,813	80,300
Other services	144,777	347,536	256,502	168,878	400,175	327,800
Total	4,244,631	8,241,046	7,365,842	6,041,334	11,641,330	10,171,717

b) Bank fees income

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Service package	1,200,171	2,411,525	1,922,398	1,257,711	2,505,583	2,237,880
Loans and registration file	567,107	971,548	550,067	739,509	1,279,221	716,407
Deposit account	163,754	295,522	240,427	163,808	295,743	257,252
Transfer of funds	77,144	145,590	116,924	77,392	146,031	127,925
Total	2,008,176	3,824,185	2,829,816	2,238,420	4,226,578	3,339,464

c) Personnel expenses

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Salaries	(3,008,888)	(5,671,244)	(4,530,941)	(3,283,745)	(6,176,891)	(5,238,800)
Payroll charges	(1,090,173)	(2,023,821)	(1,527,870)	(1,190,964)	(2,210,932)	(1,911,433)
Benefits	(836,606)	(1,639,565)	(1,252,487)	(901,574)	(1,760,321)	(1,486,053)
Personnel administrative provisions	(864,215)	(1,719,096)	(1,301,106)	(864,215)	(1,719,096)	(1,472,570)
Provision for labor grievances	(438,178)	(776,090)	(1,191,920)	(438,178)	(776,090)	(1,374,700)
Supplementary welfare	(130,701)	(228,247)	(137,242)	(134,771)	(235,354)	(231,865)
Training	(48,450)	(76,715)	(63,154)	(53,632)	(85,669)	(73,324)
Directors' and officers' honoraries	(10,525)	(20,582)	(20,223)	(27,039)	(55,238)	(49,689)
Total	(6,427,736)	(12,155,360)	(10,024,943)	(6,894,118)	(13,019,591)	(11,838,434)

d) Other Administrative Expenses

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Amortization	(1,144,298)	(2,275,378)	(1,342,380)	(1,162,878)	(2,307,282)	(1,699,718)
Communications	(582,850)	(1,181,377)	(1,016,040)	(626,899)	(1,269,841)	(1,107,054)
Third party services	(562,067)	(1,077,466)	(793,347)	(617,589)	(1,206,846)	(960,148)
Data processing	(472,137)	(1,006,867)	(769,997)	(512,196)	(1,077,662)	(969,344)
Depreciation	(433,519)	(861,319)	(650,726)	(447,908)	(889,235)	(706,123)
Transport	(381,157)	(702,215)	(604,483)	(400,259)	(738,927)	(637,815)
Litigation	(377,909)	(703,305)	(899,525)	(377,909)	(703,305)	(899,525)
Security services	(342,738)	(668,699)	(585,981)	(345,091)	(673,038)	(641,906)
Specialized technical services	(130,317)	(219,196)	(154,401)	(366,614)	(633,885)	(387,812)
Rent	(260,562)	(520,736)	(401,446)	(319,744)	(629,734)	(509,728)
Financial system services	(246,268)	(513,155)	(444,561)	(324,372)	(629,219)	(706,601)
Maintenance and upkeep	(197,424)	(369,048)	(306,001)	(209,320)	(391,499)	(351,256)
Advertising and publicity	(146,338)	(278,514)	(229,320)	(187,684)	(375,994)	(336,254)
Water, electricity and gas	(156,713)	(324,776)	(289,546)	(161,092)	(333,101)	(307,462)
Advertising and public relations	(111,439)	(190,577)	(162,152)	(137,479)	(233,015)	(198,112)
Domestic travel	(70,939)	(133,317)	(111,533)	(85,120)	(160,430)	(133,478)
Materials	(61,941)	(118,704)	(106,273)	(66,201)	(126,334)	(114,502)
Other	(248,772)	(427,506)	(377,823)	(376,539)	(660,622)	(545,115)
Total	(5,927,388)	(11,572,155)	(9,245,535)	(6,724,894)	(13,039,969)	(11,211,953)

e) Other Operating Income

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Previ – Adjustment	2,472,684	4,299,199	4,223,294	2,472,684	4,299,199	4,223,294
Equalization of rates - Law 8427/1992	1,291,044	2,444,924	1,773,404	1,291,044	2,444,924	1,773,404
Recovery of charges and expenses	430,992	1,035,560	1,066,621	840,826	1,720,470	1,061,330
Income from guarantee deposits	662,177	1,209,535	1,079,437	662,177	1,209,535	1,143,105
Labor, civil and tax claims - Reversal of provisions	281,719	850,328	1,705,481	281,719	850,328	1,705,481
Foreign exchange gains	590,444	590,444	5,158,306	832,880	832,880	5,177,825
Equipment Rental - POS (Cielo)	--	--	--	163,765	304,632	279,425
Update on allocation of surplus funds - Previ (Note 27.e)	171,040	280,994	220,755	171,040	280,994	220,755
Credit card transactions	84,807	194,082	157,130	84,807	194,082	162,970
Personnel expenses - Reversal of provisions	126,026	131,754	8,141	126,026	131,754	8,141
Administrative expenses - Reversal of provisions	43,837	126,845	142,994	43,837	126,845	142,994
Dividends received	20,557	51,964	43,166	20,557	51,964	43,166
Commissions originated from services provided (Visavale)	--	--	--	--	--	110,280
Others	541,206	789,093	291,618	971,118	1,645,151	920,784
Total	6,716,533	12,004,722	15,870,347	7,962,479	14,092,757	16,972,954

f) Other operating expenses

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Other operating expenses from non-financial associated companies	--	--	--	(625,551)	(1,196,221)	(1,016,952)
Business partners [1]	(6,022)	(22,142)	(48,228)	(616,322)	(1,178,011)	(48,228)
Actuarial liabilities	(513,325)	(1,171,381)	(841,758)	(513,325)	(1,171,381)	(841,758)
Credit card transactions	(434,388)	(875,507)	(733,999)	(434,388)	(875,507)	(759,711)
Premiums paid to clients - Loyalty Program	(524,796)	(792,226)	(442,119)	(524,796)	(792,226)	(442,119)
Readjustment negative exchange / Reclassification of balances	(599,479)	(612,030)	(2,717,098)	(738,699)	(751,250)	(2,726,357)
Payroll guaranteed loans acquired	(409,481)	(582,055)	(251,497)	(409,481)	(582,055)	(251,497)
Restatement of guarantee deposits	(226,590)	(483,894)	(552,634)	(226,590)	(483,894)	(552,634)
Discounts granted on renegotiations	(128,425)	(213,084)	(115,907)	(204,462)	(347,878)	(145,779)
Amortization of goodwill	(96,306)	(186,719)	(65,055)	(134,165)	(304,967)	(135,510)
Hybrid capital and debt instruments	(141,590)	(299,071)	(115,938)	(141,590)	(299,071)	(115,938)
Failures / frauds and other losses	(149,056)	(264,149)	(369,875)	(149,056)	(264,149)	(411,693)
Premium life insurance - consumer credit	(112,064)	(205,164)	(101,360)	(112,064)	(205,164)	(101,360)
Amortization / early settlement of contracts	(163,986)	(191,010)	(2,774)	(163,986)	(191,010)	(2,774)
ATM Network	(62,829)	(125,441)	(80,102)	(62,829)	(125,441)	(80,102)
Updating the acquisition of investment	(4,783)	(71,459)	(291,426)	(4,783)	(71,459)	(291,426)
Expenses Proagro	(6,110)	(51,823)	(8,139)	(6,110)	(51,823)	(8,139)
Law 9138/95 - Restatement of funds to be returned to the Federal Treasury	(28,878)	(48,453)	(43,941)	(28,878)	(48,453)	(43,941)
Update interest own capital / Dividends	(17,794)	(43,155)	(37,070)	(17,794)	(43,155)	(37,070)
INSS	(17,098)	(29,589)	(27,032)	(17,098)	(29,589)	(27,032)
Previ - Adjustment	(8,476)	(24,701)	(30,459)	(8,476)	(24,701)	(30,459)
Fees for the use of Sisbacen – Central Bank of Brazil System	(8,682)	(16,465)	(13,571)	(8,682)	(16,465)	(13,571)
Others	(411,930)	(661,998)	(456,641)	(625,803)	(863,094)	(1,242,851)
Total	(4,072,088)	(6,971,516)	(7,346,623)	(5,774,927)	(9,916,964)	(9,326,901)

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

23 – Non Operating Income

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Non-operating income	71,117	286,060	246,452	118,649	544,949	1,971,297
Profit on the sale of investments	816	117,166	76,696	7,853	221,568	1,765,663
Visa Inc.	816	117,166	76,696	816	214,531	141,088
Cielo (Visanet)	--	--	--	--	--	1,624,575
Brasilsaúde (Nota 2.c)	--	--	--	7,037	7,037	--
Capital gains	9,551	17,020	34,226	25,324	131,647	52,100
Profit on the sale of assets	13,164	47,553	34,514	16,392	52,865	40,246
Reversal of provision for devaluation of other assets	13,062	38,599	44,593	13,116	38,781	45,768
Sale of real estate	14,831	31,767	30,416	14,831	31,767	30,416
Rental income	6,536	12,546	14,322	6,746	12,881	14,902
Provision for/(reversal of) loss with shares and quotas	--	--	4,421	--	--	4,421
Other non-operating income	13,157	21,409	7,264	34,387	55,440	17,781
Non-operating expenses	(53,222)	(95,556)	(70,140)	(94,324)	(174,600)	(127,669)
Loss on sale of assets	(1,422)	(3,642)	(2,386)	(36,170)	(69,560)	(23,042)
Devaluation of other assets	(20,307)	(47,513)	(47,272)	(20,367)	(47,750)	(47,842)
Capital losses	(27,796)	(38,834)	(17,040)	(28,374)	(40,138)	(37,301)
Other non-operating expenses	(3,697)	(5,567)	(3,442)	(9,413)	(17,152)	(19,484)
Total	17,895	190,504	176,312	24,325	370,349	1,843,628

24 – Stockholder's Equity

a) Book value and market value per common share

	12.31.2010	12.31.2009
Equity Banco do Brasil (R$ thousand)	50,495,741	36,119,265
Book value per share (R$)	17,65	14,05
Market value per common share (R$)	31,42	29,70
Equity BB-Consolidated (R$ thousand)	50,440,683	36,119,406

Book value per share is calculated based on the equity of Banco do Brasil. The reconciliation with the equity of BB-Consolidated is shown in Note 24.g.

b) Capital

The capital of R$ 33,077,996 thousand (R$ 18,566,919 thousand on 12.31.2009) of Banco do Brasil is divided into 2,860,729,247 common shares represented in book entry form no par value. The Federal Government is the largest shareholder, holding the control.

The capital increase in the period of 2010, in the amount of R$ 14,511,077 thousand, was due to the capitalization of Reserve for Retained Earnings (Statutory Reserve Operating Margin) of R$ 7,412,899 thousand and Reserve of Capital valued at R$ 5,188 thousand, Primary Offering of 286 million shares valued at R$ 7,049,900 thousand, the subscription of 4,859,696 common shares from the exercise of subscription bonuses "C" of R$ 42,816 thousand, and the issuance of 9,039 shares, no par value, from the incorporation of companies Besc Leasing SA - Leasing and Finance SA Besc - Credit, Financing and Investment of R$ 274 thousand.

The Bank may, even without amending its by-laws, if approved by a General Meeting, and in the conditions established therein, increase its capital up to the limit of R$ 50 billion Brazilian Reais, by issuing common shares, granting shareholders preference for subscribing the capital increase proportionally to the number of held shares, while maintaining the rights of subscription bonus holders.

c) Revaluation reserves

The revaluation reserves, totaling R$ 6,241 thousand (R$ 6,746 thousand in 12.31.2009), refer to revaluations of assets made by the companies Kepler Weber S.A., Pronor, and Cobra Tecnologia S.A. The realizations of the reserves in the period of 2010, totaling R$ 505 thousand (R$ 540 thousand in the period of 2009), were transferred to "Retained earnings (accumulated losses)". The remaining balance will be held until to the date of its effective realization, in conformity with CMN Resolution 3565/2008.

d) Capital and profit reserves

R$ Thousand

	12.31.2010	12.31.2009
Capital reserves	--	5,188
Reserve for Retained Earnings [1]	16,944,324	17,301,439
Legal Reserve	2,884,196	2,296,291
Statutory Reserves [1]	14,060,128	15,005,148
Operating margin	10,725,406	12,308,413
Equalization of dividends	3,334,722	2,696,735

(1) In the BB-Consolidated figures of profit reserve and statutory reserve is R$ 16,889,416 thousand and R$ 14,005,220 thousand, respectively, due to the elimination of unrealized profit subsidiary, the value of R$ 54,908 thousand.

The Capital Reserve on tax incentives was capitalized in April 2010, as decided by the Extraordinary General Meeting held on April 13, 2010.

The capital reserve Operating Margin has the purpose is to guarantee an operating margin compatible with the development of the company's transactions. It is formed by up to 100% of the balance of net income after legal distributions, including dividends, up to the limit of 80% of the capital.

The Capital Reserve Equalization of dividends Guarantees financial resources for the payment of dividends and is formed by up to 50% of the balance of net income after legal distributions, including dividends, up to the limit of 20% of the capital.

e) Earnings per share

Basic earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of total shares, excluding treasury shares. For the calculation of diluted earnings per share and added the weighted average number of potential subscription of shares from the exercise of warrants "C"(Note 24.j).

	Banco do Brasil		BB-Consolidated	
	2010	2009	2010	2009
Net profit attributable to shareholders (R$ thous)	11,758,093	10,147,522	11,703,165	10,148,111
Weighted average number of shares				
Basic	2,711,976,359	2,567,313,946	2,711,976,359	2,567,313,946
Diluted	2,727,868,423	2,585,730,437	2,727,868,423	2,585,730,437
Earnings per share				
Basic earnings per share (R$)	4,34	3,95	4,32	3,95
Diluted earnings per share (R$)	4,31	3,92	4,29	3,92

f) Interest on own capital / Dividends

	Value (R$ Thousand)	Value per share	Data Base Payment	Date of payment
1st quarter/2010				
Dividends	444,161	0,173	21.05.2010	31.05.2010
Interest on own capital	518,155	0,202	24.03.2010	31.05.2010
2nd quarter/2010				
Dividends	564,785	0,220	18.08.2010	26.08.2010
Interest on own capital	525,372	0,205	24.05.2010	26.08.2010
3rd quarter/2010				
Dividends	375,970	0,131	22.11.2010	30.11.2010
Interest on own capital	673,935	0,236	22.09.2010	30.11.2010
4th quarter/2010				
Dividends	917,410	0,321	23.02.2011	03.03.2011
Interest on own capital	685,788	0,240	22.12.2010	30.12.2010
2010				
Total allocated to stockholders (item 1 + item 2)	4,705,576	1,728		
1- Dividends	2,302,326	0,845		
2- Interest on own capital [(1)]	2,403,250	0,883		
Net income for the period	11,758,093			
Profits/(Losses)	5,848			
Basis of calculation of dividends/ Interest on own capital	11,763,941			

	Value (R$ Thous)	Value per share	Data Base Payment	Date of payment
1st quarter/2009				
Dividends	218,474	0,085	14,05,2009	27,05,2009
Interest on own capital	447,717	0,174	23,03,2009	27,05,2009
2nd quarter/2009				
Dividends	483,097	0,188	13,08,2009	27,08,2009
Interest on own capital	456,137	0,178	22,06,2009	27,08,2009
3rd quarter/2009				
Dividends	315,482	0,123	12,11,2009	24,11,2009
Interest on own capital	475,922	0,185	21,09,2009	24,11,2009
4th quarter/2010				
Dividends	1,184,090	0,461	25,02,2010	10,03,2010
Interest on own capital	478,090	0,186	21,12,2009	10,03,2010
2009				
Total allocated to stockholders (item 1 + item 2)	4,059,009	1,580		
1- Dividends	2,201,143	0,857		
2- Interest on own capital [(1)]	1,857,866	0,723		
Net income for the period	10,147,522			

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

In accordance with Laws 9249/1995 and 9430/1996 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 adjusted net income from the year 2010, the value recorded in earnings or accumulated deficit during the period.

Interest on 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 capital was recorded as corresponding entries against "Financial expenses" and, for purposes of disclosure of the financial statements, reclassified to "Retained earnings". The total interest on capital during the period of 2010 provided a reduction in spending on tax charges totaling R$ 961,300 thousand.

g) Reconciliation of Net Income and Shareholders' Equity

R$ Thousand

	Net Income			Shareholders' Equity	
	2S2010	2010	2009	12.31.2010	12.31.2009
Banco do Brasil	6,626,909	11,758,093	10,147,522	50,495,741	36,119,265
Unrealized Gains	--	(54,908)	--	(54,908)	--
Reciprocal participation in subsidiaries	--	--	--	(197)	--
Minority interests in subsidiaries	--	(20)	589	47	141
BB-Consolidated	6,626,909	11,703,165	10,148,111	50,440,683	36,119,406

h) Stockholdings (Number of shares)

Shares held by the Bank's shareholder, directly or indirectly, of more than 5%, by the directors and members of the Fiscal Council and Audit Committee:

Stockholders	12.31.2010		12.31.2009	
	Shares	% Total	Shares	% Total
Federal Government	1,693,134,063	59.3	1,677,309,058	65.3
Ministério da Fazenda	1,483,734,063	51.9	1,378,734,058	53.7
Fundo de Garantia a Exportação	139,400,000	4.9	229,400,000	8.9
Fundo Fiscal de Investimento e Estabilização	62,500,000	2.2	-	--
Fundo Garantidor para Investimentos	7,500,000	0.3	7,500,000	0.3
Fundo Garantidor de Parcerias Público-Privadas - FGP	--	--	60,000,000	2.3
Fundo Garantidor de Habitação Popular – FGHab	--	--	1,675,000	0.1
Banco do Brasil Employees Retirement Fund (PREVI) (1)	296,564,911	10.3	266,446,187	10.4
BNDES Participações S.A. - BNDESPar (1)	235,119	--	62,409,779	2.4
Treasury Stock	9,753	--	1,150,369	--
Other shareholders	870,785,401	30.4	562,545,119	21.9
Total	2,860,729,247	100.0	2,569,860,512	100.0

(1) Connected to the Controller.

	Shares ON (1)	
	12.31.2010	12.31.2009
Steering committee (Except for the shares of the President that are included in the Board of Directors)	12	14
Board of Directors	7,370	7,665
Executive Committee (Except Board of Directors)	25,961	9,686
Fiscal Council	--	--
Audit Committee	823	823

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.001% of the Bank's capital stock.

i) Number of Shares being Traded on the Market / Free Float

BB Shares	12.31.2010		12.31.2009	
	Quantity	%	Quantity	%
Being traded (1)	870,752,058	30.4	562,527,754	21.9
Total issued	2,860,729,247	100.0	2,569,860,512	100.0

(1) As Law No. 6.404/1976 and regulation of Bovespa's New Market. Does the shares held by the Board of Directors and Executive committee.

j) "C" subscription bonuses

The Extraordinary General Meeting of 05.19.2010, provided the anticipation of the exercise of subscription of shares arising from bonus "C" during the period 06.21.2010 to 06.23.2010, and exercised 1,551,727 bonuses. Remains secured to the holders of outstanding bonds of 4,328,704 "C" the right to subscribe for shares of capital stock during the period 03.31.2011 to 06.30.2011. The market value of these warrants was R$ 67.33 on 12.31.2010 (R$ 58.50 on 12.31.2009).

25 – Taxes

a) Breakdown of income tax and social contribution expenses

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Present values	(2,531,445)	(4,603,134)	(3,745,029)	(3,346,095)	(6,245,343)	(5,895,124)
Income and social contribution taxes in Brazil	(2,515,582)	(4,569,152)	(3,725,621)	(3,327,529)	(6,205,106)	(5,868,228)
Income tax abroad	(15,863)	(33,982)	(19,408)	(18,566)	(40,237)	(26,896)
Deferred values	620,600	622,341	1,458,607	739,686	924,155	1,992,337
Deferred tax liabilities	447,068	(397,879)	(1,810,119)	404,457	(649,071)	(2,135,317)
Leasing Operations – Portfolio adjustment and accelerated depreciation	(2,166)	(2,973)	--	(21,068)	(103,616)	(260,847)
MTM – Market to Market	(178,472)	(164,503)	49,286	(202,181)	(315,300)	(16,870)
Actuarial gains	762,355	65,722	(1,610,764)	762,355	65,722	(1,610,764)
Restatement of litigation deposits	(155,431)	(290,212)	(248,607)	(155,431)	(290,212)	(248,607)
Income abroad	24,674	(2,032)	--	24,674	(2,032)	--
Transactions carried out on the futures market	(3,892)	(3,881)	(34)	(3,892)	(3,633)	(7,108)
Sale of Term Investments	--	--	--	--	--	8,879
Deferred tax assets	173,532	1,020,220	3,268,726	335,229	1,573,226	4,127,654
Temporary differences	(98,273)	780,495	3,131,118	69,992	1,276,321	3,781,893
Income tax and social contribution losses	87,425	128,789	42,819	80,116	186,018	251,305
MTM – Market to Market	184,380	140,003	175,308	185,121	139,954	174,975
Transactions Carried out on the Futures Market	--	(29,067)	(80,519)	--	(29,067)	(80,519)
Total Income Tax and Social Contribution	(1,910,845)	(3,980,793)	(2,286,422)	(2,606,410)	(5,321,189)	(3,902,787)

b) Reconciliation of income tax and social contribution expense

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Earnings before taxation and profit sharing	9,382,403	17,239,112	13,729,226	10,222,355	18,780,544	15,435,429
Total charges of IR (25%) and CSLL (15%)	(3,752,961)	(6,895,645)	(5,491,690)	(4,088,942)	(7,512,218)	(6,174,172)
Interest on Own Capital	543,889	961,300	743,146	543,889	961,300	743,146
Equity in subsidiaries and associated	580,748	1,149,586	739,821	(50,013)	(18,529)	(395,740)
Difference CSLL rate - non-financial companies	--	--	--	127,700	221,481	125,089
Profit sharing	337,860	600,091	518,113	395,614	702,476	553,812
Activation of Tax Credits (CSLL previous years)	--	--	1,213,177	--	--	1,213,177
Other amounts	379,619	203,876	(8,989)	465,341	324,300	31,901
Social contribution expense	(1,910,845)	(3,980,792)	(2,286,422)	(2,606,410)	(5,321,189)	(3,902,787)

Considering that some financial institutions have been going to court with individual lawsuits challenging the increase of the rate of CSLL and that the National Confederation of the Financial System - Consif filed a Direct Unconstitutionality Lawsuit - ADIN, the Banco do Brasil has been recognizing tax credits in a sum sufficient to annul, exclusively, the impact on income resulting from the increase of the rate (6%) on the CSLL tax liabilities (current and deferred). Banco do Brasil performed an assessment of the arguments employed by ADIN, concluding on the remote likelihood of success by Consif, for which reason the Bank posted an additional sum of CSLL tax credits in order to complete the increased 15% tax rate, totaling R$ 1,213,177 thousand.

c) Tax Expenses

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Cofins	(1,112,113)	(2,087,592)	(1,791,777)	(1,363,202)	(2,603,844)	(2,287,683)
Tax Services of any kind - ISSQN	(247,340)	(480,644)	(418,016)	(322,996)	(624,022)	(560,696)
PIS/Pasep	(159,994)	(318,509)	(291,162)	(207,909)	(413,941)	(379,455)
Others	(37,781)	(74,024)	(59,678)	(48,106)	(108,138)	(104,844)
Total	(1,557,228)	(2,960,769)	(2,560,633)	(1,942,213)	(3,749,945)	(3,332,678)

d) Deferred tax liabilities

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Arising from unrecognized actuarial gains [1]	4,049,365	4,123,099	4,049,365	4,123,099
Arising from leasing portfolio adjustments	2,973	--	930,884	635,040
Arising from restatement of judicial deposits	316,412	156,508	316,412	156,508
Arising from mark-to-market adjustments	354,776	179,243	413,899	191,916
Foreign branches	3,141	3,827	3,175	3,834
Arising from futures market transactions	4,394	113,702	4,395	113,950
Others	2,032	11	189,252	205,058
Total deferred tax liabilities	4,733,093	4,576,390	5,907,382	5,429,405
Income Tax	2,518,448	2,497,476	3,666,538	2,972,537
Social Contribution	1,508,079	1,428,023	1,527,853	1,783,521
Pasep	98,767	90,985	99,665	94,124
Cofins	607,799	559,906	613,326	579,223

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

e) Deferred tax assets (Tax Credit)

Recorded

R$ Thousand

	Banco do Brasil			
	12.31.2009	2010		12.31.2010
	Balance	Entries	Write-offs	Balance
Temporary differences	16,246,460	4,565,080	3,989,826	16,821,714
Allowance for loan losses	7,357,817	548,413	1,027,187	6,879,043
Passive reserves	6,192,259	2,403,407	2,223,979	6,371,687
Marked-to-market	209,519	391,560	318,209	282,870
Other provisions	2,486,865	1,221,700	420,451	3,288,114
CSLL Written to 18% (MP 2.158/2001)	3,188,190	196,481	575,407	2,809,264
Fiscal losses/ negative bases	772,285	191,640	843,001	120,924
Total tax credits recorded	20,206,935	4,953,201	5,408,234	19,751,902
Income Tax	10,886,269	2,989,319	3,302,315	10,573,273
Social Contribution	9,298,545	1,921,231	2,071,873	9,147,903
Pasep	3,092	5,962	4,759	4,295
Cofins	19,029	36,689	29,287	26,431

R$ Thousand

	BB Consolidated			
	12.31.2009	2010		12.31.2010
	Balance	Entries	Write-offs	Balance
Temporary differences	17,244,001	4,980,101	4,076,361	18,147,741
Allowance for loan losses	7,812,377	762,056	1,081,597	7,492,836
Passive reserves	6,341,708	2,420,735	2,225,793	6,536,650
Mark-to-market	254,607	393,203	348,473	299,337
Other provisions	2,835,309	1,404,107	420,498	3,818,918
CSLL Written to 18% (MP 2.158/2001)	3,188,190	196,480	575,407	2,809,263
Fiscal losses/ negative bases	948,834	516,972	847,481	618,325
Excess Depreciation	528,776	55,711	190,278	394,209
Total tax credits recorded	21,909,801	5,749,264	5,689,527	21,969,538
Income Tax	12,127,634	3,542,558	3,481,092	12,189,100
Social Contribution	9,755,169	2,163,866	2,173,951	9,745,084
Pasep	3,475	5,988	4,820	4,643
Cofins	23,523	36,852	29,664	30,711

Not Recorded

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Tax credit abroad	198,728	108,345	198,728	108,345
Temporary differences	--	--	14,249	19,782
Fiscal losses/ negative bases	--	--	--	60,302
Total tax credits and the Pasep Cofins not Activated	198,728	108,345	212,977	188,429
Income Tax	124,205	67,716	138,449	117,768
Social Contribution	74,523	40,629	74,528	70,661

Estimates for the realization of tax credits recorded

The expectation of implementation of deferred assets (tax credits) is based on technical study was prepared in 12.31.2010, and the present value determined based on the average rate of funding of Banco do Brasil.

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	Face Value	Present Value	Face Value	Present Value
In 2011	3,531,458	3,327,897	3,557,439	3,362,175
In 2012	3,411,583	3,074,753	3,469,816	3,124,885
In 2013	3,508,476	3,032,052	3,599,123	3,101,675
In 2014	3,287,961	2,730,942	3,370,948	2,789,082
In 2015	4,605,901	3,654,441	4,673,729	3,696,086
From 2016	1,406,523	1,075,361	3,298,483	2,538,860
Total tax credits	19,751,902	16,895,447	21,969,538	18,612,763

During the period of 2010, the realization of deferred assets (tax credits) in Banco do Brasil was observed in the amount of R$ 6,266,506 thousand, corresponding to 174.11% of the forecast for use in 2010, reported in a technical study prepared as of 12.31.2009 (R$ 3,599,072 thousand).

The realization of the nominal value of tax credit assets, considering the recovery of those issued during the processing of the lawsuit (70%), based on a technical study conducted by the Banco do Brasil (12.31.2010), is designed for 6.5 years in following proportions:

	Banco do Brasil		BB-Consolidated	
	Tax losses (1)	Temporary differences (2)	Tax losses (1)	Temporary differences (2)
In 2011	28%	16%	25%	15%
In 2012	24%	16%	22%	15%
In 2013	28%	16%	26%	15%
In 2014	20%	16%	19%	15%
In 2015	--	27%	1%	25%
From 2016	--	9%	7%	15%

(1) Projection of consumption linked to the ability to generate taxable income for income tax and social contribution in subsequent periods.
(2) The ability to use results from the movement of reserves (expected reversals occur, and uses low).

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 Directors, Audit Committee and Fiscal Council):

R$ Thousand

	2S2010	2010	2009
Short-term benefits	13,226	27,008	25,095
Fees	8,762	17,235	17,476
Executive Board	7,884	15,426	15,885
Audit Committee	640	1,341	1,157
Board of Directors	130	255	237
Council Tax	108	213	197
Profit sharing	3,944	7,662	6,854
Other	520	2,111	765
Benefits for termination of employment	2,125	2,125	10,940
Total	15,351	29,133	36,035

Banco do Brasil has no variable remuneration based on shares and other long-term benefits and does not offer post-employment benefits to its key management personnel except those that are part of the staff of the Bank, participating in the Pension Plan for Employees of the Banco do Brasil - Previ. Since January 2007, due to the accumulated surplus in the Plan of those officials, the Bank does not provide this benefit expenses (Note 27).

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

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

The Bank has only normal banking transactions with these related parties, such as interest bearing and non-interest bearing deposits, loans, and sale and repurchases transactions. There are also service provision and guarantee agreements. These transactions are conducted under normal market conditions, mainly under the terms and conditions for comparable transactions with unrelated parties, including interest rates and collateral. These transactions do not involve payment risks.

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

The Bank sponsors the Banco do Brasil Foundation whose goals are the promotion, support, encouragement and sponsorship of actions at the educational, cultural, social, philanthropic, recreational / sports and promote research activities - scientific and technological assistance to urban communities - rural areas. In the period of 2010, the Bank has made contributions to the Banco do Brasil Foundation in the amount of R$ 90,320 thousand (R$ 42,932 thousand from 2009).

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

During 2010, the Banco do Brasil acquired portfolios of credit operations of Banco Votorantim, transferred joint obligations, totaling R$ 7,795,787 thousand (R$ 2,134,420 thousand on 2009).

Summary of transactions with related parties

The balances of the assets and liabilities of Banco do Brasil from transactions with related on 12.31.2010 and 12.31.2009 and their results for the 2010 and 2009 are as follows:

R$ Thousand

	12.31.2010						
	Controller [1]	**Subsidiaries [2]**	**Jointly controlled subsidiaries [3]**	**Affiliates [4]**	**Key management Personnel [5]**	**Other Related Parties [6]**	**Total**
Assets							
Interbank deposits	--	14,960,687	75,078	--	--	--	15,035,765
Securities	--	5,632	92,574	27,988	--	--	126,194
Loans	947,969	48,602	86,706	--	--	798,938	1,882,215
Receivables	--	29,570	--	--	--	--	29,570
Other Assets	--	402,472	318,106	--	--	135,926	856,504
Total							
Liabilities							
Demand deposits	816,374	51,353	50,069	5,680	522	1,226,662	2,150,660
Saving deposits	--	--	--	--	1,117	--	1,117
Remunerated time deposits	--	3,492,926	1,159,700	708,689	5,636	7,115,485	12,482,436
Obligations related to Committed Operations	--	1,174,729	--	--	--	528,713	1,703,442
Borrowings and transfers	1,512,821	9,443,002	--	--	--	37,697,421	48,653,245
Other Liabilities	--	31,075	113,117	--	--	121,355	265,547
Income – 2S2010							
Income from interest and services	38,328	779,956	558,924	69,854	--	341,681	1,788,743
Expenses from raising funds	(104,963)	(109,764)	(18,003)	(17,641)	(197)	(1,340,363)	(1,590,931)
Income – 2010							
Income from interest and services	87,957	1,578,538	1,047,877	165,570	--	427,908	3,307,850
Expenses from raising funds	(170,672)	(385,147)	(19,892)	(21,951)	(838)	(2,400,736)	(2,999,236)
Guarantees and Other Recourses [7]	--	1,002,892	9,409,585	--	--	--	10,412,477

R$ Thousand

	12.31.2009						
	Controller [1]	Subsidiaries [2]	Jointly controlled subsidiaries [3]	Affiliates [4]	Key management Personnel [5]	Other Related Parties [6]	Total
Assets							
Interbank deposits	--	16,559,827	--	--	--	--	16,559,827
Securities	--	3,930	82,277	--	--	--	86,207
Loans	1,218,927	234,136	88,446	--	--	262,227	1,803,736
Receivables	--	28,979	--	--	--	--	28,979
Other Assets	--	1,001,079	294,958	153,214	--	--	1,449,251
Liabilities							
Demand deposits	711,810	30,127	11,028	16,203	809	876,779	1,646,756
Saving deposits	--	--	--	--	994	--	994
Remunerated time deposits	--	5,082,990	278,427	294,868	5,136	4,877,040	10,538,461
Obligations related to Committed Operations	--	1,023,492	--	--	--	1,174,283	2,197,775
Borrowings and transfers	2,100,693	7,328,589	--	--	--	26,793,832	36,223,114
Other Liabilities	--	50,278	47,184	21,176	--	17,508	136,146
Income – 2S2009							
Income from interest and services	46,773	666,747	554,707	67,791	--	71,418	1,407,436
Expenses from raising funds	(75,030)	(83,517)	(11,550)	(8,299)	(613)	(1,012,130)	(1,191,139)
Income – 2009							
Income from interest and services	111,541	1,330,800	690,133	141,676	--	173,841	2,447,991
Expenses from raising funds	(165,932)	(219,083)	(19,934)	(19,485)	(1,341)	(2,046,112)	(2,471,842)
Guarantees and Other Recourses	--	478,160	--	--	--	--	478,160

(1) Controller - National Treasury and agencies of the direct administration of the Federal Government.
(2) Subsidiaries - Includes related companies Note 3 as identified in item (1) and (2).
(3) Jointly Controlled - Includes related companies Note 3 as identified in item (3).
(4) Affiliates - Includes related companies Note 3 as identified in item (4).
(5) Key Personnel Administration - Audit Committee, Audit Committee, Board of Directors, Executive Directors and Auditor General.
(6) Includes private and public companies controlled by the Federal Government, entities linked to employees.
(7) Includes Opening Contract Interbank Revolving Credit Line to release with Banco Votorantim, equivalent to the value of net assets of that institution less the figures used in the transactions with the Bank.

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:

Sponsored entities	Plans	Benefits	Classification
PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and Pension	Defined contribution
	Benefit Plan 1	Retirement and Pension	Defined benefit
	Informal Plan	Retirement and Pension	Defined benefit
CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil	Plan of Members	Health Care	Defined benefit
ECONOMUS – Instituto de Seguridade Social	Prevmais	Retirement and Pension	Defined contribution
	General Regulation	Retirement and Pension	Defined benefit
	Supplementary Regulations 1	Retirement and Pension	Defined benefit
	Grupo B'	Retirement and Pension	Defined benefit
	Unified Health Plan – PLUS	Health Care	Defined benefit
	Unified Health Plan – PLUS II	Health Care	Defined benefit
	Supplementary Health Care Plan - PAMC	Health Care	Defined benefit
FUSESC - Fundação Codesc de Seguridade Social	Multifuturo I	Retirement and Pension	Defined contribution
	Benefit Plan 1	Retirement and Pension	Defined benefit
SIM - A fund for assistance for BESC, Codesc, Badesc and Fusesc employees	Health Care Plan	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:

Plans	12.31.2010			12.31.2009		
	Number of Participants			Number of Participants		
	Actives	Retirees	Total	Actives	Retirees	Total
Retirement and Pension Plans	105,074	105,517	210,591	100,447	100,508	200,955
Plan participants Plano 1	32,449	82,727	115,176	33,814	82,536	116,350
Plan participants Previ Future	60,113	370	60,483	51,923	73	51,996
Other Plans	--	7,920	7,920	--	7,703	7,703
Informal Plan	12,512	14,500	27,012	14,710	10,196	24,906
Medical Plans	117,262	82,153	199,415	98,262	81,359	179,621
Cassi Plan	98,221	82,153	180,374	91,364	81,359	172,723
Other Plans	19,041	--	19,041	6,898	--	6,898

Contributions to benefit plans:

Sponsors' contributions	2S2010	2010	2009
Retirement and Pension Plans	728,310	1,004,182	1,089,673
Plan participants 1 [(1)]	431,305	459,051	638,191
Plan participants Previ Future	105,901	184,045	144,128
Other Plans	154,241	295,797	296,375
Informal Plan	36,863	65,289	10,979
Medical Plans	367,158	722,785	660,776
Cassi Plan	350,546	689,561	635,342
Other Plans	16,612	33,224	25,434

Total	1,095,468	1,726,967	1,750,449

(1) refers to the relative contributions of the participants supported the agreement in 1997 whose objective is to regulate the way the funding necessary for the building of an equivalent to 53.7% of guarantor of payment of supplementary retirement due to the participants admitted to the Bank until 04.14.1967 inclusive, and who have retired or will retire after that date except those participants who are part of the formal plan. These contributions were made by the realization of the Fund Parity (Note 27.e1).

The Bank's contributions to benefit plans during the first semester of 2010 are estimated at R$ 585,949 thousand.

Values recognized in earnings:

R$ Thousand

	2S2010	2010	2009
Retirement and Pension Plans	2,151,754	3,532,137	3,772,365
Benefit Plan 1 PREVI	2,472,684	4,299,199	4,223,294
Previ Future Plan	(105,901)	(184,045)	(144,128)
Plano Informal	(171,270)	(522,033)	(300,174)
Other Plans	(43,759)	(60,984)	(6,627)
Medical Plans	(498,483)	(954,904)	(858,723)
Plan Cassi	(452,236)	(892,045)	(854,634)
Other Plans	(46,247)	(62,859)	(4,089)
Total	1,653,271	2,577,233	2,913,642

a) Supplementary retirement and pension plans

Previ Futuro (Previ): Participants in this plan are the Bank's employees hired as from December 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.

Previ Benefit Plan "1" (Previ): The participants of this plan are the Bank employees who were enrolled up to December 23, 1997. The plan is closed to new applicants. Due to the establishment of parity between 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 of Brazil, Previ entities representing the beneficiaries, was proposed to amend the Rules of the Plan 1, which includes the suspension of contributions for the years 2011, 2012 and 2013, being linked to its continued existence of the Reserve Special plan.

Informal Plan (Previ): The sole responsibility of the Banco do Brasil whose contractual obligations include (a) retirement pensions to founder participants and pension payments to survivors of participants deceased up to April 14, 1967; (b) payment of retirement supplements to the other participants employed by Banco do Brasil who retired up to April 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 in addition to that provided for in the Benefit Plan of Previ, resulting from judicial decisions and from administrative decisions on account of restructuring of the job and salary plan and of incentives created by the Bank.

Prevmais (Economus): The participants of this plan are the employees from Banco Nossa Caixa (merged into Banco do Brasil on November 30, 2009) enrolled after August 1, 2006, and the participants previously linked to the General Regulation 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, workers' compensation, disability benefits and death pension.

General Regulation (Economus): The participants of this plan are the employees from Banco Nossa Caixa enrolled up to July 31, 2006. The plan is closed to new applicants. Employees and the sponsor contribute equally, in average, with 12.11% of participation salary.

Supplementary Regulation 1 (Economus): For officials coming from Banco Nossa Caixa. 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 assisted. The sponsor's contribution focuses on real salary to participate in equal numbers with participants.

Group B '(Economus): Participate in this plan the employees from Banco Nossa Caixa admitted between 01.22.1974 to 05.13.1974 and their beneficiaries. Plan 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 September 9, 2008) enrolled after January 12, 2003 and the employees previously linked to Fusesc's Benefit Plan 1 who opted for this benefit plan. Employees and sponsor equally contribute from 2.33% to 7% of participation salary to that plan, as determined by each participant.

Benefit Plan 1 (Fusesc): The participants of this plan are the employees from BESC enrolled until January 11, 2003. The plan is closed to new applicants. Employees and the sponsor contribute equally, in average, with 9.89% of participation salary.

Plano BEP (Prevbep): Participants of this plan are the employees from Banco do Estado de Piauí - BEP (merged in to Banco do Brasil on November 30, 2008). Employees and the sponsor contribute equally, with 3.58% in average of participation salary.

b) Medical Assistance Plans

Plan Associates (Cassi): The Bank is the sponsor of a Health Plan managed by CASSI that 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 contributed a sum equivalent to 4.5p.p. 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 total payroll or the total retirement or pension plan benefits.

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.

Supplementary Health Care Plan – PAMC (Economus): For employees from Banco Nossa Caixa stationed in the State of São Paulo. Plan owners are those employees retired due to disability in Groups "B" and "C", and their dependants, who participate in costs inasmuch as they use it, and according to the salary range progressive table.

SIM Health Plan (SIM): The participants of this plan are the employees from Banco do Estado de Santa Catarina. Monthly contributions from members amount to 3% of the total payroll.

Since the contributions to be paid by the Bank in some cases will endure after the employee's retirement, the Bank's obligations related to retired employees are evaluated by the present actuarial value of the contributions to be paid over the expected period when plan participants and beneficiaries will be linked to the plan. In addition, the Bank is also responsible for maintaining the financial balance of the plan for certain groups of participants. Said obligations are evaluated and recognized under the same criteria used for defined benefit plans.

c) Actuarial valuations

Changes in present value of defined benefit obligations:

R$ Thousand

Present value of actuarial liabilities	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans	
	2010	2009	2010	2009	2010	2009	2010	2009
Opening Balance	(80,270,786)	(76,109,636)	(1,743,385)	(1,739,591)	(4,943,220)	(4,677,766)	(4,432,673)	(3,407,761)
Interest cost	(8,434,756)	(8,076,071)	(202,866)	(194,472)	(542,750)	(541,968)	(514,367)	(460,894)
Current service cost	(447,544)	(409,344)	--	--	(70,937)	(61,463)	(41,506)	(36,364)
Benefits paid net contributions retirees	7,532,656	7,166,391	295,797	296,759	376,039	351,951	314,364	275,270
Administrative Expenses paid by plan	--	35,831	--	--	--	--	--	--
Actuarial gain / (loss) on actuarial obligation	(9,185,047)	(2,877,957)	(344,304)	(106,081)	(116,304)	(13,974)	(515,228)	(802,924)
Closing Balance	(90,805,477)	(80,270,786)	(1,994,759)	(1,743,385)	(5,297,172)	(4,943,220)	(5,189,411)	(4,432,673)
Present value of actuarial liabilities to cover	(90,805,477)	(80,270,786)	--	--	--	--	(4,339,122)	(3,943,103)
Present value of actuarial liabilities	--	--	(1,994,759)	(1,743,385)	(5,297,172)	(4,943,220)	(850,289)	(489,570)

Changes in fair value of plan assets:

R$ Thousand

Fair value of the plan's assets	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans	
	2010	2009	2010	2009	2010	2009	2010	2009
Opening Balance	137,814,150	104,778,828	--	--	--	--	3,943,103	3,683,135
Estimated yield on plan assets	13,963,696	10,871,704	--	--	--	--	532,843	542,635
Contributions received	459,300	638,380	295,797	296,759	376,039	351,951	56,326	65,984
Benefits paid net contributions retirees	(7,532,656)	(7,166,391)	(295,797)	(296,759)	(376,039)	(351,951)	(245,810)	(230,200)
Administrative Expenses paid by plan	--	(35,831)			--	--	--	--
Allocation Fund to Sponsor and Participant [1]	(15,068,115)	--	--	--	--	--	--	--
Gain / (loss) on actuarial plan assets	11,929,947	28,727,461	--	--	--	--	52,660	(118,451)
Closing Balance	141,566,323	137,814,150	--	--	--	--	4,339,122	3,943,103

(1) Refers to the values used for setting up the fund allocation of the surplus, and the Bank the amount of R$ 7,519,058 thousand as evidenced in Note 27.e.2

Amounts recognized in the balance sheet:

R$ Thousand

Amounts recognized in the Balance Sheet	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans	
	2010	2009	2010	2009	2010	2009	2010	2009
1) Fair value of the plan's assets	141,566,323	137,814,150	--	--	--	--	4,339,122	3,943,103
2) Present value of actuarial liabilities	(90,805,477)	(80,270,786)	(1,994,759)	(1,743,385)	(5,297,172)	(4,943,220)	(5,189,411)	(4,432,673)
3) *Surplus / (deficit)* (1+2)	50,760,845	57,543,364	(1,994,759)	(1,743,385)	(5,297,172)	(4,943,220)	(850,289)	(489,570)
4) Surplus / (deficit) - plot sponsor	25,380,423	28,771,682	(1,994,759)	(1,743,385)	(5,297,172)	(4,943,220)	(684,994)	(481,644)
5) Unrecognized actuarial gains or (losses)	15,485,635	16,116,336	(199,476)	(174,338)	(689,849)	(481,750)	(180,865)	(34,379)
6) Service cost not recognized	--	--	--	--	--	(104,015)	--	--
7) Net actuarial (liability) / asset (4-5-6)	9,894,787	12,655,346	(1,795,283)	(1,569,047)	(4,607,323)	(4,357,455)	(504,130)	(447,265)

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 income relating to defined benefit plans:

R$ Thousand

Effects on the results for the period	Plan 1 Previ			Informal Plan - Previ			Plan Associates Cassi			Others Plans		
	2S2010	2010	2009	2S2010	2010	2009	2S2010	2010	2009	2S2010	2010	2009
1) Cost of current service	(112,479)	(223,772)	(204,672)	--	--	--	(37,669)	(70,937)	(61,463)	(10,814)	(20,985)	(19,412)
2) Contributions from participants	--	--	--	--	--	--	--	--	--	(1,371)	(4,366)	(703)
3) Interest cost	(2,155,572)	(4,217,378)	(4,038,035)	(99,839)	(202,866)	(194,472)	(267,074)	(542,750)	(541,968)	(143,487)	(283,195)	(251,042)
4) Expected earnings on the plan's assets	3,371,464	6,981,848	5,435,852	--	--	--	--	--	--	138,404	268,359	279,971
5) Amortization of gains or (losses) actuarial	1,369,270	1,758,501	3,030,150	(71,431)	(319,167)	(105,702)	(7,264)	(2,307)	--	(8,232)	(17,055)	(8,819)
6) Unrecognized past service cost	--	--	--	--	--	--	--	(9,913)	(9,913)	--	--	--
7) Expense with active employees	--	--	--	--	--	--	(111,608)	(208,894)	(186,250)	--	--	--
8) Expenses with extraordinary contribution	--	--	--	--	--	--	(28,622)	(57,244)	(55,040)	--	--	--
9) Effect of passive asset not recognized	--	--	--	--	--	--	--	--	--	(15,466)	(30,995)	(34,690)
10) (Expense)/income recognized in Statement of Income	2,472,684	4,299,199	4,223,294	(171,270)	(522,033)	(300,174)	(452,236)	(892,045)	(854,634)	(40,967)	(88,237)	(34,695)

Composition of the plans' assets, shown as a percentage of the total:

Breakdown of Assets	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans	
	2010	2009	2010	2009	2010	2009	2010	2009
Fixed Rate	29.1%	30.7%	--	--	--	--	88.7%	83.1%
Floating Rate	64.7%	63.8%	--	--	--	--	7.8%	9.9%
Real estate investments	3.2%	2.8%	--	--	--	--	1.7%	1.7%
Loans and financing	2.9%	2.6%	--	--	--	--	1.4%	2.1%
Other	--	0.1%	--	--	--	--	0.4%	3.2%
Amounts listed in fair value of plan assets								
In their own financial instruments of the entity	6.7%	6.8%	--	--	--	--	--	--
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:

Specification	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans	
	2010	2009	2010	2009	2010	2009	2010	2010
Real expected yield on plan assets	10.96%	10.76%	--	--	--	--	10.96%	14.26%
Real expected yield on assets for the year	13,963,696	10,871,704	--	--	--	--	532,843	523,007
Effective yield	10,825,529	39,599,165	--	--	--	--	585,503	394,377

Principal actuarial assumptions adopted in each period:

Actuarial assumptions	Plan 1 Previ		Informal Plan - Previ		Plan Associates Cassi		Others Plans [1]	
	2010	2009	2010	2009	2010	2009	2010	2010
Inflation rate	4.38%	4.20%	4.38%	4.20%	4.38%	4.20%	4.38%	5.15%
Discount rate	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%	8.66%
Return rate of investments	10.96%	10.76%	--	--	--	--	10.96%	14.26%
Rate of future salary growth	0.41%	1.26%	--	--	0.41%	1.26%	0.26%	3.29%
Average remaining work period (years)	3.57	4.04	--	--	14.81	14.14	5.24	4.51
Survival table	AT-83		AT-83 [2]		AT-83		AT-83	
Capitalization regime	Projected Unit Credit		Projected Unit Credit		Projected Unit Credit		Projected Unit Credit	

(1) Grouped actuarial assumptions are expressed as weighted averages.

(2) To the actuarial calculations of the Informal Plan at 12.31.2009 a transitory table between GAM-71 modified and GAM-83 is used for the Informal Plan.

The Bank, to define the values for the defined benefit plans, 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 plan 1 – Previ.

Differences in assumptions of the Plan 1 - Previ:

Assumptions / method	Bank	Previ
Discount rate	6.3% p.a.	5% p.a.
Lists of survival	AT-83	AT-2000
Evaluation of Assets - Funds exclusive	Market value or discounted cash flow - the base scenario	Discounted cash flow conservative scenario
Capitalization Regime	Projected credit unit	Aggregate Method

Plan a reconciliation of values in Previ / Bank:

R$ Thousand

	Plan Assets		Actuarial Liabilities		Effect on Surplus	
	12.31.2010	**12.31.2009**	**12.31.2010**	**12.31.2009**	**12.31.2010**	**12.31.2009**
Values in the Previ	116,790,760	117,127,503	(90,629,774)	(72,989,055)	26,160,986	44,138,448
Incorporation of contract 97 (1)	13,147,607	12,554,780	(13,147,607)	(12,554,780)	--	--
Adjust the value of plan assets (2)	11,627,956	8,131,867	--	--	11,627,956	8,131,867
Adjust the liabilities - the rate of discount / capitalization regime	--	--	12,971,904	5,273,049	12,971,904	5,273,049
Value determined by the Bank	141,566,323	137,814,150	(90,805,477)	(80,270,786)	50,760,846	57,543,364

(1) The contract is subject to disciplinary action in 1997 to form the necessary funding to the building of an equivalent to 53.7% of guarantor of payment of supplementary retirement due to the participants admitted to the Bank until 14.04.67 inclusive, and have retired or will retire after that date except those participants who are part of the Informal Plan.
(2) refers mainly to adjustments made by the Bank in determining the fair value of plan assets, using the market value for shares of Vale and discounted cash flow - baseline scenario for assets Neonergia, 521 Holdings and Invepar while at Previ is used in the method of discounted cash flow - the conservative scenario.

Values for the current period and previous four periods are as follows:

R$ Thousand

Specification	2010	2009	2008	2007	2006
Plan 1 (Previ) - Surplus (deficit)	50,760,845	57,543,364	28,669,191	64,229,505	37,481,696
Defined benefit obligation	(90,805,477)	(80,270,786)	(76,109,637)	(70,572,791)	(65,870,816)
Plan assets	141,566,323	137,814,150	104,778,828	134,802,296	103,352,512
Adjustment of experience on the plan liabilities	(8.4%)	(3.6%)	(7.1%)	(3.2%)	(9.7%)
Adjustment experience on plan assets	16.7%	20.8%	(28.7%)	(18.7%)	(17.3%)
Informal Plan (Previ) - Surplus (deficit)	(1,994,759)	(1,743,386)	(1,739,592)	(1,666,065)	(1,633,840)
Defined benefit obligation	(1,994,759)	(1,743,386)	(1,739,592)	(1,666,065)	(1,633,840)
Plan assets	--	--	--	--	--
Adjustment of experience on the plan liabilities	(3.7%)	(6.1%)	(11.4%)	(9.6%)	(12.1%)
Plan Associates (Cassi) - Surplus (deficit)	(5,297,172)	(4,943,220)	(4,677,766)	(4,547,868)	(3,562,867)
Defined benefit obligation	(5,297,172)	(4,943,220)	(4,677,766)	(4,547,868)	(3,562,867)
Adjustment of experience on the plan liabilities	(2.9%)	(0.3%)	0.1%	8.8%	--
Adjustment experience on plan assets	--	--	--	--	--
Other Plans - Surplus (deficit)	(850,290)	(489,570)	171,899	--	--
Defined benefit obligation	(5,189,411)	(4,432,673)	(446,280)	--	--
Plan assets	4,339,121	3,943,103	618,179	--	--
Adjustment of experience on the plan liabilities	(6.9%)	(17.6%)	(4.9%)	--	--
Adjustment experience on plan assets	(0.5%)	(3.2%)	0.4%	--	--

d) Overview of asset / liability actuarial recorded in the Bank:

R$ Thousand

	Actuarial Assets		Actuarial Liability	
Specification	**12.31.2010**	**12.31.2009**	**12.31.2010**	**12.31.2009**
Plan 1 Previ	9,894,787	12,655,346	--	--
Informal Plan Previ	--	--	(1,795,283)	(1,569,047)
Plan Associates Cassi	--	--	(4,607,323)	(4,357,455)
Regulation Economus	--	--	(113,592)	(90,686)
Supplementary Regulation 1 Economus	--	--	(237)	--
PLUS I and II Economus	--	--	(275,836)	(242,945)
Grupo B'	--	--	(114,465)	(113,634)
Total	9,894,787	12,655,346	(6,906,736)	(6,373,767)

e) Allocations of the Surplus - Plan 1

R$ Thousand

	Parity Fund		Fund Allocation	
	2010	**2009**	**2010**	**2009**
Initial Balance	1,778,366	2,195,802	7,519,058	--
Monetary restatement	205,308	220,944	75,935	--
Contributions to the Plan 1	(459,300)	(638,380)	--	--
Closing Balance	1,524,374	1,778,366	7,594,993	--

Parity Fund

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 No. 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 Other Receivables – Accounts receivable. This Asset is monthly adjusted based on the actuarial target (National Consumer Price Index - 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 Plan 1 who joined the Plan up to 04/14/1967 and had not retired up to that date.

Allocation Fund

On 11/24/2010, Banco do Brasil signed a Memorandum of Understanding with the entities that represent 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 No. 109/2001 and CGPC Resolution No. 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, 2011, under "Other receivables - Securities and credits receivable - 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 (National Consumer Price Index - INPC + 5% per year).

28 – Commitments, Responsibilities and Contingencies

a) Contingent tax assets

The Bank is an active participant in proceedings to restore indebts tax and prevent the launch of tax credits by tax authorities, recognized in the financial statements only on the assumption favorable to the Bank (not counted), according Resolution CVM 3823/2009. The actions of most relevance:

a.1) Unconstitutionality of Income Tax on Net Income paid in 1989 and in the 1st semester of 1992, in the amount of R$ 14,292 thousand (R$ 13,101 thousand on 12.31.2009);

a.2) Tax on Financial Transactions (IOF) - Law 8033/1990 (Price-level restatement), in the amount of R$ 223,660 thousand (R$ 203,470 thousand on 12.31.2009).

b) Contingent liabilities

Labor Lawsuits

The Bank is a party to labor lawsuits mainly filed by former employees or trade unions of the banking industry. The provisions for probable losses account for various applications demanded as compensation, overtime, mischaracterization of the working day, additional function and representation and others.

Tax Lawsuits

The Bank is subject to a number of challenges by the tax authorities with respect to taxes, which can give rise to assessments regarding the jurisdiction where taxes are incurred or the sum of taxable income or deductible expenses, Most of the lawsuits originating from tax assessment notices are related to ISSQN, CPMF, CSLL, IRPJ and IOF, and, some are guaranteed by cash or real estate properties.

Civil Lawsuits

The most significant lawsuits classified as probable losses are those aimed at the collection of the difference between the actual rates of inflation suffered and the rate used for inflation correction of financial investments during the period of the various economic Plans (Collor Plan, Bresser Plan and Summer Plan).

With the proximity of the prescriptive periods for bringing actions seeking the recovery of values based on inflation rates away by these economic plans, there was an increase in the volume of lawsuits filed. Actions whose success by adverse parties are considered probable are properly provisioned. The indices are expected questioned by law that regulated the time the Federal Government's economic policy. With the prescription that occurred, there is potential liability to be considered representative.

In this regard, there is action pending trial in the Supreme Court (STF) - ADPF/165: complaint of breach of fundamental precept - authored by the National Confederation of Financial System (Consif), with the aim of declaring the constitutionality of legislation that established the economic plans.

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

R$ Thousand

	Banco do Brasil			BB-Consolidated		
	2S2010	2010	2009	2S2010	2010	2009
Labor claims						
Opening balance	2,736,323	3,242,208	2,456,461	2,804,314	3,300,748	2,475,231
Constitution	68,615	481,273	1,526,525	77,558	501,962	1,932,707
Reversal of the provision	(541)	(740,365)	(1,475,351)	(1,879)	(743,968)	(1,544,250)
Monetary restatement	(436,123)	(709,436)	(538,711)	(436,123)	(709,440)	(570,609)
Written off due payment	94,116	188,322	189,951	94,166	188,734	--
Amount added / embedded [1]	--	388	1,083,333	--	--	1,007,669
Closing balance	2,462,390	2,462,390	3,242,208	2,538,036	2,538,036	3,300,748
Tax demands						
Opening balance	198,895	174,696	122,456	1,221,967	1,138,706	1,004,031
Constitution	(2,277)	25,659	99,095	194,842	266,708	240,760
Reversal of the provision	(17)	(9,094)	(51,296)	(129,353)	(138,924)	(86,410)
Monetary restatement	(8,064)	(8,508)	(898)	(8,064)	(9,962)	(28,413)
Written off due payment	6,840	12,624	5,339	3,664	26,528	--
Amount added / embedded [1]	--	--	--	(22,133)	(22,133)	8,738
Closing balance	195,377	195,377	174,696	1,260,923	1,260,923	1,138,706
Civil claims						
Opening balance	3,204,045	3,036,381	1,719,947	3,353,840	3,131,472	1,760,175
Constitution	358,792	929,880	1,049,776	420,780	1,081,380	1,689,241
Reversal of the provision	(309)	(387,665)	(1,024,777)	(62,520)	(473,404)	(1,134,168)
Monetary restatement	(278,032)	(417,872)	(159,733)	(296,788)	(448,469)	(334,944)
Written off due payment	180,073	302,046	141,277	179,382	303,715	--
Amount added / embedded [1]	--	1,799	1,309,891	--	--	1,151,168
Closing balance	3,464,569	3,464,569	3,036,381	3,594,694	3,594,694	3,131,472
Total Labor Demand, Taxation and Civil	6,122,336	6,122,336	6,453,285	7,393,653	7,393,653	7,570,926

(1) Refers to the balance of the Banco Popular do Brasil , Bescleasing and Bescredi, incorporated in 2010, and Banco Nossa Caixa, acquired in March 2009 and incorporated in November 2009.

c) Contingent liabilities – Possible

The lawsuits, tax and civil risks classified "possible" are exempted from any provisions on the Resolution CVM No. 3823/2009.

Labor Lawsuits

Representing various applications demanded as compensation for overtime, distortion of the working day , Additional Function and Representation, and others.

Tax Lawsuits

Represents a number of claims made such as: ISSQN, collection and other tax obligations originating from the Federal Revenue Department and Institute of Social Security. The main contingencies originate from:

- Notices of labor infraction drawn by the National Institute of Social Security (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$ 1,025,848 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R$ 155,211 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R$ 25,833 thousand.

- Notices of tax assessment drawn by the Treasuries of the Municipalities, aiming at the collection of ISSQN, which amounts R$ 243,677 thousand.

Civil Lawsuits

In civil lawsuits there are actions that seek to recover the difference between inflation and the index used to restate financial investments during the period of economic plans (Collor Plan, Bresser Plan and Summer Plan).

The balances of contingent liabilities classified as possible were as follows:

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Labor claims	83,822	40,950	87,335	62,301
Tax Claims	1,746,429	1,843,559	2,541,761	2,079,151
Civil Claim	2,761,507	2,620,763	2,812,261	2,723,460
Total	4,591,758	4,505,272	5,441,357	4,864,912

d) Deposits in Guarantee of Funds

The balances of deposits in guarantee recorded for probable, possible and / or remote contingencies are as follows:

R$ Thousand

	Banco do Brasil		BB-Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Labor claims	2,420,578	2,228,067	2,440,689	2,254,502
Tax Claims	4,149,248	3,790,881	5,419,232	4,628,601
Civil Claim	2,832,003	2,247,146	2,983,856	2,509,058
Total	9,401,829	8,266,094	10,843,777	9,392,161

e) Legal Obligations

The Bank has recorded in Other Liabilities - Tax and Social Security, the amount of R$ 12,241,776 thousand (R$ 11,245,230 thousand at 12.31.2009) in the Banco do Brasil and R$ 12,942,257 thousand (R$ 11,768,441 thousand at 12.31.2009) in BB-Consolidated, for the following actions:

Lawsuit: Interest on Own Capital Tax Benefit

In February 1998, the Bank filed a request for full offsetting of accumulated income tax loss carry forwards and negative basis of social contribution against taxable income. Since then, the Bank has been fully offsetting tax loss carry forwards and negative basis of social contribution against income tax and social contribution and has made judicial deposits in the full amount due (70% of the amount offset). These deposits prompted the Federal District 16th Court 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 Tax Code. Since 10.1.2002, the proceedings have been awaiting hearing of an extraordinary appeal by the Federal Supreme Court.

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 restatement of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in conformity with paragraph 1, item II, article 1 of CMN Resolution 3059/2002, 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 Income Tax and Social Contribution are being paid in full. Additionally, there would be the transfer of funds from the account used to record judicial deposits to cash and cash equivalents. Tax credits for the escrow deposits (principal) would be written off against the allowance of income tax and social contribution and would be reversed against income, the provision for tax risks related to the restatement of the deposits, amounting to R$ 3,897,897 thousand.

If the Bank were unsuccessful in its lawsuit the amounts deposited judicially would be converted into income in favor of the National Treasury. The portions of IRPJ tax credits on tax loss carry forward that could be used since the accrual period of October 2005 and February 2009, observing the limitation of 30%. These taxes to compensate would result from the adjustments to the Economic-Tax Information Returns for Corporate Entities, corresponds to R$ 3,809,762 in December/2010, and its restatement using the Selic rate corresponds to R$ 581,192 thousand. This sum adjusts the provision for tax risks with respect to the updating of court deposits so that it will be sufficient to fully cancel the risk of a likely loss.

The amounts related to this matter are as follows:

R$ Thousand

	12.31.2010	**12.31.2010**
Legal Liability - Provision	11,697,619	11,245,230
Judicial Deposits	12,485,258	11,752,804
Amount realized	7,817,011	7,817,011
Restatement	4,668,247	3,935,793
70% thereof	6,585,045	6,585,045
Income tax losses	3,002,033	3,002,033
Negative basis of CSLL / Recoverable CSLL	3,583,012	3,583,012

Judicial Proceeding: PIS/PASEP and COFINS

Banco do Brasil, BB Corretora and Banco Votorantim filed a writ of mandamus in order to guarantee the right to collect the PIS/PASEP and COFINS according to the calculation basis provided for in Complementary Laws no. 7/1970, and no. 70/1991, the amount of R$ 544,157 thousand in the Banco do Brasil and R$ 1,244,638 thousand (R$ 523,211 thousand at 12.31.2009) in BB-Consolidated. The injunction was suspended on 08.18.2010, which is why the Banco do Brasil and BB Corretora returned to collect from the event of July 2010, the PIS/PASEP and COFINS as provided for in Law No 9.718/1998. The legal action of Banco Votorantim had favorable judgments and rulings and await, with the Distinguished Federal Regional Court of the Third Region, the appeals by the National Treasury or analysis of the appropriateness / acceptability.

29 – Risk Management and Regulatory Capital

a) Risk Management Process

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

In Banco do Brasil, collegiate risk management is performed completely apart from the business units. Risk policies are specified by the Bank's Board of Directors and by the Global Risk Committee (CRG), which is a discussion group composed by the President and by Vice-Presidents. Actions for implementing and monitoring guidelines issued by the CRG are directed at specific sub-committees (Credit, Market, and Operations), 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 on with borrowers, counterparts of contracts or issues of securities.

For alignment with the best practices of credit risk management and to increase efficiency in the management of its economic capital, Banco do Brasil uses risk and return metrics as instruments for dissemination of the culture at the Institution, present throughout its loan process.

c) 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 assets, compared to fair value:

R$ Thousand

	BB-Consolidated							
	12.31.2010		12.31.2009		Unrealized gain/loss, net of tax effects			
	Book value	Fair Value	Book value	Fair Value	On Income		On Stockholders´ Equity	
					12.31.2010	12.31.2009	12.31.2010	12.31.2009
ASSETS								
Short-term interbank deposits	107,578,790	107,564,261	168,397,960	168,377,532	(14,529)	(20,428)	(14,529)	(20,428)
Securities	142,243,143	142,083,409	122,873,797	122,714,673	285,221	(33,426)	(159,734)	(159,124)
Adjustment of securities available for sale (Note 8.a)	--	--	--	--	444,955	125,698	--	--
Adjustment of securities held to maturity (Note 8.a)	--	--	--	--	(159,734)	(159,124)	(159,734)	(159,124)
Derivative financial instruments	1,623,591	1,623,591	1,463,084	1,463,084	--	--	--	--
Loan operations	317,726,499	317,801,144	261,783,097	262,062,450	74,645	279,353	74,645	279,353
LIABILITIES								
Interbank deposits	18,998,102	19,007,052	11,618,573	11,631,606	(8,950)	(13,033)	(8,950)	(13,033)
Time deposits	204,652,146	204,636,840	193,515,574	193,575,751	15,306	(60,177)	15,306	(60,177)
Obligations related to Committed Operations	142,174,955	142,100,736	160,821,187	160,648,661	74,219	172,526	74,219	172,526
Borrowings and onlendings	59,458,834	59,416,542	38,063,569	38,129,257	42,292	(65,688)	42,292	(65,688)
Derivative financial instruments	5,296,640	5,296,640	4,724,036	4,724,036	--	--	--	--
Other liabilities	159,458,907	159,393,860	120,378,462	120,186,289	65,047	192,173	65,047	192,173

Unrealized gain/loss, net of tax effects	533,251	451,300	88,296	325,602

Determination of Fair Value of Financial Instruments

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

Securities: Securities and derivative financial instruments are accounted for by the market value, as provided for in BACEN Circular 3068/2001, excluding from such criterion, securities held to maturity. Determination of securities' market value, including those held to maturity, is obtained according to rates collected at the market.

Loan operations: Operations remunerated at fixed rates have been estimated through future cash flow discount, adopting for such, interest rates utilized by the Bank for contracting of similar operations in the balance sheet date. For operations of such group remunerated at variable rates, it was considered as market value the book value itself due to equivalence among them.

Interbank deposits: The market 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 variable operations which maturities did not exceed 30 days, the book value was deemed to be approximately equivalent to the market value.

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

Deposits received under security repurchase agreements: For operations at fixed rates, the market 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 variable operations, book values have been deemed approximately equivalent to market value.

Borrowing and onlendings: Said 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 market values of such operations are equivalent to the book value.

Other liabilities: Market values have been determined by means of the discounted cash flow, which takes into account interest rates offered in the market for obligations which maturities, risks and terms are similar.

Other financial instruments: Included or not in the balance sheet, book values are approximately equivalent to their correspondent market value.

Derivatives: According to BACEN Circular 3082/2002, derivatives are recorded at market value. Determination of derivatives' market value is 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.

Sensitivity Analysis (CVM Instruction no. 475/2008)

The Banco do Brasil manages its risks in a dynamic manner, seeking to detect, assess, monitor, and control market risk exposures in its own positions. To this end, the Bank takes into account the risk limits defined by the Strategic Committees and likely scenarios, to act in a timely manner in reversing any occasional adverse results.

In accordance with CMN Resolution no 3464/2007 and with Bacen Circular no. 3354/2007, in an effort to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions as follows:

1) Trading Book: consisting in all the transactions in its own position undertaken as business deals or intended 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 in transactions not classified in the Trading Book and the key feature of which is the intention of keeping these transactions until expiry.

The sensitivity analysis for all the operations with assets and liabilities of the balance sheet, in compliance with CVM Instruction n.º 475/2008, does not adequately reflect the management of market risks adopted by the Institution, and does not represent the Bank's accounting practices.

In order to determine the sensitivity of the Bank's capital to the reflexes of market trends, simulations were performed with three likely scenarios, two of which with an ensuing adverse outcome for the Bank. The scenarios employed are seen as follows:

Scenario I: Likely situation, which reflects the perception of senior management of the Bank, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (BM & F Bovespa, Andima, etc.). Assumptions used: real exchange rate / dollar rate of R$ 1.71 and raising the Selic rate to 11.75% per annum based on market conditions observed at 12.31.2010.

Scenario II: Situation possible. Assumptions used: parallel shock of 25% in the risk variables, based on market conditions observed at 12.31.2010 and is considered the worst losses by risk factor and, therefore, neglecting the dynamics of macroeconomic factors.

Scenario III: Situation possible. Assumptions used: parallel shock of 50% in the risk variables, based on market conditions observed at 12.31.2010 and is considered the worst losses by risk factor and, therefore, neglecting the dynamics of macroeconomic factors.

In the table below a summary of the Trading Portfolio profit figures (Trading), which includes public and private securities, derivatives financial instrument and funding based on transactions subject to repurchase agreements:

R$ Thousand

Risk Factor	Concept	Scenario I			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(13,129)	Maintenance	--
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	164	--	--
IPCA Coupons	Risk of variation of price index coupons	Increase	(971)	Decrease	394
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	--	--	--
Exchange variation	Risk of variation of exchange rates	Increase	2,382	Maintenance	--

R$ Thousand

Risk Factor	Concept	Scenario II			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(35,251)	Increase	(206,888)
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	(41)	--	--
IPCA Coupons	Risk of variation of price index coupons	Increase	(1,451)	Increase	(1,638)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	--	--	--
Exchange variation	Risk of variation of exchange rates	Decrease	(22,653)	Decrease	(17,419)

R$ Thousand

Risk Factor	Concept	Scenario III			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(73,052)	Increase	(400,577)
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	(82)	--	--
IPCA Coupons	Risk of variation of price index coupons	Increase	(2,837)	Increase	(3,184)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	--	--	--
Exchange variation	Risk of variation of exchange rates	Decrease	(45,305)	Decrease	(34,837)

In the case of 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 bookkeeping impact on the Bank's income. This is so because this portfolio is composed chiefly 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 transactions (natural hedge), hence minimizing the reflexes of a *stress* scenario.

In the tables below may be seen a summary of the Trading Portfolio (Trading) and Non Trading (Banking), except from Banco Votorantim:

R$ Thousand

Risk Factor	Concept	Scenario I			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(1,928,246)	Maintenance	--
TR	Risk of change of interest rate coupon	Increase	1,449,619	Increase	145,330
TBF		Decrease	(145)		
TJLP	Risk of variation of long-term interest rate (TJLP)	Increase	137,778	Maintenance	--
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	(27,143)	--	--
IGP-M	Risk of variation of price index coupons	Increase	(137,572)	Decrease	134,964
IGP-DI		Increase	(207)		
INPC		Increase	(70,605)		
IPCA		Increase	(31,214)		
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	(116,853)	Decrease	12,954
Exchange variation	Risk of variation of exchange rates	Increase	21,083	Maintenance	--

R$ Thousand

Risk Factor	Concept	Scenario II			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(5,300,903)	Increase	(4,332,688)
TR	Risk of change of interest rate coupon	Decrease	(4,570,631)	Decrease	(3,602,616)
TBF		Decrease	(301)		
TJLP	Risk of change of interest rate coupon	Increase	(203,752)	Decrease	(20,391)
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	(35,049)	--	--
IGP-M	Risk of variation of price index coupons	Increase	(187,811)	Increase	(772,021)
IGP-DI		Increase	(287)		
INPC		Increase	(101,491)		
IPCA		Increase	(45,560)		
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	(29,465)	Increase	(17,337)
Exchange variation	Risk of variation of exchange rates	Decrease	(200,507)	Decrease	(275,403)

R$ Thousand

Risk Factor	Concept	Scenario III			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(10,163,642)	Increase	(8,303,533)
TR	Risk of change of interest rate coupon	Decrease	(9,476,165)	Decrease	(7,474,159)
TBF		Decrease	(603)		
TJLP	Risk of change of interest rate coupon	Decrease	(414,806)	Decrease	(41,838)
TMS and CDI coupons	Risk of change of interest rate coupon	Increase	(70,073)	--	--
IGP-M	Risk of variation of price index coupons	Increase	(351,961)	Increase	(1,458,284)
IGP-DI		Increase	(570)		
INPC		Increase	(198,695)		
IPCA		Increase	(88,026)		
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	(59,180)	Increase	(34,482)
Exchange variation	Risk of variation of exchange rates	Decrease	(401,014)	Decrease	(550,806)

The scenarios used for preparing the framework of sensitivity analysis must necessarily use situations of deterioration of at least 25% and 50% for variable risk for isolation, as determined by CVM Instruction No. 475/2008. Therefore, the analysis of the results is impaired. For example, simultaneous shocks of increase in the rate of advance and reduction in interest coupon of TR are not consistent from a macroeconomic.

The derivative transactions found in the Banking Book, in particular, not represent a relevant market risk to Banco do Brasil, as these positions originated mainly to fulfill the following situations:

- Change of the indexation of funding and lending transactions performed to meet customer needs;

- Market risk hedge with purpose and efficacy as described in Note 8.d. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

The Banco do Brasil did not enter into any transaction likely to be classified as an exotic derivative, as described in CVM Instruction no. 475 - Attachment II.

Participation in Banco Votorantim

In order to determine the sensitivity of the Bank's participation in Banco Votorantim, simulations were performed with three likely scenarios, two of which with an ensuing adverse outcome. The scenarios employed are seen as follows:

Scenario I: Situation likely, which reflects the perception of top management of Banco Votorantim in the scenario most likely to occur. Assumptions used: real exchange rate / dollar from R$ 1.70 and the Selic rate of interest 12.25% per year, to the end of 2010.

Scenario II: Assumptions used: parallel shock of 25.0% in the risk variables, based on market conditions observed on 12.31.2010 and is considered the worst losses by risk factor and thus ignoring the dynamics of macroeconomic factors.

Scenario III: Assumptions used: parallel shock of 50.0% in the risk variables, based on market conditions observed on 12.31.2010 and is considered the worst losses by risk factor and, therefore, neglecting the dynamics of macroeconomic factors.

In the tables below are the results for the positions of the Bank for its participation in Banco Votorantim:

R$ Thousand

Risk Factor	Concept	Scenario I			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Income
Prefixed rate	Risk of variation of prefixed interest rates	Increase	--	Increase	(142,478)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Increase	42,497	Increase	--
Exchange variation	Risk of variation of exchange rates	Increase	(690,382)	Increase	(65,497)
Price Indexes	Risk of variation of price index coupons	Increase	(2,403)	Increase	(46,908)
Interest Rates	Risk of change coupon interest rate	Increase	(425)	Increase	(9,781)
Others	Risk of variation of others coupons	Increase	(12,221)	Increase	3,136

R$ Thousand

Risk Factor	Concept	Scenario II			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Rate Variation
Prefixed rate	Risk of variation of prefixed interest rates	Decrease	(605,880)	Increase	(324,976)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	(111,898)	Increase	--
Exchange variation	Risk of variation of exchange rates	Increase	(732,519)	Increase	(236,751)
Price Indexes	Risk of variation of price index coupons	Increase	(8,522)	Increase	(96,030)
Interest Rates	Risk of change coupon interest rate	Increase	(2,973)	Increase	(15,820)
Others	Risk of variation of others coupons	Decrease	(21,201)	Decrease	(1,809)

R$ Thousand

Risk Factor	Concept	Scenario III			
		12.31.2010		12.31.2009	
		Rate Variation	Income	Rate Variation	Rate Variation
Prefixed rate	Risk of variation of prefixed interest rates	Decrease	(1,237,639)	Increase	(479,181)
Foreign currency coupons	Risk of variation of foreign exchange coupon	Decrease	(167,073)	Increase	--
Exchange variation	Risk of variation of exchange rates	Increase	(1,025,643)	Increase	(398,723)
Price Indexes	Risk of variation of price index coupons	Increase	(14,498)	Increase	(139,799)
Interest Rates	Risk of change coupon interest rate	Increase	(5,241)	Increase	(21,165)
Others	Risk of variation of others coupons	Decrease	(207,868)	Decrease	(9,299)

d) Liquidity Risk - this type of 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.

e) Operating 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.

f) Regulatory Capital - The BIS ratio was determined according to the criteria established by CMN Resolutions 3444/2007 and 3490/2007, which address the calculation of Referential Equity Amount (RE) and of Required Referential Equity Amount (RRE), respectively:

R$ Thousand

	12.31.2010		12.31.2009	
	Economic-Financial	**Financial**	**Economic-Financial**	**Financial**
RE - REFERENTIAL EQUITY AMOUNT	66,927,567	68,257,551	53,704,324	54,529,352
Level I	52,397,235	52,452,142	41,086,985	41,086,960
Shareholders' equity	50,440,683	50,495,590	36,119,406	36,119,381
Revaluation reserves	(6,241)	(6,241)	(6,746)	(6,746)
Deferred Assets	(226,529)	(226,529)	(223,782)	(223,782)
Mark-to-market	(203,031)	(203,031)	(85,061)	(85,061)
Tax credits excluded from Level I of RE	(22,477)	(22,477)	(22,477)	(22,477)
Additional provision to the minimum required by resolution CMN 2682/1999 (1)	--	--	2,782,065	2,782,065
Hybrid Capital and Debt Instruments - Level I	2,414,830	2,414,830	2,523,580	2,523,580
Level II	19,763,491	19,763,491	17,004,391	17,004,391
Mark-to-market	203,031	203,031	85,061	85,061
Subordinated Debt Qualifying as Capital	18,738,173	18,738,173	16,059,788	16,059,788
Funds obtained from the FCO	13,455,864	13,455,864	12,422,046	12,422,046
Funds obtained abroad	1,369,813	1,369,813	400,323	400,323
Funds obtained from the CDB	2,829,732	2,829,732	3,237,419	3,237,419
Funds raised in Financial Letters	1,082,764	1,082,764	--	--
Hybrid Capital and Debt Instruments – Level II	816,046	816,046	852,796	852,796
Revaluation reserves	6,241	6,241	6,746	6,746
Deduction from the PR	(5,233,159)	(3,958,082)	(4,387,052)	(3,561,999)
Financial instruments excluded from the PR	(5,233,159)	(3,958,082)	(4,387,052)	(3,561,999)
RRE - Required Referential Equity Amount	52,297,326	50,993,696	42,749,265	42,195,431
Credit Risk	48,900,634	47,805,205	40,161,404	39,607,570
Market Risk	31,422	31,422	285,850	285,850
Operating Risk	3,365,270	3,157,069	2,302,011	2,302,011
Surplus of stockholders' equity: RE – RRE	14,630,241	17,263,855	10,955,059	12,333,921
BIS Ratio: (RE x 100)/ (RRE / 0.11)	14,08	14,72	13,82	14,22

(1) Resolution CMN 3.825/2009 revoked with effect from 04/01/2010, the CMN Resolution No. 3.674/2008 allowing Level I add the value of additional provision to the minimum percentage required by CMN Resolution No. 2682/1999.

Change in the methodology of calculating operational limits and risk management documents:

As determined by the Central Bank of Brazil, through the Office Design / Gabin - 2010/10 of 11.03.2010, the information and account balances of Banco Votorantim ceased to be included exclusively in the statements of operational limits and risk management documents and the basis for calculating the index of the Basel Bank retroactively to 09.30.2009, the date of acquisition of the stake. This measure has caused positive impact of 0.08% in the Basel ratio of the Bank, by virtue of the following changes in the calculation of PR and PRE:

- The balances in proportion of subordinated debt issued by Banco Votorantim, the amount of R$ 1,748,335 thousand (R$1,018,419 thousand at 12.31.2009) failed to make the Tier II capital of PR;

- the investment in Banco Votorantim, in the amount of R$ 3,955,639 thousand (R$ 3,560,2006 thousand on 12.31.2009) has to be deducted from PR;

- The proportion of fixed assets balances deferred, made from 03.02.2007 in the amount of R$ 20,443 thousand (R$ 18,514 on 12.31.2009), failed to deduct the capital level I PR;
- the capital requirements on stocks of assets and liabilities in proportion to participation in Banco Votorantim stopped composing PRE.

g) Fixed asset index

With the change in methodology for calculating operating limits described in item "f" above, the proportion of fixed asset balances of Banco Votorantim stopped writing the Banco do Brasil's fixed assets.

The fixed asset index in relation to RE - Referential Equity is 20.99% (15.65% on 12.31.2009) to the Consolidated Financial and 16.83% (11.86% on 12.31.2009) to the Economic-Financial Consolidated pursuant to CMN Resolution No. 2669/1999. The difference between the Fixed Assets of Consolidated Financial and Economic-Financial results from the inclusion of subsidiaries / affiliates have no financial, high liquidity and low level of restraint, with consequent reduction in Fixed Assets index of Consolidated Financial and Economic.

30 – Statement of Comprehensive Income

R$ Thousand

		Banco do Brasil			BB-Consolidated		
		2S2010	2010	2009	2S2010	2010	2009
Net earnings reported in the Income Statement		6,626,909	11,758,093	10,147,522	6,626,909	11,703,165	10,148,111
Other comprehensive income / (loss)							
Assets Valuation Adjustments	(Note 8.f)	92,417	284,590	80,745	92,417	284,590	80,745
Own		78,857	106,174	(8,047)	78,857	106,174	(8,047)
Subsidiaries and affiliates		13,560	178,416	88,792	13,560	178,416	88,792
Other comprehensive income / (loss) before taxes on income		92,417	284,590	80,745	92,417	284,590	80,745
Income and social contribution related to unrealized gains / (losses)	(Note 8.f)	(36,358)	(87,319)	(9,310)	(36,358)	(87,319)	(9,310)
Other comprehensive income / (loss), net of income tax and social contribution		56,059	197,271	71,435	56,059	197,271	71,435
Comprehensive income		6,682,968	11,955,364	10,218,957	6,682,968	11,900,436	10,219,546
Comprehensive income attributable to the Parent		6,682,968	11,955,364	10,218,957	6,682,968	11,900,456	10,218,957
Comprehensive income of the Non-Controlling Investments		--	--	--	--	(20)	589

31 – Other Information

a) New Market

At 5.31.2006, Banco do Brasil signed a contract with the São Paulo Stock Exchange for adhesion to the New Market segment of Bovespa, which assembles a group of companies with the best corporate governance practices in Brazil.

Moreover, Banco do Brasil, its Shareholders, the Officers, and the members of the Audit Committee undertake to resolve all and any dispute or controversy related to the New Market Listing Regulations through the Arbitration Chamber of the BM&FBovespa Market, in conformity with an arbitration clause included in the By-laws of Banco do Brasil.

b) Distribution of Dividends and/or Interest on Own Capital

During a meeting held on 2.24.2010, the Board of Directors approved the setting, for the year 2010, of the payout rate equivalent to the minimum percentage of 40% of net income, fulfilling the policy for payment of dividends and/or interest on own capital on a quarterly basis, pursuant to article 43 of the Bank's By-Laws.

c) Financial Holding Company

On 04.13.2010, the North-American Central Bank - FED (Federal Reserve System) granted Banco do Brasil the status of "Financial Holding Company". The Bank was accorded this status after a minute analysis of major factors determined by the US banking legislation, among which are the Bank's capitalization level and the quality of its management.

This qualification will make it possible for Banco do Brasil, if it is in its interest, to perform banking activities in the US territory, either by itself or through its subsidiaries, under the same conditions as US banks.

d) BB Odontoprev - Start of Operation

On 11.16.2010, the Banco do Brasil signed a contract with Dental Plan of Operation Odontoprev SA, in order to begin providing dental insurance to about 260 thousand beneficiaries, including employees of BB and their dependents.

e) Partnership BB - Oi - Cielo

On 09.29.2010, the Bank of Brazil signed the partnership agreement negotiations with Telemar Participações (Oi) and Cielo SA to issue credit cards co-branded and prepaid, with the national flag and / or international level, besides other payment in the traditional format or using the Mobile Payment technology.

f) Funds and Programs

The Bank administrator of the Training Programme Heritage Server Public - Pasep with assets of R$ 2,027,901 thousand (R$ 1,916,461 thousand on 12.31.2009), guaranteeing a minimum return equivalent to TJLP.

g) Investment Funds Administration

Position of investment funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A:

	Funds/Portfolios		Balance (R$ Thous)	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Managed funds	489	464	360,200,007	306,686,220
Investment funds	471	444	348,659,790	295,983,716
Managed portfolios	18	20	11,540,217	10,702,504

h) Details of Branches and Subsidiaries Abroad

R$ Thousand

	Branches Abroad		BB-Consolidated Abroad	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Assets				
- BB Group	16,773,425	18,229,330	14,931,097	13,975,507
- Third parties	37,217,130	32,507,723	39,120,507	33,751,943
Total Assets	53,990,555	50,737,053	54,051,604	47,727,450
Liabilities				
- BB Group	9,063,431	9,112,535	7,093,625	4,146,629
- Third parties	42,378,018	39,066,043	43,428,217	40,072,902
Stockholders' Equity	2,549,106	2,558,475	3,529,762	3,507,919
Total Liabilities	53,990,555	50,737,053	54,051,604	47,727,450

	2S2010	2010	2009	2S2010	2010	2009
Net income (loss)	31.872	24.653	(94.658)	82.570	106.429	(29.186)

i) Consortium funds

R$ Thousand

	12.31.2010	12.31.2009
Forecast of funds receivable from consortium members	71,052	45,856
Obligations of the group for contributions	4,524,352	2,383,273
Consortium - goods to granted	4,236,828	2,177,640
(In Units)		
Number of groups managed	532	316
Number of active consortium members	208,486	140,860
Number of goods to delivery to consortium	15,934	21,450
Number of goods delivered to consortium winners	41,286	31,164

j) Assignment of Employees to Outside Agencies

Federal government assignments are regulated by Law No. 10.470/2002 and Decree No. 4.050/2001.

	2S2010		2010		2009	
	Employees assigned (1)	Cost for the period (R$ 000)	Employees assigned (1)	Cost for the period (R$ 000)	Employees assigned (1)	Cost for the period (R$ 000)
With costs for the Bank						
Federal Government	10	1,254	10	2,512	11	2,677
Labor unions	232	12,629	232	24,106	217	15,729
Other agencies/entities:	5	877	5	1,647	4	1,350
Without cost to the Bank						
Federal, State and Municipal	303	--	303	--	318	--
Outside agencies (Cassi, FBB, Previ)	753	--	753	--	725	--
Employee entities	87	--	87	--	73	--
Controlled and associates entities	331	--	331	--	311	--
Total	1,721	14,760	1,721	28,265	1,659	19,756

(1) Balance in the period.

k) Remuneration of Employees and Management

Monthly wages paid to employees and Directors of the Banco do Brasil:

R$ Thousand

	12.31.2010	12.31.2009
Lowest salary	1,600.13	1,416.00
Highest salary	27,140.70	25,247.10
Average salary	4,444.70	4,567.70
Management		
President	44,505.00	41,592.00
Vice-President	40,197.00	37,566.00
Director	34,380.00	32,130.00
Directors		
Council Tax	3,606.85	3,370.80
Board of Directors	3,606.85	3,370.80
Audit Committee – Member	30,942.00	28,917.00
Audit Committee - Substitute	27,847.80	26,025.30

l) Insurance Policy of Assets

Despite the low degree of risk to which their assets are subject, the bank hires for its values and assets, insurance considered adequate to cover potential claims.

Insurance contracted by the Bank in force on 12.31.2010 have value coverage R$ 6,325,412 thousand and cover the following risks:

R$ Thousand

Risks Covered	Covered Securities	Value Award
Property insurance for the assets themselves relevant	6,298,996	2,571
Life insurance and personal accident for the collective Board (1)	700	191
Others	25,716	339

(1) Refers to individual coverage for members of the Executive Board.

Banco do Brasil S.A.

Report of Independent Auditors

Report of Independent Auditors

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., acknowledged as Banco do Brasil and BB – Consolidated, which comprise the consolidated balance sheet as of December 31, 2010 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 financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), 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 approved Brazilian auditing standards and International Standards on Auditing. 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 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 Bank´s internal control. 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.

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, 2010, 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 the Brazilian Central Bank.

Other matters

Amounts corresponding to the prior year which were audited by the same current independent auditor sharing responsibility with another independent auditor

The financial statements for the year ended December 31, 2009, presented for the purposes of comparison, were examined by us in accordance with auditing standards in force at the time of issuance of the audit report, on February 24, 2010, which did not include any modification. The auditing standards then in force permitted the sharing of responsibility with other independent auditors. Therefore, the financial statements of the indirect investments: Brasilcap Capitalização S.A., Brasilsaúde Companhia de Seguros, Brasilveículos Companhia de Seguros, Brasilprev Seguros e Previdência S.A., Cielo S.A., Neoenergia S.A. and Itapebi Geração de Energia S.A. (Notes 3 and 14) as of December 31, 2009, were examined by other independent auditors and, our opinion on the balances of the investments aforementioned and of the respective income arising from these investments, is based on the reports issued by those independent auditors. Additionally, the net assets used in the calculation of the Retirement and Pension Plan (Note 27), were examined by other independent auditors and our evaluation, with respect to these net assets, is based on the report issued by those independent auditors.

Statement of value added

We have also audited the statement of value added (DVA) for the year and semester ended December 31, 2010, submission of which publicly-held companies are required to make. 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.

Amounts corresponding to the actuarial assets originated from PREVI – Retirement and Pension Plan

The Bank has recorded in its assets, as of December 31, 2010, the amount of R$9,895 million (R$12,655 million as of December 31, 2009) corresponding to the surplus of PREVI – Employee Benefits (Note 27), which was determined based on criteria established by the Bank's Management, and we considered adequate in the circumstance. These criteria incorporate long-term estimates and assumptions of actuarial and financial nature, as well as the fulfillment of the requirements established in the regulations in force. Therefore, the inaccuracies inherent to the process of using estimates and assumptions may result in differences between the amount recorded and the amount effectively realized.

Brasília, February 16, 2011.

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
The original version in Portuguese was signed by

Francesco Luigi Celso
Accountant CRC SP-175348/O-5 S-DF

José Claudio Costa
Accountant CRC SP-167720/O-1 S-DF

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